

105TH CONGRESS
2^D SESSION

H. R. 4560

To provide short-term and long-term relief to agricultural producers, small businesses, and rural communities adversely affected by low prices for agricultural commodities.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 14, 1998

Mr. HILL introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To provide short-term and long-term relief to agricultural producers, small businesses, and rural communities adversely affected by low prices for agricultural commodities.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Family Agriculture Reinvestment and Marketing Strat-
6 egy Act of 1998”.

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

Sec. 1. Short title; table of contents.

TITLE I—SHORT-TERM CASH RELIEF MEASURES

Sec. 101. Increase in amounts available for payments under production flexibility contracts.

Sec. 102. Revenue insurance based on dollar per acre revenue guarantee.

Sec. 103. Supplemental market deficiency and indemnity payments.

TITLE II—TRADE ISSUES AND PROMOTION OF VALUE-ADDED
 AGRICULTURE

Subtitle A—Trade Issues

Sec. 201. Trade with Canada.

Sec. 202. Principal agricultural trade negotiating objectives.

Sec. 203. Accession of countries with state trading enterprises to General Agreement on Tariffs and Trade and World Trade Organization.

Sec. 204. Accession of China to the WTO.

Sec. 205. The accession of Russia to the WTO.

Sec. 206. Definitions.

Subtitle B—Value-Added Agriculture

Sec. 211. Production and marketing of value-added agricultural commodities.

Sec. 212. Establishment of small business disaster assistance program.

Subtitle C—Meat Labeling

Sec. 221. Definitions.

Sec. 222. Labeling of imported meat and meat food products.

Sec. 223. Regulations.

Subtitle D—Other Matters Regarding Trade

Sec. 231. Study of licensing and registration procedures under Federal insecticide, fungicide, and rodenticide act.

Sec. 232. Livestock industry improvement.

TITLE III—TAX PROVISIONS

Sec. 301. Reduction in individual capital gains tax rates.

Sec. 302. Repeal of estate and gift taxes.

Sec. 303. Permanent extension of income averaging for farmers.

1 **TITLE I—SHORT-TERM CASH**
2 **RELIEF MEASURES**

3 **SEC. 101. INCREASE IN AMOUNTS AVAILABLE FOR PAY-**
4 **MENTS UNDER PRODUCTION FLEXIBILITY**
5 **CONTRACTS.**

6 Section 113 of the Agricultural Market Transition
7 Act (7 U.S.C. 7213(a)) is amended by adding at the end
8 the following new subsection:

9 “(g) **TRANSFER OF UNUSED FUNDS FROM AGRICUL-**
10 **TURAL TRADE PROGRAMS.**—For each of the fiscal years
11 1999 through 2002, the Secretary may increase the
12 amount available under subsection (a) for contract pay-
13 ments by up to \$1,000,000,000 through the transfer of
14 funds available for that fiscal year for agricultural trade
15 export programs administered by the Secretary, such as
16 the export enhancement program and market access pro-
17 gram.”.

18 **SEC. 102. REVENUE INSURANCE BASED ON DOLLAR PER**
19 **ACRE REVENUE GUARANTEE.**

20 (a) **REVENUE INSURANCE PROGRAM REQUIRED.**—
21 The Secretary of Agriculture, acting through the Risk
22 Management Agency, shall conduct a crop insurance pro-
23 gram that allows a producer to select a dollar amount of
24 coverage per acre by crop within a production area des-
25 ignated by the Secretary. The Secretary shall use regional

1 offices of the Risk Management Agency to develop a crop
2 yield potential in a designated homogeneous production
3 area using Geographical Information System data. The
4 Secretary shall develop and publish a maximum crop value
5 for the production area by multiplying the area's yield
6 times a market price researched and projected by the Sec-
7 retary.

8 (b) PRODUCER SELECTION.—A producer may select
9 a dollar per acre revenue guarantee equal to 85 percent
10 (or less) of the established maximum crop value in the
11 production area in which the producer's farm operation
12 is located.

13 (c) DETERMINATION OF CROP VALUES.—Producers
14 shall have the option of using the crop value established
15 for a production area or providing production records to
16 establish a farm enterprise crop value for their operation.
17 The Secretary shall continue to use existing Risk Manage-
18 ment Agency unit structure standards in conducting the
19 revenue insurance program. Harvest value of crop produc-
20 tion shall be determined using Risk Management Agency
21 established crop value per unit of measure.

22 (d) CALCULATION OF LOSSES.—The Secretary shall
23 calculate a producer's losses by subtracting the dollar
24 value of crop production from the revenue guarantee on
25 a per unit basis. To reduce premium costs, the Secretary

1 shall allow a producer the option of combining the guaran-
2 teed dollar value of all insurable acreage of the crop in
3 the county in which the producer has a share. The Sec-
4 retary shall also permit producers to combine crops to be
5 pooled into one revenue guarantee. The harvest value of
6 each crop in the combination would then be determined
7 and totaled before an indemnity would be paid.

8 (e) REPEAL OF EXISTING PILOT PROGRAM.—Section
9 508(h) of the Federal Crop Insurance Act (7 U.S.C.
10 1508(h)) is amended by striking paragraph (9).

