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104TH CONGRESS
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HOUSE OF REPRESENTATIVES

REPORT
104–494

FEDERAL AGRICULTURE IMPROVEMENT AND REFORM ACT OF 1996

CONFERENCE REPORT

TO ACCOMPANY

H.R. 2854

MARCH 25, 1996.—Ordered to be printed

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104TH CONGRESS, 2d Session | HOUSE OF REPRESENTATIVES | REPORT 104–494

FEDERAL AGRICULTURE IMPROVEMENT AND REFORM ACT OF 1966

MARCH 25, 1996.—Ordered to be printed

Mr. ROBERTS, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 2854]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2854), to modify the operation of certain agricultural programs, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Federal Agriculture Improvement and Reform Act of 1996".

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

Sec. 1. Short title; table of contents.

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Sec. 102. Definitions.

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TITLE I—AGRICULTURAL MARKET TRANSITION ACT

Subtitle A—Short Title, Purpose, and Definitions

SEC. 101. SHORT TITLE AND PURPOSE.

(a) SHORT TITLE.—This title may be cited as the "Agricultural Market Transition Act".

(b) PURPOSE.—It is the purpose of this title—

(1) to authorize the use of binding production flexibility contracts between the United States and agricultural producers to support farming certainty and flexibility while ensuring continued compliance with farm conservation and wetland protection requirements;

(2) to make nonrecourse marketing assistance loans and loan deficiency payments available for certain crops;

(3) to improve the operation of farm programs for milk, peanuts, and sugar; and

(4) to establish a commission to undertake a comprehensive review of past and future production agriculture in the United States.

SEC. 102. DEFINITIONS.

In this title:

(1) AGRICULTURAL ACT OF 1949.—Except in section 171, the term "Agricultural Act of 1949" means the Agricultural Act of

1949 (7 U.S.C. 1421 et seq.), as in effect prior to the suspensions under section 171(b)(1).

(2) 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.) and such other acreage as the Secretary considers fair and equitable.

(3) CONTRACT.—The terms "contract" and "production flexibility contract" mean a production flexibility contract entered into under section 111.

(4) 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 (7 U.S.C. 1461 et seq.) that would have been in effect for the 1996 crop (but for suspension under section 171(b)(1)).

(5) CONTRACT COMMODITY.—The term "contract commodity" means wheat, corn, grain sorghum, barley, oats, upland cotton, and rice.

(6) CONTRACT PAYMENT.—The term "contract payment" means a payment made under this subtitle pursuant to a contract.

(7) DEPARTMENT.—The term "Department" means the Department of Agriculture.

(8) EXTRA LONG STAPLE COTTON.—The term "extra long staple cotton" means cotton that—

(A) is produced from pure strain varieties of the Barbadense species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and

(B) is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

(9) 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 section 505 of the Agricultural Act of 1949 (7 U.S.C. 1465). The Secretary shall adjust the farm program payment yield for the 1995 crop of a contract commodity to account for any additional yield payments made with respect to that crop under subsection (b)(2) of the section.

(10) LOAN COMMODITY.—The term "loan commodity" means each contract commodity, extra long staple cotton, and oilseed.

(11) 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.

(12) PRODUCER.—The term "producer" means an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced. In determining whether a grower

of hybrid seed is a producer, the Secretary shall not take into consideration the existence of a hybrid seed contract.

(13) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(14) 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.

(15) UNITED STATES.—The term "United States", when used in a geographical sense, means all of the States.

Subtitle B—Production Flexibility Contracts

SEC. 111. AUTHORIZATION FOR USE OF PRODUCTION FLEXIBILITY CONTRACTS.

(a) OFFER AND TERMS.—The Secretary shall offer to enter into a production flexibility contract with an eligible owner or producer described in subsection (b) on a farm containing eligible cropland. Under the terms of a contract, the owner or producer shall agree, in exchange for annual contract payments, to—

(1) comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.);

(2) comply with applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.);

(3) comply with the planting flexibility requirements of section 118; and

(4) use the land subject to the contract for an agricultural or related activity, but not for a nonagricultural commercial or industrial use, as determined by the Secretary.

(b) ELIGIBLE OWNERS AND PRODUCERS DESCRIBED.—The following producers and owners shall be eligible to enter into a contract:

(1) An owner of eligible cropland who assumes all or a part of the risk of producing a crop.

(2) A producer (other than an owner) on eligible cropland with a share-rent lease of the eligible cropland, regardless of the length of the lease, if the owner enters into the same contract.

(3) A producer (other than an owner) on eligible cropland who cash rents the eligible cropland under a lease expiring on or after September 30, 2002, in which case the owner is not required to enter into the contract.

(4) A producer (other than an owner) on eligible cropland who cash rents the eligible cropland under a lease expiring before September 30, 2002. The owner of the eligible cropland may also enter into the same contract. If the producer elects to enroll less than 100 percent of the eligible cropland in the contract, the consent of the owner is required.

(5) An owner of eligible cropland who cash rents the eligible cropland and the lease term expires before September 30, 2002, if the tenant declines to enter into a contract. In the case of an owner covered by this paragraph, contract payments shall

not begin under a contract until the lease held by the tenant ends.

(6) An owner or producer described in any preceding paragraph regardless of whether the owner or producer purchased catastrophic risk protection for a 1996 crop under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)).

(c) TENANTS AND SHARECROPPERS.—In carrying out this subtitle, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

(d) ELIGIBLE CROPLAND DESCRIBED.—Land shall be considered to be cropland 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 or was considered planted;

(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 section 112(a)(2).

(e) QUANTITY OF ELIGIBLE CROPLAND COVERED BY CONTRACT.—Subject to subsection (b)(4), an owner or producer may enroll as contract acreage all or a portion of the eligible cropland on the farm.

(f) VOLUNTARY REDUCTION IN CONTRACT ACREAGE.—Subject to subsection (b)(4), an owner or producer who enters into a contract may subsequently reduce the quantity of contract acreage covered by the contract.

SEC. 112. ELEMENTS OF CONTRACTS.

(a) TIME FOR CONTRACTING.—

(1) COMMENCEMENT.—To the extent practicable, the Secretary shall commence entering into contracts not later than 45 days after the date of enactment of this title.

(2) DEADLINE.—Except as provided in paragraph (3), the Secretary may not enter into a contract after August 1, 1996.

(3) CONSERVATION RESERVE LANDS.—

(A) IN GENERAL.—At the beginning of each fiscal year, the Secretary shall allow an eligible owner or producer 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 paragraph (2) 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.

(B) AMOUNT.—Contract payments made for contract acreage under this paragraph shall be made at the rate and amount applicable to the annual contract payment level for the applicable crop. For the fiscal year in which the conservation reserve contract is terminated, the owner

or producer subject to the production flexibility contract may elect to receive either contract payments or a prorated payment under the conservation reserve contract, but not both.

(b) DURATION OF CONTRACT.—

(1) BEGINNING DATE.—The term of a contract shall begin with—

(A) the 1996 crop of a contract commodity; or

(B) in the case of acreage that was subject to a conservation reserve contract described in subsection (a)(3), the date the production flexibility contract was entered into or expanded to cover the acreage.

(2) ENDING DATE.—The term of a contract shall extend through the 2002 crop, unless earlier terminated by the owner or producer.

(c) 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.

(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 producer, 50 percent of the contract payment for fiscal year 1996 shall be made not later than 30 days after the date on which the contract is entered into and approved by the Secretary and the owner or producer.

(B) SUBSEQUENT FISCAL YEARS.—At the option of the owner or producer for fiscal year 1997 and each subsequent fiscal year, 50 percent of the annual contract payment shall be made on December 15 or January 15 of the fiscal year. The owner or producer may change the date selected under this subparagraph for a subsequent fiscal year by providing advance notice to the Secretary.

SEC. 113. AMOUNTS AVAILABLE FOR CONTRACT PAYMENTS.

(a) FISCAL YEAR AMOUNTS.—The Secretary shall, to the maximum extent practicable, expend the following amounts to satisfy the obligations of the Secretary under all contracts:

(1) For fiscal year 1996, $5,570,000,000.

(2) For fiscal year 1997, $5,385,000,000.

(3) For fiscal year 1998, $5,800,000,000.

(4) For fiscal year 1999, $5,603,000,000.

(5) For fiscal year 2000, $5,130,000,000.

(6) For fiscal year 2001, $4,130,000,000.

(7) For fiscal year 2002, $4,008,000,000.

(b) ALLOCATION.—The amount made available for a fiscal year under subsection (a) shall be allocated as follows:

(1) For wheat, 26.26 percent.

(2) For corn, 46.22 percent.

(3) For grain sorghum, 5.11 percent.

(4) For barley, 2.16 percent.

(5) For oats, 0.15 percent.

(6) For upland cotton, 11.63 percent.

(7) For rice, 8.47 percent.

(c) ADJUSTMENT.—The Secretary shall adjust the amounts allocated for each contract commodity under subsection (b) for a particular fiscal year by—

(1) adding an amount equal to the sum of all repayments of deficiency payments required under section 114(a)(2) of the Agricultural Act of 1949 (7 U.S.C. 1445j(a)(2)) for the commodity;

(2) adding an amount equal to the sum of all refunds of contract payments received during the preceding fiscal year under section 116 for the commodity; and

(3) subtracting an amount equal to the amount, if any, necessary during that fiscal year to satisfy payment requirements for the commodity under sections 103B, 105B, or 107B of the Agricultural Act of 1949 for the 1994 and 1995 crop years.

(d) ADDITIONAL RICE ALLOCATION.—In addition to the adjustments required under subsection (c), the amount allocated under subsection (b) for rice contract payments shall be increased by $8,500,000 for each of fiscal years 1997 through 2002.

(e) EXCLUSION OF CERTAIN AMOUNTS FROM CONTRACT PAYMENTS.—Any amount added pursuant to paragraphs (1) and (2) of subsection (c) to the amount available under subsection (a) for a fiscal year and paid to owners and producers under a contract shall not be treated as a contract payment for purposes of section 115(a) of this title or section 1001(1) of the Food Security Act of 1985 (7 U.S.C. 1308(1)). However, the amount of a payment covered by this subsection may not exceed $50,000 per person.

(f) EFFECT OF PAYMENT LIMITATION.—The amount available under subsection (a) for a fiscal year shall be reduced by an amount equal to the total amount of contract payments for the fiscal year that owners and producers forgo as a result of operation of the payment limitation under section 1001(1) of the Food Security Act of 1985 (7 U.S.C. 1308(1)).

SEC. 114. DETERMINATION OF CONTRACT PAYMENTS UNDER CONTRACTS.

(a) 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—

(1) 85 percent of the contract acreage; and

(2) the farm program payment yield.

(b) ANNUAL PAYMENT QUANTITY OF CONTRACT COMMODITIES.—The payment quantity of each contract commodity covered by all contracts for each fiscal year shall be equal to the sum of the amounts calculated under subsection (a) for each individual contract.

(c) ANNUAL PAYMENT RATE.—The payment rate for a contract commodity for each fiscal year shall be equal to—

(1) the amount made available under section 113 for the contract commodity for the fiscal year; divided by

(2) the amount determined under subsection (b) for the fiscal year.

(d) ANNUAL PAYMENT AMOUNT.—The amount to be paid under a contract in effect for each fiscal year with respect to all contract commodities covered by the contract shall be equal to the sum of the products of—

(1) the payment quantity determined under subsection (a) for each of the contract commodities covered by the contract; and

(2) the corresponding payment rate for the contract commodity in effect under subsection (c).

(e) REDUCTION IN PAYMENT AMOUNT.—The contract payment determined under subsection (d) for an owner or producer for a fiscal year shall be immediately reduced by the amount of any repayment of deficiency payments that is required under section 114(a)(2) of the Agricultural Act of 1949 (7 U.S.C. 1445j(a)(2)) and is not repaid as of the date the contract payment is determined. The Secretary shall be required to collect the required repayment, or any claim based on the required repayment, as soon as the contract payment is determined.

(f) 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 section. The owner or producer 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 subsection.

(g) SHARING OF CONTRACT PAYMENTS.—The Secretary shall provide for the sharing of contract payments among the owners and producers subject to the contract on a fair and equitable basis.

SEC. 115. PAYMENT LIMITATIONS.

(a) APPLICABILITY OF PAYMENT LIMITATIONS.—Sections 1001 through 1001C of the Food Security Act of 1985 (7 U.S.C. 1308 through 1308–3), as amended by this section, shall be applicable to contract payments made under this subtitle.

(b) PAYMENT LIMITATIONS.—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 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.—The total amount of the payments specified in paragraph (3) that a person shall be entitled to receive under the Agricultural Market Transition Act for 1 or more contract commodities and oilseeds during any crop year may not exceed $75,000.

"(3) DESCRIPTION OF PAYMENTS SUBJECT TO LIMITATION.—The payments referred to in paragraph (2) are the following:

"(A) Any gain realized by a producer from repaying a marketing assistance loan under section 131 of the Agricultural Market Transition Act for a crop of any loan commodity at a lower level than the original loan rate established for the loan commodity under section 132 of the Act.

"(B) Any loan deficiency payment received for a loan commodity under section 135 of the Act.

"(4) DEFINITIONS.—In this title, the terms 'contract commodity', 'contract payment', 'loan commodity', 'oilseed', and 'production flexibility contract' have the meaning given those terms in section 102 of the Agricultural Market Transition Act.".

(c) CONFORMING AMENDMENTS.—

(1) Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

(A) in subsection (a)(1), by striking "under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.)"; and

(B) in subsection (b)(1), by striking "under the Agricultural Act of 1949".

(2) Section 1001C(a) of the Act (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 "production adjustment payments, 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. 116. VIOLATIONS OF CONTRACT.

(a) TERMINATION OF CONTRACT FOR VIOLATION.—Except as provided in subsection (b), if an owner or producer subject to a contract violates a requirement of the contract specified in section 111(a), the Secretary shall terminate the contract with respect to the owner or producer on each farm in which the owner or producer has an interest. On the termination, the owner or producer shall forfeit all rights to receive future contract payments on each farm in which the owner or producer has an interest and shall refund to the Secretary all contract payments received by the owner or producer during the period of the violation, together with interest on the contract payments as determined by the Secretary.

(b) REFUND OR ADJUSTMENT.—If the Secretary determines that a violation does not warrant termination of the contract under subsection (a), the Secretary may require the owner or producer subject to the contract—

(1) to refund to the Secretary that part of the contract payments received by the owner or producer during the period of the violation, together with interest on the contract payments as determined by the Secretary; or

(2) 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.

(c) FORECLOSURE.—

(1) EFFECT OF FORECLOSURE.—An owner or producer 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 to provide fair and equitable treatment.

(2) RESUMPTION OF OPERATION.—This subsection shall not void the responsibilities of the owner or producer under the contract if the owner or producer 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 producer, the provisions of the contract in effect on the date of the foreclosure shall apply.

(d) REVIEW.—A determination of the Secretary under this section shall be considered to be an adverse decision for purposes of the availability of administrative review of the determination.

SEC. 117. TRANSFER OR CHANGE OF INTEREST IN LANDS SUBJECT TO CONTRACT.

(a) TERMINATION.—Except as provided in subsection (c), a transfer of (or change in) the interest of an owner or producer subject to a contract in the contract acreage covered by the contract shall result in the termination of the contract with respect to the acreage, unless the transferee or owner of the acreage agrees to assume all obligations under the contract. The termination shall be effective on the date of the transfer or change.

(b) MODIFICATION.—At the request of the transferee or owner, the Secretary may modify the contract if the modifications are consistent with the objectives of this subtitle, as determined by the Secretary.

(c) EXCEPTION.—If an owner or producer 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.

SEC. 118. PLANTING FLEXIBILITY.

(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on contract acreage on a farm.

(b) LIMITATIONS AND EXCEPTIONS REGARDING FRUITS AND VEGETABLES.—

(1) LIMITATIONS.—The planting of fruits and vegetables (other than lentils, mung beans, and dry peas) shall be prohibited on contract acreage.

(2) EXCEPTIONS.—Paragraph (1) shall not limit the planting of a fruit or vegetable—

(A) in any region in which there is a history of double-cropping of contract commodities with fruits or vegetables, as determined by the Secretary, in which case the double-cropping shall be permitted;

(B) on a farm that the Secretary determines has a history of planting fruits or vegetables on contract acreage, except that a contract payment shall be reduced by an acre for each acre planted to the fruit or vegetable; or

(C) by a producer who the Secretary determines has an established planting history of a specific fruit or vegetable, except that—

(i) the quantity planted may not exceed the producer's average annual planting history of the fruit or vegetable in the 1991 through 1995 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(ii) a contract payment shall be reduced by an acre for each acre planted to the fruit or vegetable.

Subtitle C—Nonrecourse Marketing Assistance Loans and Loan Deficiency Payments

SEC. 131. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS.

(a) NONRECOURSE LOANS AVAILABLE.—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 section 132 for the loan commodity.

(b) ELIGIBLE PRODUCTION.—The following production shall be eligible for a marketing assistance loan under subsection (a):

(1) In the case of a marketing assistance loan for a contract commodity, any production by a producer on a farm containing eligible cropland covered by a production flexibility contract.

(2) In the case of a marketing assistance loan for extra long staple cotton and oilseeds, any production.

(c) COMPLIANCE WITH CONSERVATION AND WETLANDS REQUIREMENTS.—As a condition of the receipt of a marketing assistance loan under subsection (a), the producer shall comply with applicable conservation requirements under subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.) and applicable wetland protection requirements under subtitle C of title XII of the Act (16 U.S.C. 3821 et seq.) during the term of the loan.

(d) ADDITIONAL OUTLAYS PROHIBITED.—The Secretary shall carry out this subtitle in such a manner that there are no additional outlays under this subtitle as a result of the reconstitution of a farm that occurs as a result of the combination of another farm that does not contain eligible cropland covered by a production flexibility contract.

SEC. 132. LOAN RATES FOR MARKETING ASSISTANCE LOANS.

(a) WHEAT.—

(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 131 for wheat shall be—

(A) 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

(B) not more than $2.58 per bushel.

(2) 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—

(A) 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;

(B) 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

(C) less than 15 percent, the Secretary may not reduce the loan rate for wheat for the corresponding crop.

(b) FEED GRAINS.—

(1) LOAN RATE FOR CORN.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 131 for corn shall be—

(A) 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

(B) not more than $1.89 per bushel.

(2) 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—

(A) 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;

(B) 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

(C) less than 12.5 percent, the Secretary may not reduce the loan rate for corn for the corresponding crop.

(3) OTHER FEED GRAINS.—The loan rate for a marketing assistance loan under section 131 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.

(c) UPLAND COTTON.—

(1) LOAN RATE.—Subject to paragraph (2), the loan rate for a marketing assistance loan under section 131 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—

(A) 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 of the year preceding the year in which the crop is planted, 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

(B) 90 percent of the average, for the 15-week period beginning July 1 of the year preceding the year in which the

crop is planted, of the 5 lowest-priced growths of the growths quoted for Middling 1 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 preceding the year in which the crop is planted 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.

(2) 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.

(d) EXTRA LONG STAPLE COTTON.—The loan rate for a marketing assistance loan under section 131 for extra long staple cotton shall be—

(1) 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-year period ending July 31 of the year preceding the year in which the crop is planted, 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

(2) not more than $0.7965 per pound.

(e) RICE.—The loan rate for a marketing assistance loan under section 131 for rice shall be $6.50 per hundredweight.

(f) OILSEEDS.—

(1) SOYBEANS.—The loan rate for a marketing assistance loan under section 131 for soybeans shall be—

(A) 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

(B) not less than $4.92 or more than $5.26 per bushel.

(2) SUNFLOWER SEED, CANOLA, RAPESEED, SAFFLOWER, MUSTARD SEED, AND FLAXSEED.—The loan rate for a marketing assistance loan under section 131 for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed, individually, shall be—

(A) 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

(B) not less than $0.087 or more than $0.093 per pound.

(3) OTHER OILSEEDS.—The loan rates for a marketing assistance loan under section 131 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 cot-

tonseed) be less than the rate established for soybeans on a per-pound basis for the same crop.

SEC. 133. TERM OF LOANS.

(a) TERM OF LOAN.—In the case of each loan commodity (other than upland cotton or extra long staple cotton), a marketing assistance loan under section 131 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.

(b) SPECIAL RULE FOR COTTON.—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 month in which the loan is made.

(c) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for any loan commodity.

SEC. 134. REPAYMENT OF LOANS.

(a) REPAYMENT RATES FOR WHEAT, FEED GRAINS, AND OILSEEDS.—The Secretary shall permit a producer to repay a marketing assistance loan under section 131 for wheat, corn, grain sorghum, barley, oats, and oilseeds at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 132, plus interest (as determined by the Secretary); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

(B) minimize the accumulation of stocks of the commodity by the Federal Government;

(C) minimize the cost incurred by the Federal Government in storing the commodity; and

(D) allow the commodity produced in the United States to be marketed freely and competitively, both domestically and internationally.

(b) REPAYMENT RATES FOR UPLAND COTTON AND RICE.—The Secretary shall permit producers to repay a marketing assistance loan under section 131 for upland cotton and rice at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 132, plus interest (as determined by the Secretary); or

(2) the prevailing world market price for the commodity (adjusted to United States quality and location), as determined by the Secretary.

(c) 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 section 132, plus interest (as determined by the Secretary).

(d) PREVAILING WORLD MARKET PRICE.—For purposes of this section and section 136, the Secretary shall prescribe by regulation—

(1) a formula to determine the prevailing world market price for each loan commodity, adjusted to United States quality and location; and

(2) a mechanism by which the Secretary shall announce periodically the prevailing world market price for each loan commodity.

(e) ADJUSTMENT OF PREVAILING WORLD MARKET PRICE FOR UPLAND COTTON.—

(1) 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 subsection (d) shall be further adjusted if—

(A) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under section 132, as determined by the Secretary; and

(B) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) 1 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 3/32-inch cotton, delivered C.I.F. Northern Europe (referred to in this section as the "Northern Europe price").

(2) FURTHER ADJUSTMENT.—Except as provided in paragraph (3), 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:

(A) The United States share of world exports.

(B) The current level of cotton export sales and cotton export shipments.

(C) 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).

(3) LIMITATION ON FURTHER ADJUSTMENT.—The adjustment under paragraph (2) may not exceed the difference between—

(A) the Friday through Thursday average price for the lowest-priced United States growth as quoted for Middling 1 3/32-inch cotton delivered C.I.F. Northern Europe; and

(B) the Northern Europe price.

SEC. 135. LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.—Except as provided in subsection (d), the Secretary may make loan deficiency payments available to producers who, although eligible to obtain a marketing assistance loan under section 131 with respect to a loan commodity, agree to forgo obtaining the loan for the commodity in return for payments under this section.

(b) COMPUTATION.—A loan deficiency payment under this section shall be computed by multiplying—

(1) the loan payment rate determined under subsection (c) for the loan commodity; by

(2) 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 section.

(c) LOAN PAYMENT RATE.—For purposes of this section, the loan payment rate shall be the amount by which—

(1) the loan rate established under section 132 for the loan commodity; exceeds

(2) the rate at which a loan for the commodity may be repaid under section 134.

(d) EXCEPTION FOR EXTRA LONG STAPLE COTTON.—This section shall not apply with respect to extra long staple cotton.

SEC. 136. SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.

(a) COTTON USER MARKETING CERTIFICATES.—

(1) ISSUANCE.—Subject to paragraph (4), 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—

(A) the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound; and

(B) 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 section 132.

(2) 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.

(3) ADMINISTRATION OF MARKETING CERTIFICATES.—

(A) 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 subsection.

(B) 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.

(C) 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.

(4) EXCEPTION.—The Secretary shall not issue marketing certificates or cash payments under paragraph (1) 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 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under this subsection, exceeds the Northern Europe price by more than 1.25 cents per pound.

(5) LIMITATION ON EXPENDITURES.—Total expenditures under this subsection shall not exceed $701,000,000 during fiscal years 1996 through 2002.

(b) SPECIAL IMPORT QUOTA.—

(1) 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 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificates issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

(2) 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.

(3) APPLICATION.—The quota shall apply to upland cotton purchased not later than 90 days after the date of the Secretary's announcement under paragraph (1) and entered into the United States not later than 180 days after the date.

(4) OVERLAP.—A special quota period may be established that overlaps any existing quota period if required by paragraph (1), except that a special quota period may not be established under this subsection if a quota period has been established under subsection (c).

(5) PREFERENTIAL TARIFF TREATMENT.—The quantity under a special import quota shall be considered to be an in-quota quantity for purposes of—

(A) section 213(d) of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2703(d));

(B) section 204 of the Andean Trade Preference Act (19 U.S.C. 3203);

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

(D) General Note 3(a)(iv) to the Harmonized Tariff Schedule.

(6) DEFINITION.—In this subsection, 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.

(c) 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 during 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 (b).

SEC. 137. AVAILABILITY OF RECOURSE LOANS FOR HIGH MOISTURE FEED GRAINS AND SEED COTTON.

(a) HIGH MOISTURE FEED GRAINS.—

(1) RECOURSE LOANS AVAILABLE.—For each of the 1996 through 2002 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm containing eligible cropland covered by a production flexibility contract who—

(A) normally harvest all or a portion of their crop of corn or grain sorghum in a high moisture state;

(B) present—

(i) certified scale tickets from an inspected, certified commercial scale, including a licensed warehouse, feedlot, feed mill, distillery, or other similar entity approved by the Secretary, pursuant to regulations issued by the Secretary; or

(ii) field or other physical measurements of the standing or stored crop in regions of the United States, as determined by the Secretary, that do not have certified commercial scales from which certified scale tickets may be obtained within reasonable proximity of harvest operation;

(C) certify that they were the owners of the feed grain at the time of delivery to, and that the quantity to be placed under loan under this subsection was in fact harvested on the farm and delivered to, a feedlot, feed mill, or commercial or on-farm high-moisture storage facility, or to a facility maintained by the users of corn and grain sorghum in a high moisture state; and

(D) comply with deadlines established by the Secretary for harvesting the corn or grain sorghum and submit applications for loans under this subsection within deadlines established by the Secretary.

(2) ELIGIBILITY OF ACQUIRED FEED GRAINS.—A loan under this subsection shall be made on a quantity of corn or grain sorghum of the same crop acquired by the producer equivalent to a quantity determined by multiplying—

(A) the acreage of the corn or grain sorghum in a high moisture state harvested on the producer's farm; by

(B) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the corn or grain sorghum was obtained.

(3) HIGH MOISTURE STATE DEFINED.—In this subsection, the term "high moisture state" means corn or grain sorghum having a moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans made by the Secretary under section 131.

(b) RECOURSE LOANS AVAILABLE FOR SEED COTTON.—

(1) UPLAND COTTON.—For each of the 1996 through 2002 crops of upland cotton, the Secretary shall make available recourse seed cotton loans, as determined by the Secretary, to producers on a farm containing eligible cropland covered by a production flexibility contract.

(2) EXTRA LONG STAPLE COTTON.—For each of the 1996 through 2002 crops of extra long staple cotton, the Secretary shall make available recourse seed cotton loans, as determined by the Secretary, on any production.

(c) REPAYMENT RATES.—Repayment of a recourse loan made under this section shall be at the loan rate established for the commodity by the Secretary, plus interest (as determined by the Secretary).

Subtitle D—Other Commodities

CHAPTER 1—DAIRY

SEC. 141. MILK PRICE SUPPORT PROGRAM.

(a) SUPPORT ACTIVITIES.—The Secretary of Agriculture shall support the price of milk produced in the 48 contiguous States through the purchase of cheese, butter, and nonfat dry milk produced from the milk.

(b) RATE.—The price of milk shall be supported at the following rates per hundredweight for milk containing 3.67 percent butterfat:

(1) During calendar year 1996, $10.35.

(2) During calendar year 1997, $10.20.

(3) During calendar year 1998, $10.05.

(4) During calendar year 1999, $9.90.

(c) PURCHASE PRICES.—The support purchase prices under this section for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Secretary shall be the same for all of that product sold by persons offering to sell the product to the Secretary. The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price that is not less than the rate of price support for milk in effect under subsection (b).

(d) SPECIAL RULE FOR BUTTER AND NONFAT DRY MILK PURCHASE PRICES.—

(1) ALLOCATION OF PURCHASE PRICES.—The Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate. Not later than 10 days after making or changing

an allocation, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the allocation. Section 553 of title 5, United States Code, shall not apply with respect to the implementation of this section.

(2) TIMING OF PURCHASE PRICE ADJUSTMENTS.—The Secretary may make any such adjustments in the purchase prices for nonfat dry milk and butter the Secretary considers to be necessary not more than twice in each calendar year.

(e) REFUNDS OF 1995 AND 1996 ASSESSMENTS.—

(1) REFUND REQUIRED.—The Secretary shall provide for a refund of the entire reduction required under section 204(h)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446e(h)(2)), as in effect on the day before the amendment made by subsection (g), in the price of milk received by a producer during calendar year 1995 or 1996, if the producer provides evidence that the producer did not increase marketings in calendar year 1995 or 1996 when compared to calendar year 1994 or 1995, respectively.

(2) EXCEPTION.—This subsection shall not apply with respect to a producer for a particular calendar year if the producer has already received a refund under section 204(h) of the Agricultural Act of 1949 for the same fiscal year before the effective date of this section.

(3) TREATMENT OF REFUND.—A refund under this subsection shall not be considered as any type of price support or payment for purposes of sections 1211 and 1221 of the Food Security Act of 1985 (16 U.S.C. 3811 and 3821).

(f) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

(g) CONFORMING REPEAL.—Effective on the first day of the first month beginning after the date of enactment of this title, section 204 of the Agricultural Act of 1949 (7 U.S.C. 1446e) is repealed.

(h) PERIOD OF EFFECTIVENESS.—This section (other than subsection (g)) shall be effective only during the period beginning on the first day of the first month beginning after the date of enactment of this title and ending on December 31, 1999. The program authorized by this section shall terminate on December 31, 1999, and shall be considered to have expired notwithstanding section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 907).

SEC. 142. RECOURSE LOAN PROGRAM FOR COMMERCIAL PROCESSORS OF DAIRY PRODUCTS.

(a) RECOURSE LOANS AVAILABLE.—Under such reasonable terms and conditions as the Secretary may prescribe, the Secretary shall make recourse loans available to commercial processors of eligible dairy products to assist the processors to manage inventories of eligible dairy products and assure a greater degree of price stability for the dairy industry during the year. The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this section.

(b) AMOUNT OF LOAN.—The Secretary shall establish the amount of a loan for eligible dairy products, which shall reflect a

milk equivalent value of $9.90 per hundredweight of milk containing 3.67 percent butterfat. The rate of interest charged participants under this section shall not be less than the rate of interest charged the Commodity Credit Corporation by the United States Treasury.

(c) PERIOD OF LOAN.—The original term of a recourse loan made under this section may not extend beyond the end of the fiscal year in which the loan is made. At the end of the fiscal year, the Secretary may extend the loan for an additional period not to exceed the end of the next fiscal year.

(d) DEFINITION OF ELIGIBLE DAIRY PRODUCTS.—In this section, the term "eligible dairy products" means cheddar cheese, butter, and nonfat dry milk.

(e) EFFECTIVE DATE.—This section shall be effective beginning January 1, 2000.

SEC. 143. CONSOLIDATION AND REFORM OF FEDERAL MILK MARKETING ORDERS.

(a) AMENDMENT OF ORDERS.—

(1) REQUIRED CONSOLIDATION.—The Secretary shall amend Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to limit the number of Federal milk marketing orders to not less than 10 and not more than 14 orders.

(2) INCLUSION OF CALIFORNIA AS SEPARATE ORDER.—Upon the petition and approval of California dairy producers in the manner provided in section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, the Secretary shall designate the State of California as a separate Federal milk marketing order. The order covering California shall have the right to reblend and distribute order receipts to recognize quota value.

(3) RELATED ISSUES ADDRESSED IN CONSOLIDATION.—Among the issues the Secretary is authorized to implement as part of the consolidation of Federal milk marketing orders are the following:

(A) The use of utilization rates and multiple basing points for the pricing of fluid milk.

(B) The use of uniform multiple component pricing when developing 1 or more basic formula prices for manufacturing milk.

(4) EFFECT OF EXISTING LAW.—In implementing the consolidation of Federal milk marketing orders and related reforms under this subsection, the Secretary may not consider, or base any decision on, the table contained in section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, as added by section 131 of the Food Security Act of 1985.

(b) EXPEDITED PROCESS.—

(1) USE OF INFORMAL RULEMAKING.—To implement the consolidation of Federal milk marketing orders and related reforms under subsection (a), the Secretary shall use the notice

and comment procedures provided in section 553 of title 5, United States Code.

(2) TIME LIMITATIONS.—

(A) PROPOSED AMENDMENTS.—The Secretary shall announce the proposed amendments to be made under subsection (a) not later than 2 years after the date of enactment of this title.

(B) FINAL AMENDMENTS.—The Secretary shall implement the amendments not later than 3 years after the date of enactment of this title.

(3) EFFECT OF COURT ORDER.—The actions authorized by this subsection are intended to ensure the timely publication and implementation of new and amended Federal milk marketing orders. In the event that the Secretary is enjoined or otherwise restrained by a court order from publishing or implementing the consolidation and related reforms under subsection (a), the length of time for which that injunction or other restraining order is effective shall be added to the time limitations specified in paragraph (2) thereby extending those time limitations by a period of time equal to the period of time for which the injunction or other restraining order is effective.

(c) FAILURE TO TIMELY CONSOLIDATE ORDERS.—If the Secretary fails to implement the consolidation required under subsection (a)(1) within the time period required under subsection (b)(2)(B) (plus any additional period provided under subsection (b)(3)), the Secretary may not assess or collect assessments from milk producers or handlers under such section 8c for marketing order administration and services provided under such section after the end of that period until the consolidation is completed. The Secretary may not reduce the level of services provided under the section on account of the prohibition against assessments, but shall rather cover the cost of marketing order administration and services through funds available for the Agricultural Marketing Service of the Department.

(d) REPORT REGARDING FURTHER REFORMS.—

(1) REPORT REQUIRED.—Not later than April 1, 1997, the Secretary shall submit to Congress a report—

(A) reviewing the Federal milk marketing order system established pursuant to section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, in light of the reforms required by subsection (a);

(B) describing the efforts underway and the progress made in implementing the reforms required by subsection (a); and

(C) containing such recommendations as the Secretary considers appropriate for further improvements and reforms to the Federal milk marketing order system.

(2) EFFECT OF OTHER LAWS.—Any limitation imposed by Act of Congress on the conduct or completion of reports to Congress shall not apply to the report required under this section, unless the limitation specifically refers to this section.

SEC. 144. EFFECT ON FLUID MILK STANDARDS IN STATE OF CALIFORNIA.

Nothing in this Act or any other provision of law shall be construed to preempt, prohibit, or otherwise limit the authority of the State of California, directly or indirectly, to establish or continue to effect any law, regulation, or requirement regarding—

(1) the percentage of milk solids or solids not fat in fluid milk products sold at retail or marketed in the State of California; or

(2) the labeling of such fluid milk products with regard to milk solids or solids not fat.

SEC. 145. MILK MANUFACTURING MARKETING ADJUSTMENT.

(a) MAXIMUM ALLOWANCES ESTABLISHED.—No State shall provide for a manufacturing allowance for the processing of milk in excess of—

(1) $1.65 per hundredweight of milk for milk manufactured into butter and nonfat dry milk; and

(2) $1.80 per hundredweight of milk for milk manufactured into cheese.

(b) MANUFACTURING ALLOWANCE DEFINED.—In this section, the term ''manufacturing allowance'' means—

(1) the amount by which the product price value of butter and nonfat dry milk manufactured from a hundred pounds of milk containing 3.5 pounds of butterfat and 8.7 pounds of milk solids not fat resulting from a State's yield and product price formulas exceeds the class price for the milk used to produce those products; or

(2) the amount by which the product price value of cheese manufactured from a hundred pounds of milk containing 3.5 pounds of butterfat and 8.7 pounds of milk solids not fat resulting from a State's yield and product price formulas exceeds the class price for the milk used to produce cheese.

(c) EFFECT OF VIOLATION.—If the Secretary determines following a hearing that a State has in effect a manufacturing allowance that exceeds the manufacturing allowance authorized in subsection (a), the Secretary shall suspend purchases of cheddar cheese, butter, and nonfat dry milk produced in that State until such time as the State complies with such subsection.

(d) EFFECTIVE DATE; IMPLEMENTATION.—This section (other than subsection (e)) shall be effective during the period beginning on the first day of the first month beginning after the date of enactment of this title and ending on December 31, 1999. During that period, the Secretary may exercise the authority provided to the Secretary under this section without regard to the issuance of regulations intended to carry out this section.

(e) CONFORMING REPEAL.—Effective on the first day of the first month beginning after the date of enactment of this title, section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1446e–1) is repealed.

SEC. 146. PROMOTION.

(a) CONGRESSIONAL PURPOSE.—Section 1999B(a) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6401(a)) is amended—

(1) by redesignating paragraphs (6), (7) and (8) as paragraphs (7), (8) and (9), respectively; and

(2) by inserting after paragraph (5) the following:

"(6) the congressional purpose underlying this subtitle is to maintain and expand markets for fluid milk products, not to maintain or expand any processor's share of those markets and that the subtitle does not prohibit or restrict individual advertising or promotion of fluid milk products since the programs created and funded by this subtitle are not extended to replace individual advertising and promotion efforts;".

(b) CONGRESSIONAL POLICY.—Section 1999B(b) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6401(b)) is amended to read as follows:

"(b) POLICY.—It is declared to be the policy of Congress that it is in the public interest to authorize the establishment, through the exercise of powers provided in this subtitle, of an orderly procedure for developing, financing, through adequate assessments on fluid milk products produced in the United States and carrying out an effective, continuous, and coordinated program of promotion, research, and consumer information designed to strengthen the position of the dairy industry in the marketplace and maintain and expand domestic and foreign markets and uses for fluid milk products, the purpose of which is not to compete with or replace individual advertising or promotion efforts designed to promote individual brand name or trade name fluid milk products, but rather to maintain and expand the markets for all fluid milk products, with the goal and purpose of this subtitle being a national governmental goal that authorizes and funds programs that result in government speech promoting government objectives.".

(c) RESEARCH.—Section 1999C(6) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402(6)) is amended to read as follows:

"(6) RESEARCH.—The term 'research' means market research to support advertising and promotion efforts, including educational activities, research directed to product characteristics, product development, including new products or improved technology in production, manufacturing or processing of milk and the products of milk.".

(d) VOTING.—

(1) INITIAL REFERENDA.—Section 1999N(b)(2) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6413(b)(2)) is amended by striking "all processors" and inserting "fluid milk processors voting in the referendum".

(2) SUSPENSION OR TERMINATION.—Section 1999O(c) of such Act (7 U.S.C. 6414(c)) is amended—

(A) in paragraph (1), by striking "all processors" and inserting "fluid milk processors voting in the preceding referendum"; and

(B) in paragraph (2)(B), by striking "all processors" and inserting "fluid milk processors voting in the referendum".

(e) DURATION.—Section 1999O(a) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6414(a)) is amended by striking "1996" and inserting "2002".

SEC. 147. NORTHEAST INTERSTATE DAIRY COMPACT.

Congress hereby consents to the Northeast Interstate Dairy Compact entered into among the States of Connecticut, Maine, Mas-

sachusetts, New Hampshire, Rhode Island and Vermont as specified in section 1(b) Senate Joint Resolution 28 of the 104th Congress, as placed on the calendar of the Senate, subject to the following conditions:

(1) FINDING OF COMPELLING PUBLIC INTEREST.—Based upon a finding by the Secretary of a compelling public interest in the Compact region, the Secretary may grant the States that have ratified the Northeast Interstate Dairy Compact, as of the date of enactment of this title, the authority to implement the Northeast Interstate Dairy Compact.

(2) LIMITATION ON MANUFACTURING PRICE.—The Northeast Interstate Dairy Compact Commission shall not regulate Class II, Class III, or Class III-A milk used for manufacturing purposes or any other milk, other than Class I (fluid) milk, as defined by a Federal milk marketing order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c) reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(3) DURATION.—Consent for the Northeast Interstate Dairy Compact shall terminate concurrent with the Secretary's implementation of the dairy pricing and Federal milk marketing order consolidation and reforms under section 143.

(4) ADDITIONAL STATES.—Delaware, New Jersey, New York, Pennsylvania, Maryland, and Virginia are the only additional States that may join the Northeast Interstate Dairy Compact, individually or otherwise, if upon entry the State is contiguous to a participating State and if Congress consents to the entry of the State into the Compact after the date of enactment of this title.

(5) COMPENSATION OF COMMODITY CREDIT CORPORATION.—Before the end of each fiscal year that a Compact price regulation is in effect, the Northeast Interstate Dairy Compact Commission shall compensate the Commodity Credit Corporation for the cost of any purchases of milk and milk products by the Corporation that result from the projected rate of increase in milk production for the fiscal year within the Compact region in excess of the projected national average rate of the increase in milk production, as determined by the Secretary.

(6) MILK MARKETING ORDER ADMINISTRATOR.—At the request of the Northeast Interstate Dairy Compact Commission, the Administrator of the applicable Federal milk marketing order issued under section 8(c)5 of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, shall provide technical assistance to the Compact Commission and be compensated for that assistance.

(7) FURTHER CONDITIONS.—The Northeast Interstate Dairy Compact Commission shall not prohibit or in any way limit the marketing in the Compact region of any milk or milk product produced in any other production area in the United States. The Compact Commission shall respect and abide by the ongoing procedures between Federal milk marketing orders with respect to the sharing of proceeds from sales within the Compact region of bulk milk, packaged milk, or producer milk originat-

ing from outside of the Compact region. The Compact Commission shall not use compensatory payments under section 10(6) of the Compact as a barrier to the entry of milk into the Compact region or for any other purpose. Establishment of a Compact over-order price, in itself, shall not be considered a compensatory payment or a limitation or prohibition on the marketing of milk.

SEC. 148. DAIRY EXPORT INCENTIVE PROGRAM.

(a) DURATION.—Section 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–14(a)) is amended by striking "2001" and inserting "2002".

(b) SOLE DISCRETION.—Section 153(b) of the Food Security Act of 1985 (15 U.S.C. 713a–14(b)) is amended by inserting "sole" before "discretion".

(c) ELEMENTS OF PROGRAM.—Section 153(c) of the Food Security Act of 1985 (15 U.S.C. 713a–14(c)) is amended—

(1) by striking "and" at the end of paragraph (1);

(2) by striking the period at the end of paragraph (2) and inserting a semicolon; and

(3) by adding at the end the following:

"(3) the maximum volume of dairy product exports allowable consistent with the obligations of the United States as a member of the World Trade Organization is exported under the program each year (minus the volume sold under section 1163 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1731 note) during that year), except to the extent that the export of such a volume under the program would, in the judgment of the Secretary, exceed the limitations on the value set forth in subsection (f); and

"(4) payments may be made under the program for exports to any destination in the world for the purpose of market development, except a destination in a country with respect to which shipments from the United States are otherwise restricted by law.".

(d) MARKET DEVELOPMENT.—Section 153(e)(1) of the Food Security Act of 1985 (15 U.S.C. 713a–14(e)(1)) is amended—

(1) by striking "and" and inserting "the"; and

(2) by inserting before the period the following: ", and any additional amount that may be required to assist in the development of world markets for United States dairy products".

(e) MAXIMUM ALLOWABLE AMOUNTS.—Section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14) is amended by adding at the end the following:

"(f) REQUIRED FUNDING.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Commodity Credit Corporation shall in each year use money and commodities for the program under this section in the maximum amount consistent with the obligations of the United States as a member of the World Trade Organization, minus the amount expended under section 1163 of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1731 note) during that year.

"(2) VOLUME LIMITATIONS.—The Commodity Credit Corporation may not exceed the limitations specified in subsection (c)(3) on the volume of allowable dairy product exports.".

SEC. 149. AUTHORITY TO ASSIST IN ESTABLISHMENT AND MAINTENANCE OF ONE OR MORE EXPORT TRADING COMPANIES.

The Secretary of Agriculture shall, consistent with the obligations of the United States as a member of the World Trade Organization, provide such advice and assistance to the United States dairy industry as may be necessary to enable that industry to establish and maintain one or more export trading companies under the Export Trading Company Act of 1982 (15 U.S.C. 4001 et seq.) for the purpose of facilitating the international market development for and exportation of dairy products produced in the United States.

SEC. 150. STANDBY AUTHORITY TO INDICATE ENTITY BEST SUITED TO PROVIDE INTERNATIONAL MARKET DEVELOPMENT AND EXPORT SERVICES.

(a) INDICATION OF ENTITY BEST SUITED TO ASSIST INTERNATIONAL MARKET DEVELOPMENT FOR AND EXPORT OF UNITED STATES DAIRY PRODUCTS.—The Secretary of Agriculture shall indicate which entity or entities autonomous of the Government of the United States, which seeks such a designation, is best suited to facilitate the international market development for and exportation of United States dairy products, if the Secretary determines that—

(1) the United States dairy industry has not established an export trading company under the Export Trading Company Act of 1982 (15 U.S.C. 4001 et seq.) for the purpose of facilitating the international market development for an exportation of dairy products produced in the United States on or before June 30, 1997; or

(2) the quantity of exports of United States dairy products during the 12-month period preceding July 1, 1998 does not exceed the quantity of exports of United States dairy products during the 12-month period preceding July 1, 1997 by 1.5 billion pounds (milk equivalent, total solids basis).

(b) FUNDING OF EXPORT ACTIVITIES.—The Secretary shall assist the entity or entities identified under subsection (a) in identifying sources of funding for the activities specified in subsection (a) from within the dairy industry and elsewhere.

(c) APPLICATION OF SECTION.—This section shall apply only during the period beginning on July 1, 1997 and ending on September 30, 2000.

SEC. 151. STUDY AND REPORT REGARDING POTENTIAL IMPACT OF URUGUAY ROUND ON PRICES, INCOME, AND GOVERNMENT PURCHASES.

(a) STUDY.—The Secretary of Agriculture shall conduct a study, on a variety by variety of cheese basis, to determine the potential impact on milk prices in the United States, dairy producer income, and Federal dairy program costs, of the allocation of additional cheese granted access to the United States as a result of the obligations of the United States as a member of the world Trade Organization.

(b) REPORT.—Not later than June 30, 1997, the Secretary shall report to the Committee on Agriculture, Nutrition, and Forestry of

the Senate and the Committee on Agriculture of the House of Representatives the results of the study conducted under this section.

(c) RULE OF CONSTRUCTION.—Any limitation imposed by Act of Congress on the conduct or completion of studies or reports to Congress shall not apply to the study and report required under this section, unless the limitation specifically refers to this section.

SEC. 152. PROMOTION OF UNITED STATES DAIRY PRODUCTS IN INTERNATIONAL MARKETS THROUGH DAIRY PROMOTION PROGRAM.

Section 113(e) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(e)) is amended by adding at the end the following new sentence: "For each of fiscal years 1997 through 2001, the Board's budget may provide for the expenditure of revenues available to the Board to develop international markets for, and to promote within such markets, the consumption of dairy products produced in the United States from milk produced in the United States.".

CHAPTER 2—PEANUTS AND SUGAR

SEC. 155. 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 162.

(5) OFFERS FROM HANDLERS.—If a producer markets a quota peanut crop, meeting quality requirements for domestic edible use, through the marketing association loan for two consecutive marketing years and the Secretary determines that a handler provided the producer with a written offer, upon delivery, for the purchase of the quota peanut crops at a price equal to or in excess of the quota support price, the producer shall be ineligible for quota price support for the next marketing year. The Secretary shall establish the method by which a producer may appeal a determination under this paragraph regarding ineligibility for quota price support.

(b) ADDITIONAL PEANUTS.—

(1) IN GENERAL.—Subject to paragraph (2), 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) LIMITATION.—The Secretary shall establish the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of the peanuts.

(3) 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 IN NEW MEXICO POOLS.—

(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 producer of Valencia peanuts may enter Valencia peanuts that are produced in Texas into the pools of New Mexico in a quantity not greater than the average annual quantity of the peanuts that the producer entered into the New Mexico pools for the 1990 through 1995 crops.

(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) 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 edible export 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. This paragraph shall not apply to profits or gains from a farm with 1 acre or less of peanut production.

(4) FIRST 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 paragraph 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 the preceding paragraphs, further losses shall be offset by any gains or profits from addi-

tional 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. This paragraph shall not apply to profits or gains from a farm with 1 acre or less of peanut production.

(7) SECOND USE OF MARKETING ASSESSMENTS.—The Secretary shall use funds collected under subsection (g) and 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 paragraph that the Secretary determines are not required to cover losses in area quota pools.

(8) 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 for producers 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, the producer portion 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 (g) shall be effective only for the 1996 through 2002 crops of peanuts.

(i) POUNDAGE 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 1998 crop, 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 Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(a)(1)) is amended by striking the second sentence.

(3) TEMPORARY QUOTA ALLOCATION.—Section 358–1 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1) is amended—

(A) in subsection (a)(1), by striking "domestic edible, seed," and inserting "domestic edible use (except seed)"; and

(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 and determined 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).".

(4) UNDERMARKETINGS.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 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 (2), by striking "(including any applicable under marketings)"; and

(ii) in paragraph (3), by striking "(including any applicable undermarketings)".

(5) DISASTER TRANSFERS.—Section 358–1(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)), as amended by paragraph (4)(A)(iii), is 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 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.".

(6) SALE OR LEASE.—Section 358b(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358b(a)) is amended—

(A) by striking paragraph (1) and inserting the following:

"(1) SALE AND LEASE AUTHORITY.—

"(A) SALE OR LEASE WITHIN SAME STATE.—Subject to subparagraph (B) and such terms and conditions as the Secretary may prescribe, the owner, or operator with the permission of the owner, of a farm in a State for which a farm poundage quota has been established may sell or lease all or any part of the poundage quota to any other owner or operator of a farm within the same State for transfer to the farm. However, any such lease of poundage quota may be entered into in the fall or after the normal planting season—

"(i) if not less than 90 percent of the basic quota (the farm quota and temporary quota transfers), plus any poundage quota transferred to the farm under this subsection, has been planted or considered planted on the farm from which the quota is to be leased; and

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

"In the case of a fall transfer or a transfer after the normal planting season by a cash lessee, the landowner shall not be required to sign the transfer authorization. A fall transfer or a transfer after the normal planting season may be made not later than 72 hours after the peanuts that are the subject of the transfer are inspected and graded.

"(B) PERCENTAGE LIMITATIONS ON SPRING TRANSFERS.—Spring transfers under subparagraph (A) by sale or lease of a quota for farms in a county to any owner or operator of a farm outside the county within the same State shall not exceed the applicable percentage specified in this subparagraph of the quotas of all farms in the originating county (as of January 1, 1996) for the crop year in which the transfer is made, plus the total amount of quotas eligible for transfer from the originating county in the preceding crop year that were not transferred in that year or that were transferred through an expired lease. However, not more than an aggregate of 40 percent of the total poundage quota within a county (as of January 1, 1996) may be transferred outside of the county. Cumulative unexpired transfers outside of a county may not exceed for a crop year the following:

"(i) For the 1996 crop, 15 percent.

"(ii) For the 1997 crop, 25 percent.

"(iii) For the 1998 crop, 30 percent.

"(iv) For the 1999 crop, 35 percent.

"(v) For the 2000 and subsequent crops, not more than an aggregate of 40 percent of the total poundage quota within the county as of January 1, 1996.

"(C) CLARIFICATION REGARDING FALL TRANSFERS.—The limitation in subparagraph (B) does not apply to 1-year fall transfers, which in all cases may be made to any farm in the same State.

"(D) EFFECT OF TRANSFER.—Any farm poundage quota transferred under this paragraph shall not result in any reduction in the farm poundage quota for the transferring farm if the transferred quota is produced or considered produced on the receiving farm."; and

(B) by adding at the end the following:

"(4) TRANSFERS IN COUNTIES WITH SMALL QUOTAS.—Notwithstanding paragraphs (1) and (2), in the case of any county in a State for which the poundage quota allocated to the county was less than 100,000 pounds for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in the county to a farm in another county in the same State.".

SEC. 156. 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) REDUCTION IN LOAN RATES.—

(1) REDUCTION REQUIRED.—The Secretary shall reduce the loan rate specified in subsection (a) for domestically grown sugarcane and subsection (b) for domestically grown sugar beets if the Secretary determines that negotiated reductions in export subsidies and domestic subsidies provided for sugar of other major sugar growing, producing, and exporting countries in the aggregate exceed the commitments made as part of the Agreement on Agriculture.

(2) EXTENT OF REDUCTION.—The Secretary shall not reduce the loan rate under subsection (a) or (b) below a rate that provides an equal measure of support to that provided by other major sugar growing, producing, and exporting countries, based on an examination of both domestic and export subsidies subject to reduction in the Agreement on Agriculture.

(3) ANNOUNCEMENT OF REDUCTION.—The Secretary shall announce any loan rate reduction to be made under this subsection as far in advance as is practicable.

(4) DEFINITIONS.—In this subsection:

(A) AGREEMENT ON AGRICULTURE.—The term "Agreement on Agriculture" means the Agreement on Agriculture referred to in section 101(d)(2) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(2)).

(B) MAJOR SUGAR COUNTRIES.—The term "major sugar growing, producing, and exporting countries" means—

(i) the countries of the European Union; and

(ii) the 10 foreign countries not covered by subparagraph (A) that the Secretary determines produce the greatest quantity of sugar.

(d) TERM OF LOANS.—

(1) IN GENERAL.—A loan 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 the 9-month period beginning on the first day of the first month after the month in which the loan is made; or

(B) the end of the fiscal year in which the loan is made.

(2) SUPPLEMENTAL LOANS.—In the case of a loan 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.

(e) 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.

(f) 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.

(g) 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 any sugar pledged as collateral for a nonrecourse loan shall be reduced in proportion to the loan forfeiture penalty incurred by the processor.

(h) 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.

(i) CROPS.—This section (other than subsection (f)) shall be effective only for the 1996 through 2002 crops of sugar beets and sugarcane.

Subtitle E—Administration

SEC. 161. ADMINISTRATION.

(a) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall carry out this title through the Commodity Credit Corporation.

(b) LIMITATION ON EXPENDITURE OF COMMODITY CREDIT CORPORATION FUNDS.—

(1) GENERAL POWERS AND RESPONSIBILITIES.—Section 4 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b) is amended—

(A) in the first sentence of subsection (g), by inserting before the period the following: ", except that obligations under all such contracts or agreements (other than reimbursable agreements under section 11) for equipment or services relating to automated data processing, information technologies, or related items (including telecommunications equipment and computer hardware and software) may not exceed $170,000,000 in fiscal year 1996 and not more than $275,000,000 in the 6-fiscal year period beginning on October 1, 1996, unless additional amounts for such contracts and agreements are provided in advance in appropriation Acts"; and

(B) in subsection (h), by striking "shall have power to acquire personal property necessary to the conduct of its business but".

(2) REIMBURSABLE AGREEMENTS.—Section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i) is amended by adding at the end the following: "After September 30, 1996, the total amount of all allotments and fund transfers from the Corporation under this section (including allotments and transfers for automated data processing or information resource management activities) for a fiscal year may not exceed the total amount of the allotments and transfers made under this section in fiscal year 1995.".

(3) REPORTING REQUIREMENTS.—Section 13 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714k) is amended by adding at the end the following: "In addition to the annual report, the Corporation shall submit to Congress on a quarterly basis an itemized report of all expenditures over $10,000 made under section 5 or 11 during the period covered by the report, including expenditures in the form of allotments or fund transfers to other agencies and departments of the Federal Government.".

(c) DETERMINATIONS BY SECRETARY.—A determination made by the Secretary under this title shall be final and conclusive.

(d) REGULATIONS.—Not later than 90 days after the date of enactment of this title, the Secretary and the Commodity Credit Corporation, as appropriate, shall issue such regulations as are necessary to implement this title. The issuance of the regulations shall be made without regard to—

(1) the notice and comment provisions of section 553 of title 5, United States Code;

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804) relating to notices of proposed rulemaking and public participation in rulemaking; and

(3) chapter 35 of title 44, United States Code (commonly know as the "Paperwork Reduction Act").

SEC. 162. ADJUSTMENTS OF LOANS.

(a) ADJUSTMENT AUTHORITY.—The Secretary may make appropriate adjustments in the loan rates for any commodity for differences in grade, type, quality, location, and other factors.

(b) MANNER OF ADJUSTMENT.—The adjustments under the authority of this section 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 title.

(c) ADJUSTMENT ON COUNTY BASIS.—The Secretary may establish loan rates for a crop for producers in individual counties in a manner that results in the lowest such rate being 95 percent of the national average loan rate, except that such action shall not result in an increase in outlays. Adjustments under this subsection shall not result in an increase in the national average loan rate for any year.

SEC. 163. 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. 164. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.

(a) IN GENERAL.—Except as provided in subsection (b), no producer shall be personally liable for any deficiency arising from the sale of the collateral securing any nonrecourse loan made under this title unless the loan was obtained through a fraudulent representation by the producer.

(b) LIMITATIONS.—Subsection (a) shall not prevent the Commodity Credit Corporation or the Secretary from requiring a producer to assume liability for—

(1) a deficiency in the grade, quality, or quantity of a commodity stored on a farm or delivered by the producer;

(2) a failure to properly care for and preserve a commodity; or

(3) a failure or refusal to deliver a commodity in accordance with a program established under this title.

(c) ACQUISITION OF COLLATERAL.—In the case of a nonrecourse loan made under this title or the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), if the Commodity Credit Cor-

poration acquires title to the unredeemed collateral, the Corporation shall be under no obligation to pay for any market value that the collateral may have in excess of the loan indebtedness.

(d) 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.

SEC. 165. COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS.

(a) GENERAL SALES AUTHORITY.—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.

(b) NONAPPLICATION OF SALES PRICE RESTRICTIONS.—Subsection (a) shall not apply to—

(1) a sale for a new or byproduct use;

(2) a sale of peanuts or oilseeds for the extraction of oil;

(3) a sale for seed or feed if the sale will not substantially impair any loan program;

(4) 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;

(5) 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;

(6) a sale for export, as determined by the Corporation; and

(7) a sale for other than a primary use.

(c) PRESIDENTIAL DISASTER AREAS.—

(1) IN GENERAL.—Notwithstanding subsection (a), 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—

(A) 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

(B) 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.).

(2) COSTS.—Except on a reimbursable basis, the Corporation shall not bear any costs in connection with making a commodity available under paragraph (1) beyond the cost of the commodity to the Corporation incurred in—

(A) the storage of the commodity; and

(B) 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.

(d) EFFICIENT OPERATIONS.—Subsection (a) 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.

Subtitle F—Permanent Price Support Authority

SEC. 171. SUSPENSION AND REPEAL OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—

(1) SUSPENSIONS.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1996 through 2002 crops of loan commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this title and ending on December 31, 2002:

(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 of loan commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this title and ending on December 31, 2002:

(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) Section 201 (7 U.S.C. 1446).

(I) Title III (7 U.S.C. 1447–1449).

(J) Title IV (7 U.S.C. 1421–1433d), other than sections 404, 412, and 416 (7 U.S.C. 1424, 1429, and 1431).

(K) Title V (7 U.S.C. 1461–1469).

(L) Title VI (7 U.S.C. 1471–1471j).

(2) REPEALS.—The following provisions of the Agricultural Act of

(A) Section 101B (7 U.S.C. 1441–2).

(B) Section 103B (7 U.S.C. 1444–2).

(C) Section 105B (7 U.S.C. 1444f).

(D) Section 107B (7 U.S.C. 1445–3a).

(E) Section 108B (7 U.S.C. 1445c–3).

(F) Section 113 (7 U.S.C. 1445h).

(G) Subsections (b) and (c) of section 114 (7 U.S.C. 1445j).

(H) Sections 205, 206, and 207 (7 U.S.C. 1446f, 1446g, and 1446h).

(I) Sections 406 and 427 (7 U.S.C. 1426 and 1433f).

(3) POTENTIAL PRICE SUPPORT FOR RICE.—Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441), as suspended by paragraph (1), is amended by adding after subsection (d) the following:

"(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 percent, or more than 90 percent of the parity price for rice as the Secretary determines will not result in increasing stocks of rice to the Commodity Credit Corporation.".

(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. 172. EFFECT OF AMENDMENTS.

(a) EFFECT ON PRIOR CROPS.—Except as otherwise specifically provided in this title 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 enactment of this title.

(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 enactment of this title.

Subtitle G—Commission on 21st Century Production Agriculture

SEC. 181. ESTABLISHMENT.

There is established a commission to be known as the "Commission on 21st Century Production Agriculture" (in this subtitle referred to as the "Commission").

SEC. 182. COMPOSITION.

(a) MEMBERSHIP AND APPOINTMENT.—The Commission shall be composed of 11 members, appointed as follows:

(1) Three members shall be appointed by the President.

(2) Four members shall be appointed by the Chairman of the Committee on Agriculture of the House of Representatives in consultation with the ranking minority member of the Committee.

(3) Four members shall be appointed by the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate in consultation with the ranking minority member of the Committee.

(b) QUALIFICATIONS.—At least 1 of the members appointed under each of paragraphs (1), (2), and (3) of subsection (a) shall be an individual who is primarily involved in production agriculture. All other members of the Commission shall be appointed from among individuals having knowledge and experience in agricultural production, marketing, finance, or trade.

(c) TERM OF MEMBERS; VACANCIES.—A member of the Commission shall be appointed for the life of the Commission. A vacancy on the Commission shall not affect its powers, but shall be filled in the same manner as the original appointment was made.

(d) TIME FOR APPOINTMENT; FIRST MEETING.—The members of the Commission shall be appointed not later than October 1, 1997. The Commission shall convene its first meeting to carry out its duties under this subtitle 30 days after 6 members of the Commission have been appointed.

(e) CHAIRPERSON.—The chairperson of the Commission shall be designated jointly by the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate from among the members of the Commission.

SEC. 183. COMPREHENSIVE REVIEW OF PAST AND FUTURE OF PRODUCTION AGRICULTURE.

(a) INITIAL REVIEW.—The Commission shall conduct a comprehensive review of changes in the condition of production agriculture in the United States since the date of enactment of this title and the extent to which the changes are the result of this title and the amendments made by this title. The review shall include the following:

(1) An assessment of the initial success of production flexibility contracts in supporting the economic viability of farming in the United States.

(2) An assessment of economic risks to farms delineated by size of farm operation (such as small, medium, or large farms) and region of production.

(3) An assessment of the food security situation in the United States in the areas of trade, consumer prices, international competitiveness of United States production agriculture, food supplies, and humanitarian relief.

(4) An assessment of the changes in farmland values and agricultural producer incomes since the date of enactment of this title.

(5) An assessment of the extent to which regulatory relief for agricultural producers has been enacted and implemented, including the application of cost/benefit principles in the issuance of agricultural regulations.

(6) An assessment of the extent to which tax relief for agricultural producers has been enacted in the form of capital gains tax reductions, estate tax exemptions, and mechanisms to average tax loads over high- and low-income years.

(7) An assessment of the effect of any Federal Government interference in agricultural export markets, such as the imposition of trade embargoes, and the degree of implementation and success of international trade agreements and United States export programs.

(8) An assessment of the likely affect of the sale, lease, or transfer of farm poundage quota for peanuts across State lines.

(b) SUBSEQUENT REVIEW.—The Commission shall conduct a comprehensive review of the future of production agriculture in the United States and the appropriate role of the Federal Government in support of production agriculture. The review shall include the following:

(1) An assessment of changes in the condition of production agriculture in the United States since the initial review conducted under subsection (a).

(2) Identification of the appropriate future relationship of the Federal Government with production agriculture after 2002.

(3) An assessment of the personnel and infrastructure requirements of the Department of Agriculture necessary to support the future relationship of the Federal Government with production agriculture.

(4) An assessment of economic risks to farms delineated by size of farm operation (such as small, medium, or large farms) and region of production.

(c) RECOMMENDATIONS.—In carrying out the subsequent review under subsection (b), the Commission shall develop specific recommendations for legislation to achieve the appropriate future relationship of the Federal Government with production agriculture identified under subsection (a)(2).

SEC. 184. REPORTS.

(a) REPORT ON INITIAL REVIEW.—Not later than June 1, 1998, the Commission shall submit to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the initial review conducted under section 183(a).

(b) REPORT ON SUBSEQUENT REVIEW.—Not later than January 1, 2001, the Commission shall submit to the President and the congressional committees specified in subsection (a) a report containing the results of the subsequent review conducted under section 183(b).

SEC. 185. POWERS.

(a) HEARINGS.—The Commission may, for the purpose of carrying out this subtitle, conduct such hearings, sit and act at such times, take such testimony, and receive such evidence, as the Commission considers appropriate.

(b) ASSISTANCE FROM OTHER AGENCIES.—The Commission may secure directly from any department or agency of the Federal Government such information as may be necessary for the Commission to carry out its duties under this subtitle. On the request of the chairperson of the Commission, the head of the department or agency shall, to the extent permitted by law, furnish such information to the Commission.

(c) MAIL.—The Commission may use the United States mails in the same manner and under the same conditions as the departments and agencies of the Federal Government.

(d) ASSISTANCE FROM SECRETARY.—The Secretary shall provide to the Commission appropriate office space and such reasonable administrative and support services as the Commission may request.

SEC. 186. COMMISSION PROCEDURES.

(a) MEETINGS.—The Commission shall meet on a regular basis (as determined by the chairperson) and at the call of the chairperson or a majority of its members.

(b) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business.

SEC. 187. PERSONNEL MATTERS.

(a) COMPENSATION.—Each member of the Commission shall serve without compensation, but shall be allowed travel expenses including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, when engaged in the performance of Commission duties.

(b) STAFF.—

(1) APPOINTMENT.—The Commission shall appoint a staff director, who shall be paid at a rate not to exceed the maximum rate of basic pay under section 5376 of title 5, United States Code, and such professional and clerical personnel as may be reasonable and necessary to enable the Commission to carry out its duties under this subtitle without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title, or any other provision of law, relating to the number, classification, and General Schedule rates.

(2) LIMITATION ON COMPENSATION.—No employee appointed under this subsection (other than the staff director) may be compensated at a rate to exceed the maximum rate applicable to level GS–15 of the General Schedule.

(c) DETAILED PERSONNEL.—On the request of the chairperson of the Commission, the head of any department or agency of the Federal Government is authorized to detail, without reimbursement,

any personnel of the department or agency to the Commission to assist the Commission in carrying out its duties under this section. The detail of any individual may not result in the interruption or loss of civil service status or other privilege of the individual.

SEC. 188. TERMINATION OF COMMISSION.

The Commission shall terminate on submission of the final report required by section 184.

Subtitle H—Miscellaneous Commodity Provisions

SEC. 191. OPTIONS PILOT PROGRAM.

(a) PILOT PROGRAMS AUTHORIZED.—Until December 31, 2002, the Secretary of Agriculture may conduct a pilot program for 1 or more agricultural commodities supported under this title 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 the commodities. The pilot program shall be an alternative to other related programs of the Department of Agriculture.

(b) DISTRIBUTION OF PILOT PROGRAM.—For each agricultural commodity included in the pilot program, the Secretary may operate the pilot program in not more than 100 counties, except that not more than 6 of the counties may be located in any 1 State. The pilot program for a commodity shall not be operated in any county for more than 3 of the 1996 through 2002 calendar years.

(c) ELIGIBLE PARTICIPANTS.—In operating the pilot program, the Secretary may enter into contract with a producer who—

(1) is eligible for a production flexibility contract, a marketing assistance loan, or other assistance under this title;

(2) volunteers to participate in the pilot program;

(3) operates a farm located in a county selected for the pilot program; and

(4) meets such other eligibility requirements as the Secretary may establish.

(d) NOTICE TO PRODUCERS.—The Secretary shall provide notice to each producer participating in the pilot program that—

(1) the participation of the producer 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 the pilot program than the producer would have been if the producer had not participated in the pilot program.

(e) CONTRACTS.—The Secretary shall set forth in each contract under the pilot program the terms and conditions for participation in the pilot program and the notice required by subsection (d).

(f) ELIGIBLE MARKETS.—Trades for futures and options contracts under the 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.)

(g) RECORDKEEPING.—A producer participating in the pilot program shall compile, maintain, and submit (or authorize the compilation, maintenance, and submission) of such documentation as the regulations governing the pilot program require.

(h) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall fund and operate the pilot program through the Commodity Credit Corporation. To the maximum extent practicable, the Secretary shall operate the pilot program in a budget neutral manner.

(i) CONFORMING REPEAL.—The Options Pilot Program Act of 1990 (subtitle E of title XI of Public Law 101–624; 7 U.S.C. 1421 note) is repealed.

SEC. 192. RISK MANAGEMENT EDUCATION.

In consultation with the Commodity Futures Trading Commission, 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. As part of such educational activities, the Secretary may develop and implement programs to facilitate the participation of agricultural producers in commodity futures trading programs, forward contracting options, and insurance protection programs by assisting and training producers in the usage of such programs. In implementing this authority, the Secretary may use existing research and extension authorities and resources of the Department of Agriculture.

SEC. 193. CROP INSURANCE.

(a) CATASTROPHIC RISK PROTECTION.—

(1) SINGLE DELIVERY.—Section 508(b)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(4)) is amended 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 of the State 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 (or a portion of a State) as determined by the Secretary, only approved insurance providers may provide the coverage in the State or portion of the State.

"(iii) TIMING OF DETERMINATIONS.—Not later than 90 days after the date of enactment of this subparagraph, the Secretary shall announce the results of the determinations under clause (i) for policies for the 1997 crop year. For subsequent crop years, the Secretary shall make the announcement not later than April 30 of the year preceding the year in which the crop will be produced, or at such other times during the year as

the Secretary finds practicable in consultation with affected crop insurance providers for those States (or portions of States) in which catastrophic coverage remains available through local offices of the Department.

"(iv) CURRENT POLICIES.—This clause shall take effect beginning with the 1997 crop year. Subject to clause (ii) all catastrophic risk protection policies written by local offices of the Department shall be transferred to the approved insurance provider for performance of all sales, service, and loss adjustment functions. Any fees in connection with such policies that are not yet collected at the time of the transfer shall be payable to the approved insurance providers assuming the policies. The transfer process for policies for the 1997 crop year with sales closing dates before January 1, 1997, shall begin at the time of the Secretary's announcement under clause (iii) and be completed by the sales closing date for the crop and county. The transfer process for all subsequent policies (including policies for the 1998 and subsequent crop years) shall begin at a date that permits the process to be completed not later than 45 days before the sales closing date.".

(2) WAIVER OF MANDATORY LINKAGE.—Section 508(b)(7) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)(7)) is amended by striking subparagraph (A) and inserting the following:

"(A) IN GENERAL.—Effective for the spring-planted 1996 and subsequent crops (and fall-planted 1996 crops at the option of the Secretary), to be eligible for any payment or loan under the Agricultural Market Transition Act, for the conservation reserve program, or for 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.".

(3) SPECIAL RULE FOR 1996.—

(A) EFFECTIVE PERIOD.—This paragraph shall apply only to the 1996 crop year.

(B) AVAILABILITY.—During a period of not less than 2 weeks, but not more than 4 weeks, beginning on the date of enactment of this title, the Secretary shall provide producers with an opportunity to obtain catastrophic risk protection insurance under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) for a spring-planted crop, and limited additional coverage for malting barley under the Malting Barley Price and Quality Endorsement. The Federal Crop Insurance Corporation may attach such limitations and restrictions on obtaining insurance during this period as the Corporation considers necessary to maintain the actuarial soundness of the crop insurance program.

(C) ATTACHMENT.—Insurance coverage under any policy obtained under this paragraph during the extended sales period shall not attach until 10 days after the application.

(D) CANCELLATION.—During the extended period, a producer may cancel a catastrophic risk protection policy if—

(i) the policy is a continuation of a policy that was obtained for a previous crop year; and

(ii) the cancellation request is made before the acreage reporting date for the policy for the 1996 crop year.

(b) 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.

(3) DURATION.—A pilot project under this paragraph shall be of two years' duration.

(c) CROP INSURANCE FOR NURSERY 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 NURSERY CROPS.—Not later than 2 years after the date of enactment of this subparagraph, the Corporation shall conduct a study and limited pilot program on the feasibility of insuring nursery crops.".

(d) 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.".

(e) FUNDING.—

(1) MANDATORY EXPENSES.—Section 516(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1516(a)(2)) is amended—

(A) by inserting "and" at the end of subparagraph (A);

(B) by striking "; and" at the end of subparagraph (B) and inserting a period; and

(C) by striking subparagraph (C).

(2) FUNDING OF SALES COMMISSIONS.—Section 516(b) of the Federal Crop Insurance Act (7 U.S.C. 1516(b)) is amended—

(A) in paragraph (1)—

(i) by striking "(A) IN GENERAL" and all that follows through "subparagraph (B), in" and inserting "In"; and

(ii) by striking subparagraph (B); and

(B) in paragraph (2)(B), by striking "subject to paragraph (1)(B),".

(3) OTHER EXPENSES.—Section 516(b)(2)(A) of the Federal Crop Insurance Act (7 U.S.C. 1516(b)(2)(A)) is amended by striking ", noninsured assistance benefits,".

(f) LIMITATION ON MULTIPLE BENEFITS FOR SAME LOSS.—Section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) is amended by adding at the end the following:

"(n) LIMITATION ON MULTIPLE BENEFITS FOR SAME LOSS.—If a producer who is eligible to receive benefits under catastrophic risk protection under subsection (b) is also eligible to receive assistance for the same loss under any other program administered by the Secretary, the producer shall be required to elect whether to receive benefits under this title or under the other program, but not both. A producer who purchases additional coverage under subsection (c) may also receive assistance for the same loss under other programs administered by the Secretary, except that the amount received for the loss under the additional coverage together with the amount received under the other programs may not exceed the amount of the actual loss of the producer.".

SEC. 194. ESTABLISHMENT OF OFFICE OF RISK MANAGEMENT.

(a) ESTABLISHMENT.—The Department of Agriculture Reorganization Act of 1994 is amended by inserting after section 226 (7 U.S.C. 6932) the following new section:

"SEC. 226A. OFFICE OF RISK MANAGEMENT.

"(a) ESTABLISHMENT.—Subject to subsection (e), the Secretary shall establish and maintain in the Department an independent Office of Risk Management.

"(b) FUNCTIONS OF THE OFFICE OF RISK MANAGEMENT.—The Office of Risk Management shall have jurisdiction over the following functions:

"(1) Supervision of the Federal Crop Insurance Corporation.

"(2) Administration and oversight of all aspects, including delivery through local offices of the Department, of all programs authorized under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

"(3) Any pilot or other programs involving revenue insurance, risk management savings accounts, or the use of the futures market to manage risk and support farm income that may be established under the Federal Crop Insurance Act or other law.

"(4) Such other functions as the Secretary considers appropriate.

"(c) ADMINISTRATOR.—

"(1) APPOINTMENT.—The Office of Risk Management shall be headed by an Administrator who shall be appointed by the Secretary.

"(2) MANAGER.—The Administrator of the Office of Risk Management shall also serve as Manager of the Federal Crop Insurance Corporation.

"(d) RESOURCES.—

"(1) FUNCTIONAL COORDINATION.—Certain functions of the Office of Risk Management, such as human resources, public affairs, and legislative affairs, may be provided by a consolidation of such functions under the Under Secretary of Agriculture for Farm and Foreign Agricultural Services.

"(2) MINIMUM PROVISIONS.—Notwithstanding paragraph (1) or any other provision of law or order of the Secretary, the Secretary shall provide the Office of Risk Management with human and capital resources sufficient for the Office to carry out its functions in a timely and efficient manner.".

(b) FISCAL YEAR 1996 FUNDING.—From funds appropriated for the salaries and expenses of the Consolidated Farm Service Agency in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1996 (Public Law 104–37), the Secretary of Agriculture may use such sums as necessary for the salaries and expenses of the Office of Risk Management established under subsection (a).

(c) CONFORMING AMENDMENT.—Section 226(b) of the Act (7 U.S.C. 6932(b)) is amended by striking paragraph (2).

SEC. 195. 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 wheat, feed grains, soybeans, or such other commodity as the Secretary considers appropriate 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 actuarially sound; and

"(iv) require the payment of premiums and administrative fees by an insured producer.".

SEC. 196. ADMINISTRATION AND OPERATION OF NONINSURED CROP ASSISTANCE PROGRAM.

(a) OPERATION AND ADMINISTRATION OF PROGRAM.—

(1) IN GENERAL.—In the case of an eligible crop described in paragraph (2), the Secretary of Agriculture shall operate a noninsured crop disaster assistance program to provide coverage equivalent to the catastrophic risk protection otherwise available under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)). The Secretary shall carry out this section through the Consolidated Farm Service Agency (in this section referred to as the "Agency").

(2) ELIGIBLE CROPS.—

(A) IN GENERAL.—In this section, the term "eligible crop" means each commercial crop or other agricultural commodity (except livestock)—

(i) for which catastrophic risk protection under section 508(b) of the Federal Crop Insurance Act (7 U.S.C. 1508(b)) is not available; and

(ii) that is produced for food or fiber.

(B) CROPS SPECIFICALLY INCLUDED.—The term "eligible crop" shall include floricultural, ornamental nursery, and Christmas tree crops, turfgrass sod, seed crops, aquaculture (including ornamental fish), and industrial crops.

(3) CAUSE OF LOSS.—To qualify for assistance under this section, the losses of the noninsured commodity shall be due to drought, flood, or other natural disaster, as determined by the Secretary.

(b) APPLICATION FOR NONINSURED CROP DISASTER ASSISTANCE.—

(1) TIMELY APPLICATION.—To be eligible for assistance under this section, a producer shall submit an application for noninsured crop disaster assistance at a local office of the Department. The application shall be in such form, contain such information, and be submitted at such time as the Secretary may require.

(2) RECORDS.—A producer shall provide records, as required by the Secretary, of crop acreage, acreage yields, and production.

(3) ACREAGE REPORTS.—A producer shall provide reports on acreage planted or prevented from being planted, as required by the Secretary, by the designated acreage reporting date for the crop and location as established by the Secretary.

(c) LOSS REQUIREMENTS.—

(1) REQUIRED AREA LOSS.—A producer of an eligible crop shall not receive noninsured crop disaster assistance unless the average yield for that crop, or an equivalent measure in the event yield data are not available, in an area falls below 65 percent of the expected area yield, as established by the Secretary.

(2) PREVENTED PLANTING.—Subject to paragraph (1), the Secretary shall make a prevented planting noninsured crop disaster assistance payment if the producer is prevented from planting more than 35 percent of the acreage intended for the eligible crop because of drought, flood, or other natural disaster, as determined by the Secretary.

(3) REDUCED YIELDS.—Subject to paragraph (1), the Secretary shall make a reduced yield noninsured crop disaster assistance payment to a producer if the total quantity of the eligible crop that the producer is able to harvest on any farm is, because of drought, flood, or other natural disaster as determined by the Secretary, less than 50 percent of the expected individual yield for the crop, as determined by the Secretary, factored for the interest of the producer for the crop.

(d) PAYMENT.—The Secretary shall make available to a producer eligible for noninsured assistance under this section a payment computed by multiplying—

(1) the quantity that is less than 50 percent of the established yield for the crop; by

(2)(A) in the case of each of the 1996 through 1998 crop years, 60 percent of the average market price for the crop (or any comparable coverage determined by the Secretary); or

(B) in the case of each of the 1999 and subsequent crop years, 55 percent of the average market price for the crop (or any comparable coverage determined by the Secretary); by

(3) a payment rate for the type of crop (as determined by the Secretary) that—

(A) in the case of a crop that is produced with a significant and variable harvesting expense, reflects the decreasing cost incurred in the production cycle for the crop that is—

(i) harvested;

(ii) planted but not harvested; and

(iii) prevented from being planted because of drought, flood, or other natural disaster (as determined by the Secretary); and

(B) in the case of a crop that is not produced with a significant and variable harvesting expense, is determined by the Secretary.

(e) YIELD DETERMINATIONS.—

(1) ESTABLISHMENT.—The Secretary shall establish farm yields for purposes of providing noninsured crop disaster assistance under this section.

(2) ACTUAL PRODUCTION HISTORY.—The Secretary shall determine yield coverage using the actual production history of the producer over a period of not less than the 4 previous consecutive crop years and not more than 10 consecutive crop years. Subject to paragraph (3), the yield for the year in which noninsured crop disaster assistance is sought shall be equal to the average of the actual production history of the producer during the period considered.

