

In the Senate of the United States,

February 13, 2002.

Resolved, That the bill from the House of Representatives (H.R. 2646) entitled “An Act to provide for the continuation of agricultural programs through fiscal year 2011.”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

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

2 (a) *SHORT TITLE.*—*This Act may be cited as the “Ag-*
3 *riculture, Conservation, and Rural Enhancement Act of*
4 *2002”.*

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

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1 **TITLE I—COMMODITY**
 2 **PROGRAMS**

3 **SEC. 101. DEFINITIONS.**

4 *Section 102 of the Federal Agriculture Improvement*
 5 *and Reform Act of 1996 (7 U.S.C. 7202) is amended to*
 6 *read as follows:*

7 **“SEC. 102. DEFINITIONS.**

8 *“In this title:*

9 *“(1) AGRICULTURAL ACT OF 1949.—Except in*
 10 *section 171, the term ‘Agricultural Act of 1949’ means*
 11 *the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.),*
 12 *as in effect prior to the suspensions under section*
 13 *171(b)(1).*

14 *“(2) CONSIDERED PLANTED.—The term ‘consid-*
 15 *ered planted’ means any acreage on the farm that—*

16 *“(A) producers on a farm were prevented*
 17 *from planting to a crop because of drought, flood,*
 18 *or other natural disaster, or other condition be-*
 19 *yond the control of the eligible owners and pro-*
 20 *ducers on the farm, as determined by the Sec-*
 21 *retary; and*

1 “(B) was not planted to another contract
2 commodity (other than a contract commodity
3 produced under an established practice of double
4 cropping).

5 “(3) CONTRACT.—The term ‘contract’ means a
6 contract entered into under subtitle B.

7 “(4) CONTRACT ACREAGE.—The term ‘contract
8 acreage’ means the contract acreage determined under
9 section 111(f).

10 “(5) CONTRACT COMMODITY.—The term ‘contract
11 commodity’ means wheat, corn, grain sorghum, bar-
12 ley, oats, upland cotton, rice, and oilseeds.

13 “(6) CONTRACT PAYMENT.—The term ‘contract
14 payment’ means a payment made under subtitle B
15 pursuant to a contract.

16 “(7) DEPARTMENT.—The term ‘Department’
17 means the Department of Agriculture.

18 “(8) EXTRA LONG STAPLE COTTON.—The term
19 ‘extra long staple cotton’ means cotton that—

20 “(A) is produced from pure strain varieties
21 of the *Barbadense* species or any hybrid thereof,
22 or other similar types of extra long staple cotton,
23 designated by the Secretary, having characteris-
24 tics needed for various end uses for which United
25 States upland cotton is not suitable and grown

1 *in irrigated cotton-growing regions of the United*
2 *States designated by the Secretary or other areas*
3 *designated by the Secretary as suitable for the*
4 *production of the varieties or types; and*

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

8 *“(9) LOAN COMMODITY.—The term ‘loan com-*
9 *modity’ means wheat, corn, grain sorghum, barley,*
10 *oats, upland cotton, extra long staple cotton, rice, oil-*
11 *seeds, wool, honey, dry peas, lentils, and chickpeas.*

12 *“(10) OILSEED.—The term ‘oilseed’ means a*
13 *crop of soybeans, sunflower seed, rapeseed, canola, saf-*
14 *flower, flaxseed, mustard seed, and, if designated by*
15 *the Secretary, other oilseeds.*

16 *“(11) PAYMENT YIELD.—The term ‘payment*
17 *yield’ means a payment yield determined under sec-*
18 *tion 111(g).*

19 *“(12) PRODUCER.—*

20 *“(A) IN GENERAL.—The term ‘producer’*
21 *means an owner, operator, landlord, tenant, or*
22 *sharecropper that—*

23 *“(i) shares in the risk of producing a*
24 *crop; and*

1 “(ii) is entitled to share in the crop
2 available for marketing from the farm, or
3 would have shared had the crop been pro-
4 duced.

5 “(B) *HYBRID SEED.*—In determining
6 whether a grower of hybrid seed is a producer,
7 the Secretary shall not take into consideration
8 the existence of a hybrid seed contract.