11 **SEC. 103. SUPPLEMENTAL MARKET DEFICIENCY AND IN-**
12 **DEMUNITY PAYMENTS.**

13 Section 135 of the Agricultural Market Transition
14 Act (7 U.S.C. 7235) is amended by adding at the end the
15 following new subsection:

16 “(e) SUPPLEMENT TO LOAN DEFICIENCY PAY-
17 MENT.—To indemnify producers for the adverse effect of
18 trade sanctions imposed by the United States on the ex-
19 port of wheat and barley loan commodities, each eligible
20 wheat and barley producer shall receive an additional
21 \$0.60 market deficiency payment per bushel to the loan
22 payment rate determined under subsection (c).”.

1 **TITLE II—TRADE ISSUES AND**
2 **PROMOTION OF VALUE-**
3 **ADDED AGRICULTURE**

4 **Subtitle A—Trade Issues**

5 **SEC. 201. TRADE WITH CANADA.**

6 (a) COMPLIANCE OF CANADIAN WHEAT BOARD
7 WITH REQUESTS BY GENERAL ACCOUNTING OFFICE.—
8 Until such time as the Canadian Wheat Board complies
9 with requests made by officials of the General Accounting
10 Office for access to the records of the Board for the pur-
11 poses of monitoring compliance with the North American
12 Free Trade Agreement, the President shall proclaim re-
13 strictions on imports of wheat produced in Canada.

14 (b) SUBSIDIES.—The President shall determine
15 whether the Canadian Wheat Board, in implementing its
16 pricing policies, complies fully with trade agreements be-
17 tween Canada and the United States which prohibit sub-
18 sidies. If the President determines that the Canadian
19 Wheat Board is selling grain in the United States market
20 at prices below the costs of acquiring and delivering the
21 grain to such market, then the President shall impose ap-
22 propriate sanctions provided by law.

23 (c) ACCESS TO CANADIAN RAIL SYSTEM.—The Presi-
24 dent shall take the necessary steps to access by United
25 States producers of agricultural commodities to Canada's

1 rail system in order to provide for the efficient transpor-
2 tation of such commodities to their destinations.

3 (d) PUBLICATION OF DATA ON FEEDER CATTLE.—

4 The United States Trade Representative, in consultation
5 with the Secretary of Agriculture, shall publish on a
6 monthly basis data that sets forth the prices of feeder cat-
7 tle imported from Canada into the United States, as well
8 as the number of cattle in Canada in inventory and the
9 number of cattle slaughtered in that country.

10 (e) SUBSIDIZED FEED COSTS.—The President shall

11 determine how low costs of Canadian feed for cattle, in-
12 cluding direct and indirect subsidies, affect the production
13 and exports of Canadian cattle. If the President deter-
14 mines that any such subsidies exist, then the President
15 shall take action to seek the termination of such subsidies.

16 (f) PHYTOSANITARY MEASURES.—The United States

17 Trade Representative shall take the necessary steps to se-
18 cure changes in Canada's phytosanitary inspection re-
19 quirements with respect to agricultural commodities to
20 make such requirements reciprocal with those of the
21 United States.

22 (g) TRADE BARRIERS.—The President shall deter-

23 mine whether Canada is imposing tariff or nontariff bar-
24 riers to import of United States agricultural commodities
25 in violation of any trade agreement to which Canada is

1 a party, then the President shall invoke the remedies avail-
2 able to the United States to restrict imports of agricul-
3 tural products from Canada.

4 (h) REPORTS TO CONGRESS.—The President shall re-
5 port to the Congress, by not later than January 1 of each
6 year, on the implementation of this section.

7 **SEC. 202. PRINCIPAL AGRICULTURAL TRADE NEGOTIATING**
8 **OBJECTIVES.**

9 The principle agricultural trade negotiating objectives
10 of the United States with respect to the WTO Agreement
11 on Agriculture shall include the following:

12 (1) ELIMINATION OF TARIFFS ON AGRICUL-
13 TURAL PRODUCTS.—The United States shall nego-
14 tiate a specific date after which tariffs imposed on
15 agricultural products shall be eliminated by WTO
16 members and the United States shall negotiate the
17 immediate elimination or substantial reduction of
18 the tariffs imposed on the following products by cer-
19 tain WTO members:

20 (A) Tariffs imposed on meat products by
21 Japan.

22 (B) Tariffs imposed on meat products by
23 South Korea.

24 (C) Tariffs imposed on grains, livestock,
25 and meat products by the Philippines.

1 (D) Tariffs imposed on wheat by South Af-
2 rica.

3 (E) Tariffs imposed on milling wheat,
4 corn, and sorghum by Turkey.

5 (2) ELIMINATION OF EXPORT AND OTHER
6 TRADE-DISTORTING SUBSIDIES.—The United States
7 shall negotiate a specific date after which all export
8 and other trade-distorting subsidies shall be elimi-
9 nated by WTO members and the United States shall
10 negotiate the elimination of the following subsidies
11 provided by the certain WTO members:

12 (A) Export subsidies on wheat, wheat
13 flour, beef, and poultry provided by the Euro-
14 pean Union.

15 (B) Domestic subsidies on pork and feed
16 grains provided by the European Union.

17 (3) ELIMINATION OF THE UNFAIR OR TRADE-
18 DISTORTING ACTIVITIES OF STATE TRADING ENTER-
19 PRISES.—

20 (A) IN GENERAL.—The United States
21 shall negotiate the elimination of the exclusive
22 right of state trading enterprises to import ag-
23 ricultural products in the case of members of
24 the WTO and shall negotiate the elimination of
25 the ability of state trading enterprises to use

1 their exclusive authority over the export of agri-
2 cultural products to distort trade and inter-
3 national prices.