(3) ASSIGNMENT OF YIELD.—If a producer does not submit adequate documentation of production history to determine a crop yield under paragraph (2), the Secretary shall assign to the producer a yield equal to not less than 65 percent of the transitional yield of the producer (adjusted to reflect actual production reflected in the records acceptable to the Secretary for continuous years), as specified in regulations issued by the Secretary based on production history requirements.

(4) PROHIBITION ON ASSIGNED YIELDS IN CERTAIN COUNTIES.—

(A) IN GENERAL.—

(i) DOCUMENTATION.—If sufficient data are available to demonstrate that the acreage of a crop in a county for the crop year has increased by more than 100 percent over any year in the preceding 7 crop years or, if data are not available, if the acreage of the crop in the county has increased significantly from the previous crop years, a producer must provide such detailed documentation of production costs, acres planted, and yield for the crop year for which benefits are being claimed as is required by the Secretary. If the Secretary determines that the documentation provided is not sufficient, the Secretary may require documenting proof that the crop, had the crop been harvested, could have been marketed at a reasonable price.

(ii) PROHIBITION.—Except as provided in subparagraph (B), a producer who produces a crop on a farm located in a county described in clause (i) may not obtain an assigned yield.

(B) EXCEPTION.—A crop or a producer shall not be subject to this subsection if—

(i) the planted acreage of the producer for the crop has been inspected by a third party acceptable to the Secretary; or

(ii)(I) the County Executive Director and the State Executive Director recommend an exemption from the requirement to the Administrator of the Agency; and

(II) the Administrator approves the recommendation.

(5) LIMITATION ON RECEIPT OF SUBSEQUENT ASSIGNED YIELD.—A producer who receives an assigned yield for the current year of a natural disaster because required production records were not submitted to the local office of the Department shall not be eligible for an assigned yield for the year of the next natural disaster unless the required production records of the previous 1 or more years (as applicable) are provided to the local office.

(6) YIELD VARIATIONS DUE TO DIFFERENT FARMING PRACTICES.—The Secretary shall ensure that noninsured crop disaster assistance accurately reflects significant yield variations due to different farming practices, such as between irrigated and nonirrigated acreage.

(f) CONTRACT PAYMENTS.—A producer who has received a guaranteed payment for production, as opposed to delivery, of a crop pursuant to a contract shall have the production of the producer adjusted upward by the amount of the production equal to the amount of the contract payment received.

(g) USE OF COMMODITY CREDIT CORPORATION.—The Secretary may use the funds of the Commodity Credit Corporation to carry out this section.

(h) EXCLUSIONS.—Noninsured crop disaster assistance under this section shall not cover losses due to—

(1) the neglect or malfeasance of the producer;

(2) the failure of the producer to reseed to the same crop in those areas and under such circumstances where it is customary to reseed; or

(3) the failure of the producer to follow good farming practices, as determined by the Secretary.

(i) PAYMENT AND INCOME LIMITATIONS.—

(1) DEFINITIONS.—In this subsection:

(A) PERSON.—The term "person" has the meaning provided the term in regulations issued by the Secretary. The regulations shall conform, to the extent practicable, to the regulations defining the term "person" issued under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308).

(B) QUALIFYING GROSS REVENUES.—The term "qualifying gross revenues" means—

(i) if a majority of the gross revenue of the person is received from farming, ranching, and forestry oper-

ations, the gross revenue from the farming, ranching, and forestry operations of the person; and

(ii) if less than a majority of the gross revenue of the person is received from farming, ranching, and forestry operations, the gross revenue of the person from all sources.

(2) PAYMENT LIMITATION.—The total amount of payments that a person shall be entitled to receive annually under this section may not exceed $100,000.

(3) LIMITATION ON MULTIPLE BENEFITS FOR SAME LOSS.—If a producer who is eligible to receive benefits under this section is also eligible to receive assistance for the same loss under any other program administered by the Secretary, the producer shall be required to elect whether to receive benefits under this section or under the other program, but not both.

(4) INCOME LIMITATION.—A person who has qualifying gross revenues in excess of the amount specified in section 2266(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 1421 note) (as in effect on November 28, 1990) during the taxable year (as determined by the Secretary) shall not be eligible to receive any noninsured assistance payment under this section.

(5) REGULATIONS.—The Secretary shall issue regulations prescribing such rules as the Secretary determines necessary to ensure a fair and equitable application of section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308), the general payment limitation regulations of the Secretary, and the limitations established under this subsection.

(j) CONFORMING REPEAL.—Section 519 of the Federal Crop Insurance Act (7 U.S.C. 1519) is repealed.

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 is amended by striking subsection (e) (19 U.S.C. 3611).

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 commercial market for a United States agricultural commodity 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 may 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 may 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), an eligible organization described in subsection (d) 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)(1), by striking "a private voluntary organization or cooperative" each place it appears 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 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724) is amended—

(1) in subsection (a)—

(A) 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.";

(B) 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

(C) in paragraph (3), by adding at the end the following: "No waiver shall be made before the beginning of the applicable fiscal year."; and

(2) in subsection (b)(1), by inserting before the period at the end the following: "and that not less than 50 percent of the quantity of the bagged commodities that are whole grain commodities be bagged in the United States".

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";

(2) in subsection (b)—

(A) by striking "this Act" and inserting "titles II and III"; 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;"; and

(3) by striking subsection (d).

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 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.—

"(1) IN GENERAL.—Except as provided in paragraph (2) and notwithstanding any other provision of law, the President may direct that 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.

"(2) TITLE III FUNDS.—The President may direct that up to 50 percent of the funds available for any fiscal year for carrying out 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 striking "this Act" each place it appears and inserting "title III".

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.—Subject to the availability of practical technology and to cost effectiveness, not later than September 30, 1997, the Secretary, in consultation with the Administrator, shall establish a micronutrient fortification pilot program under this Act. The purpose 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 is 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 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. 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), by striking paragraph (6) and inserting the following:

"(6) to the extent that local currencies can be used to meet the costs of a program established under this section, augment funds of the United States that are available for such a program through the use of foreign currencies that accrue from the sale of agricultural commodities under this Act, and local currencies generated from other types of foreign assistance activities, within the country where the program is being conducted."; and

(2) in subsection (c)—

(A) by striking "0.2" and inserting "0.4";

(B) by striking "1991 through 1995" and inserting "1996 through 2002"; and

(C) by striking "0.1" and inserting "0.2".

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 date of enactment of the Federal Agriculture Improvement and Reform 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 date of enactment of the Federal Agriculture Improvement and Reform Act of 1996; and

"(C) such rice, corn, and sorghum as the Secretary may, at such time and in such manner as the Secretary de-

termines 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 (h), 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 appropriations Act.

"(c) RELEASE OF ELIGIBLE COMMODITIES.—

"(1) EMERGENCY ASSISTANCE.—

"(A) IN GENERAL.—Notwithstanding paragraph (2), to meet unanticipated need, the Secretary may release eligible commodities in any fiscal year, without regard to the availability of domestic supply of the commodities, to provide emergency assistance to developing countries under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.).

"(B) RELEASE FOR EMERGENCY ASSISTANCE.—If the eligible commodities needed to meet unanticipated need cannot be made available in a timely manner under normal means for obtaining eligible commodities for food assistance because of unanticipated need for emergency assistance as provided under section 202(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722(a)), the Secretary may in any fiscal year release from the reserve—

"(i) up to 500,000 metric tons of wheat or the equivalent value of eligible commodities other than wheat; and

"(ii) up to 500,000 metric tons of any eligible commodities under this paragraph that could have been released but were not released in prior fiscal years.

"(C) WAIVER OF MINIMUM TONNAGE REQUIREMENTS.—Nothing in this paragraph shall require a waiver under section 204(a)(3) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724(a)(3)) as a prerequisite for the release of eligible commodities under this paragraph.

"(2) EMERGENCY FOOD ASSISTANCE.—Notwithstanding any other provision of 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)).

"(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.

"(5) USE OF NORMAL COMMERCIAL PRACTICES.—To the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section, the Secretary shall use the usual and customary channels, facilities, arrangements, and practices of trade and commerce to carry out this subsection.

"(d) 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.

"(e) 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).

"(f) 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.

"(C) SOURCE OF FUNDS.—The reimbursement may be made from funds appropriated for subsequent fiscal years.

"(g) FINALITY OF DETERMINATION.—Any determination by the Secretary under this section shall be final.

"(h) 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 Agricultural 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), and (f)(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)(B), 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 "for 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) Increase the value of United States agricultural exports each year.

"(2) Increase the value of United States agricultural exports each year at a faster rate than the rate of increase in the value of overall world export trade in agricultural products.

"(3) Increase the value of United States high-value and value-added agricultural exports each year.

"(4) Increase the value of United States high-value and value-added agricultural exports each year at a faster rate than the rate of increase in the value of overall world export trade in high-value and value-added agricultural products.

"(5) Ensure that to the extent practicable—

"(A) all obligations undertaken in the Uruguay Round Agreement on Agriculture that significantly increase access for United States agricultural commodities are implemented to the extent required by the Uruguay Round Agreements; or

"(B) applicable United States 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 annually identify as priority markets—

"(A) those markets in which imports of agricultural products show the greatest potential for increase; 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.

"(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).".

(b) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate should conduct a thorough review of agricultural export and food aid programs not later than December 31, 1998; and

(2) the review should examine what changes, if any, need to be made in the programs as a result of the effects of the Agricultural Market Transition Act, the Uruguay Round agreements, changing world market conditions, and such other factors as the Committees consider appropriate.

(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. IMPLEMENTATION OF COMMITMENTS UNDER URUGUAY ROUND AGREEMENTS.

(a) IN GENERAL.—Title I of the Agricultural Trade Act of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at the end the following:

"SEC. 106. IMPLEMENTATION OF COMMITMENTS UNDER URUGUAY ROUND AGREEMENTS.

"Not later than September 30 of each year, the Secretary shall evaluate whether the obligations undertaken by foreign countries under the Uruguay Round Agreement on Agriculture are being fully implemented. If the Secretary has reason to believe (based on the evaluation) that any foreign country, by not implementing the obligations of the country, may be significantly constraining an opportunity for United States agricultural exports, the Secretary shall—

"(1) submit the evaluation to the United States Trade Representative; and

"(2) transmit a copy of the evaluation 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.".

(b) MONITORING COMPLIANCE WITH SANITARY AND PHYTOSANITARY MEASURES.—Section 414 of the Agricultural Trade Act of 1978 (7 U.S.C. 5674) is amended by adding at the end the following:

"(c) MONITORING COMPLIANCE WITH SANITARY AND PHYTOSANITARY MEASURES.—The Secretary shall monitor the compliance of World Trade Organization member countries with the sanitary and phytosanitary measures of the Agreement on Agriculture of the Uruguay Round of Multilateral Trade Negotiations of the General Agreement on Tariffs and Trade. If the Secretary has reason to believe that any country may have failed to meet the commitment on sanitary and phytosanitary measures under the Agreement in a manner that adversely impacts the exports of a United States agricultural commodity, the Secretary shall—

"(1) provide such information to the United States Trade Representative of the circumstances surrounding the matter arising under this subsection; and

"(2) with respect to any such circumstances that the Secretary considers to have a continuing adverse effect on United States agricultural exports, report 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—

"(A) that a country may have failed to meet the sanitary and phytosanitary commitments; and

"(B) any notice given by the Secretary to the United States Trade Representative.".

SEC. 243. 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) whether the country is addressing issues such as—

"(i) the convertibility of the currency of the country;

"(ii) adequate legal protection for foreign investments;

"(iii) the viability of the financial markets of the country; and

"(iv) adequate legal protection for the private property rights of citizens of the country; or

"(C) 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 COMMODITIES.—The Commodity Credit Corporation shall finance or guarantee under this section only United States agricultural commodities.";

(4) in subsection (i)—

(A) by striking paragraph (1);

(B) by striking "INSTITUTIONS.—A financial" and inserting the following: "INSTITUTIONS.—

"(1) IN GENERAL.—A financial";

(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 irre-

spective 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 of the Agricultural Trade Act of 1978 (7 U.S.C. 5641) is amended by striking subsection (b) and inserting the following:

"(b) EXPORT CREDIT GUARANTEE PROGRAMS.—

"(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.

"(2) LIMITATION ON ORIGINATION FEE.—Notwithstanding any other provision of law, the Secretary may not charge an origination fee with respect to any credit guarantee transaction under section 202(a) in excess of an amount equal to 1 percent of the amount of credit to be guaranteed under the transaction, except with respect to an export credit guarantee transaction pursuant to section 1542(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 5622 note).".

(c) DEFINITION OF UNITED STATES AGRICULTURAL COMMODITY.—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 the agricultural components of which by weight, excluding packaging and added 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 date of enactment of this Act, the Secretary of Agriculture shall issue regulations to carry out the amendments made by this section.

SEC. 244. MARKET ACCESS PROGRAM.

(a) CHANGE OF NAME.—

(1) IN GENERAL.—Section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623) is amended—

*(A) in the section heading, by striking "**MARKET PROMOTION PROGRAM**" and inserting "**MARKET ACCESS PROGRAM**"; and*

(B) by striking "marketing promotion program" each place it appears and inserting "market access program".

(2) CONFORMING AMENDMENTS.—

(A) Section 1302 of the Omnibus Budget Reconciliation Act of 1993 (Public Law 103–66; 7 U.S.C. 5623) is amended—

*(i) in the section heading, by striking "**MARKET PROMOTION PROGRAM**" and inserting "**MARKET ACCESS PROGRAM**"; and*

(ii) in subsection (b), by striking "market promotion program" each place it appears and inserting "market access program".

(B) Section 211(c) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)) is amended—

(i) in the subsection heading, by striking "MARKETING PROMOTION PROGRAMS" and inserting "MARKET ACCESS PROGRAMS";

(ii) by striking "market promotion activities" and inserting "market access activities";

(iii) in paragraph (1), by striking "market development program" and inserting "market access program"; and

(iv) in paragraph (2), by striking "marketing promotion program" and inserting "market access program".

(b) USE OF FUNDS.—Section 203(f) of the Agricultural Trade Act of 1978 (7 U.S.C. 5623(f)) is amended by adding at the end the following:

"(4) USE OF FUNDS.—Funds made available to carry out this section—

"(A) shall not be used to provide direct assistance to any foreign for-profit corporation for the corporation's use in promoting foreign-produced products;

"(B) shall not be used to provide direct assistance to any for-profit corporation that is not recognized as a small-business concern described in section 3(a) of the Small Business Act (15 U.S.C. 632(a)), excluding—

"(i) a cooperative;

"(ii) an association described in the first section of the Act entitled 'An Act To authorize association of producers of agricultural products', approved February 18, 1922 (7 U.S.C. 291); and

"(iii) a nonprofit trade association; and

"(C) may be used by a United States trade association, cooperative, or small business for individual branded promotional activity related to a United States branded product, if the beneficiaries of the activity have provided funds for the activity in an amount that is at least equivalent to the amount of assistance provided under this section.".

(c) FUNDING.—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 $90,000,000 for each of fiscal years 1996 through 2002,".

SEC. 245. EXPORT ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Effective October 1, 1995, section 301(e) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)) is amended by striking paragraph (1) and inserting the following:

"(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) $250,000,000 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.".

(b) PRIORITY FUNDING FOR INTERMEDIATE PRODUCTS.—Section 301 of the Agricultural Trade Act of 1978 (7 U.S.C. 5651) is amended by adding at the end the following:

"(h) PRIORITY FUNDING FOR INTERMEDIATE PRODUCTS.—

"(1) IN GENERAL.—Effective beginning in fiscal year 1996, and consistent, as determined by the Secretary, with the obligations and reduction commitments undertaken by the United States under the Uruguay Round Agreements, the Secretary may make available not more than $100,000,000 for each fiscal year under this section for the sale of intermediate agricultural products in sufficient quantities to attain the volume of export sales consistent with the volume of intermediate agricultural products exported by the United States during the Uruguay Round base period years of 1986 through 1990.

"(2) ADDITIONAL ASSISTANCE.—Notwithstanding paragraph (1), if the export sale of any intermediate agricultural product attains the volume of export sales consistent with the volume of the intermediate agricultural product exported by the United States during the Uruguay Round base period years of 1986 through 1990, the Secretary may make available additional amounts under this section for the encouragement of export sales of the intermediate agricultural product.".

SEC. 246. ARRIVAL CERTIFICATION.

Section 401 of the Agricultural Trade Act of 1978 (7 U.S.C. 5661) 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 is the intended destination of the commodity.".

SEC. 247. 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. 248. REGULATIONS.

Section 404 of the Agricultural Trade Act of 1978 (7 U.S.C. 5664) is repealed.

SEC. 249. TRADE COMPENSATION AND ASSISTANCE PROGRAMS.

Subtitle B of title IV of the Agricultural Trade Act of 1978 (7 U.S.C. 5671 et seq.) is amended by adding at the end the following:

"SEC. 417. TRADE COMPENSATION AND ASSISTANCE PROGRAMS.

"(a) IN GENERAL.—Except as provided in subsection (f), notwithstanding any other provision of law, if, after the date of enactment 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 90 days after the date on which the suspension is imposed on United States exports no other country with an agricultural economic interest agrees to participate in the suspension, the Secretary shall carry out a trade compensation assistance program in accordance with this section (referred to in this section as a 'program').

"(b) COMPENSATION OR PROVISION OF FUNDS.—Under a program, the Secretary shall, based on an evaluation by the Secretary of the method most likely to produce the greatest compensatory benefit for producers of the commodity involved in the suspension—

"(1) compensate producers of the commodity by making payments available to producers, as provided by subsection (c)(1); or

"(2) make available an amount of funds calculated under subsection (c)(2), to promote agricultural exports or provide agricultural commodities to developing countries under any authorities available to the Secretary.

"(c) DETERMINATION OF AMOUNT OF COMPENSATION OR FUNDS.—

"(1) COMPENSATION.—If the Secretary makes payments available to producers under subsection (b)(1), the amount of the payment shall be determined by the Secretary based on the Secretary's estimate of the loss suffered by producers of the commodity involved due to any decrease in the price of the commodity as a result of the suspension.

"(2) DETERMINATION OF AMOUNT OF FUNDS.—For each fiscal year of a program, the amount of funds made available under subsection (b)(2) 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.—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 3 fiscal years.

"(e) COMMODITY CREDIT CORPORATION.—The Secretary shall use funds of the Commodity Credit Corporation to carry out this section.

"(f) EXCEPTION TO CARRYING OUT A PROGRAM.—This section shall not apply to any suspension of trade due to a war or armed hostility.

"(g) PARTIAL YEAR EMBARGOES.—If the Secretary makes funds available under subsection (b)(2), 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)(2) 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 following fiscal year (in addition to any funds otherwise required under a program to be made available in the following fiscal year).

"(h) SHORT SUPPLY EMBARGOES.—If the President or any other member of the executive branch causes exports to be suspended based on a determination of short supply, the Secretary shall carry out section 1002 of the Food and Agriculture Act of 1977 (7 U.S.C. 1310).".

SEC. 250. 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. DUTIES OF 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. 251. 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".

SEC. 252. 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.".

Subtitle C—Miscellaneous Agricultural Trade Provisions

SEC. 261. EDWARD R. MADIGAN UNITED STATES AGRICULTURAL EXPORT EXCELLENCE AWARD.

(a) FINDINGS.—Congress finds that—

(1) United States producers of agricultural products are some of the most productive and efficient producers of agricultural products in the world;

(2) continued growth and expansion of markets for United States agricultural exports is crucial to the continued development and economic well-being of rural areas of the United States and the agricultural sector of the United States economy;

(3) in recent years, United States agricultural exports have steadily increased, surpassing $54,000,000,000 in value in 1995;

(4) as United States agricultural producers move toward a market-oriented system in which planting and other decisions by producers are driven by national and international market signals, developing new and expanding agricultural export

markets is vital to maintaining a vibrant and healthy agricultural sector and rural economy; and

(5) a United States agricultural export excellence award will increase United States agricultural exports by—

(A) identifying efforts of United States entities to develop and expand markets for United States agricultural exports through the development of new products and services and through the use of innovative marketing techniques;

(B) recognizing achievements of those who have exhibited or supported entrepreneurial efforts to expand and create new markets for United States agricultural exports or increase the volume or value of United States agricultural exports; and

(C) disseminating information on successful methods used to develop and expand markets for United States agricultural exports.

(b) ESTABLISHMENT.—There is established the Edward R. Madigan United States Agricultural Export Excellence Award, which shall be evidenced by a medal bearing the inscription "Edward R. Madigan United States Agricultural Export Excellence Award". The medal shall be of such design and materials and bear such additional inscriptions as the Secretary of Agriculture (referred to in this section as the "Secretary") may prescribe.

(c) SELECTION OF RECIPIENT.—The President or the Secretary (on the basis of recommendations received from the board established under subsection (h)) shall periodically provide the award to companies and other entities that in the judgment of the President or the Secretary substantially encourage entrepreneurial efforts in the food and agriculture sector for advancing United States agricultural exports.

(d) PRESENTATION OF AWARD.—The presentation of the award shall be made by the President or the Secretary with such ceremonies as the President or the Secretary considers proper.

(e) PUBLICATION OF AWARD.—An entity to which an award is made under this section may publicize the receipt of the award by the entity and use the award in advertising of the entity.

(f) CATEGORIES FOR WHICH AWARD MAY BE GIVEN.—Separate awards shall be made to qualifying entities in each of the following categories:

(1) Development of new products or services for agricultural export markets.

(2) Development of new agricultural export markets.

(3) Creative marketing of products or services in agricultural export markets.

(g) CRITERIA FOR QUALIFICATION.—An entity may qualify for an award under this section only if the entity—

(1)(A) applies to the board established under subsection (h) in writing for the award; or

(B) is recommended for the award by a Governor of a State;

(2)(A) has exhibited significant entrepreneurial effort to create new markets for United States agricultural exports or increase United States agricultural exports; or

(B) has provided significant assistance to others in an effort to create new markets for United States agricultural exports or increase United States agricultural exports;

(3) has not received another award in the same category under subsection (f) during the preceding 5-year period; and

(4) meets such other requirements and specifications as the Secretary determines are appropriate to achieve the objectives of this section.

(h) BOARD.—

(1) SELECTION.—The Secretary shall appoint a board of evaluators, consisting of at least 5 individuals from the private sector selected for their knowledge and experience in exporting United States agricultural products.

(2) MEETINGS.—The board shall meet at least once annually to review and evaluate all applicants and entities recommended by States under subsection (g)(1).

(3) RECOMMENDATIONS OF BOARD.—The board shall report its recommendations concerning the making of the award to the Secretary.

(4) TERM.—Each member of the board may serve a term of not to exceed 3 years.

(i) FUNDING.—The Secretary may seek and accept gifts from public and private sources to carry out this section.

SEC. 262. REPORTING REQUIREMENTS RELATING TO TOBACCO.

Section 214 of the Tobacco Adjustment Act of 1983 (7 U.S.C. 509) is repealed.

SEC. 263. 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. 264. 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 (7)—

(i) in subparagraph (D)(iv), by striking "one year of acquisition" and all that follows through the period at the end 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."; and

(ii) by striking the sentence following subparagraph (F) and inserting the following: "The Secretary

may approve the use of proceeds or services realized from the sale or barter of a commodity furnished under this subsection by a nonprofit voluntary agency, cooperative, or intergovernmental agency or organization to meet administrative expenses incurred in connection with activities undertaken under this subsection.";

(B) in paragraph (8), by striking subparagraph (C); and

(C) by striking paragraphs (10), (11), and (12); and

(2) by striking subsection (c).

SEC. 265. 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) TECHNICAL 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. 266. POLICY ON EXPANSION OF INTERNATIONAL MARKETS.

Section 1207 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736m) is repealed.

SEC. 267. 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. 268. POLICY ON TRADE LIBERALIZATION.

Section 1122 of the Food Security Act of 1985 (7 U.S.C. 1736q) is repealed.

SEC. 269. 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 accounted for $54,000,000,000 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 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 prices below domestic market prices or prices below their full costs of acquiring and delivering agricultural products to the foreign markets; and

"(4) encouraging government policies that avoid price-depressing surpluses.".

SEC. 270. POLICY ON UNFAIR TRADE PRACTICES.

Section 1164 of the Food Security Act of 1985 (Public Law 99–198; 99 Stat. 1499) is repealed.

SEC. 271. 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. 272. 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. 273. 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. 274. ORDERLY LIQUIDATION OF STOCKS.

Sections 201 and 207 of the Agricultural Act of 1956 (7 U.S.C. 1851 and 1857) are repealed.

SEC. 275. SALES OF EXTRA LONG STAPLE COTTON.

Section 202 of the Agricultural Act of 1956 (7 U.S.C. 1852) is repealed.

SEC. 276. 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. 277. 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) in subsection (c), by striking "emerging democracy" each place it appears 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); and

(V) by redesignating subparagraphs (G), (H), and (I) as subparagraphs (F), (G), and (H), respectively;

(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. 278. 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 of the International Cooperation and Development Program Area of the Foreign Agriculture Service, 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 are not incurred for information technology systems.".

SEC. 279. 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.—The Secretary, consistent with United States international obligations, shall establish standards for the labeling of sheep carcasses, parts of sheep carcasses, sheepmeat, and sheepmeat food products.".

SEC. 280. IMPORT ASSISTANCE FOR CBI BENEFICIARY COUNTRIES AND THE PHILIPPINES.

Section 583 of Public Law 100–202 (101 Stat. 1329–182) is repealed.

SEC. 281. STUDIES, REPORTS, AND OTHER PROVISIONS.

(a) IN GENERAL.—Sections 1551 through 1555, section 1558, and section 1559 of subtitle E of title XV of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 3696) (as redesignated by section 1011(d) of the Federal Reports Elimination and Sunset Act of 1995 (Public Law 104–66; 109 Stat. 709)) 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. 282. 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, the Canadian Wheat Board, the New Zealand Dairy Board, and the Australian Dairy 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. 283. INTERNATIONAL COTTON ADVISORY COMMITTEE.

(a) IN GENERAL.—The President shall ensure that the Government of the United States participates as a full member of the International Cotton Advisory Committee.

(b) REPRESENTATION BY THE SECRETARY.—The Secretary of Agriculture shall represent the Government of the United States as a member of the International Cotton Advisory Committee and shall delegate the primary responsibility to represent the Government of the United States to appropriately qualified individuals.

TITLE III—CONSERVATION

Subtitle A—Definitions

SEC. 301. DEFINITIONS APPLICABLE TO HIGHLY ERODIBLE CROPLAND CONSERVATION.

(a) CONSERVATION PLAN AND CONSERVATION SYSTEM.—Section 1201(a) of the Food Security Act of 1985 (16 U.S.C. 3801(a)) is amended—

(1) by redesignating paragraphs (2) through (16) as paragraphs (4) through (18), respectively; and

(2) by inserting after paragraph (1) the following:

"(2) CONSERVATION PLAN.—The term 'conservation plan' means the document that—

"(A) applies to highly erodible cropland;

"(B) describes the conservation system applicable to the highly erodible cropland and describes the decisions of the person with respect to location, land use, tillage systems, and conservation treatment measures and schedule; and

"(C) is approved by the local soil conservation district, in consultation with the local committees established under section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) and the Secretary, or by the Secretary.

"(3) CONSERVATION SYSTEM.—The term 'conservation system' means a combination of 1 or more conservation measures or management practices that—

"(A) are based on local resource conditions, available conservation technology, and the standards and guidelines contained in the Natural Resources Conservation Service field office technical guides; and

"(B) are designed to achieve, in a cost effective and technically practicable manner, a substantial reduction in soil erosion or a substantial improvement in soil conditions on a field or group of fields containing highly erodible crop-

land when compared to the level of erosion or soil conditions that existed before the application of the conservation measures and management practices.".

(b) FIELD.—Section 1201(a) of the Food Security Act of 1985 is amended by striking paragraph (7) (as redesignated by subsection (a)(1)) and inserting the following:

"(7) FIELD.—The term 'field' means a part of a farm that is separated from the balance of the farm by permanent boundaries such as fences, roads, permanent waterways, or other similar features. At the option of the owner or operator of the farm, croplines may also be used to delineate a field if farming practices make it probable that the croplines are not subject to change. Any highly erodible land on which an agricultural commodity is produced after December 23, 1985, and that is not exempt under section 1212, shall be considered as part of the field in which the land was included on December 23, 1985, unless the owner and Secretary agree to modification of the boundaries of the field to carry out this title.".

(c) HIGHLY ERODIBLE LAND.—Section 1201(a)(9) of the Food Security Act of 1985 (as redesignated by subsection (a)(1)) is amended by adding at the end the following:

"(C) EQUATIONS.—Not later than 60 days after the date of enactment of this subparagraph, the Secretary shall publish in the Federal Register the universal soil loss equation and wind erosion equation used by the Department of Agriculture as of that date. The Secretary may not change the equations after that date except following notice and comment in a manner consistent with section 553 of title 5, United States Code.".

(d) CONFORMING AMENDMENTS.—Section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812) is amended—

(1) in the first sentence of subsection (a)(2), by striking "that documents" and all that follows through "by the Secretary";

(2) in subsection (c)(3), by striking "based on" and all that follows through "and the Secretary," and inserting ", in which case,";

(3) in subsection (e)(1)(A), by striking "conservation compliance plan" and inserting "conservation plan"; and

(4) in subsection (f)—

(A) in paragraph (1), by striking "that documents" and all that follows through "under subsection (a)";

(B) in paragraph (3), by striking "prepared under subsection (a)"; and

(C) in paragraph (4), by striking "that documents" and all that follows through "subsection (a)".

Subtitle B—Highly Erodible Land Conservation

SEC. 311. PROGRAM INELIGIBILITY.

Effective 90 days after the date of enactment of this Act, section 1211 of the Food Security Act of 1985 (16 U.S.C. 3811) is amended—

(1) in the matter preceding paragraph (1), by striking "following the date of enactment of this Act,";

(2) in paragraph (1)—

(A) by striking subparagraph (A) and inserting the following:

"(A) contract payments under a production flexibility contract, marketing assistance loans, and any type of price support or payment made available under the Agricultural Market Transition Act, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;";

(B) by striking subparagraph (C);

(C) in subparagraph (D), by striking "made under" and all that follows through "August 14, 1989";

(D) in subparagraph (E), by striking "Farmers Home Administration" and inserting "Consolidated Farm Service Agency"; and

(E) by redesignating subparagraphs (D) and (E) as subparagraphs (C) and (D), respectively; and

(3) by striking paragraph (3) and inserting the following: "(3) during the crop year—

"(A) a payment made pursuant to a contract entered into under the environmental quality incentives program under chapter 4 of subtitle D;

"(B) a payment under any other provision of subtitle D;

"(C) a payment under section 401 or 402 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 and 2202); or

"(D) a payment, loan, or other assistance under section 3 or 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003 and 1006a).".

SEC. 312. CONSERVATION RESERVE LANDS.

Section 1212(a)(3) of the Food Security Act of 1985 (16 U.S.C. 3812(a)(3)) is amended by striking "shall, if the conservation plan established under this subtitle for such land requires structures to be constructed," and inserting "shall only be required to apply a conservation plan established under this subtitle. The person shall not be required to meet a higher conservation standard than the standard applied to other highly erodible cropland located within the same area. If the person's conservation plan requires structures to be constructed, the person shall".

SEC. 313. GOOD FAITH EXEMPTION.

(a) GRACE PERIOD TO RESUME CONSERVATION COMPLIANCE.—Section 1212(f)(1) of the Food Security Act of 1985 (16 U.S.C. 3812(f)(1)) is amended—

(1) by striking "Except to the extent provided in paragraph (2), no" and inserting "No"; and

(2) by striking "such person has—" and all that follows through the period at the end of subparagraph (B) and inserting the following: "the person has acted in good faith and without an intent to violate this subtitle. A person who meets the requirements of this paragraph shall be allowed a reasonable period of time, as determined by the Secretary, but not to exceed 1 year, during which to implement the measures and practices necessary to be considered to be actively applying the person's conservation plan.".

(b) SPECIAL PENALTIES REGARDING CERTAIN HIGHLY ERODIBLE CROPLAND.—Section 1212(f)(2) of the Food Security Act of 1985 (16 U.S.C. 3812(f)(2)) is amended by striking "meets the requirements of paragraph (1)" and inserting "with respect to highly erodible cropland that was not in production prior to December 23, 1985, and has acted in good faith and without an intent to violate the provisions".

(c) CONFORMING AMENDMENT.—Section 1212(f)(4) of the Food Security Act of 1985 (16 U.S.C. 3812(f)(4)) is amended by striking the last sentence.

SEC. 314. EXPEDITED PROCEDURES FOR GRANTING VARIANCES FROM CONSERVATION PLANS.

Section 1212(f) of the Food Security Act of 1985 (16 U.S.C. 3812(f)(4)) is amended—

(1) in paragraph (4)(C), by striking "problem" and inserting "problem, including weather, pest, and disease problems"; and

(2) by adding at the end the following:

"(5) EXPEDITED PROCEDURES FOR TEMPORARY VARIANCES.—After consultation with local conservation districts, the Secretary shall establish expedited procedures for the consideration and granting of temporary variances under paragraph (4)(C). If the request for a temporary variance under paragraph (4)(C) involves the use of practices or measures to address weather, pest, or disease problems, the Secretary shall make a decision on whether to grant the variance during the 30-day period beginning on the date of receipt of the request. If the Secretary fails to render a decision during the period, the temporary variance shall be considered granted.".

SEC. 315. DEVELOPMENT AND IMPLEMENTATION OF CONSERVATION PLANS AND CONSERVATION SYSTEMS.

(a) DEVELOPMENT AND IMPLEMENTATION.—The Food Security Act of 1985 is amended—

(1) by redesignating section 1213 (16 U.S.C. 3813) as section 1214; and

(2) by inserting after section 1212 (16 U.S.C. 3812) the following:

"SEC. 1213. DEVELOPMENT AND IMPLEMENTATION OF CONSERVATION PLANS AND CONSERVATION SYSTEMS.

"(a) TECHNICAL REQUIREMENTS.—In connection with the standards and guidelines contained in Natural Resources Conservation Service field office technical guides applicable to the development and use of conservation measures and management practices as part of a conservation system, the Secretary shall ensure that the

standards and guidelines permit a person to use a conservation system that—

"(1) is technically and economically feasible;

"(2) is based on local resource conditions and available conservation technology;

"(3) is cost-effective; and

"(4) does not cause undue economic hardship on the person applying the conservation system under the person's conservation plan.

"(b) MEASUREMENT OF EROSION REDUCTION.—For the purpose of determining whether there is a substantial reduction in soil erosion on a field containing highly erodible cropland, the measurement of erosion reduction achieved by the application of a conservation system under a person's conservation plan shall be based on the estimated annual level of erosion at the time of the measurement compared to the estimated annual level of erosion that existed before the implementation of the conservation measures and management practices provided for in the conservation system.

"(c) RESIDUE MEASUREMENT.—

"(1) RESPONSIBILITIES OF THE SECRETARY.—For the purpose of measuring the level of residue on a field, the Secretary shall—

"(A) take into account any residue incorporated into the top 2 inches of soil, as well as the growing crop, in the measurement;

"(B) provide technical guidelines for acceptable residue measurement methods;

"(C) provide a certification system for third parties to perform residue measurements; and

"(D) provide for the acceptance and use of information and data voluntarily provided by the producer regarding the field.

"(2) ACCEPTANCE OF PRODUCER MEASUREMENTS.—Annual residue measurements supplied by a producer (including measurements performed by a certified third party) shall be used by the Secretary if the Secretary determines that the measurements indicate that the residue level for the field meets the level required under the conservation plan.

"(d) CERTIFICATION OF COMPLIANCE.—

"(1) IN GENERAL.—For the purpose of determining the eligibility of a person for program benefits specified in section 1211 at the time application is made for the benefits, the Secretary shall permit the person to certify that the person is complying with the person's conservation plan.

"(2) STATUS REVIEWS.—If a person makes a certification under paragraph (1), the Secretary shall not be required to carry out a review of the status of compliance of the person with the conservation plan under which the conservation system is being applied.

"(3) REVISIONS AND MODIFICATIONS.—The Secretary shall permit a person who makes a certification under paragraph (1) with respect to a conservation plan to revise the conservation plan in any manner, if the same level of conservation treatment provided for by the conservation system under the person's con-

servation plan is maintained. The Secretary may not revise the person's conservation plan without the concurrence of the person.

"(e) TECHNICAL ASSISTANCE.—The Secretary shall, using available resources and consistent with the Secretary's other conservation responsibilities and objectives, provide technical assistance to a person throughout the development, revision, and application of the conservation plan and any conservation system of the person. At the request of the person, the Secretary may provide technical assistance regarding conservation measures and management practices for other lands of the person that do not contain highly erodible cropland.

"(f) ENCOURAGEMENT OF ON-FARM RESEARCH.—To encourage on-farm conservation research, the Secretary may allow a person to include in the person's conservation plan or a conservation system under the plan, on a field trial basis, practices that are not currently approved but that the Secretary considers have a reasonable likelihood of success.".

(b) TREATMENT OF TECHNICAL DETERMINATIONS.—Section 226(d)(2) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6932(d)(2)) is amended—

(1) by striking "DETERMINATION.—With" and inserting "DETERMINATION.—

"(A) IN GENERAL.—With"; and

(2) by adding at the end the following:

"(B) ECONOMIC HARDSHIP.—After a technical determination has been made, on a producer's request, if a county or area committee determines that the application of the producer's conservation system would impose an undue economic hardship on the producer, the committee shall provide the producer with relief to avoid the hardship.".

SEC. 316. INVESTIGATION OF POSSIBLE COMPLIANCE DEFICIENCIES.

Subtitle B of title XII of the Food Security Act of 1985 (as amended by section 315(a)(1)) is amended by adding at the end the following:

"SEC. 1215. NOTICE AND INVESTIGATION OF POSSIBLE COMPLIANCE DEFICIENCIES.

"(a) IN GENERAL.—An employee of the Department of Agriculture who observes a possible compliance deficiency or other potential violation of a conservation plan or this subtitle while providing on-site technical assistance shall provide to the responsible persons, not later than 45 days after observing the possible violation, information regarding actions needed to comply with the plan and this subtitle. The employee shall provide the information in lieu of reporting the observation as a compliance violation.

"(b) CORRECTIVE ACTION.—The responsible persons shall attempt to correct the deficiencies as soon as practicable after receiving the information.

"(c) REVIEW.—If the corrective action is not fully implemented not later than 1 year after the responsible persons receive the information, the Secretary may conduct a review of the status of compliance of the persons with the conservation plan and this subtitle.".

SEC. 317. WIND EROSION ESTIMATION PILOT PROJECT.

(a) IN GENERAL.—The Secretary of Agriculture shall conduct a pilot project to review, and modify as appropriate, the use of wind erosion factors under the highly erodible conservation requirements of subtitle B of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.)

(b) SELECTION OF COUNTIES AND PRODUCERS.—The pilot project shall be conducted for producers in those counties that—

(1) have approximately 100 percent of their cropland determined to be highly erodible under title XII of the Act;

(2) have a reasonable likelihood that the use of wind erosion factors under title XII of the Act have resulted in an inequitable application of the highly erodible land requirements of title XII of the Act; and

(3) if the use of the land classification system under section 1201(a)(9)(A) of the Act (as redesignated by section 301(a)(1)) may result in a more accurate delineation of the cropland.

(c) ERRORS IN DELINEATION.—If the Secretary determines that a significant error has occurred in delineating cropland under the pilot project, the Secretary shall, at the request of the owners or operators of the cropland, conduct a new delineation of the cropland using the most accurate available delineation process, as determined by the Secretary.

Subtitle C—Wetland Conservation

SEC. 321. PROGRAM INELIGIBILITY.

(a) PROGRAM INELIGIBILITY.—Section 1221 of the Food Security Act of 1985 (16 U.S.C. 3821) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by striking the section heading and all that follows through the end of subsection (a) and inserting the following:

"SEC. 1221. PROGRAM INELIGIBILITY.

"(a) PRODUCTION ON CONVERTED WETLAND.—Except as provided in this subtitle and notwithstanding any other provision of law, any person who in any crop year produces an agricultural commodity on converted wetland, as determined by the Secretary, shall be—

"(1) in violation of this section; and

"(2) ineligible for loans or payments in an amount determined by the Secretary to be proportionate to the severity of the violation.

"(b) INELIGIBILITY FOR CERTAIN LOANS AND PAYMENTS.—If a person is determined to have committed a violation under subsection (a) during a crop year, the Secretary shall determine which of, and the amount of, the following loans and payments for which the person shall be ineligible:

"(1) Contract payments under a production flexibility contract, marketing assistance loans, and any type of price support or payment made available under the Agricultural Market Transition Act, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act.

"(2) A loan made or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Consolidated Farm Service Agency, if the Secretary determines that the proceeds of the loan will be used for a purpose that will contribute to conversion of a wetland (other than as provided in this subtitle) to produce an agricultural commodity.

"(3) During the crop year:

"(A) A payment made pursuant to a contract entered into under the environmental quality incentives program under chapter 4 of subtitle D.

"(B) A payment under any other provision of subtitle D.

"(C) A payment under section 401 or 402 of the Agricultural Credit Act of 1978 (16 U.S.C. 2201 and 2202).

"(D) A payment, loan, or other assistance under section 3 or 8 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003 and 1006a).".

(b) CONFORMING AMENDMENTS.—

(1) Section 1221(c) of the Food Security Act of 1985 (as redesignated by subsection (a)(1)) is amended—

(A) by striking "Except" and inserting "WETLAND CONVERSION.—Except";

(B) by striking "subsequent to the date of enactment of the Food, Agriculture, Conservation, and Trade Act of 1990" and inserting "beginning after November 28, 1990,"; and

(C) by striking "subsections (a) (1) through (3)" and inserting "subsection (b)".

(2) Section 1221 of the Food Security Act of 1985 (as amended by subsection (a)) is amended by adding at the end the following:

"(d) PRIOR LOANS.—This section shall not apply to a loan described in subsection (b) made before December 23, 1985.".

SEC. 322. DELINEATION OF WETLANDS; EXEMPTIONS TO PROGRAM INELIGIBILITY.

(a) DELINEATION OF WETLANDS.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by striking subsection (a) and inserting the following:

"(a) DELINEATION BY THE SECRETARY.—

"(1) IN GENERAL.—Subject to subsection (b) and paragraph (6), the Secretary shall delineate, determine, and certify all wetlands located on subject land on a farm.

"(2) WETLAND DELINEATION MAPS.—The Secretary shall delineate wetlands on wetland delineation maps. On the request of a person, the Secretary shall make a reasonable effort to make an on-site wetland determination prior to delineation.

"(3) CERTIFICATION.—On providing notice to affected persons, the Secretary shall—

"(A) certify whether a map is sufficient for the purpose of making a determination of ineligibility for program benefits under section 1221; and

"(B) provide an opportunity to appeal the certification prior to the certification becoming final.

"(4) DURATION OF CERTIFICATION.—A final certification made under paragraph (3) shall remain valid and in effect as long as the area is devoted to an agricultural use or until such time as the person affected by the certification requests review of the certification by the Secretary.

"(5) REVIEW OF MAPPING ON APPEAL.—In the case of an appeal of the Secretary's certification, the Secretary shall review and certify the accuracy of the mapping of all land subject to the appeal to ensure that the subject land has been accurately delineated. Prior to rendering a decision on the appeal, the Secretary shall conduct an on-site inspection of the subject land on a farm.

"(6) RELIANCE ON PRIOR CERTIFIED DELINEATION.—No person shall be adversely affected because of having taken an action based on a previous certified wetland delineation by the Secretary. The delineation shall not be subject to a subsequent wetland certification or delineation by the Secretary, unless requested by the person under paragraph (4).".

(b) EXEMPTIONS.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by striking subsection (b) and inserting the following:

"(b) EXEMPTIONS.—No person shall become ineligible under section 1221 for program loans or payments under the following circumstances:

"(1) As the result of the production of an agricultural commodity on the following lands:

"(A) A converted wetland if the conversion of the wetland was commenced before December 23, 1985.

"(B) Land that is a nontidal drainage or irrigation ditch excavated in upland.

"(C) A wet area created by a water delivery system, irrigation, irrigation system, or application of water for irrigation.

"(D) A wetland on which the owner or operator of a farm or ranch uses normal cropping or ranching practices to produce an agricultural commodity in a manner that is consistent for the area where the production is possible as a result of a natural condition, such as drought, and is without action by the producer that destroys a natural wetland characteristic.

"(E) Land that is an artificial lake or pond created by excavating or diking land (that is not a wetland) to collect and retain water and that is used primarily for livestock watering, fish production, irrigation, wildlife, fire control, flood control, cranberry growing, or rice production, or as a settling pond.

"(F) A wetland that is temporarily or incidentally created as a result of adjacent development activity.

"(G) A converted wetland if the original conversion of the wetland was commenced before December 23, 1985, and the Secretary determines the wetland characteristics returned after that date as a result of—

"(i) the lack of maintenance of drainage, dikes, levees, or similar structures;

"(ii) a lack of management of the lands containing the wetland; or

"(iii) circumstances beyond the control of the person.

"(H) A converted wetland, if—

"(i) the converted wetland was determined by the Natural Resources Conservation Service to have been manipulated for the production of an agricultural commodity or forage prior to December 23, 1985, and was returned to wetland conditions through a voluntary restoration, enhancement, or creation action subsequent to that determination;

"(ii) technical determinations regarding the prior site conditions and the restoration, enhancement, or creation action have been adequately documented by the Natural Resources Conservation Service;

"(iii) the proposed conversion action is approved by the Natural Resources Conservation Service prior to implementation; and

"(iv) the extent of the proposed conversion is limited so that the conditions will be at least equivalent to the wetland functions and values that existed prior to implementation of the voluntary wetland restoration, enhancement, or creation action.

"(2) For the conversion of the following:

"(A) An artificial lake or pond created by excavating or diking land that is not a wetland to collect and retain water and that is used primarily for livestock watering, fish production, irrigation, wildlife, fire control, flood control, cranberry growing, rice production, or as a settling pond.

"(B) A wetland that is temporarily or incidentally created as a result of adjacent development activity.

"(C) A wetland on which the owner or operator of a farm or ranch uses normal cropping or ranching practices to produce an agricultural commodity in a manner that is consistent for the area where the production is possible as a result of a natural condition, such as drought, and is without action by the producer that destroys a natural wetland characteristic.

"(D) A wetland previously identified as a converted wetland (if the original conversion of the wetland was commenced before December 23, 1985), but that the Secretary determines returned to wetland status after that date as a result of—

"(i) the lack of maintenance of drainage, dikes, levees, or similar structures;

"(ii) a lack of management of the lands containing the wetland; or

"(iii) circumstances beyond the control of the person.

"(E) A wetland, if—

"(i) the wetland was determined by the Natural Resources Conservation Service to have been manipu-

lated for the production of an agricultural commodity or forage prior to December 23, 1985, and was returned to wetland conditions through a voluntary restoration, enhancement, or creation action subsequent to that determination;

"(ii) technical determinations regarding the prior site conditions and the restoration, enhancement, or creation action have been adequately documented by the Natural Resources Conservation Service;,

"(iii) the proposed conversion action is approved by the Natural Resources Conservation Service prior to implementation; and

"(iv) the extent of the proposed conversion is limited so that the conditions will be at least equivalent to the wetland functions and values that existed prior to implementation of the voluntary wetland restoration, enhancement, or creation action.".

(c) IDENTIFICATION OF MINIMAL EFFECT EXEMPTIONS.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by striking subsection (d) and inserting the following:

"(d) IDENTIFICATION OF MINIMAL EFFECT EXEMPTIONS.—For purposes of applying the minimal effect exemption under subsection (f)(1), the Secretary shall identify by regulation categorical minimal effect exemptions on a regional basis to assist persons in avoiding a violation of the ineligibility provisions of section 1221. The Secretary shall ensure that employees of the Department of Agriculture who administer this subtitle receive appropriate training to properly apply the minimal effect exemptions determined by the Secretary.".

(d) MINIMAL EFFECT AND MITIGATION EXEMPTIONS.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by striking subsection (f) and inserting the following:

"(f) MINIMAL EFFECT; MITIGATION.—The Secretary shall exempt a person from the ineligibility provisions of section 1221 for any action associated with the production of an agricultural commodity on a converted wetland, or the conversion of a wetland, if 1 or more of the following conditions apply, as determined by the Secretary:

"(1) The action, individually and in connection with all other similar actions authorized by the Secretary in the area, will have a minimal effect on the functional hydrological and biological value of the wetlands in the area, including the value to waterfowl and wildlife.

"(2) The wetland and the wetland values, acreage, and functions are mitigated by the person through the restoration of a converted wetland, the enhancement of an existing wetland, or the creation of a new wetland, and the restoration, enhancement, or creation is—

"(A) in accordance with a wetland conservation plan;

"(B) in advance of, or concurrent with, the action;

"(C) not at the expense of the Federal Government;

"(D) in the case of enhancement or restoration of wetlands, on not greater than a 1-for-1 acreage basis unless more acreage is needed to provide equivalent functions and values that will be lost as a result of the wetland conversion to be mitigated;

"(E) in the case of creation of wetlands, on greater than a 1-for-1 acreage basis if more acreage is needed to provide equivalent functions and values that will be lost as a result of the wetland conversion that is mitigated;

"(F) on lands in the same general area of the local watershed as the converted wetland; and

"(G) with respect to the restored, enhanced, or created wetland, made subject to an easement that—

"(i) is recorded on public land records;

"(ii) remains in force for as long as the converted wetland for which the restoration, enhancement, or creation to be mitigated remains in agricultural use or is not returned to its original wetland classification with equivalent functions and values; and

"(iii) prohibits making alterations to the restored, enhanced, or created wetland that lower the wetland's functions and values.

"(3) The wetland was converted after December 23, 1985, but before November 28, 1990, and the wetland values, acreage, and functions are mitigated by the producer through the requirements of subparagraphs (A), (B), (C), (D), (F), and (G) of paragraph (2).

"(4) The action was authorized by a permit issued under section 404 of the Federal Water Pollution Control Act (33 U.S.C. 1344) and the wetland values, acreage, and functions of the converted wetland were adequately mitigated for the purposes of this subtitle.".

(e) REFERENCES TO PRODUCER.—Section 1222(g) of the Food Security Act of 1985 (16 U.S.C. 3822(g)) is amended by striking "producer" and inserting "person".

(f) GOOD FAITH EXEMPTION.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by striking subsection (h) and inserting the following:

"(h) GOOD FAITH EXEMPTION.—

"(1) EXEMPTION DESCRIBED.—The Secretary may waive a person's ineligibility under section 1221 for program loans, payments, and benefits as the result of the conversion of a wetland subsequent to November 28, 1990, or the production of an agricultural commodity on a converted wetland, if the Secretary determines that the person has acted in good faith and without intent to violate this subtitle.

"(2) PERIOD FOR COMPLIANCE.—The Secretary shall provide a person who the Secretary determines has acted in good faith and without intent to violate this subtitle with a reasonable period, but not to exceed 1 year, during which to implement the measures and practices necessary to be considered to actively restoring the subject wetland.".

(g) RESTORATION.—Section 1222(i) of the Food Security Act of 1985 (16 U.S.C. 3822(i)) is amended by inserting before the period at the end the following: "or has otherwise mitigated for the loss of wetland values, as determined by the Secretary, through the restoration, enhancement, or creation of wetland values in the same general area of the local watershed as the converted wetland".

(h) DETERMINATIONS.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by striking subsection (j) and inserting the following:

"(j) DETERMINATIONS; RESTORATION AND MITIGATION PLANS; MONITORING ACTIVITIES.—Technical determinations, the development of restoration and mitigation plans, and monitoring activities under this section shall be made by the National Resources Conservation Service.".

(i) MITIGATION BANKING.—Section 1222 of the Food Security Act of 1985 (16 U.S.C. 3822) is amended by adding at the end the following:

"(k) MITIGATION BANKING PROGRAM.—Using authorities available to the Secretary, the Secretary may operate a pilot program for mitigation banking of wetlands to assist persons to increase the efficiency of agricultural operations while protecting wetland functions and values. Subsection (f)(2)(C) shall not apply to this subsection.".

SEC. 323. CONSULTATION AND COOPERATION REQUIREMENTS.

Section 1223 of the Food Security Act of 1985 (16 U.S.C. 3823) is repealed.

SEC. 324. APPLICATION OF PROGRAM INELIGIBILITY TO AFFILIATED PERSONS.

The Food Security Act of 1985 (as amended by section 323) is amended by inserting after section 1222 (16 U.S.C. 3822) the following:

"SEC. 1223. AFFILIATED PERSONS.

"If a person is affected by a reduction in benefits under section 1221 and the affected person is affiliated with other persons for the purpose of receiving the benefits, the benefits of each affiliated person shall be reduced under section 1221 in proportion to the interest held by the affiliated person.".

SEC. 325. CLARIFICATION OF DEFINITION OF AGRICULTURAL LANDS IN MEMORANDUM OF AGREEMENT.

(a) AGRICULTURAL LANDS.—For purposes of implementing the memorandum of agreement entered into between the Department of Agriculture, the Environmental Protection Agency, the Department of the Interior, and the Department of the Army on January 6, 1994, relating to the delineation of wetlands, the term "agricultural lands" shall include—

(1) native pasture, rangelands, and other lands used to produce or support the production of livestock; and

(2) tree farms.

(b) WETLAND CONSERVATION.—Subsection (a) shall not apply with respect to the delineation of wetlands under subtitle C of title XII of the Food Security Act of 1985 (16 U.S.C. 3821 et seq.) or to the enforcement of the subtitle.

(c) SUCCESSOR MEMORANDUM.—Subsection (a) shall apply to any amendment to or successor of the memorandum of agreement described in subsection (a).

SEC. 326. EFFECTIVE DATE.

This subtitle and the amendments made by this subtitle shall become effective 90 days after the date of enactment of this Act.

Subtitle D—Environmental Conservation Acreage Reserve Program

SEC. 331. 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; and

"(C) the environmental quality incentives program established under chapter 4.

"(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 date of enactment of this paragraph shall be considered to be placed into the ECARP.

"(c) CONSERVATION PRIORITY AREAS.—

"(1) DESIGNATION.—The Secretary may designate watersheds, multistate areas, or regions of special environmental sensitivity as conservation priority areas that are eligible for enhanced assistance under this chapter and chapter 4.

"(2) ASSISTANCE.—The Secretary may designate areas as conservation priority areas to assist, to the maximum extent practicable, agricultural producers within the conservation priority areas to comply with nonpoint source pollution require-

ments under the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) and other Federal and State environmental laws and to meet other conservation needs.

"(3) PRODUCERS.—The Secretary may provide technical assistance, cost-share payments, and incentive payments to producers in a conservation priority area under this chapter and chapter 4 based on—

"(A) the significance of the soil, water, wildlife habitat, and related natural resource problems in a watershed, multistate area, or region; and

"(B) the structural practices or land management practices that best address the problems, and that maximize environmental benefits for each dollar expended, as determined by the Secretary.".

SEC. 332. CONSERVATION RESERVE PROGRAM.

(a) PROGRAM EXTENSIONS.—

(1) CONSERVATION RESERVE PROGRAM.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended by striking "1995" each place it appears and inserting "2002".

(2) 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".

(b) MAXIMUM ENROLLMENT.—Section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) is amended by striking subsection (d) and inserting the following:

"(d) MAXIMUM ENROLLMENT.—The Secretary may maintain up to 36,400,000 acres in the conservation reserve at any one time during the 1986 through 2002 calendar years (including contracts extended by the Secretary pursuant to section 1437(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 16 U.S.C. 3831 note).".

(c) OPTIONAL CONTRACT TERMINATION BY PRODUCERS.—Section 1235 of the Food Security Act of 1985 (16 U.S.C. 3835) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "3-year" and inserting "1-year"; and

(B) in paragraph (2)(B)(i), by striking "3 years" and inserting "1 year"; and

(2) by adding at the end the following:

"(e) TERMINATION BY OWNER OR OPERATOR.—

"(1) EARLY TERMINATION AUTHORIZED.—Subject to the other provisions of this subsection, the Secretary shall allow a participant who entered into a contract before January 1, 1995, to terminate the contract at any time if the contract has been in effect for at least 5 years. The termination shall not relieve the participant of liability for a contract violation occurring before the date of the termination. The participant shall provide the Secretary with reasonable notice of the participant's desire to terminate the contract.

"(2) CERTAIN LANDS EXCEPTED.—The following lands shall not be subject to an early termination of contract under this subsection:

"(A) Filterstrips, waterways, strips adjacent to riparian areas, windbreaks, and shelterbelts.

"(B) Land with an erodibility index of more than 15.

"(C) Other lands of high environmental value (including wetlands), as determined by the Secretary.

"(3) EFFECTIVE DATE.—The contract termination shall become effective 60 days after the date on which the owner or operator submits the notice required under paragraph (1).

"(4) PRORATED RENTAL PAYMENT.—If a contract entered into under this subchapter is terminated under this subsection before the end of the fiscal year for which a rental payment is due, the Secretary shall provide a prorated rental payment covering the portion of the fiscal year during which the contract was in effect.

"(5) RENEWED ENROLLMENT.—The termination of a contract entered into under this subchapter shall not affect the ability of the owner or operator who requested the termination to submit a subsequent bid to enroll the land that was subject to the contract into the conservation reserve.

"(6) CONSERVATION REQUIREMENTS.—If land that was subject to a contract is returned to production of an agricultural commodity, the conservation requirements under subtitles B and C shall apply to the use of the land to the extent that the requirements are similar to those requirements imposed on other similar lands in the area, except than the requirements may not be more onerous than the requirements imposed on other lands.".

(d) ENROLLMENTS IN 1997.—Section 725 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1996 (Public Law 104–37; 109 Stat. 332), is amended by striking ": Provided," and all that follows through "1997".

SEC. 333. WETLANDS RESERVE PROGRAM.

(a) 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) ENROLLMENT CONDITIONS.—

"(1) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the wetlands reserve program shall not exceed 975,000 acres.

"(2) METHODS OF ENROLLMENT.—

"(A) IN GENERAL.—Subject to subparagraph (B), effective beginning October 1, 1996, to the maximum extent practicable, the Secretary shall enroll into the wetlands reserve program—

"(i) ⅓ of the acres through the use of permanent easements;

"(ii) ⅓ of the acres through the use of 30-year easements; and

"(iii) ⅓ of the acres through the use of restoration cost-share agreements.

"(B) TEMPORARY EASEMENTS.—Effective beginning October 1, 1996, the Secretary shall not enroll acres in the wetlands reserve program through the use of new perma-

nent easements until the Secretary has enrolled at least 75,000 acres in the program through the use of temporary easements.".

(b) 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";

(2) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; and

(3) by inserting after "determines that—" the following:

"(1) such land maximizes wildlife benefits and wetland values and functions;".

(c) OTHER ELIGIBLE LANDS.—Section 1237(d) of the Food Security Act of 1985 (16 U.S.C. 3837(d)) is amended—

(1) by inserting after "subsection (c)" the following ", land that maximizes wildlife benefits and that is"; and

(2) in paragraph (2), by striking "and" at the end and inserting "or".

(d) 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) RESTORATION COST-SHARE AGREEMENTS.—The Secretary may enroll land into the wetlands reserve program through an agreement that requires the landowner to restore wetlands on the land, if the agreement does not provide the Secretary with an easement.".

(e) 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.—

"(1) EASEMENTS.—Effective beginning October 1, 1996, in making cost-share payments under subsection (a)(1), the Secretary shall—

"(A) 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; and

"(B) in the case of a 30-year easement, pay the owner an amount that is not less than 50 percent, but not more than 75 percent, of the eligible costs.

"(2) RESTORATION COST-SHARE AGREEMENTS.—In making cost-share payments in connection with a restoration cost-share agreement entered into under section 1237A(h), the Secretary shall pay the owner an amount that is not less than 50 percent, but not more than 75 percent, of the eligible costs.

"(3) TECHNICAL ASSISTANCE.—The Secretary shall provide owners with technical assistance to assist owners in complying with the terms of easements and restoration cost-share agreements.".

(f) EFFECT ON EXISTING AGREEMENTS.—The amendments made by this section shall not affect the validity or terms of any agreements entered into by the Secretary of Agriculture under subchapter C of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3837 et seq.) before the date of enactment of this Act or any payments required to be made in connection with the agreements.

SEC. 334. 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. 1240. 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 336(a)(1) of the Federal Agriculture Improvement and Reform 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 336(b)(1) of the Federal Agriculture Improvement and Reform Act of 1996);

"(C) the water quality incentives program established under chapter 2 (as in effect before the amendment made by section 336(h) of the Federal Agriculture Improvement and Reform Act of 1996); and

"(D) 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 336(c)(1) of the Federal Agriculture Improvement and Reform 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 encourages 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 producers.

"SEC. 1240A. DEFINITIONS.

"In this chapter:

"(1) ELIGIBLE LAND.—The term 'eligible land' means agricultural land (including cropland, rangeland, pasture, and other land on which crops or livestock are produced), including agricultural land 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) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means a site-specific nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, or other land management practice carried out on eligible land that the Secretary determines is needed to protect, in the most cost-effective manner, water, soil, or related resources from degradation.

"(3) LIVESTOCK.—The term 'livestock' means dairy cattle, beef cattle, laying hens, broilers, turkeys, swine, sheep, and such other animals as determined by the Secretary.

"(4) PRODUCER.—The term 'producer' means a person who is engaged in livestock or agricultural production (as defined by the Secretary).

"(5) STRUCTURAL PRACTICE.—The term 'structural practice' means—

"(A) the establishment on eligible land of a site-specific animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, tailwater pit, permanent wildlife habitat, or other structural practice that the Secretary determines is needed to protect, in the most cost-effective manner, water, soil, or related resources from degradation; and

"(B) the capping of abandoned wells on eligible land.

"SEC. 1240B. 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-share payments, incentive payments, and education to producers, who enter into contracts with the Secretary, through an environmental quality incentives program in accordance with this chapter.

"(2) ELIGIBLE PRACTICES.—

"(A) STRUCTURAL PRACTICES.—A producer who implements a structural practice shall be eligible for any combination of technical assistance, cost-share payments, and education.

"(B) LAND MANAGEMENT PRACTICES.—A producer who performs a land management practice shall be eligible for any combination of technical assistance, incentive payments, and education.

"(b) APPLICATION AND TERM.—A contract between a producer 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) OFFER SELECTION PROCESS.—The Secretary shall, to the maximum extent practicable, establish a process for selecting applications for financial assistance if there are numerous applications for assistance for structural practices that would provide substantially the same level of environmental benefits. The process shall be based on—

"(A) a reasonable estimate of the projected cost of the proposals and other factors identified by the Secretary for determining which applications will result in the least cost to the program authorized by this chapter; and

"(B) the priorities established under this subtitle and such other factors determined by the Secretary that maximize environmental benefits per dollar expended.

"(2) CONCURRENCE OF OWNER.—If the producer 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 producer 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 a producer in exchange for the performance of 1 or more land management practices by the producer.

"(e) COST-SHARE PAYMENTS, INCENTIVE PAYMENTS, AND TECHNICAL ASSISTANCE.—

"(1) COST-SHARE PAYMENTS.—

"(A) IN GENERAL.—The Federal share of cost-share payments to a producer proposing to implement 1 or more structural practices shall be not more than 75 percent of the projected cost of the practice, as determined by the Secretary, taking into consideration any payment received by the producer from a State or local government.

"(B) LIMITATION.—A producer who owns or operates a large confined livestock operation (as defined by the Secretary) shall not be eligible for cost-share payments to construct an animal waste management facility.

"(C) OTHER PAYMENTS.—A producer shall not be eligible for cost-share payments for structural practices on eligible land under this chapter if the producer receives cost-share 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 a producer to perform 1 or more land management practices.

"(3) TECHNICAL ASSISTANCE.—

"(A) 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 for 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 for a fiscal year.

"(B) OTHER AUTHORITIES.—The receipt of technical assistance under this chapter shall not affect the eligibility of the producer to receive technical assistance under other authorities of law available to the Secretary.

"(C) PRIVATE SOURCES.—The Secretary shall ensure that the processes of writing and developing proposals and plans for contracts under this chapter, and of assisting in the implementation of structural practices and land management practices covered by the contracts, are open to individuals in agribusiness, including agricultural producers, representatives from agricultural cooperatives, agricultural input retail dealers, and certified crop advisers. The requirements of this subparagraph shall also apply to any other conservation program of the Department of Agriculture that provides incentive payments, technical assistance, or cost-share payments.

"(f) MODIFICATION OR TERMINATION OF CONTRACTS.—

"(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under this chapter if—

"(A) the producer 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 producer violated the contract.

"(g) NON-FEDERAL ASSISTANCE.—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.

"SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.

"In providing technical assistance, cost-share payments, and incentive payments to producers, the Secretary shall accord a higher priority to assistance and payments that—

"(1) are provided in conservation priority areas established under section 1230(c);

"(2) maximize environmental benefits per dollar expended; or

"(3) are provided in watersheds, regions, or conservation priority areas in which State or local governments have provided, or will provide, financial or technical assistance to producers for the same conservation or environmental purposes.

"SEC. 1240D. DUTIES OF PRODUCERS.

"To receive technical assistance, cost-share payments, or incentive payments under this chapter, a producer 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 producer has control of the land, to refund any cost-share 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 producer 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-share 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. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

"(a) IN GENERAL.—To be eligible to enter into a contract under the environmental quality incentives program, an owner or producer of a livestock or agricultural operation must submit to the Secretary for approval a plan of operations that incorporates such conservation practices, and is based on such principles, as the Secretary considers necessary to carry out the program, including a description of structural practices and land management practices to be implemented and the objectives to be met by the plan's implementation.

"(b) AVOIDANCE OF DUPLICATION.—The Secretary shall, to the maximum extent practicable, eliminate duplication of planning activities under the environmental quality incentives program and comparable conservation programs.

"SEC. 1240F. DUTIES OF THE SECRETARY.

"To the extent appropriate, the Secretary shall assist a producer 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 producer as a basis for developing the plan;

"(2) providing technical assistance in developing and implementing the plan;

"(3) providing technical assistance, cost-share 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 producer with information, education, and training to aid in implementation of the plan; and

"(5) encouraging the producer to obtain technical assistance, cost-share payments, or grants from other Federal, State, local, or private sources.

"SEC. 1240G. LIMITATION ON PAYMENTS.

"(a) IN GENERAL.—The total amount of cost-share and incentive payments paid to a producer under this chapter may not exceed—

"(1) $10,000 for any fiscal year; or

"(2) $50,000 for any multiyear contract.

"(b) EXCEPTION TO ANNUAL LIMIT.—The Secretary may exceed the limitation on the annual amount of a payment under subsection (a)(1) on a case-by-case basis if the Secretary determines that a larger payment is—

"(1) essential to accomplish the land management practice or structural practice for which the payment is made; and

"(2) consistent with the maximization of environmental benefits per dollar expended and the purposes of this chapter specified in section 1240.

"(c) TIMING OF EXPENDITURES.—Expenditures under a contract entered into under this chapter during a fiscal year may not be made by the Secretary until the subsequent fiscal year.

"SEC. 1240H. TEMPORARY ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

"(a) INTERIM ADMINISTRATION.—

"(1) IN GENERAL.—During the period beginning on the date of enactment of this section and ending on the termination date provided under paragraph (2), to ensure that technical assistance, cost-share payments, and incentive payments continue to be administered in an orderly manner until such time as assistance can be provided through final regulations issued to implement the environmental quality incentives program established under this chapter, the Secretary shall continue to—

"(A) provide technical assistance, cost-share payments, and incentive payments under the terms and conditions of the agricultural conservation program, the Great Plains conservation program, the water quality incentives program, and the Colorado River Basin salinity control program, to the extent the terms and conditions of the program are consistent with the environmental quality incentives program; and

"(B) use for those purposes—

"(i) any funds remaining available for the agricultural conservation program, the Great Plains conservation program, the water quality incentives program, and the Colorado River Basin salinity control program; and

"(ii) as the Secretary determines to be necessary, any funds authorized to be used to carry out the environmental quality incentives program.

"(2) TERMINATION OF AUTHORITY.—The authority of the Secretary to carry out paragraph (1) shall terminate on the date that is 180 days after the date of enactment of this section.

"(b) PERMANENT ADMINISTRATION.—Effective beginning on the termination date provided under subsection (a)(2), the Secretary shall provide technical assistance, cost-share payments, and incentive payments for structural practices and land management practices related to crop and livestock production in accordance with final regulations issued to carry out the environmental quality incentives program.".

SEC. 335. CONSERVATION FARM OPTION.

Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) (as amended by section 334) is amended by adding at the end the following:

"CHAPTER 5—CONSERVATION FARM OPTION

"SEC. 1240M. CONSERVATION FARM OPTION.

"(a) IN GENERAL.—The Secretary shall establish conservation farm option pilot programs for producers of wheat, feed grains, cotton, and rice.

"(b) ELIGIBLE OWNERS AND PRODUCERS.—An owner or producer with a farm that has contract acreage enrolled in the agricultural market transition program established under the Agricultural Market Transition Act shall be eligible to participate in the conservation farm option offered under a pilot program under subsection (a) if the owner or producer meets the conditions established under section (e).

"(c) PURPOSES.—The purposes of the conservation farm option pilot programs shall include—

"(1) conservation of soil, water, and related resources;

"(2) water quality protection or improvement;

"(3) wetland restoration, protection, and creation;

"(4) wildlife habitat development and protection; or

"(5) other similar conservation purposes.

"(d) CONSERVATION FARM PLAN.—

"(1) IN GENERAL.—To be eligible to enter into a conservation farm option contract, an owner or producer must prepare and submit to the Secretary, for approval, a conservation farm plan that shall become a part of the conservation farm option contract.

"(2) REQUIREMENTS.—A conservation farm plan shall—

"(A) describe the resource-conserving crop rotations, and all other conservation practices, to be implemented and maintained on the acreage that is subject to contract during the contract period;

"(B) contain a schedule for the implementation and maintenance of the practices described in the conservation farm plan;

"(C) comply with highly erodible land and wetland conservation requirements of this title; and

"(D) contain such other terms as the Secretary may require.

"(e) CONTRACTS.—

"(1) IN GENERAL.—On approval of a conservation farm plan, the Secretary may enter into a contract with the owner or producer that specifies the acres being enrolled and the practices being adopted.

"(2) DURATION OF CONTRACT.—The contract shall be for a period of 10 years. The contract may be renewed for a period of not to exceed 5 years on mutual agreement of the Secretary and the owner or producer.

"(3) CONSIDERATION.—In exchange for payments under this subsection, the owner or producer shall not participate in and shall forgo payments under—

"(A) the conservation reserve program established under subchapter B of chapter 1;

"(B) the wetlands reserve program established under subchapter C of chapter 1; and

"(C) the environmental quality incentives program established under chapter 4.

"(4) OWNER OR PRODUCER RESPONSIBILITIES UNDER THE AGREEMENT.—Under the terms of the contract entered into under this section, an owner or producer shall agree to—

"(A) actively comply with the terms and conditions of the approved conservation farm plan;

"(B) keep such records as the Secretary may reasonably require for purposes of evaluation of the implementation of the conservation farm plan; and

"(C) not engage in any activity that would defeat the purposes of the conservation farm option pilot program.

"(5) PAYMENTS.—The Secretary shall offer an owner or producer annual payments under the contract that are equivalent to the payments the owner or producer would have received under the conservation reserve program, the wetlands reserve program, and the environmental quality incentives program.

"(6) BALANCE OF BENEFITS.—The Secretary shall not permit an owner or producer to terminate a conservation reserve program contract and enter a conservation farm option contract if the Secretary determines that such action will reduce net environmental benefits.

"(f) SECRETARIAL DETERMINATIONS.—

"(1) ACREAGE ESTIMATES.—Prior to each year during which the Secretary intends to offer conservation reserve program contracts, the Secretary shall estimate the number of acres that—

"(A) will be retired under the conservation farm option under the terms and conditions the Secretary intends to offer for that program; and

"(B) would be retired under the conservation reserve program if the conservation farm option were not available.

"(2) TOTAL LAND RETIREMENT.—The Secretary shall announce a number of acres to be enrolled in the conservation reserve program that will result in a total number of acres retired under the conservation reserve program and the conservation

farm option that does not exceed the amount estimated under paragraph (1)(B) for the current or future years.

"(3) LIMITATION.—The Secretary shall not enroll additional conservation reserve program contracts to offset the land retired under the conservation farm option.

"(g) COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, authorities, and facilities of the Commodity Credit Corporation to carry out this subsection.

"(h) FUNDING.—Of the funds of the Commodity Credit Corporation, the Corporation shall make available to carry out this section—

"(1) $7,500,000 for fiscal year 1997;
"(2) $15,000,000 for fiscal year 1998;
"(3) $25,000,000 for fiscal year 1999;
"(4) $37,500,000 for fiscal year 2000;
"(5) $50,000,000 for fiscal year 2001; and
"(6) $62,500,000 for fiscal year 2002.".

SEC. 336. REPEAL OF SUPERSEDED AUTHORITIES.

(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 4 of subtitle D of title XII of the Food Security Act of 1985."; 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 Soil Conservation and Domestic Allotment 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 Soil Conservation and Domestic Allotment 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 4 of subtitle D of title XII of the Food Security Act of 1985".

(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 336(d)(1) of the Federal Agriculture Improvement and Reform 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 4 of subtitle D of title XII of the Food Security Act of 1985".

(F) 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 "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 4 of subtitle D of title XII of the Food Security Act of 1985".

(G) 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 4 of subtitle D of title XII of the Food Security Act of 1985".

(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) COLORADO RIVER BASIN SALINITY CONTROL PROGRAM.—

(1) IN GENERAL.—Section 202 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592) is amended by striking subsection (c) and inserting the following:

"(c) SALINITY CONTROL MEASURES.—The Secretary of Agriculture shall carry out salinity control measures (including watershed enhancement and cost-share measures with livestock and crop producers) in the Colorado River Basin as part of the environmental quality incentives program established under chapter 4 of subtitle D of title XII of the Food Security Act of 1985.".

(2) FUNDS.—Section 205 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1595) is amended—

(A) in subsection (a), by striking "pursuant to section 202(c)(2)(C)"; and

(B) by adding at the end the following:

"(f) FUNDS.—The Secretary may expend funds available in the Basin Funds referred to in this section to carry out cost-share salinity measures in a manner that is consistent with the cost allocations required under this section.".

(3) CONFORMING AMENDMENT.—Section 246(b)(6) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)(6)) is amended by striking "program" and inserting "measures".

(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 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962) (as amended by subsection (b)(2)(B))) is amended—

(A) in subsection (b)—

(i) by striking paragraph (1); and

(ii) by redesignating paragraphs (3) through (8) as paragraphs (1) through (6), respectively; and

(B) in subsection (c), by striking "(2), (3), (4), and (6)" and inserting "(1), (2), and (4)".

(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) RESOURCE CONSERVATION.—

(1) ELIMINATION.—Subtitles A, B, D, E, and F 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, 1992 (7 U.S.C. 2272a), is repealed.

(g) 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 "prices: Provided further," and all that follows through "Acts." and inserting "prices.".

(h) 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.

Subtitle E—Conservation Funding and Administration

SEC. 341. CONSERVATION FUNDING AND ADMINISTRATION.

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 and Administration

"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.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available $130,000,000 for fiscal year 1996, and $200,000,000 for each of fiscal years 1997 through 2002, for providing technical assistance, cost-share payments, incentive payments, and education 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-share payments, incentive payments, and education under the environmental quality incentives program shall be targeted at practices relating to livestock production.

"SEC. 1242. USE OF OTHER AGENCIES.

"(a) COMMITTEES.—In carrying out subtitles B, C, and D, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)).

"(b) OTHER AGENCIES.—

"(1) USE.—In carrying out subtitles C and D, the Secretary may utilize the services of the Natural Resources Conservation Service and the Forest Service, the Fish and Wildlife Service,

State forestry agencies, State fish and game agencies, land-grant colleges, local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h), soil and water conservation districts, and other appropriate agencies.

"(2) CONSULTATION.—In carrying out subtitle D at the State and county levels, the Secretary shall consult with, to the extent practicable, the Fish and Wildlife Service, State forestry agencies, State fish and game agencies, land-grant colleges, soil-conservation districts, and other appropriate agencies.

"SEC. 1243. 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) PROVISION OF TECHNICAL ASSISTANCE BY OTHER SOURCES.—In the preparation and application of a conservation compliance plan under subtitle B or similar plan required as a condition for assistance from the Department of Agriculture, the Secretary shall permit persons to secure technical assistance from approved sources, as determined by the Secretary, other than the Natural Resources Conservation Service. If the Secretary rejects a tech-

nical determination made by such a source, the basis of the Secretary's determination must be supported by documented evidence.

"(e) REGULATIONS.—Not later than 90 days after the date of enactment of the Federal Agriculture Improvement and Reform Act of 1996, the Secretary shall issue regulations to implement the conservation reserve and wetlands reserve programs established under chapter 1 of subtitle D.".

SEC. 342. STATE TECHNICAL COMMITTEES.

(a) COMPOSITION.—Section 1261(c) of the Food Security Act of 1985 (16 U.S.C. 3861(c))—

(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 with demonstrable conservation expertise;

"(10) nonprofit organizations with demonstrable conservation expertise;

"(11) persons knowledgeable about conservation techniques; and

"(12) agribusiness.".

(b) RESPONSIBILITIES.—Section 1262 of the Food Security Act of 1985 (16 U.S.C. 3862) is amended—

(1) in subsection (a), by adding at the end the following: "Each State technical committee shall provide public notice of, and permit public attendance at meetings considering, issues of concern related to carrying out this title.";

(2) in subsection (b)(1), by adding at the end the following: "Each State technical committee shall establish criteria and guidelines for evaluating petitions by agricultural producers regarding new conservation practices and systems not already described in field office technical guides."; and

(3) in subsection (c)—

(A) in paragraph (7), by striking "and" at the end;

(B) by redesignating paragraph (8) as paragraph (9); and

(C) by inserting after paragraph (7) the following:

"(8) establishing criteria and priorities for State initiatives under the environmental quality incentives program under chapter 4 of subtitle D; and".

SEC. 343. PUBLIC NOTICE AND COMMENT FOR REVISIONS TO CERTAIN STATE TECHNICAL GUIDES.

After the date of enactment of this Act, the Secretary of Agriculture shall provide for public notice and comment under section 553 of title 5, United States Code, with regard to any future revisions to those provisions of the Natural Resources Conservation Service State technical guides that are used to carry out subtitles A, B, and C of title XII of the Food Security Act of 1985 (16 U.S.C. 3801 et seq.).

Subtitle F—National Natural Resources Conservation Foundation

SEC. 351. SHORT TITLE.

This subtitle may be cited as the "National Natural Resources Conservation Foundation Act".

SEC. 352. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term "Board" means the Board of Trustees established under section 354.

(2) DEPARTMENT.—The term "Department" means the Department of Agriculture.

(3) FOUNDATION.—The term "Foundation" means the National Natural Resources Conservation Foundation established by section 353(a).

(4) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

SEC. 353. 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) DUTIES.—The Foundation shall—

(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, the 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 INTEREST.—

(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.

SEC. 354. 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 of the Board.

(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 is allowed under section 5703 of title 5, United States Code.

SEC. 355. OFFICERS AND EMPLOYEES.

(a) IN GENERAL.—The Board may—

(1) appoint, hire, and discharge the officers and employees of the Foundation, other than appoint the initial Executive Director of the Foundation;

(2) adopt a constitution and bylaws for the Foundation that are consistent with the purposes of 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. 356. 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 353(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 360 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 359, 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) INTERESTS IN PROPERTY.—

(1) INTERESTS IN REAL PROPERTY.—The Foundation may acquire, hold, and dispose of lands, waters, or other interests in real property by donation, gift, devise, purchase, or exchange. 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.

(2) 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. 357. 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. 358. 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. 359. 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. 360. 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 G—Forestry

SEC. 371. 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 to be appropriated for each of fiscal years 1996 through 2002 such sums as are necessary to carry out this section.".

SEC. 372. 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: "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 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. 373. FORESTRY INCENTIVES PROGRAM.

Section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103) is amended—

(1) in subsection (j), by striking "annually" and inserting "for each of fiscal years 1996 through 2002"; and

(2) by striking subsection (k).

SEC. 374. OPTIONAL STATE GRANTS FOR FOREST LEGACY PROGRAM.

Section 7 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103c) is amended—

(1) by redesignating subsection (l) as subsection (m); and

(2) by inserting after subsection (k) the following:

"(l) OPTIONAL STATE GRANTS.—

"(1) IN GENERAL.—The Secretary shall, at the request of a participating State, provide a grant to the State to carry out the Forest Legacy Program in the State.