9 “(13) *SECRETARY.*—The term ‘Secretary’ means
10 the Secretary of Agriculture.

11 “(14) *STATE.*—The term ‘State’ means—

12 “(A) a State;

13 “(B) the District of Columbia;

14 “(C) the Commonwealth of Puerto Rico; and

15 “(D) any other territory or possession of the
16 United States.

17 “(15) *UNITED STATES.*—The term ‘United
18 States’, when used in a geographical sense, means all
19 of the States.”.

20 ***Subtitle A—Direct and Counter-***
21 ***Cyclical Payments***

22 ***SEC. 111. DIRECT AND COUNTER-CYCLICAL PAYMENTS.***

23 *Sections 111 through 114 of the Federal Agriculture*
24 *Improvement and Reform Act of 1996 (7 U.S.C. 7211*
25 *through 7214) are amended to read as follows:*

1 **“SEC. 111. AUTHORIZATION FOR CONTRACTS.**

2 “(a) *IN GENERAL.*—*The Secretary shall offer to enter*
3 *into a contract with an eligible owner or producer described*
4 *in subsection (b) on a farm containing eligible cropland*
5 *under which the eligible owner or producer will receive di-*
6 *rect payments and counter-cyclical payments under sec-*
7 *tions 113 and 114, respectively.*

8 “(b) *ELIGIBLE OWNERS AND PRODUCERS.*—

9 “(1) *IN GENERAL.*—*Subject to paragraphs (2)*
10 *and (3), an owner or producer on a farm shall be eli-*
11 *gible to enter into a contract.*

12 “(2) *TENANTS.*—

13 “(A) *SHARE-RENT TENANTS.*—*A producer*
14 *on eligible cropland that is a tenant with a*
15 *share-rent lease of the eligible cropland, regard-*
16 *less of the length of the lease, shall be eligible to*
17 *enter into a contract, if the owner of the eligible*
18 *cropland enters into the same contract.*

19 “(B) *CASH-RENT TENANTS.*—

20 “(i) *CONTRACTS WITH LONG-TERM*
21 *LEASES.*—*A producer on eligible cropland*
22 *that cash rents the eligible cropland under*
23 *a lease expiring on or after the termination*
24 *of the contract shall be eligible to enter into*
25 *a contract.*

1 “(ii) *CONTRACTS WITH SHORT-TERM*
2 *LEASES.—*

3 “(I) *IN GENERAL.—A producer*
4 *that cash rents the eligible cropland*
5 *under a lease expiring before the termi-*
6 *nation of the contract shall be eligible*
7 *to enter into a contract.*

8 “(II) *OWNER’S CONTRACT INTER-*
9 *EST.—The owner of the eligible crop-*
10 *land may also enter into the same con-*
11 *tract.*

12 “(III) *CONSENT OF OWNER.—If*
13 *the producer elects to enroll less than*
14 *100 percent of the eligible cropland in*
15 *the contract, the consent of the owner*
16 *shall be required for a valid contract.*

17 “(3) *CASH-RENT OWNERS.—*

18 “(A) *IN GENERAL.—An owner of eligible*
19 *cropland that cash rents the eligible cropland*
20 *under a lease term that expires before the end of*
21 *2006 crop year shall be eligible to enter into a*
22 *contract if the tenant declines to enter into the*
23 *contract.*

24 “(B) *CONTRACT PAYMENTS.—In the case of*
25 *an owner covered by subparagraph (A), the Sec-*

1 *retary shall not make contract payments to the*
2 *owner under the contract until the lease held by*
3 *the tenant terminates.*

4 “(c) *COMPLIANCE WITH CERTAIN REQUIREMENTS.—*
5 *Under the terms of a contract, the owner or producer shall*
6 *agree, in exchange for annual contract payments—*

7 “(1) *to comply with applicable highly erodible*
8 *land conservation requirements under subtitle B of*
9 *title XII of the Food Security Act of 1985 (16 U.S.C.*
10 *3811 et seq.);*