4 (B) SPECIFIC REFORMS.—The United
5 States shall negotiate the following specific re-
6 forms with respect to the activities of state
7 trading enterprises:

8 (i) Ensure that Australia adheres to
9 its commitment to end the export monop-
10 oly of the Australia Wheat Board no later
11 than January 1, 1999.

12 (ii) Ensure that Canada eliminates
13 the discretionary pricing practices of the
14 Canadian Wheat Board.

15 (4) ELIMINATION OF UNJUSTIFIED SANITARY
16 AND PHYTOSANITARY RESTRICTIONS ON IMPORTS OF
17 UNITED STATES AGRICULTURAL PRODUCTS.—The
18 United States shall negotiate the elimination of the
19 following sanitary and phytosanitary restrictions on
20 imports of United States agricultural products to
21 the extent that the restrictions are inconsistent with
22 the WTO Agreement on the Application of Sanitary
23 and Phytosanitary Measures:

24 (A) Australia's quarantine and health re-
25 strictions on imports of livestock and poultry.

1 (B) Australia’s prohibition on poultry im-
2 ports in the absence of WTO-required risk as-
3 sessments.

4 (C) Australia’s ban on cooked pork.

5 (D) Australia’s requirement that most feed
6 grains be steam-treated or processed in an al-
7 ternative satisfactory manner at the port of
8 entry.

9 (E) Chile’s refusal to permit United States
10 beef in consumer cuts to enter the market with-
11 out being graded to Chilean standards.

12 (F) Egypt’s refusal to adhere to the stand-
13 ard international practice of allowing producers
14 to determine the shelf life of their product.

15 (G) The European Union’s failure to re-
16 quire labeling only for health or safety reasons.

17 (H) The failure of the European Union’s
18 Specified Risk Material regulations to recognize
19 regional disease differences in animal disease
20 status and to account for available scientific in-
21 formation and advice relating to the control of
22 bovine spongiform encephalopathy and other
23 transmissible spongiform encephalopathies in
24 products of animal origin.

1 (I) The failure of the European Union to
2 implement the requirements of the WTO with
3 respect to the European Union's ban on growth
4 promoting hormones in meat production.

5 (J) The European Union's lengthy and un-
6 predictable approval process for agricultural
7 products that contain genetically modified orga-
8 nisms.

9 (K) Greece's ban on the import of United
10 States wheat.

11 (L) India's sanitary and phytosanitary re-
12 strictions on imports of United States wheat.

13 (M) Israel's ban on imports of non-kosher
14 meat and meat products.

15 (N) South Korea's excessive labeling re-
16 quirements.

17 (O) South Korea's failure to base its
18 standards and testing procedures on scientific
19 risk assessment.

20 (P) Poland's zero tolerance policy on weed
21 seeds.

22 (Q) Turkey's ban on cattle and beef im-
23 ports.

1 **SEC. 203. ACCESSION OF COUNTRIES WITH STATE TRADING**
2 **ENTERPRISES TO GENERAL AGREEMENT ON**
3 **TARIFFS AND TRADE AND WORLD TRADE OR-**
4 **GANIZATION.**

5 Section 1106 of the Omnibus Trade and Competitive-
6 ness Act of 1988 (19 U.S.C. 2905) is amended—

7 (1) by striking “major foreign country” each
8 place it appears and inserting “foreign country”;

9 (2) in subsection (a), by amending paragraph
10 (1) to read as follows:

11 “(1) whether state trading enterprises produce
12 or procure a significant share of—

13 “(A) the goods exported from such foreign
14 country;

15 “(B) the goods imported into such foreign
16 country; or

17 “(C) the goods produced domestically in
18 such foreign country; and”;

19 (3) in subsection (b)(2)(A)—

20 (A) by amending clause (i) to read as fol-
21 lows:

22 “(i) will make purchases and sales in
23 international trade based solely on com-
24 mercial considerations (including price,
25 quality, availability, marketability, and
26 transportation), and”;

1 (B) in clause (ii), by striking “, in accord-
2 ance with customary practice,”.

3 **SEC. 204. ACCESSION OF CHINA TO THE WTO.**

4 The United States shall not agree to the accession
5 of the People’s Republic of China to the WTO until the
6 President certifies to Congress the following:

7 (1) The People’s Republic of China evenly ap-
8 plies phytosanitary and veterinary import quarantine
9 standards that are based upon modern laboratory
10 techniques.

11 (2) The People’s Republic of China agrees to
12 eliminate the restrictive import licensing require-
13 ments it imposes on pork products.

14 (3) The People’s Republic of China agrees to
15 permit the unrestricted importation of meat and
16 wheat products.

17 **SEC. 205. THE ACCESSION OF RUSSIA TO THE WTO.**

18 The United States shall not agree to the accession
19 of Russia to the WTO until the President certifies to Con-
20 gress the following:

21 (1) Russia agrees to change the Russian Veteri-
22 nary Department requirements in a manner that
23 brings the requirements into conformity with the
24 WTO’s Agreement on the Application of Sanitary
25 and Phytosanitary Measures. In particular the re-

1 requirements must be more transparent and based on
2 sound science.

3 (2) Russia agrees to change other sanitary and
4 phytosanitary requirements that violate the WTO
5 Agreement on the Application of Sanitary and
6 Phytosanitary Measures, especially the requirements
7 governing the import of planting seeds and meat
8 products.

9 **SEC. 206. DEFINITIONS.**

10 In this subtitle:

11 (1) AGREEMENT ON AGRICULTURE.—The term
12 “Agreement on Agriculture” means the Agreement
13 described in section 101(d)(2) of the Uruguay
14 Round Agreements Act.