"(2) ADMINISTRATION.—If a State elects to receive a grant under this subsection—

"(A) the Secretary shall use a portion of the funds made available under subsection (m), as determined by the Secretary, to provide a grant to the State; and

"(B) the State shall use the grant to carry out the Forest Legacy Program in the State, including the acquisition by the State of lands and interests in lands.".

Subtitle H—Miscellaneous Conservation Provisions

SEC. 381. CONSERVATION ACTIVITIES OF COMMODITY CREDIT CORPORATION.

(a) IN GENERAL.—Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended—

(1) by redesignating subsection (g) as subsection (h); and

(2) by inserting after subsection (f) the following:

"(g) Carry out conservation or environmental programs authorized by law.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall become effective on January 1, 1997.

SEC. 382. 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. 383. 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".

SEC. 384. REPEAL OF REPORT REQUIREMENT.

Section 1342 of title 44, United States Code, is repealed.

SEC. 385. 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 a producer on a farm who has contract acreage under the Agricultural Market Transition Act 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 and production flexibility contract under the Agricultural Market Transition Act;

(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 highly erodible land and wetlands 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 THE SECRETARY.—In return for a contract entered into by a producer under this section, the Secretary shall pay the producer an amount that is not more than 95 percent of projected contract payments under the Agricultural Market Transition Act that the Secretary estimates the producer would otherwise have received during the period beginning at the time the contract is entered into under this section and ending September 30, 2002.

(d) COMMODITY CREDIT CORPORATION.—The Secretary shall carry out the program authorized by this section (other than subsection (e)) through the Commodity Credit Corporation.

(e) ADDITIONAL PAYMENTS.—

(1) IN GENERAL.—Subject to the availability of advanced appropriations, the Secretary may make payments to a producer described in subsection (a), in addition to the payments provided under subsection (c), to offset other estimated Federal Government outlays on frequently flooded land.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out paragraph (1).

(f) LIMITATION ON PAYMENTS.—Amounts made available for production flexibility contracts under section 113 shall be reduced by an amount that is equal to the contract payments that producers forgo under subsection (b)(1) of this section.

SEC. 386. CONSERVATION OF PRIVATE GRAZING LAND.

(a) FINDINGS.—Congress finds that—

(1) private 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) private 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 pri-

vate grazing land may make informed decisions concerning vital grazing land resources;

(8) agencies of the Department 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 land resources; and

(10) private grazing land can be enhanced to provide many benefits to all citizens of the United States through voluntary cooperation among owners and managers of the land, local conservation districts, and the agencies of the Department 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 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) DEPARTMENT.—The term "Department" means the Department of Agriculture.

(2) PRIVATE GRAZING LAND.—The term "private grazing land" means private, State-owned, tribally-owned, and any other non-federally owned rangeland, pastureland, grazed forest land, and hay land.

(3) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(d) PRIVATE GRAZING LAND CONSERVATION ASSISTANCE.—

(1) ASSISTANCE TO GRAZING LANDOWNERS AND OTHERS.—Subject to the availability of appropriations for this section, 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.—If funding is provided to carry out this section, it shall be provided through a specific line-item in the annual appropriations for the Natural Resources Conservation Service.

(B) TECHNICAL ASSISTANCE AND EDUCATION.—Personnel of the Department 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 farmers and ranchers who graze livestock;

(B) Federal budgetary constraints preclude 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.—In accordance with paragraph (3), 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 beef promotion and research order issued under section 4 of the Beef Research and Information Act (7 U.S.C. 2903) in effect on the date of enactment of this Act.

(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. 387. WILDLIFE HABITAT INCENTIVES PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the State technical committees established under section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861), shall establish a program under the Natural Resources Conservation Service to be known as the "Wildlife Habitat Incentive Program".

(b) COST-SHARE PAYMENTS.—Under the program, the Secretary shall make cost-share payments to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fish, and other types of wildlife habitat approved by the Secretary.

(c) FUNDING.—To carry out this section, a total of $50,000,000 shall be made available for 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. 388. FARMLAND PROTECTION PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture shall establish and carry out a farmland protection program under which the Secretary shall purchase 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.

(b) CONSERVATION PLAN.—Any highly erodible cropland for which a conservation easement or other interest is purchased under this section shall be subject to the requirements of a conservation plan that requires, at the option of the Secretary, the conversion of the cropland to less intensive uses.

(c) FUNDING.—The Secretary shall use not more than $35,000,000 of the funds of the Commodity Credit Corporation to carry out this section.

SEC. 389. INTERIM MORATORIUM ON BYPASS FLOWS.

(a) MORATORIUM.—There shall be an 18-month moratorium on any Forest Service decision to require bypass flows or any other relinquishment of the unimpaired use of a decreed water right as a condition of renewal or reissuance of a land use authorization permit.

(b) LIMITATIONS.—Subsection (a) shall not affect—

(1) obligations or authority of the Secretary of Agriculture to protect public health and safety; and

(2) obligations or authority under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.), or applicable State law.

(c) RULES OF CONSTRUCTION.—

(1) EXISTING NON-FEDERAL WATER RIGHTS.—Nothing in this section prevents or inhibits the exercise of the use and operation of existing non-Federal water rights on or above the National Forest land that require land use authorization permits from the Forest Service to access water supply facilities.

(2) RENEWAL OR REISSUANCE OF EXPIRING LAND USE AUTHORIZATION FOR DECREED WATER RIGHTS.—Nothing in this section prevents or inhibits the renewal or reissuance of expiring land use authorizations for decreed water rights. The Forest Service may extend, as needed, any expiring land use authorization for such time as is necessary to incorporate the results of the study authorized by subsection (d).

(d) STUDY OF WATER RIGHTS ACROSS FEDERAL LANDS.—

(1) ESTABLISHMENT.—Not later than 60 days after the date of enactment of this Act, there shall be established a Water Rights Task Force to study the subjects described in paragraph (3).

(2) MEMBERSHIP.—The Task Force shall be composed of 7 members appointed as follows:

(A) 1 member shall be appointed by the Secretary of Agriculture.

(B) 2 members shall be appointed by the Speaker of the House of Representatives and 1 member shall be appointed by the Minority Leader of the House of Representatives.

(C) 2 members shall be appointed by the Majority Leader of the Senate and 1 member shall be appointed by the Minority Leader of the Senate.

(3) SUBJECTS TO BE STUDIED.—The Task Force shall study and make recommendations on—

(A) whether Federal water rights should be acquired for environmental protection on National Forest land;

(B) measures necessary to protect the free exercise of non-Federal water rights requiring easements and permits from the Forest Service;

(C) the protection of minimum instream flows for environmental and watershed management purposes on National Forest land through purchases or exchanges from willing sellers in accordance with State law;

(D) the effects of any of the recommendations made under this paragraph on existing State laws, regulations, and customs of water usage; and

(E) measures that would be useful in avoiding or resolving conflicts between the Forest Service's responsibilities for natural resource and environmental protection, the public interest, and the property rights and interests of water holders with special use permits for water facilities, including the study of the Federal acquisition of water rights, dispute resolution, mitigation, and compensation.

(4) FINAL REPORT.—As soon as practicable, but not later than 1 year, after the date of enactment of this Act, the Task Force shall provide the final report of the Task Force to—

(A) the Secretary of Agriculture;

(B) the Speaker of the House of Representatives;

(C) the President pro tempore of the Senate;

(D) the Chairman of the Committee on Agriculture of the House of Representatives;

(E) the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate;

(F) the Chairman of the Committee on Resources of the House of Representatives; and

(G) the Chairman of the Committee on Energy and Natural Resources of the Senate.

(5) AUTHORIZATION OF FUNDS.—The Secretary of Agriculture shall use funds made available for salaries and administrative expenses of the Department of Agriculture to carry out this subsection.

SEC. 390. EVERGLADES ECOSYSTEM RESTORATION.

(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 (referred to in this section as the "Secretary")—

(1) shall be entitled to receive the funds made available under subsection (a);

(2) shall accept the funds; and

(3) shall use the funds to—

(A) conduct restoration activities in the Everglades ecosystem in South Florida, which shall include the acquisition of real property and interests in real property located within the Everglades ecosystem; and

(B) fund resource protection and resource maintenance activities in the Everglades ecosystem.

(c) SAVINGS PROVISION.—Nothing in this subsection precludes the Secretary from transferring 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.—The Secretary shall use the funds made available under subsection (a) for restoration activities referred to in subsection (b)(3) not later than December 31, 1999.

(e) REPORT TO CONGRESS.—For each of calendar years 1996 through 1999, the Secretary shall submit an annual report to Congress describing all activities carried out under subsection (b)(3).

(f) SEPARATE AND ADDITIONAL EVERGLADES RESTORATION ACCOUNT.—

(1) ESTABLISHMENT.—There is established in the Treasury a special account (to be known as the "Everglades Restoration Account"), which shall consist of such funds as may be deposited in the account under paragraph (2). The account shall be separate, and in addition to, funds deposited in the Treasury under subsection (a).

(2) SOURCE OF FUNDS FOR ACCOUNT.—

(A) PROCEEDS FROM SURPLUS PROPERTY.—

(i) IN GENERAL.—Subject to subparagraph (B), the Administrator shall deposit in the special account all funds received by the Administrator, on or after the date of enactment of this Act, from the disposal pursuant to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) of surplus real property located in the State of Florida.

(ii) AVAILABILITY AND DISPOSITION OF FEDERAL LAND.—

(I) IDENTIFICATION.—Any Federal real property located in the State of Florida (excluding lands under the administrative jurisdiction of the Secretary that are set aside for conservation purposes) shall be identified for disposal or exchange under this subsection and shall be presumed available for purposes of this subsection unless the head of the agency controlling the property determines that there is a compelling program need for any property identified by the Secretary.

(II) AVAILABILITY.—Property identified by the Secretary for which there is no demonstrated compelling program need shall, not later than 90 days after a request by the Secretary, be reported to the Administrator and shall be made available to the Administrator who shall consider the property to be surplus property for purposes of the Federal

Property and Administrative Services Act of 1949 (40 U.S.C 471 et. seq.).

(III) PRIORITIZATION OF DISPOSITION.—The Administrator may prioritize the disposition of property made available under this subparagraph to permit the property to be sold as quickly as practicable in a manner that is consistent with the best interests of the Federal Government.

(B) LIMIT ON TOTAL AMOUNT OF DEPOSITS.—The total amount of funds deposited in the special account under subparagraph (A) shall not exceed $100,000,000.

(C) EFFECT ON CLOSURE OF MILITARY INSTALLATIONS.—Nothing in this section alters the disposition of any proceeds arising from the disposal of real property pursuant to a base closure law.

(3) USE OF SPECIAL ACCOUNT.—Funds in the special account shall be available to the Secretary until expended under this paragraph. The Secretary shall use funds in the special account to assist in the restoration of the Everglades ecosystem in South Florida through—

(A) subject to paragraph (4), the acquisition of real property and interests in real property located within the Everglades ecosystem; and

(B) the funding of resource protection and resource maintenance activities in the Everglades ecosystem.

(4) STATE CONTRIBUTION.—The Secretary may not expend any funds from the special account to acquire a parcel of real property, or an interest in a parcel of real property, under paragraph (3)(A) unless the Secretary obtains, or has previously obtained, a contribution from the State of Florida in an amount equal to not less than 50 percent of the appraised value of the parcel or interest to be acquired, as determined by the Secretary.

(5) DEFINITIONS.—In this subsection:

(A) ADMINISTRATOR.—The term "Administrator" means the Administrator of General Services.

(B) BASE CLOSURE LAW.—The term "base closure law" means each of the following:

(i) The Defense Base Closure and Realignment Act of 1990 (part A of title XXIX of Public Law 101–510; 10 U.S.C. 2687 note).

(ii) Title II of the Defense Authorization Amendments and Base Closure and Realignment Act (Public Law 100–526; 10 U.S.C. 2687 note).

(iii) Section 2687 of title 10, United States Code.

(iv) Any other similar law enacted after the date of enactment of this Act.

(C) EVERGLADES ECOSYSTEM.—The term "Everglades ecosystem" means the Florida Everglades Restoration area that extends from the Kissimmee River basin to Florida Bay.

(D) EXCESS PROPERTY.—The term "excess property" has the meaning provided in section 3 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472).

(E) EXECUTIVE AGENCY.—The term "executive agency" has the meaning provided in section 3 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472).

(F) SPECIAL ACCOUNT.—The term "special account" means the Everglades Restoration Account established under paragraph (1).

(G) SURPLUS PROPERTY.—The term "surplus property" has the meaning provided in section 3 of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 472).

(g) REPORT TO DETERMINE THE FEASIBILITY OF ADDITIONAL LAND ACQUISITION AND RESTORATION ACTIVITIES.—

(1) IN GENERAL.—The Secretary shall conduct an investigation to determine what, if any, unreserved and unappropriated Federal lands (or mineral interests in any such lands) under the administrative jurisdiction of the Secretary are suitable for disposal or exchange for the purpose of conducting restoration activities in the Everglades region.

(2) CONSERVATION LANDS.—No lands under the administrative jurisdiction of the Secretary that are set aside for conservation purposes shall be identified for disposal or exchange under this subsection.

(3) FLORIDA.—In carrying out this subsection, the Secretary shall, to the maximum extent practicable, determine which lands and mineral interests located within the State of Florida are suitable for disposal or exchange before making the determination for eligible lands or interests in other States.

(4) PUBLIC ACCESS.—In carrying out this subsection, the Secretary shall consider that in disposing of lands, the Secretary shall retain such interest in the lands as may be necessary to ensure that the general public is not precluded from reasonable access to the lands for purposes of fishing, hunting, or other recreational uses.

(5) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit a report to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate describing the results of the investigation conducted under this subsection. The report shall describe the specific parcels identified under this subsection, establish the priorities for disposal or exchange among the parcels, and estimate the values of the parcels.

SEC. 391. AGRICULTURAL AIR QUALITY RESEARCH OVERSIGHT.

(a) FINDINGS.—Congress finds that—

(1) various studies have alleged that agriculture is a source of PM-10 emissions;

(2) many of these studies have often been based on erroneous data;

(3) Federal research activities are currently being conducted by the Department of Agriculture to determine the true extent to which agricultural activities contribute to air pollution and to determine cost-effective ways in which the agricultural industry can reduce any pollution that exists; and

(4) any Federal policy recommendations that may be issued by any Federal agency to address air pollution problems related to agriculture or any other industrial activity should be based on sound scientific findings that are subject to adequate peer review and should take into account economic feasibility.

(b) PURPOSE.—The purpose of this section is to encourage the Secretary of Agriculture to continue to strengthen vital research efforts related to agricultural air quality.

(c) OVERSIGHT COORDINATION.—

(1) INTERGOVERNMENTAL COOPERATION.—The Secretary shall, to the maximum extent practicable with respect to the Department of Agriculture and other Federal departments and agencies, ensure intergovernmental cooperation in research activities related to agricultural air quality and avoid duplication of the activities.

(2) CORRECT DATA.—The Secretary shall, to the maximum extent practicable, ensure that the results of any research related to agricultural air quality conducted by Federal agencies not report erroneous data with respect to agricultural air quality.

(d) TASK FORCE.—

(1) ESTABLISHMENT.—The Chief of the National Resources Conservation Service shall establish a task force to address agricultural air quality issues.

(2) COMPOSITION.—The task force shall be comprised of employees of the Department of Agriculture, industry representatives, and other experts in the fields of agriculture and air quality.

(3) DUTIES.—The task force shall advise the Secretary with respect to the role of the Secretary for providing oversight and coordination related to agricultural air quality.

TITLE IV—NUTRITION ASSISTANCE

SEC. 401. FOOD STAMP PROGRAM.

(a) DISQUALIFICATION OF A STORE OR CONCERN.—Section 12(b)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2021(b)(3)(B)) is amended—

(1) by striking the second parenthetical; and

(2) by striking "; or" and inserting the following: ", including evidence that—

"(i) the ownership of the store or food concern was not aware of, did not approve of, did not benefit from, and was not involved in the conduct of the violation; and

"(ii)(I) the management of the store or food concern was not aware of, did not approve of, did not benefit from, and was not involved in the conduct of the violation; or

"(II) the management was aware of, approved of, benefited from, or was involved in the conduct of no more than 1 previous violation by the store or food concern; or".

(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 "1997".

(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.

"Effective October 1, 1995, from amounts made available to carry out this Act, the Secretary shall 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)).".

(h) ASSISTANCE FOR COMMUNITY FOOD PROJECTS.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) (as amended by subsection (g)) is amended by adding at the end the following:

"SEC. 25. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

"(a) DEFINITION OF COMMUNITY FOOD PROJECTS.—In this section, the term 'community food project' means a community-based project that requires a 1-time infusion of Federal assistance to become self-sustaining and that is designed to—

"(1) meet the food needs of low-income people;

"(2) increase the self-reliance of communities in providing for their own food needs; and

"(3) promote comprehensive responses to local food, farm, and nutrition issues.

"(b) AUTHORITY TO PROVIDE ASSISTANCE.—

"(1) IN GENERAL.—From amounts made available to carry out this Act, the Secretary may make grants to assist eligible private nonprofit entities to establish and carry out community food projects.

"(2) LIMITATION ON GRANTS.—The total amount of funds provided as grants under this section may not exceed—

"(A) $1,000,000 for fiscal year 1996; and

"(B) $2,500,000 for each of fiscal years 1997 through 2002.

"(c) ELIGIBLE ENTITIES.—To be eligible for a grant under subsection (b), a private nonprofit entity must—

"(1) have experience in the area of—

"(A) community food work, particularly concerning small and medium-sized farms, including the provision of food to people in low-income communities and the development of new markets in low-income communities for agricultural producers; or

"(B) job training and business development activities for food-related activities in low-income communities;

"(2) demonstrate competency to implement a project, provide fiscal accountability, collect data, and prepare reports and other necessary documentation; and

"(3) demonstrate a willingness to share information with researchers, practitioners, and other interested parties.

"(d) PREFERENCE FOR CERTAIN PROJECTS.—In selecting community food projects to receive assistance under subsection (b), the Secretary shall give a preference to projects designed to—

"(1) develop linkages between 2 or more sectors of the food system;

"(2) support the development of entrepreneurial projects;

"(3) develop innovative linkages between the for-profit and nonprofit food sectors; or

"(4) encourage long-term planning activities and multi-system, interagency approaches.

"(e) MATCHING FUNDS REQUIREMENTS.—

"(1) REQUIREMENTS.—The Federal share of the cost of establishing or carrying out a community food project that receives assistance under subsection (b) may not exceed 50 percent of the cost of the project during the term of the grant.

"(2) CALCULATION.—In providing for the non-Federal share of the cost of carrying out a community food project, the entity receiving the grant shall provide for the share through a payment in cash or in kind, fairly evaluated, including facilities, equipment, or services.

"(3) SOURCES.—An entity may provide for the non-Federal share through State government, local government, or private sources.

"(f) TERM OF GRANT.—

"(1) SINGLE GRANT.—A community food project may be supported by only a single grant under subsection (b).

"(2) TERM.—The term of a grant under subsection (b) may not exceed 3 years.

"(g) TECHNICAL ASSISTANCE AND RELATED INFORMATION.—

"(1) TECHNICAL ASSISTANCE.—In carrying out this section, the Secretary may provide technical assistance regarding community food projects, processes, and development to an entity seeking the assistance.

"(2) SHARING INFORMATION.—

"(A) IN GENERAL.—The Secretary may provide for the sharing of information concerning community food projects and issues among and between government, private for-profit and nonprofit groups, and the public through publications, conferences, and other appropriate forums.

"(B) OTHER INTERESTED PARTIES.—The Secretary may share information concerning community food projects with researchers, practitioners, and other interested parties.

"(h) EVALUATION.—

"(1) IN GENERAL.—The Secretary shall provide for the evaluation of the success of community food projects supported using funds under this section.

"(2) REPORT.—Not later than January 30, 2002, the Secretary shall submit a report to Congress regarding the results of the evaluation.".

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";

(2) in subsection (d)(2), by striking "1995" and inserting "2002"; and

(3) by adding at the end the following:

"(l) CARRIED-OVER FUNDS.—Not more than 20 percent of any commodity supplemental food program food funds carried over under this section 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 KITCHEN AND FOOD BANK 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 "1992 THROUGH 1995" and inserting "SUBSEQUENT"; 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—AGRICULTURAL PROMOTION

Subtitle A—Commodity Promotion and Evaluation

SEC. 501. COMMODITY PROMOTION AND EVALUATION.

(a) COMMODITY PROMOTION LAW DEFINED.—In this section, the term "commodity promotion law" means a Federal law that provides for the establishment and operation of a promotion program regarding an agricultural commodity that includes a combination of promotion, research, industry information, or consumer information activities, is funded by mandatory assessments on producers or processors, and is designed to maintain or expand markets and uses for the commodity (as determined by the Secretary). The term includes—

(1) the marketing promotion provisions under section 8c(6)(I) of the Agricultural Adjustment Act (7 U.S.C. 608c(6)(I)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937;

(2) Public Law 89–502 (7 U.S.C. 2101 et seq.);

(3) title III of Public Law 91–670 (7 U.S.C. 2611 et seq.);

(4) Public Law 93–428 (7 U.S.C. 2701 et seq.);

(5) Public Law 94–294 (7 U.S.C. 2901 et seq.);

(6) subtitle B of title I of Public Law 98–180 (7 U.S.C. 4501 et seq.);

(7) Public Law 98–590 (7 U.S.C. 4601 et seq.);

(8) subtitle B of title XVI of Public Law 99–198 (7 U.S.C. 4801 et seq.);

(9) subtitle C of title XVI of Public Law 99–198 (7 U.S.C. 4901 et seq.);

(10) subtitle B of title XIX of Public Law 101–624 (7 U.S.C. 6101 et seq.);

(11) subtitle E of title XIX of Public Law 101–624 (7 U.S.C. 6301 et seq.);

(12) subtitle H of title XIX of Public Law 101–624 (7 U.S.C. 6401 et seq.);

(13) Public Law 103–190 (7 U.S.C. 6801 et seq.);

(14) Public Law 103–407 (7 U.S.C. 7101 et seq.);

(15) subtitle B;

(16) subtitle C;

(17) subtitle D; or

(18) subtitle E.

(b) FINDINGS.—Congress finds the following:

(1) It is in the national public interest and vital to the welfare of the agricultural economy of the United States to maintain and expand existing markets and develop new markets and uses for agricultural commodities through industry-funded,

Government-supervised, generic commodity promotion programs established under commodity promotion laws.

(2) These generic commodity promotion programs, funded by the agricultural producers or processors who most directly reap the benefits of the programs and supervised by the Secretary of Agriculture, provide a unique opportunity for producers and processors to inform consumers about their products.

(3) The central congressional purpose underlying each commodity promotion law has always been to maintain and expand markets for the agricultural commodity covered by the law, rather than to maintain or expand the share of those markets held by any individual producer or processor.

(4) The commodity promotion laws were neither designed nor intended to prohibit or restrict, and the promotion programs established and funded pursuant to these laws do not prohibit or restrict, individual advertising or promotion of the covered commodities by any producer, processor, or group of producers or processors.

(5) It has never been the intent of Congress for the generic commodity promotion programs established and funded by the commodity promotion laws to replace the individual advertising and promotion efforts of producers or processors.

(6) An individual producer's or processor's own advertising initiatives are typically designed to increase the share of the market held by that producer or processor rather than to increase or expand the overall size of the market.

(7) In contrast, a generic commodity promotion program is intended and designed to maintain or increase the overall demand for the agricultural commodity covered by the program and increase the size of the market for that commodity, often by utilizing promotion methods and techniques that individual producers and processors typically are unable, or have no incentive, to employ.

(8) The commodity promotion laws establish promotion programs that operate as "self-help" mechanisms for producers and processors to fund generic promotions for covered commodities which, under the required supervision and oversight of the Secretary of Agriculture—

(A) further specific national governmental goals, as established by Congress; and

(B) produce nonideological and commercial communication the purpose of which is to further the governmental policy and objective of maintaining and expanding the markets for the covered commodities.

(9) While some commodity promotion laws grant a producer or processor the option of crediting individual advertising conducted by the producer or processor for all or a portion of the producer's or processor's marketing promotion assessments, all promotion programs established under the commodity promotion laws, both those programs that permit credit for individual advertising and those programs that do not contain such provisions, are very narrowly tailored to fulfill the congressional purposes of the commodity promotion laws without im-

pairing or infringing the legal or constitutional rights of any individual producer or processor.

(10) These generic commodity promotion programs are of particular benefit to small producers who often lack the resources or market power to advertise on their own and who are otherwise often unable to benefit from the economies of scale available in promotion and advertising.

(11) Periodic independent evaluation of the effectiveness of these generic commodity promotion programs will assist Congress and the Secretary of Agriculture in ensuring that the objectives of the programs are met.

(c) INDEPENDENT EVALUATION OF PROMOTION PROGRAM EFFECTIVENESS.—Except as otherwise provided by law, each commodity board established under the supervision and oversight of the Secretary of Agriculture pursuant to a commodity promotion law shall, not less often than every 5 years, authorize and fund, from funds otherwise available to the board, an independent evaluation of the effectiveness of the generic commodity promotion programs and other programs conducted by the board pursuant to a commodity promotion law. The board shall submit to the Secretary, and make available to the public, the results of each periodic independent evaluation conducted under this subsection.

(d) ADMINISTRATIVE COSTS.—The Secretary shall annually provide to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate information on administrative expenses on programs established under commodity promotion laws.

Subtitle B—Issuance of Orders for Promotion, Research, and Information Activities Regarding Agricultural Commodities

SEC. 511. SHORT TITLE.

This subtitle may be cited as the "Commodity Promotion, Research, and Information Act of 1996".

SEC. 512. FINDINGS AND PURPOSE.

(a) FINDINGS.—Congress finds the following:

(1) The production of agricultural commodities plays a significant role in the economy of the United States. Thousands of producers in the United States are involved in the production of agricultural commodities, and such commodities are consumed by millions of people throughout the United States and foreign countries.

(2) Agricultural commodities must be of high quality, readily available, handled properly, and marketed efficiently to ensure that consumers have an adequate supply.

(3) The maintenance and expansion of existing markets and the development of new markets for agricultural commodities through generic commodity promotion, research, and information programs are vital to the welfare of persons engaged in the

production, marketing, and consumption of such commodities, as well as to the general economy of the United States.

(4) Generic promotion, research, and information activities for agricultural commodities play a unique role in advancing the demand for such commodities, since such activities increase the total market for a product to the benefit of consumers and all producers. These generic activities complement branded advertising initiatives, which are aimed at increasing the market share of individual competitors, and are of particular benefit to small producers who lack the resources or market power to advertise on their own. These generic activities do not impede the branded advertising efforts of individual firms, but instead increase general market demand for an agricultural commodity using methods that individual companies do not have the incentive to employ.

(5) Generic promotion, research, and information activities for agricultural commodities, paid by the producers and others in the industry who reap the benefits of such activities, provide a unique opportunity for producers to inform consumers about a particular agricultural commodity.

(6) It is important to ensure that generic promotion, research, and information activities for agricultural commodities be carried out in an effective and coordinated manner designed to strengthen the position of the commodities in the marketplace and to maintain and expand their markets and uses. Independent evaluation of the effectiveness of the generic promotion activities of these programs will assist the Secretary of Agriculture and Congress in ensuring that these objectives are met.

(7) The cooperative development, financing, and implementation of a coordinated national program of research, promotion, and information regarding agricultural commodities are necessary to maintain and expand existing markets and to develop new markets for these commodities.

(8) Agricultural commodities move in interstate and foreign commerce, and agricultural commodities and their products that do not move in such channels of commerce directly burden or affect interstate commerce in agricultural commodities and their products.

(9) Commodity promotion programs have the ability to provide significant conservation benefits to producers and the public.

(b) PURPOSE.—The purpose of this subtitle is to authorize the establishment, through the exercise by the Secretary of Agriculture of the authority provided in this subtitle, of an orderly program for developing, financing, and carrying out an effective, continuous, and coordinated program of generic promotion, research, and information regarding agricultural commodities designed to—

(1) strengthen the position of agricultural commodity industries in the marketplace;

(2) maintain and expand existing domestic and foreign markets and uses for agricultural commodities;

(3) develop new markets and uses for agricultural commodities; or

(4) assist producers in meeting their conservation objectives.

(c) RULE OF CONSTRUCTION.—Nothing in this subtitle provides for the control of production or otherwise limits the right of any person to produce, handle, or import an agricultural commodity.

SEC. 513. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) AGRICULTURAL COMMODITY.—The term "agricultural commodity" means—

(A) agricultural, horticultural, viticultural, and dairy products;

(B) livestock and the products of livestock;

(C) the products of poultry and bee raising;

(D) the products of forestry;

(E) other commodities raised or produced on farms, as determined appropriate by the Secretary; and

(F) products processed or manufactured from products specified in the preceding subparagraphs, as determined appropriate by the Secretary.

(2) BOARD.—The term "board" means a board established under an order issued under section 514.

(3) CONFLICT OF INTEREST.—The term "conflict of interest" means a situation in which a member or employee of a board has a direct or indirect financial interest in a person that performs a service for, or enters into a contract with, a board for anything of economic value.

(4) DEPARTMENT.—The term "Department" means the Department of Agriculture.

(5) FIRST HANDLER.—The term "first handler" means the first person who buys or takes possession of an agricultural commodity from a producer for marketing. If a producer markets the agricultural commodity directly to consumers, the producer shall be considered to be the first handler with respect to the agricultural commodity produced by the producer.

(6) IMPORTER.—The term "importer" means any person who imports an agricultural commodity from outside the United States for sale in the United States as a principal or as an agent, broker, or consignee of any person.

(7) INFORMATION.—The term "information" means information and programs that are designed to increase—

(A) efficiency in processing; and

(B) the development of new markets, marketing strategies, increased marketing efficiency, and activities to enhance the image of agricultural commodities on a national or international basis.

(8) MARKET.—The term "market" means to sell or to otherwise dispose of an agricultural commodity in interstate, foreign, or intrastate commerce.

(9) ORDER.—The term "order" means an order issued by the Secretary under section 514 that provides for a program of generic promotion, research, and information regarding agricultural commodities designed to—

(A) strengthen the position of agricultural commodity industries in the marketplace;

(B) maintain and expand existing domestic and foreign markets and uses for agricultural commodities;

(C) develop new markets and uses for agricultural commodities; or

(D) assist producers in meeting their conservation objectives.

(10) PERSON.—The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or any other legal entity.

(11) PRODUCER.—The term "producer" means any person who is engaged in the production and sale of an agricultural commodity in the United States and who owns, or shares the ownership and risk of loss of, the agricultural commodity.

(12) PROMOTION.—The term "promotion" means any action taken by a board under an order, including paid advertising, to present a favorable image of an agricultural commodity to the public to improve the competitive position of the agricultural commodity in the marketplace and to stimulate sales of the agricultural commodity.

(13) RESEARCH.—The term "research" means any type of test, study, or analysis designed to advance the image, desirability, use, marketability, production, product development, or quality of an agricultural commodity.

(14) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(15) STATE.—The term "State" means any of the States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

(16) SUSPEND.—The term "suspend" means to issue a rule under section 553 of title 5, United States Code, to temporarily prevent the operation of an order during a particular period of time specified in the rule.

(17) TERMINATE.—The term "terminate" means to issue a rule under section 553 of title 5, United States Code, to cancel permanently the operation of an order beginning on a date certain specified in the rule.

(18) UNITED STATES.—The term "United States" means collectively the 50 States, the District of Columbia, the Commonwealth of Puerto Rico and the territories and possessions of the United States.

SEC. 514. ISSUANCE OF ORDERS.

(a) ISSUANCE AUTHORIZED.—

(1) IN GENERAL.—To effectuate the purpose of this subtitle, the Secretary may issue, and amend from time to time, orders applicable to—

(A) the producers of an agricultural commodity;

(B) the first handlers of the agricultural commodity and other persons in the marketing chain as appropriate; and

(C) the importers of the agricultural commodity, if imports of the agricultural commodity are subject to assessment under section 516(f).

(2) NATIONAL SCOPE.—Each order issued under this section shall be national in scope.

(b) PROCEDURE FOR ISSUANCE.—

(1) DEVELOPMENT OR RECEIPT OF PROPOSED ORDER.—A proposed order with respect to an agricultural commodity may be—

(A) prepared by the Secretary at any time; or

(B) submitted to the Secretary by—

(i) an association of producers of the agricultural commodity; or

(ii) any other person that may be affected by the issuance of an order with respect to the agricultural commodity.

(2) CONSIDERATION OF PROPOSED ORDER.—If the Secretary determines that a proposed order is consistent with and will effectuate the purpose of this subtitle, the Secretary shall publish the proposed order in the Federal Register and give due notice and opportunity for public comment on the proposed order.

(3) EXISTENCE OF OTHER ORDERS.—In deciding whether a proposal for an order is consistent with and will effectuate the purpose of this subtitle, the Secretary may consider the existence of other Federal promotion, research, and information programs or orders issued or developed pursuant to any other law.

(4) PREPARATION OF FINAL ORDER.—After notice and opportunity for public comment under paragraph (2) regarding a proposed order, the Secretary shall take into consideration the comments received in preparing a final order. The Secretary shall ensure that the final order is in conformity with the terms, conditions, and requirements of this subtitle.

(c) ISSUANCE AND EFFECTIVE DATE.—If the Secretary determines that the final order developed with respect to an agricultural commodity is consistent with and will effectuate the purpose of this subtitle, the Secretary shall issue the final order. Except in the case of an order for which an initial referendum is conducted under section 518(a), the final order shall be issued and become effective not later than 270 days after the date of publication of the proposed order that was the basis for the final order.

(d) AMENDMENTS.—From time to time the Secretary may amend any order, consistent with the requirements of section 523.

SEC. 515. REQUIRED TERMS IN ORDERS.

(a) IN GENERAL.—Each order shall contain the terms and conditions specified in this section.

(b) BOARD.—

(1) ESTABLISHMENT.—Each order shall establish a board to carry out a program of generic promotion, research, and information regarding the agricultural commodity covered by the order and intended to effectuate the purpose of this subtitle.

(2) BOARD MEMBERSHIP.—

(A) NUMBER OF MEMBERS.—Each board shall consist of the number of members considered by the Secretary, in consultation with the agricultural commodity industry involved, to be appropriate to administer the order. In addition to members, the Secretary may also provide for alternates on the board.

(B) APPOINTMENT.—The Secretary shall appoint the members and any alternates of a board from among producers of the agricultural commodity and first handlers

and others in the marketing chain as appropriate. If imports of the agricultural commodity covered by an order are subject to assessment under section 516(f), the Secretary shall also appoint importers as members of the board and as alternates if alternates are included on the board. The Secretary may appoint 1 or more members of the general public to each board.

(C) NOMINATIONS.—The Secretary may make appointments from nominations made pursuant to the method set forth in the order.

(D) GEOGRAPHICAL REPRESENTATION.—To ensure fair and equitable representation of the agricultural commodity industry covered by an order, the composition of each board shall reflect the geographical distribution of the production of the agricultural commodity involved in the United States and the quantity or value of the agricultural commodity imported into the United States.

(3) REAPPORTIONMENT OF BOARD MEMBERSHIP.—In accordance with rules issued by the Secretary, at least once in each 5-year period, but not more frequently than once in each 3-year period, each board shall—

(A) review the geographical distribution in the United States of the production of the agricultural commodity covered by the order involved and the quantity or value of the agricultural commodity imported into the United States; and

(B) if warranted, recommend to the Secretary the reapportionment of the board membership to reflect changes in the geographical distribution of the production of the agricultural commodity and the quantity or value of the imported agricultural commodity.

(4) NOTICE.—

(A) VACANCIES.—Each order shall provide for notice of board vacancies to the agricultural commodity industry involved.

(B) MEETINGS.—Each board shall provide the Secretary with prior notice of meetings of the board to permit the Secretary, or a designated representative of the Secretary, to attend the meetings.

(5) TERM OF OFFICE.—

(A) IN GENERAL.—The members and any alternates of a board shall each serve for a term of 3 years, except that the members and any alternates initially appointed to a board shall serve for terms of not more than 2, 3, and 4 years, as specified by the order.

(B) LIMITATION ON CONSECUTIVE TERMS.—A member or alternate may serve not more than 2 consecutive terms.

(C) CONTINUATION OF TERM.—Notwithstanding subparagraph (B), each member or alternate shall continue to serve until a successor is appointed by the Secretary.

(D) VACANCIES.—A vacancy arising before the expiration of a term of office of an incumbent member or alternate of a board shall be filled in a manner provided for in the order.

(6) COMPENSATION.—

(A) IN GENERAL.—Members and any alternates of a board shall serve without compensation.

(B) TRAVEL EXPENSES.—If approved by a board, members or alternates shall be reimbursed for reasonable travel expenses, which may include a per diem allowance or actual subsistence incurred while away from their homes or regular places of business in the performance of services for the board.

(c) POWERS AND DUTIES OF A BOARD.—Each order shall specify the powers and duties of the board established under the order, which shall include the power and duty—

(1) to administer the order in accordance with its terms and conditions and to collect assessments;

(2) to develop and recommend to the Secretary for approval such bylaws as may be necessary for the functioning of the board and such rules as may be necessary to administer the order, including activities authorized to be carried out under the order;

(3) to meet, organize, and select from among the members of the board a chairperson, other officers, and committees and subcommittees, as the board determines to be appropriate;

(4) to employ persons, other than the members, as the board considers necessary to assist the board in carrying out its duties, and to determine the compensation and specify the duties of the persons;

(5) subject to subsection (e), to develop and carry out generic promotion, research, and information activities relating to the agricultural commodity covered by the order;

(6) to prepare and submit for the approval of the Secretary, before the beginning of each fiscal year, rates of assessment under section 517 and an annual budget of the anticipated expenses to be incurred in the administration of the order, including the probable cost of each promotion, research, and information activity proposed to be developed or carried out by the board;

(7) to borrow funds necessary for the startup expenses of the order;

(8) subject to subsection (f), to enter into contracts or agreements to develop and carry out generic promotion, research, and information activities relating to the agricultural commodity covered by the order;

(9) to pay the cost of the activities with assessments collected under section 517, earnings from invested assessments, and other funds;

(10) to keep records that accurately reflect the actions and transactions of the board, to keep and report minutes of each meeting of the board to the Secretary, and to furnish the Secretary with any information or records the Secretary requests;

(11) to receive, investigate, and report to the Secretary complaints of violations of the order; and

(12) to recommend to the Secretary such amendments to the order as the board considers appropriate.

(d) PROHIBITED ACTIVITIES.—A board may not engage in, and shall prohibit the employees and agents of the board from engaging in—

(1) any action that would be a conflict of interest;

(2) using funds collected by the board under the order, any action undertaken for the purpose of influencing any legislation or governmental action or policy other than recommending to the Secretary amendments to the order; and

(3) any advertising, including promotion, research, and information activities authorized to be carried out under the order, that may be false or misleading or disparaging to another agricultural commodity.

(e) ACTIVITIES AND BUDGETS.—

(1) ACTIVITIES.—Each order shall require the board established under the order to submit to the Secretary for approval plans and projects for promotion, research, or information relating to the agricultural commodity covered by the order.

(2) BUDGETS.—

(A) SUBMISSION TO SECRETARY.—Each order shall require the board established under the order to submit to the Secretary for approval a budget of its anticipated annual expenses and disbursements to be paid to administer the order. The budget shall be submitted before the beginning of a fiscal year and as frequently as may be necessary after the beginning of the fiscal year.

(B) REIMBURSEMENT OF SECRETARY.—Each order shall require that the Secretary be reimbursed for all expenses incurred by the Secretary in the implementation, administration, and supervision of the order, including all referenda costs incurred in connection with the order.

(3) INCURRING EXPENSES.—A board may incur the expenses described in paragraph (2) and other expenses for the administration, maintenance, and functioning of the board as authorized by the Secretary.

(4) PAYMENT OF EXPENSES.—Expenses incurred under paragraph (3) shall be paid by a board using assessments collected under section 517, earnings obtained from assessments, and other income of the board. Any funds borrowed by the board shall be expended only for startup costs and capital outlays.

(5) LIMITATION ON SPENDING.—For fiscal years beginning 3 or more years after the date of the establishment of a board, the board may not expend for administration (except for reimbursements to the Secretary required under paragraph (2)(B)), maintenance, and functioning of the board in a fiscal year an amount that exceeds 15 percent of the assessment and other income received by the board for the fiscal year.

(f) CONTRACTS AND AGREEMENTS.—

(1) IN GENERAL.—Each order shall provide that, with the approval of the Secretary, the board established under the order may—

(A) enter into contracts and agreements to carry out generic promotion, research, and information activities relating to the agricultural commodity covered by the order, in-

cluding contracts and agreements with producer associations or other entities as considered appropriate by the Secretary; and

(B) pay the cost of approved generic promotion, research, and information activities using assessments collected under section 517, earnings obtained from assessments, and other income of the board.

(2) REQUIREMENTS.—Each contract or agreement shall provide that any person who enters into the contract or agreement with the board shall—

(A) develop and submit to the board a proposed activity together with a budget that specifies the cost to be incurred to carry out the activity;

(B) keep accurate records of all of its transactions relating to the contract or agreement;

(C) account for funds received and expended in connection with the contract or agreement;

(D) make periodic reports to the board of activities conducted under the contract or agreement; and

(E) make such other reports as the board or the Secretary considers relevant.

(g) RECORDS OF BOARD.—

(1) IN GENERAL.—Each order shall require the board established under the order—

(A) to maintain such records as the Secretary may require and to make the records available to the Secretary for inspection and audit;

(B) to collect and submit to the Secretary, at any time the Secretary may specify, any information the Secretary may request; and

(C) to account for the receipt and disbursement of all funds in the possession, or under the control, of the board.

(2) AUDITS.—Each order shall require the board established under the order to have—

(A) its records audited by an independent auditor at the end of each fiscal year; and

(B) a report of the audit submitted directly to the Secretary.

(h) PERIODIC EVALUATION.—In accordance with section 501(c), each order shall require the board established under the order to provide for the independent evaluation of all generic promotion, research, and information activities undertaken under the order.

(i) BOOKS AND RECORDS OF PERSONS COVERED BY ORDER.—

(1) IN GENERAL.—Each order shall require that producers, first handlers and other persons in the marketing chain as appropriate, and importers covered by the order shall—

(A) maintain records sufficient to ensure compliance with the order and regulations;

(B) submit to the board established under the order any information required by the board to carry out its responsibilities under the order; and

(C) make the records described in subparagraph (A) available, during normal business hours, for inspection by employees or agents of the board or the Department, includ-

ing any records necessary to verify information required under subparagraph (B).

(2) TIME REQUIREMENT.—Any record required to be maintained under paragraph (1) shall be maintained for such time period as the Secretary may prescribe.

(3) OTHER INFORMATION.—The Secretary may use, and may authorize the board to use under this subtitle, information regarding persons subject to an order that is collected by the Department under any other law.

(4) CONFIDENTIALITY OF INFORMATION.—

(A) IN GENERAL.—Except as otherwise provided in this subtitle, all information obtained under paragraph (1) or as part of a referendum under section 518 shall be kept confidential by all officers, employees, and agents of the Department and of the board.

(B) DISCLOSURE.—Information referred to in subparagraph (A) may be disclosed only if—

(i) the Secretary considers the information relevant; and

(ii) the information is revealed in a judicial proceeding 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.

(C) OTHER EXCEPTIONS.—This paragraph shall not prohibit—

(i) the issuance of general statements based on reports or on information relating to a number of persons subject to an order 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 any person violating any order and a statement of the particular provisions of the order violated by the person.

(D) PENALTY.—Any person who willfully violates this subsection shall be subject, on conviction, to a fine of not more than $1,000 or to imprisonment for not more than 1 year, or both.

(5) WITHHOLDING INFORMATION.—This subsection shall not authorize the withholding of information from Congress.

SEC. 516. PERMISSIVE TERMS IN ORDERS.

(a) EXEMPTIONS.—An order issued under this subtitle may contain—

(1) authority for the Secretary to exempt from the order any de minimis quantity of an agricultural commodity otherwise covered by the order; and

(2) authority for the board established under the order to require satisfactory safeguards against improper use of the exemption.

(b) DIFFERENT PAYMENT AND REPORTING SCHEDULES.—An order issued under this subtitle may contain authority for the board established under the order to designate different payment and reporting schedules to recognize differences in agricultural commodity industry marketing practices and procedures used in different production and importing areas.

(c) ACTIVITIES.—An order issued under this subtitle may contain authority to develop and carry out research, promotion, and information activities designed to expand, improve, or make more efficient the marketing or use of the agricultural commodity covered by the order in domestic and foreign markets. Section 515(e) shall apply with respect to activities authorized under this subsection.

(d) RESERVE FUNDS.—An order issued under this subtitle may contain authority to reserve funds from assessments collected under section 517 to permit an effective and continuous coordinated program of research, promotion, and information in years when the yield from assessments may be reduced, except that the amount of funds reserved may not exceed the greatest aggregate amount of the anticipated disbursements specified in budgets approved under section 515(e) by the Secretary for any 2 fiscal years.

(e) CREDITS.—

(1) GENERIC ACTIVITIES.—An order issued under this subtitle may contain authority to provide credits of assessments for those individuals who contribute to other similar generic research, promotion, and information programs at the State, regional, or local level.

(2) BRANDED ACTIVITIES.—

(A) IN GENERAL.—The Secretary may permit a farmer cooperative that engages in branded activities relating to the marketing of the products of members of the cooperative to receive an annual credit for the activities and related expenditures in the form of a deduction of the total cost of the activities and related expenditures from the amount of any assessment that would otherwise be required to be paid by the producer members of the cooperative under an order issued under this subtitle.

(B) ELECTION BY COOPERATIVE.—A farmer cooperative may elect to voluntarily waive the application of subparagraph (A) to the cooperative.

(f) ASSESSMENT OF IMPORTS.—An order issued under this subtitle may contain authority for the board established under the order to assess under section 517 an imported agricultural commodity, or products of such an agricultural commodity, at a rate comparable to the rate determined by the appropriate board for the domestic agricultural commodity covered by the order.

(g) OTHER AUTHORITY.—An order issued under this subtitle may contain authority to take any other action that—

(1) is not inconsistent with the purpose of this subtitle, any term or condition specified in section 515, or any rule issued to carry out this subtitle; and

(2) is necessary to administer the order.

SEC. 517. ASSESSMENTS.

(a) ASSESSMENTS AUTHORIZED.—While an order issued under this subtitle is in effect with respect to an agricultural commodity, assessments shall be—

(1) paid by first handlers with respect to the agricultural commodity produced and marketed in the United States; and

(2) paid by importers with respect to the agricultural commodity imported into the United States, if the imported agricul-

tural commodity is covered by the order pursuant to section 516(f).

(b) COLLECTION.—Assessments required under an order shall be remitted to the board established under the order at the time and in the manner prescribed by the order.

(c) LIMITATION ON ASSESSMENTS.—Not more than 1 assessment may be levied on a first handler or importer under subsection (a) with respect to any agricultural commodity.

(d) ASSESSMENT RATES.—The board shall recommend to the Secretary 1 or more rates of assessment to be levied under subsection (a). If approved by the Secretary, the rates shall take effect. An order may provide that an assessment rate may not be increased unless approved by a referendum conducted pursuant to section 518.

(e) LATE-PAYMENT AND INTEREST CHARGES.—

(1) IN GENERAL.—Late-payment and interest charges may be levied on each person subject to an order who fails to remit an assessment in accordance with subsection (b).

(2) RATE.—The rate for the charges shall be specified by the Secretary.

(f) INVESTMENT OF ASSESSMENTS.—Pending disbursement of assessments under a budget approved by the Secretary, a board may invest assessments collected under this section in—

(1) obligations of the United States or any agency of the United States;

(2) general obligations of any State or any political subdivision of a State;

(3) interest-bearing accounts or certificates of deposit of financial institutions that are members of the Federal Reserve System; or

(4) obligations fully guaranteed as to principal and interest by the United States.

(g) REFUND OF ASSESSMENTS FROM ESCROW ACCOUNT.—

(1) ESCROW ACCOUNT.—During the period beginning on the effective date of an order and ending on the date the Secretary announces the results of a referendum that is conducted under section 518(b)(1) with respect to the order, the board established under the order shall—

(A) establish and maintain an escrow account of the kind described in subsection (f)(3) to be used to refund assessments; and

(B) deposit funds in the account in accordance with paragraph (2).

(2) AMOUNT TO BE DEPOSITED.—The board shall deposit in the account an amount equal to 10 percent of the assessments collected during the period referred to in paragraph (1).

(3) RIGHT TO RECEIVE REFUND.—Subject to paragraphs (4), (5), and (6), persons subject to an order shall be eligible to demand a refund of assessments collected during the period referred to in paragraph (1) if—

(A) the assessments were remitted on behalf of the person; and

(B) the order is not approved in the referendum.

(4) FORM OF DEMAND.—The demand for a refund shall be made at such time and in such form as specified by the order.

(5) PAYMENT OF REFUND.—A person entitled to a refund shall be paid promptly after the board receives satisfactory proof that the assessment for which the refund is demanded was paid on behalf of the person who makes the demand.

(6) PRORATION.—If the funds in the escrow account required by paragraph (1) are insufficient to pay the amount of all refunds that persons subject to an order otherwise would have a right to receive under this subsection, the board shall prorate the amount of the funds among all the persons.

(7) CLOSING OF ESCROW ACCOUNT.—If the order is approved in a referendum conducted under section 518(b)(1)—

(A) the escrow account shall be closed; and

(B) the funds shall be available to the board for disbursement as authorized in the order.

SEC. 518. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) OPTIONAL REFERENDUM.—For the purpose of ascertaining whether the persons to be covered by an order favor the order going into effect, the order may provide for the Secretary to conduct an initial referendum among persons to be subject to an assessment under section 517 who, during a representative period determined by the Secretary, engaged in—

(A) the production or handling of the agricultural commodity covered by the order; or

(B) the importation of the agricultural commodity.

(2) PROCEDURE.—The results of the referendum shall be determined in accordance with subsection (e). The Secretary may require that the agricultural commodity industry involved post a bond or other collateral to cover the cost of the referendum.

(b) REQUIRED REFERENDA.—

(1) IN GENERAL.—For the purpose of ascertaining whether the persons covered by an order favor the continuation, suspension, or termination of the order, the Secretary shall conduct a referendum among persons subject to assessments under section 517 who, during a representative period determined by the Secretary, have engaged in—

(A) the production or handling of the agricultural commodity covered by the order; or

(B) the importation of the agricultural commodity.

(2) TIME FOR REFERENDUM.—The referendum shall be conducted not later than 3 years after assessments first begin under the order.

(3) EXCEPTION.—This subsection shall not apply if an initial referendum was conducted under subsection (a).

(c) SUBSEQUENT REFERENDA.—The Secretary shall conduct a subsequent referendum—

(1) not later than 7 years after assessments first begin under the order;

(2) at the request of the board established under the order; or

(3) at the request of 10 percent or more of the number of persons eligible to vote under subsection (b)(1);

to determine if the persons favor the continuation, suspension or termination of the order.

(d) OTHER REFERENDA.—The Secretary may conduct a referendum at any time to determine whether the continuation, suspension, or termination of the order or a provision of the order is favored by persons eligible to vote under subsection (b)(1).

(e) APPROVAL OF ORDER.—An order may provide for its approval in a referendum—

(1) by a majority of those persons voting;

(2) by persons voting for approval who represent a majority of the volume of the agricultural commodity; or

(3) by a majority of those persons voting for approval who also represent a majority of the volume of the agricultural commodity.

(f) COSTS OF REFERENDA.—The board established under an order with respect to which a referendum is conducted under this section shall reimburse the Secretary for any expenses incurred by the Secretary to conduct the referendum.

(g) MANNER OF CONDUCTING REFERENDA.—

(1) IN GENERAL.—A referendum conducted under this section shall be conducted in the manner determined by the Secretary to be appropriate.

(2) ADVANCE REGISTRATION.—If the Secretary determines that an advance registration of eligible voters in a referendum is necessary before the voting period in order to facilitate the conduct of the referendum, the Secretary may institute the advance registration procedures by mail, or in person through the use of national and local offices of the Department.

(3) VOTING.—Eligible voters may vote by mail ballot in the referendum or in person if so prescribed by the Secretary.

(4) NOTICE.—Not later than 30 days before a referendum is conducted under this section with respect to an order, the Secretary shall notify the agricultural commodity industry involved, in such manner as determined by the Secretary, of the period during which voting in the referendum will occur. The notice shall explain any registration and voting procedures established under this subsection.

SEC. 519. PETITION AND REVIEW OF ORDERS.

(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, any provision of the order, or any 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) HEARING.—The Secretary shall give the petitioner 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. The ruling shall be final, subject to review as set forth in subsection (b).

(4) LIMITATION ON PETITION.—Any petition filed under this subsection challenging an order, any provision of the order, or any obligation imposed in connection with the order, shall be

filed within 2 years after the effective date of the order, provision, or obligation subject to challenge in the petition.

(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 the final 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 the final ruling by the Secretary under subsection (a)(3).

(2) PROCESS.—Service of process in a proceeding may be made on the Secretary by delivering a copy of the complaint to the Secretary.

(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 determines to be in accordance with law; or

(B) to take such further action as, in the opinion of the court, the law requires.

(c) EFFECT ON ENFORCEMENT PROCEEDINGS.—The pendency of a petition filed under subsection (a) or an action commenced under subsection (b) shall not operate as a stay of any action authorized by section 520 to be taken to enforce this subtitle, including any rule, order, or penalty in effect under this subtitle.

SEC. 520. ENFORCEMENT.

(a) JURISDICTION.—The district courts of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain a person from violating, an order or regulation issued 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 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 an administrative action under this section.

(c) CIVIL PENALTIES AND ORDERS.—

(1) CIVIL PENALTIES.—A person who willfully violates an order or regulation issued by the Secretary under this Act may be assessed by the Secretary a civil penalty of not less than $1,000 and not more than $10,000 for each violation.

(2) SEPARATE OFFENSE.—Each violation and each day during which there is a failure to comply with an order or regulation issued by the Secretary shall be considered to be a separate offense.

(3) CEASE-AND-DESIST ORDERS.—In addition to, or in lieu of, a civil penalty, the Secretary may issue an order requiring a person to cease and desist from violating the order or regulation.

(4) NOTICE AND HEARING.—No order assessing a penalty or cease-and-desist order may be issued by the Secretary under this subsection unless the Secretary provides notice and an op-

portunity for a hearing on the record with respect to the violation.

(5) FINALITY.—An order assessing a penalty or a cease-and-desist order issued under this subsection by the Secretary shall be final and conclusive unless the person against whom the order is issued files an appeal from the order with the United States court of appeals, as provided in subsection (d).

(d) REVIEW BY COURT OF APPEALS.—

(1) IN GENERAL.—A person against whom an order is issued under subsection (c) may obtain review of the order by—

(A) filing, not later than 30 days after the person receives notice of the order, a notice of appeal in—

(i) the United States court of appeals for the circuit in which the person resides or carries on business; or

(ii) the United States Court of Appeals for the District of Columbia Circuit; and

(B) simultaneously sending a copy of the notice of appeal by certified mail to the Secretary.

(2) RECORD.—The Secretary shall file with the court 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 on the record.

(e) FAILURE TO OBEY CEASE-AND-DESIST ORDERS.—A person who fails to obey a valid cease-and-desist order issued by the Secretary under this section, after an opportunity for a hearing, shall be subject to a civil penalty assessed by the Secretary of not less than $1,000 and not more than $10,000 for each offense. Each day during which the failure continues shall be considered to be a separate violation of the cease-and-desist order.

(f) FAILURE TO PAY PENALTIES.—If a person fails to pay a civil penalty imposed under this section by 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 for any district in which the person resides or carries on business. In the action, the validity and appropriateness of the order imposing the civil penalty shall not be subject to review.

(g) ADDITIONAL REMEDIES.—The remedies provided in this section shall be in addition to, and not exclusive of, other remedies that may be available.

SEC. 521. 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; or

(2) to determine whether any person subject to this subtitle has engaged, or is about engage, in any action that constitutes or will constitute a violation of this subtitle or any order or regulation issued under this subtitle.

(b) SUBPOENAS, OATHS, AND AFFIRMATIONS.—For the purpose of any 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 or documents that are relevant to the inquiry. The attend-

ance of witnesses and the production of records or documents 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 require the attendance and testimony of the person or the production of records or documents. The court may issue an order requiring the person to appear before the Secretary to produce records or documents or to give testimony regarding the matter under investigation.

(d) CONTEMPT.—Any failure to obey the order of the court may be punished by the court as a contempt of the court.

(e) PROCESS.—Process in any case under this section may be served in the judicial district in which the person resides or carries on business or wherever the person may be found.

SEC. 522. SUSPENSION OR TERMINATION.

(a) MANDATORY SUSPENSION OR TERMINATION.—The Secretary shall suspend or terminate an order or a provision of an order if the Secretary finds that an order or a provision of an order obstructs or does not tend to effectuate the purpose of this subtitle, or if the Secretary determines that the order or a provision of an order is not favored by persons voting in a referendum conducted under section 518.

(b) IMPLEMENTATION OF SUSPENSION OR TERMINATION.—If, as a result of a referendum conducted under section 518, the Secretary determines that an order is not approved, the Secretary shall—

(1) not later than 180 days after making the determination, suspend or terminate, as the case may be, collection of assessments under the order; and

(2) as soon as practicable, suspend or terminate, as the case may be, activities under the order in an orderly manner.

SEC. 523. AMENDMENTS TO ORDERS.

The provisions of this subtitle applicable to an order shall be applicable to any amendment to an order, except that section 518 shall not apply to an amendment.

SEC. 524. EFFECT ON OTHER LAWS.

This subtitle shall not affect or preempt any other Federal or State law authorizing promotion or research relating to an agricultural commodity.

SEC. 525. REGULATIONS.

The Secretary may issue such regulations as may be necessary to carry out this subtitle and the power vested in the Secretary under this subtitle.

SEC. 526. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated such sums as may be necessary to carry out this subtitle.

(b) LIMITATION ON EXPENDITURES FOR ADMINISTRATIVE EXPENSES.—Funds appropriated to carry out this subtitle may not be expended for the payment of expenses incurred by a board to administer an order.

Subtitle C—Canola and Rapeseed

SEC. 531. SHORT TITLE.

This subtitle may be cited as the "Canola and Rapeseed Research, Promotion, and Consumer Information Act".

SEC. 532. 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—

(A) canola and rapeseed products are produced by thousands of canola and rapeseed producers and processed by numerous processing entities; and

(B) 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. 533. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term "Board" means the National Canola and Rapeseed Board established under section 535(b).

(2) CANOLA; RAPESEED.—The terms "canola" and "rapeseed" mean 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 PRODUCT.—The term "canola or rapeseed product" means a product 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 who buys or otherwise acquires 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 a program 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 534.

(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 a 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 other persons 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) 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.

(17) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(18) STATE.—The term "State" means any of the 50 States, the District of Columbia and the Commonwealth of Puerto Rico.

(19) UNITED STATES.—The term "United States" means collectively the 50 States, the District of Columbia, and the Commonwealth of Puerto Rico.

SEC. 534. 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 may amend an order issued under this section.

SEC. 535. 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 the 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 1 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.—For the purposes of section 536, 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.—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.

(C) TERMINATION OF TERMS.—Notwithstanding subparagraph (B), each member shall continue to serve until a successor is appointed by the Secretary.

(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 issue 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 536, 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 536;

(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 536, 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 536 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 a producer organization for any services required in addition to the services described in paragraph (1). The contract shall include provisions comparable to the provisions 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 of-

ficer 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 a number of persons subject to an 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 FOR LAW ENFORCEMENT.—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.

(4) 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 OF INFORMATION.—Nothing in this subtitle authorizes the withholding of information from Congress.

(i) USE OF ASSESSMENTS.—The order shall provide that the assessments collected under section 536 shall be used for payment of the expenses in implementing and administering this subtitle, with provision for a reasonable reserve, and to cover administrative costs incurred by the Secretary in implementing and administering this subtitle.

(j) OTHER TERMS AND CONDITIONS.—The order shall contain such other terms and conditions, not inconsistent with this subtitle, as are determined necessary by the Secretary to effectuate this subtitle.

SEC. 536. 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 State organization certified to represent producers under section 535(b)(6), 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 OF ASSESSMENTS.—

(1) IN GENERAL.—Assessments required under subsection (a) shall be remitted to the Board by a first purchaser. The Board shall use State organizations certified to represent producers under section 535(b)(6) to collect the assessments. If an appropriate certified State organization does not exist to collect an assessment, the assessment shall be collected by the Board. There shall be only 1 certified State organization 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 537(a), the Board recommends an increase above 10 cents per hundredweight; and

(B) the increase is approved in a referendum under section 537(b).

(3) CREDIT.—A producer who demonstrates to the Board that the producer is participating in a program of a State organization certified to represent producers under section 535(b)(6) 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 534(b)(3) and ending on the date on which a referendum is conducted under section 537(a), the Board shall—

(A) establish and maintain an escrow account to be used for assessment refunds; and

(B) place funds in the account in accordance with paragraph (2).

(2) PLACEMENT OF FUNDS IN ACCOUNT.—The Board shall place in the account, from assessments collected during the pe-

riod 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 537(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 537(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 537(a), all funds in the escrow account shall be returned to the Board for use by the Board in accordance with this subtitle.

SEC. 537. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) REQUIREMENT.—During the period ending 30 months after the date on which an order is first issued under section 534(b)(3), 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 contain 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 the producers voting in the referendum, the Secretary shall terminate collection of assessments under the order within 180 days 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 as determined by the Secretary, 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 180 days 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 make a request for 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. 538. 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 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.

(4) LIMITATION ON PETITION.—Any petition filed under this subtitle challenging an order, or any obligation imposed in connection with an order, shall be filed not later than 2 years after the effective date of the order or imposition of the obligation.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States for 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 539.

SEC. 539. 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 committing the violation or by administrative action under subsection (c).

(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 reg-

ulation, 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 cease-and-desist 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 in 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 cease-and-desist order by—

(A) filing, within the 30-day period beginning on the date the penalty is assessed or cease-and-desist order issued, a notice of appeal in—

(i) the district court of the United States for the district in which the person resides or carries on 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 determined that the person committed the 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 CEASE-AND-DESIST ORDERS.—Any person who fails to obey a cease-and-desist order issued under this section after the cease-and-desist 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 cease-and-desist 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 of the United States for any district in which the person resides or carries on 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. 540. 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 538 or 539, 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 carries on business or wherever the person may be found.

(f) HEARING SITE.—The site of a hearing held under section 538 or 539 shall be in the judicial district where the person affected by the hearing resides or has a principal place of business.

SEC. 541. SUSPENSION OR TERMINATION.

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, suspend or terminate the operation of the order or provision. The suspension or termination of an

order shall not be considered an order within the meaning of this subtitle.

SEC. 542. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 543. 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 D—Kiwifruit

SEC. 551. SHORT TITLE.

This subtitle may be cited as the "National Kiwifruit Research, Promotion, and Consumer Information Act".

SEC. 552. 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. 553. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term "Board" means the National Kiwifruit Board established under section 555.

(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 in or imported into 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 554.

(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 purpose 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 of 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. 554. ISSUANCE OF ORDERS.

(a) ISSUANCE.—To effectuate the purposes of this subtitle specified in section 552(b), 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. 555. NATIONAL KIWIFRUIT BOARD.

(a) MEMBERSHIP.—An order issued by the Secretary under section 554 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 556(b).

(2) 4 members who are importers (or representatives of importers) and who are not exempt from an assessment under section 556(b) or are exporters (or representatives of exporters).

(3) 1 member appointed from the general public.

(b) ADJUSTMENT OF MEMBERSHIP.—

(1) IN GENERAL.—Subject to the 11-member limit and to paragraph (2), the Secretary may adjust membership on the Board to accommodate changes in production and import levels of kiwifruit.

(2) NUMBER OF PRODUCER MEMBERS.—Producers shall comprise not less than 51 percent of the membership of the Board.

(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 and alternates on a basis provided for in the order. If the Board fails to nominate a public rep-

resentative, 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 member 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 554, 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 organizations involved in promoting kiwifruit that are chartered by a State, the District of Columbia, or the Commonwealth of Puerto Rico.

SEC. 556. REQUIRED TERMS IN ORDER.

(a) BUDGETS AND PLANS.—

(1) IN GENERAL.—An order issued under section 554 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 and carrying out of 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 rate 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 an equivalent rate.

(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 557(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, employees, and agents of the Department of Agriculture 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) the 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 554(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 of Agriculture, shall be removed from office.

(h) WITHHOLDING OF INFORMATION.—Nothing in this subtitle authorizes the withholding of information from Congress.

SEC. 557. 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 554 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 556(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 556(b) and funds from other sources for the development and expansion of sales in foreign markets of kiwifruit produced in the United States.

SEC. 558. 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 issue 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 connection with an order, shall be filed not later than 2 years after the effective date of the order or imposition of the obligation.

(b) REVIEW.—

(1) COMMENCEMENT OF ACTION.—The district court of the United States for 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 559.

SEC. 559. 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 Attor-

ney 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 the 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 of the order in 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 cease-and-desist order in the district court of the United States for the district in which the person resides or carries on 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 on which the penalty is assessed or cease-and-desist order issued; 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 committed the 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 CEASE-AND-DESIST ORDERS.—Any person who fails to obey a cease-and-desist order issued by the Secretary after the cease-and-desist 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 cease-and-desist 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 for any district in which the person resides or carries on business. In an action for recovery, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

SEC. 560. 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 558 or 559, 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 court.

(e) PROCESS.—Process in any such case may be served in the judicial district in which the person resides or carries on business or wherever the person may be found.

(f) HEARING SITE.—The site of any hearing held under section 558 or 559 shall be in the judicial district where the person affected by the hearing resides or has a principal place of business.

SEC. 561. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) REFERENDUM REQUIRED.—During the 60-day period immediately preceding the proposed effective date of an order issued under section 554, 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 554, 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 favoring approval 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 554 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. 562. SUSPENSION OR TERMINATION.

(a) IN GENERAL.—If the Secretary finds that an order issued under section 554, or a provision of the order, obstructs or does not tend to effectuate the purposes of this subtitle, the Secretary shall suspend or terminate the operation of the order or provision.

(b) LIMITATION.—The suspension or termination of any order, or any provision of an order, shall not be considered an order under this subtitle.

SEC. 563. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 564. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for each fiscal year such sums as are necessary to carry out this subtitle.

Subtitle E—Popcorn

SEC. 571. SHORT TITLE.

This subtitle may be cited as the "Popcorn Promotion, Research, and Consumer Information Act".

SEC. 572. 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. 573. DEFINITIONS.

In this subtitle (unless the context otherwise requires):

(1) BOARD.—The term "Board" means the Popcorn Board established under section 575(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 or a program 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 574.

(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. 574. ISSUANCE OF ORDERS.

(a) IN GENERAL.—To effectuate the policy described in section 572(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. 575. 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 issue 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 services required in addition to the services described in paragraph (1). 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 accu-

mulated 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 a number of persons subject to an 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 other 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. 576. REFERENDA.

(a) INITIAL REFERENDUM.—

(1) IN GENERAL.—Within the 60-day period immediately preceding the effective date of an order, as provided in section

574(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 574(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 suspension or termination 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 575(i)(3)(C)(ii).

SEC. 577. 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 578.

SEC. 578. 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. 579. 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 carries on business or wherever the person may be found.

SEC. 580. 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. 581. REGULATIONS.

The Secretary may issue such regulations as are necessary to carry out this subtitle.

SEC. 582. 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 F—Miscellaneous

SEC. 591. MAINTENANCE OF RECORDS FOR HONEY PROMOTION PROGRAM.

Section 9(f) of the Honey Research, Promotion, and Consumer Information Act (7 U.S.C. 4608(f)) is amended by inserting "producers," after "importers,".

TITLE VI—CREDIT

Subtitle A—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 make a direct loan under this subtitle only 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), the Secretary may make a direct loan under this subtitle 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 a loan to the farmer or rancher under subparagraph (A) 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 a loan to the farmer or rancher under subparagraph (A) after the date that is 5 years after the date of enactment of this paragraph.".

SEC. 602. PURPOSES OF LOANS.

(a) IN GENERAL.—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 described in section 304 on a 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 described in section 304 on a farm or ranch; or

"(E) refinancing indebtedness.

"(b) PREFERENCES.—In making or guaranteeing a loan under this subtitle for purchase of a farm or ranch, the Secretary shall give preference to a person who—

"(1) has a dependent family;

"(2) to the extent practicable, is able to make an initial down payment on the farm or ranch; 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.—After the Secretary makes the determination required by paragraph (2), 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).".

(b) TRANSITIONAL PROVISION.—Section 303(c)(1) of the Consolidated Farm and Rural Development Act shall not apply until the Secretary of Agriculture makes the determination required by section 303(c)(2) of the Act.

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 at least 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 paragraphs (5) and (6), 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 not more than 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 outstanding under this subtitle for acquiring a farm or ranch.".

Subtitle B—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 make a direct loan under this subtitle only 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 received a previous direct operating loan made under this subtitle; or

"(C) has received a previous direct operating loan made under this subtitle during 6 or fewer 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.

(a) IN GENERAL.—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 farm or ranch 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 changing 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 in complying 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 farm or ranch 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 changing 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.—After the Secretary makes the determination required by paragraph (2), 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 the 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 by paragraph (1).

"(d) PRIVATE RESERVE.—

"(1) IN GENERAL.—Notwithstanding any other provision of this title, the Secretary may reserve a portion of any loan made under this subtitle to be placed in an unsupervised bank account that may be used at the discretion of the borrower for the basic family needs of the borrower and the immediate family of the borrower.

"(2) LIMIT ON SIZE OF THE RESERVE.—The size of the reserve shall not exceed the least of—

"(A) 10 percent of the loan;

"(B) $5,000; or

"(C) the amount needed to provide for the basic family needs of the borrower and the borrower's immediate family for 3 calendar months.".

(b) TRANSITIONAL PROVISION.—Section 312(c)(1) of the Consolidated Farm and Rural Development Act shall not apply until the Secretary of Agriculture makes the determination required by section 312(c)(2) of the Act.

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 under this subtitle, each year during 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.

"(4) TERMINATION OF DELINQUENT LOANS.—If a borrower does not pay an installment on a line-of-credit loan on schedule, the borrower may not take an advance or draw on the line-of-credit, unless the Secretary determines that—

"(A) the borrower's failure to pay on schedule was due to unusual conditions that the borrower could not control; and

"(B) the borrower will reduce the line-of-credit balance to the scheduled level at the end of—

"(i) the production cycle; or

"(ii) the marketing of the borrower's agricultural products.

"(5) AGRICULTURAL COMMODITIES.—A line-of-credit loan may be used to finance the production or marketing of an agricultural commodity that—

"(A) is eligible for a price support program of the Department of Agriculture; or

"(B) was eligible for a price support program of the Department of Agriculture on the day before the date of enactment of the Federal Agriculture Improvement and Reform Act of 1996.".

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.".

Subtitle C—Emergency Loans

SEC. 621. HAZARD INSURANCE REQUIREMENT.

(a) IN GENERAL.—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.—After the Secretary makes the determination required by paragraph (2), 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).".

(b) TRANSITIONAL PROVISION.—Section 321(b)(1) of the Consolidated Farm and Rural Development Act shall not apply until the Secretary of Agriculture makes the determination required by section 321(b)(2) of the Act.

SEC. 622. NARROWING OF AUTHORITY TO WAIVE APPLICATION OF THE CREDIT ELSEWHERE TEST.

The second proviso of section 322(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1962(b)) is amended by striking "$300,000 or less" and inserting "$100,000 or less".

SEC. 623. LINKING OF EMERGENCY LOANS FOR CROP OR LIVESTOCK CHANGES TO NATURAL DISASTERS.

Section 323 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1963) is amended by inserting "that are necessitated by a natural disaster, major disaster, or emergency and that are" after "livestock changes".

SEC. 624. 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 to a borrower who has suffered a loss in an amount 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. 625. ESTABLISHMENT OF DATE FOR EMERGENCY LOAN ASSET VALUATION.

The last sentence of section 324(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1964(d)) is amended by striking "value the assets" and all that follows through the period and inserting "establish the value of the assets as of the day before the occurrence of the natural disaster, major disaster, or emergency that is the basis for a request for assistance under this subtitle or the

Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).".

SEC. 626. INSURANCE OF EMERGENCY LOANS.

Section 328 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1968) is repealed.

Subtitle D—Administrative Provisions

SEC. 631. TEMPORARY AUTHORITY TO ENTER INTO CONTRACTS.

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) TEMPORARY AUTHORITY TO ENTER INTO CONTRACTS.—

"(1) DEFINITIONS.—In this subsection:

"(A) ELIGIBLE FINANCIAL INSTITUTION.—The term 'eligible financial institution' means a financial institution with substantial experience in farm, ranch, or aquaculture lending that is regulated by the Comptroller of the Currency, the Farm Credit Administration, or a similar regulatory body.

"(B) PILOT PROJECT.—The term 'pilot project' includes services related to borrower loan documentation, financial information, credit history, and appraisals of real estate and chattel.

"(2) AUTHORITY.—The Secretary may enter into a contract with an eligible financial institution for servicing a farmer program loan under this title, including 1 or more pilot projects.

"(3) REPORT.—Not later than September 30, 1997, and September 30 of each year thereafter, the Secretary shall report to Congress on—

"(A) the Secretary's experience in using contracts under paragraph (2); and

"(B) recommendations for legislation related to this subsection, if any.

"(4) SAVINGS CLAUSE.—Nothing in this subsection shall limit the authority of the Secretary or an eligible financial institution to contract for any services under this Act or any other law.

"(5) SUNSET PROVISION.—This subsection shall be effective until September 30, 2002.".

SEC. 632. USE OF COLLECTION AGENCIES.

Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) (as amended by section 631) is amended by adding at the end the following:

"(e) PRIVATE COLLECTION AGENCY.—The Secretary may use a private collection agency to collect a claim or obligation described in subsection (b)(5).".

SEC. 633. 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. 634. CLARIFICATION OF WRITTEN STATEMENT REQUIRED OF BORROWERS.

Section 333(1)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983(1)(B)) is amended by striking "a written statement showing the applicant's net worth" and inserting "an appropriate written financial statement".

SEC. 635. ANNUAL REVIEW OF THE CREDIT HISTORY, BUSINESS OPERATION, AND CONTINUED ELIGIBILITY OF A BORROWER.

(a) IN GENERAL.—Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) is amended—

(1) by redesignating paragraphs (2), (3), and (4) as paragraphs (3), (4), and (5), respectively; and

(2) by inserting after paragraph (1) the following:

"(2) except with respect to a loan under section 306, 310B, or 314, the county or area committee established under section 8(b)(5)(B) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)(B)) to certify in writing—

"(A) that an annual review of the credit history and business operation of the borrower has been conducted; and

"(B) that a review of the continued eligibility of the borrower for the loan has been conducted;".

(b) CONFORMING AMENDMENT.—The third sentence of section 310B(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(a)) is amended by striking "(3) of" and inserting "(4) of".

SEC. 636. EXTENSION OF VETERANS PREFERENCE.

Section 333 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983) (as amended by section 635(a)) is amended by striking paragraph (5) and inserting the following:

"(5) the application of a person who is a veteran of any war, as defined in section 101(12) of title 38, United States Code, for a loan under subtitle A or B to be given preference over a similar application from a person who is not a veteran of any war, if the applications are on file in a county or area office at the same time.".

SEC. 637. VERIFICATION OF THE CREDIT ELSEWHERE TEST.

Section 333A(f)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(f)(4)) is amended—

(1) by striking "(4) With" and all that follows through "seasoned" and inserting the following:

"(4) VERIFICATION.—

"(A) IN GENERAL.—The Secretary shall provide a prospectus of a seasoned"; and

(2) by striking "If the Secretary" and inserting the following:

"(B) NOTIFICATION.—The Secretary shall notify each borrower of a loan that a prospectus has been provided to a lender under subparagraph (A).

"(C) CREDIT EXTENDED.—If the Secretary".

SEC. 638. 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 using 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 offer 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) not later than 75 days after acquiring the real property, the Secretary shall, not later than 30 days after the 75-day period, 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, not later than 60 days after the lease expires, the Secretary shall offer to sell the property in accordance with paragraph (1).

"(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, not later than 60 days after the date of enactment of this subparagraph, the Secretary shall offer to sell the property in accordance with paragraph (1).

"(3) INTEREST.—

"(A) IN GENERAL.—Subject to subparagraph (B), any conveyance of real property under this subsection shall include all of the interest of the United States in the property, including mineral rights.

"(B) CONSERVATION.—The Secretary may for conservation purposes grant or sell an easement, restriction, development right, or similar legal right to real property to a State, a political subdivision of a State, or a private non-

profit organization separately from the underlying fee or other rights to the property owned by the United States.

"(4) OTHER LAW.—The Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) shall not apply to any exercise of authority under this title.

"(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.—The Secretary may lease or contract to sell to a beginning farmer or rancher a farm or ranch acquired by the Secretary under this title if the beginning farmer or rancher qualifies for a credit sale or direct farm ownership loan under subtitle A but credit sale authority for loans or direct farm ownership loan funds, respectively, are not available.

"(ii) TERM.—The term of 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 becomes 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) EXPEDITED DETERMINATION.—

"(A) IN GENERAL.—On the request of an applicant, not later than 30 days after denial of the applicant's application, the appropriate State director shall provide an expedited review and determination of whether the applicant is a beginning farmer or rancher for the purpose of acquiring farm inventory property.

"(B) APPEAL.—The determination of a State Director under subparagraph (A) shall be final and not administratively appealable.

"(C) EFFECTS OF DETERMINATIONS.—

"(i) IN GENERAL.—The Secretary shall maintain statistical data on the number and results of determinations made under subparagraph (A) and the effect of the determinations 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 the review process under subparagraph (A) is adversely

affecting the selling of farm inventory property to beginning farmers or ranchers or the 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 an Indian 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, if the Secretary of the Interior agrees to an 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, if the tribe agrees to the assignment.

"(II) NOTICE TO TRIBE.—If an Indian 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 paragraphs (5), (6), and (9); and

(E) by redesignating paragraphs (4), (7), (8), and (10) as paragraphs (3), (4), (5), and (6), respectively.

SEC. 639. EASEMENTS ON INVENTORIED PROPERTY.

Section 335(g) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(g)) is amended—

(1) in paragraph (1)—

(A) by striking "(g)(1) Subject to paragraphs (2) through (5)" and inserting the following:

"(g) EASEMENTS ON INVENTORIED PROPERTY.—

"(1) IN GENERAL.—Subject to paragraph (2)"; and

(B) by striking ", as determined" and all that follows through "3801 et seq.)";

(2) by striking paragraph (2) and inserting the following:

"(2) LIMITATION.—The Secretary shall not establish a wetland conservation easement on an inventoried property that—

"(A) was cropland on the date the property entered the inventory of the Secretary; or

"(B) was used for farming at any time during the period beginning on the date 5 years before the property en-

tered the inventory of the Secretary and ending on the date the property entered the inventory of the Secretary.";

(3) by striking paragraphs (3), (4), (5), and (8);

(4) by striking "(6) The Secretary" and inserting the following:

"(3) NOTIFICATION.—The Secretary"; and

(5) by striking "(7) The appraised" and inserting the following:

"(4) APPRAISED VALUE.—The appraised".

SEC. 640. 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 the applicant is participating in a program under section 310E—"; and

(B) in subparagraph (F)—

(i) by striking "15 percent" and inserting "25 percent"; and

(ii) by inserting before the semicolon at the end the following: ", except that this subparagraph shall not apply to a loan made or guaranteed under subtitle B"; and

(2) by adding at the end the following:

"(12) DEBT FORGIVENESS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'debt forgiveness' means reducing or terminating a farmer program 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. 641. 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

(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 provided for in 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 guarantees of farm ownership loans under subtitle A; and

"(II) $1,900,000,000 shall be for guarantees of 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 guarantees of farm ownership loans under subtitle A; and

"(II) $1,950,000,000 shall be for guarantees of 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 guarantees of farm ownership loans under subtitle A; and

"(II) $2,000,000,000 shall be for guarantees of 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 guarantees of farm ownership loans under subtitle A; and

"(II) $2,050,000,000 shall be for guarantees of 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 guarantees of farm ownership loans under subtitle A; and

"(II) $2,100,000,000 shall be for guarantees of 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 guarantees of farm ownership loans under subtitle A; and

"(II) $2,100,000,000 shall be for guarantees of 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 guarantees of farm ownership loans under subtitle A; and

"(II) $2,100,000,000 shall be for guarantees of operating loans under subtitle B.