11 “(2) *to comply with applicable wetland conserva-*
12 *tion requirements under subtitle C of title XII of that*
13 *Act (16 U.S.C. 3821 et seq.);*

14 “(3) *to comply with the planting flexibility re-*
15 *quirements of section 118; and*

16 “(4) *to use a quantity of land on the farm equal*
17 *to the contract acreage, for an agricultural or con-*
18 *serving use or related activity, and not for a non-*
19 *agricultural commercial or industrial use, as deter-*
20 *mined by the Secretary.*

21 “(d) *PROTECTION OF INTERESTS OF CERTAIN PRO-*
22 *DUCERS.—*

23 “(1) *TENANTS AND SHARECROPPERS.—In car-*
24 *rying out this subtitle, the Secretary shall provide*

1 *adequate safeguards to protect the interests of tenants*
2 *and sharecroppers.*

3 “(2) *SHARING OF PAYMENTS.*—*The Secretary*
4 *shall provide for the sharing of contract payments*
5 *among the eligible producers on a farm on a fair and*
6 *equitable basis.*

7 “(e) *ELIGIBLE CROPLAND.*—

8 “(1) *IN GENERAL.*—*Land shall be considered to*
9 *be cropland eligible for coverage under a contract only*
10 *if the land—*

11 “(A) *has with respect to a contract*
12 *commodity—*

13 “(i) *contract acreage attributable to the*
14 *land; and*

15 “(ii) *a payment yield; or*

16 “(B) *was subject to a conservation reserve*
17 *contract under section 1231 of the Food Security*
18 *Act of 1985 (16 U.S.C. 3831) with a term that*
19 *expired, or was voluntarily terminated, on or*
20 *after the date of enactment of this paragraph.*

21 “(2) *QUANTITY OF ELIGIBLE CROPLAND COV-*
22 *ERED BY CONTRACT.*—*An eligible owner or producer*
23 *may enroll as contract acreage under this subtitle all*
24 *or a portion of the eligible cropland on the farm.*

1 “(3) *VOLUNTARY REDUCTION IN CONTRACT ACRE-*
2 *AGE.—An eligible owner or producer that enters into*
3 *a contract may subsequently reduce the quantity of*
4 *contract acreage covered by the contract.*

5 “(f) *CONTRACT ACREAGE.—*

6 “(1) *IN GENERAL.—Subject to subsection (h), for*
7 *the purpose of making direct payments and counter-*
8 *cyclical payments to eligible owners and producers on*
9 *a farm, the Secretary shall provide the eligible owners*
10 *and producers on the farm with an opportunity to*
11 *elect 1 of the following methods as the method by*
12 *which the contract acreages for the 2002 through 2006*
13 *crops of all contract commodities for a farm are de-*
14 *termined:*

15 “(A) *The 4-year average of acreage planted*
16 *or considered planted to a contract commodity*
17 *for harvest, grazing, haying, silage, or other*
18 *similar purposes during each of the 1998 through*
19 *2001 crop years.*

20 “(B) *The total of—*

21 “(i) *the contract acreage (as defined in*
22 *section 102 (as in effect before the amend-*
23 *ment made by section 101 of the Agri-*
24 *culture, Conservation, and Rural Enhance-*
25 *ment Act of 2002)) that would have been*

1 *used by the Secretary to calculate the pay-*
2 *ment for fiscal year 2002 under such section*
3 *102 for the contract commodity on the farm;*
4 *and*

5 *“(ii) the 4-year average determined*
6 *under subparagraph (A) for each oilseed*
7 *produced on the farm.*

8 *“(C) In the case of land described in section*
9 *112(a)(3), land with eligible base, as determined*
10 *by the Secretary.*

11 *“(2) PREVENTION OF EXCESS CONTRACT ACRE-*
12 *AGES.—*

13 *“(A) REQUIRED REDUCTION.—If the total of*
14 *the contract acreages for a farm, together with*
15 *the acreage described in subparagraph (C), ex-*
16 *ceeds the actual cropland acreage of the farm, the*
17 *Secretary shall reduce the quantity of contract*
18 *acreages for 1 or more contract commodities for*
19 *the farm or peanut acres as necessary so that the*
20 *total of the contract acreages and acreage de-*
21 *scribed in subparagraph (C) does not exceed the*
22 *actual cropland acreage of the farm.*