15 (2) AGREEMENT ON THE APPLICATION OF SAN-
16 ITARY; AND PHYTOSANITARY MEASURES.—The term
17 “Agreement on the Application of Sanitary and
18 Phytosanitary Measures” means the Agreement de-
19 scribed in section 101(d)(3) of the Uruguay Round
20 Agreements Act.

21 (3) URUGUAY ROUND AGREEMENTS.—The term
22 “Uruguay Round Agreements” has the meaning
23 given such term in section 2(7) of the Uruguay
24 Round Agreements Act (19 U.S.C. 3501(7)).

1 (4) WORLD TRADE ORGANIZATION.—The term
2 “World Trade Organization” means the organization
3 established pursuant to the WTO Agreement.

4 (5) WTO AGREEMENT.—The term “WTO
5 Agreement” means the Agreement Establishing The
6 World Trade Organization entered into on April 15,
7 1994.

8 (6) WTO AND WTO MEMBER.—The terms
9 “WTO” and “WTO member” have the meanings
10 given those terms in section 2 of the Uruguay
11 Round Agreements Act (19 U.S.C. 3501).

12 **Subtitle B—Value-Added** 13 **Agriculture**

14 **SEC. 211. PRODUCTION AND MARKETING OF VALUE-ADDED** 15 **AGRICULTURAL COMMODITIES.**

16 (a) NEW GRANT PROGRAM.—Section 310B of the
17 Consolidated Farm and Rural Development Act (7 U.S.C.
18 1932) is amended by adding at the end the following new
19 subsection:

20 “(h) DEVELOPMENT OF VALUE-ADDED PRODUCTION
21 AND MARKETING.—In addition to other amounts available
22 for loans and grants authorized under this section and sec-
23 tion 306(a)(11), there is authorized to be appropriated to
24 the Secretary \$400,000,000 for each fiscal year to make
25 grants and loans under this section and section 306(a)(11)

1 for projects that encourage the production and marketing
2 of value-added agricultural commodities.”.

3 (b) REPORT ON OTHER ASSISTANCE.—Not later
4 than one year after the date of the enactment of this Act,
5 the Secretary of Agriculture shall submit to Congress a
6 report specifying the Federal programs available to agri-
7 cultural producers, cooperative organizations of producers,
8 and rural communities under which loans or grants may
9 be made to support the development of production and
10 marketing facilities for value-added agricultural commod-
11 ities.

12 **SEC. 212. ESTABLISHMENT OF SMALL BUSINESS DISASTER**
13 **ASSISTANCE PROGRAM.**

14 The Small Business Administrator shall implement a
15 program that allows any small business concern, rancher,
16 or farmer directly affected by low commodity prices to
17 have access to low interest loans similar to those allowed
18 under areas classified as federal disaster areas.

19 **Subtitle C—Meat Labeling**

20 **SEC. 221. DEFINITIONS.**

21 Section 1 of the Federal Meat Inspection Act (21
22 U.S.C. 601) is amended by adding at the end the follow-
23 ing:

24 “(w) BEEF.—The term ‘beef’ means meat produced
25 from cattle (including veal).

1 “(x) LAMB.—The term ‘lamb’ means meat, other
2 than mutton, produced from sheep.

3 “(y) BEEF BLENDED WITH IMPORTED MEAT.—The
4 term ‘beef blended with imported meat’ means ground
5 beef, or beef in another meat food product that contains
6 United States beef and any imported meat.

7 “(z) LAMB BLENDED WITH IMPORTED MEAT.—The
8 term ‘lamb blended with imported meat’ means ground
9 meat, or lamb in another meat food product, that contains
10 United States lamb and any imported meat.

11 “(aa) IMPORTED BEEF.—The term ‘imported beef’
12 means any beef, including any fresh muscle cuts, ground
13 meat, trimmings, and beef in another meat food product,
14 that is not United States beef, whether or not the beef
15 is graded with a quality grade issued by the Secretary.

16 “(bb) IMPORTED LAMB.—The term ‘imported lamb’
17 means any lamb, including any fresh muscle cuts, ground
18 meat, trimmings, and lamb in another meat food product,
19 that is not United States lamb, whether or not the lamb
20 is graded with a quality grade issued by the Secretary.

21 “(cc) UNITED STATES BEEF.—

22 “(1) IN GENERAL.—The term ‘United States
23 beef’ means beef produced from cattle slaughtered in
24 the United States.

1 “(2) EXCLUSIONS.—The term ‘United States
2 beef’ does not include—

3 “(A) beef produced from cattle imported
4 into the United States in sealed trucks for
5 slaughter;

6 “(B) beef produced from imported car-
7 casses;

8 “(C) imported beef trimmings; or

9 “(D) imported boxed beef.

10 “(dd) UNITED STATES LAMB.—

11 “(1) IN GENERAL.—The term ‘United States
12 lamb’ means lamb, except mutton, produced from
13 sheep slaughtered in the United States.

14 “(2) EXCLUSIONS.—The term ‘United States
15 lamb’ does not include—

16 “(A) lamb produced from sheep imported
17 into the United States in sealed trucks for
18 slaughter;

19 “(B) lamb produced from an imported car-
20 cass;

21 “(C) imported lamb trimmings; or

22 “(D) imported boxed lamb.”.