"(2) BEGINNING FARMERS AND RANCHERS.—

"(A) DIRECT LOANS.—

"(i) FARM OWNERSHIP LOANS.—

"(I) IN GENERAL.—Of the amounts made available under paragraph (1) for direct farm ownership loans, the Secretary shall reserve 70 percent for qualified beginning farmers and ranchers.

"(II) DOWN PAYMENT LOANS.—Of the amounts reserved for a fiscal year under subclause (I), the Secretary shall reserve 60 percent for the down

payment loan program under section 310E until April 1 of the fiscal year.

"(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 each of fiscal years 1996 through 1998, 25 percent;

"(II) for fiscal year 1999, 30 percent; and

"(III) for each of fiscal years 2000 through 2002, 35 percent.

"(iii) FUNDS RESERVED UNTIL SEPTEMBER 1.—Except as provided in clause (i)(II), funds reserved for qualified beginning farmers or ranchers under this subparagraph for a fiscal year shall be reserved only until September 1 of the fiscal year.

"(B) GUARANTEED LOANS.—

"(i) FARM OWNERSHIP LOANS.—Of the amounts made available under paragraph (1) for guarantees of 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 guarantees of operating loans, the Secretary shall reserve 40 percent for qualified beginning farmers and ranchers.

"(iii) FUNDS RESERVED UNTIL APRIL 1.—Funds reserved for qualified beginning farmers or ranchers under this subparagraph for a fiscal year shall be reserved only until April 1 of the 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 provide direct farm ownership loans approved by the Secretary to qualified beginning farmers and ranchers under the down payment loan program established under section 310E, if sufficient direct farm ownership loan funds are not otherwise available; and

"(ii) beginning on September 1 of each fiscal year, the Secretary shall use available unsubsidized guaranteed farm operating loan funds to provide direct farm ownership loans approved by the Secretary to qualified beginning farmers and ranchers, if sufficient direct farm ownership loan funds are not otherwise available.

"(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, by the Secretary during the fiscal year will be made to the extent of available 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 funds made available under subtitle C 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) shall not apply to any funds made available to the Secretary for any fiscal year under an Act making supplemental appropriations.

"(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, by the Secretary during the fiscal year will be made to the extent of available amounts.".

SEC. 642. CONTRACTS ON LOAN SECURITY PROPERTIES.

Section 349 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1997) is amended—

(1) by striking subsection (b) and inserting the following:

"(b) CONTRACTS ON LOAN SECURITY PROPERTIES.—Subject to subsection (c), the Secretary may enter into a contract related to real property for conservation, recreation, or wildlife purposes.";

(2) in subsection (c)—

(A) by striking "(c) Such easement" and all that follows through "if—" and inserting the following:

"(c) LIMITATIONS.—The Secretary may enter into a contract under subsection (b) if—";

(B) in paragraph (2), by adding "and" at the end;

(C) in paragraph (3)—

(i) by striking subparagraph (B);

(ii) by striking "(3)(A)(i)" and inserting "(3)(A)";

(iii) by striking "Farmers Home Administration" and inserting "Secretary";

(iv) by striking "(ii) such easement" and inserting "(B) such contract"; and

(v) by striking "; or" and inserting a period; and

(D) by striking paragraph (4);

(3) in subsection (d), by striking "easement" each place it appears and inserting "contract";

(4) in subsection (e)—

(A) in paragraph (1)—

(i) in the matter preceding subparagraph (A), by striking "purchase any such easement from the borrower—" and inserting "reduce or forgive the outstanding debt of a borrower—";

(ii) by striking "easement" each place it appears and inserting "contract"; and

(iii) by striking "Farmers Home Administration" each place it appears and inserting "Secretary"; and

(B) in paragraph (2)(A), by striking "easement is acquired" and inserting "contract is entered into";

(5) in subsection (f)—

(A) in paragraph (1), by striking "acquire easements" and inserting "enter into contracts"; and

(B) in paragraphs (2) and (3), by striking "easements" each place it appears and inserting "contracts"; and

(6) in subsection (g), by striking "an easement acquired" and inserting "a contract entered into".

SEC. 643. 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 AMENDMENT.—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".

SEC. 644. 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)—

(A) in the first sentence, 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 date of enactment of the Federal Agriculture Improvement and Reform Act of 1996, not later than 5 days after the date of enactment of the Act),"; and

(B) by striking the second sentence.

SEC. 645. 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.—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."; 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. 646. TRANSFER OF INVENTORY LAND FOR CONSERVATION PURPOSES.

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 in property 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 of the State and county where the property is located are consulted prior to the transfer.".

SEC. 647. 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, 115 S. Ct. 2097 (1995).".

SEC. 648. DELINQUENT BORROWERS.

(a) PAYMENT OF INTEREST AS A CONDITION OF LOAN SERVICING FOR BORROWERS.—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.".

(b) LOAN AND LOAN SERVICING LIMITATIONS.—The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by subsection (a)) is amended by adding at the end the following:

"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 on a loan made or guaranteed under this title.

"(2) EXCEPTION.—The Secretary may make a direct or guaranteed farm operating loan for paying annual farm or ranch operating expenses of a borrower who was restructured with a write-down under section 353.

"(c) NO MORE THAN 1 DEBT FORGIVENESS FOR A BORROWER ON A DIRECT LOAN.—The Secretary may not provide to a borrower debt forgiveness on a direct loan made under this title if the borrower has received debt forgiveness on another direct loan made under this title.".

SEC. 649. SHORT FORM CERTIFICATION OF FARM PROGRAM BORROWER COMPLIANCE.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 648) is amended by adding at the end the following:

"SEC. 374. SHORT FORM CERTIFICATION OF FARM PROGRAM BORROWER COMPLIANCE.

"The Secretary shall develop and utilize a consolidated short form for farm program borrowers to use in certifying compliance with any applicable provision of law (including a regulation) that serves as an eligibility prerequisite for a loan made under this title.".

SEC. 650. CREDIT STUDY.

(a) IN GENERAL.—The Secretary of Agriculture shall conduct a study and report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the demand for and availability of credit in rural areas for agriculture, housing, and rural development.

(b) PURPOSE.—The purpose of the study shall be to ensure that Congress has current and comprehensive information to consider as Congress deliberates on rural credit needs and the availability of credit to satisfy the needs of rural areas of the United States.

(c) ITEMS IN STUDY.—In conducting the study, the Secretary shall base the study on the most current available data and analyze—

(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 provides loans to satisfy the demand;

(2) rural demand for credit from the United States banking system, the ability of banks to meet the demand, and the extent to which banks provide 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 provides 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 provide loans to satisfy the demand;

(5) what measure or measures exist to gauge the overall demand for rural credit, the extent to which rural demand for credit is satisfied, and what the measures have demonstrated;

(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 banks of the United States 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 United States 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 banks of the United States in providing credit to rural users;

(8) the nature and extent of the unsatisfied rural credit need that the Farm Credit System proposals 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 United States 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 banks of the United States 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 system in existence

on the date of enactment of this Act, 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.

Subtitle E—General Provisions

SEC. 661. 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), (iv), 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), (v), and (vi) as clauses (i), (ii), and (iii), 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 the first sentence of 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(a)".

(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 645(3)) is amended by striking "and subparagraphs (A)(i) and (C)(i) of section 335(e)(1),".

SEC. 662. ELECTRONIC FILING OF EFFECTIVE FINANCING STATEMENTS UNDER THE CLEAR TITLE PROVISIONS OF THE FOOD SECURITY ACT OF 1985.

Section 1324(c)(4) of the Food Security Act of 1985 (7 U.S.C. 1631(c)(4)) is amended—

(1) in subparagraph (A), by striking "thereof" and inserting "of the statement, or, in the case of a State which (under the applicable State law provisions of the Uniform Commercial Code) allows the electronic filing of financing statements without the signature of the debtor, is an electronically reproduced copy of the statement"; and

(2) in each of subparagraphs (B) and (C), by inserting "other than in the case of an electronically reproduced copy of the statement," before "is".

SEC. 663. EFFECTIVE DATE.

(a) IN GENERAL.—Except as provided in subsection (b), the amendments made by this title shall become effective on the date of enactment of this Act.

(b) DELAYED EFFECTIVE DATES.—The amendments made by sections 601, 606, 611, 612, 622, 623, 625, 633, 640(1), 642, 645(1), 648(a), and 649 shall become effective 90 days after the date of enactment of this Act.

(c) TRANSITION PROVISION.—The amendments made by sections 638 and 644 shall not apply with respect to a complete application to acquire inventory property submitted prior to the date of enactment of this Act.

(d) REGULATIONS.—Notwithstanding any other provision of law, regulations to implement the amendments made by this title shall be published as interim final rules with request for comments and may be made effective immediately on publication.

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.

Subtitle B of title XXIII of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2007 et seq.) is repealed.

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 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 may provide financial assistance for the purpose of financing the construction of facilities and systems to provide telemedicine services and distance learning services 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 the portion 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; and

"(B) entities providing or proposing to provide telemedicine service or distance learning service to other persons at rates calculated to ensure that the benefit of the financial assistance is passed through to the other persons.

"(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 referred to in subsection (a); or

"(iii) use the funds provided to install, improve, or extend a facility referred to in subsection (a).

"(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 or making the system or facility available.

"(3) APPEAL.—If the Secretary rejects the application of a borrower who applies for a cost of money loan or grant under this section, the borrower may appeal the decision to the Secretary not later than 10 days after the borrower is notified of the rejection.

"(4) 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 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 any telecommunications provider serving the affected rural area;

"(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 greatest 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 of the maximum amount in the Federal Register not more than 45 days after funds are made available for the fiscal year to carry out this chapter.

"(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, or other facilities that would further telemedicine services or distance learning services;

"(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 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 notify the applicant in writing of the decision of the Secretary regarding the 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 if the Secretary determines 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 through telecommunications in rural areas served by a telecommunications provider.

"(e) COORDINATION WITH OTHER AGENCIES.—The Secretary shall coordinate, 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 date of enactment of the Federal Agriculture Improvement and Reform 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. DEMONSTRATION PROJECTS.

Section 2348 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2662a) is repealed.

SEC. 707. 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. 708. 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. 709. 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. 710. CENSUS OF AGRICULTURE.

Section 2392 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 4057) is repealed.

SEC. 711. STUDY OF THE TRANSPORTATION OF FERTILIZER AND AGRICULTURAL CHEMICALS TO FARMERS.

Section 2517 of the Food, Agriculture, Conservation, and Trade Act of 1990 (Public Law 101–624; 104 Stat. 4077) 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(e).".

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 the results of research into nonfood, nonfeed products and the commercialization of the research.

"(c) PLACE OF INCORPORATION.—The Corporation shall be incorporated 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 in accordance with 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 by 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 or 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 transferred to the applicable appropriation account 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 may—

"(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 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:

"(Q) 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 11 members as follows:

"(1) The Under Secretary of Agriculture for Rural Development.

"(2) The Under Secretary of Agriculture for Research, Education, and Economics.

"(3) 5 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;

"(C) at least 1 member shall be a person who is privately engaged in the commercialization of new nonfood, nonfeed products from agricultural commodities; and

"(D) at least 1 member shall have expertise in financial management.

A different member shall be appointed pursuant to each subparagraph of this paragraph.

"(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 not later than 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 not later than 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) 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 Corporate 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 Corporate Board, with respect to the decision.

"(B) REASONS.—In the case of any violation and referral of a funding decision to the Corporate Board, the Secretary shall inform the Corporate 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) APPOINTMENT.—The Corporate Board shall appoint an Executive Director, subject to the approval of the Secretary.

"(2) DUTIES.—The Executive Director shall be the chief executive officer of the Corporation, with such power and authority as may be conferred by the Corporate Board.

"(3) 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 may remove a member of the Corporate Board only for cause.

"(2) TRANSITION MEASURE.—The Secretary may appoint to the Corporate Board an individual who, on the day before the date of enactment of the Federal Agriculture Improvement and Reform Act of 1996, was serving on the former Alternative Agricultural Research and Commercialization Board, for a term that does not exceed the term for which the individual was appointed to the former Board.

"(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.—Violation of paragraph (1) by a member of the Corporate Board 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 set forth in subchapter B of chapter XVI of title 5, Code of Federal Regulations (or any corresponding or similar regulation or ruling), 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 of 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 5, 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, which 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 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;

"(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 Corporate Board may establish, in the bylaws of the Corporate Board, that a percentage (which shall not exceed 1 percent) of the funds provided under subsection (c) for any commercialization project shall be expended 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 in as capital of the Corporation, out of dollar receipts made available through annual appropriations, $75,000,000 for each of fiscal years 1996 through 2002. On the payment of an amount 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 former Alternative Agricultural Research and Commercialization Center established under former section 1658 of this Act (as in effect on the day before the date of enactment of the Federal Agriculture Improvement and Reform 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 by section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 shall—

(1) develop a 5-year business plan pursuant to section 1659(c)(1)(E) of the Act; 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 required by paragraph (1) 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' 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 for a water system unless the Secretary determines that the water system 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.—No Federal funds shall be made available under this section for a water treatment discharge or waste disposal system 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 accomplish the activities described in the relevant clauses of subparagraph (A).

"(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);

(5) by redesignating paragraphs (16) through (20) as paragraphs (14) through (18), respectively; and

(6) in paragraph (14) (as so redesignated)—

(A) by striking "(14)(A) The" and inserting the following:

"(14) 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 AMENDMENT.—The second sentence of section 309A(a) of the Consolidated Farm and Rural Development Act (7

U.S.C. 1929a(a)) (as amended by section 661(c)(1)) 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) in paragraph (1)(A), by striking "15,000" and inserting "10,000"; 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 the first sentence of subsection (a)—

(A) by striking "and" at the end of clause (2); and

(B) by inserting before the period the following: ", and

(4) to facilitate economic opportunity for industries undergoing adjustment from terminated Federal agricultural price and income support programs or increased competition from foreign trade";

(2) in subsection (b), by striking "(b)(1)" and all that follows through "(2) The" and inserting the following:

"(b) SOLID WASTE MANAGEMENT GRANTS.—The";

(3) 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";

(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

(D) by adding at the end the following:

"(3) GRANTS TO AID INDUSTRIES IN ADJUSTING TO TERMINATED FEDERAL AGRICULTURAL PROGRAMS OR INCREASED FOREIGN COMPETITION.—The Secretary may make grants under this section to facilitate economic opportunity for industries undergoing adjustment from terminated Federal agricultural price and income support programs or increased competition from foreign trade.";

(4) by striking subsection (e) 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 businesses, facilitate the establishment of cooperatives and new cooperative approaches, and generate 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 areas of the United States 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 areas of the United States; and

"(F) commit to providing greater than a 25 percent matching contribution with private funds and in-kind contributions.

"(6) 1-YEAR GRANTS; AUTHORITY TO APPROVE GRANT FOR 1 ADDITIONAL YEAR WITHOUT APPLICATION.—The Secretary shall make grants under this subsection for a period of 1 year. The Secretary shall evaluate programs receiving assistance under this subsection. If the Secretary determines it to be in the best interest of the program, the Secretary may award an additional grant to the program for the immediately succeeding year without application for the grant.

"(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.";

(5) by striking subsections (f), (g), (h), and (i);

(6) by redesignating subsection (j) as subsection (f); and

(7) 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 the Secretary determines is a family farmer.

"(2) LOAN GUARANTEES.—The Secretary may guarantee loans under this section to individual farmers for the purpose of purchasing start-up 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.".

(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 661(a)(2)) 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 Service, Rural Business-Cooperative 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 749(a)(1) of the Federal Agriculture Improvement and Reform 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 the 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 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)) for which funds are available at any time during the fiscal year.".

(2) 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. 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 are authorized to be appropriated to carry out this section $15,000,000 for each of fiscal years 1996 through 2002.".

SEC. 758. APPLICATION REQUIREMENTS RELATING TO WATER AND WASTE DISPOSAL LOAN AND GRANT PROGRAMS.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 926(a)) is amended by inserting after paragraph (4) the following:

> *"(5) APPLICATION REQUIREMENTS.—Not earlier than 60 days before a preliminary application is filed for a loan under paragraph (1) or a grant under paragraph (2) for a water or waste disposal purpose, a notice of the intent of the applicant to apply for the loan or grant shall be published in a general circulation newspaper. The selection of engineers for a project design shall be done by a request for proposals by the applicant.".*

SEC. 759. NATIONAL SHEEP INDUSTRY IMPROVEMENT CENTER.

The Consolidated Farm and Rural Development Act (as amended by section 649) 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 sheep or goat industries 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 National Sheep Industry 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 production and marketing of sheep or goat products in the United States;

"(2) optimize the use of available human capital and resources within the sheep or goat industries;

"(3) provide assistance to meet the needs of the sheep or goat 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 or goat industry to design unique responses to the special needs of the sheep or goat 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 or goat 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 National Sheep Industry 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 grants and intermediate- and long-term 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 principal 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 $30,000,000 to carry out this section.

"(D) PRIVATIZATION.—No additional Federal funds shall be used to carry out this section beginning on the earlier of—

"(i) the date that is 10 years after the date of enactment of this section; or

"(ii) the day after a total of $50,000,000 has been 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 or goats in the United States;

"(ii) 2 members shall have expertise in finance and management; and

"(iii) 1 member shall have expertise in lamb, wool, goat, or goat product marketing; and

"(B) 2 nonvoting members, of whom—

"(i) 1 member shall be the Under Secretary of Agriculture for Rural Development; and

"(ii) 1 member shall be the Under Secretary of Agriculture for Research, Education, and Economics.

"(4) NOMINATION.—

"(A) NOMINATING BODY.—The Secretary shall appoint the voting members of the Board from nominations submitted by organizations described in subparagraph (B).

"(B) NATIONAL ORGANIZATIONS.—A national organization is described in this subparagraph if the organization—

"(i) consists primarily of active sheep or goat producers in the United States; and

"(ii) has as the primary interest of the organization the production of sheep or goats 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.—Except as provided in subparagraph (D), 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, except as provided in subparagraph (E)(iii).

"(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.

"(iii) CONFLICTED MEMBERS NOT TO VOTE ON REMANDED DECISIONS.—If a decision with respect to a

matter is remanded to the Board by reason of a conflict of interest faced by a Board member, the member may not participate in any subsequent decision with respect to the matter.

"(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 date of enactment 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) RESCISSION OF SANCTIONS.—The Secretary shall rescind sanctions imposed under paragraph (2) on a finding by the Secretary that there is no longer any failure by the Board or the Center to comply with this section or that the noncompliance will be promptly corrected.".

SEC. 759A. COOPERATIVE AGREEMENTS.

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.".

SEC. 759B. ELIGIBILITY FOR GRANTS TO BROADCASTING SYSTEMS.

Section 310B(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(f)) (as redesignated by section 747(a)(6))) is amended by striking "SYSTEMS.—The" and inserting "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 not less than 80 percent of the rural land area of the State (as determined by the Secretary).

"(2) GRANTS.—The".

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.

"(3) STATE DIRECTOR.—The term 'State director' means, with respect to a State, the Director of the Rural Economic and Community Development State Office.

"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—

"(1) for each State for the delivery of assistance under this subtitle in the State; and

"(2) for each federally recognized Indian tribe for the delivery of assistance under this subtitle to the Indian tribe.

"(b) ASSISTANCE.—

"(1) IN GENERAL.—Financial assistance for rural development provided under this subtitle for a State or a federally recognized Indian tribe shall be used only for orderly community development that is consistent with the strategic plan of the State or Indian tribe.

"(2) RURAL AREA.—Assistance under this subtitle may only be provided in a rural area.

"(3) SMALL COMMUNITIES.—In carrying out this subtitle in 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 each State and federally recognized Indian tribe not later than 60 days after receiving the plan, and at least once every 5 years thereafter.

"(d) CONTENTS.—A strategic plan of a State or federally recognized Indian tribe 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 or federally recognized Indian tribe, as appropriate, 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) in the case of a State, 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 in the State, 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. RURAL DEVELOPMENT TRUST FUND.

"(a) ESTABLISHMENT.—There is established in the Treasury of the United States a trust fund which shall be known as the Rural Development Trust Fund (in this subtitle referred to as the 'Trust Fund').

"(b) ACCOUNTS.—There are established in the Trust Fund the following accounts:

"(1) The rural community facilities account.

"(2) The rural utilities account.

"(3) The rural business and cooperative development account.

"(4) The national reserve account.

"(5) The federally recognized Indian tribe account.

"(c) DEPOSITS INTO ACCOUNTS.—Notwithstanding any other provision of law, each fiscal year—

"(1) all amounts made available to carry out the authorities described in subsection (d)(1) for the fiscal year shall be depos-

ited into the rural community facilities account of the Trust Fund;

"(2) all amounts made available to carry out the authorities described in subsection (d)(2) for the fiscal year shall be deposited into the rural utilities account of the Trust Fund; and

"(3) all amounts made available to carry out the authorities described in subsection (d)(3) for the fiscal year shall be deposited into the rural business and cooperative development account of the Trust Fund.

"(d) FUNCTION CATEGORIES.—The function categories described in this subsection are the following:

"(1) RURAL COMMUNITY FACILITIES.—The rural community development category consists of all amounts made available for—

"(A) community facility direct and guaranteed loans under section 306(a)(1); or

"(B) community facility grants under section 306(a)(19).

"(2) RURAL UTILITIES.—The rural utilities category consists of all amounts made available for—

"(A) water or waste disposal grants or direct or guaranteed loans under paragraph (1) or (2) of section 306(a);

"(B) rural water or wastewater technical assistance and training grants under section 306(a)(14);

"(C) emergency community water assistance grants under section 306A; or

"(D) solid waste management grants under section 310B(b).

"(3) RURAL BUSINESS AND COOPERATIVE DEVELOPMENT.—The rural business and cooperative development category consists of all amounts made available for—

"(A) rural business opportunity grants under section 306(a)(11)(A);

"(B) business and industry guaranteed loans under section 310B(a)(1); or

"(C) rural business enterprise grants or rural educational network grants under section 310B(c).

"(e) NATIONAL RESERVE ACCOUNT.—

"(1) TRANSFERS INTO ACCOUNT.—

"(A) INITIAL TRANSFER.—Each fiscal year, the Secretary shall transfer to the national reserve account of the Trust Fund from each account specified in subsection (c) not more than the applicable percentage of the amount deposited in each such account for the fiscal year under subsection (c).

"(B) REPOOLING OF UNOBLIGATED FUNDS ALLOCATED AMONG THE STATES.—Not earlier than July 15 of each fiscal year, the Secretary shall transfer to the national reserve account from each account specified in subsection (c) any amount in the account that is allocated for any State, and has not been obligated by the State director or obligated for specific approved projects in the State.

"(2) USE.—The Secretary may use amounts in the national reserve account of the Trust Fund, pursuant to any authority described in subsection (d)—

"(A) in the case of a fiscal year other than fiscal year 2001 or 2002—

"(i) to meet situations of exceptional need;

"(ii) to meet emergency situations; or

"(iii) to provide funds to entities whose applications for funds provided under this subtitle have been approved and who have not received funds sufficient to meet the needs of the projects described in the applications; or

"(B) in the case of fiscal years 2001 and 2002—

"(i) to meet situations of exceptional need; or

"(ii) to meet emergency situations.

"(3) APPLICABLE PERCENTAGE DEFINED.—In paragraph (1), the term 'applicable percentage' means, with respect to a fiscal year—

"(A) 15 percent for fiscal year 1997;

"(B) 12.5 percent for fiscal year 1998;

"(C) 10 percent for fiscal year 1999;

"(D) 7.5 percent for fiscal year 2000;

"(E) 5 percent for fiscal year 2001; and

"(F) 5 percent for fiscal year 2002.

"(f) FEDERALLY RECOGNIZED INDIAN TRIBE ACCOUNT.—

"(1) TRANSFERS INTO ACCOUNT.—Each fiscal year, the Secretary shall transfer to the federally recognized Indian tribe account of the Trust Fund 3 percent of the amount deposited into the Trust Fund for the fiscal year under subsection (d).

"(2) USE OF FUNDS.—The Secretary shall make available to federally recognized Indian tribes the amounts in the federally recognized Indian tribe account for use pursuant to any authority described in subsection (d).

"(g) ALLOCATION AMONG STATES.—The Secretary shall allocate the amounts in each account specified in subsection (c) among the States 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.

"(h) AVAILABILITY OF FUNDS ALLOCATED FOR STATES.—The Secretary shall make available to each State the total amount allocated for the State under subsection (g) of this section that remains after applying section 381G.

"SEC. 381F. TRANSFERS OF FUNDS.

"(a) GENERAL AUTHORITY.—Subject to subsection (b) of this section, the State Director of any State may, during any fiscal year, transfer from each account specified in section 381E(c) a total of not more than 25 percent of the amount in the account that is allocated for the State for the fiscal year to any other account in which amounts are allocated for the State for the fiscal year.

"(b) LIMITATION.—Except as provided in subsection (c) of this section, a transfer otherwise authorized by subsection (a) of this section to be made during a fiscal year may not be made to the extent that the sum of the amount to be transferred and all amounts so transferred by State directors under subsection (a) of this section during the fiscal year exceeds 10 percent of the total amount made available to carry out the authorities described in section 381E(d) for the fiscal year.

"(c) EXCEPTIONS.—Subsections (a) and (b) shall not apply to a transfer of funds by a State director if the State director certifies to the Secretary that—

"(1) there is an approved application for a project in the function category to which the funds are to be transferred but funds are not available for the project in the function category; and

"(2)(A) there is no such approved application in the function category from which the funds are to be transferred; or

"(B) the community that would benefit from the project has a smaller population and a lesser per capita income than any community that would benefit from a project in the function category from which the funds are to be transferred.

"SEC. 381G. GRANTS TO STATES.

"(a) SIMPLE GRANTS.—

"(1) MANDATORY GRANT.—The Secretary shall make a grant to any eligible State for any fiscal year for which the State requests a grant under this section in an amount equal to 5 percent of the total amount allocated for the State under section 381E(g)

"(2) PERMISSIVE GRANT.—Before July 15 of each fiscal year, the Secretary may make a grant to any State to defray the cost of any subsidy associated with a guarantee provided by an eligible public entity of the State under section 381H in an amount that does not exceed 5 percent of the total amount allocated for the State under section 381E(g).

"(3) SOURCE OF FUNDS.—The Secretary shall make grants to a State under paragraphs (1) and (2) from amounts allocated for the State in the accounts specified in section 381E(c), by reducing each such allocated amount by the same percentage.

"(b) MATCHING GRANTS.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall make a grant to any eligible State for any fiscal year for which the State requests a grant under this section in an amount equal to 5 percent of the amount allocated for the State for the fiscal year under section 381E(h).

"(2) ELIGIBILITY.—A State shall be eligible for a grant under paragraph (1) if the State makes commitments to the Secretary to—

"(A) expend from non-Federal sources in accordance with subsection (c) an amount that is not less than 200 percent of the amount of the grant; and

"(B) maintain the amounts paid to the State under this subsection and the amount referred to in subparagraph (A) in an account separate from all other State funds until expended in accordance with subsection (c).

"(3) SOURCE OF FUNDS.—If the Secretary makes a grant under paragraph (1) before July 15 of the fiscal year, the grant shall be made from amounts allocated for the State in the accounts specified in section 381E(c) for the fiscal year, by reducing each allocated amount by the same percentage.

"(c) USE OF FUNDS.—A State to which funds are provided under this section shall use the funds in rural areas for any activity

authorized under the authorities described in section 381E(d) in accordance with the State strategic plan referred to in section 381D.

"(d) MAINTENANCE OF EFFORT.—The State shall provide assurances to the Secretary that funds provided to the State 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.

"(e) APPEALS.—The Secretary shall provide to a State an opportunity to appeal any action taken with respect to the State under this section.

"(f) ADMINISTRATIVE COSTS.—Federal funds shall not be used for any administrative costs incurred by a State in carrying out this subtitle.

"(g) EXPENDITURE 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.

"(2) FAILURE TO OBLIGATE.—If a State fails to obligate payments in accordance with paragraph (1), the Secretary shall make an equal reduction in the amount of payments provided to the State under this section for the immediately succeeding 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.

"(h) 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, on such terms and conditions as the Secretary may prescribe, may guarantee and make commitments to guarantee 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 activities authorized and funded under section 381G.

"(c) LIMITATION.—The Secretary may not make a guarantee or commitment to guarantee with respect to a note or other obligation if the total amount of outstanding notes or obligations guaranteed under this section (excluding any amount repaid under the contract entered into under subsection (e)(1)(A)) for issuers in the State would exceed an amount equal to 5 times the sum of the total amount of grants made to the State under section 381G.

"(d) PAYMENT OF PRINCIPAL, INTEREST, AND COSTS.—Notwithstanding any other provision of this subtitle, a State to which a grant is made under section 381G may use the grant (including program income derived from the grant) to pay principal and interest due (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) on any note or other obligation guaranteed under 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 eligible public entity in the State.

"(f) PLEDGED GRANTS FOR REPAYMENTS.—Notwithstanding any other provision of this subtitle, the Secretary may 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 such purpose 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.

"An application for assistance under this subtitle shall include evidence of significant community support for the project for which the assistance is requested. In the case of assistance for a community facilities or infrastructure project, the evidence shall be in the form of a certification of support for the project from each affected general purpose local government.

"SEC. 381J. INTERSTATE COLLABORATION.

"The Secretary shall permit the establishment of voluntary pooling arrangements among States, and regional fund-sharing agreements, to carry out projects receiving assistance under this subtitle.

"SEC. 381K. ANNUAL REPORT.

"(a) IN GENERAL.—The Secretary, in collaboration with State, local, public, 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 by subsection (a) to Congress and the chief executives of the States participating in the program established under this subtitle; and

"(2) make the report available to State and local participants.

"SEC. 381L. 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 for, coordinate, make recommendations with respect to, and evaluate the performance of, all Federal rural development efforts.

"SEC. 381M. 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 referred to in section 381D 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. 381N. ELECTRONIC TRANSFER.

"The Secretary shall transfer funds in accordance with this subtitle through electronic transfer as soon as practicable after the date of enactment of this subtitle.

"SEC. 381O. RURAL VENTURE CAPITAL DEMONSTRATION PROGRAM.

"(a) IN GENERAL.—The Secretary may designate for each fiscal year 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 amounts in the national reserve account of the Trust Fund, 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 contingent liabilities 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 investment, 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, as determined by the Secretary.

"(C) GEOGRAPHIC DIVERSITY.—To the extent practicable, the Secretary shall designate organizations in diverse geographic areas.".

SEC. 762. SIMPLIFIED, UNIFORM APPLICATION FOR ASSISTANCE FROM ALL FEDERAL RURAL DEVELOPMENT PROGRAMS.

Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall develop a streamlined, simplified, and uniform application which shall be used in applying for assistance under all of the following:

(1) Sections 304(b), 306, 306A, 306C, 306D, 310B, and 375 and subtitle E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(b), 1926, 1926a, 1926c, 1926d, and 1932).

(2) Subtitle G of title XVI and sections 2281, 2333, and 2381 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901–5908, 5177a, 950aaa–2, and 3125b).

(3) Subtitle C of title IX of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102–237: 7 U.S.C. 5930 note).

(4) Section 1323(b) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932 note).

(5) Title V and section 603(c) of the Rural Development Act of 1972 (7 U.S.C. 26661–2669 and 2204a(c)).

(6) Sections 5 and 311 and title IV of the Rural Electrification Act of 1936 (7 U.S.C. 905, 940a, and 941–950b).

SEC. 763. COMMUNITY FACILITIES GRANT PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 741(a)(5)) is amended by adding at the end the following:

"(19) 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 for a facility shall not exceed 75 percent of the cost of developing the 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 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)" the first place the term appears; 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.

"(a) PROHIBITION.—Assistance under any rural development program administered by the Secretary or any agency of the Department of Agriculture shall not be conditioned on any requirement that the recipient of the assistance accept or receive electric service from any particular utility, supplier, or cooperative.

"(b) ENSURING COMPLIANCE.—The Secretary shall establish, by regulation, adequate safeguards to ensure that assistance under any rural development program is not subject to such a condition. The safeguards shall include periodic certifications and audits, and appropriate measures and sanctions against any person violating, or attempting to violate subsection (a).

"(c) DEFINITION OF RURAL DEVELOPMENT PROGRAMS.—In this section, the term 'rural development program' means the following:

"(1) Sections 304(b), 306, 306A, 306C, 306D, 310B, and 375 and subtitle E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1924(b), 1926, 1926a, 1926c, 1926d, and 1932).

"(2) Subtitle G of title XVI and sections 2281, 2333, and 2381 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901–5908, 5177a, 950aaa–2, and 3125b).

"(3) Subtitle C of title IX of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102–237: 7 U.S.C. 5930 note).

"(4) Section 1323(b) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932 note).

"(5) Title V and section 603(c) of the Rural Development Act of 1972 (7 U.S.C. 26661–2669 and 2204a(c)).

"(6) Sections 5 and 311 and title IV of this Act (7 U.S.C. 905, 940a, and 941–950b).

"(d) REGULATIONS.—Not later than 60 days after the date of enactment of the Federal Agriculture Improvement and Reform Act of 1996, the Secretary shall issue final regulations to ensure compliance with subsection (a)."

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. FUND FOR RURAL AMERICA.

(a) IN GENERAL.—There is established in the Treasury of the United States an account to be known as the Fund for Rural America (referred to in this section as the "Account") to provide funds for activities described in subsection (c).

(b) FUNDING.—

(1) IN GENERAL.—On January 1, 1997, October 1, 1998, and October 1, 1999, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer $100,000,000 to the Account.

(2) ENTITLEMENT.— The Secretary of Agriculture (referred to in this section as the "Secretary")—

(A) shall be entitled to receive the funds transferred to the Account under paragraph (1);

(B) shall accept the funds; and

(C) shall use the funds to carry out this section.

(3) PURPOSES.—Subject to subsection (d), of the amounts transferred to the Account for a fiscal year, the Secretary shall make available—

(A) for activities described in subsection (c)(1), not less than ⅓ and not more than ⅔ of the funds in the Account; and

(B) for activities described in subsection (c)(2), all funds in the Account not made available by the Secretary for activities described in subsection (c)(1).

(c) ACTIVITIES.—

(1) RURAL DEVELOPMENT.—

(A) IN GENERAL.—The Secretary may use the funds in the Account for a rural development activity—

(i) authorized under the Housing Act of 1949 for—

(I) direct loans to low-income borrowers under section 502 (42 U.S.C. 1472);

(II) loans for financial assistance for housing for domestic farm laborers under section 514 (42 U.S.C. 1484);

(III) financial assistance for housing for domestic farm laborers under section 516 (42 U.S.C. 1486);

(IV) payments for elderly who are not now receiving rental assistance under section 521 (42 U.S.C. 1490a);

(V) grants and contracts for mutual and self-help housing under section 523(b)(1)(A) (42 U.S.C. 1490c(b)(1)(A)); or

(VI) grants for rural housing preservation under section 533 (42 U.S.C. 1490m); or

(ii) conducted under any rural development program, including a program authorized under—

(I) the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.);

(II) subtitle G of title XVI and title XXIII of the Food, Agriculture, Conservation, and Trade Act of 1990;

(III) title V of the Rural Development Act of 1971 (7 U.S.C. 2661 et seq.); or

(IV) section 1323(b) of the Food Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932 note).

(B) LIMITATION ON PROGRAMS FUNDED.—The Secretary may not expend funds made available to carry out activities described in subparagraph (A) for any activity that did not receive appropriations for fiscal year 1995. Funds expended under this section for any program purpose shall be spent in accordance with and subject to the applicable program limitations, restrictions, and priorities found in the underlying program authority and this Act.

(C) LIMITATION ON HOUSING ASSISTANCE.—Not more than 20 percent of the funds made available to carry out activities described in subparagraph (A) shall be made available to carry out activities described in subparagraph (A)(i).

(D) DISCLOSURE OF ALLOCATION.—For any fiscal year, the Secretary shall not disclose the allocation of funds under this section for any activity described in subparagraph (A) until the date that is 1 day after the date of enactment of legislation authorizing appropriations for the Department of Agriculture for any period in the fiscal year.

(2) RESEARCH.—

(A) IN GENERAL.—The Secretary may use the funds in the Account for research, extension, and education grants to—

(i) increase international competitiveness, efficiency, and farm profitability;

(ii) reduce economic and health risks;

(iii) conserve and enhance natural resources;

(iv) develop new crops, new crop uses, and new agricultural applications of biotechnology;

(v) enhance animal agricultural resources;

(vi) preserve plant and animal germplasm;

(vii) increase economic opportunities in farming and rural communities; and

(viii) expand locally-owned value-added processing.

(B) ELIGIBLE GRANTEE.—The Secretary may make a grant under this paragraph to—

(i) a Federal research agency;

(ii) a national laboratory;

(iii) a college or university or a research foundation maintained by a college or university; or

(iv) a private research organization with an established and demonstrated capacity to perform research or technology transfer.

(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) Outcome-oriented research at the discovery end of the spectrum to provide breakthrough results.

(II) Exploratory and advanced development and technology with well-identified outcomes.

(III) A national, regional, or multi-State program oriented primarily toward extension programs and education programs demonstrating and supporting the competitiveness of United States agriculture.

(ii) SMALLER INSTITUTIONS.—Of the amounts made available for activities described in this paragraph, not less than 15 percent shall be awarded to colleges, universities, or research foundations eligible for a grant under subparagraph (B)(iii) that rank in the lowest ⅓ of such colleges, universities, and foundations on the basis of Federal research funds received under a provision of law other than this section.

(D) ADMINISTRATION.—

(i) PRIORITY.—In administering this paragraph, the Secretary shall—

(I) establish criteria for allocating grants based on the priorities in subparagraph (A) and in consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board established under section 1408 of the

National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123);

(II) seek and accept proposals for grants;

(III) determine the relevance and merit of proposals through a system of peer review and review by the National Agricultural Research, Extension, Education, and Economics Advisory Board; and

(IV) award grants on the basis of merit, quality, and relevance to advancing the purposes of federally supported agricultural research, extension, and education provided in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101).

(ii) COMPETITIVE BASIS.—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 making a grant 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) DELEGATION.—The Secretary shall administer this section through the Cooperative State Research, Education, and Extension Service of the Department of Agriculture.

(vi) AVAILABILITY OF FUNDS.—Funds shall be available for obligation under this paragraph for a 2-year period.

(vii) ADMINISTRATIVE COSTS.—The Secretary may use not more than 4 percent of the funds made available for activities described in this paragraph for administrative costs incurred by the Secretary in carrying out this paragraph.

(viii) BUILDINGS.—Funds made available for activities described in this paragraph shall not be used 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).

(d) LIMITATIONS.—Amounts in the Account may not be used for an activity described in subsection (c) for a fiscal year if the program funding level for the fiscal year for the activity is less than 90 percent of the amount appropriated for the activity for fiscal year 1996, adjusted for inflation.

SEC. 794. UNDER SECRETARY OF AGRICULTURE FOR RURAL ECONOMIC AND COMMUNITY DEVELOPMENT RENAMED THE UNDER SECRETARY OF AGRICULTURE FOR RURAL DEVELOPMENT.

(a) IN GENERAL.—Section 231 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6941) is amended—

*(1) in the section heading, by striking "**ECONOMIC AND COMMUNITY**"; and*

(2) by striking "Economic and Community" each place such term appears in subsections (a), (b), and (c).

(b) CONFORMING AMENDMENT.—Section 5314 of title 5, United States Code, is amended by striking "Economic and Community".

TITLE VIII—RESEARCH, EXTENSION, AND EDUCATION

Subtitle A—Modification and Extension of Activities Under 1977 Act

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 maintaining and enhancing 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 maintain the balance between yield and environmental soundness;

"(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. 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 30 members, appointed by the Secretary.

"(2) SELECTION OF MEMBERS.—The Secretary shall appoint members of the Advisory Board from nominations submitted by organizations, associations, societies, councils, federations, groups, and companies fitting the criteria specified in paragraph (3).

"(3) MEMBERSHIP CATEGORIES.—The Advisory Board shall consist of members from each of the following categories:

"(A) 1 member representing a national farm organization.

"(B) 1 member representing farm cooperatives.

"(C) 1 member actively engaged in the production of a food animal commodity.

"(D) 1 member actively engaged in the production of a plant commodity.

"(E) 1 member representing a national animal commodity organization.

"(F) 1 member representing a national crop commodity organization.

"(G) 1 member representing a national aquaculture association.

"(H) 1 member representing a national food animal science society.

"(I) 1 member representing a national crop, soil, agronomy, horticulture, or weed science society.

"(J) 1 member representing a national food science organization.

"(K) 1 member representing a national human health association.

"(L) 1 member representing a national nutritional science society.

"(M) 1 member representing the land-grant colleges and universities eligible to receive funds under the Act of July 2, 1862 (7 U.S.C. 301 et seq.).

"(N) 1 member representing the land-grant colleges and universities eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University.

"(O) 1 member representing the 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note)).

"(P) 1 member representing Hispanic-serving institutions.

"(Q) 1 member representing the American Colleges of Veterinary Medicine.

"(R) 1 member representing that portion of the scientific community not closely associated with agriculture.

"(S) 1 member engaged in the transportation of food and agricultural products to domestic and foreign markets.

"(T) 1 member representing food retailing and marketing interests.

"(U) 1 member representing food and fiber processors.

"(V) 1 member actively engaged in rural economic development.

"(W) 1 member representing a national consumer interest group.

"(X) 1 member representing a national forestry group.

"(Y) 1 member representing a national conservation or natural resource group.

"(Z) 1 member representing private sector organizations involved in international development.

"(AA) 1 member representing an agency within the Department of Agriculture that lacks research capabilities.

"(BB) 1 member representing a research agency of the Federal Government (other than the Department of Agriculture).

"(CC) 1 member representing a national social science association.

"(DD) 1 member representing national organizations directly concerned with agricultural research, education, and extension.

"(4) EX OFFICIO MEMBERS.—The Secretary, the Under Secretary of Agriculture for Research, Education, and Economics, the Administrator of the Agricultural Research Service, the Administrator of the Cooperative State Research, Education, and Extension Service, the Administrator of the Economic Research Service, and the Administrator of the National Agricultural Statistics Service shall serve as ex officio members of the Advisory Board.

"(5) OFFICERS.—At the first meeting of the Advisory Board each year, the members shall elect from among the members of the Advisory Board a chairperson, vice chairperson, and 7 additional members to serve on the executive committee established under paragraph (6).

"(6) EXECUTIVE COMMITTEE.—The Advisory Board shall establish an executive committee charged with the responsibility of working with the Secretary and officers and employees of the Department of Agriculture to summarize and disseminate the recommendations of the Advisory Board.

"(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. 803. 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 (3) shall be publicly announced in ad-

vance 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 this Act shall not apply to any entity described in paragraph (3).

"(3) ENTITIES DESCRIBED.—This subsection shall 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—

"(i) full-time Federal employees; and

"(ii) one or more individuals who are employed by, or are officials of—

"(I) a State cooperative institution or State cooperative agency; or

"(II) a public college or university or other postsecondary institution.".

SEC. 804. COORDINATION AND PLANNING OF AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1413 (7 U.S.C. 3128) the following:

"SEC. 1413A. ACCOUNTABILITY.

"(a) REVIEW OF INFORMATION TECHNOLOGY SYSTEMS.—The Secretary shall conduct a comprehensive review of state-of-the-art information technology systems that are available for use in developing the system required by subsection (b).

"(b) MONITORING AND EVALUATION SYSTEM.—The Secretary shall develop and carry out a system to monitor and evaluate agricultural research and extension activities conducted or supported by the Department of Agriculture that will enable the Secretary to measure the impact and effectiveness of research, extension, and education programs according to priorities, goals, and mandates established by law. In developing the system, the Secretary shall incorporate information transfer technologies to optimize public access to research information.

"(c) CONSISTENCY WITH OTHER REQUIREMENTS.—The Secretary shall develop and implement the system in a manner consistent with the Government Performance and Results Act of 1993 (Public Law 103–62; 107 Stat. 285) and amendments made by the Act.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

"SEC. 1413B. 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 this Act 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. 805. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

(a) PURPOSE OF GRANTS.—Section 1417(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)) is amended by striking paragraph (4) and inserting the following:

"(4) to design and implement food and agricultural programs to build teaching and research capacity at colleges and universities having significant minority enrollments;".

(b) RESEARCH FOUNDATIONS.—Section 1417(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(c)) is amended by adding at the end the following:

"(3) RESEARCH FOUNDATIONS.—An eligible college or university under subsection (b) includes a research foundation maintained by the college or university.".

(c) EXTENSION OF PROGRAM.—Section 1417(i) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(i)) is amended by striking "1995" and inserting "1997".

(d) SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS.—Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) by redesignating subsections (h) and (i) as subsections (i) and (j), respectively; and

(2) by inserting after subsection (g) the following:

"(h) SECONDARY EDUCATION AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS.—

"(1) DEFINITIONS.—In this subsection:

"(A) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' has the meaning given the term in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a)).

"(B) SECONDARY SCHOOL.—The term 'secondary school' has the meaning given the term in section 14101(25) of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801(25)).

"(2) 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.

"(3) GRANTS.—The Secretary may make competitive or noncompetitive grants, for grant periods not to exceed 5 years, to public secondary schools, and institutions of higher education that award an associate's degree, that the Secretary determines 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 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 by the grant recipient with other secondary schools, institutions of higher education that award an associate's degree, and institutions of higher education that award a bachelor's degree 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.".

SEC. 806. 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 "1997".

SEC. 807. POLICY RESEARCH CENTERS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1419 (7 U.S.C. 3154) the following:

"SEC. 1419A. 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 described in subsection (b) 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.—State agricultural experiment stations, colleges and universities, other research institutions and organizations, private organizations, corporations, and individuals shall be eligible to apply for funding under subsection (a).

"(c) ACTIVITIES.—Under this section, funding may be provided for disciplinary and interdisciplinary research and education concerning policy research 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 and 1997.".

SEC. 808. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by striking section 1424 (7 U.S.C. 3174) and inserting the following:

"SEC. 1424. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

"(a) AUTHORITY OF SECRETARY.—The Secretary may establish, and award grants for projects for, a multi-year research initiative on human nutrition intervention and health promotion.

"(b) EMPHASIS OF INITIATIVE.—In administering human nutrition research projects under this section, the Secretary shall give specific emphasis to—

"(1) coordinated longitudinal research assessments of nutritional status; and

"(2) 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.

"(c) 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.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for fiscal years 1996 and 1997.

"SEC. 1424A. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.

"(a) FINDINGS.—Congress finds the following:

"(1) Although medical researchers in recent years have demonstrated that there are several naturally occurring compounds in many vegetables and fruits that can aid in the prevention of certain forms of cancer, coronary heart disease, stroke, and atherosclerosis, there has been almost no research conducted to enhance these compounds in food plants by modern breeding and molecular genetic methods.

"(2) By linking the appropriate medical and agricultural research scientists in a highly-focused, targeted research program, it should be possible to develop new varieties of vegetables and fruits that would provide greater prevention of diet-related diseases that are a major cause of death in the United States.

"(b) PILOT RESEARCH PROGRAM.—The Secretary shall conduct, through the Cooperative State Research, Education, and Extension Service, a pilot research program to link major cancer and heart and other circulatory disease research efforts with agricultural research efforts to identify compounds in vegetables and fruits that prevent these diseases. Using information derived from such combined research efforts, the Secretary shall assist in the development of new varieties of vegetables and fruits having enhanced therapeutic properties for disease prevention.

"(c) AGREEMENTS.—The Secretary shall carry out the pilot program through agreements entered into with land-grant colleges or universities, other universities, State agricultural experiment stations, the State cooperative extension services, nonprofit organizations with demonstrable expertise, or Federal or State governmental entities. The Secretary shall enter into the agreements on a competitive basis.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $10,000,000 for fiscal year 1997 to carry out the pilot program.".

SEC. 809. 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 "$63,000,000" and all that follows through "fiscal year 1995" and inserting ", $83,000,000 for each of fiscal years 1996 and 1997".

SEC. 810. 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. 811. 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 "1997";

(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. 812. 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 "1997";

(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 this Act shall not apply to a panel or board created solely for the purpose of reviewing applications or proposals submitted under this subtitle.".

SEC. 813. 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 and 1997".

SEC. 814. NATIONAL RESEARCH AND TRAINING CENTENNIAL CENTERS.

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 and 1997," after "1995"; and

(2) in subsection (f), by striking "1995" and inserting "1997".

SEC. 815. PROGRAMS FOR HISPANIC-SERVING INSTITUTIONS.

(a) IN GENERAL.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1448 (7 U.S.C. 3222c) the following:

"Subtitle H—Programs for Hispanic-Serving Institutions

"SEC. 1455. EDUCATION GRANTS PROGRAMS FOR HISPANIC-SERVING INSTITUTIONS.

"(a) GRANT AUTHORITY.—The Secretary may make competitive grants (or grants without regard to any requirement for competition) to Hispanic-serving institutions for the purpose of promoting and strengthening the ability of Hispanic-serving institutions to carry out education, applied research, and related community development programs.

"(b) USE OF GRANT FUNDS.—Grants made under this section shall be used—

"(1) to support the activities of consortia of Hispanic-serving institutions to enhance educational equity for underrepresented students;

"(2) to strengthen institutional educational capacities, including libraries, curriculum, faculty, scientific instrumentation, instruction delivery systems, and student recruitment and retention, in order to respond to identified State, regional, national, or international educational needs in the food and agricultural sciences;

"(3) to attract and support undergraduate and graduate students from underrepresented groups in order to prepare them for careers related to the food, agricultural, and natural resource systems of the United States, beginning with the mentoring of students at the high school level and continuing with the provision of financial support for students through their attainment of a doctoral degree; and

"(4) to facilitate cooperative initiatives between 2 or more Hispanic-serving institutions, or between Hispanic-serving institutions and units of State government or the private sector, to maximize the development and use of resources, such as faculty, facilities, and equipment, to improve food and agricultural sciences teaching programs.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to make grants under this section $20,000,000 for fiscal year 1997.".

(b) HISPANIC-SERVING INSTITUTION DEFINED.—Paragraph (9) of section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended to read as follows:

"(9) the term 'Hispanic-serving institution' has the meaning given the term by section 316(b)(1) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b)(1));".

SEC. 816. INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION.

Section 1458(a)(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)(8)) is amended—

(1) by striking "establish" and inserting "continue"; and

(2) by striking "to be".

SEC. 817. AUTHORIZATION OF APPROPRIATIONS FOR 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" both places it appears and inserting "1997".

SEC. 818. AUTHORIZATION OF APPROPRIATIONS FOR 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 1997".

SEC. 819. SUPPLEMENTAL AND ALTERNATIVE CROPS RESEARCH.

(a) EXTENSION OF PROGRAM.—Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking "1995" and inserting "1997".

(b) ELIMINATION OF PILOT NATURE OF PROGRAM.—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), by striking "and pilot";

(2) in subsection (c)(2)(B), by striking "at pilot sites" and all that follows through "the area";

(3) in subsection (c)(2)(C), by striking "from pilot sites";

(4) in subsection (c)(2)(D)—

(A) by striking "near such pilot sites"; and

(B) by striking "successful pilot program" and inserting "successful program"; and

(5) in paragraph (3), by striking "pilot".

(c) ADDITIONAL AUTHORITY.—Section 1473D(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(c)(3)) is amended—

(1) in subparagraph (C), by striking "and" at the end;

(2) in subparagraph (D), by striking the period at the end and inserting a semicolon; and

(3) 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. 820. AQUACULTURE ASSISTANCE PROGRAMS.

(a) DEFINITION.—Section 1404(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(3)) is amended by inserting "ornamental fish," after "reptile,".

(b) 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.

(c) AUTHORIZATION OF APPROPRIATIONS FOR 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 "1997".

(d) AUTHORIZATION OF APPROPRIATIONS FOR 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 "1997".

SEC. 821. AUTHORIZATION OF APPROPRIATIONS FOR RANGELAND RESEARCH.

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 "1997".

Subtitle B—Modification and Extension of Activities Under 1990 Act

SEC. 831. WATER QUALITY RESEARCH, EDUCATION, AND COORDINATION.

Section 1481(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5501(d)) is amended by striking "1995" and inserting "1997".

SEC. 832. 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 "1997".

SEC. 833. 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 "1997".

SEC. 834. 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 "1997".

SEC. 835. PLANT GENOME MAPPING PROGRAM.

Section 1671(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924(g)) is amended by inserting "for fiscal years 1996 and 1997" after "appropriated".

SEC. 836. CERTAIN SPECIALIZED RESEARCH PROGRAMS.

Subsections (d)(4), (e)(4), and (i) of section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) are each amended by striking "1995" and inserting "1997".

SEC. 837. 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 "1997".

SEC. 838. NATIONAL CENTERS FOR AGRICULTURAL PRODUCT QUALITY RESEARCH.

(a) PURPOSES OF NATIONAL CENTERS.—Section 1675(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5928(a)) is amended—

(1) by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively; and

(2) by inserting after paragraph (4) the following:

"(5) enhance agricultural competitiveness through product quality research and technology implementation;".

(b) REGIONAL BASIS OF CENTERS.—Section 1675(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5928(b)) is amended by striking paragraph (1) and inserting the following:

"(1) REGIONAL BASIS.—The centers shall be regionally based units that conduct a broad spectrum of research, development, and education programs to enhance the competitiveness, quality, safety and wholesomeness of agricultural products.".

(c) PROGRAM PLAN AND REVIEW.—Section 1675(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5928(b)) is amended—

(1) in paragraph (1), by striking the second sentence; and

(2) in paragraph (2), by striking ", but not less" and all that follows through "the Secretary".

(d) AUTHORIZATION OF APPROPRIATIONS.—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 "1997".

SEC. 839. RED MEAT SAFETY RESEARCH CENTER.

Section 1676 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5929) is amended to read as follows:

"SEC. 1676. RED MEAT SAFETY RESEARCH CENTER.

"(a) ESTABLISHMENT OF CENTER.—The Secretary of Agriculture shall award a grant, on a competitive basis, to a research facility described in subsection (b) to establish a red meat safety research center.

"(b) ELIGIBLE RESEARCH FACILITY DESCRIBED.—A research facility eligible for a grant under subsection (a) is a research facility that—

"(1) is part of a land-grant college or university, or other federally supported agricultural research facility, located in close proximity to a livestock slaughter and processing facility; and

"(2) is staffed by professionals with a wide diversity of scientific expertise covering all aspects of meat science.

"(c) RESEARCH CONDUCTED.—The red meat safety research center established under subsection (a) shall carry out research related to general food safety, including—

"(1) the development of intervention strategies that reduce microbiological contamination of carcass surfaces;

"(2) research regarding microbiological mapping of carcass surfaces; and

"(3) the development of model hazard analysis and critical control point plans.

"(d) ADMINISTRATION OF FUNDS.—The Secretary of Agriculture shall administer funds appropriated to carry out this section.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary for fiscal year 1997 to carry out this section.".

SEC. 840. INDIAN RESERVATION EXTENSION AGENT PROGRAM.

Section 1677 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5930) is amended—

(1) by redesignating subsection (f) as subsection (g); and

(2) by inserting after subsection (e) the following:

"(f) REDUCED REGULATORY BURDEN.—On a determination by the Secretary of Agriculture that a program carried out under this section has been satisfactorily administered for not less than 2 years, the Secretary shall implement a reduced reapplication process for the continued operation of the program in order to reduce regulatory burdens on participating university and tribal entities.".

SEC. 841. 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 "1997"; and

(2) in subsection (b)(2), by striking "1996" and inserting "1997".

SEC. 842. 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 "1997".

SEC. 843. GLOBAL CLIMATE CHANGE.

Section 2412 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6710) is amended by striking "1996" and inserting "1997".

Subtitle C—Repeal of Certain Activities and Authorities

SEC. 851. 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. 852. JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES.

(a) REPEAL.—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 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,".

(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 Joint Council developed under section 1407(f),".

(3) 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 "**THE 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 "one 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".

(4) 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"; and

(B) in subsection (b), by striking "Joint Council, Advisory Board," and inserting "Advisory Board".

(5) 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. 853. AGRICULTURAL SCIENCE AND TECHNOLOGY REVIEW BOARD.

(a) REPEAL.—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) is amended—

(A) in paragraph (16)(F), by adding "and" at the end;

(B) in paragraph (17), by striking "; and" at the end and inserting a period; and

(C) by striking paragraph (18).

(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 802(b)(2)) is 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 852(b)(3)) is 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 852(b)(4)) is amended—

(A) in subsection (a), by striking "or the Technology Board"; and

(B) in subsection (b), by striking "and the Technology Board".

SEC. 854. 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. 855. 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. 856. 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. 857. 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.

SEC. 858. COMPOSTING RESEARCH AND EXTENSION PROGRAM.

Section 1456 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3130) is repealed.

SEC. 859. EDUCATION PROGRAM REGARDING HANDLING OF AGRICULTURAL CHEMICALS AND AGRICULTURAL CHEMICAL CONTAINERS.

(a) REPEAL.—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. 860. PROGRAM ADMINISTRATION REGARDING SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION.

(a) REPORTING REQUIREMENT.—Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) is amended by striking subsection (b).

(b) ADVISORY COUNCIL.—Section 1622 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5812) is amended—

(1) in subsection (a)—

(A) by striking paragraph (2);

(B) in paragraph (3), by striking "subsection (e)" and inserting "subsection (b)"; and

(C) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively;

(2) by striking subsections (c) and (d);

(3) by redesignating subsection (e) as subsection (b); and

(4) in subsection (b)(2) (as so redesignated)—

(A) by striking subparagraph (A); and

(B) by redesignating subparagraphs (B) through (F) as subparagraphs (A) through (E), respectively.

(c) 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 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. 861. 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. 862. PLANT AND ANIMAL PEST AND DISEASE CONTROL PROGRAM.

(a) REPEAL.—Subtitle F of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5881 et seq.) 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. 863. CERTAIN SPECIALIZED RESEARCH PROGRAMS.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended—

(1) by striking subsections (a), (f), (g), (h), and (j); and

(2) by redesignating subsections (i) and (k) as subsections (f) and (g), respectively.

SEC. 864. COMMISSION ON AGRICULTURAL RESEARCH FACILITIES.

Section 1674 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5927) is repealed.

SEC. 865. 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. 866. 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. 867. DEMONSTRATION AREAS FOR RURAL ECONOMIC DEVELOPMENT.

Section 2348 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2662a) is repealed.

SEC. 868. TECHNICAL ADVISORY COMMITTEE REGARDING GLOBAL CLIMATE CHANGE.

Section 2404 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 6703) is repealed.

SEC. 869. COMMITTEE OF NINE UNDER HATCH ACT OF 1887.

Section 3(c)3 of the Act of March 2, 1887 (commonly known as the "Hatch Act of 1887"; 7 U.S.C. 361c(c)3) is amended by striking ", and shall be used" and all that follows through "by this paragraph".

SEC. 870. COTTON CROP REPORTS.

The Act of May 3, 1924 (43 Stat. 115, chapter 149; 7 U.S.C. 475), is repealed.

SEC. 871. RURAL ECONOMIC AND BUSINESS DEVELOPMENT AND ADDITIONAL RESEARCH GRANTS UNDER TITLE V OF RURAL DEVELOPMENT ACT OF 1972.

Section 502 of the Rural Development Act of 1972 (7 U.S.C. 2662) is amended by striking subsections (g) and (j).

SEC. 872. 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. 873. GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE EXTENSION FACILITIES.

Section 1416 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981 (7 U.S.C. 3224) is repealed.

SEC. 874. INDIAN SUBSISTENCE FARMING DEMONSTRATION GRANT PROGRAM.

Subtitle C of title IX of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102–237; 7 U.S.C. 5930 note) is repealed.

Subtitle D—Miscellaneous Research Provisions

SEC. 881. CRITICAL AGRICULTURAL MATERIALS RESEARCH.

(a) REPORTS.—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 "1997".

SEC. 882. MEMORANDUM OF AGREEMENT REGARDING 1994 INSTITUTIONS.

Section 533 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note) is amended by adding at the end the following:

"(d) MEMORANDUM OF AGREEMENT.—Not later than January 6, 1997, the Secretary shall develop and implement a formal memorandum of agreement with the 1994 Institutions to establish programs to ensure that tribally controlled colleges and Native American communities equitably participate in Department of Agriculture employment, programs, services, and resources.".

SEC. 883. SMITH-LEVER ACT FUNDING FOR 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

(a) ELIGIBILITY FOR FUNDS.—Section 3(d) of the Act of May 8, 1914 (commonly known as the "Smith-Lever Act"; 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 (7 U.S.C. 321 et seq.), including Tuskegee University, 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 AMENDMENT.—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 sec-

tion 3(d) of that Act (7 U.S.C. 343(d)), to carry out programs or initiatives for which no funds were made available under section 3(d) of that 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 that 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".

SEC. 884. AGRICULTURAL RESEARCH FACILITIES.

(a) 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) CONGRESSIONAL AGRICULTURE COMMITTEES.—The term 'congressional agriculture committees' means the Committee on Appropriations and the Committee on Agriculture of the House of Representatives and the Committee on Appropriations and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(3) 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, distribution, marketing, and utilization of food and agricultural products;

"(C) forestry, including range management, production of forest and range products, multiple use of forests 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.

"(4) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture.

"(5) TASK FORCE.—The term 'task force' means the Strategic Planning Task Force established under section 4.

"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 congressional agriculture committees, 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.

"(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 congressional agriculture committees on the results of the evaluation and assessment.

"SEC. 4. TASK FORCE ON 10-YEAR STRATEGIC PLAN FOR AGRICULTURAL RESEARCH FACILITIES.

"(a) ESTABLISHMENT.—Not later than 6 months after the date of enactment of the Federal Agriculture Improvement and Reform Act of 1996, the Secretary shall establish a task force, to be known

as the 'Strategic Planning Task Force'. The task force shall be comprised of 15 members.

"(b) COMPOSITION.—The Secretary shall select the members of the task force from a list of individuals recommended by the Advisory Board established under section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123). In submitting the list to the Secretary, the board may recommend for selection individuals (including members of the Advisory Board) who have expertise in facilities development, modernization, construction, consolidation, and closure.

"(c) DUTIES.—The task force shall review all currently operating agricultural research facilities constructed in whole or in part with Federal funds, and all planned agricultural research facilities proposed to be constructed with Federal funds, pursuant to criteria established by the Secretary, to ensure that a comprehensive research capacity is maintained.

"(d) 10-YEAR STRATEGIC PLAN.—Not later than 2 years after the task force is established, the task force shall prepare and submit to the Secretary and the congressional agriculture committees a 10-year strategic plan, reflecting both national and regional perspectives, for development, modernization, construction, consolidation, and closure of Federal agricultural research facilities and agricultural research facilities proposed to be constructed with Federal funds.

"(e) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—

"(1) PUBLIC MEETINGS.—All meetings of the task force 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 the task force 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 the task force.

"(f) DEFINITION OF AGRICULTURAL RESEARCH FACILITY.—Notwithstanding section 2(1), in this section the term 'agricultural research facility' means a facility for research in food and agricultural sciences.

"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 and 1997 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.".

(b) APPLICATION OF AMENDMENT.—The amendment made by subsection (a), other than section 4 of the Research Facilities Act (as amended by subsection (a)), 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.

(c) 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 "1997"; and

(2) by striking subsection (b).

(d) 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. 885. NATIONAL COMPETITIVE RESEARCH INITIATIVE.

(a) AUTHORIZATION OF APPROPRIATIONS FOR COMPETITIVE GRANTS.—Subsection (b)(10) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(10)) is amended—

(1) by striking "fiscal year 1995" and inserting "each of fiscal years 1995 through 1997"; and

(2) in subparagraph (B), by striking "20 percent" and inserting "40 percent".

(b) AVAILABILITY OF FUNDS.—Subsection (b) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)) is amended by adding at the end the following:

"(11) AVAILABILITY OF FUNDS.—Funds made available under paragraph (10) shall be available for obligation for a 2-year period beginning on October 1 of the fiscal year for which the funds are made available.".

SEC. 886. RURAL DEVELOPMENT RESEARCH AND EDUCATION.

Section 502(a) of the Rural Development Act of 1972 (7 U.S.C. 2662(a)) is amended 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.".

SEC. 887. DAIRY GOAT RESEARCH PROGRAM.

Section 1432(b)(5) 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 by striking "1995" and inserting "1997".

SEC. 888. COMPETITIVE GRANTS FOR RESEARCH TO ERADICATE AND CONTROL BROWN CITRUS APHID AND CITRUS TRISTEZA VIRUS.

Section 1672 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) (as amended by section 863) is amended by inserting before subsection (b) the following:

"(a) BROWN CITRUS APHID AND CITRUS TRISTEZA VIRUS.—

"(1) RESEARCH GRANTS AUTHORIZED.—The Secretary of Agriculture may make competitive grants available to support research for the purpose of—

"(A) developing methods to eradicate the brown citrus aphid and the citrus tristeza virus from citrus crops grown in the United States; or

"(B) adapting citrus crops grown in the United States to the brown citrus aphid and the citrus tristeza virus.

"(2) METHOD OF PROVIDING GRANTS.—Grants authorized under this subsection shall be made in the same manner, and shall be subject to the same conditions, as provided for competitive grants under the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i).

"(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subsection $3,000,000 for fiscal year 1997.".

SEC. 889. STUTTGART NATIONAL AQUACULTURE RESEARCH CENTER.

(a) TRANSFER OF FUNCTIONS TO SECRETARY OF AGRICULTURE.—

(1) PURPOSE.—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 "an experiment station or stations" and inserting "1 or more centers"; and

(C) in paragraph (5), by striking "Department of Agriculture" and inserting "Secretary of the Interior".

(2) 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".

(3) 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 DEPARTMENT OF AGRICULTURE.—Subject to section 1531 of title 31, United States

Code, not later than 90 days after the date of enactment of this Act, there are transferred to the Department of Agriculture—

(A) the personnel employed in connection with the laboratory referred to in paragraph (1)(A);

(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 in connection with, held in connection with, arising from, available to, or to be made available in connection with the laboratory.

(3) NONDUPLICATION OF FACILITIES.—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. 890. EXPANSION OF AUTHORITIES RELATED TO NATIONAL ARBORETUM.

(a) SOLICITATION OF GIFTS, BENEFITS, AND DEVISES.—The first sentence of section 5 of the Act of March 4, 1927 (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 (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 (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. 891. TRANSFER OF AQUACULTURAL RESEARCH CENTER.

(a) TRANSFER OF FISH CULTURE LABORATORY TO DEPARTMENT OF AGRICULTURE.—

(1) DESIGNATION OF CLAUDE HARRIS NATIONAL AQUACULTURAL RESEARCH CENTER.—

(A) IN GENERAL.—The Southeastern Fish Culture Laboratory in Marion, Alabama, shall be known and designated as the "Claude Harris National Aquacultural 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 "Claude Harris National Aquacultural Research Center".

(2) TRANSFER OF LABORATORY TO DEPARTMENT OF AGRICULTURE.—Subject to section 1531 of title 31, United States Code, not later than 90 days after the date of enactment of this Act, the Secretary of the Interior may transfer, in whole or in part, to the Department of Agriculture, with the consent of the Secretary 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 in connection with, held in connection with, arising from, available

to, or to be made available in connection with the laboratory.

(b) NONDUPLICATION OF FACILITIES.—The research center designated by subsection (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 Secretary of Agriculture.

SEC. 892. USE OF REMOTE SENSING DATA AND OTHER DATA TO ANTICIPATE POTENTIAL FOOD, FEED, AND FIBER SHORTAGES OR EXCESSES AND TO PROVIDE TIMELY INFORMATION TO ASSIST FARMERS WITH PLANTING DECISIONS.

(a) FINDINGS.—Congress finds that—

(1) remote sensing data can be useful to predict impending famine problems and forest infestations in time to allow remedial action;

(2) remote sensing data can inform the agricultural community as to the condition of crops and the land that sustains those crops; and

(3) remote sensing data and other data can be valuable, when received on a timely basis, in determining the need for additional plantings of a particular crop or a substitute crop.

(b) INFORMATION DEVELOPMENT.—The Secretary of Agriculture and the Administrator of the National Aeronautics and Space Administration, maximizing private funding and involvement, shall provide farmers and other interested persons with timely information, through remote sensing, on crop conditions, fertilization and irrigation needs, pest infiltration, soil conditions, projected food, feed, and fiber production, and any other information available through remote sensing.

(c) COORDINATION.—The Secretary of Agriculture and the Administrator of the National Aeronautics and Space Administration shall jointly develop a proposal to provide farmers and other prospective users with supply and demand information for food and fibers.

(d) SUNSET.—The authorities provided by this section shall expire 5 years after the date of enactment of this Act.

SEC. 893. SENSE OF SENATE REGARDING METHYL BROMIDE ALTERNATIVE RESEARCH AND EXTENSION ACTIVITIES.

It is the sense of the Senate that—

(1) the Department of Agriculture should continue to make methyl bromide alternative research and extension activities a high priority of the Department; and

(2) the Department of Agriculture, the Environmental Protection Agency, producer and processor organizations, environmental organizations, and State agencies should continue their dialogue on the risks and benefits of extending the 2001 phase-out deadline.

Subtitle E—Research Authority After Fiscal Year 1997

SEC. 897. AUTHORIZATION OF APPROPRIATIONS.

Subject to section 898, there are authorized to be appropriated for fiscal years 1998 through 2002 such sums as are necessary to carry out the agricultural research, extension, and education activities and initiatives of the Department of Agriculture.

SEC. 898. ACTIVITIES SUBJECT TO AVAILABILITY OF APPROPRIATIONS.

During each of fiscal years 1998 through 2002, the Secretary of Agriculture shall conduct only those agricultural research, extension, and education activities and initiatives of the Department of Agriculture for which funds are specifically provided for the fiscal year in an appropriation Act.

TITLE IX—MISCELLANEOUS

Subtitle A—Commercial Transportation of Equine for Slaughter

SEC. 901. FINDINGS.

Because of the unique and special needs of equine being transported to slaughter, Congress finds that it is appropriate for the Secretary of Agriculture to issue guidelines for the regulation of the commercial transportation of equine for slaughter by persons regularly engaged in that activity within the United States.

SEC. 902. DEFINITIONS.

In this subtitle:

(1) COMMERCIAL TRANSPORTATION.—The term "commercial transportation" means the regular operation for profit of a transport business that uses trucks, tractors, trailers, or semitrailers, or any combination thereof, propelled or drawn by mechanical power on any highway or public road.

(2) EQUINE FOR SLAUGHTER.—The term "equine for slaughter" means any member of the Equidae family being transferred to a slaughter facility, including an assembly point, feedlot, or stockyard.

(3) PERSON.—The term "person"—

(A) means any individual, partnership, corporation, or cooperative association that regularly engages in the commercial transportation of equine for slaughter; but

(B) does not include any individual or other entity referred to in subparagraph (A) that occasionally transports equine for slaughter incidental to the principal activity of the individual or other entity in production agriculture.

SEC. 903. REGULATION OF COMMERCIAL TRANSPORTATION OF EQUINE FOR SLAUGHTER.

(a) IN GENERAL.—Subject to the availability of appropriations, the Secretary of Agriculture may issue guidelines for the regulation

of the commercial transportation of equine for slaughter by persons regularly engaged in that activity within the United States.

(b) ISSUES FOR REVIEW.—In carrying out this section, the Secretary of Agriculture shall review the food, water, and rest provided to equine for slaughter in transit, the segregation of stallions from other equine during transit, and such other issues as the Secretary considers appropriate.

(c) ADDITIONAL AUTHORITY.—In carrying out this section, the Secretary of Agriculture may—

(1) require any person to maintain such records and reports as the Secretary considers necessary;

(2) conduct such investigations and inspections as the Secretary considers necessary; and

(3) establish and enforce appropriate and effective civil penalties.

SEC. 904. LIMITATION OF AUTHORITY TO EQUINE FOR SLAUGHTER.

Nothing in this subtitle authorizes the Secretary of Agriculture to regulate the routine or regular transportation, to slaughter or elsewhere, of—

(1) livestock other than equine; or

(2) poultry.

SEC. 905. EFFECTIVE DATE.

This subtitle shall become effective on the first day of the first month that begins 30 days or more after the date of enactment of this Act.

Subtitle B—General Provisions

SEC. 911. INTERSTATE QUARANTINE.

The fourth sentence of section 8 of the Act of August 20, 1912 (7 U.S.C. 161), is amended by inserting after "Provided, That" the following: "if the Secretary of Agriculture determines under this section that it is necessary to quarantine a State entirely comprised of islands, the Secretary of Agriculture, in implementing the restrictions authorized under this section, shall give consideration to enhancing passenger movement and commerce on and between islands in the State: Provided further, That".

SEC. 912. COTTON CLASSIFICATION SERVICES.

(a) EXTENSION OF AUTHORIZATION.—The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the "Cotton Statistics and Estimates Act") (7 U.S.C. 473a), is amended by striking "1996" and inserting "2002".

(b) COTTON CLASSING OFFICE LOCATIONS.—Section 4 of the Act of March 3, 1927 (commonly known as the "Cotton Statistics and Estimates Act") (7 U.S.C. 474), is amended by adding at the end the following: "The Secretary of Agriculture shall maintain until at least January 1, 1999, all cotton classing office locations in the State of Missouri that existed on January 1, 1996.".

SEC. 913. PLANT VARIETY PROTECTION FOR CERTAIN TUBER PROPAGATED PLANT VARIETIES.

(a) IN GENERAL.—Section 42(a)(1)(B)(i) of the Plant Variety Protection Act (7 U.S.C. 2402(a)(1)(B)(i)) is amended by inserting

after "filing" the following: ", except that in the case of a tuber propagated plant variety the Secretary may waive the 4-year limitation for a period ending 1 year after the date of enactment of the Federal Agriculture Improvement and Reform Act of 1996".

(b) TERM OF PROTECTION.—Section 83(b) of the Plant Variety Protection Act (7 U.S.C. 2483(b)) is amended—

(1) by striking "(b) The term" and inserting the following: "(b) TERM.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term";

(2) in the second sentence, by striking "If the certificate" and inserting the following:

"(2) EXCEPTIONS.—If the certificate"; and

(3) in paragraph (2) (as so designated), by striking "except that, in the case" and inserting the following: "except that—

"(A) in the case of a tuber propagated plant variety subject to a waiver granted under section 42(a)(1)(B)(i), the term of the plant variety protection shall expire 20 years after the date of the original grant of the plant breeder's rights to the variety outside the United States; and

"(B) in the case".

SEC. 914. 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. 915. DESIGNATION OF MOUNT PLEASANT NATIONAL SCENIC AREA.

Sections 1, 2, and 3(a)(1) of the George Washington National Forest Mount Pleasant Scenic Area Act (Public Law 103–314; 16 U.S.C. 545 note) are each amended by striking "George Washington National Forest Mount Pleasant Scenic Area" and inserting "Mount Pleasant National Scenic Area".

SEC. 916. PSEUDORABIES ERADICATION PROGRAM.

Section 2506(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 114i(d)) is amended by striking "1995" and inserting "2002".

SEC. 917. COLLECTION AND USE OF AGRICULTURAL QUARANTINE AND INSPECTION FEES.

Section 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136a) is amended by striking subsection (a) and inserting the following:

"(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 is 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 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 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 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. 918. MEAT AND POULTRY INSPECTION.

(a) ESTABLISHMENT OF SAFE MEAT AND POULTRY INSPECTION PANEL.—

(1) IN GENERAL.—The Federal Meat Inspection Act is amended—

(A) by redesignating section 410 (21 U.S.C. 680) as section 411; and

(B) by inserting after section 409 (21 U.S.C. 679) the following:

"SEC. 410. SAFE MEAT AND POULTRY INSPECTION PANEL.

"(a) ESTABLISHMENT.—There is established in the Department of Agriculture a permanent advisory panel to be known as the 'Safe Meat and Poultry Inspection Panel' (referred to in this section as the 'panel').

"(b) DUTIES.—

"(1) REVIEW AND EVALUATION.—The panel shall review and evaluate, as the panel considers necessary, the adequacy, necessity, safety, cost-effectiveness, and scientific merit of—

"(A) inspection procedures of, and work rules and worker relations involving Federal employees employed in, plants inspected under this Act;

"(B) informal petitions or proposals for changes in inspection procedures, processes, and techniques of plants inspected under this Act;

"(C) formal changes in meat inspection regulations promulgated under this Act, whether in notice, proposed, or final form; and

"(D) such other matters as may be referred to the panel by the Secretary regarding the quality or effectiveness of a safe and cost-effective meat inspection system under this Act.

"(2) REPORTS.—

"(A) IN GENERAL.—The panel shall submit to the Secretary a report on the results of each review and evaluation carried out under paragraph (1), including such recommendations as the panel considers appropriate.

"(B) REPORTS ON FORMAL CHANGES.—In the case of a report concerning a formal change in meat inspection regulations, the report shall be made within the time limits prescribed for formal comments on such changes.

"(C) PUBLICATION IN FEDERAL REGISTER.—Each report of the panel to the Secretary shall be published in the Federal Register.

"(c) SECRETARIAL RESPONSE.—Not later than 90 days after the publication of a panel report under subsection (b)(2)(C), the Secretary shall publish in the Federal Register any response required of the Secretary to the report.

"(d) COMPOSITION OF PANEL.—The panel shall be composed of 7 members, not fewer than 5 of whom shall be from the food science, meat science, or poultry science profession, appointed to staggered terms not to exceed 3 years by the Secretary from nominations received from the National Institutes of Health and the Federation of American Societies of Food Animal Science and based on the professional qualifications of the nominees.

"(e) NOMINATIONS.—

"(1) INITIAL PANEL.—In constituting the initial panel, the Secretary shall solicit 6 nominees from the National Institutes of Health and 6 nominees from the Federation of American Societies of Food Animal Science for membership on the panel.

"(2) VACANCIES.—Any subsequent vacancy on the panel shall be filled by the Secretary after soliciting 2 nominees from the National Institutes of Health and 2 nominees from the Federation of American Societies of Food Animal Science.

"(3) REQUIREMENTS FOR NOMINEES.—

"(A) IN GENERAL.—Each nominee provided under paragraph (1) or (2) shall have a background in public health issues and a scientific expertise in food, meat, or poultry science or in veterinary science.

"(B) SUBMISSION OF INFORMATION.—The Secretary may require nominees to submit such information as the Secretary considers necessary prior to completing the selection process.

"(4) ADDITIONAL NOMINEES.—If any list of nominees provided under paragraph (1) or (2) is unsatisfactory to the Secretary, the Secretary may request the nominating entities to submit an additional list of nominees.

"(f) TRAVEL EXPENSES.—While away from the home or regular place of business of a member of the panel in the performance of services for the panel, the member shall be allowed travel expenses, including per diem in lieu of subsistence, at the same rate as a per-

son employed intermittently in the Government service would be allowed under section 5703 of title 5, United States Code.

"(g) CONFLICTS OF INTEREST.—The Secretary shall promulgate regulations regarding conflicts of interest with respect to the members of the panel.

"(h) 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 the panel.

"(i) FUNDING.—From funds available to the Secretary to carry out this Act and the Poultry Products Inspection Act (21 U.S.C. 451 et seq.), the Secretary shall allocate such sums as may be necessary to carry out this section.".

(2) CROSS REFERENCE IN POULTRY PRODUCTS INSPECTION ACT.—The Poultry Products Inspection Act (21 U.S.C. 451 et seq.) is amended by adding at the end the following:

"SEC. 30. SAFE MEAT AND POULTRY INSPECTION PANEL.

"(a) REVIEW AND EVALUATION.—The advisory panel known as the 'Safe Meat and Poultry Inspection Panel' established by section 410 of the Federal Meat Inspection Act shall review and evaluate, as the panel considers necessary, the adequacy, necessity, safety, cost-effectiveness, and scientific merit of—

"(1) inspection procedures of, and work rules and worker relations involving Federal employees employed in, plants inspected under this Act;

"(2) informal petitions or proposals for changes in inspection procedures, processes, and techniques of plants inspected under this Act;

"(3) formal changes in poultry inspection regulations promulgated under this Act, whether in notice, proposed, or final form; and

"(4) such other matters as may be referred to the panel by the Secretary regarding the quality or effectiveness of a safe and cost-effective poultry inspection system under this Act.

"(b) REPORTS.—

"(1) IN GENERAL.—The Safe Meat and Poultry Inspection Panel shall submit to the Secretary a report on the results of each review and evaluation carried out under paragraph (1), including such recommendations as the panel considers appropriate.