23 *“(B) SELECTION OF ACRES.—The Secretary*
24 *shall give the eligible owners and producers on*
25 *the farm the opportunity to select the contract*

1 *acres or peanut acres against which the re-*
2 *duction will be made.*

3 “(C) *OTHER ACREAGE.*—*For purposes of*
4 *subparagraph (A), the Secretary shall include—*

5 “(i) *any peanut acres for the farm*
6 *under chapter 3 of subtitle D;*

7 “(ii) *any acreage on the farm enrolled*
8 *in the conservation reserve program or wet-*
9 *lands reserve program under chapter 1 of*
10 *subtitle D of title XII of the Food Security*
11 *Act of 1985 (16 U.S.C. 3830 et seq.); and*

12 “(iii) *any other acreage on the farm*
13 *enrolled in a voluntary Federal conserva-*
14 *tion program under which production of*
15 *any agricultural commodity is prohibited.*

16 “(D) *DOUBLE-CROPPED ACREAGE.*—*In ap-*
17 *plying subparagraph (A), the Secretary shall*
18 *take into account additional acreage as a result*
19 *of an established double-cropping history on a*
20 *farm, as determined by the Secretary.*

21 “(g) *PAYMENT YIELDS.*—

22 “(1) *IN GENERAL.*—*Subject to paragraph (2)*
23 *and subsection (h), an eligible owner or producer that*
24 *has entered into a contract under this subtitle may*
25 *make a 1-time election to have the payment yield for*

1 *a payment for each of the 2002 through 2006 crops*
2 *of all contract commodities for a farm be equal to—*

3 *“(A) an amount that is the greater of—*

4 *“(i) the average of the yield per har-*
5 *vested acre for the crop of the contract com-*
6 *modity for the farm for the 1998 through*
7 *2001 crop years, excluding—*

8 *“(I) any crop year for which the*
9 *producers on the farm did not plant*
10 *the contract commodity; and*

11 *“(II) at the option of the pro-*
12 *ducers on the farm, 1 additional crop*
13 *year; or*

14 *“(ii) the farm program payment yield*
15 *described in subparagraph (B); or*

16 *“(B) the farm program payment yield es-*
17 *tablished for the 1995 crop of a contract com-*
18 *modity under section 505 of the Agricultural Act*
19 *of 1949 (7 U.S.C. 1465), as adjusted by the Sec-*
20 *retary to account for any additional yield pay-*
21 *ments made with respect to that crop under sec-*
22 *tion 505(b)(2) of that Act.*

23 *“(2) ASSIGNED YIELDS.—In the case of a farm*
24 *for which yield records are unavailable for a contract*
25 *commodity (including land of a farm that is devoted*

1 to an oilseed under a former conservation reserve con-
2 tract described in section 112(a)(3)), the Secretary
3 shall establish an appropriate payment yield for the
4 contract commodity on the farm taking in consider-
5 ation the payment yields applicable to the contract
6 commodity under paragraph (1) for similar farms in
7 the area, taking into consideration the yield election
8 for the farm under subsection (h).

9 “(h) *ELIGIBLE OWNER AND PRODUCER ELECTION OP-*
10 *TIONS.—*

11 “(1) *IN GENERAL.—*In making elections under
12 subsections (f) and (g), eligible owners and producers
13 on a farm shall elect to have—

14 “(A)(i) contract acreage for the farm deter-
15 mined under subsection (f)(1)(A); and

16 “(ii) payment yields determined under sub-
17 section (g)(1)(A); or

18 “(B)(i) contract acreage for the farm deter-
19 mined under subsection (f)(1)(B); and

20 “(ii) payment yields determined under—

21 “(I) in the case of contract commod-
22 ities other than oilseeds, subsection
23 (g)(1)(B); and

24 “(II) in the case of oilseeds, subsection
25 (g)(1)(A).