23 **SEC. 222. LABELING OF IMPORTED MEAT AND MEAT FOOD**
24 **PRODUCTS.**

25 (a) LABELING REQUIREMENT.—

1 (1) IN GENERAL.—Section 1(n) of the Federal
2 Meat Inspection Act (21 U.S.C. 601(n)) is amended
3 by adding at the end the following:

4 “(13)(A) If it is imported beef or imported
5 lamb offered for retail sale as fresh muscle cuts of
6 beef or lamb and is not accompanied by labeling that
7 identifies it as imported beef or imported lamb.

8 “(B) If it is United States beef or United
9 States lamb offered for retail sale, or offered and in-
10 tended for export as fresh muscle cuts of beef or
11 lamb, and is not accompanied by labeling that iden-
12 tifies it as United States beef or United States lamb.

13 “(C) If it is United States or imported ground
14 beef or other processed beef or lamb product and is
15 not accompanied by labeling that identifies it as
16 United States beef or United States lamb, imported
17 beef or imported lamb, beef blended with imported
18 meat or lamb blended with imported meat, or other
19 designation that identifies the percentage content of
20 United States beef and imported beef United States
21 lamb and imported lamb or contained in the prod-
22 uct, as determined by the Secretary under section
23 7(g).”.

24 (2) CONFORMING AMENDMENT.—Section 20(a)
25 of the Federal Meat Inspection Act (21 U.S.C.

1 620(a)) is amended by adding at the end the follow-
2 ing: “All imported beef or imported lamb offered for
3 retail sale as fresh muscle cuts of beef or lamb shall
4 be plainly and conspicuously marked, labeled, or oth-
5 erwise identified as imported beef or imported
6 lamb.”.

7 (b) GROUND OR PROCESSED BEEF AND LAMB.—Sec-
8 tion 7 of the Federal Meat Inspection Act (21 U.S.C. 607)
9 is amended by adding at the end the following:

10 “(g) GROUND OR PROCESSED BEEF AND LAMB.—

11 “(1) VOLUNTARY LABELING.—Subject to para-
12 graph (2), the Secretary shall provide by regulation
13 for the voluntary labeling or identification of ground
14 beef or lamb, other processed beef or lamb products
15 as United States beef or United States lamb, im-
16 ported beef or imported lamb, beef blended with im-
17 ported meat or lamb blended with imported meat, or
18 other designation that identifies the percentage con-
19 tent of United States and imported beef or imported
20 lamb contained in the product, as determined by the
21 Secretary.

22 “(2) MANDATORY LABELING.—

23 “(A) IN GENERAL.—Except as provided in
24 subparagraph (B), not later than 18 months
25 after the date of enactment of this subsection,

1 the Secretary shall provide by regulation for the
2 mandatory labeling or identification of ground
3 beef or lamb, other processed beef or lamb
4 products as United States beef or United States
5 lamb, imported beef or imported lamb, beef
6 blended with imported meat or lamb blended
7 with imported meat, or other designation that
8 identifies the percentage content of United
9 States and imported beef or imported lamb con-
10 tained in the product, as determined by the
11 Secretary.

12 “(B) APPLICATION.—Subparagraph (A)
13 shall not apply to the extent the Secretary de-
14 termines that the costs associated with labeling
15 under subparagraph (A) would result in an un-
16 reasonable burden on producers, processors, re-
17 tailers, or consumers.”.

18 (c) GROUND BEEF AND GROUND LAMB LABELING
19 STUDY.—

20 (1) IN GENERAL.—The Secretary of Agriculture
21 shall conduct a study of the effects of the mandatory
22 use of imported, blended, or percentage content la-
23 beling on ground beef, ground lamb, and other proc-
24 essed beef or lamb products made from imported
25 beef or imported lamb.

1 (2) COSTS AND RESPONSES.—The study shall
2 be designed to evaluate the costs associated with and
3 consumer response toward the mandatory use of la-
4 beling described in paragraph (1).

5 (3) REPORT.—Not later than 1 year after the
6 date of enactment of this Act, the Secretary shall re-
7 port the findings of the study conducted under para-
8 graph (1) to the Committee on Agriculture of the
9 House of Representatives and the Committee on Ag-
10 riculture, Nutrition, and Forestry of the Senate.

11 **SEC. 223 REGULATIONS.**

12 Not later than 120 days after the date of enactment
13 of this Act, the Secretary of Agriculture shall promulgate
14 final regulations to carry out the amendments made by
15 this subtitle.

16 **Subtitle D—Other Matters**
17 **Regarding Trade**

18 **SEC. 231. STUDY OF LICENSING AND REGISTRATION PRO-**
19 **CEDURES UNDER FEDERAL INSECTICIDE,**
20 **FUNGICIDE, AND RODENTICIDE ACT.**

21 (a) STUDY REQUIRED.—The Secretary of Agriculture
22 and the Administrator of the Environmental Protection
23 Agency shall jointly conduct a study comparing the proce-
24 dures by which herbicides and pesticides are licensed and
25 registered under the Federal Insecticide, Fungicide, and

1 Rodenticide Act (7 U.S.C. 121 et seq.) for use by agricul-
2 tural producers in the United States and the licensing and
3 registration procedures used in Canada for herbicides and
4 pesticides. As part of the study, the Secretary and the Ad-
5 ministrator shall consider whether the United States pro-
6 cedures may be safely changed to more closely parallel the
7 Canadian procedures.

8 (b) SUBMISSION OF STUDY.—Not later than one year
9 after the date of the enactment of this Act, the Secretary
10 and the Administrator shall submit to Congress a report
11 containing the results of the study.