"(2) REPORTS ON FORMAL CHANGES.—In the case of a report concerning a formal change in poultry inspection regulations, the report shall be made within the time limits prescribed for formal comments on such changes.".

(b) INTERSTATE SHIPMENT OF STATE-INSPECTED MEAT AND POULTRY.—Not later than 90 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to Congress recommendations concerning the steps necessary to achieve interstate shipment of—

(1) meat inspected under a State meat inspection program developed and administered under section 301 of the Federal Meat Inspection Act (21 U.S.C. 661); and

(2) poultry inspected under a State poultry product inspection program developed and administered under section 5 of the Poultry Products Inspection Act (21 U.S.C. 454).

SEC. 919. REIMBURSABLE AGREEMENTS.

(a) IN GENERAL.—The Secretary of Agriculture (referred to in this section as the "Secretary") 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 into the United States.

(b) OVERTIME, NIGHT, AND HOLIDAY WORK.—Notwithstanding any other provision of law, the Secretary may pay an employee of the Department of Agriculture performing 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.

(c) REIMBURSEMENT.—

(1) IN GENERAL.—The Secretary 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.

(2) CREDITING OF FUNDS.—All funds collected under paragraph (1) shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.

(3) LATE PAYMENT PENALTY.—

(A) IN GENERAL.—On failure of a person to reimburse the Secretary 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.

(B) CREDITING OF FUNDS.—Any late payment penalty and any accrued interest collected under this paragraph shall be credited to the account that incurs the costs and shall remain available until expended without fiscal year limitation.

SEC. 920. OVERSEAS TORT CLAIMS.

(a) IN GENERAL.—The Secretary of Agriculture may pay a tort claim in the manner authorized by 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.

(b) PERIOD FOR PRESENTATION OF CLAIM.—A claim may not be allowed under this section unless the claim is presented in writing to the Secretary of Agriculture within 2 years after the date on which the claim accrues.

(c) FINALITY.—Notwithstanding any other provision of law, an award or denial of a claim by the Secretary of Agriculture under this section is final.

SEC. 921. OPERATION OF GRADUATE SCHOOL OF DEPARTMENT OF AGRICULTURE AS NONAPPROPRIATED FUND INSTRUMENTALITY.

(a) DEFINITIONS.—In this section:

(1) GRADUATE SCHOOL.—The term "Graduate School" means the Graduate School of the Department of Agriculture.

(2) BOARD.—The term "Board" means the General Administration Board of the Graduate School.

(3) DIRECTOR.—The term "Director" means the Director of the Graduate School.

(4) SECRETARY.—The term "Secretary" means the Secretary of Agriculture.

(b) OPERATION AS NONAPPROPRIATED FUND INSTRUMENTALITY.—On and after the date of enactment of this Act, the Graduate School of the Department of Agriculture shall continue to operate as a nonappropriated fund instrumentality of the United States under the jurisdiction of the Department of Agriculture.

(c) ACTIVITIES OF GRADUATE SCHOOL.—Under the general supervision of the Secretary, the Graduate School shall develop, administer, and provide educational, training, and professional development activities, including educational activities for Federal agencies, Federal employees, nonprofit organizations, other entities, and members of the general public.

(d) FEES AND DONATIONS.—

(1) COLLECTION OF FEES.—The Graduate School may charge and retain fair and reasonable fees for the activities provided by the Graduate School. The amount of the fees shall be based on the cost of the activities to the Graduate School.

(2) ACCEPTANCE OF DONATIONS.—

(A) ACCEPTANCE AND USE AUTHORIZED.—The Graduate School may accept, use, hold, dispose, and administer gifts, bequests, and devises of money, securities, and other real or personal property made for the benefit of, or in connection with, the Graduate School.

(B) EXCEPTION.—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.

(3) NOT FEDERAL FUNDS.—Fees collected under paragraph (1) and amounts received under paragraph (2) shall not be considered to be Federal funds and shall not be required to be deposited in the Treasury of the United States.

(e) GENERAL ADMINISTRATION BOARD AND DIRECTOR.—

(1) APPOINTMENT AS GOVERNING BOARD.—The Secretary shall appoint a General Administration Board to serve as a governing board for the Graduate School and to supervise and direct the activities of the Graduate School. The Board shall be subject to regulation by the Secretary.

(2) DUTIES OF BOARD.—The Board shall—

(A) formulate broad policies in accordance with which the Graduate School shall be administered;

(B) take all steps necessary to ensure that the highest possible educational standards are maintained by the Graduate School;

(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 subparagraphs (A), (B), and (C).

(3) APPOINTMENT OF DIRECTOR AND OTHER OFFICERS.—The Board shall select a Director and such other officers as the Board considers necessary to administer the Graduate School. The Director and other officers shall serve on such terms and perform such duties as the Board may prescribe.

(4) DUTIES OF DIRECTOR.—The Director shall be responsible, subject to the supervision and direction of the Board, for carrying out the functions of the Graduate School.

(5) BORROWING AND INVESTMENT AUTHORITY.—The Board may authorize the Director—

(A) to borrow money on the credit of the Graduate School; and

(B) to invest funds held in excess of the current operating requirements of the Graduate School for purposes of maintaining a reasonable reserve.

(6) 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 their duties under this section.

(f) EMPLOYEES.—Employees of the Graduate School are employees of a nonappropriated fund instrumentality and shall not be considered to be Federal employees.

(g) NOT A FEDERAL AGENCY.—The Graduate School shall not be considered to be a Federal agency for purposes of—

(1) the Federal Advisory Committee Act (5 U.S.C. App.);

(2) section 552 or 552a of title 5, United States Code; or

(3) chapter 171 of title 28, United States Code;

(h) ACQUISITION AND DISPOSAL OF PROPERTY.—In order to carry out the activities of the Graduate School, the Graduate School may—

(1) acquire real property in the District of Columbia and in other places by lease, purchase, or otherwise;

(2) maintain, enlarge, or remodel any such property;

(3) have sole control of any such property; and

(4) dispose of real and personal property without regard to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.).

(i) CONTRACT AUTHORITY.—The Graduate School may enter into contracts without regard to the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) or any other law that prescribes procedures for the procurement of property or services by an executive agency.

(j) USE OF DEPARTMENT FACILITIES AND RESOURCES.—The Graduate School may use the facilities and resources of the Department of Agriculture, 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 paid using funds of the Graduate School. Federal funds may not be used to pay the costs.

SEC. 922. STUDENT INTERNSHIP PROGRAMS.

(a) STUDENT INTERN SUBSISTENCE PROGRAM.—

(1) DEFINITION OF STUDENT INTERN.—In this subsection, the term "student intern" means a person who—

(A) is employed by the Department of Agriculture (referred to in this section as the "Department") to assist scientific, professional, administrative, or technical employees of the Department; and

(B) is a student in good standing at an institution of higher education (as defined in section 1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)) pursuing a course of study related to the field in which the person is employed by the Department.

(2) PAYMENT OF CERTAIN EXPENSES BY THE SECRETARY.—The Secretary of Agriculture (referred to in this section as the "Secretary") may, out of user fee funds or funds appropriated to any agency of the Department, pay for lodging expenses, subsistence expenses, and transportation expenses of a student intern at the agency (including expenses of transportation to and from the student intern's residence at or near the institution of higher education attended by the student intern and the official duty station at which the student intern is employed).

(b) COOPERATION WITH ASSOCIATIONS OF COLLEGES AND UNIVERSITIES.—

(1) AUTHORITY TO COOPERATE.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into cooperative agreements on an annual basis with 1 or more associations of institutions of higher education (as defined in section 1201 of the Higher Education Act of 1965 (20 U.S.C. 1141)) for the purpose of providing for Department participation in internship programs for graduate and undergraduate students who are selected by the associations from students attending member institutions of the associations and other institutions of higher education.

(2) INTERNSHIP PROGRAM.—An internship program supported under this subsection (referred to in this subsection as an "internship program") shall provide work assignments for students within the Department and such other activities as the association that enters into the cooperative agreement under paragraph (1) with respect to the internship program (referred to in this subsection as the "cooperating association") and the Secretary shall determine. The nature of Department participation in an internship program shall be developed jointly by the Secretary and the cooperating association.

(3) PROGRAM COORDINATION.—The cooperating association shall coordinate an internship program, including—

(A) the recruitment of students;

(B) arrangements for travel of the students to Washington, District of Columbia, and to agency field locations;

(C) the provision of housing for students, if required; and

(D) all activities for the students that take place outside the Department work assignments of the students.

(4) NUMBER AND SELECTION OF STUDENTS.—

(A) NUMBER.—A cooperative agreement entered into under paragraph (1) shall specify the number of students that the Department will host each year and a list of work assignments to be provided for the students.

(B) SELECTION.—The cooperating association shall provide the Department with a pool of student candidates meeting the requirements for each work assignment identified by the Secretary. Final selection of the students for Department internship positions shall be made by the Secretary.

(5) COST REIMBURSEMENT.—From such amounts as the Secretary determines are available each fiscal year for internship programs, and subject to such regulations as the Secretary may issue, the Secretary may reimburse a cooperating association for the Department share of all direct and indirect costs of an internship program, including student stipends, transportation costs to the internship site, and other costs of an internship program.

(6) LEAD AGENCY.—The Secretary may designate a lead agency within the Department to carry out this subsection.

(7) INTERAGENCY AGREEMENTS.—Agencies and offices within the Department other than the lead agency—

(A) may enter into interagency agreements with the lead agency to provide work assignments for students participating in an internship program; and

(B) shall reimburse the lead agency for the direct and indirect costs of each student assigned to the agency under an internship program.

(8) FEDERAL EMPLOYEE STATUS.—A student who participates in an internship program shall not be considered a Federal employee, except for purposes of chapter 81 of title 5, and chapter 171 of title 28, United States Code.

SEC. 923. CONVEYANCE OF EXCESS FEDERAL PERSONAL PROPERTY.

Notwithstanding any other provision of law, the Secretary of Agriculture may—

(1) convey title to excess Federal personal property owned by the Department of Agriculture, with or without monetary compensation and for such purposes as are determined by the Secretary, to—

(A) any of the 1994 Institutions (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note));

(B) any Hispanic-serving institution (as defined in section 316(b) of the Higher Education Act of 1965 (20 U.S.C. 1059c(b))); and

(C) any college or university eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee University; and

(2) acquire from, exchange with, or dispose of personal property to other Federal departments and agencies without monetary compensation in furtherance of the purposes of this section.

SEC. 924. 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 to the United States. The release shall be 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 to the United States.

(2) BANKHEAD-JONES FARM TENANT 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 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 or successor organization; 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. 925. SALE OF LAND BY THE UNIVERSITY OF ARKANSAS.

The Act of March 2, 1887 (commonly known as the "Hatch Act of 1887") (7 U.S.C. 361a et seq.) shall not apply to the sale by the University of Arkansas of the approximately 103.52 acres of land in Washington County, Arkansas, owned by the University and commonly known as the "Walker Tract", if the sale is made on the condition that all of the proceeds of the sale are used for agricultural research facilities and programs of the University of Arkansas.

SEC. 926. DESIGNATION OF DALE BUMPERS SMALL FARMS RESEARCH CENTER.

(a) IN GENERAL.—The small farms research facility of the Agricultural Research Service located near Booneville, Arkansas, shall

be known and designated as the "Dale Bumpers Small Farms Research Center".

(b) REFERENCES.—Any reference in a law, map, regulation, document, paper, or other record of the United States to the research facility referred to in subsection (a) shall be deemed to be a reference to the "Dale Bumpers Small Farms Research Center".

SEC. 927. DEPARTMENT OF AGRICULTURE WASHINGTON AREA STRATEGIC SPACE PLAN.

The Secretary of Agriculture may obligate not more than $5,000,000, from funds appropriated for agriculture buildings and facilities and rental payments, for the improvement of State and local roads relating to the construction of an office complex at the Beltsville Agriculture Research Center, Maryland, as part of the implementation of the Department of Agriculture Washington Area Strategic Space Plan.

SEC. 928. SEVERABILITY.

If any provision of this Act or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or applications of this Act that can be given effect without regard to the invalid provision or application, and to this end the provisions of this Act are severable.

And the Senate agree to the same.

PAT ROBERTS,
BILL EMERSON,
STEVE GUNDERSON,
THOMAS W. EWING,
BILL BARRETT,
WAYNE ALLARD,
JOHN BOEHNER,
RICHARD POMBO,
E DE LA GARZA,
CHARLIE ROSE,
CHARLIE STENHOLM,
GARY CONDIT,
Managers on the Part of the House.

RICHARD G. LUGAR,
BOB DOLE,
JESSE HELMS,
THAD COCHRAN,
MITCH MCCONNELL,
LARRY E. CRAIG,
PATRICK LEAHY,
HOWELL HEFLIN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The Managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2854) to modify the operation of certain agricultural programs, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM

(1) Short title

The House bill names title 1 the "Agriculture Market Transition Program." (Section 1)

The Senate amendment names the bill the "Agriculture, Reform and Improvement Act" and title 1 "The Agriculture Market Transition Act." (Section 101)

The Conference substitute adopts the Senate provision with an amendment naming the bill the Federal Agriculture Improvement and Reform Act (Section 1) and title I the Agriculture Market Transition Act. (Section 101)

SUBTITLE A—PURPOSE AND DEFINITIONS

(2) Purpose

The House bill states that it is the purpose of this title to authorize the use of binding production flexibility contracts between the United States and producers; to make nonrecourse marketing assistance loans; to improve the operation of the peanut and sugar programs and; to terminate price support authority under the Agriculture Act of 1949. (Section 101)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment deleting the reference to the Agriculture Act of 1949 and adding a reference to the establishment of the Commission on 21st Century Production Agriculture. (Section 101)

(3) Definitions

The House bill, in Section 102 contains definitions of terms used throughout Title I. "Contract commodity" includes wheat, corn, grain sorghum, barley, oats, upland cotton, and rice; "contract acreage" means one or more crop acreage bases established under title V of the Agricultural Act of 1949 that would have been in effect for the 1996 crop; and "loan commodity" means each contract commodity, plus extra long staple cotton and oilseeds.

The Senate amendment, in Section 102, achieves the same purpose but for technical differences.

The Conference substitute adopts the House provision with technical amendments. (Section 102)

SUBTITLE B—PRODUCTION FLEXIBILITY CONTRACTS

(4) Offers and terms

The House bill, in Section 103(a), in paragraph (1), authorizes the Secretary to enter into 7-year production flexibility contracts between 1996 and 2002 with eligible owners and operators on a farm containing eligible farmland. In exchange for annual payments under the contract, the owner or operator must agree to comply with the applicable conservation plan for the farm, the wetland protection requirements of title XII of the Food Security Act of 1985, and the planting flexibility requirements of subsection (j). The land under a contract must be maintained in an agricultural or related activity; conversion to a non-agricultural commercial or industrial use.

The Senate amendment, in Section 103, is similar but does not restrict land subject to a contract to an agricultural use.

The Conference substitute adopts the House provision with technical amendments removing references to the "conservation plan" and instead requiring compliance with highly erodible land and wetlands restrictions from the Food Security Act of 1985. (Section 111(a))

(5) Eligible owners and operators described

The House bill, in Section 103(a), in paragraph (2), describes eligible owners and operators, that include:

(A) an owner who assumes all risk of producing a crop;

(B) an owner who shares in the risk of producing a crop;

(C) an operator with a share-rent lease regardless of the length of such lease if the owner also enters into the contract;

(D) an operator with a cash rent lease that expires on or after September 30, 2002, in which case the consent of the owner is not required;

(E) an operator with a cash rent lease that expires before September 30, 2002, and the owner consents to the contract;

(F) an owner with a cash rent lease, but only if the operator declines to enter into a contract, in which case payments under the contract will not begin until the fiscal year following the year in which the lease expires; and

(G) an owner or operator regardless of whether the owner or operator purchased catastrophic risk protection for a fall-planted 1996 crop.

The Senate amendment, in Section 103(a)(2), is identical but for technical differences.

The Conference substitute adopts the House provision with technical amendments that replaced references to "operator" with "producers" and that further clarify contract eligibility.

The Managers do not intend that there be any substantial change in the existing landlord-tenant policy at USDA, which has functioned successfully for several decades. State law on tenancy should continue to govern the relationship between landlords and tenants. Cash-rent landlords are allowed to be signatories of the contract, and if the producer does not enroll all the eligible cropland of a farm into a contract, the consent of the owner is required. However, this is to facilitate orderly transfer and any potential succession situation relating to the contract and creates no additional liability or obligation for the cash-rent landlord. The purchase of catastrophic risk protection for 1996 crops is not a factor for determining contract eligibility. (Section 111(b))

(6) Tenants and sharecroppers

The House bill, in Section 103(a), in paragraph(3), instructs the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers.

The Senate amendment is identical but for technical differences.

The Conference substitute adopts the House provision with technical amendments. (Section 111(c))

(7) Eligible cropland described

The House bill, in Section 103(c) describes eligible farmland, which is land that contains a crop acreage base, at least of a portion of which was enrolled in the acreage reduction programs authorized for a crop of rice, upland cotton, feed grains, or wheat and which has served as the basis for deficiency payments in at least one of the 1991 through 1995 crop years. With respect to contracts for acreage enrolled in the CRP, such acreage must have crop acreage base attributable to it.

The Senate amendment, in Section 103 is similar but also provides authority for the Secretary to establish a fair and equitable crop acreage base for beginning farmers.

The Conference substitute adopts the House provision. The Managers note that producers who have certified planted acreage under the 1990 farm bill shall be eligible to participate in the market transition program. (Section 111(d)).

The Managers recognize that USDA has been establishing crop acreage bases (CAB) and program payment yields for each contract commodity that participated in the Acreage Reduction Programs and also any contract commodity that was reported to the county FSA offices as planted, or was reported as conserving use acres, or zero acreage planting protection either to maintain or build CAB's. These CAB's and yields were established in accordance with provisions of Title V of the Agricultural Act of 1949. The Managers intend that these CAB's become known as "contract acreage" and any farm having contract acreage for at least one crop would be eligible to enroll to receive benefits under a Production Flexibility Contract.

It is the intent of the Managers that any farm for which a 1996 CAB would have been established under Title V of the Agricultural Act of 1949 would be eligible to enter into a Production Flexibility Contract. A one-time sign-up period would allow producers to decide whether to enroll all or a portion of the contract acreage for each crop. Except for CRP contracts that expire after the fiscal year 1996 sign-up period, producers should not have a later opportunity to participate in the program. The Managers also adopted an amendment allowing an owner or producer to enroll all or a portion of the eligible cropland of a farm and to subsequently reduce the size of the contract acreage. (Section 111(e) and(f))

(8) Elements of contracting

The House bill, in Section 103(b), in paragraph (1), provides that the deadline for entering into a contract is April 15, 1996, except that owners and operators on farms which contain acreage enrolled in the Conservation Reserve Program ("CRP") may enter into a contract upon the expiration of the CRP contract.

The Senate amendment is identical

The Conference substitute adopts the House provision with a technical amendment directing the Secretary to commence sign-up, to the maximum extent practicable, no later than 45 days after enactment and shall end sign-up not later than August 1, 1996. (Section 112(a))

It is the intent of the Managers that lands subject to a CRP contract that expires or is voluntarily terminated after August 1, 1996, and that has an eligible farm program base history, should be eligible to enter into an Agriculture Market Transition contract after that date. A producer who voluntarily terminates a CRP contract should have the option to receive either a prorated CRP payment or a contract payment.

(9) Duration of contract

The House bill, in Section 103(b), in paragraph (2), provides that the contracts shall begin with the 1996 crop year and extend through the 2002 crop year.

The Senate amendment is identical.

The Conference substitute adopts the Senate provision with an amendment allowing a contract to be terminated earlier by a producer or owner. (Section 112(b))

(10) Estimation of contract payments

The House bill, in Section 103(b), in paragraph (3), provides that, at the time a contract is signed, the Secretary shall estimate the anticipated payments that will be made under the contract for at least the first fiscal year.

The Senate amendment is identical.

The Conference substitute adopts the House provision. (Section 112(c))

(11) Time For payment; in general

The House bill, in Section 103(d) establishes the payment dates under the contracts as September 30 of each of the fiscal years 1996 through 2002.

The Senate amendment is identical.

The Conference substitute adopts the Senate provision. (Section 112(d))

(12) Advance payments

The House bill provides that an owner or operator may opt to receive half of each annual payment on December 15 of each year. For the 1996 fiscal year, an owner or operator may elect to receive half of the payment not later than June 15.

The Senate amendment is identical.

The Conference substitute adopts the House provision with an amendment allowing a producer, in fiscal year 1996, to opt to receive a 50 percent advance payment 30 days after the contract is entered into and approved. For the remaining fiscal years, a producer can opt to receive a 50 percent advance payment on December 15 or January 15. The date of this election can be modified in subsequent fiscal years at the option of the producer. (Section 112(d))

(13) Fiscal year amounts

The House bill, in Section 103(e), in paragraph (1), establishes spending limits of:

(A) $5,570,000,000 for FY 1996;
(B) $5,385,000,000 for FY 1997;
(C) $5,800,000,000 for FY 1998;
(D) $5,603,000,000 for FY 1999;
(E) $5,130,000,000 for FY 2000;
(F) $4,130,000,000 for FY 2001; and
(G) $4,008,000,000 for FY 2002.

The Senate amendment is identical.

The Conference substitute adopts the Senate provision. (Section 113(a))

The Managers intend that USDA, to the maximum extent practicable, expend the amounts specified by this section in each fiscal year. Final payment rates for each crop should be calculated based on the amount of all contract production enrolled by all producers for that crop for the fiscal year. Any unexpended amounts in a fiscal year should be added to the amount available for contract payments in the next succeeding fiscal year as specified under section 113(a), except unexpended funds attributable to the application of the payment limitation provisions.

(14) Allocation (commodity)

The House bill, in Section 103(e), in paragraph (2), allocates the yearly amounts among the contract commodities as follows:

(A) wheat, 26.26 percent;
(B) corn, 46.22 percent;
(C) grain sorghum, 5.11 percent;
(D) barley, 2.16 percent;
(E) oats, 0.15 percent;
(F) upland cotton, 11.63 percent; and
(G) rice, 8.47 percent.

The Senate amendment is identical.

The Conference substitute adopts the Senate provision. (Section 112(b))

(15) Adjustment

The House bill, in Section 103(e), in paragraph (3), directs the Secretary to adjust the amounts allocated in paragraph (2), if necessary, by:

(A) adding producer repayments of deficiency payments received during that fiscal year under section 114(a)(2) of the Agricultural Act of 1949;

(B) adding contract payments withheld at the request of producers, during the preceding fiscal year as an offset against repayments of deficiency payments otherwise required under section 114(a)(2) of the Agricultural Act of 1949; and

(C) adding contract payments which are refunded during the preceding fiscal year under section 103(h) for the commodity; and

(D) subtracting payments required under sections 103B, 105B, and 107B of the Agricultural Act of 1949 for the 199 and 1995 crop years.

The Senate amendment, in Section 103(e), in paragraph (3), directs the Secretary to adjust the amounts allocated in paragraph (2), if necessary, by:

(A) subtracting payments (final deficiency payments) required under sections 103B, 105B, and 107B of the Agricultural Act of 1949 for the 1994 and 1995 crop years;

(B) adding any required producer repayments of deficiency payments received during that fiscal year under section 114(a)(2) of the Agricultural Act of 1949;

(C) adding contract payments withheld at the request of producers, during the preceding fiscal year as an offset against repayments of deficiency payments otherwise required under section 114(a)(2) of the Agricultural Act of 1949; and

(D) adding contract payments which are refunded during the preceding fiscal year under section 103(h) for the commodity.

The Conference substitute adopts the House provision with an amendment directing the Secretary to adjust the amounts allocated for each contract commodity under subsection (b) in a particular fiscal year by:

(1) adding all repayment of deficiency payments required under section 114(a)(2) of the Agriculture Act of 1949;

(2) adding all contract payment refunds received the previous year under section 116; and

(3) subtracting payments made during that fiscal year under sections 103B, 105B, or 107B of the Agricultural Act of 1949 for the 1994 and 1995 crop years. (Section 113(c))

(16) Additional rice allocation

The House bill, in Section 103(e), in paragraph (4), requires the Secretary to determine the amount necessary to make the remaining payments under section 101B of the Agriculture Act of 1949 for the 1994 and 1995 crops of rice. The Secretary is directed to sub-

tract this amount, in equal installments, from the amount in paragraph (2)(G) available for rice.

The Senate amendment, in Section 103(e), in paragraph (3), directs the Secretary to increase the amount available for rice in paragraphs (1), (2) and (3), by $17,000,000 for each of fiscal years 1997 through 2002.

The Conference substitute adopts the Senate provision with an amendment reducing the amount to $8,500,000 for each of fiscal years 1997 through 2002. (Section 113(d))

The Managers adopted an amendment to ensure that the total amounts available for contract payments shall be reduced by the total amount of payments foregone due to payment limitations, and that the portion of a contract payment that is attributed to repayment of advance deficiency payments for the 1994 and 1995 crop years does not apply to the payment limitation for subsequent years. However, such payment should not exceed $50,000. (Section 113 (e) and (f))

(17) Determination of contract payments

The House bill, in Section 103(f) provides the method for determining payments under a particular contract:

Paragraph (1) establishes the process for determining the payment quantity of a contract commodity, which is the product of 85 percent of the contract acreage and the farm program payment yield for the commodity.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision. (Section 114 (a))

(18) Annual Payment quantity of contract commodities

The House bill, in Paragraph (2) provides that the payment quantity of each contract commodity covered by all contracts for each fiscal year shall equal the sum of all the payment quantities under paragraph (1).

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision. (Section 114(b))

(19) Annual payment rate

The House bill, in Paragraph (3) provides that the annual payment rate for a contract commodity shall be the amount made available under 103(e) for the commodity divided by the total payment quantity under paragraph (2).

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision. (Section 114(c))

(20) Annual payment amount

The House bill, in Paragraph (4) provides that the payment amount to be paid under a contract shall be equal to the product of the payment quantity determined under paragraph (1) and the payment rate determined under paragraph (3).

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision with an amendment that the annual payment amount is the sum of payments for all contract commodities and that contract payments shall be reduced by an amount equal to any required repayment of advance deficiency payments under section 114(a)(2) of the Agriculture Act of 1949.

The Managers adopted an amendment to direct the Secretary to collect repayments as soon as contract payments are determined. (Section 114(d) and (e))

(21) Assignment of contract payments

The House bill, in Paragraph (5) provides that the provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act relating to assignment of payments shall apply to contract payments, and requires that the owner, operator, or assignee to notify the Secretary of such assignment.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision with a technical amendment. (Section 114(f))

(22) Sharing of contract payments

The House bill, in Paragraph (6) directs the Secretary to allow for the sharing of payments among owners and operators in a fair and equitable manner.

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision with a technical amendment.

The Managers intend that the Production Flexibility Contracts ensure a fixed payment based on section 113 and 114 for seven years. The contracts are farm specific and apply to that farm for the seven-year term of the contract. However, it is the intent of the Managers that the division of payments and the producers on a contract could change each year to reflect the producers on the farm for that year. Changes in producers on a farm could result from changes in rental agreements, ownership, or other changes to a farming operation. The purpose of this program is to transition producers who have been earning deficiency payments from government-driven planting decisions to market-driven planting decisions. The Managers intend that USDA administer this program to generally ensure consistency with current regulations relating to the division of payments and fair treatment of tenants and landowners. Past payment history on a farm should also be considered when determining eligible producers and payment divisions. Owners who follow State tenancy laws and timely notify tenants should have the ability to change renters and rental arrangements and change Production Flexibility Contracts to reflect those changes. (Section 114(g))

(23) Payment limitation, applicability

The House bill, in Section 103(g) provides that the total amount of payments under a contract during any fiscal year may not exceed the payment limitation established under sections 1001 through 1001C of the Food Security Act of 1985.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision. (Section 115)

(24) Payment limitation

The House bill, in Section 105(a) amends section 1001 of the Food Security Act of 1985 to provide that the total amount of contract payments to a person under section 103 of this Act may not exceed $40,000 during any fiscal year, and that the total amount of marketing loan gains or loan deficiency payments to a person under section 104 of this Act may not exceed $75,000.

Section 105(b) makes necessary conforming changes to the Food Security Act of 1985 and the Agricultural Reconciliation Act of 1987.

The Senate amendment, in Section 105, contains a similar provision but for technical differences.

The Conference substitute adopts the House provision with a technical amendment. (Section 115(b))

(25) Violations of contract

The House bill, in Section 103(h), in paragraph (1), authorizes the Secretary to terminate a contract if an owner or operator violates the farm's conservation compliance plan, wetland protection requirements, planting flexibility provisions, or agricultural use restrictions. Upon termination, the owner or operator forfeits future payments and must refund payments received during the period of the violation, with interest as determined by the Secretary.

Section 103(h), in paragraph (2), provides that, if the Secretary determines that the nature of the violation does not warrant termination of the contract as provided in paragraph (1), the Secretary may—

(A) require a partial refund with interest; or

(B) adjust future contract payments.

The Senate amendment, in Section 103(h), contains an identical provision but for technical differences.

The Conference substitute adopts the House provision. (Section 116)

(26) Foreclosure (effect of violation)

The House bill, in Section 103(h), in paragraph (3), prohibits the Secretary from requiring repayments from an owner or operator if farmland which is subject to the contract is foreclosed upon and the Secretary determines that forgiving such repayments is appropriate in order to provide fair and equitable treatment. This authority does not void the responsibilities of such owner or operator if the owner or operator continues or resumes control or operation of the property subject to the contract, and in effect reinstate the contract.

Section 103(h), in paragraph (4), provides that a determination by the Secretary under this subsection shall be considered as an adverse decision for purposes of administrative review.

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision. (Section 116(c))

(27) Transfer of interest in lands subject to contract

The House bill, in Section 103(i), in paragraph (1), provides for transfers of land subject to a contract. The Secretary is to carry out this paragraph in such a manner to ensure that the reconstitution of a farm in association with a transfer results in no additional outlays. Upon a transfer, a contract is automatically terminated unless the transferee agrees to assume all obligations under the contract. A transferee may request modifications to a contract before assuming it, if the modifications are consistent with the objectives of this section as determined by the Secretary.

Section 103(i), in paragraph (2), authorizes the Secretary to issue regulations regarding contract payments in instances in which an owner or operator dies, becomes incompetent, or is otherwise unable to receive a contract payment.

The Senate amendment contains a similar provision.

The Conference substitute adopts the House provision with a technical amendment. (Section 117)

(28) Planting flexibility; permitted crops

The House bill, in Section 103(j), in paragraph (1) provides that, subject to the restrictions in paragraph (2)(A), any commodity or crop may be planted on contract acreage.

The Senate amendment, in Section 103(j), contains a similar provision.

The Conference substitute adopts the Senate provision. (Section 118)

(29) Haying and grazing

In the House bill, Subparagraph (A) allows unlimited haying and grazing on 15% of contract acreage, and unlimited haying and grazing of contract acreage planted to a contract commodity during the crop year.

Subparagraph (A) also provides that haying and grazing of contract acreage shall be permitted, except during the 5-month period designated by the State Committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act between April 1 and October 31st of each year. The Secretary may permit unlimited haying and grazing on eligible farmland in cases of a natural disaster.

The Senate amendment contains a similar provision but for technical differences.

The Conference substitute adopts the House provision with an amendment to strike the provision. It is the intent of the Managers that the haying and grazing of any commodity or crop should be allowed on contract acreage without restriction, and without a reduction in contract payments.

(30) Alfalfa

The House bill, in subparagraph (B) provides that the planting and harvesting of alfalfa on contract acreage shall be unlimited, except that the quantity of acreage eligible for a contract payment shall be reduced proportionately for each acre beyond 15 percent on which alfalfa is planted and harvested.

The Senate amendment contains a similar provision but for technical differences.

The Conference substitute adopts the Senate provision with an amendment to strike the provision.

(31) Fruits and vegetables

In the House bill, Paragraph (2) prohibits the planting of fruits and vegetables on contract acreage, except in any region with a history of double cropping, as determined by the Secretary. This restriction does not apply to contract commodities, lentils, mung beans, and dry peas.

The Senate amendment, contains a similar provision except that the planting of fruits and vegetables is allowed only on a farm with a history of double cropping.

The Conference substitute adopts the House provision with an amendment:

Subparagraph (A): the double-cropping of fruits or vegetables in association with a contract commodity on contract acres is allowed in any region with a history of such practice, as determined by the Secretary, regardless of the planting history of an individual farm;

Subparagraph (B): a fruit or vegetable can be grown without limitation on any farm with a history of fruit or vegetable production on contract acres, except that a contract payment shall be reduced by one acre for each contract acre planted to a fruit or vegetable in that year; and,

Subparagraph (C): a producer with a history of production of a specific fruit or vegetable, as determined by the Secretary, is allowed to rent or lease contract acres to grow that fruit or vegetable, on any farm, without respect to the planting history of the individual farm. The number of acres so leased or rented cannot exceed the average acres rented or leased by that producer in crop years 1991–1995. Years of no production are not included in the average, and for each contract acre so rented or leased, the contract payment shall be reduced by one acre. (Section 118)

The Managers intend for the Secretary to administer the exceptions to the fruits and vegetable planting prohibitions as three distinctly separate situations. With respect to subparagraphs (A), (B), and (C), any perceived limitation in one subparagraph should not limit flexibility in any other subparagraph. (Section 118)

SUBTITLE C—NONRECOURSE MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS

(32) Nonrecourse marketing assistance loans and loan deficiency payments

The House bill, in Section 104(a), in paragraph (1), directs the Secretary to make nonrecourse marketing assistance loans available to eligible producers of loan commodities for each of the 1996 through 2002 crops of such commodities under terms and conditions prescribed by the Secretary at rates established under section 104(b).

Section 104(a), in paragraph (2), provides that the amount of production eligible for a marketing assistance loan includes all pro-

duction of a loan commodity produced by a producer who has entered into a contract, and any production of extra long staple cotton or oilseeds.

Section 104(a), in paragraph (3), establishes recourse loans for high moisture feed grains. Eligibility shall be limited to the product of the harvested acreage of high moisture feed grains and the lower of the payment yield or actual yield on a field.

Section 104(b), in paragraph (1), provides that the loan rate for wheat is not less than 85 percent of the 5-year Olympic average, with a maximum of $2.58 per bushel, and the Secretary has authority to further decrease the loan rate in a particular year based on stocks-to-use ratios.

Section 104(b), in paragraph (2), provides that the loan rate for corn is not less than 85 percent of the 5-year Olympic average, with a maximum of $1.89 per bushel, and the Secretary has authority to further reduce the loan rate in a particular year based on stocks-to-use ratios. Loan rates for other feed grains are to be set at rates which are fair and reasonable in relation to the rate for corn.

Section 104(b), in paragraph (3), provides that the loan rate for upland cotton shall be not less than the smaller of:

(i) 85 percent of the average U.S. spot market price during the preceding 5 marketing years, excluding the highest and lowest-price years, or

(ii) 90 percent of the average price of the 5 lowest priced growths quoted for Northern Europe during a specified period, adjusted downward to account for differences between the Northern Europe and U.S. spot market prices.

However, in any case, the loan rate shall not be less than $0.50 per pound nor more than $0.5192 per pound.

Section 104(b), in paragraph (4), provides that the loan rate for extra long staple cotton shall be not less than 85 percent of the 5-year Olympic average, with a maximum of $0.7965 per pound.

Section 104(b), in paragraph (5), provides that the loan rate for rice shall be $6.50 per hundredweight.

Section 104(c) provides that the term of a loan shall be nine months, except that a loan for upland or extra long staple cotton shall be ten months, starting on the first day of the first month after the month in which the loan is made. The Secretary may not extend loans.

The Senate amendment contains an identical provision, but did not establish non-recourse loans for high-moisture feedgrains.

The Conference substitute adopts the House position with a technical amendment to the reference period used to establish cotton loan levels. The Managers intend that no change in cotton loan rates shall result from this technical change. The Managers adopted a technical amendment limiting upland cotton loans to a ten month period and specifying that only contract commodities produced on a contract farm are eligible for a marketing or non-recourse loan. The Managers adopted an amendment directing the Secretary to carry out this subtitle in a manner to ensure that no additional outlays result from the reconstitution of farms. (Section 131, 132 and 133)

The Managers also agreed to establish a recourse loan program for high-moisture feedgrains and seed cotton. (Section 137)

The Managers understand that the Secretary currently has authority to make a recourse loan available to producer on seed cotton (cotton which has been harvested but not ginned). This provision simply extends current law. The regulations governing the recourse seed cotton loan establish very strict repayment requirements. Since the loan must be repaid in a timely manner and repayment virtually always, with the exception of cotton harvested in the early production areas of the Lower Rio Grande Valley, occurs in the same fiscal year there should be minimal if any cost associated with extending this authority.

(33) Oilseeds

The House bill, in Section 104(b), in paragraph (6), provides that the loan rate for oilseeds: soybeans are $4.92 per bushel, sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed are $0.087 per pound; and other oilseeds are set a level that is fair and reasonable in relation to the loan rate available for soybeans (not to exceed other oilseeds).

The Senate amendment, in Section 104(b), in paragraph (6), provides that the loan rate for oilseeds shall be not less than 85 percent of the 5-year Olympic average market price. The soybean minimum loan is $4.92 per bushel and the maximum is $5.26 per bushel; the minimum loan for sunflower seed, canola, rapeseed, safflower, mustard seed, and flaxseed is $0.087 per pound and the maximum is $0.93 per pound; and other oilseeds are set a level that is fair and reasonable in relation to the loan rate available for soybeans (not to exceed other oilseeds).

The Conference substitute adopts the Senate provision. (Section 132 (f))

(34) Repayment of loans

The House bill, in Section 104(d) establishes repayment provisions for loan commodities at the lesser of:

(A) the loan rate; or

(B) the prevailing world market price (adjusted to U.S. quality and location).

Paragraph (2) sets additional repayment rates for wheat, feedgrains and oilseeds at the level that 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.

Paragraph (3) sets the repayment rate for extra long staple cotton at the loan rate plus interest.

Paragraph (4) instructs the Secretary to prescribe by regulation a formula to determine the prevailing world market price and a mechanism to periodically announce the prevailing world market price.

Paragraph (5) provides upland cotton prevailing world market price adjustment authority based on the Northern Europe price differential, with further adjustment authority based on the U.S. export share, current cotton exports and sales, and other data determined by the Secretary to be relevant. Such adjustments may not exceed the difference between the average U.S. price and the Northern Europe price.

Section 104(e) directs the Secretary to make loan deficiency payments to producers who forego obtaining a loan under subsection (a) in an amount equal to the difference between the loan rate for a commodity and the level at which it may be repaid. However, there is no authority for loan deficiency payments for extra long staple cotton.

Section 104(f) provides special marketing loan provisions for upland cotton.

Paragraph (1) extends the first handler marketing certificate provisions through July 31, 2003, under which certificates (which may be redeemed for CCC-owned commodities) or cash payments must be made available to first handlers of cotton whenever the prevailing market price (adjusted for U.S. quality and location) is below the current loan repayment rate. The values of the certificates (or the amount of the payment) is based on the difference between the adjusted world price and the loan repayment level.

The Senate amendment contains a similar provision but for technical differences.

The Conference substitute adopts the House position with an amendment directing the Secretary to set the repayment rate for wheat, feedgrains and oilseeds at the lesser of the loan rate plus interest or the rate that the Secretary determines will minimize forfeitures, accumulation of stocks, cost to the government and that will allow the commodity to marketed freely and competitively, both domestically and internationally. The repayment rate for cotton and rice shall be the lesser of the loan rate pus interest or the prevailing world market price and the repayment rate for extra-long staple cotton shall be the loan rate plus interest. (Sections 134 and 135)

To continue to achieve the objectives of minimizing forfeitures, the accumulation of stocks, and government costs while promoting competitive marketing in domestic and international markets, the Managers expect the Secretary to extend the provisions of current regulations governing entry into the marketing assistance loan and establishment of the repayment rate for the marketing assistance loan. The Managers recognize that the regulations vary by commodity and expect the Secretary to continue to establish regulations which reflect differences in normal commercial practices for the affected commodity. In particular, the Managers expect the Secretary to continue to establish the prevailing world price for upland cotton in the same manner utilized for the 1991 through 1995 crops.

(35) Step 2

The House bill, in Paragraph (1) extends the cotton user marketing certificate provisions (commonly known as "Step 2" provisions), which requires the Secretary to make payments, either in

cash or marketing certificates, to domestic users and exporters for documented purchases whenever (i) the weekly U.S. Northern Europe price exceeds the Northern Europe price by more than 1.25 cents per pound for a consecutive four-week period; and (ii) the adjusted world market price does not exceed 130 percent of the loan rate. However, no payments will be issued if, for the preceding consecutive 10-week period, the weekly U.S. Northern Europe price, adjusted for the value of any certificates or payments issued, exceeds the Northern Europe price by more than 1.25 cents per pound. The value of the certificates (or the amount of the payments) is the difference between the two prices, minus 1.25 cents, per pound. Payments under this paragraph may not exceed $701,000,000 between fiscal years 1996 through 2002.

Paragraph (2) extends special import quota provisions (commonly known as "Step 3") which requires that a special import quota be opened if, for a consecutive 10-week period, the U.S. Northern Europe price, adjusted for the value of any payments issued under Step 2, exceeds the Northern Europe price by more than 1.25 cents per pound. The amount of the quota is equal to 1 week's domestic mill consumption. Importers have 90 days to purchase and 180 days to enter the cotton into the U.S. after the quota is announced, and quota periods can overlap.

Section 104(g) extends the limited global import quota provisions, which direct the President to carry out an upland cotton import quota program whenever the Secretary determines and announces that the average price in designated U.S. spot markets for a month, as determined by the Secretary, exceeded 130 percent of such average price for the last 36 months. The quantity of this import quota is equal to 21 days of domestic mill consumption, but this quota cannot overlap with any quota announced under section 104(f).

The Senate amendment is identical but for technical differences.

The Conference substitute adopts the Senate provision with technical amendments. (Section 136)

The Managers are aware that while the cotton marketing certificates have contributed to the goal of maintaining the competitive position of U.S. cotton in domestic and international markets, there has been concern about the adverse implications associated with the so-called "bunching" of export sales registrations. The Managers expect and urge the Secretary to issue a regulation which will eliminate, to the extent practicable, the so-called "bunching" of export sales registrations without significantly disrupting the normal marketing process for upland cotton in domestic and export markets.

The Managers intend that Secretary should carefully consider issuing regulations such that if the spending limitation on cotton marketing certificates is reached the special import quota provided in paragraph (3) would be established following a consecutive four-week period in which the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) one and three-thirty seconds inch cotton, delivered C.I.F. Northern Europe exceeds the Northern Europe price by more than 1.25 cents per pound.

SUBTITLE D—OTHER COMMODITIES

Chapter 1—Dairy

(36) Milk price support program; recourse loan program for commercial processors of dairy products

The House bill reauthorizes the milk price support program for five years with several major changes. It requires the Secretary of Agriculture to support the price of milk through the purchase of butter, nonfat dry milk, and cheese in the 48 contiguous States from the date of enactment through December 31, 2000. (Section 201(a))

The House bill requires that milk containing 3.67 percent butterfat is supported at $10.15 per hundredweight during calendar year 1996; $10.05 during 1997; $9.95 during 1998; $9.85 during 1999; and $9.75 during 2000. (Section 201(b))

The House bill continues the current law requirement that dairy product purchase prices (butter, cheese, and nonfat dry milk) announced by the Secretary of Agriculture be the same for all persons offering to sell product to the Secretary. Purchase prices must be sufficient to enable plants of average efficiency to pay producers on average a price that is not less than the rate of support for milk in effect under Section 201(b). (Section 201(c))

The House bill allows the Secretary of Agriculture to allocate the rate of support between the purchase prices for nonfat dry milk and butter in a manner that will minimize Commodity Credit Corporation expenditures or achieve other objectives as the Secretary considers appropriate. The Secretary is required to notify the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry of the allocation within ten days after it is announced, but the Secretary may not make such adjustments more than twice each calendar year. (Section 201(d))

The House bill requires the Secretary of Agriculture to refund assessments on milk marketings which occurred prior to enactment under Section 204(h)(2) of the Agricultural Act of 1949 during calendar year 1995 or 1996, if the producer provides evidence that the producer did not increase marketings in 1995 or 1996 compared to 1994 or 1995, respectively. This subsection shall not apply for a particular calendar year if a producer has already received a refund under Section 204(h) of the Agricultural Act of 1949 for the same fiscal year before the date of enactment of this Act. Refunds under this section shall not be considered as price support or payment for purposes of producer violations of conservation compliance or wetlands conservation. (Section 201(e))

The House bill authorizes the Secretary to carry out this program through the Commodity Credit Corporation. (Section 201(f))

The House bill also terminates authority for the price support program on December 31, 2000, notwithstanding Section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985. (Section 201(g))

The Senate amendment retains the current law milk price support program without change. The price support program is authorized through the end of calendar year 1996. Section 201(c) of the Agricultural Act of 1949, which requires the Secretary to support

the price of milk at not less than 75 percent of parity, is applicable thereafter.

The Conference substitute adopts the House position with two amendments. The first amendment continues a milk price support program through December 31, 1999 at a price support level of $10.35/cwt in 1996, $10.20/cwt in 1997, $10.05/cwt in 1998, and $9.90/cwt in 1999 and exempts the Secretary's actions with respect to changing the allocation for the purchase prices of butter and nonfat dry milk from informal rulemaking procedures. It is also the managers' intent that among the 'other objectives' the Secretary should pursue when adjusting the support price between butter and nonfat dry milk is the maximization of exports of butter and nonfat dry milk. (Section 141)

The second amendment provides for a recourse loan program for butter, nonfat dry milk, and cheese on January 1, 2000 at the 1999 price support level of $9.90/cwt. The Congressional Budget Office estimates that the recourse loan program will cost approximately $10 million in each of fiscal years 2000–2002 thereby maintaining a baseline for dairy program expenditures during these fiscal years. It is the intent of the managers that a budget baseline be maintained for dairy commodity program outlays in addition to the Dairy Export Incentive Program (DEIP) outlays. (Section 142)

(37) Consolidation and reform of Federal milk marketing orders

The House bill requires the Secretary to amend federal milk marketing orders by consolidating the number of federal orders to between 10 and 14 and to provide for multiple basing points in the pricing of milk (Section 202(a)).

The House bill requires the required consolidation of milk marketing orders to be announced not later than December 31, 1998, and implemented not later than December 31, 2000. The Secretary is also required to use informal rulemaking when consolidating orders (Section 202(b)).

The House bill precludes the Secretary from the use of any funds to administer more than 14 federal milk marketing orders beginning January 1, 2001 (Section 202(c)).

The House bill requires the Secretary to submit to Congress a report that reviews the federal milk marketing order system, in light of the reforms required by subsection (a), and provide recommendations for further improvements and reforms to the federal milk marketing order system. The report must be submitted not later than January 1, 1998. (Section 202(d))

The Senate amendment retains current law.

The Conference substitute adopts the House provision with the following amendments. It requires that the Secretary consolidate the number federal milk marketing orders to not less than 10 and not more than 14 orders. In the process of consolidating orders, the Secretary is authorized to use multiple basing points and utilization rates in pricing fluid milk and to use uniform multiple component pricing when developing a new basic formula price(s) for manufacturing milk. There is no limitation on the number of issues the Secretary may consider when consolidating orders. The Conference substitute requires the Secretary to propose consolidation and pricing reform of milk marketing orders within two years of enactment

of this Act, and to implement consolidation and pricing reform within 3 years of enactment of this Act. The Secretary is authorized to use informal rulemaking to address order consolidation and pricing reform, and any issues peripheral to the consolidation process.

The Conference substitute also provides that Section 131 of the Food Security Act of 1985 shall not be considered to affect the consolidation and pricing reform that will occur under this Act. The mere fact that the minimum price for Class I (fluid) milk in an order consolidated under this section is the same or substantially similar to a minimum Class I milk price for a predecessor order(s) listed in the table from Section 131 of the Food Security Act of 1985 shall neither raise a presumption, nor be conclusive, on the issue of whether the Secretary considered, or made the basis of his decision, the table in Section 131 of the Food Security Act of 1985.

The Conference substitute further provides that the Federal milk marketing orders shall, upon the petition and approval by California dairy producers, cover the State of California, in which case that order shall have the right to re-blend and distribute order receipts to recognize quota value. The Managers do not intend in any way to amend, or create an exception for California from the requirements of, federal law (for federal milk marketing orders) regarding producer-handlers.

The Substitute provides that if USDA does not complete consolidation of orders by the end of three years after enactment of this Act, the Department of Agriculture loses authority to assess producers and handlers for market order services and order administration until such consolidation is completed. However, the length of time during which any injunction is applicable against the Department with respect to the consolidation shall be added to the time in which the Department has to complete the consolidation under Subsection (a) paragraph (1). (Section 143)

(38) Effect on fluid milk standards in the State of California

The House bill provides that nothing in this Act or any other provision of law shall preempt, prohibit, or otherwise limit the authority of the State of California from establishing or continuing any law, regulation, or requirement regarding (1) the percentage of milk solids or solids not fat in fluid milk products sold at retail or marketed in the State of California; or (2) the labeling of such fluid milk products with regard to milk solids or solids not fat. (Section 204)

The Senate amendment has no provision.

The Conference substitute adopts the House provision. The conference-adopted bill provides the State of California an exemption from the preemption provisions of any Federal law respecting standards of identity and labeling for fluid milk.

The State of California has had a system for requiring fortified fluid milk since the early 1960's. These fluid milk standards were adopted by the State legislature and any revision of these standards must be approved by the state legislature. These standards apply to all fluid milk sold at retail or marketed in the State of California.

The Managers intend for the State of California to be able to fully enforce and apply its fluid milk standards and their attendant labeling requirements to all fluid milk sold at retail or marketed in the State of California. For purposes of this section, the managers intend "fluid milk" means milk in final packaged form for beverage use. (Section 144)

(39) Milk manufacturing marketing adjustment

The House bill repeals Section 102 of the Food, Agriculture, Conservation, and Trade Act of 1990, which forbids any State from allowing a manufacturing allowance greater than the amount allowed under federal law. (Section 205)

The Senate amendment retains current law.

The Conference substitute adopts the House provision with an amendment that repeals Section 102 and sets interim ceilings for state make allowances of $1.80 for cheese and $1.65 for butter/powder through December 31, 1999. (Section 145)

(40) Promotion; Northeast Interstate Dairy Compact

The House bill states that an additional purpose of the fluid milk promotion program is to promote and expand markets for fluid milk, and not to restrict or otherwise discourage individual promotion or advertising of fluid milk products. (Section 206(a))

The House bill states that the purpose stated in section 206(a) is Congressional policy (Section 206(b)).

The House bill expands the activities considered to be research under the Act. (Section 206(c))

The House bill alters the minimum percentage adoption requirements in any referendum making changes in or terminating the fluid milk promotion order to reflect only those processors actually voting in the referendum. (Section 206(d))

The House bill reauthorizes the fluid milk promotion program through calendar 2002. (Section 206(e))

The Senate amendment has no provision.

The Conference substitute adopts the House provision with two amendments. The first amendment makes technical changes in the Fluid Milk Promotion Program. (Section 146)

The second amendment provides Congressional consent to the Northeast Interstate Dairy Compact as specified in Section 1(b) of Senate Joint Resolution 28 of the 104th Congress subject to certain conditions. The Secretary is authorized to grant the New England region the authority to implement the compact, based upon a finding of a compelling public interest in the region. Such authority shall terminate concurrently with the Administration's implementation of the dairy pricing and Federal milk marketing order reform established under section 143 of this Act. (Section 147)

(41) Dairy export incentive program

The House bill extends authority for the Dairy Export Incentive Program (DEIP) from December 31, 2001 to December 31, 2002. (Section 203(a))

The House bill gives the Secretary sole discretion to accept or reject bids under such criteria as the Secretary deems appropriate. (Section 203(b))

The House bill requires the Secretary to maximize the volume of dairy product exports under DEIP consistent with the obligations of the United States as a member of the World Trade Organization (minus the volume sold under Section 1163 of the Food Security Act of 1985 during that year), except to the extent that such an export volume exceeds the value limitations on DEIP set forth in Subsection (f). It also authorizes DEIP exports anywhere in the world, except to a destination in a country to which exports from the United States are restricted by law. (Section 203(c))

The House bill authorizes the Secretary to increase bonus payments by an amount required to assist in the development of world markets. (Section 203(d))

The House bill requires Commodity Credit Corporation funding for DEIP at the maximum amount consistent with obligations of the United States as a member of the World Trade Organization (minus the amount expended under Section 1163 of the Food Security Act of 1985 during that year). However, DEIP funding may not exceed the dairy product export volume limitations specified in Section 203(c). (Section 203(e))

The Senate amendment retains current law for the Dairy Export Incentive Program.

The Conference substitute adopts the House provision. The Managers intend that only that portion of sales under Section 1163 which are subsidized sales should impact, and therefore decrease, the maximum volume and value limitations noted in this section.

By affording the Secretary of Agriculture the sole discretion to make decisions concerning sales under the DEIP, it is the intent of the Managers to put to rest any interagency disputes over the program. It is the Managers' understanding that the DEIP will use only about 50,000 to 60,000 tons of the total nonfat dry milk tonnage of the 103,000 tons authorized under the Uruguay Round agreement during this year. It is also the Managers' understanding that during the second through fifth years of implementation of the Uruguay Round agreement, that the United States will be allowed to carry over from year to year unused DEIP tonnage under the cumulation rules set out in Article 9, section 2(b) of the WTO Agreement on Agriculture. The Managers recognize that there is a strong desire upon the part of many that the dairy title have a strong export orientation.

The Managers instruct the Department along with the Office of the U.S. Trade Representative to carry over all unused DEIP tonnage in the first and all subsequent years of the Uruguay Round agreement in accordance with WTO cumulation rules. (Section 148)

(42) Authority to assist in establishment and maintenance of one or more export trading companies

The House bill requires the Secretary to provide the dairy industry assistance to establish and maintain an export trading company or companies. (Section 492)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with a technical amendment. (Section 149)

(43) Standby authority to indicate entity best suited to provide international market development and export services

The House bill directs the Secretary to indicate which entity or entities are best suited to facilitate the international market development for U.S. dairy products. (Section 493)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with a technical amendment. (Section 150)

(44) Study and report regarding potential impact of Uruguay Round on prices, income and government purchases

The House bill directs the Secretary to determine the impact on milk prices of additional imports of cheese as a result of the Uruguay Round Agricultural Agreement. (Section 494)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment that any limitation imposed by Congress regarding studies or reports shall not apply with respect to this section. (Section 151)

(45) Promotion of United States dairy products in international markets through dairy promotion program

The House bill requires that no less than 10 percent of the funds available for the Dairy Promotion Program shall be available for development of international markets. (Section 495)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with an amendment that makes expenditures on international market development discretionary. (Section 152)

(46) Quota Peanuts

The House bill, in Section 106(a) provides nonrecourse loans to quota peanut producers at $610 per ton, and directs the Secretary to reduce the loan rate by 5 percent to any producer in the current marketing year who had an offer from a handler to purchase quota peanuts at quota support rate or higher but opted to place their peanuts under loan instead.

The Senate amendment is identical except that it contains no provision directing the Secretary to reduce the loan rate by 5 percent.

The Conference substitute adopts the House provision, with an amendment in lieu of the 5 percent loan reduction provision, providing that an individual producer who markets his quota peanut crop, meeting quality requirements for domestic edible use, through the marketing association loan for two consecutive marketing years at a time when the Secretary determines a handler provided the producer with a written offer, upon delivery, for at least quota support price, shall become ineligible for quota price support for the next marketing year. The Secretary shall establish the means by which any decision regarding ineligibility for quota price support may be appealed. (Section 155(a))

(47) Additional peanuts

The House bill, in Section 106(b) provides nonrecourse loans to producers of additional peanuts at such rates as the Secretary finds appropriate.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision with a technical amendment. (155(b))

(48) Area marketing Associations

The House bill, in Section 106(c) directs the Secretary to make price support loans available through area marketing associations via warehouse storage loans, where appropriate, and provides that administrative costs by an area marketing association shall be included in such loans. The Secretary is directed to require area marketing associations to establish and maintain pools for quota peanuts, with separate pools for New Mexico Valencia peanuts, and that net gains from each pool shall be distributed only to producers in the pool.

The Senate amendment contains a similar provision except that only peanuts physically produced in New Mexico may participate in the New Mexico pool. A New Mexico resident may enter an amount of Valencia peanuts into the New Mexico pool that does not exceed the out-of-state quantity entered in 1995.

The Conference substitute adopts the Senate position with amendment that allows producers who participated in the New Mexico pool with Valencia peanuts grown in Texas during the 1990 through 1995 crop years to continue to participate in that pool. However, the quantity of Valencia peanuts grown outside of New Mexico that can be placed in the New Mexico pool is limited to the 1990 through 1995 average of Texas grown Valencia peanuts that a producer placed in the pool. The quantity of Texas produced Valencia peanuts allowed to enter the New Mexico pools, as provided in this subsection, is not transferable. (Section 155(c))

(49) Losses

The House bill, in Section 106(d) provides that losses in quota pools shall be covered using the following sources in the following order of priority:

(1) gains on transfers of peanuts from additional loan pools;

(2) individual producer gains from domestic and export edible use sales of additional peanuts from additional pools;

(3) gains from the sale of additional peanuts in an area pursuant to Section 358e (g)(1)(A) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359a(g)(1)(A));

(4) marketing assessment funds collected from growers under subsection (g) (except funds attributable to handlers) with any unused assessment funds being transferred to the Treasury;

(5) gains or profits from quota pools in other production areas (not including separate type pools established for Valencia peanuts produced in New Mexico); and

(6) an increase in the marketing assessment for such quota pool.

The Senate amendment contains a similar provision except that in (3) any profits from additional peanuts sold for domestic edible use shall be used to offset quota losses in that area. In (6), the Senate amendment would assess all quota peanuts in the production area.

The Conference substitute adopts the Senate provision to use profits from additional peanuts sold for domestic edible use with an amendment that loan redemption profits from farms with one acre or less are exempt. Assessments are to be increased on all quota peanuts, by production area, including those commercially marketed. The Managers intend that the Secretary shall review and consider the marketability of the various types of peanuts prior to announcing differentials for the 1997 and subsequent peanut crops, and to make appropriate adjustments. The sheller budget deficit assessment funds shall be used to offset losses after national cross compliance. (Section 155(d))

(50) Disapproval of quotas

The House bill, in Section 106(e) provides that the Secretary may not make loans available for quota peanuts for any crop of quota peanuts for which producers have disapproved the poundage quota.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision. (Section 155(e))

(51) Quality improvement

The House bill, in Section 106(f) directs the Secretary to continue to promote quality improvement of peanuts.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision. (Section 155(f))

(52) Marketing assessment

The House bill, in Section 106(g) provides that first handlers (initial purchasers of peanuts) and producers pay a marketing assessment to CCC on all peanuts sold equal to 1.2 percent of the national average loan rate. Producers shall pay .60 percent in 1996 and .65 percent in 1997 through 2002 and first handlers shall pay .55 percent.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision. (Section 155(g))

(53) Crops

The House bill, in Section 106(h) provides that subsections (a) through (f) are applicable to the 1996 through 2002 crops of peanuts.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision. (Section 155(h))

(54) Poundage quotas

The House bill, in Section 106(i), in paragraph (1), amends the peanut quota provisions contained in part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (the "1938 Act") by extending such provisions through the 2002 marketing year.

Section 106(i), in paragraph (2), amends section 358–1(b)(1) of the Act (7 U.S.C. 1358–1(b)(1)) to provide that effective beginning January 1, 1997 the Secretary shall no longer establish farm poundage quota for farms owned or controlled by municipalities, airport authorities, schools, colleges, refuges, and other public entities (not including universities for research purposes); or for farms for which the quota holder is not a producer and resides in another State.

Section 106(i), in paragraph (3), amends section 358–1(a)(1) of the 1938 Act by eliminating the 1,350,000 ton minimum national poundage quota.

Section 106(i), in paragraph (4), amends section 358–1(b)(2) of the 1938 Act by deleting the current subparagraph (B) relating to allocation of increased quota in Texas and inserting a new subparagraph (B) authorizing temporary increases in quota based on seed use. Amended section 358–1(b)(2), in subparagraph (B), provides that, for the 1996 through 2002 marketing years, a temporary quota allocation for the marketing year only in which the crop is planted, equal to the number of pounds of seed peanuts planted for the farm that shall be made to the producers for the 1996 through 2002 marketing years, in addition to the normal farm poundage quota established under section 358–1. Subparagraph (B) also provides that there is no change in the requirement regarding the use of quota and additional peanuts established by section 359a(b) of the 1938 Act. Also, subsection (a)(1) of such section no longer includes "seed" in the estimate of domestic edible use by the Secretary.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision with a technical amendment "to change the effective date of quota eligibility effective beginning with the 1998 crop." (Section 155(i))

(55) Spring and fall transfers of quota

Section 106(i), in paragraph (5), amends section 358b(a)(1) of the 1938 Act relating to farm poundage quota transfer. Amended section 358b(a)(1) allows farm poundage quota to be sold or leased, either before or after the normal planting season, to any other owner or operator of a farm in the same State. Current provisions requiring 90 percent of a farm's basic quota to be planted or considered planted before a fall (or after the normal planting season) transfer is allowed are maintained.

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment allowing a maximum of 40 percent transfer of quota across county lines, but within a state. Cumulative unexpired transfers outside of a county may not exceed 15 percent for the 1996 crop, 25 percent for the 1997 crop, 30 percent for the 1998 crop, 35 percent for the 1999 crop and 40 percent for the 2000 and subsequent crops. The Conference substitute also allows full lease

and sale in fall or spring for counties with less than 100,000 lbs. (50 tons) of quota, and allows unrestricted fall leasing of peanut quota across county lines within a state. (Section 155(i))

(56) Undermarketings

Section 106(i), in paragraph (6), eliminates undermarketings by deleting paragraphs (8) and (9) of section 358–1(b) of the 1938 Act, with necessary conforming changes to other sections.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision with a technical amendment. (155(i))

(57) Disaster transfer

Section 106(i), in paragraph (7), adds a new paragraph (8) to amended section 358–1(b) of the 1938 Act which authorizes the transfer of additional peanuts to a quota loan pool in cases in which quota poundage was not harvested and marketed because of drought, flood, or any other natural disaster, except that the such peanuts shall be supported at 70 percent of the quota support rate, and such transfers shall not exceed 25 percent of the total farm quota pounds.

The Senate amendment contains a similar provision that such peanuts shall be supported at not more than 70 percent of the quota support rate.

The Conference substitute adopts the House provision. (Section 155(i))

(58) Sugar program; sugar cane

The House bill, in Section 107(a) sets the loan rate for domestically grown sugarcane at 18 cents per pound for raw cane sugar.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision. (Section 156(a))

(59) Sugar beets

Section 107(b) sets the loan rate for domestically grown sugar beets at 22.9 cents per pound for refined beet sugar.

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision. (Section 156(b))

(60) Reduction in loan rates

The House bill, in Section 107(c) requires the Secretary to reduce the loan rate specified in subsections (a) and (b) if the Secretary determines that negotiated reductions in export subsidies provided for sugar of the European Union and other major sugar exporting countries in the aggregate exceed the commitments made as part of the Agreement on Agriculture. It also provides that the Secretary shall not reduce the loan rate under subsections (a) and (b) below a rate that provides domestic sugar an equal measure of support to that provided by the European Union and other sugar exporting countries based on the provisions of Agreement on Agriculture, section 101(d)(2) of the Uruguay Round Agreements Act.

The Senate amendment contains no similar provision.

The Conference substitute adopts the House provision. (Section 156(c))

(61) Term of loan; loan type; processor assurances

Section 107(d) provides that loan terms are the earlier of 9 months, or the end of a fiscal year, with supplemental loan authority (up to a total on nine months) for loans maturing at the end of a fiscal year.

The House bill, in Section 107(e) provides for the Secretary to carry out the section through the use of recourse loans for sugar. However, it also provides that during any fiscal year in which the tariff rate quota (TRQ) for imports of sugar into the U.S. is set, or increased to, a level that exceeds 1,500,000 short tons raw value, the Secretary is directed to carry out this section by making nonrecourse loans (previously made recourse loans are to be modified by the Secretary into nonrecourse loans). If the Secretary is required to make nonrecourse loans (or modify recourse loans) under this subsection during a fiscal year, the Secretary is to obtain from processors adequate assurances that such processors will provide appropriate minimum payments to producers as set by the Secretary.

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision with technical amendments. (Section 156(d) and (e))

(62) Marketing assessment

The House bill, in Section 107(f) requires first processors of raw cane sugar to remit to CCC nonrefundable marketing assessment for each pound of raw cane sugar equal to 1.1 percent of the loan rate for fiscal year 1996 (1.375 percent for 1997 through 2003) while first processors of sugar beets are to remit to CCC a marketing assessment of 1.1794 percent for fiscal year 1996 (1.47425 percent for 1997 through 2003), on all marketings. Assessments are to be collected on a monthly basis, except that any inventory which has not been marketed by September 30 of a fiscal year shall be assessed at that point, except that the latter sugar shall not be assessed later when it is marketed. Any person who fails to remit the assessment is liable for a penalty based on the quantity of the sugar involved in the violation times the applicable loan rate at the time of violation.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision with technical amendments. (Section 155(f))

(63) Forfeiture penalty

The House bill, in Section 107(g) provides for an additional penalty (1 cent per pound on cane sugar, pro rata on beet sugar) to be assessed on the forfeiture of any sugar pledged as collateral for a loan.

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision with technical amendments. (Section 155(g))

(64) Information reporting

The House bill, in Section 107(h) requires processors and refiners to report such information to the Secretary as is required in order to administer the program. A penalty applies for failure to report, and the Secretary is required to make monthly reports on pertinent sugar production, imports, distribution, and stock levels.

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision with technical amendments. (Section 155(h))

(65) Crops

The House bill in Section 107(j) states that this subsection shall be effective only for the 1996 through 2002 crops of sugar beets and sugarcane.

The Senate amendment contains an identical provision.

The Conference substitute adopts the House provision with a technical amendment. (Section 155(i))

(66) Marketing allotments

The House bill, in Section 107(i) repeals marketing allotments for sugar, contained in Part VII of subtitle B of title III of the 1938 Act.

The Senate amendment, in Section 109(1) suspends marketing allotment authority.

The Conference substitute adopts the Senate provision with an amendment to strike the provision.

SUBTITLE E—ADMINISTRATION

(67) Administration

The House bill, in Section 108 directs the Secretary to use CCC to carry out this title, and prohibits the Secretary from using any CCC funds for the salaries or expenses of any officer or employee of USDA. It also provides authority to issue necessary regulations, and provides that determinations made by the Secretary under this title are final.

The Senate amendment is similar but prohibits the use of CCC funds for salaries and expenses of any officer or employee.

The Conference adopts an amendment to the CCC Charter Act that specifies: (1) CCC no longer has inherent authority to purchase personal property; (2) for fiscal year 1996, CCC spending for equipment or services relating to automated data processing, information technologies, or related items (including telecommunications equipment and computer hardware or software) be limited to not more than $170 million; (3) for fiscal years 1997 through 2002, CCC spending on such items be limited to not more than $275 million; (4) starting in fiscal year 1997, the use of reimbursable agreements with other Federal or State agencies, including agreements for automated data processing or information resource management activities, be limited to an aggregate amount not to exceed the total amount of reimbursable agreements in fiscal year 1995; and (5) after date of enactment, CCC submit to Congress on a quarterly basis an itemized report of all expenditures of over $10,000.

REPORTING REQUIREMENTS

After date of enactment, the Managers expect the Assistant Secretary for Administration, or the USDA Chief Information Officer (if one has been placed in that position pursuant to the Information Technology Reform Act of 1996) to provide the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry with quarterly reports on the expenditure of CCC funds under the Charter Act including all expenditures under reimbursable agreements, for administrative, automated data processing, information technology, and telecommunication products, including contracts with vendors for such products or support services. The Managers expect the reports to itemize expenditures in excess of $10,000, including any expenditures for similar products or services that, when aggregated, exceed $10,000. The first quarterly reports should also itemize all expenditures for fiscal year 1996, and each subsequent report should include aggregated expenditures for each category of product or service from the previous report. The Managers direct the Secretary to ensure that all reports are audited by the USDA Chief Financial Officer pursuant to the Financial Managers Integrity Act, the Government Performance and Results Act, and according to CFO Standards and Conventions.

REIMBURSABLE AGREEMENTS

The Managers expect the Secretary to incorporate funding for reimbursable agreements within the annual budget proposal beginning in fiscal year 1997. The Secretary should use every means at his disposal to establish line items for reimbursable agreements in future budgets. (Section 161)

(68) Adjustment of loans

The House bill, in Section 104(h) provides general authority for the Secretary to use the Commodity Credit Corporation ("CCC") and other means available to carry out the loans authorized by this section, and directs the Secretary to get adequate processor assurances that producers will get loan program benefits whenever a loan program includes payments to processors.

Section 104(i) gives the Secretary general authority to make appropriate adjustments in loan levels based on grade, type, quality, location, and other factors.

Section 104(j) provides that, in general, a producer is not personally liable for any deficiency arising from the sale of collateral securing a nonrecourse loan. However, exceptions are provided for quality or quantity deficiencies, failure to properly care or maintain collateral, or a failure to deliver a commodity. This section also provides that any security interest obtained by CCC in sugarcane or sugarbeets as a result of a security agreement by a processor shall be superior to all common law and statutory liens in favor of producers.

Section 104(k) provides authority for CCC to sell any inventory commodities at any price that the Secretary determines will maximize returns to CCC, except that this authority does not apply to sales:

(A) for new or byproduct uses;
(B) of peanuts or oilseeds (if used for oil);
(C) for seed if the sale will not impair a loan program;
(D) of deteriorated-quality commodities that are in danger of spoiling;
(E) for the purpose of establishing a claim arising out of a fraudulent or other wrongful act pursuant to a contract;
(F) for export; or
(G) for other than a primary use.

The Secretary is also authorized to make CCC-owned commodities available in any Presidential disaster area.

The Senate amendment contains a similar provision but for technical differences.

The Conference substitute adopts the House position.

The Managers agreed to include an amendment that allows the Secretary to establish county loan rates so that the lowest county rate is 95 percent of the national average loan rate. This shall be done only if such action results in no additional outlays. (Section 162, 164, and 165)

The Managers are concerned that the procedures used by USDA to establish county wheat and feed grain loan rates and posted-county-prices (PCP) may be outdated. The Managers expect USDA to evaluate whether improvements are warranted and to implement such changes before establishing 1997-crop county loan rates.

(69) Commodity Credit Corporation interest rate

The House bill, in Section 403 provides that the interest rate charged by CCC on loans for agricultural commodities shall be 100 basis points greater than the rate established by the formula in effect on October 1, 1995.

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision. (Section 163)

SUBTITLE F—SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY

(70) Suspension and repeal of permanent authorities

The House bill, in Section 109 repeals the Agricultural Act of 1949 (certain necessary sections are transferred to the 1938 Act), and makes required conforming amendments.

The Senate amendment, in Paragraph (1) of Section 109(a) suspends the following provisions of the Agricultural Adjustment Act of 1938 for crop years 1996 through 2002:

(A) acreage allotments for corn, marketing quotas for wheat, marketing quotas for cotton and marketing quotas for rice;
(B) marketing quotas for peanuts;
(C) sale, lease and transfer of peanut acreage allotments;
(D) marketing penalties for peanuts;
(E) marketing quotas for sugar and crystalline fructose;
(F) publication and review of peanut quotas;
(G) preservation of unused cotton allotments;
(H) wheat marketing allocation; and

(I) omitted cotton marketing certificates.

Paragraph (1) of Section 109(b) suspends the following provisions of the Agricultural Act of 1949 for crop years 1996 through 2002:

(A) parity price support for basic agriculture commodities;
(B) parity price support for cotton;
(C) parity price support for corn;
(D) parity price support for wheat;
(E) Farmer Owned Reserve;
(F) Agriculture commodities utilization program;
(G) commodity certificates;
(H) parity price support for nonbasic agriculture commodities;
(I) price support provisions not consistent with the Agriculture Market Transition Program;
(J) acreage base and yield system; and
(K) Emergency Livestock Feed Assistance Act of 1988.

Paragraph (2) of Section 109(b) repeals the following provisions of the Agricultural Act of 1949:

(A) loans, payments and acreage reduction programs;
(B) peanut price support;
(C) supplemental set-aside authority;
(D) deficiency and land diversion payments;
(E) oilseed loans and payments, sugar price support and honey price support; and
(F) advance announcement of price support levels.

Section 109(c) suspends certain quota provisions for wheat and corn.

The Conference substitute adopts the Senate provision with technical amendments and an amendment that dairy price support under the 1938 Agriculture Adjustment Act shall be suspended through December 31, 2002. The Managers intend for USDA to provide for an orderly termination of the Emergency Livestock Feed Program so that livestock producers within a county are treated consistently. For a period not to exceed thirty days after enactment of this bill, USDA should accept livestock producers' applications for assistance under this program in counties where producers have already been approved for 1996 Livestock Feed Program assistance prior to the date of enactment. (Section 171)

(71) Effect of amendments

The House bill, in Section 110 provides that the amendments made by this Act shall not affect the authority of the Secretary to carry out the 1991 through 1995 production adjustment programs in effect before this Act.

The Senate amendment contains an identical provision.

The Conference substitute adopts the Senate provision. (Section 172)

The Managers intend that the Secretary shall seek to reduce paperwork and regulatory burdens of producers. Therefore, the Managers intend that in conducting year-end reviews the Secretary shall take into consideration information and recommendations provided by state and local Farm Service Agency Committees in order to reduce the number of unnecessary year-end reviews.

SUBTITLE G—COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

(72) Commission on 21st century production agriculture

The House bill, in title VI, establishes a commission to be known as the "Commission on 21st Century Production Agriculture."

Section 502—Composition

Subsection (a). Membership and appointment.

Subsection (a) of this section requires that the Commission be composed of eleven members: three members appointed by the President; four members appointed by the Chairman of the Committee on Agriculture of the House of Representatives (in consultation with the ranking minority member); and four members appointed by the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate (in consultation with the ranking minority member).

Subsection (b). Qualifications.

Subsection (b) establishes the qualifications required of the persons appointed to the Commission. At least one member appointed by each the President, the Chairman of Committee on Agriculture of the House of Representatives, and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate shall be an individual who is primarily involved in production agriculture. All other members appointed to the Commission must have knowledge and experience in agriculture production, marketing, finance, or trade.

Subsection (c). Term of members; vacancies.

Subsection (c) requires that the appointment to the Commission be for the life of the Commission. It also directs that a vacancy on the Commission shall not affect the Commission's power and shall be filled in the same manner as the original appointment.

Subsection (d). Time for appointment; first meeting.

Subsection (d) requires that the members of the Commission be appointed no later than October 1, 1997 and that the Commission convene its first meeting 30 days after six members of the Commission have been appointed.

Subsection (e). Chairman.

Subsection (e) requires that the chairman of the Commission be designated jointly by the Chairman of the Committee on Agriculture of the House of Representatives and the Chairman of the Committee on Agriculture, Nutrition, and Forestry of the Senate from among the members of the Commission.

Section 503—Comprehensive review of past and future of production agriculture

Subsection (a). Initial review.

Subsection (a) of this section requires the Commission to conduct a comprehensive review of changes in the condition of production agriculture in the United States subsequent to the date of enactment of this Act and the extent to which such changes are the result of the changes made by this Act. This review shall include: (1) the assessment of the initial success of market transition con-

tracts in supporting the economic viability of farming in the United States; (2) the assessment of the food security situation in the United States in the areas of trade, consumer prices, international competitiveness of United States production agriculture, food supplies, and humanitarian relief; (3) an assessment of the changes in farm land values and agricultural producer incomes; (4) an assessment of the regulatory relief for agricultural producers that has been enacted and implemented, including the application of cost/benefit principles in the issuance of agricultural regulations; (5) an assessment of the tax relief for agricultural producers that has been enacted in the form of capital gains tax reductions, estate tax exemptions, and mechanisms to average tax loads over high and low-income years; (6) an assessment of the effect of any Government interference in agricultural export markets, such as the imposition of trade embargoes, and the degree of implementation and success of international trade agreements; and (7) the assessment of the likely effect of the sale, lease, or transfer of farm poundage quota for peanuts across State lines.

Subsection (b). Subsequent review.

Subsection (b) requires the Commission to conduct a comprehensive review of the future of production agriculture in the United States and the appropriate role of the Federal Government in support of production agriculture. This review shall include: (1) an assessment of changes in the condition of production agriculture in the United States since the initial review under subsection (a); (2) an identification of the appropriate future relationship of the Federal Government with production agriculture after 2002; and (3) an assessment of the manpower and infrastructure requirements of the Department of Agriculture necessary to support the future relationship of the Federal Government with production agriculture.

Subsection (c). Recommendations.

Subsection (c) requires that the Commission develop specific recommendations for legislation to achieve the appropriate future relationship of the Federal Government with production agriculture identified under subsection (a)(2).

Section 504—Reports.

Subsection (a). Report on initial review.

Subsection (a) of this section requires that by June 1, 1998, the Commission submit a report containing the results of the initial review to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Subsection (b). Report on subsequent review.

Subsection (b) requires that not later than January 1, 2001, the Commission submit a report containing the results of the subsequent review conducted under section 1503(b) to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Section 506—Powers

Subsection (a). Hearings.

Subsection (a) of this section authorizes the Commission to conduct hearings, take testimony, receive evidence, and act in a manner the Commission considers appropriate to carry out the purposes of this Act.

Subsection (b). Assistance from other agencies.

Subsection (b) authorizes the Commission to secure directly from any department or agency of the Federal Government any information necessary to carry out its duties under this title. The head of such department or agency shall furnish information requested by the chairman of the Commission, to the extent permitted by law.

Subsection (c). Mail.

Subsection (c) authorizes the Commission to use the United States mails in the same manner and under the same conditions as the departments and agencies of the Federal Government.

Subsection (d). Assistance from Secretary.

Subsection (d) requires that the Secretary of Agriculture shall provide appropriate office space and reasonable administrative and support services available to the Commission.

Section 506—Commission procedures

Subsection (a). Meetings.

Subsection (a) of this section requires that the Commission meet on a regular basis. The frequency of such meeting shall be determined by the chairman or a majority of its members. Additionally, the Commission must meet upon the call of the chairman or a majority of the members.

Subsection (b). Quorum.

Subsection (b) provides that a majority of the members of the Commission must be present to produce a quorum for transacting the business of the Commission.

Section 507—Personnel matters

Subsection (a). Compensation.

Subsection (a) of this section provides that members of the Commission serve without compensation, but are allowed travel expenses when engaged in the performance of Commission duties, including a per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code.

Subsection (b). Staff.

Subsection (b) provides that the Commission shall appoint a staff director. The staff director's basic rate of pay shall not exceed that rate provided for under section 5376 of title 5, United States Code. The Commission may appoint such professional and clerical personnel as may be reasonable and necessary to enable the Commission to carry out its duties without regard to the provisions governing appointments in the competitive service, title 5, United States Code, and provisions relating to the number, classification, and General Schedule rates in chapter 51 and subchapter III of chapter 53 of title 5 or any other provision of law. No employee appointed by the Commission (other than the staff director) may be compensated at a rate exceeding the maximum rate applicable to level 15 of the General Schedule.

Subsection (c). Detailed personnel.

Subsection (c) authorizes the head of any department or agency of the Federal Government to detail, without reimbursement, any personnel of such department or agency to the Commission to assist the Commission in carrying out its duties. The detail of any such personnel may not result in the interruption or loss of civil service status or privilege of such personnel.

Section 508—Termination of Commission

This section provides that the Commission shall terminate upon the issuance of its final report required by section 1504.

The Senate amendment contains no similar provision.