1 “(2) *SINGLE ELECTION; TIME FOR ELECTION.*—

2 “(A) *SINGLE ELECTION.*—*The eligible own-*
3 *ers and producers on a farm shall have 1 oppor-*
4 *tunity to make the election described in para-*
5 *graph (1).*

6 “(B) *TIME FOR ELECTION.*—*Subject to sec-*
7 *tion 112(a)(3), not later than 180 days after the*
8 *date of enactment of this subsection, the eligible*
9 *owners and producers on a farm shall notify the*
10 *Secretary of the election made by the eligible*
11 *owners and producers on the farm under para-*
12 *graph (1).*

13 “(3) *EFFECT OF FAILURE TO MAKE ELECTION.*—
14 *If the producers on a farm fail to make the election*
15 *under paragraph (1), or fail to timely notify the Sec-*
16 *retary of the selected option as required by paragraph*
17 *(2), the eligible owners and producers on the farm*
18 *shall be deemed to have made the election described in*
19 *paragraph (1)(B) for the purpose of determining the*
20 *contract acreages for all contract commodities on the*
21 *farm.*

22 “(4) *APPLICATION OF ELECTION TO ALL CON-*
23 *TRACT COMMODITIES.*—*The election made under*
24 *paragraph (1) or deemed to be made under paragraph*

1 (3) *with respect to a farm shall apply to all of the*
2 *contract commodities produced on the farm.*

3 **“SEC. 112. ELEMENTS OF CONTRACTS.**

4 “(a) *TIME FOR CONTRACTING.—*

5 “(1) *COMMENCEMENT.—To the extent prac-*
6 *ticable, the Secretary shall commence entering into*
7 *contracts not later than 45 days after the date of en-*
8 *actment of the Agriculture, Conservation, and Rural*
9 *Enhancement Act of 2002.*

10 “(2) *DEADLINE.—Except as provided in para-*
11 *graph (3), the Secretary may not enter into a con-*
12 *tract after the date that is 180 days after the date of*
13 *enactment of that Act.*

14 “(3) *CONSERVATION RESERVE LAND.—*

15 “(A) *IN GENERAL.—At the beginning of*
16 *each fiscal year, the Secretary shall allow an eli-*
17 *gible owner or producer on a farm covered by a*
18 *conservation reserve contract entered into under*
19 *section 1231 of the Food Security Act of 1985*
20 *(16 U.S.C. 3831) that terminated after the date*
21 *specified in paragraph (2) to enter into or ex-*
22 *pend a contract to cover the eligible cropland of*
23 *the farm that was subject to the former conserva-*
24 *tion reserve contract.*

1 “(B) *ELECTION.*—*For the fiscal year and*
2 *crop year for which a contract acreage adjust-*
3 *ment under subparagraph (A) is first made, the*
4 *eligible owners and producers on the farm shall*
5 *elect to receive—*

6 “(i) *direct payments and counter-cycli-*
7 *cal payments under sections 113 and 114,*
8 *respectively, with respect to the acreage*
9 *added to the farm under this paragraph; or*

10 “(ii) *a prorated payment under the*
11 *conservation reserve contract.*

12 “(b) *DURATION OF CONTRACT.*—

13 “(1) *BEGINNING DATE.*—*The term of a contract*
14 *shall begin with—*

15 “(A) *the 2002 crop of a contract com-*
16 *modity; or*

17 “(B) *in the case of acreage that was subject*
18 *to a conservation reserve contract described in*
19 *subsection (a)(3), the date the contract was en-*
20 *tered into or expanded to cover the acreage.*

21 “(2) *ENDING DATE.*—*Subject to sections 116 and*
22 *117, the term of a contract shall extend through the*
23 *2006 crop, unless earlier terminated by the eligible*
24 *owners or producers on a farm.*

1 **“SEC. 113. DIRECT PAYMENTS.**

2 “(a) *IN GENERAL.*—*For each of the 2002 through 2006*
3 *fiscal years, the Secretary shall make direct payments*
4 *available to eligible owners and producers on a farm that*
5 *have entered into a contract to receive payments under this*
6 *section.*