12 **SEC. 232. LIVESTOCK INDUSTRY IMPROVEMENT.**

13 (a) DOMESTIC MARKET REPORTING.—

14 (1) IN GENERAL.—Section 203(g) of the Agri-
15 cultural Marketing Act of 1946 (7 U.S.C. 1622(g))
16 is amended—

17 (A) by striking “(g) To” and inserting the
18 following:

19 “(g) COLLECTION AND DISSEMINATION OF MARKET-
20 ING INFORMATION.—

21 “(1) IN GENERAL.—The Secretary shall”; and

22 (B) by adding at the end the following:

23 “(2) DOMESTIC MARKET REPORTING.—

24 “(A) MANDATORY REPORTING PILOT PRO-
25 GRAM.—

1 “(i) IN GENERAL.—The Secretary
2 shall conduct a 3-year pilot program under
3 which the Secretary shall require any per-
4 son or class of persons engaged in the
5 business of buying, selling, or marketing
6 livestock, livestock products, meat, or meat
7 products in an unmanufactured form to re-
8 port to the Secretary in such manner as
9 the Secretary shall require, such informa-
10 tion relating to prices and the terms of
11 sale for the procurement of livestock, live-
12 stock products, meat, or meat products in
13 an unmanufactured form as the Secretary
14 determines is necessary to carry out this
15 subsection.

16 “(ii) NONCOMPLIANCE.—It shall be
17 unlawful for a person engaged in the busi-
18 ness of buying, selling, or marketing live-
19 stock, livestock products, meat, or meat
20 products in an unmanufactured form to
21 knowingly fail or refuse to provide to the
22 Secretary information required to be re-
23 ported under subparagraph (A).

24 “(iii) CEASE AND DESIST AND CIVIL
25 PENALTY.—

1 “(I) IN GENERAL.—If the Sec-
2 retary has reason to believe that a
3 person engaged in the business of
4 buying, selling, or marketing livestock,
5 livestock products, meat, or meat
6 products in an unmanufactured form
7 is violating the provisions of subpara-
8 graph (A) (or regulation promulgated
9 under subparagraph (A)), the Sec-
10 retary after notice and opportunity for
11 hearing, may make an order to cease
12 and desist from continuing the viola-
13 tion and assess a civil penalty of not
14 more than \$10,000 for each violation.

15 “(II) CONSIDERATIONS.—In de-
16 termining the amount of a civil pen-
17 alty to be assessed under clause (i),
18 the Secretary shall consider the grav-
19 ity of the offense, the size of the busi-
20 ness involved, and the effect of the
21 penalty on the ability of the person to
22 continue in business.

23 “(iv) REFERRAL TO ATTORNEY GEN-
24 ERAL.—If, after expiration of the period
25 for appeal or after the affirmance of a civil

1 penalty assessed under clause (iii), the per-
2 son against whom the civil penalty is as-
3 sessed fails to pay the civil penalty, the
4 Secretary may refer the matter to the At-
5 torney General, who may recover the
6 amount of the civil penalty in a civil action
7 in United States district court.

8 “(B) VOLUNTARY REPORTING.—The Sec-
9 retary shall encourage voluntary reporting by
10 persons engaged in the business of buying, sell-
11 ing, or marketing livestock, livestock products,
12 meats, or meat products in an unmanufactured
13 form that are not subjected to a mandatory re-
14 porting requirement under subparagraph (A).

15 “(C) AVAILABILITY OF INFORMATION.—
16 The Secretary shall make information received
17 under this paragraph available to the public
18 only in a form that ensures that—

19 “(i) the identity of the person submit-
20 ting a report is not disclosed; and

21 “(ii) the confidentiality of proprietary
22 business information is otherwise pro-
23 tected.

24 “(D) EFFECT ON OTHER LAWS.—Nothing
25 in this paragraph restricts or modifies the au-

1 thority of the Secretary to collect voluntary re-
2 ports in accordance with other provisions of
3 law.”.

4 (2) TECHNICAL AMENDMENT.—Section 203 of
5 the Agricultural Marketing Act of 1946 (7 U.S.C.
6 1622) is amended—

7 (A) by striking “The Secretary is directed
8 and authorized.”; and

9 (B) in the first sentence of each of sub-
10 sections (a) through (f) and subsections (h)
11 through (n), by striking “To” and inserting
12 “The Secretary shall”.

13 (b) PROHIBITION ON NONCOMPETITIVE PRAC-
14 TICES.—Section 202 of the Packers and Stockyards Act,
15 1921 (7 U.S.C. 192), is amended—

16 (1) in subsection (g), by striking the period at
17 the end and inserting “; or”; and

18 (2) by adding at the end the following:

19 “(h) Engage in any practice or device that the Sec-
20 retary by regulation, after consultation with producers of
21 cattle, lamb, and hogs, and other persons in the cattle,
22 lamb, and hog industries, determines is a detrimental non-
23 competitive practice or device relating to the price or a
24 term of sale for the procurement of livestock or the sale
25 of meat or other byproduct of slaughter.”.

1 (c) PROTECTION OF LIVESTOCK PRODUCERS
2 AGAINST RETALIATION BY PACKERS.—

3 (1) RETALIATION PROHIBITED.—Section
4 202(b) of the Packers and Stockyards Act, 1921 (7
5 U.S.C. 192(b)), is amended—

6 (A) by striking “or subject” and inserting
7 “subject”; and

8 (B) by inserting before the semicolon at
9 the end the following: “, or retaliate against
10 any livestock producer on account of any state-
11 ment made by the producer (whether made to
12 the Secretary or a law enforcement agency or in
13 a public forum) regarding an action of any
14 packer”.