The Conference substitute adopts the House provision with an amendment directing the Commission to make an assessment of economic risk to producers. (Subtitle G)

SUBTITLE H—MISCELLANEOUS COMMODITY PROVISIONS

(73) Options Pilot Program

The House bill extends the Options Pilot Program Act of 1990 through crop year 2002. (Section 506)

The Senate amendment establishes an Options Pilot Program and Risk Management Education program. The purpose is to authorize the Secretary to conduct research through pilot programs for one 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 provide education in the management of the financial risks inherent in the production and marketing of agricultural commodities. (Subtitle B)

The Conference substitute adopts the Senate amendment with an amendment requiring consultation with the CFTC in risk management education. The Managers intend that the Options Pilot Program should be administered by the Office of Risk Management. (Section 191 and 192)

(74) Single delivery of catastrophic crop insurance

The House bill, amends section 508(b)(4) of the Federal Crop Insurance Act to provide that the Secretary may only continue to offer catastrophic risk protection through local USDA offices if the Secretary determines that the number of approved insurance providers operating in a State (or a portion of a State) is insufficient to adequately provide catastrophic risk protection coverage to producers. If coverage availability in a State is adequate, only approved insurance providers may provide coverage. (Section 501(a))

The Senate amendment contains an identical provision. (Section 502(a))

The Conference substitute adopts the House provision with an amendment requiring USDA to phase in single delivery of catastrophic coverage unless the Secretary determines that the number of private insurers in a State is insufficient. The Secretary must announce the results of such determinations within 90 days following enactment of this section for 1997 crops. The Secretary shall announce the determinations for subsequent crop years by each

April 30 of the year previous to the year in which the crop is produced, or at such other times during the year as the Secretary finds practicable in consultation with the affected insurance industry, for those states or areas of states where catastrophic coverage remains available through local offices of the Department.

In considering the number of approved insurance providers operating in a State (or portion thereof) the Secretary may consider only those private agents who are actively providing catastrophic coverage and are reasonably accessible to producers. The Secretary shall also consider agents who are going to begin offering catastrophic coverage in the crop year in response to this legislation.

In making such determinations, the Secretary may also consider the willingness of reinsured companies to accept the responsibility for providing and servicing catastrophic coverage on an increased scale in an economical manner without added levels of subsidy or federal government, and to assure that agents will be made available in a convenient manner to all producers who desire service. (Section 193(a))

(75) Ending mandatory purchase of catastrophic crop insurance

The House bill provides that, effective with spring-planted 1996 crops, catastrophic coverage is not required for federal farm program benefits if producers sign a written waiver with the Secretary that waives any eligibility for emergency crop loss assistance. (Section 501(a))

The Senate amendment contains an identical provision. (Section 502(a))

The Conference substitute adopts the House provision with an amendment. The amendment authorizes the Secretary to have discretion to apply the provision for a written waiver to all other 1996 crops. The amendment also provides that, for the 1996 crop year only, producers shall be able to obtain catastrophic risk protection insurance for any spring planted crop, and limited or additional coverage for malting barley under the Malting Barley Price and Quality Endorsement, for a period of at least two but less than four weeks after the date of enactment of this Act. Waivers: A waiver under this provision may be provided by the producer at any time up until the time that the producer applies for the respective farm program, or other benefit, or the acreage reporting date. The Secretary may permit that waivers may be generic in nature, so that a producer can sign a single waiver applying to all crops which he or she produces and for which Federal crop insurance has not been obtained or may not be obtained in the future. A waiver under this provision shall not waive a farmer's eligibility to receive an emergency loan. (Section 193(a))

(76) Transfer

The House bill transfers all catastrophic policies written by USDA to private insurance companies for the performance of all sales, service, and loss adjustment functions to the extent that the Secretary determines that catastrophic risk protection by approved insurance providers is sufficiently available in a State. Any fees in connection with such policies that are not yet collected at time of

transfer shall be payable to the private insurance providers. (Section 501(a))

The Senate amendment contains a similar transfer provision. (Section 502(a))

The Conference substitute adopts the House provision with an amendment delaying transfers of all catastrophic policies written by USDA to private insurance companies until the 1997 crop year. The transfer process for 1997 crops with sales closing dates before January 1, 1997 shall begin at the time of the Secretary's announcement under subsection (a) and be completed by a sales closing date for the crop and county. The transfer process for all subsequent policies including crop years after 1997 shall begin at a date that permits the process to be completed not later than 30 days prior to the applicable sales closing date. After 1997, the transfer must be completed not later than 45 days prior to the sales closing date.

This provision requires that, beginning with crop year 1997, in those States (or portions thereof) where the Secretary has determined not to continue to provide catastrophic coverage through local offices of the Farm Service Agency, the Secretary is expected to transfer all existing catastrophic policies written by USDA offices to private insurance providers. This transfer is expected to occur in an orderly manner under procedures determined by the Secretary and developed in consultation with private insurance providers. These procedures should be designed to assure fairness among insurance providers and will take into consideration the needs and preferences of affected producers. (Section 193(a))

(77) Seed crops

The House bill amends section 519(a)(2)(B) of the Federal Crop Insurance Act to specify that seed crops are eligible for coverage under the Noninsured Assistance Program. (Section 501(b))

The Senate amendment, contains an identical provision. (Section 502(b))

The Conference substitute adopts the Senate amendment (Section 193(b)).

(78) Aquaculture

The Senate amendment amends section 508(a)(6) of the Federal Crop Insurance Act to extend crop insurance coverage to aquaculture. (Section 502(d))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to include ornamental fish as aquaculture in the Noninsured Assistance Program (Section 193(c))

(79) Pilot projects on insect infestation or disease and feasibility for nursery crops

The Senate amendment requires the Secretary of Agriculture to develop and administer a two year pilot project for crop insurance coverage that indemnifies crop losses due to insect infestation or disease. The Secretary is required to administer the pilot project so that it is actuarially sound and results in no net cost to the U.S. Treasury. The Senate amendment also requires a limited pilot pro-

gram on the feasibility of insuring nursery crops within two years of enactment. (Section 502(c) and 502(d))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate amendment. The Managers agree to inclusion of Senate provisions directing the Secretary to develop and administer pilot projects: (1) for crop insurance coverage that indemnifies crop losses due to natural disasters such as insect infestation or disease and (2) on the feasibility of insuring nursery crops. The conferees intend that to the maximum extent practicable the pilot projects be operated to cover diverse geographic areas so that the full impact of such coverage can be adequately evaluated. (Section 193(d) and 193(e))

(80) Planting requirement

The Senate amendment amends section 508(j) of the Federal Crop Insurance Act to require the Corporation to consider marketing windows in determining whether it is feasible to require planting during a crop year. (Section 502 (e))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate amendment (Section 193(f)) and 3 amendments. The first amendment provides mandatory funding in fiscal year 1997 for the sales commissions of crop insurance agents (Section 193(g)). The second amendment transfers mandatory funding for the Noninsured Assistance Program (NAP) from the Federal Crop Insurance Corporation Fund to the Commodity Credit Corporation (Section 193(g)). The third amendment changes the Noninsured Assistance Program (NAP) by providing the Commodity Credit Corporation with more flexibility in determining the requirements for producers to provide records of crop acreage, yields, and production (Section 193(h)).

(81) Section 504. Establishment of Office of Risk Management

The House provision amends Department of Agriculture Reorganization Act of 1994 by establishing an independent Office of Risk Management (ORM). This office shall have jurisdiction over FCIC, and any pilot or other program involving revenue insurance, risk management savings accounts or use of future markets to manage risk. The salaries and expense account of the FSA shall be available to fund operation of this office in fiscal year 1996. (Section 504)

The Senate contains no comparable provision.

The Conference substitute adopts the House provision (Section 194).

(82) Revenue insurance

The Senate amendment amends section 508(h) of the Federal Crop Insurance Act to establish a revenue insurance pilot program in a limited number of counties for producers of corn, wheat, or soybeans for the 1997–2000 crop years. Revenue insurance policies are to be offered through reinsurance arrangements with private insurance companies in a manner that is actuarially sound with premiums and administrative fees to be paid by insured producers. The minimum level of revenue coverage must be an alternative to catastrophic crop insurance. (Section 503)

The House bill requires the Secretary to establish a business interruption insurance program. Under this program, the producer of a contract commodity could obtain revenue insurance. (Section 505)

The Conference substitute adopts the Senate provision with 2 amendments. The first amendment allows the revenue insurance pilot program to be established for feedgrains, wheat, soybeans, or such other commodities as determined by the Secretary (Section 195). The second amendment moves Noninsured Assistance Program(NAP) out of the Federal Crop Insurance Act. The Managers intend that the NAP continue to be administered by USDA's Farm Service Agency. Because many NAP crops will over time be covered by the insurance program, it is expected that the Under Secretary for Farm and Foreign Agricultural Services, who will have supervision over both ORM and FSA, should assure that coordination exists between these two agencies in the administration of the NAP. The Managers intend that the Secretary in administering the NAP through the FSA will coordinate, to the maximum extent practicable, various terms and conditions used in administering both the NAP and the Federal Crop Insurance Program. The Managers expect, to the extent practicable, that the Department will build upon information obtained from the NAP in extending coverage to non-insured crops. (Section 196)

TITLE II—AGRICULTURAL TRADE

SUBTITLE A—AMENDMENTS TO AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954 AND RELATED STATUTES

(1) Food aid to developing countries

The House bill relocates a Sense of Congress resolution on the importance of food aid from section 411 of the Uruguay Round Agreements Act to section 3 of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480) to replace an obsolete sense of Congress. (Section 411)

The Senate amendment has a similar provision with a technical difference. (Section 201)

The Conference substitute adopts the House provision. (Section 201)

(2) Trade and development assistance

The House bill amends section 101 of P.L. 480 to authorize the Secretary to enter into Title I concessional credit agreements with private entities as well as foreign governments. Such private entities may be U.S.-based or indigenous non-profit or for-profit concerns. (Section 412)

The Senate amendment is identical. (Section 202)

The Conference substitute adopts the Senate amendment. (Section 202)

(3) Agreements regarding eligible countries and private entities

The House bill amends section 102 of P.L. 480 by deleting subsection (a), which defines developing countries in terms of foreign exchange earnings, and reordering the priorities for providing food assistance to increase the emphasis on market development.

The House bill provides that Section 102 of P.L. 480 is amended to allow agricultural trade organizations (ATOs) to carry out market development plans in connection with Title I agreements. The Secretary is directed to give priority to those agreements with developing countries and agricultural trade organizations that include a market and economic development component. (Section 413)

The Senate amendment contains a similar provision, except for a technical difference in section 102(c)(2). (Section 203)

The Conference substitute adopts the House provision with an amendment that gives the Secretary the discretion to reimburse agricultural trade organizations for administrative expenses incurred in carrying out market development plans under Title I. (Section 203)

(4) Terms and Conditions of Sales

The House bill amends Section 103 of P.L. 480:

(1) to include references to private entities;

(2) to allow for a repayment period with respect to Title I agreements of less than ten years in Title I agreements; and

(3) to reduce to five years the maximum "grace" period during which the Secretary is allowed to defer repayments. (Section 414)

The Senate amendment is identical. (Section 103)

The Conference substitute adopts the Senate amendment. (Section 204)

(5) *Use of local currency payment*

The House bill amends Section 104 of P.L. 480 to include private entities as eligible to use local currencies. (Section 415)

The Senate amendment is identical. (Section 104)

The Conference substitute adopts the House provision. (Section 205)

(6) Value-added foods

The Senate amendment repeals an unused provision that allows for a partial waiver of repayment under title I(section 105 of P.L. 480). (Section 206)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 206)

(7) Eligible organizations

The House bill amends Section 202(b) of P.L. 480 to prohibit the Administrator of the Agency for International Development (AID) from denying a request for commodities under Title II by PVOs or other eligible organizations to carry out a program merely because AID does not maintain a mission in the country in which the program will be carried out.

The House bill also amends Section 202(e) of P.L. 480:

(1) by increasing from $13.5 million to $28 million the portion of Title II appropriations that may be used to pay transportation, distribution and other costs of eligible organizations;

(2) by making intergovernmental organizations (e.g., the World Food Program) eligible for such funds.

The Senate amendment is similar except that it requires private voluntary organizations and cooperatives to submit requests for funds. (Section 207)

The Conference adopts the Senate amendment with a technical change requiring that eligible organizations submit requests for funds. (Section 207)

(8) Generation and use of foreign currencies

The House bill amends Section 203 of P.L. 480 to allow local-currency proceeds from Title II commodity sales to be used in a country different from the one in which the commodities were sold, as long as it is in the same geographic region where sales in the targeted country would be impracticable. The section also increases from ten percent to fifteen percent the minimum amount of non-emergency Title II commodities that the Administrator must allow to be sold for local currencies. (Section 417)

The Senate amendment is identical. (Section 208)

The Conference substitute adopts the House provision. (Section 208)

(9) General levels of assistance under P.L. 480

The House bill amends Section 204(a) of P.L. 480 to extend through 2002 the 1995 minimum tonnage levels for both overall assistance and non-emergency assistance under Title II. The House bill also provides that AID is prohibited from waiving the non-emergency minimum tonnage requirement before the beginning of a fiscal year. (Section 418)

The Senate amendment is identical. (Section 209)

The Conference substitute adopts the House provision with an amendment requiring that at least 50 percent of bagged commodities programmed under Title II be bagged in the U.S. (Section 209)

(10) Food aid consultative group

The House bill amends section 205 of P.L. 480 to extend an existing consultative group on food aid through 2002; to require that the group meet at least twice per year; and to require that an agricultural producer be a member of the group. Agricultural trade organizations are also made eligible for participation. (Section 419)

The Senate amendment is identical. (Section 210)

The Conference substitute adopts the Senate amendment. (Section 210)

(11) Support of nongovernmental organizations

The House bill amends Section 306(b) of P.L. 480 to allow the ten percent of local currency proceeds set aside for use in the recipient country for rural development, education and other purposes to be used for the same purposes by nongovernmental organizations that are not indigenous. A conforming amendment is made in the definition of nongovernmental organization in Section 402(6) of P.L. 480. (Section 420)

The Senate amendment is identical. (Section 211)

The Conference substitute adopts the House provision. (Section 211)

(12) Commodity determinations

The House bill amends Section 401 of P.L. 480 to simplify the process by which the Secretary determines which commodities are eligible for P.L. 480 (the docket authority), while retaining the same basic standards for commodity eligibility as at present. The formal requirements for a determination of commodity availability are eliminated. (Section 421)

The Senate amendment is identical. (Section 212)

The Conference substitute adopts the Senate amendment. (Section 212)

(13) General provisions

The House bill amends Section 403 of P.L. 480 to delete requirements for the U.S. to consult with several specific international organizations. (Section 422)

The Senate amendment is identical. (Section 213)

The Conference substitute adopts the House provision. (Section 213)

(14) Agreements

The House bill amends Section 404 of P.L. 480 to make several conforming changes and to clarify that an existing authority for multi-year agreements under Titles I and III is discretionary, but mandatory for Title II. (Section 423)

The Senate amendment is identical. (Section 214)

The Conference substitute adopts the Senate amendment. (Section 214)

(15) Use of Commodity Credit Corporation

The Senate amendment amends Section 406 of P.L. 480 to make technical changes to administrative provisions of P.L. 480 and to make conforming changes. (Section 215)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 215)

(16) Administrative provisions

The House bill makes technical changes to Section 407 of P.L. 480. The Secretary and the Administrator are also given discretion in setting the terms for freight contracts under Title I and Titles II and III, respectively, as under current practice. Additional conforming changes are made and two required annual reports are combined. (Section 424)

The Senate amendment is identical. (Section 216)

The Conference substitute adopts the House provision with a grammatical correction. (Section 216)

(17) Expiration date

The House bill amends Section 408 of P.L. 480 to extend authority to enter into agreements for P.L. 480 programs through 2002. (Section 425)

The Senate amendment is identical. (Section 217)

The Conference substitute adopts the Senate amendment. (Section 217)

(18) Regulations

The House bill repeals Section 409 of P.L. 480, which required regulations to be issued following enactment of the 1990 farm bill. (Section 426)

The Senate amendment is identical. (Section 218)

The Conference substitute adopts the House provision. (Section 218)

(19) Independent evaluation of programs

The House bill repeals Section 410 of P.L. 480, which required General Accounting Office evaluations of P.L. 480 that have been completed. (Section 427)

The Senate amendment is identical. (Section 219)

The Conference substitute adopts the Senate amendment. (Section 219)

(20) Authorization of appropriations

The House bill deletes Section 412(b) of P.L. 480 and eliminates a requirement that each of Titles I and III funds be at least forty percent of the combined funding for Titles I and III. Subsection (c) is amended to allow up to fifteen percent of the funds available in any fiscal year for any title of P.L. 480 to be used for any other title and to allow unlimited transfers of funds from Title III to Title II. The House bill provides that all of Title I transfer authority must be exhausted before use of the waiver authority is allowed. (Section 428)

The Senate amendment is similar. (Section 220)

The Conference substitute adopts the Senate provision with an amendment that limits transfers from P.L. 480 Title III funding to fifty percent. The Managers intend that USAID will not routinely waive Title II non-emergency minimum tonnage levels, but will operate this waiver authority only in exceptional circumstances. The responsible Congressional committees should be consulted prior to USAID exercising waiver authority. (Section 220)

(21) Coordination of foreign assistance programs

The House bill amends Section 413 of P.L. 480 to clarify that a requirement for coordination with U.S. development assistance policies applies only to Title III. (Section 429)

The Senate amendment is identical. (Section 413)

The Conference substitute adopts the House provision. (Section 221)

(22) Micronutrient Fortification Pilot Program

The Senate amendment requires the establishment of a pilot program by the end of 1997 to fortify grains made available under P.L. 480 with micronutrients such as Vitamin A or iron. The purpose of the pilot program is to assist developing countries in correcting micronutrient deficiencies and to encourage development of technologies for fortification of grains and other commodities. The Secretary is directed to select not more than 5 developing countries to participate in the program. The authority for the pilot program expires in 2002. (Section 222)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment providing that the program be carried out if practical technology exists and it is cost effective. (Section 222)

(23) Use of certain local currency

The House bill adds a new section to Title IV of P.L. 480 to expressly permit the Secretary to use local currency proceeds collected under agreements entered into prior to the Food, Agriculture Conservation Act of 1990 consistent with the law as in effect at the time the agreements were entered into. (Section 430)

The Senate amendment is identical. (Section 416)

The Conference substitute adopts the House provision. (Section 223)

(24) Farmer-to-Farmer Program

The House bill amends Section 501 of P.L. 480 to increase the minimum percentage of the P.L. 480 funding available for the Farmer-to-Farmer program from .2 percent to .4 percent and extends Farmer-to-Farmer to emerging markets. The authorization for the program is extended through fiscal year 2002. (Section 431)

The Senate amendment allows for the travel of foreign farmers and other professionals to the United States. (Section 224)

The Conference substitute adopts the House provision with an amendment allowing for the use of local currencies generated through P.L. 480, Section 416 and Food for Progress to meet the costs of the Farmer-to-Farmer program. (Section 224)

(25) Food Security Commodity Reserve

The House bill amends title III of the Agricultural Act of 1980 by:

(1) converting the Food Security Wheat Reserve to the Food Security Commodity Reserve;

(2) changing the short title to "Food Security Commodity Reserve Act of 1996";

(3) making corn, sorghum, and rice eligible commodities for the reserve;

(4) establishing a four million metric ton cap on the reserve;

(5) making the reserve consist of: (a) wheat in the reserve as of the date of enactment of the Act; (b) wheat, rice, corn, and sorghum acquired through the exchange of an equivalent value of wheat in the reserve for those commodities;

(6) providing that the reserve may be replenished through purchases or by designation of commodities owned by the Commodity Credit Corporation

(7) providing for the release of up to 500,000 metric tons per year if the Secretary determines that inadequate amounts of commodities are available for emergency assistance under Title II of P.L. 480 (plus, any commodities that could have been released but were not released in prior fiscal years);

(8) providing that the authority to replenish the reserve expires at the end of fiscal year 2002. (Section 432)

The Senate amendment is similar to the House bill on the establishment and replenishment of the reserve. The Senate amend-

ment provides that the Secretary may release eligible commodities from the reserve for emergency food assistance to developing countries when quantities of eligible commodities are so limited that eligible commodities cannot be made available for disposition. Additionally up to one million metric tons may be released annually from the reserve for urgent humanitarian relief under Title II of P.L. 480, if the Secretary certifies than funds made available to carry out P.L. 480 are not reduced from the prior year. The term "cannot be made available under the normal means" does not require the waiver of the sub-minimum requirements under Title II of P.L. 480 before the commodities can be released from the reserve in any fiscal year.

The Conference substitute adopts the Senate provision with an amendment providing that in order to meet unanticipated need for emergency assistance under section 202(a) of P.L. 480, the Secretary may release up to 500,000 metric tons of commodities and up to 500,000 metric tons of eligible commodities that could have been released but were not released in prior fiscal years.

Although the conference report contains the language from the Senate bill permitting release of commodities from the reserve in the case of limited domestic supply, the primary purpose of the reserve is to supply commodities for urgent humanitarian needs in addition to assistance made available under Titles I, II and III of P.L. 480. The intent is for the commodities in the reserve to be available when the 475,000 metric tons of commodities in the Title II unallocated reserve is not adequate to meet emergency needs and in the case of limited domestic supply of commodities. (Section 225)

(26) Protein byproducts derived from alcohol fuel production

The Senate amendment repeals an obsolete provision (section 1208 of the Agriculture and Food Act of 1981) requiring an investigation and report on the use of protein byproducts in aid programs. (Section 226)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 226)

(27) Food for Progress Program

The House bill amends The Food for Progress Act of 1985:

(1) to eliminate an obsolete provision exempting commodities furnished to the former Soviet Union from the annual tonnage limitation during 1993;

(2) to make intergovernmental organizations eligible for the program;

(3) to allow the Commodity Credit Corporation to make sales on credit terms under this program to countries other than the former Soviet Union;

(4) to extend authority for the Food for Progress program through fiscal year 2002;

(5) to make multi-year agreements discretionary rather than mandatory;

(6) to permit technical assistance to be provided to agricultural trade organizations, private voluntary organizations, and

intergovernmental organizations for monetization programs; and

(7) to make several conforming amendments. (Section 433)

The Senate amendment is identical. (Section 226)

The Conference substitute adopts the Senate amendment. (Section 227)

(28) Use of foreign currency proceeds from export sales financing

The Senate amendment repeals an obsolete provision (section 402 of the Mutual Security Act of 1954) dealing with appropriations during 1961. (Section 228)

The House bill has no comparable provision.

The Conference adopts the Senate amendment. (Section 228)

(29) Stimulation of foreign production

The Senate amendment repeals an unused provision of law (section 7 of the Act of December 30, 1947) providing authority to stimulate foreign production through donations and similar actions. (Section 229)

The House has no similar provision.

The Conference substitute adopts the Senate amendment. (Section 229)

SUBTITLE B—AMENDMENTS TO THE AGRICULTURAL TRADE ACT OF 1978

(30) Agricultural export promotion strategy

The House bill amends Section 103 of the Agricultural Trade Act of 1978 as follows:

Subsection (a) requires the Secretary to develop a strategy for implementing agricultural export programs.

Subsection (b) states that the strategy shall encourage the maintenance, development, and expansion of export markets, and places emphasis on high-value and value-added products.

Subsection (c) establishes the following goals: (1) increasing to $60 billion annual agricultural exports by 2002; (2) raising U.S. world market share in 2002 significantly above the 1993–95 share; (3) increasing the U.S. share of world high-value agricultural trade to twenty percent; (4) increasing U.S. agricultural exports at a faster rate than the rate of growth in world agricultural trade; (5) increasing U.S. exports of high-value products at a faster rate than the rate of growth in world exports; and (6) ensuring the implementation of Uruguay Round obligations that offer increased market opportunities for U.S. agriculture.

Subsection (d) requires the Secretary to identify priority markets with respect to the export strategy and to identify the overseas offices of the Foreign Agricultural Service that provide assistance in those markets.

Subsection (e) requires a report to Congress by December 31, 2001 assessing progress in meeting the goals established.

Subsection (f) prohibits the Secretary from carrying out export promotion programs under the Agricultural Trade Act of 1978 if the Secretary determines that three or more of the preceding goals are not met.

The Secretary is required to promote exports under authorities of the CCC Charter Act if the other authority is ended.

The prior requirement for the Long-term Agricultural Trade Strategy Report is repealed. (Section 451)

The Senate amendment is identical. (Section 241)

The Conference substitute adopts the House provision with an amendment revising the strategy's goals and striking the sunset of export program authority if goals are unmet, while adding a Sense of Congress resolution calling on the House and Senate agriculture committees to conduct a thorough review of export promotion and food aid programs not later than 1998. (Section 241)

(31) Implementation of commitments under Uruguay Round agreements

The House bill amends the Agricultural Trade Act of 1978 to require the Secretary to monitor other countries' compliance with the Uruguay Round Agreements. If the Secretary determines an instance of non-compliance will significantly constrain U.S. exports, the Secretary is directed to recommend to the U.S. Trade Representative any appropriate action under U.S. laws and to notify relevant Congressional committees of the recommendation. (Section 271)

The Senate amendment is identical. (Section 271)

The Conference substitute adopts the Senate provision by amending the Agricultural Trade Act of 1978 and adds a provision to require the Secretary to evaluate compliance, monitor, take action and report on violations of sanitary and phytosanitary commitments. The managers intend that nothing in this section diminishes or alters the responsibilities of the Secretary of Agriculture under current law to assist exporters of U.S. agriculture products in the event of sanitary or phytosanitary disputes or to fulfill the responsibilities assigned to the Secretary regarding sanitary and phytosanitary measures. (Section 242)

(32) Export credits

The House bill amends Section 202 of the Agricultural Trade Act of 1978:

(1) to authorize credit guarantees under GSM–102 in connection with a sale to a buyer in a foreign country (supplier credits) on terms of not more than 180 days;

(2) to list criteria that may be used by the Secretary in deciding whether a country is creditworthy for GSM–103 intermediate credit guarantees;

(3) to allow credit guarantees to be used where the bank issuing the underlying letter of credit is located in a country other than the importing country;

(4) to require that minimum amounts of credit guarantees be available for processed and high-value products: 25% in 1996 and 1997, 30% in 1998 and 1999, and 35% thereafter, except that the minimum requirements are not applicable if they would compel a reduction in total commodity sales under the programs;

(5) to extend current cumulative funding levels for GSM–102 and GSM–103 but allow flexibility in how much is made available for each program; and

(6) to allow credit guarantees for high-value products with at least 90% U.S. content by weight, allowing for spices and other components that are sometimes of foreign origin. (Section 452)

The Senate amendment is identical. (Section 242)

The Conference substitute adopts the Senate provision with an amendment on origination fees for the facilities financing program, technical changes in definitions and technical modifications to the criteria for determinations under intermediate export credit guarantees. (Section 243)

(33) Market Promotion Program

The House bill authorizes the Market Promotion Program expenditures at $100 million during fiscal years 1996–2002. (Section 401)

The Senate amendment authorizes the Market Promotion Program expenditures at $70 million per year during FY 1996–2002 and targets the program exclusively toward small businesses, farmer owned cooperatives and agricultural groups. (Section 243)

The Conference substitute adopts the Senate provision with an amendment providing for annual funding of $90 million, adopting reform language patterned after the 1996 appropriation act, and changing the name to the Market Access Program.

The amendment to the Market Access Program provides that funds may not be provided to foreign for-profit corporations not including U.S. subsidiaries, to fund their own campaigns to promote their foreign-produced products. The restriction on providing Market Access Program assistance under this section is not intended to prevent Market Access Program participants from carrying out normal business activities (including contracting for services) with respect to the conduct of overseas promotional activities for U.S. agricultural commodities and products of those commodities or from directly conducting promotional campaigns for U.S. agricultural commodities and products of those commodities. (Section 244)

(34) Export Enhancement Program

The House bill caps Export Enhancement Program expenditures at $350 million in each of 1996 and 1997; $500 million in 1998; $550 million in 1999; $579 million in 2000 and $478 million for each of 2001 and 2002. The House bill also requires priority funding from the Export Enhancement Program for wheat flour exports, consistent with the obligations required by the Uruguay Round agreement on agriculture, and in amounts sufficient to maintain the share of the world wheat flour market achieved by the U.S. during the 1986 to 1990 period. (Section 402)

The Senate amendment is identical on funding and authorization of the program, but does not contain a provision on priority funding for wheat flour. (Section 244)

The Conference substitute adopts the House provision with an amendment to reduce funding for the Export Enhancement Program to $250 million in 1997 and by providing the Secretary with

authority to make available not more than $100 million annually for the sale of intermediate products, so that the volume of export sales under this section is consistent with the volume of sales of intermediate agriculture products achieved by the United States in the 1986 to 1990 period.

This section was made discretionary due to budgetary concerns arising from the provision in the House bill requiring Export Enhancement Program priority funding for wheat flour. Nevertheless, the Managers remain concerned that the Administration has not utilized its existing Export Enhancement Program assistance authorities appropriately. The Export Enhancement Program has not been used in fiscal year 1996 to export wheat flour similar to previous years, although the U.S. share of the world flour market has declined. The most recent wheat flour exports under the Export Enhancement Program were last made in August 1995. The Managers encourage the Administration to resume exporting customary quantities of flour through the Export Enhancement Program as soon as possible. Intermediate products are principally semi-processed products in the intermediate stage of the food chain such as wheat flour and vegetable oil.

The Managers note that because of the current tight U.S. supplies of milling quality durum wheat and the importance of maintaining adequate supplies of durum available to the U.S. milling and pasta manufacturing industries, the Secretary is expected to continue to consider the stocks-to-use ratio before approving federal export subsidies for No. 1 and No. 2 Hard Amber Durum wheat. (Section 245)

(35) Export program and food assistance transfer authority

The House bill allows funds for export subsidy programs that cannot be fully or effectively utilized to be used for other agricultural export or food assistance programs. (Section . . .)

The Senate amendment has no comparable provision.

The Conference substitute adopts the Senate amendment which deletes the House provision.

(36) Arrival certification

The House bill amends Section 401 of the Agricultural Trade Act of 1978 to eliminate an unnecessary requirement for the Secretary to obtain certification from the exporter that there were no corrupt payments or similar practices. Such practices are already illegal under other laws. (Section 453)

The Senate amendment is identical. (Section 245)

The Conference substitute adopts the Senate amendment. (Section 246)

(37) Compliance

The Senate provision amends Section 402 of the Agricultural Trade Act of 1978 to eliminate an existing authority for USDA to demand private firms' records that are unrelated to federal export program transactions. USDA's ability to examine program-related records is maintained. (Section 246)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 247)

(38) Regulations

The House bill repeals an obsolete requirement (section 404 of the Agricultural Trade Act of 1978) for the issuance of regulations. (Section 455)

The Senate amendment is identical. (Section 247)

The Conference substitute adopts the House provision. (Section 248)

(39) Trade Compensation and Assistance Program

The Senate amendment requires that if a unilateral export embargo is imposed on any country in the future, and if no other country joins the U.S. sanctions within six months, the Secretary must increase Commodity Credit Corporation funding for food assistance and export promotion programs by an amount equal to ninety percent of the most recent three years' average agricultural exports to the embargoed country. The expanded assistance would be provided for the shorter of two years or the duration of the embargo. (Section 248)

The House bill has no similar provision.

The Conference substitute adopts the Senate amendment with an amendment to extend the length of embargo protection to three years. The amendment allows for either increased funding for food assistance and export promotion programs or direct payments to farmers in an amount equal to embargo caused price declines. The amendment also states that compensation will not be provided if a country with an "agricultural economic interest" joins the U.S. sanctions within ninety days, and makes an exception to the application of this section in case of war or armed hostilities. If the Secretary determines that increased funding for export or food assistance programs will provide the greatest compensatory benefit in cases of agricultural export embargoes, the Managers expect the Secretary to target such relief so that farmers affected by the embargo will receive relief.

The Managers intend that for purposes of this section, "agricultural products" shall have the same meaning as for purposes of the GSM–102 export credit guarantee program and similar authorities. (Section 249)

(40) Foreign Agricultural Service

The House bill amends Section 503 of the Agricultural Trade Act of 1978 to change the basic mission areas of the Foreign Agricultural Service to reflect the 1993 merger of FAS with the Office of International Cooperation and Development. (Section 456)

The Senate amendment is identical. (Section 249)

The Conference substitute adopts the Senate amendment. (Section 250)

(41) Reports

The House bill amends Section 603 of the Agricultural Trade Act of 1978 to state that the requirement for quarterly reports on U.S. export assistance is subject to existing authority for the Sec-

retary to set priorities in deciding which reports to prepare. (Section 457)

The Senate amendment is identical. (Section 250)

The Conference substitute adopts the House provision. (Section 251)

(42) Foreign Market Development Cooperator Program

The House bill authorizes the Foreign Market Development (FMD) cooperator program through 2002, provided that appropriated funds be used to assist in the carrying out of approved market development plans by the cooperators. (Section 489)

The Senate amendment is identical. (Section 273)

The Conference substitute adopts the Senate amendment. The Conferees note that these provisions add to the more generally expressed authority for the Foreign Market Development cooperator program currently found in the Agricultural Act of 1954 and related provisions of law, and more importantly spell out that the Foreign Market Development cooperator program is to be carried out by the U.S. Department of Agriculture, in cooperation with eligible trade organizations, through multi-year contracts or agreements under which cost-share assistance is provided to such organizations. (Section 252)

SUBTITLE C—MISCELLANEOUS

(43) Reporting requirements relating to tobacco

The House bill repeals an existing reporting requirement for tobacco exports (Section 214 of the Tobacco Adjustment Act of 1983). (Section 471)

The Senate amendment is identical. (Section 251)

The Conference substitute adopts the Senate amendment. (Section 262)

(44) Triggered export enhancement

The House bill repeals obsolete provisions for marketing loans and other export and farm program provisions that were conditioned on failure to achieve a Uruguay Round agreement by specified dates. The provisions expired with the 1995 crops. (Section 472)

The Senate amendment is identical. (Section 252)

The Conference substitute adopts the House provision. (Section 263)

(45) Disposition of commodities to prevent waste

The House bill amends Section 416 of the Agricultural Act of 1949:

(1) to allow Commodity Credit Corporation funds to be used to cover administrative expenses of section 416(b) overseas donation programs;

(2) to allow more flexibility in the length of time within which monetized proceeds must be expended;

(3) to eliminate a requirement for the Agency for International Development to respond to a proposal by a nonprofit or voluntary agency or cooperative within certain deadlines;

(4) to eliminate obsolete requirements for the minimum amount of commodities to be made available in 1988, 1989, and 1990;

(5) to eliminate redundant statement of authority for the Secretary to dispose of surplus commodities under 416(b) through title I of P.L. 480 or export bonus or promotion programs; and

(6) to eliminate an obsolete provision concerning the Philippines. (Section 473)

The Senate amendment is identical. (Section 253)

The Conference substitute adopts the House provision with an amendment striking the authority to use CCC funds for administrative expenses but allowing private voluntary organizations and intergovernmental organizations to use monetized local currencies for administrative expenses. (Section 264)

(46) Direct sales of dairy products

The Senate amendment repeals an unused provision for direct export sales of CCC-owned dairy products (Section 106 of the Food and Agriculture Act of 1981). Authority remains for such sales under the CCC Charter Act. (Section 254)

The House bill has no similar provision.

The Conference substitute adopts the House provision which deletes the Senate amendment.

(47) Export sales of dairy products

The Senate amendment repeals unused provisions similar to those repealed by Section 304 above (section 1163 of the Food Security Act of 1985). (Section 255)

The House bill has no similar provision.

The Conference substitute adopts the House provision which deletes the Senate amendment.

(48) Debt-for-health-and-protection swap

The House bill repeals authority for "debt-for-health-and-protection swaps" that has never been funded by appropriations (section 1517 of the Food, Agriculture, Conservation, and Trade Act of 1990). (Section 474)

The Senate amendment is identical. (Section 257)

The Conference substitute adopts the House provision. (Section 265)

(49) Policy on expansion of international markets

The House bill repeals an outdated statement of the sense of Congress concerning several trade policy issues that were current at the time of the 1981 farm bill (Section 1207 of the Food Act of 1981). (Section 475)

The Senate amendment is identical. (Section 257)

The Conference substitute adopts the House provision. (Section 266)

(50) Policy on maintenance and development of export markets

The House bill amends an existing statement of U.S. agricultural trade policies (Section 1121 of the Food Security Act of 1985).

The agricultural trade policy of the United States is declared: (1) to be the premier world supplier of agricultural products, (2) to support free and fair trade, (3) to negotiate further reductions in trade barriers, including sanitary and phytosanitary barriers, and (4) to aggressively counter unfair foreign trade practices. (Section 476)

The Senate amendment is identical. (Section 258)

The Conference substitute adopts the House provision. The Managers intend for the terms "agriculture" and "food and fiber" to include, but not be limited to, fiber and fiber products, and perennial turfgrass sod.(Section 267)

The Managers also accepted an amendment establishing an agricultural export excellence award to be named the Edward R. Madigan United States Agricultural Export Excellence Award. The purpose of the award is to identify and reward efforts to develop and expand markets for United States agriculture exports throughout the development of new products and through the use of innovative marketing techniques. The categories for which awards are given are (1) development of new products or services; (2) development of new markets for agriculture; and (3) creative marketing of products or services in agriculture export markets.

This section sets forth qualification criteria; establishes a selection board to make recommendations to the Secretary; and authorizes the Secretary to seek and accept gifts from public and private sources to carry out the award program established under this section.

The award is named in honor of the late Edward R. Madigan, the former Secretary of Agriculture and Member of Congress who served on the Committee on Agriculture, in recognition of his service to United States agriculture and the promotion of U.S. agricultural export trade. The Managers believe that the award is a fitting tribute to the memory and legacy of a man whose dedication to the future of U.S. agriculture continues to inspire. (Section 261)

(51) Policy on trade liberalization

The House bill repeals a statement of the sense of Congress from the 1985 farm bill that called for a new round of GATT negotiations (Section 1122 of the Food Security Act of 1985). (Section 477)

The Senate amendment is identical. (Section 259)

The Conference substitute adopts the Senate amendment. The Managers note the importance of strong participation in international agricultural organizations particularly with regard to monitoring use of sanitary and phytosanitary barriers and technical barriers to trade. (Section 268)

(52) Agricultural trade negotiations

The House bill amends Section 1123 of the Food Security Act of 1985 to establish goals for future agricultural trade negotiations, including further reductions in trade barriers, limitations on foreign production supports and the elimination of export subsidies, and disciplines on export monopolies. (Section 478)

The Senate amendment is identical but for a technical difference. (Section 260)

The Conference substitute adopts the House provision. (Section 269)

(53) Policy on unfair trade practices

The House bill repeals a resolution from the 1985 farm bill that dealt with several U.S.-European disputes of the time (Section 1164 of the Food Security Act of 1985). (Section 479)

The Senate amendment is identical. (Section 261)

The Conference substitute adopts the Senate amendment. (Section 270)

(54) Agricultural aid and trade missions

The House bill repeals a requirement for "aid and trade missions" which were concluded several years ago. (Section 480)

The Senate amendment is identical. (Section 262)

The Conference substitute adopts the House provision. (Section 271)

(55) Annual reports by agricultural attaches

The House bill deletes a requirement for reporting by agricultural attaches on fruits, vegetables, legumes, popcorn, and ducks (Section 108(b)(1)(B)). (Section 481)

The Senate amendment is identical. (Section 263)

The Conference substitute adopts the Senate amendment. (Section 272)

(56) World livestock market price information

The House bill repeals a requirement for the development of international livestock price information that duplicates existing reporting by the Foreign Agricultural Service (Section 1545 of the Food, Agriculture, Conservation, and Trade Act of 1990). (Section 482)

The Senate amendment is identical. (Section 264)

The Conference substitute adopts the House provision. (Section 273)

(57) Orderly liquidation of stocks

The House bill repeals an obsolete provision requiring the liquidation of stocks held by the Commodity Credit Corporation (Sections 201 and 207 of the Agricultural Act of 1956). (Section 483)

The Senate amendment is identical. (Section 265)

The Conference substitute adopts the Senate amendment. (Section 274)

(58) Sales of extra-long staple cotton

The House bill repeals an obsolete provision concerning the sale of stocks of extra-long staple cotton owned by the Commodity Credit Corporation in 1956 (Section 202 of the Agricultural Act of 1956). (Section 484)

The Senate bill is identical. (Section 266)

The Conference substitute adopts the House provision. (Section 275)

(59) Regulations

The House bill eliminates an obsolete provision requiring the issuance of regulations (Section 707(d) of P.L. 102-511) for a direct credit sales program for the Former Soviet Union. (Section 485)

The Senate amendment is identical. (Section 267)

The Conference substitute adopts the Senate amendment. (Section 276)

(60) Emerging markets

The House bill amends Section 1542 of the Food, Agriculture, Conservation and Trade Act of 1990 in Subsection (a) by:

(1) revising an existing program of technical assistance for emerging democracies, by re-targeting it to "emerging markets;"

(2) amending subsection (f) to define "emerging market" as a country that the Secretary determines is taking steps toward a market-oriented economy and that has the potential to provide a viable and significant market for U.S. agricultural commodities;

(3) amending subsection (a) to extend the program through 2002 and during 1996–2002, requiring CCC to make available at least $1 billion for credit guarantees to emerging markets;

(4) amending subsection (d) to add identification of trade barriers to the list of activities that technical experts should undertake under the program, to give the Secretary more discretion in the use of experts from the United States, to clarify that funds that may be used to assist in the establishment of extension services, to delete a requirement for an annual report to Congress, to increase from $10 million to $20 million the amount of CCC funds available for the program, to provide for faculty exchanges, and to eliminate unused authority for the establishment of an agricultural fellowship program for students from countries that are parties to the North American Free Trade Agreement; and

(5) amending subsection (e) to state that a requirement for a report on foreign debt burdens is subject to a limitation of the number of reports required from the Department of Agriculture.

The bill also amends Section 1543 of the Food, Agriculture, Conservation, and Trade Act of 1990 in Subsection (b), which establishes the Cochran Fellowship Program by adding emerging markets to the list of types of countries that are eligible for the program. (Section 486)

The Senate amendment is identical except for a technical difference. (Section 268)

The Conference substitute adopts the House with an amendment striking the $10 million annual increase in funding.

The Managers find that without a stable food supply, emerging markets are subject to economic instability. Further, the development of agriculture infrastructure and technologies, and agricultural training are critical needs in emerging markets to further growth in the agricultural sector.

The Managers believe that the President may, where appropriate, utilize existing authorities to transfer agricultural tech-

nologies to, and conduct agricultural training for farmers and other agricultural professionals. In using these authorities, the President may consider applications by land-grant colleges that have a demonstrated ability to perform an educational program in emerging democracies. The Managers are further aware of an ongoing attempt to achieve these goals in Latvia, Estonia, and Lithuania by the University of Wisconsin-River Falls, and believe that this institution should be considered for such programs.

The International Cooperation and Development (ICD) program area has a strong, positive role to play in the achievement of the Foreign Agriculture Service mission. Its contribution is illustrated in its work together with the Emerging Democracies program (renamed emerging markets). The program is ideally suited to design and implement the development, training and technical assistance programs funded by the Emerging Democracies programs. In carrying out these Emerging Democracies programs, ICD draws on and coordinates with the extensive expertise of other U.S. Department of Agriculture agencies, the state and land grant university system, and private agricultural enterprises. This relationship between ICD and others has helped develop a number of outstanding programs that are resulting in many short and long term benefits to the Emerging Democracies Office and the Foreign Agriculture Service.

The Managers believe that the cooperation of ICD with the Emerging Democracies program should continue, and that the Foreign Agriculture Service and ICD should continue to seek other opportunities to fully draw on the expertise of ICD in achieving the Agency's broadened mission. (Section 277)

(61) ICD reimbursement for overhead expenses

The Senate provision amends Section 1542(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 and allows the International Cooperation and Development (ICD) program to continue to administer the emerging democracies (now emerging markets) program as it did when it was OICD. Since the ICD merger with the Foreign Agriculture Service, emerging democracy funds cannot be used to pay the salaries of emerging democracy program employees (i.e., Cochran program). The provision allows the Foreign Agriculture Service to transfer not more than $2 million per fiscal year for salaries and expenses for program employees and no funds may be used for the purchase of computers or information technology systems.

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 278)

The Managers also accepted an amendment requiring the President to continue U.S. membership and participation in the International Cotton Advisory Committee. The Managers have determined that participation in that body by the United States is crucial and should be continued. The President shall ensure that U.S. participation in ICAC is carried out through the Secretary of Agriculture and shall direct the U.S. Department of State to pay the annual dues of the United States to ICAC from its appropriated accounts. The Presidents shall direct the U.S. Department of State

to pay the 1996 dues in a prompt manner in order to ensure continuity of U.S. participation. (Section 283)

(62) Labeling of domestic and imported lamb and mutton

The Senate amendment requires the Secretary, consistent with U.S. international obligations, to establish standards for the labeling of lamb and mutton and be applied equally to domestic and imported product. The standard to be used is based on the break or spool joint method to differentiate lamb from mutton by the degree of calcification of bone to reflect maturity. (Section 876)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment requiring the Secretary to establish standards for the labeling of sheep carcasses, parts of carcasses, meat, and meat food products as 'lamb' or 'mutton'.

The Managers intend that consistency between domestic and imported lamb will result. To accomplish this the Secretary is expected to assess the extent to which imported sheepmeat meets the U.S. standard for lamb. Since U.S. and imported lamb maturity determination methods differ, this report should include any recommended changes in lamb labeling regulations. It is expected that this report will include quantitative analysis of the maturity of both domestic and imported sheepmeat in relation to the total amount of sheepmeat sold in the U.S. (Section 279)

(63) Import assistance for CBI beneficiary countries and the Philippines

The Senate amendment repeals an obsolete provision for a sugar reexport program for Caribbean countries and the Philippines that was in force only for 1988. (Section 269)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 280)

(64) Studies, reports, and other provisions

The Senate amendment repeals requirements from the Food Agriculture, Conservation and Trade Act of 1990 for several reports. (Section 270)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 281)

(65) Sense of Congress concerning multilateral disciplines on credit guarantees

The House bill expresses the sense of Congress that, in ongoing negotiations under the auspices of the Organization for Economic Cooperation and Development on credit guarantees, the United States should not agree to changes in U.S. laws authorizing credit guarantees, and should insist on disciplines on the operations of foreign export monopolies. (Section 488)

The Senate amendment is identical. (Section 272)

The Conference substitute adopts the House provision with an amendment specifying state trading entities referenced in the resolution. (Section 282)

TITLE III—CONSERVATION

(1) Definitions

The Senate amendment defines conservation system as 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. (Section 301)

The House bill has no such provision.

The Conference substitute adopts the Senate position with amendments that: 1) delete the Senate provisions; 2) provide definitions for conservation plans, conservation systems and fields; 3) require the Secretary of Agriculture publish in the Federal Register the current universal soil loss equation and wind erosion equation and publish in the Federal Register any subsequent changes to these equations; 4) require that highly-erodible lands exiting the Conservation Reserve Program not be held to a higher conservation compliance standard than similar cropland in the same area; 5) provide that an individual who violates conservation compliance provisions have a reasonable period, not to exceed one year, to come into compliance; 6) provide for expedited variances for weather, pest, and disease problems and establish a time period for granting those variances; 7) provide for technical requirements in USDA's Field Office Technical Guides with respect to conservation plans and conservation systems; 8) require a measurement of erosion on the field prior to implementation of a conservation system, based on estimated annual erosion rates; 9) provide for residue measurement taking into account residue in the top two inches of soil, technical guidelines for erosion measurement, certification of third party residue measurement, and acceptance and use of residue measurements provided by a producer; 10) provide for a producer's certification of compliance and the Secretary's option for a status review if a producer certifies compliance, and revision or modification of a conservation plan by a producer if the same level of treatment is maintained. The Secretary may not change a producer's conservation plan without concurrence by the producer; 11) provide for technical assistance on all portions of a producer's farm for other conservation objectives outside of the scope of conservation compliance; 12) permit the producer to use practices other than those currently approved if the Secretary determines they have a reasonable likelihood of success; 13) provide for a review, and relief to a producer, by the local county committee if a conservation system would cause undue economic hardship; 14) mandate that an employee of USDA who notices a compliance deficiency on a producer's farm while providing technical assistance on other land inform the producer of the deficiency and actions necessary to come into compliance (The producer must come into compliance within one year); 15) provide that a producer who is violating conservation compliance will not be denied crop insurance benefits, and; 16) make conforming amendments. (Sections 301, 311–316)

It is the intent of the Managers that the Secretary use the best science available in determining the degree to which the amount of residue in the top two inches of soil is to be considered when estimating average annual soil erosion levels.

The Managers intend that USDA employees may, at the request of the producer, provide technical assistance on all parts of a producer's operation for soil, water, and related natural resource concerns identified by the producer.

The Managers intend that the Secretary will establish one standard for conservation systems offered by USDA on all cropland subject to conservation compliance.

It is not the intent of the Managers that county committees make determinations on the accuracy of a technical determination by NRCS. The scope of the county committees' decision will be whether the technical determination causes undue economic hardship.

To accomplish NRCS's stated objectives of providing farmers additional conservation alternatives based on local conditions that combine economic and environmental considerations, the Committee urges the Secretary to encourage NRCS to continue and expand, as appropriate, the Wind Erosion Pilot Project, which evaluates the use of primary tillage to create soil roughness conditions for compliance purposes. This includes evaluating the appropriateness of substituting tillage as an alternative to vegetative cover management.

The Managers expect the Secretary to make it possible for residue measurements to be supplied by producers who self-certify. At the same time, the Managers do not intend that the Secretary be required to use producer (or certified third party) supplied residue measurements that the Secretary determines are incorrect or inappropriate for the purpose identified in this paragraph. Rather, it is the intent of the Managers that the Secretary shall use these measurements to the extent the Secretary determines is appropriate.

The Managers believe that the Secretary should examine and revise, as appropriate, the Department's procedures for providing notice of, and conducting investigations of, possible conservation compliance deficiencies. The Managers understand that existing law requires that, when accepting written allegations of compliance violations, the Secretary must keep the identity of the person filing the allegation confidential if so requested by the person. However, it is critical that the Secretary have the discretion to determine whether to investigate such allegations, recognizing the high degree of sensitivity among farmers and others concerning the propriety of relying on anonymous allegations. The Secretary may initiate or expand any investigation based on such allegations, and should promptly notify the subject of the investigation of the existence and nature of the alleged violation. The Secretary should provide information to the subject of the investigation on the status of the investigation when requested or within 180 days of the initial notification of the investigation. In this notice, the Secretary should also inform the person whether a formal complaint will be issued, when the investigation will be terminated, or whether the investigation will continue or be expanded. In cases where the Sec-

retary determines that a violation has occurred, the subject of the investigation should be notified by registered or certified mail of the violation and be given the appropriate information on the determination and on appeal rights.

The Managers intend, by using the term "group of fields" as part of the definition of a conservation system, that appropriate erosion control conservation practices be applied to highly erodible lands that might constitute a subset of all the land within such a group.

The Managers expect that the Secretary pay particular attention to areas near weather stations used to establish climatic factors used in making wind erosion predictions. In cases where the Secretary concludes that existing highly-erodible land determinations unfairly penalize producers, the Secretary should, to the extent practicable and appropriate, use updated wind erosion data to revise the conservation compliance plan for the affected land of producers who request such relief. The Secretary should caution producers that a voluntary request for a conservation compliance review in an affected county may impact the producer's future eligibility for the Conservation Reserve Program.

(2) Wetland conservation exemption

The Senate amendment amends Section 1222(b)(1) of the Food Security Act of 1985 by adding a new exemption from swampbuster penalties for converted wetlands if 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. (Section 358)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a technical amendment. (Section 322)

The Managers intend that the Secretary permit a person to cease to use "farmed wetlands" or "farmed wetlands pasture" for agricultural purposes, allow them to return to wetland conditions and subsequently bring these lands back into agricultural production after any length of time without violating swampbuster, if: 1) the person first notifies the Secretary of the intent to allow improved wetland conditions to return to the "farmed wetland" or "farmed wetland pasture"; 2) the Secretary documents the specific site conditions prior to the initiation of the wetland improvement; 3) the Secretary approves the subsequent proposed conversion action prior to implementation, and; 4) the subsequent conversion action returns the site to wetland conditions at least equivalent to the functions and values that existed prior to the time the wetland was restored or enhanced. The Managers do not intend for this provision to supersede the wetlands protection authorities and responsibilities of the Environmental Protection Agency or of the Corps of Engineers under Section 404 of the Clean Water Act.

(3) Abandonment of converted wetlands

The Senate amendment amends Section 1222 of the Food Security Act of 1985 to require that the Secretary not determine that a prior converted or cropped wetland is abandoned, and therefore

that the wetland is subject to swampbuster penalties, 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. (Section 364)

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provision with amendments that: 1) provide the Secretary with the discretion to determine which programs a person who violates swampbuster will become ineligible for; 2) assure producers have the right to request a review of, and to appeal, a certified wetland delineation; 3) provide that a certified wetland delineation will remain in effect until the producer requests a new delineation and certification; 4) ensure that wetlands which were certified as prior converted cropland will continue to be considered prior converted wetlands even if wetland characteristics return as a result of lack of maintenance of the land or other circumstances beyond the person's control as long as the prior converted cropland continues to be used for agricultural purposes; 5) require USDA to identify which categories of actions constitute a minimal effect on a regional basis; 6) provide producers who inadvertently convert a wetland greater flexibility to mitigate that loss through restoration, enhancement, or creation of wetlands; 7) allow the Secretary to waive penalties against a producer if the Secretary believes the producer was acting in good faith and did not intentionally violate swampbuster; 8) provide for a pilot program on mitigation banking; 9) repeal the requirement for consultation with the Fish and Wildlife Service; 10) provide that persons affiliated with a person who violates swampbuster will not be penalized if such affiliated persons are not responsible for the violation, and; 11) defines "agricultural lands" for purpose of implementing the interagency memorandum of agreement on federal wetland delineations. (Section 321–326)

The Managers intend that the Secretary should, in determining ineligibility for benefits under swampbuster, take away those program benefits that would not defeat the purposes of encouraging good conservation of our soil and water resources or endanger the ability of a borrower to continue to repay a USDA farm loan. The Managers intend that the amendments to abandonment provisions under swampbuster should not supersede the wetland protection authorities and responsibilities of the Environmental Protection Agency or the Corps of Engineers under Section 404 of the Clean Water Act. The minimal effect amendments are intended by the Managers to assist persons in avoiding a violation of the ineligibility provisions of Section 1221 by identifying types of minor wetland alterations and farming practices that are routinely determined by the Secretary in a given state or region to have minimal impact on wetlands functions and values. The Managers intend, in general, that categorical minimal effects exemptions be developed on a statewide, regional or local basis for categories of specific, normal agricultural practices conducted in specified wetland systems.

The Managers intend the mitigation banking pilot to determine the usefulness of such mitigation banking in assisting landowners in complying with the mitigation requirements of the Swampbuster provisions. In carrying out such a pilot, the Man-

agers support permitting wetland acres to be entered into the Conservation Reserve Program (CRP) for the purpose of demonstrating the feasibility of agricultural wetlands mitigation. The Managers also support permitting producers to convert the frequently cropped wetlands mitigated under this pilot mitigation banking authority, and to produce an agricultural commodity on the converted acres. To ensure that the mitigation pilot does not diminish wetland resources, the Mangers expect that wetlands that producers may convert under this pilot program should be wetlands which are frequently cropped, and significantly degraded. Further, to offset the loss of wetland functions and values that may result from such conversion, the Committee expects that the Secretary will require producers who are permitted to harvest a crop on a converted wetland mitigated under this pilot program to assign the related CRP payments to a wetland mitigation bank approved by the Secretary.

The Managers intend the Secretary to determine under what circumstances the Fish and Wildlife Service should be utilized in the implementation of Swampbuster. The Managers intend that the Secretary define "affiliated person" so that persons with an insignificant interest will not be considered affiliated.

For the purposes of the section relating to the Secretary of Agriculture's role under the interagency memorandum of agreement on wetland delineation, "tree farms" means farms devoted to the raising of trees designed to be sold whole, such as nurseries, Christmas tree farms and other small tree farms, and does not include large tree farms that are commercially planted, cultivated, and actively managed for the production of wood and wood fiber.

(4) Environmental Conservation Acreage Reserve Program

The House bill extends the authorization for ECARP through 2002. Protection of wildlife habitat is added as a purpose of ECARP. (Section 304)

The Senate amendment contains similar provisions including a farmland protection program under which the Secretary is directed to purchase conservation easements or other interests in 170,000 to 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 to limit non-agricultural uses of the land. Funding for the program, from the Commodity Credit Corporation, shall not exceed $35 million. (Section 301)

The Conference substitute adopts the Senate provisions with an amendment to add protection of wildlife habitat as a purpose of ECARP. (Section 331)

It is the intent of the Managers that the Secretary of Agriculture should, to the fullest extent practicable, recognize the responsibilities and utilize the authorities of state and local governments, including local conservation districts, in achieving the purposes of this section. In particular, Congress intends for the Secretary to acknowledge and maintain the historic role of conservation districts in assessing natural resource priorities, approving site-specific conservation plans, and coordinating the delivery of federal conservation programs at the local level.

(5) Conservation priority areas

The Senate amendment continues the concept of conservation priority areas within which producers are eligible for enhanced assistance through the Conservation Reserve Program, the Wetlands Reserve Program, and a new Environmental Quality Incentives Program. It adds the Rainwater Basin Region, the Lake Champlain Basin and the Prairie Pothole Region as specific conservation priority areas. (Section 311)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment deleting all mentions of specific regions as conservation priority areas. (Section 331)

Although the Managers removed the Chesapeake Bay Region, the Great Lakes Region and the Long Island Sound Region from the conservation priority area designation legislation and opted not to include the Rainwater Basin Region, the Lake Champlain Basin and the Prairie Pothole Region, the Managers intend no prejudice against these regions being designated by the Secretary as conservation priority areas in the future.

In the priority setting process the Managers expect the Secretary to take into consideration any recommendations from State Governors, State agencies, and other Federal Departments or agencies in selecting and designating conservation priority areas.

(6) Applicability and termination

The Senate amendment restates current law regarding applicability and termination of conservation priority areas. (Section 311)

The House bill has no comparable provision

The Conference substitute adopts the Senate provision. (Section 331)

(7) Conservation reserve program

The House bill reauthorizes the CRP through 2002, limits enrollments to 36.4 million acres and provides that CRP funds not spent because of an early contract termination may be spent as rental payments to enroll other eligible land into the CRP. (Section 305)

The Senate amendment reauthorizes the CRP through 2002, limits enrollments to 36.52 million acres and permits the Secretary to enroll new acreage into the CRP in an amount equal to the acreage covered by those CRP contracts that expire after the date of enactment. (Section 312)

The Conference substitute adopts the House provisions with an amendment that provides that the Secretary may maintain up to 36.4 million acres in the CRP at any time during the 1986–2002 calendar years, including acreage in contracts extended by the Secretary. (Section 332)

The Managers stress their intent that the 36.4 million acre maximum is a rolling maximum, rather than a program lifetime limit. The Secretary may enroll additional land to replace land leaving the program through early terminations or contract expirations so long as, at any one time, there is not more than 36.4 million acres enrolled.

The Managers urge the Secretary, when considering the appropriateness of utilizing the Conservation Reserve Program and other voluntary incentive and technical assistance initiatives on an individual farm or ranch, to employ the most cost-effective option or options necessary to address the natural resource challenges posed by the farm or ranch. In many cases, entering entire fields into the CRP will be the most efficacious. However, idling partial fields through the CRP will frequently provide equivalent environmental benefits at a lower cost to the government. Similarly, financial incentives for the employment of land management or structural practices—alone or in combination with land idling—will return substantial environmental dividends economically while allowing agricultural production to continue. By adopting such a balanced approach, the Secretary will maximize the environmental benefits of the various programs per dollar expended.

It is the intent of the Managers that the Secretary permit flexible widths for vegetative strips beside ditches or waterways, and in sodded waterways and filterstrips, placed in the CRP. The Managers intend for the Secretary, to the extent practicable, to consider local conditions when determining minimum required widths for vegetative strips in the CRP.

In carrying out the Conservation Reserve Program, the Managers recommend that the Secretary consider allowing biomass production as an acceptable cover crop practice during the period of a contract, provided that no harvesting is allowed until after the contract is completed or terminated.

(8) Conservation Reserve Program new acreage

The Senate amendment permits the Secretary to enroll new acreage into the CRP in an amount equal to the acreage covered by those CRP contracts that expire after the date of enactment.

The House bill contains no comparable provision.

The Conference substitute adopts the House position, which deletes the Senate amendment.

(9) Optional contract termination by producers

The House bill permits persons to unilaterally terminate CRP contracts with reasonable notice to the Secretary, if the contracts were entered into at least 5 years prior to the date of enactment. Filterstrips, waterways, strips adjacent to riparian areas, windbreaks, shelterbelts, land with an erodibility index greater than 15 and other lands of high environmental value are not eligible for early termination. The early termination may become effective 60 days after the person submits notice to the Secretary and the rental payment for the Fiscal Year in which the termination takes place shall be prorated. An owner or operator who opts for a unilateral termination may at a later time be eligible to enroll the land in the CRP. (Section 305)

The Senate amendment contains no comparable provisions.

The Conference substitute adopts the House provisions with amendments to include wetlands among those lands the Secretary may determine are not eligible for an early termination and to limit the unilateral termination option to contracts entered into before January 1, 1995. (Section 332)

(10) Fair market value rental rates

The House bill provides that rental payments for land entered into the CRP after the date of enactment may not exceed the average fair market rental rate for comparable lands in the county. The provision is not applicable to existing contracts that have been extended. (Section 305)

The Senate amendment has no comparable provision.

The Conference substitute adopts the Senate provision, which deletes the House provision. (Section 332)

The Managers note the provision in the House bill that required rental rates for new enrollments not to exceed the average fair market rental rate for comparable lands in the county in which the CRP lands are located. The Conference substitute did not include this provision. The Managers agree with the Secretary's action for the 13th CRP signup which allowed local review of CRP rental rates prior to the signup period, including authority for limited adjustments. However, the Managers are concerned that in some regions, Farm Service Agency offices did not clearly understand that in areas where share leases predominate, rental rates were to be determined on a cash equivalent basis. Therefore, the Managers expect that, in future CRP enrollments and extensions of CRP contracts, the Secretary will ensure that all county offices are notified that CRP rental rates shall be determined on a cash or cash equivalent basis.

(11) Enrollments in 1997

The House bill repeals a requirement in the Fiscal 1996 Agricultural Appropriations Act regarding CRP enrollments. (Section 305)

The Senate amendment contains a similar provision. (Section 312)

The Conference substitute adopts the House provision. (Section 332)

(12) Wetlands Reserve Program—Enrollment

The House bill reauthorizes the WRP through 2002 and limits enrollments to no more than 975,000 acres. Total acreage enrolled shall be divided equally between permanent easements, long-term easements (30 years or shorter if required by state law), and cost-share agreements. (Section 302)

The Senate amendment contains similar provisions with the exception that, beginning October 1, 1996, acreage enrolled shall be divided equally between permanent easements, 30-year easements and restoration cost-share agreements. (Section 313)

The Conference substitute adopts the Senate provisions with an amendment prohibiting the Secretary from entering into any new permanent easements until non-permanent easements are obtained on at least 75,000 acres. (Section 333)

The Managers do not intend for the restriction on additional permanent easements to prohibit the Secretary from finalizing any agreements that have been entered into with producers through previous WRP signups.

(13) Eligibility

The House bill extends the period for eligible lands to be enrolled through 2002. (Section 302)

The Senate amendment contains similar provisions and a requirement that eligible lands must also maximize wildlife benefits. (Section 313)

The Conference substitute adopts the Senate provisions. (Section 333)

(14) Other eligible lands

The Senate amendment states that other eligible lands must also maximize wildlife benefits. (Section 313)

The House bill has no similar provision.

The Conference substitute adopts the Senate provision. (Section 333)

(15) Easements

The House bill states that payments may be provided in between 5 and 30 annual installments of equal or unequal size (but may not be in a lump sum). Cost-share payments for permanent easements shall be for 75–100% of eligible costs and those for 30-year easements or cost-share agreements shall be for 50–75% of eligible costs. (Section 302)

The Senate amendment contains similar provisions and a requirement that restoration plans be made through the local Natural Resources Conservation Service representative in consultation with the State Technical Committee. (Section 313)

The Conference substitute adopts the Senate provisions. (Section 333)

(16) Cost share and technical assistance

The House bill states that restoration cost-share agreements may cover 50–75% of eligible costs and specifies that the limitations are not applicable to easements that existed prior to the date of enactment. (Section 302)

The Senate amendment has similar provisions with the exception of the proviso regarding easements that existed prior to the date of enactment. (Section 313)

The Conference substitute adopts the Senate provisions. (Section 333)

(17) Wetlands Reserve Program—Purposes

The House bill makes no change to the current purpose of the WRP, which is to assist owners of eligible lands in restoring and protecting wetlands.

The Senate amendment states that the purpose of the WRP is to protect wetlands so as to enhance water quality and provide wildlife benefits while recognizing landowner rights. (Section 313)

The Conference substitute adopts the House position, which deletes the Senate amendment.

(18) Environmental Quality Incentives Program—Purpose

The Senate amendment states that the purpose of the new Environmental Quality Incentives Program is to combine into a single

program the functions of the Agricultural Conservation Program, the Great Plains Conservation Program, the Colorado River Basin Salinity Control Program and the Water Quality Incentives Program. (Section 314)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 334)

(19) Findings

The Senate amendment states several findings relevant to the establishment of the EQIP program. (Section 314)

The House bill has no comparable provision.

The Conference substitute adopts the House position, which deletes the Senate amendment.

(20) Eligible lands

The House bill states that land on which EQIP contracts may be entered into includes land used for livestock or agricultural production that the Secretary determines poses a serious threat to soil, water or related resources. (Section 301)

The Senate amendment states that land on which EQIP contracts may be entered into include: 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; critical agricultural land as identified in a state plan required under nonpoint source provisions of the Clean Water Act; an area recommended by a state lead agency for protection of soil, water and related resources, and; other land that, if left untreated, could defeat the purposes of EQIP. (Section 314)

The Conference substitute adopts the Senate provisions with an amendment striking references to critical agricultural land as identified in a state plan required under nonpoint source provisions of the Clean Water Act. (Section 334)

(21) Definitions—land management practice

The House bill defines "land management practice" as a site-specific nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, or other land management practice that the Secretary determines is needed to protect, in the most cost effective manner, water, soil, or related resources from degradation. (Section 314)

The Senate amendment is similar, except that it has no reference to "site-specific." (Section 301)

The Conference substitute adopts the House provision with a technical amendment. (Section 334)

(22) Large confined livestock operation

The Senate amendment defines "large confined livestock operation" as an operation that is a confined animal feeding operation and has more than:

700 mature dairy cattle;

1,000 beef cattle;

100,000 laying hens or broilers;
55,000 turkeys;
2,500 swine; or
10,000 sheep or lambs. (Section 314)

The House bill has no similar provision.

The Conference substitute adopts the House provision, which deletes the Senate amendment.

(23) Livestock

The House bill defines "livestock" as mature livestock, dairy cows, beef cattle, laying hens, broilers, turkeys, swine, sheep, lambs and such other animals as determined by the Secretary. (Section 301)

The Senate amendment has a similar definition with the exception of the term "mature livestock" and the provision allowing for a Secretarial determination. (Section 314)

The Conference substitute adopts the House provisions with amendments striking the word "mature" and substituting the word "cattle" in place of "cows." (Section 334)

(24) Producer

The House bill utilizes the term "producer" as a person who is engaged in livestock production, as defined by the Secretary. (Section 301)

The Senate amendment utilizes the term "operator." (Section 314)

The Conference substitute adopts the House provision. (Section 334)

(25) Structural practice

The House bill defines "structural practice" as an animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, tailwater pit, or other structural practice that the Secretary determines is needed to protect water, soil, or related resources in the most cost-effective manner, and the capping of abandoned wells. (Section 301)

The Senate amendment has a similar definition, except that it includes "permanent wildlife habitat" and excludes "tailwater pit" and "capping of abandoned wells." (Section 314)

The Conference substitute adopts the House provision with an amendment adding "permanent wildlife habitat" and the term "site-specific." (Section 334)

(26) Establishment and administration of EQIP—Establishment

The House bill requires that, during the 1996 through 2002 fiscal years, the Secretary provide technical assistance, cost-sharing payments, and incentive payments to producers who enter into contracts with the Secretary, through EQIP. (Section 301)

The Senate amendment contains a similar provision. (Section 314)

The Conference substitute adopts the Senate provision. (Section 334)

(27) Eligible practices

The House bill provides that a producer who implements a structural practice shall be eligible for technical assistance, cost-sharing payments, or both. In addition, a producer who performs a land management practice shall be eligible for technical assistance, incentive payments, or both. (Section 301)

The Senate amendment contains a similar provision except that it also provides for "education." (Section 314)

The Conference substitute adopts the Senate provision. (Section 334)

(28) Application and term

The House bill provides that a contract between a producer and the Secretary under EQIP may apply to 1 or more structural practices or 1 or more land management practices, or both; and 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. (Section 301)

The Senate amendment contains a similar provision. (Section 314)

The Conference substitute adopts the Senate provision. (Section 334)

(29) Structural practices

The House bill requires the Secretary to administer a competitive offer system for producers proposing to receive cost-sharing payments in exchange for the implementation of 1 or more structural practices. The competitive offer system shall consist of the submission of a competitive offer by the producer in such manner as the Secretary may prescribe and evaluation of the offer in light of the selection criteria established in section 1238C and the projected cost of the proposal. In addition, if the producer who offers to implement a structural practice is a tenant of the land involved in agricultural production, for the offer to be acceptable, the producer shall obtain the concurrence of the owner of the land with respect to the offer. (Section 301)

The Senate amendment contains a similar provision with technical differences. (Section 314)

The Conference substitute adopts the House provision with an amendment requiring the Secretary, to the extent practicable, to provide a process for selecting applications for financial assistance where there are numerous applications for such assistance that present substantially the same level of environmental benefits. The process shall provide for the consideration of a reasonable estimate of the projected cost of the proposal and other factors identified by the Secretary for determining which applications will present the least cost, and the consideration of the priorities established under EQIP and other such factors identified by the Secretary to maximize environmental benefits per dollar expended. (Section 334)

The Managers intend that, when cost-share assistance is provided, the Secretary encourages open and fair competition by vendors for services and products.

(30) Land management practices

The House bill requires the Secretary to establish an application and evaluation process for awarding technical assistance or incentive payments, or both, to a producer in exchange for the performance of 1 or more land management practices by the producer. (Section 301)

The Senate amendment contains a similar provision. (Section 314)

The Conference substitute adopts the Senate provision with an amendment using the term "producer" rather than "operator." (Section 334)

The Managers urge the Secretary, in carrying out EQIP, to be particularly cognizant of the needs of producers whose lands are exiting the Conservation Reserve Program (CRP). Such consideration will ensure that these lands are eligible to receive EQIP assistance for practices such as conservation tillage in an effort to maximize the conservation and environmental benefits that have accrued under the CRP.

(31) Cost-sharing, incentive payments, and other payments

The House bill requires that the Federal share of cost-sharing payments to a producer proposing to implement 1 or more structural practices shall not be more than 75 percent of the projected cost of each practice, as determined by the Secretary, taking into consideration any payment received by the producer from a State or local government. A producer shall not be eligible for cost-sharing payments for structural practices on eligible land if the producer receives cost-sharing payments or other benefits for the same land under CRP, WRP or the Environmental Easement Program. The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform 1 or more land management practices. (Section 301)

The Senate amendment contains similar provisions. (Section 314)

The Conference substitute adopts the Senate provisions with amendments using the term "producer" rather than "operator." (Section 334)

(32) Size limitation

The Senate amendment states that an operator of a large confined livestock operation shall not be eligible for cost-sharing payments to construct an animal waste management facility. (Section 314)

The House bill contains no similar provision.

The Conference substitute adopts the Senate provision with an amendment stating that a "large confined livestock operation" shall be determined by the Secretary. (Section 334)

The Managers expect that in determining whether an operation is a large confined livestock operation within the meaning of this provision, the Secretary will consider various resource and environmental factors, including regulations promulgated pursuant to the Clean Water Act. The Secretary is expected to specify clearly the factors and considerations involved in developing the require-

ments for program eligibility and should follow notice and comment procedures. However, the Managers understand that the need to begin implementing the program quickly may initially require the use of interim procedures. In defining large confined livestock operations, the Managers expect the Secretary to take into account needs for maximizing environmental benefits in targeted watersheds affected by animal agriculture, the ability of operations to pay for the cost of animal waste management facilities, the obligations of operations under other environmental authorities, and the particular characteristics of modern livestock operations.

(33) Technical assistance

The House bill requires the Secretary to allocate funding under EQIP for the provision of technical assistance according to the purpose and projected cost for which the technical assistance is provided for 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 for a fiscal year. In addition, the Secretary shall ensure that the process of writing, developing and assisting in the implementation of EQIP plans 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. The process shall be included in but not limited to programs and plans established under EQIP and any other USDA programs using incentive payments, technical assistance, or cost-share payments. The receipt of technical assistance under EQIP shall not affect the eligibility of the operator to receive technical assistance under other authorities of law available to the Secretary. (Section 301)

The Senate amendment contains similar provisions. (Section 314)

The Conference substitute adopts the House provisions with an amendment to specify that the provision requiring that non-USDA individuals be allowed to prepare plans for programs other than EQIP applies specifically to USDA conservation programs. (Section 334)

(34) Modification or termination of contracts

The House bill permits the Secretary to establish terms of an EQIP contract. (Section 301)

The Senate amendment permits the Secretary to modify or terminate a contract entered into with an operator if the operator agrees and if the Secretary determines the modification or termination is in the public interest. The Secretary may also terminate a contract if the Secretary determines that the operator violated the contract. (Section 314)

The Conference substitute adopts the Senate provisions with an amendment to use the term "producer" rather than "operator." (Section 334)

(35) Non-federal assistance

The Senate amendment permits the Secretary to request the services of a state agency dealing with water quality, fish and wildlife, or forestry, 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. 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 EQIP to assist in complying with a federal or state environmental law. (Section 314)

The House bill contains no similar provision.

The Conference substitute adopts the Senate provisions with amendments striking the prohibition against claims or action resulting from technical assistance and using the term "producer" rather than "operator." (Section 334)

(36) Evaluation of offers and payments—Regional priorities

The House bill requires the Secretary, in determining eligibility for land for EQIP, to consider the significance of the water, soil and related natural resource problems and the maximization of environmental benefits per dollar expended. (Section 301)

The Senate amendment requires the Secretary to provide assistance to operators in a region, watershed or conservation priority area based on the significance of the soil, water and related natural resource problems and the practices that best address the problems. (Section 314)

The Conference substitute adopts the House provisions. (Section 334)

(37) Maximization of environmental benefits

The House bill requires the Secretary, in providing assistance to producers, to consider the significance of the water, soil and related natural resource problems and the maximization of environmental benefits per dollar expended. (Section 301)

The Senate amendment requires the Secretary to accord a higher priority to assistance and payments that maximize environmental benefits per dollar expended. Prioritization shall be done nationally as well as within specific conservation priority areas, regions or watersheds. The Secretary shall establish criteria for implementation of practices that best achieve relevant conservation goals. (Section 314)

The Conference substitute adopts the Senate provisions. (Section 334)

(38) State or local contributions

The Senate amendment requires the Secretary to accord a higher priority to operators located within areas that state or local governments have provided, or will provide, financial or technical assistance to operators for the same conservation or environmental purposes. (Section 314)

The House bill has no similar provisions.

The Conference substitute adopts the Senate provision. (Section 334)

(39) Priority lands

The Senate amendment requires the Secretary to accord higher priority to lands on which agricultural production contributes to the potential for failure to meet applicable water quality standards or other federal or state environmental objectives. (Section 314)

The House bill contains no similar provisions.

The Conference substitute adopts the House position, which deletes the Senate amendment.

(40) Duties of operators

The House bill requires producers to comply with terms required by the Secretary. (Section 301)

The Senate amendment stipulates that, to receive assistance under EQIP, operators shall agree: to implement an EQIP plan describing conservation and environmental goals; not to conduct practices that would defeat the purposes of EQIP; to refund any payment and forfeit future payments if in violation of the EQIP contract or upon transferring interest in the land (unless the transferee assumes the obligations of the contract), and; to supply information necessary to determine compliance with the EQIP plan. (Section 314)

The Conference substitute adopts the Senate provisions with an amendment using the term "producer" rather than "operator". (Section 334)

(41) EQIP plan

The Senate amendment states that an individual EQIP plan shall include (as determined by the Secretary): a description of the farming or ranching operation; a description of the relevant farm or ranch resources related to the conservation and environmental objectives of the plan; a description of the structural or land management practices to be implemented; the timing and sequence for implementing the practices, and; information to enable evaluation of the effectiveness of the plan. (Section 314)

The House bill contains no similar provisions.

The Conference substitute adopts the Senate position with an amendment providing general requirements for a plan of operations that shall, to the extent practicable, avoid duplication in the plans required for other similar conservation programs and requirements. (Section 334)

It is the Managers' intent that the process used to develop EQIP plans be a simplified and flexible approach to assist producers to work toward better resource management. EQIP are not intended to be whole-farm plans.

The producer should voluntarily submit a conservation plan to the Secretary for approval in order to be eligible for participation in EQIP. The plan may contain an implementation schedule, a description of the structural and management practices, cropping patterns, farm or ranch resources, and other information, as the Secretary determines is necessary, to facilitate the objectives of this provision.

Producers, on their own initiative, may use any conservation plan developed and required for participation in any other program within the jurisdiction of the Secretary provided the plan is ap-

proved by the Secretary for the purpose of EQIP. This is intended to avoid a duplication of planning and to relieve the paperwork burden on producers.

Since EQIP is a voluntary program, the producers may begin the plan development process, on their own initiative, by analyzing their needs for long-term farm or ranch operations. The producers should assess the areas of their operations that face the most serious problems associated with soil, water and related resources, including grazing lands, wetlands, and wildlife habitat. The producers should identify alternative conservation practices and select the best management practices to meet their needs and the conservation incentives of EQIP. The plan should be designed, to the extent practicable, to help producers comply with local, state, and federal laws.

In determining the practice or combination of practices appropriate for a particular farm or ranch, the Managers emphasize that the Secretary should use the lowest-cost option or options available. By doing so, the Secretary will be able to assist the greatest number of producers possible and maximize the positive impacts on the environment.

The legislation does not specifically mention all structural or land management practices that are eligible for funding under EQIP because of the broad gamut of measures that may be appropriate depending on the type of operation, its location and other factors. In addition, it is impossible to predict the evolution of new technologies. Accordingly, the Managers strongly urge the Secretary to make new practices eligible for funding under EQIP as soon as reasonable testing indicates their efficacy. The managers also intend that the term "site-specific" refer not only to entire farms or ranches but to discrete locations within an operation.

(42) Duties of the Secretary

The Senate amendment requires the Secretary to assist an operator in achieving the goals of an EQIP plan by providing an eligibility assessment of the farming or ranching operation; providing technical assistance in developing and implementing the plan; providing technical assistance, cost-sharing payments or incentive payments for practices; providing information, education and training; and by encouraging the operator to obtain assistance from other federal, state, local or private sources. (Section 314)

The House bill includes no similar provisions.

The Conference substitute adopts the Senate provisions with an amendment using the term "producer" rather than "operator." (Section 334)

(43) Limitations on payments

The House bill states that the total amount of cost-sharing and incentive payments paid to a person may not exceed $10,000 for any fiscal year or $50,000 for any multiyear contract, except that the Secretary may exceed the limitation on the annual limit on a case-by-case basis if the Secretary determines that a larger payment is essential. The Secretary shall issue regulations that are consistent with those for receiving market transition payments for the purpose of defining the term 'person' and prescribing such rules

as the Secretary determines necessary to ensure a fair and reasonable application of the EQIP limitations. (Section 301)

The Senate amendment contains similar provisions but does not include the exception permitting a waiver of the annual limit. (Section 314)

The Conference substitute adopts the House provisions with amendments requiring the maximization of environmental benefits per dollar expended and providing for interim administration of EQIP pending promulgation of final regulations, to the extent the existing regulations do not conflict with the provisions of the Conference substitute establishing EQIP, and requiring that payments under an EQIP contract entered into during a fiscal year not be made until the subsequent fiscal year. (Section 334)

(44) Conservation farm option

The Senate amendment requires the Secretary to offer eligible owners and operators with contract acreage under Title I who also have entered into a CRP contract the option of entering into a Conservation Farm Option contract for a period of ten years as an alternative to the market transition contract payment. In return, eligible owners and operators shall receive payments that reflect the Secretary's estimate of the payments they would receive over the ten-year period under conservation cost-share programs, the CRP, market transition payments, and loan programs for contract commodities, oilseeds and ELS cotton. CFO contract holders shall agree to forego eligibility to participate in the above programs and comply with a conservation plan consistent with a state plan designed to protect wildlife, improve water quality and reduce soil erosion. (Section 103)

The House bill contains no similar provisions.

The Conference substitute adopts the Senate provisions with amendments that reduce estimated outlays under the CFO to $120 million during the seven-year period and delete market transition payments from the payments a producer will receive under a CFO contract. (Section 335)

(45) Conforming amendments

The Senate amendment repeals authorizations for the Agricultural Conservation Program, the Great Plains Conservation Program, the Colorado River Basin Salinity Control Program (Section 202(c) of the Colorado River Basin Salinity Control Act), the Rural Environmental Conservation Program, the Agricultural Water Quality Incentives Program, and technical assistance for water resources (Subtitle F of Title XII of the Food Security Act of 1985) are repealed. Various technical amendments are made to reflect the fact that EQIP replaces the functions of many of the repealed programs. (Section 355)

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provisions with an amendment that maintains some provisions of the Colorado River Basin Salinity Control Act. (Section 336)

(46) Mandatory expenses

The House bill requires that, for each of fiscal years 1996 through 2002, the Secretary shall use the funds of the Commodity Credit Corporation to carry out the Conservation Reserve Program, Wetlands Reserve Program, and the Environmental Quality Incentives Program. (Section 301)

The Senate amendment contains similar provisions. (Section 341)

The Conference substitute adopts the House provisions. (Section 341)

(47) EQIP funding

The House bill requires that, for each of fiscal years 1996 through 2002, $200 million of the funds of the Commodity Credit Corporation shall be available for providing technical assistance, cost-sharing payments, and incentive payments. In each year, at least 50% of the EQIP funding shall be targeted to practices relating to livestock production. (Section 301)

The Senate amendment contains similar provisions with the exception of a proviso that 50% of the EQIP funding shall go for practices relating to livestock production. (Section 314)

The Conference substitute adopts the Senate provisions with an amendment limiting funding to $130 million in fiscal 1996 and $200 million in each of fiscal years 1997–2002. (Section 341)

(48) Administration—Plans

The Senate amendment requires the Secretary, to the extent practicable, to avoid duplication in conservation plans required for highly erodible land conservation under subtitle B, CRP, WRP and EQIP. (Section 314)

The House bill contains no similar provision.

The Conference substitute adopts the Senate provision. (Section 341)

(49) Acreage limitation

The Senate amendment prohibits the Secretary from enrolling more than 25% of the cropland in any county in CRP or WRP. Not more than 10% of the cropland in a county may be subject to an easement acquired under the subchapters. The Secretary may exceed the limitations if the Secretary determines that the action would not adversely affect the local economy of a county and that operators in the county are having difficulties complying with conservation plans implemented under section 1212. The limitations established under this subsection shall not apply to cropland that is subject to an easement under CRP, WRP or the Environmental Easement Program that is used for the establishment of shelterbelts and windbreaks. (Section 314)

The House bill contains no similar provision.

The Conference substitute adopts the Senate provision with an amendment deleting the reference to the Environmental Easement Program. (Section 341)

(50) Tenant protection

The Senate amendment states that, except for a person who is a tenant on land that is subject to a CRP 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 commodity programs (as modified by to highly erodible land and wetland conservation provisions), CRP or WRP. (Section 314)

The House bill contains no similar provision.

The Conference substitute adopts the Senate provision. (Section 341)

(51) Regulations

The Senate amendment requires that, not later than 90 days after the effective date of this subsection, the Secretary shall issue regulations to implement the changes to CRP and WRP. (Section 314)

The House bill contains no similar provision.

The Conference substitute adopts the Senate provision. (Section 341)

(52) Advance appropriations to CCC

The Senate amendment permits the Secretary to use the funds of the Commodity Credit Corporation to carry out the Environmental Easement Program, subject to prior appropriations. (Section 314)

The House bill contains no similar provision.

The Conference substitute adopts the House position, which deletes the Senate amendment.

(53) Authority to use outside agencies

The House bill eliminates authority for the Secretary to use the Fish and Wildlife Service, land grant institutions, county and state committees and other governmental entities in carrying out conservation programs. (Section 303)

The Senate amendment contains no similar provision.

The Conference substitute adopts the Senate position, which deletes the provisions of the House bill.

(54) State Technical Committees

The Senate amendment amends Section 1261(c) of the Food Security Act of 1985 to add representatives of the following groups to the existing State Technical Committees: agricultural producers, other nonprofit organizations with demonstrable expertise, persons knowledgeable about the economic and environmental impact of conservation techniques and programs, and agribusiness.

The House bill contains no similar provisions.

The Conference substitute adopts the Senate position with an amendment that provides for representation on state technical committees of producers, representatives of nonprofit organizations with demonstrable expertise, persons knowledgeable about conservation techniques, and agribusiness, and provides for public notice of, and attendance at, meetings. (Section 342)

(55) National Natural Resources Conservation Foundation

The Senate amendment establishes a National Natural Resources Conservation Foundation as a charitable and nonprofit corporation for charitable, scientific, and educational purposes, including:

(1) promotion of 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) promotion of voluntary partnerships between government and private interests in the conservation of natural resources;

(3) to conduct research and undertake educational activities, conduct and support demonstration projects, and make grants to State and local agencies and nonprofit organizations;

(4) to 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) to 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) to 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) to raise private funds to promote the purposes of the Foundation.

The amendment authorizes an appropriation 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. (Sections 331–340)

The House bill contains no similar provisions.

The Conference substitute adopts the Senate provisions. (Sections 351–360)

(56) Forestry

The Senate amendment amends Section 4 of the Cooperative Forestry Assistance Act of 1978 is amended by striking the provision that terminates the Forestry Incentives Program December 31, 1995. It also amends Section 2405 of the Food, Agriculture, Conservation, and Trade Act of 1990 by an authorization for appropriation of such sums as are necessary to carry out the activities of the Office of International Forestry. (Section 352)

The House bill contains no similar provisions.

The Conference substitute adopts the Senate provisions with amendments to limit the authorizations for the Forestry Incentives

Program and the Office of International Forestry to 2002, to make the authorization for the Office of International Forestry subject to appropriations, and to provide authority for the Secretary to make grants to states under the Forest Legacy Program. (Sections 371, 373, 374)

(57) Cooperative work for protection, management, and improvement of National Forest System

The Senate amendment authorizes cooperative work for the protection, management, and improvement of the National Forest System and permits payments for such work to be made from any appropriation of the Forest Service that is available for similar work if reimbursement is made by the cooperator in the same fiscal year. (Section 545)

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provisions. (Section 372)

(58) CCC Charter Act

The Senate amendment amends the CCC Charter Act to include conservation functions and programs among the purposes for which the Secretary may utilize the CCC. (Section 355)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provisions with an amendment permitting the use, after January 1, 1997, of CCC funding for conservation and environmental programs authorized by law. (Section 381)

The Managers stress that this provision is not intended to preclude the Secretary from utilizing the CCC to fund conservation and environmental programs appropriately authorized by law on or before January 1, 1997.

(59) Floodplain easements

The Senate amendment amends Section 403 of the Agricultural Credit Act of 1978 to permit the Secretary to purchase floodplain easements. (Section 359)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 382)

(60) Resource Conservation and Development Program reauthorization

The Senate amendment reauthorizes the Resource Conservation and Development Program through 2002. (Section 360)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 383)

(61) Repeal of report requirement

The Senate amendment rescinds the requirement for the printing of multiple copies of USDA soil surveys. (Section 362)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 384)

(62) Flood risk reduction

The Senate amendment establishes a flood risk reduction program for fiscal years 1996 through 2002, under which the Secretary may enter into a contract with a producer with contract acreage under title I on a farm with land that is frequently flooded. Under the terms of the contract, with respect to acres that are subject to the contract, the producer must agree to: the termination of any contract acreage; forgo loans for contract commodities, oilseeds and extra long staple cotton; not apply for crop insurance issued or reinsured by the Secretary; comply with applicable wetlands and highly erodible land conservation compliance requirements; not apply for any conservation program payments from the Secretary; not apply for disaster program benefits provided by the Secretary; and refund the payments, with interest, issued under the 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. In return, the Secretary shall agree to pay the producer for the 1996 through 2002 crops not more than the projected contract payments under title I, and other savings from appropriated programs. The Secretary shall carry out the program through the CCC. (Section 351)

The House bill contains no similar provision.

The Conference substitute adopts the Senate provisions with a technical amendment. (Section 385)

(63) Conservation of private grazing land

The Senate amendment authorizes the Secretary of Agriculture to provide a coordinated technical, educational, and related assistance program to conserve and enhance private grazing land resources. Subject to the availability of appropriations, the Secretary will 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 including: maintaining and improving private grazing land and the multiple values and uses that depend on private grazing land; implementing grazing land management technologies; managing resources on private grazing land, including planning, managing, and treating private grazing land resources, ensuring the long-term sustainability of private grazing land resources, harvesting, processing, and marketing private grazing land resources and identifying and managing weed, noxious weed, and brush encroachment problems; protecting and improving the quality and quantity of water yields from private grazing land; maintaining and improving wildlife and fish habitat on private grazing land; enhancing recreational opportunities on private grazing land; maintaining and improving the aesthetic character of private grazing lands; and identifying the opportunities and encouraging the diversification of private grazing land enterprises. There are authorized to be appropriated to carry out this section $20 million for fiscal 1996, $40 million for fiscal 1997 and $60 million for fiscal 1998 and each subsequent fiscal year. (Section 354)

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provisions with an amendment deleting a specific reference to the Natural Resources Conservation Service in the description of the program. (Section 386)

(64) Wildlife Habitat Incentives Program

The Senate amendment authorizes a Wildlife Habitat Incentives Program to promote implementation of various management practices to improve wildlife habitat. The program would receive $10 million in funding annually from the Conservation Reserve Program, with total expenditures of $60 million over seven years. (Section 554)

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provisions with an amendment reducing the total funding to $50 million over seven years. (Section 387)

The Managers intend that the cost-share payments made under WHIP not exceed 75 percent of the total cost to an eligible landowner for developing a wildlife management plan and implementing eligible activities under the plan.

The Managers intend that the Secretary, in developing a list of approved activities and practices, shall attempt to achieve landowner and public purposes including: 1) upland wildlife management measures; 2) wetland wildlife management measures; 3) threatened and endangered species management measures; 4) fisheries management measures, and; 5) other activities approved by the Secretary.

(65) Clarification of effect of resource planning on allocation and use of water

The Senate amendment amends Section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974 to stipulate that nothing in the section shall limit any right of authority of a state to allocate water flows. The Secretary of Agriculture is prohibited from requiring a restriction of the operation, use, repair or replacement of an existing water supply facility as a condition of the renewal of a right-of-way granted under Section 501 of the Federal Land Policy and Management Act of 1976. (Section 557).

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate position with an amendment striking the provisions of the Senate amendment and providing for an 18-month moratorium on any Forest Service decision to require bypass flows or any other relinquishment of the unimpaired use of a decreed water right as a condition of renewal or reissuance of a land use permit. The moratorium shall not affect the obligations or the authority of the Secretary to protect public health and safety or to comply with the Endangered Species Act or applicable state law. A task force shall also be appointed to study several issues regarding water rights as they apply to Forest Service activities and report to the Secretary, the Speaker of the House of Representatives and the chairmen of relevant Senate committees within one year. (Section 389)

The Managers believe that these provisions are required because the Forest Service has recently imposed, or attempted to im-

pose, by-pass flows to achieve the secondary purposes of the National Forests. This contradicts former USDA policy and has raised questions about their statutory authority in this area. Nothing in this section changes current law regarding the allocation of water or rights to the use of water, and the expiration of the moratorium is not intended to be a recognition or grant of authority to the Forest Service for imposition of by-pass flows. Further, the moratorium imposed by this section is not intended to interfere with the ability of the Forest Service to negotiate or comply with requirements of voluntary agreements concerning the use of National Forest lands for water supply facilities. It is also not the intent of this language to interfere with the duties of the Secretary under the Endangered Species Act.

It is also the intent of the Managers that the Board established in this section will carry out its duties in a professional, non-partisan manner, and that membership on the Board will consist of individuals with expertise in Western water law and public land law.

(66) Everglades Agricultural Area

The House bill provides $210 million to the Secretary of the Interior to conduct restoration activities in the Everglades ecosystem, "which may include acquiring private acreage in the Everglades Agricultural Area including" the "Talisman tract" by December 31, 1999. (Section 507)

The Senate amendment contains similar provisions except that $200 million is provided to the Secretary of the Interior. (Section 506)

The Conference substitute adopts the Senate provision with an amendment to provide an additional $100 million, contingent upon land acquisition within the State of Florida. (Section 390)

(67) Advisory Board on Agricultural Air Quality

The Senate amendment establishes a board to advise the Secretary of Agriculture on scientific questions relating to airborne particulate matter and gases that may be issues under the Clean Air Act. The board would be comprised of 17 members, including the Chief of the Natural Resources Conservation Service, agricultural producers, other representatives of the 6 NRCS regions, and an atmospheric scientist. (Section 551)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provisions with amendments clarifying that interagency oversight coordination required by the Secretary shall be made to the extent practicable. (Section 391)

(68) Environmental Easement Program

The Senate amendment reauthorizes the Environmental Easement Program through 2002. (Section 355)

The House bill contains no comparable provision.

The Conference substitute adopts the House position, which deletes the Senate amendment.

(69) Water Bank Program

The Senate amendment amends Section 1230 of the Food Security Act of 1985 by adding a provision that acreage currently enrolled in the Water Bank Program authorized by the Water Bank Act shall be considered to have been enrolled in the CRP on the date the acreage was enrolled in the Water Bank program. Payments shall continue at the existing water bank rates. (Section 356)

The House bill contains no comparable provision.

The Conference substitute adopts the House position, which deletes the Senate amendment.

(70) Flood water retention pilot projects

The Senate amendment permits the Secretary to establish pilot projects for 2 years in duration to restore natural water retention areas to control storm water and snow melt runoff within closed drainage systems. Such projects 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. Funding provided by the Secretary shall not exceed $10,000,000 per project and shall be carried out through the CCC. (Section 357)

The House bill contains no comparable provision.

The Conference substitute adopts the House position, which deletes the Senate amendment.

(71) Watershed Protection and Flood Prevention Act amendments

The Senate amendment amends the Watershed Protection and Flood Prevention Act to include several new priorities for funding, make nonprofit organizations eligible for funding, and authorize the Secretary of Agriculture to accept transfers of funds from other federal departments and agencies to carry out the act. (Section 363)

The House bill contains no comparable provisions.

The Conference substitute adopts the House position, which deletes the Senate amendment.

(72) Fund for dairy producers to pay for nutrient management

The Senate amendment amends the Agricultural Marketing Agreements Act of 1937 by allowing each milk marketing order to be amended to allow not more than 10 cents per hundredweight to be added to the minimum milk price for the purpose of environmental nutrient management. (Section 501)

The House bill contains no comparable provision.

The Conference substitute adopts the House position, which deletes the Senate amendment.

TITLE IV—NUTRITION ASSISTANCE

(1) Disqualification of a store or concern from the Food Stamp Program

The Senate amendment adds new language to the Food Stamp Act to disqualify food stores from participation in the food stamp program if the stores employ a person found, within the last 3

years, to have traded coupons for firearms, ammunition, explosives or drugs or to have trafficked coupons. The Senate amendment also changes existing disqualification laws to require permanent disqualification of a store for a trafficking offense only if the ownership, but not the management, of the store was aware of the disqualifying conduct. (Section 401(a))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with amendments that 1) delete the Senate provision disqualifying a store which has employed a person found, within the last 3 years, to have traded coupons for firearms, ammunition, explosives or drugs or to have trafficked coupons, and 2) add a provision permitting a civil money penalty in lieu of disqualification of a store or concern if there has been no more than one prior trafficking violation by store management. (Section 401(a))

(2) Employment and training in the Food Stamp Program

The Senate amendment continues the requirement that the Secretary allocate $75 million annually to carry out the employment and training program through fiscal year 2002. (Section 401(b))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 401(b))

(3) Authorization of pilot projects in the Food Stamp Program

The Senate amendment reauthorizes the seven pilot projects, begun in 1981, that pay cash, in lieu of coupons, to households composed entirely of elderly or SSI recipients through fiscal year 2002. (Section 401(c))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 401(c))

(4) Outreach demonstration projects in the Food Stamp Program

The Senate amendment extends the authorization for appropriations through fiscal year 2002 for outreach demonstration projects. (Section 401(d))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 401(d))

(5) Authorization for appropriations of the Food Stamp Program

The Senate amendment extends the authorization for appropriations for the food stamp program through fiscal year 2002. (Section 401(e))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to authorize appropriations for the program through September 30, 1997. (Section 401(e))

(6) Authorization of Puerto Rico Nutrition Assistance Program

The Senate amendment requires the payment for the Puerto Rico Nutrition Program block grant of $1.143 billion for FY96,

$1.174 billion for FY97, $1.204 billion for FY98, $1.236 billion for FY99, $1.268 billion for FY00, $1.301 billion for FY01, $1.335 billion for FY02. (Section 401(f))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 401(f))

(7) Funding for American Samoa Nutrition Assistance Program

The Senate amendment adds a provision to provide that the Secretary may pay to American Samoa not more than $5.3 million, each fiscal year, of funds appropriated to carry out the food stamp program to fund a nutrition assistance program through fiscal year 2002. (Section 401(g))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment requiring the Secretary to fund the American Samoa Nutrition Assistance program at up to $5.3 million annually, beginning October 1, 1995. The amendment also allows the Secretary of Agriculture to provide grants not to exceed $1 million in fiscal year 1996 and $2.5 million in each of fiscal years 1997 to 2002, to establish and carry out community food security projects to better meet the food needs of low-income individuals. (Section 401(g)–(h))

The Managers note that although the projects must be community-based, applicants with a national or regional scope should be considered for grant awards if they seek to fund appropriate community-based projects in several locations. In addition, applications for projects designed to provide training and technical assistance to entities developing appropriate community food security projects should be considered for grant funding.

Applicants must be non-profit organizations, but may use all available resources, including those of for-profit entities. Grants are authorized for up to three year periods, acknowledging that new projects or expanding projects may need a planning phase prior to actual implementation of the project.

Because the projects funded by this grant authority will be community-based and funded substantially by non-federal sources, it is not expected that any one grant should command a significant portion of the total grant authority. The Managers believe there will be many worthy projects applying for grant awards in each of the next 7 years, and expect the Secretary to make many awards each year to the most worthwhile of the grant applicants.

(8) Commodity Distribution Program; Commodity Supplemental Food Program—Reauthorization

The Senate amendment amends the Agriculture and Consumer Protection Act of 1973 to authorize the commodity distribution program and the Commodity Supplemental Food Program through fiscal year 2002. (Section 402(a))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 402(a))

(9) Commodity Distribution Program; Commodity Supplemental Food Program—Funding

The Senate amendment authorizes administrative funding for CSFP through fiscal year 2002 and reauthorizes a provision requiring certain amounts of CCC surplus dairy products be transferred to CSFP. (Section 402(b))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 402(b))

(10) Commodity Distribution Program; Commodity Supplemental Food Program—Carried-Over Funds

The Senate amendment requires that 20 percent of any carried over CSFP funds for food be available for program administration. (Up to 20% of the annually appropriated CSFP funds may be used for administration). (Section 402(c))

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 402(c))

(11) Emergency Food Assistance Program

The Senate amendment amends the Emergency Food Assistance Act of 1983 to reauthorize the Emergency Food Assistance Program (TEFAP) through fiscal year 2002. (Section 403)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 403)

(12) Soup Kitchen and Food Bank Program

The Senate amendment amends the Hunger Prevention Act of 1988 to reauthorize the Soup Kitchen and Food Bank Program through fiscal year 2002. (Section 404)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 404)

(13) National commodity processing

The Senate amendment amends the Agriculture and Food Act of 1981 to reauthorize the National Commodity Processing Program through fiscal year 2002. (Section 405)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 405)

The Managers declined to adopt a provision that would convert the Model Good Samaritan Food Donation Act (Pub. L. 101–610) to federal law, eliminating differences in various state laws and attempting to develop greater opportunity for partnerships between private and non-profit entities involved in feeding programs. While the Managers commend the philanthropic intent of such legislation, the Managers understand possible implications of preempting state laws and acknowledge jurisdictional complications. It was agreed that this subject has ample merit for full Congressional hearings.

TITLE V—AGRICULTURAL PROMOTION

SUBTITLE A—COMMODITY PROMOTION AND EVALUATION

The Senate amendment requires that not more than every three years, or three years after enactment of a program, the Secretary shall require that each industry-funded generic promotion program for agricultural commodities shall provide for an independent evaluation of the effectiveness of the program, which may include an analysis of benefits, costs and the efficacy of promotional and research efforts undertaken by the program and is to be funded from industry assessments and to be made available to the public. The amendment also requires that the Secretary shall provide annually information to the House and Senate Agriculture Committees about the administrative expenses of industry-funded promotion programs. (Section 961)

The House has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment defining commodity promotion law, containing congressional findings with respect to generic promotion programs, and requiring an independent evaluation of promotion program effectiveness not less than every five years. (Section 501)

The Managers also accepted an amendment authorizing the Secretary to issue nationwide promotion, research and information orders applicable to agricultural commodity producers, first handlers and others in the marketing chain if appropriate, and importers if assessed under the order. The Secretary is required to publish the proposal for notice and comment, and to issue the proposed order (if agreed to do so) not later than 270 days after publication of the proposed order. Amendments on promotion program evaluations and promotion board funds for conservation purposes were adopted. The Managers also agreed to an amendment requiring the maintenance of records for the Honey Promotion Program by producers. (Section 591)

In authorizing the establishment of an industry financed generic promotion, research and information program, the Managers adopted provisions to allow the Secretary to grant an annual credit for branded activities to farmer owned cooperatives which engage in such activities. The Managers recognize the important role of farmer-owned cooperatives in carrying-out industry financed generic promotion, research and information activities for and on behalf of their members. The Managers also recognize that in many cases, such cooperative marketing efforts have involved the successful establishment of specific brands for many agricultural products. Further, that producers through their cooperatives have invested and continue to invest significant resources related to market research, promotion and advertising to enhance the sale of the products and improve their income.

Accordingly, the Managers agree that the Secretary may provide an annual credit for such expenditures which would be deducted from any assessment that would otherwise be required for conducting a generic program authorized under this title. Such contributions and expenditures would be fully documented in order to be eligible for such credit. This would ensure that producers would be able to engage in such cooperative marketing activities without

adding to their cost relative to other industry members. (Sections 511–526)

SUBTITLE C—CANOLA AND RAPESEED

The Senate amendment authorizes the Secretary to issue an order for a canola and rapeseed promotion program upon request of the industry. A Board of fifteen members is established with not more than four producer members of the Board from any one state. The Board may assess producers four cents per hundredweight of canola or rapeseed produced and marketed in a state. In order to achieve industry consensus for a national canola check-off program, states with an existing canola check-off requested and received, a credit of up to two cents per hundredweight. The Secretary shall conduct a referendum among producers during the period ending thirty months after the date the order was issued to determine whether the order was issued to determine whether the order should be continued. (Sections 921–933)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Sections 531–543)

SUBTITLE D—KIWIFRUIT

The Senate amendment authorizes the Secretary to issue an order for a kiwifruit promotion program upon request of the industry. The order should be national in scope and not more than one order shall be in effect at any one time. An eleven member kiwifruit board is established composed of six producers, four importers, and one member of the general public. Implementation of the order and rate of assessment is to be set by a two-third vote of a quorum of the Board. The Secretary shall conduct a referendum of kiwifruit producers and importers sixty days prior to effective date of the order and may conduct a periodic referendum at the end of a six-year period, at the request of the Board, or if not less than thirty percent of the kiwifruit producers and importers subject to assessment request a referendum. Any change in the order will be determined by a majority vote and will take effect at the end of the marketing year. (Sections 941–954)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment requiring that producers comprise not less than fifty-one percent of the membership of the board. (Sections 551–564)

SUBTITLE E—POPCORN

The Senate amendment authorizes the Secretary to issue an order for a popcorn promotion program upon request of the industry. A Popcorn Board is established that consists of between four and nine members that are selected by the Secretary and have terms of three years. The Board may raise or lower the rate of assessment annually up to a maximum of eight cents per hundredweight of popcorn. These assessments will be used to pay expenses incurred and to cover administrative costs incurred by the Secretary, but may not exceed fifteen percent of the annual revenues of the Board. If the administrative costs incurred by the Secretary

exceed ten percent of the annual revenues of the Board, the Secretary will notify the House and Senate Agriculture Committees.

Sixty days prior to the effective date of the program, the Secretary will conduct a referendum among popcorn processors. The order only becomes effective if approved by a majority of the processors voting, who processed at least fifty-one percent of the popcorn certified. No sooner than three years after the effective date of the order, the Secretary may conduct a referendum on the request of thirty percent or more of the popcorn processors for continuation of the program. (Sections 901–912)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Sections 571–582)

TITLE VI—CREDIT

SUBTITLE A—FARM OWNERSHIP LOANS

(1) Limitation on direct farm ownership loans

The Senate amendment provides that U.S. Department of Agriculture (USDA) direct farm ownership loans are available for farmers and ranchers who have operated a farm or ranch for at least 3 years and who—

are qualified beginning farmers or ranchers with less than 10 years farming experience, or

have not received a previous direct farm ownership loan, or

have not received a previous direct farm ownership loan more than 10 years before the date that a new direct farm ownership loan would be made.

The Senate amendment specifies that the time that a borrower has a youth loan under the farm operating loan program does not count toward the number of years of experience for farm ownership loans. A transition rule provides that existing borrowers who have had direct farm ownership loans for less than 5 years can obtain additional direct farm ownership loans for 10 years from the date of enactment of this Title; those existing borrowers who have had direct farm ownership loans for 5 or more years can obtain additional direct farm ownership loans for 5 years from the date of enactment. The Senate amendment also repeals an obsolete provision that farm ownership loans cannot be restricted solely to borrowers who had loans in 1985. (Section 601)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 601)

(2) Purposes of loans

The Senate amendment specifies that direct farm ownership loans can be used for (a) buying farm real estate, (b) making capital improvements, (c) paying related loan closing costs, and (d) paying for soil and water conservation and protection on such property. It also specifies that guaranteed farm ownership loans can be used for the same purposes and for refinancing existing debt. The Senate amendment repeals provisions that allowed farm ownership loans to be used for funding recreational uses and facilities and for

funding enterprises to supplement farm income. It also repeals the stipulation that farm ownership loans for improvements include non-fossil energy systems.

The Senate amendment restates preferences in the Consolidated Farm and Rural Development Act, as amended (Con Act).

The Senate amendment requires that borrowers have, or agree to obtain, hazard insurance on real property acquired or improved with farm ownership loan funds. It also requires the Secretary of Agriculture to determine within 180 days of enactment the appropriate insurance level, including what property should be insured. (Section 602)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that directs that a new farm ownership loan is not to be made after the date that is 180 days after enactment unless the borrower meets the hazard insurance requirement. (Section 602)

While the bill requires hazard insurance on property acquired by borrowers with USDA farm ownership loan funds, it does not specify the level of insurance that borrowers should obtain. Rather, it is the intent of the Managers that the Secretary of Agriculture should determine the appropriate insurance level and should consider factors such as the nature of the property that is pledged as security for the loan, the value of the security property and the loan amount, the location of a borrower's farming operation, and the costs and availability of hazard insurance. Also, the Secretary should determine what property should be subject to an insurance requirement.

(3) Soil and water conservation and protection

The Senate amendment repeals allowing farm ownership loans to be used for funding residents of rural areas to operate small business enterprises and for paying for waste pollution abatement and control projects. (Section 603)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 603)

The Managers note that while the bill is ending the use of farm ownership loan funds for various nonfarming purposes, such as funding residents of rural areas to operate small business enterprises and for paying for waste pollution abatement and control projects, there are other federal programs available to support such usage, such as those of the Small Business Administration to fund small business activities and USDA's rural development and conservation programs to fund waste pollution projects.

(4) Interest rate requirements

The Senate amendment allows a 4 percent interest rate on a direct farm ownership loan that is being made in conjunction with other credit. (Section 604)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that specifies that the interest rate should be not less than 4 percent. (Section 604)

(5) Insurance of loans

The Senate amendment clarifies that a loan guaranteed by the Secretary is supported by the full faith and credit of the government. (Section 605)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 605)

(6) Loan guaranteed

The Senate amendment states that a loan can be guaranteed for up to 90 percent. It requires a 95-percent guarantee on a loan or that portion of a loan that is for refinancing USDA direct loans. It also allows a 95-percent guarantee on farm ownership loans and farm operating loans made to borrowers who participate in the down payment loan program for beginning farmers and ranchers. (Section 606)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 606)

SUBTITLE B—OPERATING LOANS

(7) Limitation on direct operating loans

The Senate amendment provides that USDA direct farm operating loans are available for farmers and ranchers who

are qualified beginning farmers or ranchers with less than 5 years farming experience, or

have not received previous direct farm operating loans, or

have received a previous direct farm operating loan in 6 or fewer years.

The Senate amendment specifies that direct farm operating loans are available to borrowers without regard to the number of years they received youth loans. A transition rule provides that existing borrowers who have had direct farm operating loans in 4 or more years can obtain additional direct farm operating loans in 3 additional years. The Senate amendment also repeals the provision that farm operating loans cannot be restricted solely to borrowers who had loans in 1985. (Section 611)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 611)

It is the intent of the Managers that direct farm operating loans be made available to farmers and ranchers for a maximum of 7 years. These years may be consecutive, nonconsecutive, or a combination of consecutive and nonconsecutive.

(8) Purposes of operating loans

The Senate amendment specifies that direct farm operating loans can be made for (a) paying the costs to reorganize the farming or ranching operation; (b) purchasing livestock, poultry, and farm or ranch equipment; (c) paying farm or ranch operating expenses; (d) financing land and water development, use, and conservation; (e) paying loan closing costs; (f) paying to make additions or alterations to comply with occupational safety and health stand-

ards; (g) training limited resource borrowers in record keeping; (h) farm management training; (i) refinancing the debt of direct loan borrowers who experience losses caused by a natural disaster or the debt of other borrowers who obtained credit from a source other than the Secretary; and (j) paying family living expenses, and other farm, ranch, or home needs. It also specifies that guaranteed farm operating loans can be used for the same purposes, except for training limited resource borrowers in record keeping, and also for refinancing existing debt.

The Senate amendment repeals allowing farm operating loans to be used for financing recreational enterprises; financing other enterprises to supplement farm income; paying for developing, constructing, or modifying solar energy systems; funding residents of rural areas to operate small business enterprises; and paying for pollution abatement and control projects.

The Senate amendment requires that borrowers have, or agree to obtain, hazard insurance on any property acquired with farm operating loan funds. It also requires the Secretary of Agriculture to determine the appropriate insurance level, including what property should be insured. Furthermore, the Senate amendment allows the Secretary discretion in placing funds in a nonsupervised bank account that a borrower can use for farm operating and family living expenses. (Section 612)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with amendments on the hazard insurance requirement to direct that a new farm operating loan is not to be made after the date that is 180 days after enactment unless the borrower meets the hazard insurance requirement and on nonsupervised bank accounts to provide discretion in placing funds in such accounts, restrict the use of loan funds in such accounts for the basic family needs of the borrower and the borrower's immediate family, and to restrict the size of such an account to an amount that is the lesser of 10 percent of the loan, $5,000, or the amount needed to provide for basic family needs for three calendar months. (Section 612)

As with farm ownership loan funds, the Managers note that while the bill ends the use of farm operating loan funds for various nonfarming purposes, such as funding residents of rural areas to operate small business enterprises and for paying for pollution abatement and control projects, other federal programs are available to support such usage.

Additionally, while the bill requires hazard insurance on property acquired by borrowers with USDA farm operating loan funds, it does not specifying the level of insurance. It is the intent of the Managers that the Secretary should determine the appropriate insurance level and should consider factors such as the nature of the property that is pledged as security for the loan, the value of the security property and the loan amount, the location of a borrower's farming operation, and the costs and availability of hazard insurance. Also, the Secretary should determine what property should be subject to an insurance requirement.

(9) Participation in loans

The Senate amendment repeals the authority to participate in farm operating loans with other lenders. (Section 613)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 613)

(10) Line-of-credit loans

The Senate amendment authorizes direct or guaranteed line-of-credit operating loans for up to 5 years. It also states that each year in which a borrower takes an advance or draws on the line-of-credit counts as one year of eligibility for farm operating loans. (Section 614)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that specifies that the line-of-credit is to terminate if a borrower does not repay an advance on schedule, unless the Secretary determines that the borrower's failure to pay was due to unusual conditions that the borrower could not control and the borrower will reduce the line-of-credit outstanding balance to the scheduled level at the end of the production cycle, including the marketing of the borrower's agricultural products. The Conference substitute also provides that the line-of-credit loan may be used to finance the production or marketing of an agricultural commodity that is or formerly was eligible for USDA's price and income support programs. (Section 614)

The line-of-credit authority is being provided as a means to assist farmers and ranchers by allowing operating plans to be established with a set level of funding assured over a set period of years. Thus, the need for borrowers to go through an annual loan application, review, and approval process in multiple years can be avoided. For budget scoring purposes, the Managers intend that the approved amount of a line-of-credit loan made under this authority should be treated as 1 loan and not as multiple separate loans. The Managers want to emphasize that there is an important point regarding loan eligibility with this provision. Specifically, the maximum number of years a borrower can receive direct farm operating loans is set at 7 in section 611 of this Title. The Managers do not intend for the term of a line-of-credit operating loan to apply to a borrower's 7 years of eligibility. Rather, it is the intent of the Managers that each year that a borrower takes an advance or draws on a line-of-credit loan is to count as 1 year of loan eligibility. For example, if a 5-year line-of-credit direct operating loan is approved and a borrower draws against this line-of-credit in 4 years, then the borrower has used 4 years of direct farm operating loan eligibility. Thus, in this example, the borrower would still be eligible to obtain direct farm operating loans in 3 additional years. Furthermore, section 617 of this Title, which is amending section 319 of the Con Act, has limits on the number of years in which a borrower can obtain guaranteed farm operating loans.

Furthermore, the Managers recognize that unusual circumstances could result in a borrower not repaying an advance or draw on schedule and, as such, do not intend for the line-of-credit to end in the event of those circumstances. For example, a borrower

may have a crop that is ready to be harvested but he or she is delayed in harvesting due to wet weather conditions. Also, the borrower may have been able to enter into a contract to sell his or her agricultural products for a higher price if delivery of the products occurs at a date that is after the payment due date. The Managers want to emphasize to the Secretary that this exception authority should be used only in unusual circumstances and should not become the standard mode of operation, and that USDA needs to closely monitor borrowers who are granted an exception to ensure that they meet their debt obligations.

(11) Insurance of operating loans

The Senate amendment repeals the authority to insure farm operating loans. (Section 615)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 615)

(12) Special assistance for beginning farmers and ranchers

The Senate amendment repeals the special assistance program for beginning farmers and ranchers. (Section 616)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 616)

(13) Limitation on period for which borrowers are eligible for guaranteed assistance

The Senate amendment restates the Con Act limitation on receiving guaranteed farm operating loans after 15 years of direct or guaranteed loans. It also modifies the transition rule to provide that borrowers who, as of October 28, 1992, had a direct or guaranteed loan in 10 or more years can obtain guaranteed farm operating loans in 5 additional years after October 28, 1992. (Section 617)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 617)

SUBTITLE C—EMERGENCY LOANS

(14) Hazard insurance requirement, credit elsewhere test, and linking emergency loans to natural disasters

The Senate amendment requires that borrowers needed to have had hazard insurance on the property damaged or destroyed by a natural disaster as a condition for getting USDA emergency disaster loan assistance. It also requires the Secretary of Agriculture to determine the appropriate insurance level including what property should have been insured. (Section 621)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with amendments that (1) direct that an emergency loan is not to be made after the date that is 180 days after enactment unless the applicant met the insurance requirement, (2) revise a current provision to allow the Secretary to waive the credit elsewhere test for emergency loans of $100,000 or less, and (3) modify another cur-

rent provision to specifically tie emergency loans for changes in crop or livestock operations to natural disasters. (Sections 621–623)

As a measure of protection for the farm loan portfolio, individuals must have had hazard insurance on property damaged or destroyed as a condition for getting emergency disaster loan assistance. The Managers intend that the Secretary determine what property should have had insurance coverage. The Managers expect that property subject to this requirement would include, but not be limited to, farmland, buildings and other structures, equipment, livestock, crops, and other farm items.

(15) Maximum emergency loan indebtedness and date for emergency loan security valuation

The Senate amendment establishes a maximum emergency disaster loan indebtedness at $500,000. (Section 622)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that revises a current provision to require assets used as collateral for an emergency loan to be valued as of the day prior to the disaster. (Sections 624 and 625)

(16) Insurance of emergency loans

The Senate amendment repeals the authority to insure emergency disaster loans. (Section 623)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 626)

SUBTITLE D—ADMINISTRATIVE PROVISIONS

(17) Temporary authority to enter into contracts and use of collection agencies

The Senate amendment authorizes the Secretary of Agriculture to use private collection agencies to attempt collections on delinquent accounts when agency officials determine such usage to be appropriate. (Section 631)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that allows the Secretary of Agriculture to contract through September 30, 2002, with an eligible lending institution for the purpose of servicing the farm loan portfolio, including entering into a pilot project or projects for such servicing, and requires the Secretary to report annually to the Congress on the results of such contracting. (Sections 631 and 632)

The Secretary is being authorized to use private collection agencies to attempt collections on delinquent accounts, when USDA officials determine such usage to be appropriate, because of concerns that the Department is not making the fullest effort to recover on all such accounts. The General Accounting Office (GAO) has reported a series of deficiencies in this area. Also, while the Congress passed a bill in 1994 authorizing USDA to use private attorneys to help resolve delinquent accounts, USDA officials have made little use of such attorneys even though the agency continues

to have thousands of delinquent borrowers who owe billion of dollars on their delinquent loans.

Additionally, the Managers understand that the Secretary currently has available and uses discretionary authority to contract for certain loan servicing activities, such as appraisals of farm property. The Managers encourage the Secretary to continue to use the current authority and also to use the new authority that is being provided to contract for additional loan servicing activities. One or more pilot projects involving servicing of the farm loan portfolio may prove of considerable benefit to the Department; in addition to having the farm loan accounts of more than 100,000 borrowers to service, USDA also has to process and approve new farm loan applications and to manage and dispose of farm inventory properties.

(18) Notice of Loan Service Programs, Borrower Statements, Borrower Reviews, Veterans Preference, and Verification of Credit Elsewhere Test

The Senate amendment reduces the mandated time frame for notifying delinquent borrowers of available loan servicing options to 90 days after a loan payment is due. (Section 632)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with amendments that (1) require statements submitted by borrowers should be appropriate written financial statements; (2) require the appropriate USDA county or area committee to certify in writing that an annual review of the credit history and business operation of a borrower has been performed and that a review has been made of the continued eligibility of the borrower for the loan; (3) extend veterans preference for loans to cover veterans of any war involving the United States; and (4) allow the Secretary of Agriculture to submit to lenders, without borrower approval, a prospectus of a borrower to verify that the borrower cannot receive credit elsewhere and require the Secretary to notify a borrower when a prospectus is provided to lenders. (Sections 633–637)

(19) Sale of property and easements on inventoried properties

The Senate amendment modifies guidance on disposing of farm inventory properties. It requires the Secretary to offer to sell farm inventory property, except for any located on an Indian reservation, as follows:

to qualified beginning farmers and ranchers at current market value within 75 days of taking farm property into inventory and

if an acceptable offer is not received by the 75th day, within 30 days to the highest bidder, and if no acceptable bid is received, by negotiated sale for the best price obtainable.

The Senate amendment provides that if more than one qualified beginning farmer or rancher offers to purchase a property, the Secretary is required to select between the qualified applicants on a random basis. It stipulates that the results of the Secretary's random selection is not appealable.

The Senate amendment also provides that farm properties in inventory that are leased are to be offered for sale according to this

pattern within 60 days after the current lease expires. Farm properties in inventory that are not leased are to be offered for sale according to this pattern within 60 days of enactment.

The Senate amendment provides that farm properties are not to be leased. An exception provides that the Secretary may lease or contract to sell a farm property to a beginning farmer or rancher if the person qualifies for a credit sale or a direct farm ownership loan but credit sale authority for loans or direct farm ownership loan funds are not available. In determining the rental rate to be charged to a beginning farmer or rancher, the Senate amendment requires the Secretary to take into consideration the income producing capability of the property during the term that the property is leased.

The Senate amendment requires the Secretary to provide for an expedited, higher-level review of a local decision that denies an applicant's eligibility as a beginning farmer or rancher for acquiring a farm inventory property if the person requests a review. It stipulates that the results of such a review shall not be appealable by the applicant. The Senate amendment also requires that the Secretary accumulate statistics on the extent of such review requests, including the results of such reviews, and if those reviews adversely impact on selling farm inventory property to beginning farmers and ranchers and disposing of properties from inventory.

Furthermore, the Senate amendment provides that real property located on an Indian reservation and pledged as security for a farm loan can be transferred to the Department of the Interior or to the tribe that has jurisdiction over the reservation rather than USDA foreclosing and taking the property into inventory if a borrower defaults. (Section 633).

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with amendment that specifies that the transfer of loan security property to Interior or to an Indian tribe applies to property pledged as collateral by an Indian borrower-owner. The Conference substitute also modifies current guidance on the placing of wetland conservation easements on USDA's farm inventory property to prohibit the Secretary of Agriculture from establishing perpetual conservation easements on land that was cropland at the time it entered the inventory or that was used for farming within five years of the date that it entered inventory. (Sections 638 and 639)

Changes are being made to the real property disposal provisions in the Con Act in order to provide beginning farmers and ranchers with the first opportunity to acquire the properties and to expedite the disposal of farm inventory properties from USDA's inventory, which will in turn reduce the substantial expense that the Department incurs in managing these properties. Also, competitive sales could result in increased revenues, which would offset prior loan losses. While the bill requires the Secretary to expedite the sale of farm inventory property, the Managers recognize that the Secretary may be delayed in offering property for sale if such property has been or is suspected of having been contaminated by a hazardous material as defined in appropriate federal environmental legislation. Such delay in offering farm properties for sale shall be limited to the time absolutely necessary to identify and re-

solve any contamination issues in accordance with applicable federal law. The Managers also recognize that the Secretary may be delayed in offering farm inventory property for sale in order to determine whether to place an easement on such property or to transfer such property in accordance with section 354 of the Con Act. It is the position of the Managers that such delays should generally be limited to not more than 60 days. Also, if USDA acquires a farm property that has an existing easement for conservation or other purposes, the easement should remain on the property when it is sold.

(20) Definitions 3

The Senate amendment changes one part of the definition of a qualified beginning farmer or rancher for farm ownership loan eligibility by increasing to 25 percent the amount of land that a person may own. It also provides that the owned-acreage provision does not apply to farm operating loan eligibility.

The Senate amendment defines "debt forgiveness" as reducing or terminating a farm loan in a manner that results in a loss through (a) write-downs or write-offs under the restructuring process, (b) write-offs under the debt settlement process, (c) loss payments on guaranteed loans, and (d) discharges of debt as a result of bankruptcy. (Section 634)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 640)

(21) Authorization for loans and contracts on loan security properties

The Senate amendment provides loan authorization levels for the fiscal year 1996–2002 period. It specifies the portion of the direct farm ownership and operating loans that are reserved during each year for qualified beginning farmers and ranchers. It also provides that these funds are reserved until September 1st of each fiscal year.

The Senate amendment modifies a current provision in the Con Act by reserving a portion of the available guaranteed farm ownership and operating loans during each year for beginning farmers and ranchers. It stipulates that these funds are reserved until April 1st of each fiscal year.

Additionally, the Senate amendment modifies a current requirement concerning the transfer of unobligated loan funds to provide that available unsubsidized guaranteed operating loan funds shall be transferred on and after August 1 of any fiscal year to the direct farm ownership loan program for funding approved down payment loans. It provides that funds are to be transferred on and after September 1 for funding approved farm ownership loans to beginning farmers and ranchers. Furthermore, the Senate amendment provides that available emergency disaster loan funds may be transferred on and after September 1 to fund the credit sale of farm inventory property. The Senate amendment is specifying that any transfer of funds under this authority is to be limited so that all guaranteed farm operating loans and emergency disaster loans

that have been approved, or will be approved, during a fiscal year will be made to the extent of appropriated amounts. (Section 635)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that targets 60 percent of the direct farm ownership loan funds reserved for beginning farmers and ranchers to those who participate in the down payment loan program. The Conference substitute also modifies current guidance covering easements on loan security property to provide that rather than placing easements on such properties, the Secretary is authorized to enter into contracts with borrowers for conservation, recreation, and wildlife purposes. (Sections 641 and 642)

The bill is targeting USDA's farm loan funds to beginning farmers and ranchers and requiring that if a qualified beginning farmer or rancher applies for direct farm ownership loan funding through the regular or the section 310E down payment loan program, then the Secretary is to fund the person through the program under which the person applies for funding, providing that he or she meets the eligibility criteria and funds are available. Thus, if a qualified beginning farmer or rancher seeks assistance under the down payment program and if funds are available, the Secretary is to fund the person under that program. It is the intent of the Managers that the applicant decide whether or not to participate in the down payment program.

(22) List of certified lenders and inventory property demonstration project

The Senate amendment replaces outdated references to the Farmers Home Administration and updates a requirement concerning maintaining a listing of commercial lenders who participate in the guaranteed farm loan program. It also deletes an expired demonstration project covering inventory property of the Farm Credit System.

The Senate amendment also extends the authority to make guaranteed farm loans at subsidized interest rates under the interest rate reduction program through fiscal year 2002. (Section 636)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision but deletes the interest rate reduction change since the extension of this program was enacted with the passage of P.L. 104–105 on February 10, 1996. (Section 643)

(23) Homestead property

The Senate amendment reduces the time period for borrowers to apply for homestead property to within 30 days from acquisition by the Secretary of Agriculture, or to within 30 days of enactment for property in inventory. It also changes the time period for notifying borrowers of homestead rights to the date the Secretary acquires the property, or to within 5 days of enactment for property in inventory. (Section 637)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 644)

The Managers want to emphasize that these changes do not preclude former owners from reacquiring homestead property; rather, the changes reduce the time frame for USDA to notify former owners of their homestead rights and for the former owners to apply for the property. These revisions are being made to conform to the changes being made in the disposal of farm inventory properties including the targeting of such properties to beginning farmers and ranchers. The shortened timeframes for notification and for former owners to apply for the homestead portion of the properties will facilitate the disposal of farm properties from inventory. In addition, in advertising real property for sale under section 335 of the Con Act, as revised by this Title, the Managers expect the Secretary to provide notice that a portion of a property may be subject to the homestead preservation rights of the former owner.

(24) Restructuring

The Senate amendment revises the restructuring calculation to provide a restructured borrower with a cash flow margin of up to 10 percent. It provides that the obligations of a borrower who does not qualify to be restructured shall terminate if the person makes a payment equal to the current market value of loan security property. It also repeals requiring recapture agreements with borrowers who buy out their debt obligations at current market value and deletes an exception that allows certain borrowers who acted in "bad faith" to be eligible to obtain buy-outs.

The Senate amendment also repeals the provision that calls for the creditworthiness of a borrower whose loan obligations have been restructured to be determined without regard to the restructuring. (Section 638)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 645)

The mandated restructuring process is being revised to increase the cash flow margin (income to expenses) of restructured borrowers so as to place them in a more financially viable position following the completion of restructuring and, thus, to increase their chances for success. Prior to the 1990 Farm Bill, a borrower qualified for restructuring when projected income met projected expenses. Because many of the borrowers who were restructured were financially weak following the restructuring, with low cash flows and high debt-to-asset ratios, the 1990 Farm Bill provided for additional relief through a 5-percent debt service margin. However, it is now apparent that this adjustment was not sufficient to put restructured borrowers in a financially viable position. This is reflected in the fact that thousands of borrowers have defaulted again after being restructured; some have then had additional restructuring, others bought out at the net recovery value, and others went through debt settlement.

The guidance on the termination of loan obligations for borrowers who do not qualify for restructuring is also being changed to provide that the person should make a payment to the Secretary that equals the current market value of loan security property and to end the requirement that such borrowers enter into recapture agreements covering any subsequent disposal of property. These

changes were proposed by the Administration in its Farm Bill proposals as a way to receive a higher portion of the unpaid debt and to reduce its administrative costs by not having to monitor recapture agreements. In addition, the Managers believe that borrowers who did not act in good faith with the terms and conditions of their loan agreements with USDA should not benefit from USDA's servicing of their delinquent debts. Thus, a "bad faith" exception in the Con Act is being ended.

Furthermore, another current provision that provides that a borrower's future creditworthiness is to be determined without regard to restructuring is being stricken. It is the intent of the Managers that future credit decisions should take into consideration, among things such as cash flow and loan security, a borrower's credit history, including the results of a debt servicing action that causes farm loans to be written down, written off, or discharged through bankruptcy.

(25) Transfer of inventory land for conservation purposes

The Senate amendment removes a provision that prohibits the Secretary of Agriculture from requiring reimbursement when transferring real property for conservation purposes to other federal or State agencies. It also provides for public notices and a public meeting prior to a real property transfer, and consultation with state and local officials. (Section 639)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 646)

The Managers note that the Secretary is not being required to be reimbursed when transferring properties to other agencies. The phrase "without reimbursement" is being deleted because it is not necessary.

(26) Implementation of target participation rates

The Senate amendment requires that the Secretary ensure that targeting loan funds to members of socially disadvantaged groups complies with the Supreme Court's June 12, 1995, ruling in Adarand Constructors v. Pena. (Section 640)

The House bill has no comparable provision.

The Conference substitute adopts the Senate amendment. (Section 647)

(27) Delinquent borrowers, short form certification requirement, and credit study

The Senate amendment requires that a borrower pay a portion of the interest that is due as a condition of rescheduling or reamortizing loans that are not serviced under a mandated servicing process; the Secretary is to determine the required payment level.

The Senate amendment prohibits direct operating loans to borrowers who are delinquent on existing farmer program loans. It also prohibits direct and guaranteed loans to borrowers whose defaults on farmer program loans resulted in debt forgiveness. An exception provides that direct or guaranteed farm operating loans for

paying annual farm or ranch operating expenses may be made to a borrower who was restructured with debt write-down.

The Senate amendment limits a borrower to not more than one instance of debt forgiveness under any delinquent debt servicing mechanism that results in USDA incurring direct loan losses.

Furthermore, the Senate amendment requires that the Secretary perform a study on the demand for and availability of credit in rural areas for agriculture, rural housing, and rural development. (Section 641)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that requires the Secretary of Agriculture to develop a short form for borrowers to use for certifying compliance with loan making statutes and regulations. (Sections 648–650)

The Managers are concerned that USDA is rewriting loans several times without having borrowers make any payments. GAO has reported that borrowers who are having difficulties or are unable to make their loan payments, but who have not been subjected to the mandated servicing provisions of the Con Act, are having their farm loans rewritten with revised interest rates, payment terms, and the combining of unpaid interest with outstanding principal. Also, the loans that are rewritten in this manner are not subject to the Con Act's total indebtedness limits. While such rewriting may appear to be a benefit to borrowers, in the long-run it is not because the capitalizing of unpaid interest erodes the equity that the borrowers have in their farm operations. It is the position of the Managers that USDA should use its loan-servicing tools to assist borrowers who are having difficulty in making their loan payments. However, limits are needed on the extent of that assistance to ensure that borrowers do not become so weak that they end up in an insolvent position and to ensure that the taxpayers' investment in these loans is better protected. Therefore, the bill requires that a borrower who has not requested servicing consideration in response to the formal notification under section 331D of the Con Act has to pay a portion of the interest that is due as a condition of having his or her loans rescheduled or reamortized. The Secretary is to determine the level of payment required from such borrowers.

The Managers are also concerned about the fiscal soundness of making farm operating loans to delinquent borrowers. According to GAO, a total of $130 million in direct farm operating loans was made to delinquent borrowers from fiscal year 1989 through the first half of fiscal year 1995. GAO has recommended that such loans be prohibited, and the Administration in its Farm Bill proposals also called for deleting this requirement. The Managers concur.

The bill is also generally prohibiting direct and guaranteed loans to borrowers whose prior defaults on farmer program loans resulted in debt forgiveness. GAO has recommended that borrowers whose prior loan defaults resulted in losses should be prohibited from receiving additional loans. The Administration in its Farm Bill proposals also called for prohibiting loans to borrowers who received debt write-offs through buy-outs and debt settlements. However, the Administration's proposal called for continuing to make

loans to borrowers who received write-down, and it did not address lending to borrowers who defaulted on guaranteed loans. Subsequently, USDA officials agreed that borrowers who default on guaranteed loans that result in losses should also be prohibited from additional government-supported farm loans.

The Managers want to emphasize that the prohibition on new loans applies to borrowers who caused USDA to incur losses at any time prior to enactment of this Title as well as those who cause USDA to incur losses on or after enactment.

The Managers, however, recognize that borrowers who are restructured with debt write-down under section 353 of the Con Act and, as such, who remain USDA clients may have difficulty in obtaining credit from sources other than USDA since much, and possibly all, of their farm assets may be pledged as security for the restructured loans. Thus, borrowers whose debt is restructured with write-down will be able to obtain farm operating loans to pay their annual farm or ranch operating expenses. Specifically, the Managers intend that funding is to be allowed only for purchasing seed, feed, fertilizer, insecticide, and farm or ranch supplies and to meet other essential farm or ranch operating expenses, including cash rent.

The bill is also limiting a borrower to no more than one instance of debt forgiveness under any delinquent debt servicing mechanism that results in USDA incurring direct loan losses. A 1990 Farm Bill amendment to the Con Act limits borrowers whose delinquent debts are resolved through the restructuring process to either one write-down when restructured or one write-off when buying out. The one-time limitation added by the 1990 Farm Bill applies to new applications for restructuring that were submitted after the enactment date of that act. The 1990 Farm Bill limitation does not apply to borrowers whose accounts are resolved through the debt settlement process. Information from GAO indicates that some borrowers who have had debt relief when their delinquent debts were resolved through the restructuring process subsequently had additional debt relief when they went through the debt settlement process. There are also other ways in which borrowers can have multiple instances of debt relief. For example, borrowers who go through debt settlement and who received subsequent loans can receive additional debt relief if they default on the new loans and their accounts are restructured with debt write-down or bought out with write-off. Also, borrowers can receive more than one debt settlement, each with write-off.

To ensure that all delinquent borrowers are treated equally and to provide for better protection of the taxpayers' investment in the farm loans, the bill is limiting borrowers whose accounts are resolved through any of the three mechanisms to one instance of debt relief. The Managers want to emphasize that the limitation on debt forgiveness applies to borrowers who had debt forgiveness at any time prior to enactment of this Title as well as those who had debt forgiveness on or after enactment.

The Secretary of Agriculture is being required to perform a study on the demand for and availability of credit in rural areas for agriculture, rural housing, and rural development and to report on the results of this study to the Senate and House Agriculture

Committees. The purpose of the study and report is to ensure that Congress has current and comprehensive information as it continues to deliberate on the credit needs of rural America and the availability of credit to satisfy those needs. In completing this study, the Managers expect the Secretary to use, among other things, data and information obtained by the President's 1995 interagency task force on rural credit. The Managers also expect the Secretary to complete this study and provide this report by July 1996.

SUBTITLE E—GENERAL PROVISIONS

(28) Conforming Amendments

The Senate amendment contains conforming amendments of a technical nature to the Con Act concerning USDA's farm loan programs. (Section 651)

The House bill has no comparable provisions.

The Conference substitute adopts the Senate amendment regarding the Con Act technical changes. (Section 661)

(29) Electronic filing of financial statements and effective dates

The Senate amendment contains amendments to the Farm Credit Act of 1971 regarding the Agricultural Mortgage Secondary Market, commonly known as Farmer Mac, and the Farm Credit System. (Sections 661 through 699A)

The House bill has no comparable provisions.

The Conference substitute adopts the House provision deleting the Senate amendments regarding Farmer Mac and the Farm Credit System. Public Law 104–105, which was signed by the President on February 10, 1996, enacted the same Farmer Mac and Farm Credit System provisions. The Conference substitute also amends the Senate provision to allow the electronic filing of financial statements without the signature of the debtor providing State law authorizes such a filing and to provide guidance on the effective dates for the amendments made by this Title, including directing that regulations issued in response to these amendments are to be published as interim final rule. (Sections 662 and 663)

The Managers expect USDA in promulgating the rules to carry out the filing provisions for electronic financing statements to address the concerns of those States that have central filing, but have not yet implemented electronic filing, and will continue to utilize paper transactions. Commercial lenders have expressed a great deal of concern and confusion due to the vagueness of the continuation provisions that are related to the financing statements included in the Food Security Act of 1985 and its inconsistency with Article IX of the Uniform Commercial Code.

TITLE VII—RURAL DEVELOPMENT

SUBTITLE A—AMENDMENTS TO THE FOOD, AGRICULTURE, CONSERVATION AND TRADE ACT OF 1990

Chapter 1—General Provisions

(1) Rural investment partnerships

The Senate amendment extends the authorization for Rural Investment Partnerships and provides an authorization for appropriations of $4.7 million for each of fiscal years 1996–2002. (Section 701)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to repeal the authorization for Rural Investment Partnerships. (Section 701)

(2) Water and waste facility financing

The Senate amendment strikes duplicate authority (section 2322 of the FACT Act) for water and waste facility financing for Rural Utility Service borrowers that exists in Section 306(a) of the Con Act. (Section 702)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 702)

(3) Rural Circuit Rider Wastewater Program

The Senate amendment repeals authority for the Circuit Rider Water and Waste Technical Assistance Program. The authority is consolidated with all authorized rural water and wastewater technical assistance and training programs in Section 306(a)(16) of the Con Act. (Section 703)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 703)

(4) Telemedicine and distance learning services in rural areas

The Senate amendment reauthorizes and streamlines the Distance Learning and Telemedicine Program. A Treasury-rate loan program is created to assist rural borrowers in making telecommunications and data linkages available. The Senate bill authorizes appropriations of $100,000,000 for each of fiscal years 1996–2002. (Section 704)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment giving borrowers the right to appeal funding decisions. If the Secretary rejects the application of a borrower who applies for assistance, the borrower may appeal the decision to the Secretary not more than 10 days after the borrower is notified of the funding decision. (Section 704)

The Managers are concerned that past application, evaluation and approval procedures of the distance learning and telemedicine program have resulted in questions about the equity and validity of the application evaluation process. The conference amendment to the loan program is intended to provide a more rational and timely

appeal procedure. Although the Managers understand that the Rural Utilities Service (RUS) provides information to applicants whose applications have been disapproved, the Managers intend for RUS to provide with each disapproval notice the raw scores for each proposal and a list by rank of each application that was approved and each that was disapproved.

The Managers also are concerned that the application appraisers may not have sufficient practical expertise in rural areas, and indeed, may lack sufficient technical understanding of some aspects of applications. The managers would encourage RUS to make certain the reviewers have technical and/or managerial expertise in the fields of telecommunications, telemedicine, distance learning and project management and are able to evaluate sufficiently each application fully on its merits.

To ensure that each applicant's submission is clearly understood by the RUS staff, the Managers believe that a formal presentation opportunity should be afforded each applicant that requests one, arranged as part of the formal application review process. The Managers recognize that while not every applicant may desire to give such a staff presentation, interested applicants need an opportunity to appear briefly before the reviewing staff, to pose and answer questions about their application. To the extent practicable, this may be accomplished through meetings in the field so that no applicant is unduly burdened financially.

The Managers intend for this approach to assist both applicants and RUS staff in finding and funding the best applications, ensuring a fair and equitable procedure so that questions are clarified. The Managers believe such a procedure would minimize misinformation from entering the application evaluation process.

Finally, the Managers believe that applications must be considered both on the part of reviewers and RUS staff without regard to how the service is delivered. Technology bias on the part of RUS staff has been a constant criticism and should be avoided whenever possible. The Managers intend that successful applications will be those considered entirely on their merits, and that applications for start-up programs should not receive greater weight than proven programs needing upgrades, improvements or expansion.

(5) Limitations on authorization of appropriations for Rural Cooperative Development Grant Program

The Senate amendment eliminates the authorization for appropriations for the Rural Technology and Cooperative Development Grant Program. The authorization for the program is maintained in section 310B of the Con Act. (Section 705)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 705)

(6) Monitoring the progress of rural America; demonstration grants

The Senate amendment repeals an obsolete provision for the collection of statistics on the economic progress of rural America in the 1992 Census. (Section 706)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to repeal authority which provides for rural economic development competitive grants. (Sections 706 and 707)

(7) Analysis by Office of Technology Assessment

The Senate amendment repeals obsolete authority for the Office of Technology Assessment to study the effects of information technology on rural America. (Section 707)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 708)

(8) Rural Health Infrastructure Improvement Program

The Senate amendment repeals unfunded authority for a demonstration project for rural health infrastructure improvement. (Section 708)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 709)

(9) Census of agriculture; study of transportation of fertilizer

The Senate amendment repeals an obsolete requirement for a 1992 Census question on agricultural accidents and farm safety. (Section 709)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to repeal authority for a study of the transportation of fertilizer and agricultural chemicals to farmers. (Sections 710 and 711)

Chapter 2—Alternative Agricultural Research and Commercialization

(10) Alternative Agricultural Research and Commercialization Corporation

The Senate amendment contains definitions for "Corporate Board" and "Corporation." (Section 721)

It converts the Alternative Agricultural Research and Commercialization Center to the Alternative Agricultural Research and Commercialization Corporation, a wholly-owned government corporation within the Department of Agriculture. The purpose of the Corporation is identical to the purpose for the Center—to expedite the development and market penetration of industrial (non-food, non-feed) products from agricultural and forestry materials and to assist the private sector in bridging the gap between research results and the commercialization of that research. (Section 722)

The general powers of the Corporate Board are expanded to allow the Corporation to sell assets, loans, and equity interests held by the Corporation. (Section 723)

The membership of the Corporate Board is increased from 9 members under current law to 10 members: the Under Secretary of Agriculture for Rural Economic and Community Development; the Under Secretary of Agriculture for Research, Education and Economics; four members appointed by the Secretary—one scientist,

one producer or processor of agricultural commodities, one member engaged in the commercialization of new non-food, non-feed products; two members appointed by the Secretary who have expertise in applied research and who are nominated by the National Science Foundation; and two members who have experience in financial management and who are nominated by the Secretary of Commerce. (Section 723)

The Secretary is given authority to vacate and remand to the Board for reconsideration any funding decision for cause. The Secretary is required to inform the Board of the reasons for any remand. Board members serving at the time the Center is converted to the Corporation may be reappointed for the remainder of their term by the Secretary. The Senate amendment prohibits Board members from voting on applications if they have a conflict of interest and the Board of Directors is required to establish bylaws for the Corporation and requires the Secretary to review and approve the bylaws prior to adoption by the Board. The authority for the Corporation to establish advisory councils is eliminated. (Section 723)

It makes conforming changes reflecting the Center's new status as a Corporation. (Sections 724–727)

Contents of the Alternative Agricultural Research and Commercialization Revolving Fund may now include proceeds from the sale of assets, loans, and equity interests made in association with the goals of the Corporation. Funding allocation restrictions are established: (1) limits administrative expenses of the Corporation to the lesser of $3 million or 15 percent of appropriated funds in each fiscal year; (2) allows 1 percent of appropriated funds to be used for studies and reviews of individual proposals for assistance; (3) establishes that not less than 84 percent of funds appropriated shall be set aside to fund individual projects; and retains current law which provides that uncommitted funds in each fiscal year are to be credited to the Fund and authorizes the roll-over of funds for succeeding fiscal year funding of projects. The Board is given discretion to establish in the bylaws of the Board a policy for individual project monitoring and evaluation—the cost of which is not to exceed 1 percent of assistance per project award. (Section 728)

The Senate amendment further provides for the transfer of assets of the Revolving Fund to the Treasury upon expiration of the Corporation's authority. It provides an authorization for an appropriation of $75 million for each of fiscal year 1996–2002. (Section 728)

An executive agency is given authority to give a price or technical evaluation preference in procurement practices to products successfully commercialized with assistance provided by the Corporation. (Section 729)

Lastly, the Senate amendment requires the Corporate Board to develop a five-year business plan not later than 180 days after the date of enactment and 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. In addition, the Secretary is required to conduct a study and prepare a report by December 31, 2001 on the feasibility

of privatizing the Corporation and converting it to a government-sponsored enterprise. (Section 730)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to give the Secretary authority to appoint an additional Corporate Board member with financial management expertise, resulting in an 11-member Corporate Board. (Sections 721–730)

The Managers note that the move to establish the Alternative Agricultural Research and Commercialization Center as an independent agency within USDA was the result of concerns that the Center was being "co-opted" into the programming of other USDA business-related agencies. Despite departmental reorganization legislation (P.L. 103–354, subtitle A—General Reorganization Authorities, section 211(m)) which specifically exempted the Center from the reorganization and thus maintained the Center's independence, USDA continued its efforts to turn the Center into an adjunct program of the Rural Business-Cooperative Service. Measures have been taken to ensure the Corporation's independence.

As a new program, the Center has experienced "growing pains" over the last 2 years. In March 1995, the Department's Office of the Inspector General (OIG) reported that the Board members had not adequately disclosed their financial interests in projects; have operated under policies and procedures contained only in a draft manual, not in regulations; and have not required audited financial statements from applicants before approving projects. In addition, the Center exercised due diligence sporadically. The Managers recognize that steps are now being taken to approve management controls and oversight to remedy these problems.

In converting the Center to the Corporation, the Committee is imposing a number of controls on the activities of the Corporation and the Board. The Board is required to establish bylaws, which have to be reviewed and approved by the Secretary. As an agency of the Department of Agriculture, the Corporation is subject to oversight by the Secretary and can be audited and investigated by the OIG. In addition, the Corporation will be subject to the auditing and budgeting requirements of the Government Corporations Act. Strict conflict-of-interest restrictions are imposed, and the Secretary is given the authority to remand funding decisions made by the Board if the restrictions are violated. The Secretary is also directed to establish financial disclosure requirements for the Board.

In developing bylaws, the Managers expect the Board to establish clear criteria to be used in evaluating applications for commercialization projects. The criteria should ensure that the entity receiving assistance is in sound financial condition, has the financial, technical, and managerial capability to undertake the project, and has a reasonable expectation of success.

The Board's decision of funding projects should be based on the feasibility of the project, its marketability, the ability of the applicant to be successful in commercializing the product, and the ability of the applicant to repay the financial assistance it receives or provide a return on the Corporation's investment. Other considerations are the availability of matching funds, private-sector participation, potential market size, potential for jobs creation, state and

local government participation, likelihood of reducing federal commodity support payments, likely impact on resource conservation, and likely impact on the environment. The Managers intend for the Corporation's continued independence to prevent political pressure from influencing the funding decisions of the Board of Directors.

The Managers also recognize the need to improve procurement procedures and regulations to allow the Corporation to function efficiently. The Corporation is part owner of many of the companies it supports. The Corporation should divest itself of that ownership as soon as practicable so that invested funds are returned to the revolving fund to be reinvested.

A new section is added to authorize an executive agency to give a price or technical evaluation preference in procurement practices to products successfully commercialized with assistance provided by the Corporation. The Managers believe that the Federal government should be allowed to procure new-use products that meet the unique needs of individual agencies. This change makes it easier for federal managers to purchase Corporation-supported products for use by the federal government. However, the Committee intends that government procurement should not, under any circumstance, establish the validity and sustain the viability of any given Corporation project.

Further, the Managers believe that with adequate funding of the revolving fund, the Corporation should eventually become self-sufficient. Authorized appropriations for the Center from 1991 through 1995 were $185 million, while actual appropriations were only $25.75 million, including a $1.5 million rescission.

The Managers regret the lack of funding available to establish regional centers. However, it is the Managers' view that the establishment and utilization of these centers under current budget restraints is not feasible.

Finally, the Secretary is required to prepare and transmit a report by December 31, 2001, to the Senate Committee on Agriculture, Nutrition and Forestry and the House Committee on Agriculture on the feasibility of privatizing the Corporation or converting it to a government-sponsored enterprise. The Managers agree that the Corporation should investigate all means by which to increase its self-sufficiency through funding approaches that increase the level of assets in the revolving fund.

SUBTITLE B—AMENDMENTS TO THE CONSOLIDATED FARM AND RURAL DEVELOPMENT ACT

Chapter 1—General Provisions

(11) Water and waste facility loans and grants; rural business opportunity grants; and Technical Assistance and Training Program

The Senate amendment reauthorizes and increases the appropriation for water and waste treatment grants from $500,000,000 to $590,000,000. It maintains the 10,000 population limitation for water and waste disposal grants and direct and guaranteed loans only.

The amendment requires that sewer, waste, and water treatment projects funded under this section conform to State standards

established under the Safe Drinking Water Act and the Clean Water Act.

It authorizes grants not to exceed $1.5 million annually—to establish centers for training, technology, and trade that provide assistance to rural businesses in the utilization of interactive communications technologies used to develop export markets. An appropriation of $7,500,000 for each of fiscal years 1996–2002 is authorized for this purpose.

The amendment eliminates unused authority for grants to volunteer fire departments for training and fire fighting equipment. It eliminates duplicate authority for loans for construction, acquisition, and operation of electric facilities receiving power from Power Marketing Administrations.

The amendment combines the authority for the wastewater technical assistance and training programs contained in section 2324 of the FACT Act with the rural water technical assistance program in the Con Act, and increases the funding level to account for consolidation of the two programs. (Section 741)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 741)

The Managers recognizes the strong performance and success of the National Rural Water Association's water and wastewater Circuit Rider technical assistance program and encourages continued support for the program. With diminishing levels of discretionary funding on the horizon, the Managers believe it paramount to maintain the Department's role in technical assistance to ensure that economically distressed rural communities conform to standards set forth in the Clean Water Act and the Safe Drinking Water Act.

(12) Emergency Community Water Assistance Grant Program for small communities

The Senate amendment combines the emergency assistance program for communities of 15,000 or less with the program for communities of 5,000 or less established by section 306B. Not less than 50 percent of available funds is required to be allocated to communities with populations of less than 3,000. The reauthorization of appropriation of $35 million is extended from 1996–2002. (Section 742)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to cap the population eligibility criteria at no more than 10,000 population. (Section 742)

(13) Emergency Community Water Assistance Grant Program for smallest communities

The Senate amendment repeals authority for the program. (Section 743)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 743)

(14) Agricultural Credit Insurance Fund

The Senate amendment eliminates obsolete authority in to insure loans with funds made available through a revolving fund of the Agricultural Credit Insurance Fund. (Section 744)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 744)

(15) Rural Development Insurance Fund

The Senate amendment eliminates obsolete authority to insure loans with funds made available through the Rural Development Insurance. (Section 745)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 745)

(16) Insured watershed and resource conservation loans

The Senate amendment eliminates obsolete authority for insured watershed and resource conservation and development loans. (Section 746)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 746)

(17) Rural industrialization assistance programs

The Senate amendment eliminates unused authority for pollution abatement grants, eliminates unused authority for insuring and guaranteeing loans for constructing or improving subterminal facilities, eliminates authority for loans to fund facilities for sharing telecommunications terminal equipment, computers and software with approval of State Rural Economic Development Review Panels, and makes competitive the awarding of passenger transportation services or facilities grants.

The Senate amendment amends the Rural Cooperative and Technology Development grant program by: 1) narrowing the focus and renaming the program the "Rural Cooperative Development Grant program; 2) emphasizing job creation in rural areas through the development of rural cooperatives, value-added processing, and rural businesses; 3) refocusing the efforts of the regional centers on technology research, feasibility studies, training, technology transfer, and technical assistance; 4) targeting the activities of the rural technology centers to build the capacity of rural industries, cooperatives, and agribusinesses; 5) establishing criteria for preferences in the awarding of grants, including a requirement to award grants on a competitive basis; 6) allowing the Secretary to make grants to defray up to 75 percent of the costs incurred by organizations and public bodies to carry out projects under this program; and 7) authorizes an appropriation of $50,000,000 million for each of fiscal years 1996–2002.

The Senate amendment authorizes the Secretary to make loan guarantees for the purchase of start up stock in a cooperative. To qualify for participation, the farmer must produce the agricultural commodity that will be processed by the cooperative. (Section 747)

The House bill has no comparable provisions.

The Conference substitute adopts the Senate provision with an amendment that extends eligibility for loans and grants for rural industrialization to industries undergoing adjustment from terminated Federal agricultural price and income support programs or increased competition from foreign trade. (Section 747)

The Managers intend to target the limited funds available for the Rural Cooperative Development Grant program on cooperative development centers that operate on a regional or statewide basis. By focusing this grant program on regional centers rather than on small, local projects, the Committee hopes to link cooperatives from different communities and different sectors of the economy to strengthen the cooperative movement as a whole. Recipients of the grants may include a wide range of nonprofit organizations and educational institutions.

The Managers are aware of the pressing financing needs of new cooperatives. The Managers are also aware of changes being considered by the Rural Business-Cooperative Development Service (RBCS) to the Business and Industry (B&I) guaranteed program to address those needs. The Committee encourages RBCS to consider proceeding with changes to the B&I guaranteed loan program regulations to provide for more flexibility in equity requirements while maintaining due diligence requirements for overall credit quality analysis.

The Managers are also aware of interest in changing the current regulations of the Business and Industry guaranteed program. The regulations effectively preclude construction and start-up costs from inclusion under the guarantee. The Managers encourage RBCS to consider amending the B&I guaranteed loan regulations, as necessary, to provide for guarantees that are effective during the construction and start-up phase of projects. Changes to the regulations could include providing an alternative procedure without the current requirement that property acquisition and construction must be completed before the guarantee is effective, with guidelines for when the alternative procedure will be used.

The Managers strongly urge the Department to use the Business and Industry loan guarantee program in the development of value-added agricultural processing cooperatives and other value-added small businesses. These new businesses have the potential for raising farm income for producers, creating new wealth, and revitalizing local communities. Furthermore, the Managers believe that the B&I program can be effectively targeted to producers without the liquid assets to readily invest, to guarantee up to 30 percent of an individual's purchase stock in value-added agriculture processing businesses, including cooperatives, up to a maximum of $10,000 per eligible investor, and still protect the integrity of the loan guarantee. No more than 30 percent of a project's equity investment shall be guaranteed in this manner, assuming a satisfactory business plan. The Department which is permitted under current law to use the B&I loan guarantee in this manner, should take the necessary steps to implement this recommendation within 90 days of enactment of this bill.

(18) Administration-Debt reduction by secretary

The Senate amendment gives the Secretary authority to reduce debt for loan programs administered by the Rural Utilities Service, the Rural Housing Service, and the Rural Business-Cooperative Service. The Attorney General must be notified of the Secretary's intent to exercise any debt reductions. (Section 748)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 748)

(19) Authorization for appropriation

The Senate amendment eliminates obsolete direct loan authority. (Section 749)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 749)

(20) Testimony before congressional committees

The Senate amendment eliminates the requirement for the Secretary to testify before both House and Senate Agriculture Committees by February 15th of each year. (Section 750)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 750)

(21) Prohibition on use of loans for certain purposes

The Senate amendment gives the Secretary the authority to approve loans for utilities that cross wetlands. (Section 751)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 751

(22) Rural Development Certified Lenders Program

The Senate amendment creates a certified lenders program for the Business and Industry guaranteed loan program and other rural development loan programs under title III of the Con Act. (Section 752)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 752)

(23) System for delivery of certain rural development programs

The Senate amendment repeals the system of State Rural Economic Review Panels for rural development program delivery. (Section 753)

The House bill has no comparable provision

The Conference substitute adopts the Senate provision. (Section 753)

(24) State Rural Economic Development Review Panel

The Senate amendment repeals the duties and structure of State Rural Economic Review Panels. (Section 754)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 754)

(25) Limited transfer authority of loan amounts

The Senate amendment repeals the transfer of appropriated funds for water and waste facility direct loan programs to loan programs administered by the State Rural Economic Review Panels. (Section 755)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 755)

(26) Allocation and transfer of loan guarantee authority

The Senate amendment repeals State Rural Economic Review Panels authority to administer water and waste facility guaranteed loan programs. (Section 756)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 756)

(27) Water systems for rural and native villages in Alaska; water and waste disposal application requirements

The Senate amendment provides the Secretary with the authority to make grants to the State of Alaska for the benefit of rural and Native villages to develop and construct water and wastewater systems to improve sanitation conditions. To be eligible to receive a grant, the State of Alaska will provide equal matching funds from non-Federal sources. There are authorized to be appropriated $15 million for each of fiscal years 1996 through 2002. (Section 552)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to require that not later than 60 days before a preliminary loan is filed for a loan or grant for water and waste disposal assistance, a notice of the intent of the applicant to apply for the loan shall be published in a general circulation newspaper. In addition, the selection of engineers for a project shall be done by a request for proposals by the applicant. (Sections 757 and 758)

The Managers encourage the Secretary to consider cost-effectiveness and viability of other drinking water delivery options prior to making decisions regarding the funding of new or expanded community water facilities which should include, but not limited to, community water systems, cluster well systems and individual privately-owned wells.

(28) National Sheep Industry Improvement Center

The Senate amendment establishes the National Sheep Industry Improvement Center. 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 products in the United States; (2) optimize the use of available human capital and resources within the lamb industry; (3) provide assistance to meet the needs of the sheep or

goat industry for infrastructure development, business development, resource development and market and environmental research; (4) build the capacity of the U.S. sheep industry to design 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 U.S. sheep industry.

Funding for the Center's activities shall derive from the establishment of a revolving fund. This fund shall be capped at $50 million—$20 million of the fund shall be mandatory monies deposited by the Treasury into the fund from any other moneys in the Treasury not otherwise appropriated. In addition, authorization is provided for $30 million. After 10 years or upon receipt of $50 million to the revolving fund, the Center and its activities shall be privatized and no additional federal funds shall be used to carry out the activities of the Center.

The Center shall be managed by a nine member, non-compensated seven voting members and two non-voting members. The seven voting members shall be chosen in an election of the members of a national organization selected by the Secretary of Agriculture that is comprised of primarily U.S. sheep producers. The Board of Directors may use the monies in the fund to make grants and loans to eligible entities in accordance with a required annual strategic plan submitted to the Secretary of Agriculture. An eligible entity under the section is an entity that promotes the betterment of the U.S. sheep industry that is a public, private or cooperative organization. In addition, federally recognized Indian tribes, nonprofit organizations, and public or quasi-public agencies are also eligible for assistance from the Center. (Section 757)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to include the goat and goat product industry. (Section 759)

The Managers intend the National Sheep Industry Improvement Center and revolving fund to assist and strengthen the U.S. sheep and goat industries which have experienced dramatic losses of infrastructure since 1993. The Center's activities should focus on the production and marketing of meat, fiber and hair. The Managers are concerned that over 16,000 of the nation's sheep producers have left the business in the last three years and the U.S. breeding herd has dropped 21 percent. Likewise, over 30 percent of the goat producers left the goat industry during that same time period. The Managers are also concerned with the severe loss of the industry's infrastructure—one-third of the major lamb packing plants in the United States have closed down operations.

It is the intent of the Managers that prior to submitting the list of nominations of the voting members for the Board of Directors to the Secretary, the national organizations shall consult with state associations that represent producers of sheep or goats. It is also the Managers position that the final composition of the Board reflect the comparative production of the industries.

The Managers expect that the Secretary will balance the equities between all segments of the sheep and goat industries in order

to ensure participation by all facets of the industries in appointing members to the Board.

(29) Cooperative agreements

The Senate amendment gives the Secretary the authority to enter into cooperative agreements with other Federal agencies and State and local governments without being subject to the funding limitations imposed by the Federal Grant and Cooperative Agreement Act of 1977. (Section 793)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 759A)

(30) Eligibility for grants for broadcasting systems

The Senate amendment provides a definition for "statewide" coverage for the Television Demonstration Grant program. The term "statewide" means having a coverage area of not less than 90 percent of the population of a State and not less than 80 percent of the rural land area of the State. (Section 553)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 759B)

Chapter 2—Rural Community Advancement Program

(31) Rural Community Advancement Program

The Senate amendment establishes the Rural Community Advancement Program (RCAP), a new rural development program delivery mechanism.