15 (2) SPECIAL REQUIREMENTS REGARDING ALLE-
16 GATIONS OF RETALIATION.—Section 203 of the
17 Packers and Stockyards Act, 1921 (7 U.S.C. 193),
18 is amended by adding at the end the following:

19 “(e) SPECIAL PROCEDURES REGARDING ALLEGA-
20 TIONS OF RETALIATION.—

21 “(1) CONSIDERATION BY SPECIAL PANEL.—The
22 President shall appoint a special panel consisting of
23 3 members to receive and initially consider a com-
24 plaint submitted by any person that alleges prohib-

1 ited packer retaliation under section 202(b) directed
2 against a livestock producer.

3 “(2) COMPLAINT; HEARING.—If the panel has
4 reason to believe from the complaint or resulting in-
5 vestigation that a packer has violated or is violating
6 the retaliation prohibition under section 202(b), the
7 panel shall notify the Secretary who shall cause a
8 complaint to be issued against the packer, and a
9 hearing conducted, under subsection (a).

10 “(3) EVIDENTIARY STANDARD.—In the case of
11 a complaint regarding retaliation prohibited under
12 section 202(b), the Secretary shall find that the
13 packer involved has violated or is violating section
14 202(b) if the finding is supported by a preponder-
15 ance of the evidence.”.

16 (3) DAMAGES FOR PRODUCERS SUFFERING RE-
17 TALIATION.—Section 203 of the Packers and Stock-
18 yards Act, 1921 (7 U.S.C. 193) (as amended by
19 subsection (b)), is amended by adding at the end the
20 following:

21 “(f) DAMAGES FOR PRODUCERS SUFFERING RETAL-
22 IATION.—

23 “(1) IN GENERAL.—If a packer violates the re-
24 taliation prohibition under section 202(b), the pack-
25 er shall be liable to the livestock producer injured by

1 the retaliation for not more than 3 times the amount
2 of damages sustained as a result of the violation.

3 “(2) ENFORCEMENT.—The liability may be en-
4 forced either by complaint to the Secretary, as pro-
5 vided in subsection (e), or by suit in any court of
6 competent jurisdiction.

7 “(3) OTHER REMEDIES.—This subsection shall
8 not abridge or alter a remedy existing at common
9 law or by statute. The remedy provided by this sub-
10 section shall be in addition to any other remedy.”.

11 (d) REVIEW OF FEDERAL AGRICULTURE CREDIT
12 POLICIES.—The Secretary of Agriculture, in consultation
13 with the Secretary of the Treasury, the Chairman of the
14 Board of Governors of the Federal Reserve System, and
15 the Chairman of the Board of the Farm Credit Adminis-
16 tration, shall establish an interagency working group to
17 study—

18 (1) the extent to which Federal lending prac-
19 tices and policies have contributed, or are contribut-
20 ing, to market concentration in the livestock and
21 dairy sectors of the national economy; and

22 (2) whether Federal policies regarding the fi-
23 nancial system of the United States adequately take
24 account of the weather and price volatility risks in-
25 herent in livestock and dairy enterprises.

1 **TITLE III—TAX PROVISIONS**

2 **SEC. 301. REDUCTION IN INDIVIDUAL CAPITAL GAINS TAX**

3 **RATES.**

4 (a) IN GENERAL.—Subsection (h) of section 1 of the
5 Internal Revenue Code of 1986 is amended to read as fol-
6 lows:

7 “(h) MAXIMUM CAPITAL GAINS RATE.—

8 “(1) IN GENERAL.—If a taxpayer has a net
9 capital gain for any taxable year, the tax imposed by
10 this section for such taxable year shall not exceed
11 the sum of—

12 “(A) a tax computed at the rates and in
13 the same manner as if this subsection had not
14 been enacted on taxable income reduced by the
15 net capital gain,

16 “(B) 7.5 percent of so much of the net
17 capital gain (or, if less, taxable income) as does
18 not exceed the excess (if any) of—

19 “(i) the amount of taxable income
20 which would (without regard to this para-
21 graph) be taxed at a rate below 28 per-
22 cent, over

23 “(ii) the taxable income reduced by
24 the net capital gain, and

1 “(C) 15 percent of the amount of taxable
2 income in excess of the sum of the amounts on
3 which tax is determined under subparagraphs
4 (A) and (B).

5 “(2) NET CAPITAL GAIN TAKEN INTO ACCOUNT
6 AS INVESTMENT INCOME.—For purposes of this sub-
7 section, the net capital gain for any taxable year
8 shall be reduced (but not below zero) by the amount
9 which the taxpayer takes into account as investment
10 income under section 163(d)(4)(B)(iii).”.

11 (b) ALTERNATIVE MINIMUM TAX.—Paragraph (3) of
12 section 55(b) of such Code is amended to read as follows:

13 “(3) MAXIMUM RATE OF TAX ON NET CAPITAL
14 GAIN OF NONCORPORATE TAXPAYERS.—The amount
15 determined under the first sentence of paragraph
16 (1)(A)(i) shall not exceed the sum of—

17 “(A) the amount determined under such
18 first sentence computed at the rates and in the
19 same manner as if this paragraph had not been
20 enacted on the taxable excess reduced by the
21 net capital gain,

22 “(B) 7.5 percent of so much of the net
23 capital gain (or, if less, taxable excess) as does
24 not exceed the amount on which a tax is deter-
25 mined under section 1(h)(1)(B), and

1 “(C) 15 percent of the amount of taxable
2 excess in excess of the sum of the amounts on
3 which tax is determined under subparagraphs
4 (A) and (B).”.