The Senate amendment in Section 381A establishes that the terms "rural," "rural area," and "State" under the RCAP are subject to section 306(a)(7) of the Con Act which restricts water and wastewater program participation to towns with population of no more than 10,000 inhabitants. Eligibility for numerous programs are consolidated into one definition: 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. In section 381B, The RCAP is established to provide grants, direct and guaranteed loans and other assistance to meet the unique rural development needs of local communities and federally recognized Indian tribes.

National objectives are established in section 381C of the Senate amendment to promote strategic development and collaborative efforts by the State and local communities to maximize the impact of Federal assistance; to optimize the use of local and State resources; and when providing assistance, to consider the complexity of rural needs for business development, health care, education, infrastructure, the environment, housing, and cultural resources.

The Senate amendment in section 381D requires the Secretary to direct each of the Directors of Rural Economic and Community Development State Offices to prepare a strategic plan for each state. Financial assistance for rural development projects within each State under RCAP must be consistent with the plan.

Further, assistance under the RCAP may only be provided to an entity that is located in a rural area as defined under the RCAP. The Secretary is required to give priority to communities with the smallest populations and lowest per capita income.

The Senate amendment requires the Secretary to review the plan every 5 years. A strategic plan must: (1) coordinate plans and activities proposed for the area; (2) require the State and local communities to act as full partners in the process of developing and implementing the plan; (3) identify goals, methods, and benchmarks for measuring the success of the strategic plan; (4) be prepared in consultation with State, local, public and private entities, State rural development councils, federally-recognized Indian tribes, and community-based organizations; (5) identify federal and non-Federal resources available for implementation of the plan; and (6) include any other information required by the Secretary.

In section 381E, the Senate amendment consolidates over a dozen programs included in the RCAP into three function category accounts: (1) Rural Housing and Community Development includes direct loans, loan guarantees and grants for community facilities, and new construction funds for rural rental housing grants; (2) Rural Utilities includes grants, direct and guaranteed loans for rural water and wastewater disposal; grants for solid waste management; rural water and wastewater technical assistance and training grants; and emergency community water assistance; (3) Rural Business and Cooperative Development includes local technical assistance grants; rural business opportunity grants; guaranteed business and industry assistance loans; and grants for rural business enterprises. The Secretary will allocate the amounts in the three accounts among the States. The Secretary is given the authority to determine the allocation taking into consideration rural population, levels of income, unemployment, and other relevant factors, as determined by the Secretary.

The Secretary is also given authority in section 381E of the Senate amendment to transfer amounts allocated to the States for any of the three function categories for a fiscal year to a fourth function category: 1) mutual and self-help housing grants pursuant to section 523 of the Housing Act of 1949; 2) rural rental housing loans for existing housing pursuant to section 515 of the Housing Act of 1949; 3) rural cooperative development grants provided under section 310B(E); and 4) grants to broadcasting systems provided under section 310B(f). The funding for programs in the fourth function category may not be transferred out of these program accounts for funding other programs. Funds can only flow into these program accounts.

The Senate amendment permits the Secretary to transfer up to 25 percent from the amount allocated for a State under each function category in each fiscal year to any other function category within that State. However, not more than 10 percent of the total appropriations to the RCAP at the national level may be transferred among the three function categories.

The Senate amendment provides that the Secretary shall make available not more than 5 percent of appropriated funds for the RCAP to defray the cost of any subsidy associated with the state loan guarantee program provided for under the RCAP.

In section 381F, the Secretary shall reserve not more than 10 percent of the total funds appropriated for the RCAP to establish a national office reserve for rural development purposes. The national reserve may be used for emergencies, for incentive awards, or for performance-oriented demonstration projects. A three percent reserve shall be established for Federally-recognized Indian tribes to carry out rural development programs included in the RCAP. The reserve is to be administered through the appropriate Rural Economic and Community Development State Office Director.

The Senate amendment establishes the criteria for making allocations for the States. In making allocations for fiscal years 1997–2002, the Secretary shall ensure that the percentage allocation for each State is no less than the percentage of the average of the total funds obligated for the programs in each State in fiscal years 1993 and 1994. The minimum allocation constitutes a "hold harmless" provision. Funds allocated under this section are for Federal rural development programs within a State, and are not granted directly to the State.

The Senate amendment establishes a State RCAP grant in section 381G. It allows a State to request a grant of not more than 5 percent of the sums allocated for the State in any fiscal year. A state may request an additional 5 percent from the State allocation if the State provides non-Federal matching funds equal to 200 percent of the grant amount. The state is required to maintain the grant funds and any non-Federal matching funds in a separate account. State RCAP grant funds shall be used in rural areas for the same purposes as the funds appropriated for the programs included in the three function categories. The grant funds also must be used in accordance with the strategic plan for the State.

The Senate amendment requires participating states to provide assurances that the grant funds will be used to supplement, not supplant, the amount of Federal, State, and local funds committed to rural development. States are prohibited from using grant funds for administrative purposes.

The Senate amendment establishes a guaranteed loan program in section 381H to give States the ability to leverage RCAP State grant funds with loan guarantees. The Secretary is authorized to guarantee loans made by States or other eligible public entities for financing rural development projects with the RCAP State grant funds. The amount of the loan guarantee is limited to 5 times the amount of the RCAP State grant. The cumulative total of outstanding obligations guaranteed by the Secretary cannot at any time exceed amounts authorized to be appropriated in any fiscal year for all RCAP rural development programs.

In section 381I, the Senate amendment requires that applications for assistance demonstrate evidence of significant community support.

The Senate amendment in section 381J permits the establishment of voluntary pooling arrangements among States, and regional fund-sharing.

The Senate amendment directs the Secretary in section 381M to assume responsibility for establishing an interagency working group chaired by the Secretary. The working group shall establish

policy, provide coordination, make recommendations, and evaluate the performance of all Federal rural development efforts.

In section 381N, the Senate amendment requires Rural Development State Directors to: ensure that the State strategic plan is implemented; coordinate community development objectives; establish links between State, local, and USDA field office program administrators; ensure recipient communities comply with applicable State and Federal laws and requirements; and integrate state development programs with assistance under the RCAP.

The Senate amendment requires the Secretary to use electronic transfer in section 381O for RCAP funds as soon as practicable. (Section 761)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to require the Secretary to review the strategic plan within 60 days of submission in section 381D and maintain the present formula allocation established in regulation for rural development programs in section 381E.

Further, the House amendment in section 381E prohibits the transfer of funds from Rural Community Advancement Program activities into any housing programs, the rural cooperative development grants program, or the grants to broadcasting systems program. With the elimination of the fourth function category and housing programs, three function categories for rural development programs are established in the Rural Development Trust Fund : Rural Community Facilities, Rural Utilities, and Rural Business and Cooperative Development.

The House amendment in section 381E requires the Secretary to maintain a national reserve account. The reserve account may not exceed 15 percent of rural development funds available for fiscal year 1997, 12.5 percent in fiscal year 1998, 10 percent in fiscal year 1999, 7.5 percent in fiscal year 2000, 5 percent in fiscal year 2001, and 5 percent in fiscal year 2002. In fiscal years 1997 through 2000, reserve account funds may be used to meet situations of exceptional need, emergency situations, and to provide funds to entities whose applications have been approved and who have not received funds sufficient to meet the needs of projects described in the applications. In fiscal years 2001 and 2002, reserve account funds may be used only for situations of exceptional need or emergency situations.

The House amendment requires that not before July 15 of any fiscal year, the Secretary transfer to the national reserve account any amounts allocated to a State which have not been obligated by the State Director to fund specific approved projects within the State in section 381E.

In section 381F, the House amendment authorizes an automatic waiver of the national or state caps on the transfer of funds from one function category to another. Specifically, if there is an approved application for a project in a function category, but there are no funds available for projects in that function category, there is an automatic waiver excusing the Rural Economic and Community Development Director from compliance with the national or state caps if there is no approved application in the function category from which the funds are to be transferred, or the community

that would benefit from the transfer has a smaller population and a lesser per capita income than any community that would benefit from a project in the function category from which the funds are to be transferred.

The House amendment in section 381I further requires that any community facilities or infrastructure project receive a certification of support from each affected general purpose local government.

In adopting the Rural Community Advancement Program (RCAP), the Managers agree that federal rural development programs are uncoordinated and require a greater degree of integration and local involvement. As a result, the U.S. Department of Agriculture's rural development programs have had a limited impact on stemming small rural communities' declining economic prosperity and social well-being. Coordinating goals, objectives and funding from federal programs, combined with empowering state and local leaders through direct involvement in providing federal assistance is key to any successful rural community initiative. In order to improve the effectiveness of federal rural development programs, an innovative state—and local community-oriented delivery system is necessary. The RCAP is based on three fundamental concepts: (A) People at the state and local level are in the best position to know and to respond to the needs of local communities and governments. Constructive solutions are generated by local leaders who are most informed about problems and can appropriately tailor problem-solving initiatives. More focus must be placed on the effectiveness of program funding rather than on the process of obtaining federal assistance; (B) "one size fits all" rural development programs are not likely to be effective because different areas need different solutions to their problems; and (C) the top-down federal-to-local approach to rural development erodes local incentives for leadership-building and community cohesion. Local communities must play a leading role in identifying local needs. Likewise, states are often bypassed, or only peripherally involved in federal programs, and they, too, need to be involved. States should coordinate and combine federal initiatives with their own rural development programs.

With respect to a State's strategic plan, the Managers specifically intend that State and local government officials act as full partners in creating a plan for the delivery of rural development assistance. The Managers are concerned that the role of these State and local government officials does not become merely procedural or consultative in nature. Rather, the Managers intend that State and local government officials play an integral and necessary role in the creation of each State's strategic plan to, among other things, identify the goals, priorities, and methods for the delivery of rural development assistance. In sum, the Managers intend the strategic plan to meaningfully reflect the input of State and local government. Strategic plans which are prepared consistent with the input of State and local governments as contained in official hearing records may provide evidence to satisfy the Managers' intent.

The Managers intend that the national reserve account funds be limited only by the priorities or preferences explicitly contained

in Title VII of the Act and that no further priorities or preferences be established or otherwise adhered to. Specifically, the national reserve account is expected to be used for fiscal years 1997 through 2000 to meet situations of exceptional need, emergency situations, and to provide funds to entities whose applications for funds have been approved and who have not received funds to satisfy project needs described in the applications. In fiscal years 2001 and 2002, the purposes are limited to meet situations of exceptional need and emergencies. In section 381F, the Managers intend that there be an automatic waiver excusing State Rural Economic and Community Development Directors from compliance with limitations described in Subsections (a) and (b). If the conditions under Subsection (c) are certified by the State Rural Economic and Community Development Director as being met, the waiver is expected to be granted. The Managers intend that State Rural Economic and Community Development Directors have maximum flexibility in meeting the rural development needs of States. Further, the Managers intend that a State Rural Economic and Community Development Director exercise the flexibility granted under this Subsection in a manner that amounts allocated are effectively used to address the State's rural development needs.

The Managers intend that any application for funds under this title include documented evidence of significant community support. To accomplish this end, the Managers intend for the State Rural Economic and Community Development Director to consider evidence of significant community support contained in the application and any extraneous evidence confirming or denying such support to ensure that scarce Federal dollars finance only recognized rural development needs.

The Managers further intend that any application for funds under this title for community facilities or infrastructure projects must be certified by the affected general purpose local government or governments. The Managers intend that the applications subject to this requirement include, but are not limited to, those made under the water and waste disposal loan and grants programs, the community facilities loan and grant programs, the solid waste management grant program, the water and waste technical assistance and training program, and the emergency community water assistance program.

The Managers intend for the funding for federally recognized Indian tribes to be targeted to communities or reservations in Indian country in economic distress or with significant percentages of residents living in poverty. Indian tribes are expected to comply with the requirement of preparing a strategic plan.

The Managers agree that a wide range of factors should be considered in setting allocations to reflect the diverse needs of rural America. The Managers suggest that the Department consider outmigration, cost of living, housing affordability, and financial need in developing the funding formula for allocation to the states under the RCAP.

The Managers encourage the States to use their state grant funds to accomplish state and local rural development objectives. Suggested uses for grant funds include, but are not limited to, revolving loan funds, matching grants, and guaranteed loans. The

Managers believe the State RCAP guaranteed loan program will enable local governments receiving RCAP state grant funds to obtain loan guarantees by pledging current and future RCAP funds as security for the loan. In order to obtain the guarantee, borrowers will be required to provide additional security, such as pledges of existing grant balances and program income, liens on assets financed with the guaranteed loan funds, or the establishment of loan reserves. In all cases, USDA will structure additional security requirements to ensure that each guaranteed loan is adequately collateralized with existing assets and credit enhancements.

The Managers expect the National Rural Development Partnership to be the foundation upon which the Interagency Working Group is established. In 1990, the National Rural Development Partnership (the Partnership), a nonpartisan interagency working group whose mission is to "contribute to the vitality of the Nation by strengthening the ability of all rural Americans to participate in determining their futures," was launched by Executive order. The Partnership consists of senior program managers representing over 40 federal agencies, as well as national representatives of public interest, community-based, and private-sector organizations.

The Managers expect the Interagency Working Group, like the Partnership, to act as an information resource and facilitator of effective rural development initiatives. It will serve as the bellwether of rural development activities in the United States, monitoring activities and initiatives and reporting to Congress on what advances and what fails to advance local improvements. In this regard, the Managers believe that the Partnership should continue its role in monitoring and reporting on policies and programs that work, as well those that fail, to address the needs of rural America.

In addition, State Rural Development Councils (RDC) should continue to act as the conduit to the Partnership. RDC participation is driven not by access to new program dollars but by a goal to increase the effective use of existing rural development assistance.

The State Councils are expected to play a role in the formulation of local needs assessments and in the development of state criteria for the distribution of RCAP funds. RDCs will continue to play the role of monitor and trouble-shooter for each state and work with the Partnership and Interagency Working Group to advance the goals of RCAP.

The Managers expect the Department, in implementing its rural development activities, to give priority to those areas at greatest risk because of health concerns. Areas such as the "Colonias" lack not only the basic necessities of water and waste facilities, but also all other basic infrastructure development. The Department, through its various rural development programs, should look at the "totality of circumstances" in such areas and develop strategies that will address all the needs in order to ensure total development of these areas.

Rural Venture Capital Demonstration Program

The Senate amendment establishes in section 381K a Rural Venture Capital Demonstration Program to demonstrate the utility of guarantees to attract increased private investment in rural busi-

ness enterprises. The Secretary may in each fiscal year designate up to 10 community development venture capital organizations to participate. Each organization will establish an investment pool for the purpose of making equity investments in rural businesses. The Secretary is required to guarantee not more than 30 percent of the total funds in a pool against loss. The Secretary is authorized to issue guarantees covering not more than $15 million for any fiscal year. The term of a guarantee may not exceed 10 years.

The Managers intend that the demonstration project be implemented in a manner which ensures geographic diversity. The Managers are concerned that the program's merit cannot be accurately tested if the only participating organizations are concentrated in a single State, region, or area. The Managers believe that the demonstration project must be implemented in various States, regions, and areas in order to demonstrate viability in a diverse national economy.

The Managers agree that the availability of loan programs alone do not meet all the needs of rural areas for financing. In order to develop the diverse economic base crucial for survival in the modern economy, rural communities need access to equity capital to finance business start-up and expansion. The private-sector venture capital markets that fuel economic growth often do not reach into small communities. The intent of this demonstration program is to channel venture capital to business ventures that would not otherwise be targeted by traditional venture capital firms.

The Managers intend this program to demonstrate the utility of using a limited investment guarantee to draw private investment capital to distressed rural communities. The organizations selected to participate in the demonstration will use the guarantee as a tool to attract investments from philanthropic organizations, individual and corporate investors, and other sources of private sector capital to finance business development activities. Investments from private investors will be pooled by the participating organization into a Rural Business Investment Pool, and USDA will guarantee up to 30 percent of the pool's value against loss. The Committee expects that most if not all of the pools will earn money over the term of the investments. Any pool losses on the guarantee shall be paid out of the national office reserve fund.

An organization wishing to participate in this program must submit a plan that describes how the funds will be raised and merged in the pool and how the guarantee will help it raise money. Each applicant will be asked to describe the need for venture capital in its area, the types of business ventures that will be targeted for investments, the process by which investments will be chosen, and the likely forms of investment. The Secretary is also expected to ensure that organizations have procedures in place to avoid conflicts of interest, mismanagement, and fraud.

The Secretary will choose the organizations on the basis of a competition, in which priority will go to organizations that can demonstrate their experience—or the experience of their top officials—in venture capital and small business equity investments or in community development finance. Priority will also be based on

an organization's ability to serve low-income communities, generate local wealth, and target jobs to low-income individuals.

Applicant organizations should demonstrate strong business relationships with established banks and other financial institutions or with community-based organizations. Since diversification of risk will help reduce the likelihood that the pool loses money, and thus will reduce the cost to the government, the Secretary shall also give priority to organizations that propose to maintain an investment portfolio averaging $500,000 or less per business.

(32) Community Facilities Grant Program; simplified applications

The Senate amendment authorizes grants under the Community Facilities program. Grants can not exceed $10 million in any fiscal year to any entity. A grant may not exceed 75 percent of the development cost of the facility. The Secretary is directed to provide a graduated scale for the amount of the Federal share of the grant, establishing greater levels of grant funding for facilities in communities that have lower population and income levels. (Section 762)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that requires the Secretary to develop a streamlined, simplified, and uniform application for specified rural development programs within one year of enactment. (Section 762 and 763)

The Managers are concerned about the costly, complex, and onerous paperwork involved in making an application for assistance under Federal rural development programs. Managers intend for the Secretary of Agriculture to create within one year of the date of enactment one streamlined, simplified, and uniform application for all rural development programs eligible for funding under this title

SUBTITLE C—AMENDMENTS TO THE RURAL ELECTRIFICATION ACT OF 1936

(33) Purposes investigations and reports

The Senate amendment authorizes the Secretary to make or commission studies, investigations, and reports regarding financial, technological, and regulatory matters affecting the condition and progress of electric and telecommunications service and economic development in rural areas. An obsolete provision requiring the issuance of regulations is deleted. (Section 771)

The House bill no comparable provision.

The Conference substitute adopts the Senate provision. (Section 771)

(34) Authorization of appropriation; Reconstruction Finance Corporation

The Senate amendment eliminates references to the Reconstruction Finance Corporation, an obsolete funding mechanism for RE Act programs, and annual state allotments of funds based on farms not receiving central station electric service. The authorization of appropriations is retained. (Section 772)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 772)

(35) Loans for electrical plants and transmission lines

The Senate amendment eliminates authority for 2 percent loans for electrical plants and transmission lines. (Section 773)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 773)

(36) Loans for electrical and plumbing equipment

The Senate amendment repeals authority for loans for wiring and plumbing which has not been funded since 1969. (Section 774)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 774)

(37) Testimony on budget requests

The Senate amendment eliminates a requirement that the Secretary testify before the House and Senate Agriculture Committees to justify the budget request. (Section 775)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 775)

(38) Transfer of functions of administration

The Senate amendment repeals an obsolete provision that allowed the President to transfer the responsibilities of the ERA to the Secretary in 1935. (Section 776)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 776)

(39) Annual report

The Senate amendment repeals the requirement for the Secretary to submit an annual report to Congress summarizing RUS activities. (Section 777)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 777)

(40) Prohibition on restricting water and waste facility services to electric customers

The Senate amendment prohibits the "tying" of water and waster facility financing to the purchase of electric service from RUS borrowers, duplicating a provision that governs water and waste programs under the Consolidated Farm and Rural Development Act. (Section 778)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with amendment maintaining the provisions of the Consolidated Farm and Rural Development Act and requiring the Secretary to publish implementing regulations within 60 days of enactment. (Section 778)

(41) Telephone loans terms and conditions

The Senate amendment eliminates a provision that allows telephone borrowers to determine the term of a telephone loan. (Section 779)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 779)

(42) Privatization program

The Senate amendment repeals an obsolete provision for an electric loan prepayment plan for an Alaskan electric cooperative. (Section 780)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 780)

(43) Rural business incubator fund

The Senate amendment repeals authority for the Rural Business Incubator Fund. (Section 781)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 781)

SUBTITLE D—MISCELLANEOUS RURAL DEVELOPMENT PROVISIONS

(44) Interest rate formula

The Senate amendment authorizes the Secretary to reestablish the interest rate for the Resource Conservation and Development loan program and the Watershed loan program. (Section 791)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 791)

(45) Grants for financially stressed farmers, dislocated farmers, and rural families

The Senate amendment eliminates unfunded authority for a grant program that targets financially stressed farmers, dislocated farmers and rural families. (Section 792)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision. (Section 792)

(46) Fund for rural america

The Senate amendment creates an account called the Fund for Rural America. The Secretary is given authority to transfer from the Commodity Credit Corporation into the account $50 million in fiscal year 1996, $100 million in fiscal year 1997, and $150 million in fiscal year 1998.

The Secretary may use funds for the following rural development program activities authorized in:

The Housing Act of 1949: direct loans to low-income borrowers pursuant to section 502; loans for financial assistance for housing for domestic farm laborers pursuant to section 514; financial assistance for housing domestic farm labor pursuant

to section 516; grants and contracts for mutual self-help housing pursuant to section 523(b)(1)(A); grant for Rural Housing Preservation pursuant to section 533.

Funds may also be used for Intermediary Relending Program loans, Consolidated Farm and Rural Development Act section 310B Rural Business Enterprises grants, grants, direct and guaranteed loans for water and wastewater projects pursuant to section 306 of the Consolidated Farm and Rural Development Act, Consolidated Farm and Rural Development Act section 310E downpayment program assistance for beginning farmers, grants for outreach to socially disadvantaged farmers and ranchers pursuant to section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990, and grants pursuant to section 204(6) of the Agricultural Marketing Act of 1946.

Up to one-third of the funds from the account may be used to fund competitive research grants. Grants may be used for research, extension, and education. Grants shall not be made for projects eligible for funding under research and commodity promotion programs. Matching funds are required if the grant is for applied research that is commodity-specific and not of national scope. Not more than 4 percent of the funds made available for research can be used for administrative costs. Research funds in the account shall not be used for the construction of new buildings or the acquisition, expansion, remodeling, or alteration of an existing building, or in excess of 10 percent of the annual allocation for commodity-specific projects not of national scope.

The Senate amendment provides that no monies from the Fund may be used for an activity if the current level of appropriation for the activity is less than 90 percent of the 1996 fiscal year appropriation for the specific activity adjusted for inflation. (Section 507)

The House bill has no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change the name of the Under Secretary for Rural and Economic Development to the Under Secretary for Rural Development and an amendment to make available beginning on January 1, 1997, out of any funds in the Treasury not otherwise appropriated $100,000,000 for fiscal year 1997, $100,000,000 for fiscal year 1998, and $100,000,000 for fiscal year 1999. The Secretary shall use one-third of the funds made available to the Fund for a fiscal year for rural development activities and one-third of the funds made available to the Account for a fiscal year for competitive research activities. The remaining one-third may be used for either rural development or research at the discretion of the Secretary.

Rural development activities include the following programs under the Housing Act of 1949: direct loans to low income borrowers pursuant to section 502; loans for financial assistance for housing for domestic farm laborers pursuant to section 514; financial assistance for housing of domestic farm labor pursuant to section 516; grants and contracts for mutual and self help housing pursuant to section 523(b)(1)(A); grants for Rural Housing Preservation pursuant to section 533; and Rural Rental Housing Assistance pur-

suant to section 521. In addition, all rural development programs including those authorized under the Consolidated Farm and Rural Development Act; specified sections of the FACT Act of 1990; Title V of the Rural Development Act of 1972 and specified sections of the Human Services Reauthorization Act of 1986 and the Food Security Act of 1985.

The Secretary shall conduct the specified rural development programs in accordance with and subject to current program authorities. Funds shall only be expended on programs that received appropriations in fiscal year 1995. Not more than 20 percent of funds dedicated to all rural development activities shall be expended on housing grant and loan activities.

Further, in any fiscal year, the Secretary shall not announce the fiscal year's allocation for any program pursuant to this section until one business day following the day the appropriations bill for the fiscal year becomes law.

The Secretary may use the funds in the account for grants for research, extension and education to increase international competitiveness, efficiency, and farm profitability; reduce economic and health risks; conserve and enhance natural resources; develop new crops, new crop uses, and new agricultural applications of biotechnology; enhance animal agricultural resources; preserve plant and animal germplasm; increase economic opportunities in farming and rural communities; and expand locally owned value added processing.

The Secretary may make a grant to colleges and universities, including land grant colleges and universities with established programs of research, extension, or higher education, Federal research agencies and national laboratories, and private research organizations with established and demonstrated capacity to perform research or technology transfer.

A grant made under this paragraph may be used by a grantee for one or more of the following uses: outcome-oriented research at the discovery end of the spectrum to provide breakthrough results, exploratory and advanced development and technology with well identified outcomes, national, regional, or multi-State programs oriented primarily towards extension programs and education programs demonstrating and supporting the competitiveness of United States agriculture.

Not less than 15 percent of the amounts made available under this section for a fiscal year shall be awarded to entities ranking in the lower one-third on the basis of Federal research funds received from sources other than this section.

The Secretary shall establish criteria for allocating grants based on the priorities for uses of funds in consultation with the Advisory Board. The Secretary shall seek and accept proposals for grants; determine the relevance and merit of proposals through a system of peer and advisory board review; and award grants on the basis of merit, quality, and relevance to advancing the national research and extension purposes.

Research grants shall be awarded on a competitive basis. A grant shall have a term that does not exceed 5 years.

The Secretary shall require the funding of the grant with equal matching funds from a non-Federal source if the grant is for ap-

plied research that is commodity specific, and is not of national scope.

The Secretary shall administer this section through the Cooperative State Research, Education, and Extension Service of the Department of Agriculture.

Funds shall be available for obligation for a 2 year period, except the Secretary may use not more than 4 percent of the funds made available under this paragraph for administrative costs incurred by the Secretary. Furthermore, funds made available for research grants shall not be used 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). (Sections 793 and 794)

Rural development component

The Managers intend, under Subsection (c)(1)(B), that established rural development programs with current authority under the Consolidated Farm and Rural Development Act, specified sections of the FACT Act of 1990, Title V of the Rural Development Act of 1972, and specified sections of the Food Security Act and the Human Services Reauthorization Act of 1986 regarding intermediary lending, be eligible for funds made available under the Fund for Rural America. These programs include the water and waste disposal loan and grant programs, the community facilities loan and grant programs, the solid waste management grant program, the rural water and waste technical assistance and training program, the distance learning and telemedicine program, the rural cooperative development grant program, the rural business opportunity grant program, the business and industry guarantee program, the rural business enterprise grant program, activities of the Alternative Agricultural Research and Commercialization Corporation, the intermediary relending program, the downpayment program for beginning farmers, rural cooperative development grant program, and grants for outreach and technical assistance for socially disadvantaged farmers and ranchers program.

The Managers are concerned about the backlog of water and wastewater program applications which, according to USDA reports, is as high as $3 billion. The Managers expect that the Secretary make satisfying these outstanding needs a priority with respect to the Fund for Rural America.

A continuing resolution that provides appropriations in a fiscal year for the Department of Agriculture meets the same conditions of allowing the Secretary to announce program allocations from the Fund. The Managers intend the Secretary to make such allocations in a manner to provide additional funding to appropriation acts.

Research Component

It is the intent of the Managers that the uses of the fund could include consideration of genome mapping projects which may lead to increases in international competitiveness.

The Managers support high-quality, peer reviewed biotechnology research with practical applications carried out by consortia of public and private universities and companies and selected through a competitive process. The Managers intend that

such a consortia be considered eligible grantees for assistance under the research component of the Fund for Rural America.

The managers intend that the eligibility for National Laboratories to compete for grants under the Fund for Rural America is an outgrowth of the Memorandum of Understanding (MOU) signed between the Department of Agriculture (USDA) and the Department of Energy (DOE) in November, 1995. The managers encourage the National Laboratories to continue their efforts in a cooperative manner with the agricultural community. It is the intent of the managers that the USDA and DOE continue their efforts to meet the objectives outlined in the recent MOU.

Further, it is the intent of the Managers that the independent review by the advisory board should facilitate better communication between the scientific community and the end user of their products. Therefore, the decision to fund proposed projects under the research component of the Fund for Rural America will be determined by the program administrator based on recommendations of the peer review panel and the advisory board. The peer review panel will review the scientific merit of the proposal. The advisory board will review the proposal based on the purposes and objectives established in the request for proposal. The advisory board shall have flexibility to establish their procedures.

TITLE VIII—AGRICULTURAL RESEARCH, EXTENSION AND EDUCATION TITLE

SUBTITLE A—MODIFICATION AND EXTENSION OF ACTIVITIES UNDER THE 1977 ACT

(1) Purposes of agricultural research, extension and education.

The Senate amendment revises the list of purposes of federally supported agricultural research, extension, and education in Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act (NARETPA) of 1977. (Section 801)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment making technical changes. (Section 801)

The Managers encourage the Secretary to consider the benefits of conservation tillage and agricultural biotechnology as significant components of USDA's agricultural research, extension and education programs to conserve natural resources.

(2) National Agricultural Research, Extension, Education and Economics Advisory Board.

The Senate amendment amends Section 1408 of NARETPA of 1977 to establish the National Agricultural Research, Extension, Education, and Economics Advisory Board (Board) and to eliminate the authority for the National Agricultural Research and Extension Users Advisory Board. The Board shall consist of 25 members appointed by the Secretary and selected from national farm, commodity, agribusiness, environmental, consumer, and other organizations. The Secretary shall ensure that full-time farmers and ranchers are included on the Board. The duties of the Board are to advise the Secretary and land grant colleges and universities regarding policies and priorities and their effectiveness, the implementa-

tion of the Government Performance Review Act, and the technology review process. The Board is required to consult with persons that will benefit from Federally-funded research, extension, education, and economics. The term for Board members is 3 years. The Board is deemed to have filed a charter for purposes of the Federal Advisory Committee Act. Authority for the Board expires on September 30, 2002. (Section 804)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to increase the number of members from 25 to 30 and list the types of organizations from which members would be selected. (Section 802)

The Managers strongly encourage the Secretary to ensure that the advisory board has at least five farmers or ranchers as representatives. The Managers intend that the members of the board described in this section as actively engaged in the production of a plant or food animal commodity be full-time farmers or ranchers.

The National Agricultural Research, Extension, Education and Economics Board is intended to review and provide consultation regarding priorities to both the Secretary and land-grant colleges and universities. The Board is encouraged to solicit opinions and recommendations from those who will benefit from and use federally funded agricultural research, extension, education and economics in an effort to ensure that viewpoints of citizens and appropriate organizations are taken into account when setting priorities. The Managers intend that technology assessments should be conducted by a group of qualified professionals. This new Advisory Board may also review and provide input on the capacity and coordination of research carried out on a regional basis, particularly as it relates to strategic planning for the Department.

(3) Federal Advisory Committee Act Exemption for Federal-State Cooperative Programs

The Senate amendment amends Section 1409A of NARETPA of 1977 to exempt groups composed of state cooperative institution officials and employees and full-time federal employees from FACA coverage. Meetings of such groups shall be open to the public. Records of meetings, including minutes, are required to be kept and made available to the public upon request. (Section 806)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to add public universities and postsecondary institutions. (Section 803)

The managers intend that employees of Hispanic-Serving Institutions can participate in cooperative efforts concerning agricultural research, extension or education which are exempt from FACA.

(4) Coordination and Planning of Agricultural Research, Extension and Education

The Senate amendment requires the Secretary to develop a system to monitor and evaluate agricultural research and extension conducted or supported by the Federal government.

For the activities of the Department that relate to food safety, animal or plant health, research, education, or technology transfer, the Secretary may transfer up to 5 percent of funds to an agency reporting to the Under Secretary for Research, Education and Economics to address imminent or emerging threats to food safety and animal and plant health.

Any committee, board, commision, panel, or task force established solely to review proposals for funding under any competitive research, extension, or education program is exempted from Federal Advisory Committee Act requirements. (Section 807)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to require an analysis of state of the art information technology systems, require that the system be developed to permit public access, and provide an authorization for appropriations. The Conference substitute also strikes the proposed 5% transfer authority. (Section 804)

It is the intent of Congress that the Current Research Information System (CRIS) and other program information tracking systems used by Research, Extension and Education be integrated into a Management Information System (MIS) that tracks all research, extension and education programs that receive funding from the USDA. This system will include information about the goals, objectives, scope and current status of these programs in a format that can be used to report to Congress and that is consistent with the requirements of the Government Performance Review Act. Moreover, this MIS must be structured so that the Secretary is able to report to Congress on the extent of activities being funded for each of the purposes identified in Section 1402 of NARETPA of 1977. One component of this MIS shall be designed so that the findings and accomplishments of USDA-funded research and extension programs are fully accessible by the general public through on-line access, with full search and retrieval capacities. Another component of this MIS shall be designed so that researchers, extension agents and specialists will be able to search and retrieve detailed information on all USDA-funded research and extension activities across the country, with the capacity to search for projects and findings that are pertinent to their agronomic, natural resource, and climatic parameters, as well as the economic and social conditions of their state or county.

To develop a "cutting edge" MIS quickly and expeditiously, it is understood that the Department will need immediate access to highly qualified computer systems specialists, theorists and technicians. The Congress expects the Secretary to contract out the development of this MIS or some subset of the project, with a university, a consortium of universities, or the private sector. It is the expectation of Congress that the USDA will set a goal that the MIS be designed, implemented and fully functional within three years of passage of this legislation.

This section also provides an exemption from the Federal Advisory Committee Act (FACA) for entities created solely to review proposals for applications submitted for funding under any competitive research, extension, or education program carried out by the Secretary of Agriculture. The managers understand that in ad-

dition to reviewing proposals and applications for the purpose of evaluating them and making award recommendations, entities that are exempted from FACA, pursuant to this section also may render to the Secretary program advice derived from such review process.

(5) Grants and fellowships for food and agricultural sciences education

The Senate amendment amends Section 1417 of NARETPA of 1977 to permit the Secretary to provide higher education funds to research foundations maintained by colleges and universities. The Secretary may make capacity building grants to 1890 institutions for both teaching and research. The authorization of appropriations is extended at the level of $60 million through fiscal year 2002.

Section 1417 of NAREPTA is further amended to require the Secretary to promote and strengthen secondary education in agriscience and agribusiness and to allow the Secretary to make grants to public secondary education institutions, 2-year community colleges, and junior colleges to promote and support agriscience and agribusiness education. The functions and duties of the Secretary of Education regarding FFA are transferred to the Secretary of Agriculture. (Section 808)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997 and strike the FFA transfer from the Secretary of Education to the Secretary of Agriculture. (Section 805)

(6) Grants for research on the production and marketing of alcohols and industrial hydrocarbons from agricultural commodities and forest products

The Senate amendment extends the authorization of appropriation of $20 million for this research through 2002. (Section 809)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 806)

(7) Policy research centers

The Senate amendment authorizes the Secretary to make grants, competitive grants, and special research grants to policy research centers for research and education programs regarding the implications of public policies on the farm and agricultural sectors; the environment; rural families and economies; and consumers, food and nutrition. State agricultural experiment stations, colleges and universities, and other institutions and organizations are eligible to receive grants. Funds may be used for research and education. There are authorized to be appropriated such sums as are necessary for fiscal years 1996 through 2002. (Section 810)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 807)

In authorizing grants for policy analysis under this section, the Managers acknowledge the valuable work of several analytical institutes associated with universities. At the same time, the Man-

agers do not intend to confine the universe of potential grantees to these institutions, or indeed to universities generally.

The Managers also note that policy analysis must be clear about what it does and does not demonstrate. For example, an analysis which describes the effect of a proposed policy change on the incomes of agricultural producers, but does not attempt to estimate the same policy change's effect on input suppliers, processors, rural employment or total rural economic activity, cannot give a complete picture of how the policy change in question might affect rural America. The analysis might be quite useful, but it is important that its limitations be made clear. The principle here is that policy analysis is helpful to the extent that policymakers—and the public—understand both its uses and its limits.

In identifying these possible weaknesses of current analyses, the Managers do not intend to be critical of the dedicated professionals who perform a valuable service in analyzing a host of alternative policies. Rather, the Managers intend to contribute to a healthy discussion of whether current analytical conventions are adequate and whether refinements and improvements might be made.

(8) Human Nutrition Intervention and Health Promotion Research Program

The Senate amendment amends Section 1424 of NARETPA of 1977 to eliminate the unfunded authority for the Food Science and Nutrition Research Center and replace it with authority for the Secretary to award grants for a research initiative on human nutrition intervention and health promotion. There are authorized to be appropriated such sums as are necessary for fiscal years 1996 through 2002. (Section 811)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997 and to authorize research to combine medical and agricultural research. (Section 808)

This section authorizes a multi-year research initiative on human nutrition intervention and health promotion. In carrying out research projects under this section, the Secretary may take into account the unique opportunity outlined in the Lower Mississippi Delta Development Commission report which is currently being addressed by the Department of Agriculture through the Agricultural Research Service and Pennington Biomedical Research Institute at Louisiana State University, Southern University at Baton Rouge, Alcorn State University, the University of Southern Mississippi, the University of Arkansas at Pine Bluff and the Arkansas Children's Hospital Research Institute, all operating as equal partners. In carrying out research projects under this section, the Secretary may consider the special nutritional needs of the rural elderly and take into account the research being coordinated by Geisinger Medical Center in Danville, Pennsylvania. In carrying out research projects under this section, the Secretary may consider designing and developing new foods to improve food production and processing and to improve the nutritional quality of the food supply.

(9) Food and Nutrition Education Program

The Senate amendment extends the authorization for appropriation of $83 million for the Expanded Food and Nutrition Education Program (EFNEP) through 2002. (Section 812)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 809)

(10) Purposes and findings relating to animal health and disease research

The Senate amendment amends Section 1429 of NARETPA of 1977 to add food safety and animal well-being to the list of purposes of animal health and disease research. (Section 813)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 810)

Society periodically amends how it acts and reacts to particular considerations. New terminology emerges over time attempting to capture new trends, new thoughts, and new considerations when describing a social condition. With respect to interactions between humans and animals, the term of art "animal well-being" has emerged replacing "animal welfare" to various degrees in literature and language of the day.

The Managers recognize that the term "animal well-being" can have slightly different interpretations. Therefore the term "animal well-being" for the purposes of this Act shall represent the basic efforts to assure proper care, treatment and shelter of animals, and the elimination of unnecessary cruel or painful treatment. However, the defining criteria shall include efforts to include more specific clinical criteria such as the evaluation of appetite, growth rate, reproduction and production levels. In other words, utilize tangible physical indicators or measurable endpoints to interpret how the animal can "communicate" a status of well-being to their human stewards.

(11) Animal health and disease continuing research

The Senate amendment extends the authorization of appropriation of $25 million through 2002. The formula for allocating funds among the States is amended to include the value of and income from aquaculture. (Section 815)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 811)

(12) Animal health and disease national or regional research

The Senate amendment clarifies that research under section 1434 of NARETPA of 1977 may include pre-harvest and on-farm food safety and animal well-being. The authorization for appropriation is extended through 2002 at a level of $35 million. State agricultural experiment stations, colleges and universities, and other organizations and institutions are eligible for grants. Pre-harvest and on-farm food safety and animal well-being are added to the list of problems that the Secretary is required to prioritize annually. Any panel or board created solely for reviewing applications under

this section is exempt from the Federal Advisory Committee Act. (Section 816)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 812)

This section also provides an exemption from the Federal Advisory Committee Act (FACA) for entities created solely to review proposals for applications submitted for funding. The managers understand that in addition to reviewing proposals and applications for the purpose of evaluating them and making award recommendations, entities that are exempted from FACA, pursuant to this section also may render to the Secretary program advice derived from such review process.

(13) Grant program to upgrade agricultural and food sciences facilities at 1890 land-grant colleges

The Senate amendment provides an authorization of appropriation of $15 million through 2002 for the acquisition and improvement of facilities, equipment, and libraries used for agricultural and food sciences at 1890 institutions. (Section 818)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision to change 2002 to 1997. (Section 813)

(14) National Research and Training Centennial Centers Programs, programs for Hispanic-serving institutions, and international agricultural research and extension

The Senate amendment extends the authorization for appropriation of $2 million for competitive grants for five national research and training centers located at 1890 colleges including Tuskegee University through 2002. (Section 819)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997 and to define Hispanic-serving institutions and to authorize education grants for Hispanic-serving institutions and a technical amendment to Section 1458(a)(8) of NARETPA of 1977. (Section 814, 815, and 816)

(15) Authorization of Appropriations for Agricultural Research Programs

The Senate amendment extends authorization for appropriation of $850 million for agricultural research (Agricultural Research Service, animal health and disease, and supplemental and alternative crops) through 2002. The authorization for appropriation of $310 million for formula funds (Hatch Act funds) for state agricultural experiment stations is extended through 2002. (Section 821)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 817)

(16) Authorization of appropriations for extension education

The Senate amendment extends authorization for appropriation of $460 million for Extension Service funding through 2002. (Section 822)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 818)

(17) Supplemental and alternative crops research

The Senate amendment extends authorization for appropriation of such sums as are necessary for research to develop supplemental and alternative crops through 2002. Subsections (b) and (c) of section 1473D of NARETPA of 1977 are amended to include in the research program under this section the development of new commercial products derived from natural plant materials for industrial, medical and agricultural applications. References to the pilot project are deleted since the program is no longer a pilot project. (Section 823)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 819)

(18) Aquaculture Assistance Programs

The Senate amendment repeals the requirement for an annual aquaculture report by the Secretary to Congress. The authorization for appropriation of $7.5 million for aquaculture assistance programs, including research and regional centers, is extended through 2002. The authorization for appropriation of $500,000 for each of two specific institutions for research on intensive water recirculating aquaculture systems is extended through 2002. (Section 824)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997 and to add ornamental fish to the definition of aquaculture in Section 1404(3) of NARETPA of 1977. (Section 820)

(19) Authorization of appropriations for rangeland research

The Senate amendment extends the authorization for appropriation of $10 million for rangeland research through 2002. (Section 825)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 821)

SUBTITLE B—MODIFICATION AND EXTENSION OF ACTIVITIES UNDER THE 1990 ACT

(20) Water quality research, education, and coordination

The Senate amendment repeals Subtitle G of title XIV of the Food, Agriculture, Conservation and Trade Act of 1990. This subtitle of the Conservation title authorized funds for the development and implementation of a coordinated, integrated, and comprehensive intra-agency program to protect waters from contamination

from agricultural chemical and production practices, but was never funded. (Section 831)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 1997. (Section 831)

(21) National Genetics Resources Program

The Senate amendment extends the authorization for appropriation of such sums as necessary for the National Genetics Resources Program through 2002 and allows the Secretary to make genetic material available to other countries. (Section 834)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 832)

(22) National agricultural weather information system

The Senate amendment extends the authorization for appropriation of $5 million for the National Agricultural Weather Information System through 2002. (Section 835)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 833)

(23) Livestock Product Safety and Inspection Program

The Senate amendment extends the authorization for appropriation of such funds as necessary for the livestock product safety and inspection program through 2002. (Section 838)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 834)

(24) Plant Genome Mapping Program

The Senate amendment repeals unused authority for a plant genome mapping program. (Section 839)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to retain authority for the program. (Section 835)

(25) Certain Specialized Research Programs

The Senate amendment repeals authority for specialized research projects. The projects authorized under this section were not funded under this authority. (Section 840)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to retain authority for ethanol and aflatoxin research, and to extend authorization for mesquite, prickly pear, and deer tick ecology and related research to 1997. (Section 836)

(26) Agricultural Telecommunications Program

The Senate amendment extends the authorization for appropriation of $12 million to encourage the development of an agricultural communications network to facilitate and strengthen edu-

cation, extension, research and domestic and international marketing through 2002. (Section 841)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 837)

(27) National centers for agricultural product quality research

The Senate amendment extends the authorization for appropriation of such sums as necessary for grants to centers for research, development and education programs on food safety and wholesomeness through 2002. (Section 842)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997 and to modify purposes and delete requirement for submission of plan to Congress. (Section 838)

It is the intention of Managers that this section be broadly interpreted to establish a competitive, applied research grants program, facilitating industry partnerships and supporting a broad spectrum of research, development, and education programs to enhance global competitiveness through improvements in product quality and competitiveness.

Through this program, the Managers seek to stimulate public and private investment in productive and competitive segments of agriculture and to maximize the cost effectiveness of that research.

(28) Red meat safety research center authorization and turkey research center

The Senate amendment repeals authority for a turkey research center which has not been funded. (Section 843)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to add an authorization for a red meat safety research center. (Section 839)

The United States has the safest food supply in the world. However, the managers recognize the need for red meat safety research. Currently the Department of Agriculture supports several high quality research centers. It is the intent of the Managers that a facility, dedicated to red meat safety research, be competitively established at an existing facility or a new facility and that it augment, not duplicate, current research already being done on red meat safety.

The Managers are also particularly interested that this facility have the ability to interact with national organizations and private livestock packing plants in carrying out their research.

(29) Indian Reservation Extension Agent Program

The Senate amendment reauthorizes the Reservation Extension Agent Program, established under Section 1677 of the Food, Agriculture, Conservation and Trade Act of 1990 through 2002. On a determination by the Secretary that a program has been satisfactorily administered for two years, the Secretary shall implement a reduced application process in order to reduce regulatory burdens on participating university and tribal entities. (Section 555 of Title V)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to strike the 2002 authorization date since the program is permanently authorized. (Section 840)

(30) Assistive Technology Program for farmers with disabilities

The Senate amendment extends the authorization for appropriation of not less than $5 million for grants to support programs providing on-farm agricultural education and assistance to individuals with disabilities who are engaged in farming through 2002. The authorization for appropriation of $1 million for competitive national grants for technical assistance, training and information dissemination is extended through 2002. (Section 846)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 841)

(31) National rural information center clearinghouse

The Senate amendment extends the authorization for appropriation of $500,000 for the National Rural Information Center Clearinghouse within the National Agricultural Library through 2002. (Section 848)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 842)

(32) Global climate change

The Senate amendment extends the authorization for appropriation of such sums as necessary for a global climate change program is extended through 2002. (Section 849)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 843)

SUBTITLE C—REPEAL OF CERTAIN ACTIVITIES AND AUTHORITIES

(33) Subcommittee on Food, Agricultural, and Forestry Research

The Senate amendment repeals authority for the Subcommittee on Food, Agricultural, and Forestry Research of the Federal Coordinating Council For Science, Engineering, and Technology. (Section 802)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 851)

(34) Joint Council on Food and Agricultural Sciences

Authority for the Joint Council on Food and Agricultural Sciences is repealed. (Section 803)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 852)

(35) Agricultural Science and Technology Review Board

The Senate amendment repeals authority for the Agricultural Science and Technology Review Board. (Section 805)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 853)

(36) Animal Health Science Research Advisory Board

The Senate amendment repeals authority for the Animal Health Science Research Advisory Board. (Section 814)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 854)

(37) Resident Instruction Program at 1890 Land-Grant Colleges

The Senate amendment repeals Section 1446 of NARETPA of 1977 which provides for grants for teaching programs at 1890 institutions. This section was never funded. (Section 817)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 855)

(38) Grants to States for international trade development centers

The Senate amendment repeals Section 1458A of NARETPA of 1977. This section authorizes the Secretary to make grants for the establishment of International Trade Development Centers, but was not funded. (Section 820)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 856)

(39) Rangeland Research and Composting Research and Extension Program

The Senate amendment repeals the requirement for an annual rangeland research report. The authority for the Rangeland Research Advisory Board is repealed. (Section 825)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to repeal the composting research and extension program. (Sections 857 and 858)

(40) Education program regarding handling of agricultural chemicals and agricultural chemical containers

The Senate amendment repeals authority for an unfunded program to catalogue the federal, state, and local laws and regulations for handling unused or unwanted agricultural chemical containers. (Section 832)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 859)

(41) Program administration regarding sustainable agriculture research and education

The Senate amendment repeals authority for the National Sustainable Agriculture Advisory Council and a requirement for an annual report. (Section 833)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 860)

(42) Research regarding production, preparation, processing, handling, and storage of agricultural products

The Senate amendment repeals Subtitle E of title XVI of the Food, Agriculture, Conservation and Trade Act of 1990. The food safety research and grant program authorized by this subtitle has not been funded. (Section 836)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 861)

(43) Plant and animal pest and disease control program, specialized research programs, and commission on agricultural research facilities

The Senate amendment repeals Subtitle F of title XVI of the Food, Agriculture, Conservation and Trade Act of 1990. Integrated pest management (IPM) research authorized under this subtitle has been funded under other authorities. (Section 837)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to repeal animal lean content research, immunoassay research, niche market development research, scrapie research, and new commercial products from natural plant materials research and to repeal Commission on Agricultural Research Facilities from Section 1674 of the FACT Act. (Section 862, 863, and 864)

(44) Special grant to study constraints on agricultural trade

The Senate amendment repeals the authority for at least two grants to study the impacts of technical barriers, quality factors and end-use characteristics in agricultural trade, which has not been funded. (Section 865)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 865)

(45) Pilot project to coordinate food and nutrition education programs

The Senate amendment repeals authority for a pilot project for grants to not less than two states for food and nutrition education programs, which has not been funded. (Section 845)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 866)

(46) Demonstration areas for rural economic development

The Senate amendment repeals authority for grants to rural areas to serve as demonstration areas for rural economic development, which has not been funded. (Section 847)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 867)

(47) Technical advisory committee regarding global climate change

The Senate amendment repeals authority for a technical advisory committee, which has not been funded. (Section 849)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 868)

(48) Committee of Nine under Hatch Act of 1887

The Senate amendment deletes authority for the Committee of Nine from the Hatch Act. (Section 864)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 869)

(49) Cotton crop reports

The Senate amendment repeals the requirement that cotton crop production reports be issued at 3:00 p.m. (Section 867)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 870)

(50) Rural Economic and Business Development and Additional Research Grants Under Title V of Rural Development Act of 1972

The Senate amendment amends Section 502 of the Rural Development Act of 1972 to repeal authority for an Extension Service rural economic and business development program to enable states or counties to employ specialists, which has not been funded (section 502(g)). Authority for a competitive grant program for rural development research, which has not been funded, is repealed (section 502(j)). (Section 868)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 871)

(51) Human nutrition research

The Senate amendment repeals a requirement for an annual report on human nutrition research activities. (Section 869)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 872)

(52) Grants to upgrade 1890 land-grant college extension facilities and indian subsistence farming demonstration grant program

The Senate amendment repeals obsolete authority for a program to upgrade 1890 land-grant college extension facilities. (Section 871)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to repeal the Indian Subsistence Farming Demonstration Grant Program. (Section 873 and 874)

SUBTITLE D—MISCELLANEOUS RESEARCH PROVISIONS

(53) Critical agricultural materials research

The Senate amendment extends the authorization of appropriation for the Critical Agricultural Materials Act through 2002. The requirement for an annual report is eliminated. (Section 861)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 881)

(54) 1994 institutions

The Senate amendment extends the authorization of appropriation of $4.6 million for providing land grant status to 29 tribal colleges (referred to as 1994 institutions) through 2002. The authorization of appropriation of $1.7 million for institutional capacity building grants for 1994 institutions is extended through 2002. (Section 862)

The House bill contains no comparable provision.

The Conference substitute adopts the House provision, striking the Senate provision.

(55) Memorandum of agreement regarding 1994 institutions

The Senate amendment states that by January 6, 1997, the Secretary shall develop and implement a Memorandum of Agreement with the 29 tribally controlled colleges to ensure that tribally-controlled colleges and Native American communities equitably participate in Department of Agriculture employment programs, services and resources. (Section 555 of Title V)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 882)

(56) Smith-Lever Act Funding for 1890 Land-Grant Colleges, Including Tuskegee University

The Senate amendment amends Section 3(d) of the Smith-Lever Act to make colleges or universities eligible to receive funding under the Act of August 30, 1890, including Tuskegee University, or Section 208 of the District of Columbia Public Postsecondary Education Reorganization Act, eligible for Extension funding under Smith-Lever 3(d) programs. This change applies after FY95 to any increases in funding for existing Smith-Lever 3(d) programs and to all new Smith-Lever 3(d) programs. A conforming amendment is made to section 1444(a) of NARETPA of 1977 and to the District of Columbia Public Postsecondary Education Reorganization Act to clarify that this change would not result in a reduction of other Extension Service funding to these colleges and universities. (Section 863)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to remove the reference to Section 208 of the District of Columbia Public Postsecondary Education Reorganization Act. (Section 883)

(57) Agricultural Research Facilities

The Senate amendment amends the Research Facilities Act.

Section 1 is the short title.

Section 2 contains new definitions for "Agricultural Research Facility" and "Food and Agricultural Sciences".

Section 3 establishes the process for reviewing proposals for agricultural research facilities. Subsection (a) requires proposals to be submitted to the Secretary and the Secretary is required to review proposals in the order in which they are received. Subsection (b) requires the Secretary to establish the application procedure in consultation with the Senate and House Appropriations Committees. Subsection (c) requires all proposals for new funding for agricultural research facilities at colleges, universities or non-profit institutions to be reviewed by USDA to determine whether they meet the following criteria:

the availability of at least a 50% non-Federal match in cash;

the facility must not be duplicative of existing facilities;

the facility must serve the national research priorities established in section 1402 of NARETPA of 1977 and regional needs;

the college, university, or non-profit institution supporting the facility must demonstrate the commitment to long-term support for operating the facility and conducting research; and

the facility must reflect the strategic plan for federally supported research facilities established in section 4. Subsection (d) requires the Secretary to review proposals within 90 days and report the results of the evaluation and assessment to the Senate and House Appropriations Committees.

Section 4 requires the Secretary to develop a ten-year strategic plan for the development, construction, modernization, consolidation, and closure of federally supported research facilities. The plan should reflect the need to increase the productivity of and to enhance the competitiveness of the U.S. agricultural and food industry. It should also reflect the findings of the National Academy of Sciences with respect to programmatic and scientific priorities relating to agriculture.

Section 5 exempts panels or board created solely to review proposals from the Federal Advisory Committee Act.

Section 6 authorizes the appropriation of such sums as necessary for fiscal years 1996 through 2002 for the study, plan, design, structure and related costs of such facilities. Administrative costs are limited to 3 percent of the cost of the project.

The new review process would not apply to projects for which funds were appropriated for a feasibility study or for any phase of the project prior to October 1, 1995, but such projects would be included in the strategic plan. The strategic plan required by Section 4 shall apply to all federally supported agricultural research facilities, including those funded prior to the effective date of this title.

Subsection (b) amends section 1431 of NARETPA of 1985 to extend the authorization for appropriation for Federal research facilities to 2002 and to delete the requirement for an annual report on Federal research facilities. (Section 865)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997; to require consultation with the House and Senate Agriculture Committees; and to delete the requirement for the Secretary to develop a 10-year strategic plan for the development, construction, modernization, consolidation and closure of federally supported research facilities and instead to require the formation of a task force to be appointed from the Advisory Board membership (established by Section 802 of this Act) as well as others demonstrating appropriate expertise to prepare the strategic plan within two years for the development, modernization, construction, consolidation, and closure of federal agricultural research facilities and agricultural research facilities proposed to be constructed with federal funds. (Section 884)

This section requires that all proposals for new funding for agricultural research facilities at colleges, universities or non-profit institutions be reviewed by USDA to determine whether they meet specified criteria. The Managers intend that feasibility studies completed more than two fiscal years prior to enactment but not provided further funding should go through this new review process if federal funding is still being sought. While an exemption from FACA is provided for a panel formed to review the proposals under section 5 of the Research Facilities Act, the Managers are not requiring that such a panel be formed. This section provides an exemption from the Federal Advisory Committee Act (FACA) for entities created solely to review proposals for applications submitted for funding. The Managers understand that in addition to reviewing proposals and applications for the purpose of evaluating them and making award recommendations, entities that are exempted from FACA, pursuant to this section also may render to the Secretary program advice derived from such review process.

(58) National competitive research initiative

The Senate amendment extends the authorization for appropriation of $500 million for a competitive grant program for basic and applied research open to all researchers through 2002. The requirement that not less than 20% of appropriated funds shall be available to make grants for mission-linked systems research is increased to 40%. Funds will be available for a two-year period to allow for the award of grants in a more orderly manner. (Section 866)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change 2002 to 1997. (Section 885)

The Secretary is encouraged to consider grants to mission-linked research which contribute to the development of applied technologies and information which increase the profitability of farms and ranches and increase economic opportunities for rural communities.

(59) Rural development research and education

The Senate amendment amends Section 502 of the Rural Development Act of 1972 to clarify that rural development Extension programs shall also promote coordinated and integrated rural community initiatives that advance and empower capacity building. (Section 868)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 886)

This section makes clear that the Secretary can establish a national rural development program supported by the Cooperative State Research, Education, and Extension Service that provides national focus and local implementation for an efficient and effective delivery of training, technical assistance, and applied research. Such programs may address rural challenges in the areas of leadership development, entrepreneurship, business development and management training which stimulate small and rural communities to increase jobs, income and quality of life.

(59) Dairy goat research program and research to eradicate and control brown citrus aphid and citrus tristeza virus

The Senate amendment repeals authority for a grant to one 1890 land grant institution for dairy goat research, which has not been funded. (Section 870)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to retain authority for dairy goat research through 1997 and with an amendment to add an authorization for competitive grants for research to eradicate and control brown citrus aphid and citrus tristeza virus. (Sections 887 and 888)

(60) Stuttgart National Aquaculture Research Center

The Senate amendment amends Public Law 85–132 of March 15, 1958 to transfer the Fish Farming Experimental Laboratory in Stuttgart, Arkansas from the Department of the Interior to the Department of Agriculture and to rename it the Stuttgart National Aquaculture Research Center. All personnel, assets, liabilities, contracts, real and personal property, records, and the unexpended balance of appropriations, authorizations, allocations, and other funds are transferred. This research center shall be complementary to, and not duplicative of, facilities of colleges, universities, nonprofit institutions, and ARS facilities. (Section 872)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 889)

(61) National aquaculture policy, planning, and development

The Senate amendment amends the National Aquaculture Act of 1980.

Subsection (a) amends the definition of aquaculture and adds a definition of private aquaculture.

Subsections (b) and (c) designate USDA as the lead agency for aquaculture.

Subsection (e) establishes a national policy for private aquaculture and requires the Secretary to develop and implement a Department of Agriculture Aquaculture Plan for coordinating and implementing aquaculture activities and programs within the Department and supporting the development of private aquaculture. The Secretary is also authorized to maintain and support a National Aquaculture Information Center at the National Agricultural Library. The Secretary is directed to treat private aquaculture as agriculture and is directed to coordinate interdepartmental functions and activities relating to private aquaculture.

Subsection (f) authorizing appropriations of $1 million for each of the Departments of Agriculture, Commerce and Interior is extended through 2002. (Section 873)

The House bill contains no comparable provision.

The Conference substitute adopts the House provision, striking the Senate provision.

(62) Expansion of authorities related to the National Arboretum, Transfer of Aquacultural Research Center, and use of remote sensing data

The Senate amendment expands the authorities of the National Arboretum to allow it to benefit from proceeds resulting from concession fees, disposition of excess properties, fees from the commercial use of facilities and grounds, and license use of the National Arboretum name and logo. Any funds received from these activities are to be held in a special account for the use of the National Arboretum as the Secretary considers appropriate. (Section 874)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to permit the transfer of the Southeastern Fish Culture Laboratory in Marion, Alabama to USDA; and to direct the Secretary and the Administrator of NASA to work together to provide farmers with timely information through remote sensing. (Sections 890, 891, and 892)

In addition to NASA, the managers encourage the Secretary to continue cooperative efforts with the Department of Energy (DOE). The managers support the Memorandum of Understanding that was signed between the Department of Agriculture (USDA) and the DOE in November 1995. It is the intent of the managers that the cooperative efforts of the DOE and USDA continue.

(63) Study of Agricultural Research Service

The Senate amendment directs the Secretary to request the National Academy of Sciences to conduct a study on the role and mission of the Agricultural Research Service. The study is to review the mission of federal research conducted by ARS, evaluate the strength of ARS science and its relevance to national priorities, and examine how the agency's work relates to the capacity of the U.S. agricultural research, education and extension system overall. The report is to be completed within 18 months of the date of enactment. The Secretary is directed to make not more than $500,000 of ARS funds available for the report. (Section 875)

The House bill contains no comparable provision.

The Conference substitute adopts the House provision, deleting the Senate provision.

(64) Sense of the Senate regarding methyl bromide and general funding authority for research, extension and education

The Senate amendment states 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 and that the Department of Agriculture, the Environmental Protection Agency, producer and processor organizations, environmental organizations and state agencies should continue their dialogue on the risks and benefits of extending the 2001 phaseout deadline. (Section 877)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to provide general funding authority for research, extension and education activities and initiatives for fiscal years 1998 through 2002. (Sections 893, 897 and 898)

The conference agreement includes provisions that, for fiscal years 1998 through 2002, would direct the Secretary to conduct such research, education, and extension activities as are specifically funded in appropriations acts, and that would authorize the appropriations of such sums as are necessary to carry out such activities and initiatives. As indicated elsewhere, the Managers also have agreed that each of the authorizations of appropriations for agricultural research, extension or education programs or activities contained in this title shall be extended only through fiscal year 1997. The Managers intend that these combined actions will provide Congress and the Executive branch a fresh opportunity to conduct a thorough and comprehensive review of the federal agricultural research, extension and education programs and authorities. Our purpose is to revise these programs and authorities as necessary to ensure that the needs of the nation, and in particular the agriculture sector, are met as we transition into a new era. The Managers intend that this review be completed and that comprehensive legislation be enacted by the end of fiscal year 1997.

(65) Miscellaneous research concerns

The Managers recognize the importance of continuing research to find alternatives to grass burning used by the grass seed industry.

The Managers believe that research and education to enhance soil quality and thus human and animal health are important. These research and education efforts should begin to address our understanding of the interrelationship between soil quality, food quality and overall health.

In recognizing that our nation's soil resources affect multiple priorities including farm productivity, water and air pollution, food quality and natural resource enhancement as well as human and animal health, the Managers encourage continuing efforts to develop standardized field and laboratory methods to measure and interpret changes observed in soil quality indicators across fields, farms and watersheds.

The Managers recognize that there have been exciting and promising advances made in agricultural areas including perennial grain polyculture ecosystems; high seed yield; management of insects injurious to plants, plant pathogens and weeds; nitrogen fertility provided by legumes; minimizing soil erosion, use of fossil fuels and synthetic chemicals; and enhancement of soil quality. The Managers believe that research in these areas would be eligible to compete for competitive research funding.

(66) Agriculture weather service centers

The collection, quality, and reporting of agricultural weather data should remain a federal responsibility. Without federal responsibility to collect and distribute weather data, the specialized forecasts and private sector agricultural weather services may not remain viable.

Furthermore, it is the belief of the Managers that it has not been properly demonstrated that the private sector is ready to assume responsibility of agricultural weather data collection and dissemination. The managers encourage the National Weather Service (NWS) to recognize the value of the Agriculture Weather Service Centers.

The Department of Agriculture is familiar with farming and the collection and dissemination of weather data. Therefore the managers believe that the Department of Agriculture is the most suitable agency for this service. The Department has an ongoing relationship with the land-grant colleges and universities, and via the extension service, can ensure that this information is made available to all producers. Therefore, the Managers encourage the NWS to work cooperatively with the Department to explore ways to continue to provide agricultural weather data and transfer this responsibility to the Department of Agriculture. The Managers request the NWS and the Department of Agriculture to report on the status of Agriculture Weather Service Centers to the Congressional Committees on Agriculture not later than 30 days after enactment of this Act.

Until such time that action can be taken on the transfer of the Agriculture Weather Service to the Department of Agriculture, the Managers request that this important and essential service be continued through the Commerce Department, and the Department of Agriculture contract for this service. Additionally, the Managers request that the funding for this service continue through Commerce, State, Justice appropriations.

TITLE IX—MISCELLANEOUS

SUBTITLE A—COMMERCIAL TRANSPORTATION OF EQUINE FOR SLAUGHTER

The Senate amendment establishes requirements for the commercial transportation of equine for slaughter.

Section 521 sets forth 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.

Section 522 defines commerce, Department, equine, equine for slaughter, foal, intermediate handler, person, Secretary, vehicle, and stallion.

Section 523 directs the Secretary, subject to the availability of appropriations, not later than 1 year after the date of enactment of this subtitle, to issue, by regulation, standards for the humane commercial transportation by vehicle of equine for slaughter.

A person engaged in the regular business of transporting equine by vehicle for slaughter as part of a commercial enterprise, is prohibited, from transporting horses to slaughter except in accordance with the standards and this subtitle.

This section establishes minimum requirements for the humane handling, care, treatment, and equipment necessary to ensure the safe and humane transportation of equine for slaughter, including period of time in transport and vehicle requirements. All equine for slaughter must be fit to travel as defined by an accredited veterinarian who shall prepare a certificate of inspection. No equine for slaughter shall be accepted by a slaughter facility unless the equine is inspected on arrival and is accompanied by a certificate of inspection.

Section 524 outlines the record keeping procedures required for transportation of equine to slaughter.

Section 525 states that an act or omission of an employee of a person engaged in the business of transporting equine for slaughter shall be considered an act or omission of the employer as well as the employee. This section also requires that 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.

Section 526 authorizes the Secretary 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).

Section 527 authorizes the Secretary to conduct such investigations or inspections as the Secretary considers necessary to enforce this subtitle (including any regulation issued under this subtitle), establishes guidelines for the investigations, and permits employees or agents of the Department to provide assistance to or destroy any equine found suffering.

Section 528 establishes penalties for interfering with enforcement of the act.

Section 529 establishes judicial jurisdiction for cases arising from this act.

Section 530 establishes civil and criminal penalties for violations of this Act or regulations.

Section 531 states that, 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.

Section 532 states that 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.

Section 533 authorizes appropriations to carry out the act. No provision of this subtitle shall be effective or enforced during a fiscal year unless funds have been appropriated. (Subtitle C of Title V)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment authorizing the Secretary of Agriculture because of the unique and special needs of equine being transported to slaughter, subject to the availability of appropriations, to issue guidelines for the regulation of persons regularly engaged in the commercial transportation of equine for slaughter within the U.S. Among the issues the Secretary shall review are the food, water and rest provided to equine in transit and the segregation of stallions from other equine during transit. (Sections 901–905)

It is the intent of the Managers that the object of any prospective regulation on this matter will be the individual or company which regularly engages in the commercial transport of equine to slaughter, and will not extend to individuals or others who periodically transport equine for slaughter outside of their regular activity.

It is the intent of the Managers that the Secretary of Agriculture to the maximum extent possible employ performance based standards rather than engineering based standards when establishing guidelines for the regulation of commercial transportation of equine species to slaughter.

The Managers intend that the Secretary of Agriculture's authority to issue guidelines for regulation is restricted solely to the commercial transportation of equine to a slaughter facility. Also, it is not the intention of the Managers for the Secretary to inhibit the commercially viable transport of equine to slaughter facilities.

It is the clear intent of the Managers that no authorization of authority under this section may be construed to give the Secretary authority to regulate the routine or regular transportation of non-slaughter equine. Further, it is the clear intent of the Managers that no authorization of authority under this section may be construed to give the Secretary authority to regulate the routine or regular transportation of any other livestock, including poultry, to a slaughter facility or any other destination or by any conveyance.

SUBTITLE B—GENERAL PROVISIONS

(1) Livestock Dealer Trust, Interstate Quarantine, Cotton Classification Services, and Plant Variety Protection Act

The Senate amendment amends Title III of the Packers and Stockyards Act of 1921 and establishes a statutory trust for the benefit of livestock sellers who sell to livestock dealers and market agencies which buy on commission. To ensure prompt payment of livestock sellers, all livestock purchased in cash sales by a dealer or market agency buying livestock on commission shall have all related property (i.e., livestock, receivables or proceeds) held in a "floating" trust until the unpaid seller receives full payment.

Unpaid sellers lose benefit of the trust if payment has not been received within 30 days of the final date for payment, or within 15 business days after the seller learns that the payment instrument presented has been dishonored. To preserve the trust, written notice on non-payment must be given to the dealer or market agency and a notice filed with the Secretary. Dealers or market agencies buying on commission with average annual purchases not exceeding $250,000 are exempt from the trust provisions.

The section also states the trust will not include livestock sold to bona fide third-party purchasers. (Section 541)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment striking the Senate provision and adding an amendment directing the Secretary of Agriculture to consider enhancing passenger movement and commerce on and between islands when imposing a quarantine on a state entirely comprised of islands; extending cotton classification services; and amending the Plant Variety Protection Act to allow varieties of potatoes that have been marketed for more than four years in another country to apply for and receive protection in the U.S. during a one-year period after enactment. Protection would be limited to a total of 20 years, including the time protected in another country. (Sections 911, 912, and 913)

The Managers are concerned about the burden borne by the State of Hawaii as a result of the agriculture quarantine covering that entire state for the benefit of agricultural production within the mainland United States. The Managers expect that the Agriculture Committees will give further consideration to this matter and that the Department of Agriculture will do the same. The Managers fully expect that the provisions in this bill relating to the agricultural quarantine inspection user fees will help address international, as well as domestic preclearance, staffing and equipment needs in Hawaii.

(2) Swine health protection, Mount Pleasant National Scenic Area, and pseudorabies eradication program

The Senate amendment authorizes the Secretary, upon request of the Governor or other appropriate official of a State, to terminate the State's primary enforcement responsibility under the Swine Health Protection Act. This section also deletes the requirement that an advisory committee be appointed to evaluate state programs regulating the treatment of garbage to be fed to swine. (Section 544)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment regarding the designation of the Mount Pleasant National Scenic Area and extending the Pseudorabies eradication program through 2002. (Section 914, 915, and 916)

(3) Agricultural quarantine and inspection and meat and poultry inspection

The House bill amends the agricultural quarantine and inspection fees provisions in section 2509 of the Food, Agriculture, Conservation and Trade Act of 1990 to provide that, for the fiscal years

1996–2002, funds in the user fee account in excess of appropriated amounts shall be available until expended. Beginning with fiscal year 2003, funds in the user fee account shall be available without fiscal year limitation. This section also provides an exemption from the limitation on total number of full-time equivalent positions for positions attributable to the provision of agricultural quarantine and inspection services. (Section 502)

The Senate amendment contains an identical provision. (Section 504)

The Conference substitute adopts the House provision with an amendment requiring the Secretary to report to Congress within 90 days indicating the steps necessary to allow interstate shipment of state-inspected meat and poultry and requiring the establishment of a Safe Meat and Poultry Inspection Panel. (Section 917 and 918)

The Managers are concerned that because of escalating budget pressures and consistent annual increases in passenger and commercial air travel, the Agriculture Quarantine Inspection (AQI) services are negatively impacted. The Managers have thus provided that the amount necessary from the appropriations process will be frozen at $100 million between fiscal years 1996 and 2002. Furthermore, the Managers have provided the funding necessary to make all funds collected by APHIS in excess of $100 million available to the Secretary for the purpose of AQI without further appropriation. As provided in this legislation, the Managers expect that the Agriculture Quarantine Inspection user fee fund be no longer subject to appropriation starting in fiscal year 2003. The Managers further expect that all funds collected after fiscal year 2002 be deposited in a dedicated account at the U.S. Treasury for the express purpose of covering the costs of Agriculture Quarantine Inspection. The managers expect the Secretary to have sole discretion over the disbursement and use of these funds for the purpose of AQI.

The Managers have observed that virtually every debate regarding the current operation and future modernization of the federal meat and poultry inspection system concludes with a call for an increase in the role of sound science in the decision-making process. For this reason, the Managers have mandated the creation of the Safe Meat and Poultry Inspection Panel. The panel shall consist of experts in medical science demonstrating knowledge in areas of microbiology, epidemiology, and veterinary medicine, and scientific experts with knowledge in animal sciences, poultry science, meat science, and food technology.

It is the intent of the Managers that the Secretary act swiftly to appoint members of the panel so that it may begin offering its valuable input at the earliest possible opportunity. The Managers expect that this panel will address matters within its scope that are significant in the development of food safety policy. Also, it is the intent of the Managers that the panel be operated in a thrifty manner.

The urgency of implementing this provision is reflected in the simple design of this panel. This independent panel of scientists is expected to operate unencumbered by the traditional political and bureaucratic structure of the U.S. Department of Agriculture to advise the Secretary on all manners of inspection policy proposals. It is the intent of the Managers that the panel will not be limited to

initiatives within the Department but will consider both its own ideas and those from the scientific community at large.

Further, it is the intent of the Managers that no funds for the purpose of in plant inspections be used for the Safe Meat and Poultry Inspection Panel. The Managers advise the Secretary to examine the Food Safety Inspection Service funding currently used for non-inspection related travel, funding that is transferred outside of the agency and the resources devoted to the Administrator's staff, which has expanded significantly in recent years.

The United States presently allows foreign-inspected meat and poultry products to engage in interstate commerce as long as the foreign system has been certified by the United States Department of Agriculture as "equivalent" to the U.S. system. At the same time, meat and poultry products from state inspection systems which are required to be "at least equal" to the federal inspection system are prohibited in statute from engaging in interstate commerce. It is the intent of the Managers to seek a resolution to the apparent inequities in this current regulatory situation.

Since the President included the interstate shipment of state inspected product in the Guidance of the Administration for the 1995 Farm Bill, the Managers expect that the Secretary will report on the reasons for the evolution of differences between state and federal inspection programs, and any and all legal prohibitions to interstate shipment of state inspected product. Moreover, the Managers expect the report to expand beyond the legal history and an explanation of prohibitions to interstate shipment and sale of state inspected product, but engage constructively by making recommendations on challenges, such as, appropriate food safety, administrative, and funding, that may be necessary to effect an efficient transition.

(4) Reimbursable agreements

The Senate amendment authorizes the Secretary to enter into reimbursable fee agreements for the pre-clearance at locations outside the U.S. of plants, plant products, animals and articles for movement into the U.S. Funds collected for pre-clearance shall be credited to accounts established by the Secretary and shall remain available until expended for pre-clearance activities. This section authorizes the Secretary to require persons for whom the services are performed to reimburse the Secretary for the services. (Section 543)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 919)

(5) Overseas tort claims

The Senate amendment authorizes the Secretary to pay tort claims when claims arise outside the U.S. for persons who are performing services for the Secretary. A claim must be presented to the Secretary within two years after the claim accrues. (Section 547)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 920)

(6) Graduate School of the U.S. Department of Agriculture

The Senate amendment states the purpose of this section is to authorize continued operation of the Graduate School as a non-appropriated fund instrumentality of the Department.

Subsection (b) defines board, department, director, graduate school, and secretary.

Subsection (c) sets forth the functions and authority of the Graduate School. The Graduate School is authorized to develop and administer education, training and professional development activities. The Graduate School may provide educational activities to federal agencies, employees, nonprofit organizations, other entities, and members of the public. The Graduate School may charge reasonable fees for its activities based upon the cost of providing the service and may retain those fees rather than depositing them in the United States Treasury. The Graduate School is authorized to operate under its current name or may adopt another name.

Subsection (d) provides that the General Administration Board appointed by the Secretary would govern the activities of the Graduate School in accordance with the Secretary's regulations. The Board would be responsible for determining the policies by which the School is administered and for taking steps necessary to assure that the responsibilities are carried out, including the selection of a Director and other officers. The Board may authorize the Director to borrow money on the credit of the Graduate School.

Subsection (e) authorizes the Director to carry out the activities of the School, subject to the direction and oversight of the Board. The Board may authorize the Director to invest funds held in excess of the current operating requirements as a reasonable reserve.

Subsection (f) states that the director and Board members shall not be held personally liable for any loss or damage that may accrue to the funds of the Graduate School as a result of a discretionary act in carrying out their duties.

Subsection (g) states that Graduate School employees shall not be considered federal employees.

Subsection (h) states that the Graduate School shall not be considered a federal agency for purposes of the Federal Tort Claims Act, the Federal Advisory Committee Act, the Freedom of Information Act or the Privacy Act.

Subsection (i) prohibits the Graduate School from accepting gifts from interested parties.

Subsection (j) authorizes the Graduate School to accept gifts of money and property made for the benefit of the Graduate School. This subsection authorizes the Graduate School to acquire, maintain, and control real property. It also authorizes the Graduate School to enter into contracts without regard to any law prescribing procedures for the procurement of property or services and to dispose of real or personal property without regard to the Federal Property and Administrative Services Act. The subsection also authorizes the Graduate School to continue to use the facilities and resources of the Department in carrying out its functions if the costs are reimbursed out of the fees collected or other income earned by the Graduate School. (Section 548)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 921)

(7) Student internship program and conveyance of excess Federal personal property

The Senate amendment authorizes use of appropriated or user fee funds to pay for transportation, subsistence, and lodging expenses of student interns. Student interns are defined as employees who assist scientific, professional, administrative, or technical employees of the Department and who are bona fide students of accredited colleges or universities pursuing courses related to the field in which the person is employed by the Department. (Section 549)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to authorize the Secretary to enter into cooperative agreements on an annual basis with one or more associations of colleges and universities for the purpose of providing for USDA participation in internship programs for graduate and undergraduate students who are selected by such associations from students attending member institutions of such associations and other colleges and universities and an amendment authorizing the Secretary of Agriculture to convey title to excess personal property to any 1994 Institution, Hispanic-Serving Institution or 1890 institutions for research purposes with or without monetary compensation. (Section 922 and 923)

(8) Conveyance of land, sale of land, designation of research center, and Washington area strategic space plan

The Senate amendment provides for conveyance of land to the Board of Trustees of the University of Arkansas to be used in the White Oak Cemetery. The land would revert to the United States if not used in the cemetery. (Section 550)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment authorizing the sale of land known as the "Walker Tract"; renaming the Agricultural Research Service Small Farms research facility located near Booneville, Arkansas as the Dale Bumpers Small Farms Research Center; and authorizing funding for improvement of roads at Beltsville as part of the USDA Washington Area Strategic Space Plan. (Sections 924, 925, 926 and 927)

The Managers expect USDA to continue to evaluate the Washington Area Strategic Plan in light of Department streamlining and workforce reduction. Furthermore, the Managers expect the Secretary to work closely with the House and Senate Agriculture Committees in identifying the most cost-effective option for renovating the South Building. It is important that USDA brief the Agriculture Committees on a regular basis about progress in this regard.

(9) Sense of the Congress regarding purchase of American-made equipment and products

The House bill states that it is the intent of Congress that recipients of assistance under this Act shall purchase only American-made equipment and products. (Section 508)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the Senate provision, striking the House provision.

(10) Amendment of the Virus-Serum Toxin Act of 1913

The Senate amendment amends the Virus Serum Toxin Act of 1913 to increase the criminal penalty from a maximum of $1,000 to a maximum of $10,000, upon conviction, for each violation. This section also authorizes the assessment of civil penalties of up to $5,000 for each violation of the Act or regulations. A person must "knowingly" violate the Act or regulations to be subject to a criminal or civil penalty. Knowingly forging, counterfeiting, or without permission of the Secretary of Agriculture, using, altering, defacing, or destroying any certificate, permit, license, or other document will be considered a violation of the Act. The Secretary is required to provide notice and an opportunity for an agency hearing before issuing an order for a civil penalty. The total amount of civil penalties assessed against a violator shall not exceed $300,000 for all such violations adjudicated in a single proceeding. In the course of an investigation of a suspected violation, the Secretary may issue subpoenas requiring the attendance and testimony of witnesses and the production of evidence that relates to the matter under investigation. (Section 546)

The House bill contains no comparable provision.

The Conference substitute adopts the House provision, striking the Senate provision.

(11) Equine piroplasmosis

It is the intention of the Congress that the Secretary of Agriculture be directed to protect the United States and its domestic horse population from equine piroplasmosis by taking all actions necessary to ensure that the disease does not become established in the United States or spread to the domestic horse population.

Congress finds that the U.S. Department of Agriculture and the Georgia Department of Agriculture plan to grant a conditional waiver from Federal and State health requirements for a limited number of foreign horses testing positive for equine piroplasmosis to enter the U.S. and compete in the 1996 Centennial Olympic Games.

Although careful conditions have been imposed on such admissions, there is a minimum risk that this disease could become established in the U.S. Therefore, the twenty point plan that has been agreed to by the European Union, the Georgia Department of Agriculture, and the U.S. Department of Agriculture must not be relaxed and the conditions must be followed and administratively enforced.

PAT ROBERTS,
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STEVE GUNDERSON,
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Managers on the Part of the House.

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MITCH MCCONNELL,
LARRY E. CRAIG,
PATRICK LEAHY,
HOWELL HEFLIN,
Managers on the Part of the Senate.

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