5 (c) CONFORMING AMENDMENTS.—

6 (1) Paragraph (1) of section 1445(e) of such
7 Code is amended by striking “20 percent” and in-
8 serting “15 percent”.

9 (2) The second sentence of section
10 7518(g)(6)(A) of such Code, and the second sen-
11 tence of section 607(h)(6)(A) of the Merchant Ma-
12 rine Act, 1936, are each amended by striking “20
13 percent” and inserting “15 percent”.

14 (3) Section 311 of the Taxpayer Relief Act of
15 1997 is amended by striking subsection (e).

16 (4) Paragraph (7) of section 57(a) of such Code
17 (as amended by the Internal Revenue Service Re-
18 structuring and Reform Act of 1998) is amended by
19 striking the last sentence.

20 (5) Paragraphs (11) and (12) of section 1223,
21 and section 1235(a), of such Code (as amended by
22 the Internal Revenue Service Restructuring and Re-
23 form Act of 1998) are each amended by striking “18
24 months” each place it appears and inserting “1
25 year”.

1 (d) TRANSITIONAL RULES FOR TAXABLE YEARS
2 WHICH INCLUDE JUNE 24, 1998.—

3 (1) IN GENERAL.—Subsection (h) of section 1
4 of such Code (as amended by the Internal Revenue
5 Service Restructuring and Reform Act of 1998) is
6 amended by adding at the end the following new
7 paragraph:

8 “(14) SPECIAL RULES FOR TAXABLE YEARS
9 WHICH INCLUDE JUNE 24, 1998.—For purposes of
10 applying this subsection in the case of a taxable year
11 which includes June 24, 1998—

12 “(A) Gains or losses properly taken into
13 account for the period on or after such date
14 shall be disregarded in applying paragraph
15 (5)(A)(i), subclauses (I) and (II) of paragraph
16 (5)(A)(ii), paragraph (5)(B), paragraph (6),
17 and paragraph (7)(A).

18 “(B) The amount determined under sub-
19 paragraph (B) of paragraph (1) shall be the
20 sum of—

21 “(i) 7.5 percent of the amount which
22 would be determined under such subpara-
23 graph if the amount of gain taken into ac-
24 count under such subparagraph did not ex-
25 ceed the net capital gain taking into ac-

1 count only gain or loss properly taken into
2 account for the portion of the taxable year
3 on or after such date, plus

4 “(ii) 10 percent of the excess of the
5 amount determined under such subpara-
6 graph (determined without regard to this
7 paragraph) over the amount determined
8 under clause (i).

9 “(C) The amount determined under sub-
10 paragraph (C) of paragraph (1) shall be the
11 sum of—

12 “(i) 15 percent of the amount which
13 would be determined under such subpara-
14 graph if the adjusted net capital gain did
15 not exceed the net capital gain taking into
16 account only gain or loss properly taken
17 into account for the portion of the taxable
18 year on or after such date, plus

19 “(ii) 20 percent of the excess of the
20 amount determined under such subpara-
21 graph (determined without regard to this
22 paragraph) over the amount determined
23 under clause (i).

24 “(D) Rules similar to the rules of para-
25 graph (13)(C) shall apply.”.

1 (2) ALTERNATIVE MINIMUM TAX.—Paragraph
2 (3) of section 55(b) of such Code (as amended by
3 the Internal Revenue Service Restructuring and Re-
4 form Act of 1998) is amended by adding at the end
5 the following new sentence: “For purposes of apply-
6 ing this paragraph for a taxable year which includes
7 June 24, 1998, rules similar to the rules of section
8 1(h)(14) shall apply.”.

9 (e) EFFECTIVE DATES.—

10 (1) IN GENERAL.—Except as otherwise pro-
11 vided in this subsection, the amendments made by
12 this section shall apply to taxable years beginning on
13 or after June 24, 1998.

14 (2) TRANSITIONAL RULES FOR TAXABLE YEARS
15 WHICH INCLUDE JUNE 24, 1998.—The amendments
16 made by subsection (d) shall apply to taxable years
17 beginning before such date and ending on or after
18 June 24, 1998.

19 (3) WITHHOLDING.—The amendment made by
20 subsection (c)(1) shall apply only to amounts paid
21 after the date of the enactment of this Act.

22 (4) CERTAIN CONFORMING AMENDMENTS.—The
23 amendments made by subsection (c)(5) shall take ef-
24 fect on June 24, 1998.

1 **SEC. 302. REPEAL OF ESTATE AND GIFT TAXES.**

2 (a) **IN GENERAL.**—Subtitle B of the Internal Reve-
3 nue Code of 1986 (relating to estate, gift, and generation-
4 skipping taxes) is hereby repealed.

5 (b) **EFFECTIVE DATE.**—The repeal made by sub-
6 section (a) shall apply to estates of decedents dying, gifts
7 made, and generation-skipping transfers made after the
8 date of the enactment of this Act.

9 **SEC. 303. PERMANENT EXTENSION OF INCOME AVERAGING**
10 **FOR FARMERS.**

11 Section 933(c) of the Taxpayer Relief Act of 1997
12 (Public Law 104–34; 111 Stat. 882) is amended by strik-
13 ing “, and before January 1, 2001”.

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