7 “(b) *PAYMENT AMOUNT.*—*The amount of a direct pay-*
8 *ment to be paid to the eligible owners and producers on*
9 *a farm for a contract commodity for a fiscal year under*
10 *this section shall be obtained by multiplying—*

11 “(1) *the payment rate for the contract com-*
12 *modity specified in subsection (c);*

13 “(2) *the contract acreage attributable to the con-*
14 *tract commodity for the farm; and*

15 “(3) *the payment yield for the contract com-*
16 *modity for the farm.*

17 “(c) *PAYMENT RATE.*—*The payment rates used to*
18 *make direct payments with respect to contract commodities*
19 *for a fiscal year under this section are as follows:*

20 “(1) *WHEAT.*—*In the case of wheat:*

21 “(A) *For each of fiscal years 2002 and*
22 *2003, \$0.450 per bushel.*

23 “(B) *For each of fiscal years 2004 and*
24 *2005, \$0.225 per bushel.*

25 “(C) *For fiscal year 2006, \$0.113 per bush-*
26 *el.*

1 “(2) CORN.—*In the case of corn:*

2 “(A) *For each of fiscal years 2002 and*
3 *2003, \$0.270 per bushel.*

4 “(B) *For each of fiscal years 2004 and*
5 *2005, \$0.135 per bushel.*

6 “(C) *For fiscal year 2006, \$0.068 per bush-*
7 *el.*

8 “(3) GRAIN SORGHUM.—*In the case of grain sor-*
9 *ghum:*

10 “(A) *For the 2002 fiscal year, \$0.310 per*
11 *bushel.*

12 “(B) *For the 2003 fiscal year, \$0.270 per*
13 *bushel.*

14 “(C) *For each of fiscal years 2004 and*
15 *2005, \$0.135 per bushel.*

16 “(D) *For fiscal year 2006, \$0.068 per bush-*
17 *el.*

18 “(4) BARLEY.—*In the case of barley:*

19 “(A) *For each of fiscal years 2002 and*
20 *2003, \$0.200 per bushel.*

21 “(B) *For each of fiscal years 2004 and*
22 *2005, \$0.100 per bushel.*

23 “(C) *For fiscal year 2006, \$0.050 per bush-*
24 *el.*

25 “(5) OATS.—*In the case of oats:*

1 “(A) For each of fiscal years 2002 and
2 2003, \$0.050 per bushel.

3 “(B) For each of fiscal years 2004 and
4 2005, \$0.025 per bushel.

5 “(C) For fiscal year 2006, \$0.013 per bush-
6 el.

7 “(6) UPLAND COTTON.—In the case of upland
8 cotton:

9 “(A) For each of fiscal years 2002 and
10 2003, \$0.130 per pound.

11 “(B) For each of fiscal years 2004 and
12 2005, \$0.065 per pound.

13 “(C) For fiscal year 2006, \$0.0325 per
14 pound.

15 “(7) RICE.—In the case of rice:

16 “(A) For each of fiscal years 2002 and
17 2003, \$2.450 per hundredweight.

18 “(B) For each of fiscal years 2004 and
19 2006, \$2.40 per hundredweight.

20 “(8) SOYBEANS.—In the case of soybeans:

21 “(A) For each of fiscal years 2002 and
22 2003, \$0.550 per bushel.

23 “(B) For each of fiscal years 2004 and
24 2005, \$0.275 per bushel.

1 “(C) For fiscal year 2006, \$0.138 per bush-
2 el.

3 “(9) OILSEEDS (OTHER THAN SOYBEANS).—In
4 the case of oilseeds (other than soybeans):

5 “(A) For each of fiscal years 2002 and
6 2003, \$0.010 per pound.

7 “(B) For each of fiscal years 2004 and
8 2005, \$0.005 per pound.

9 “(C) For fiscal year 2006, \$0.0025 per
10 pound.

11 “(d) TIME FOR PAYMENTS.—

12 “(1) INITIAL PAYMENT.—At the option of the eli-
13 gible owners and producers on a farm, the Secretary
14 shall pay 50 percent of the direct payment for a crop
15 of a contract commodity for the eligible owners and
16 producers on the farm on or after December 1 of the
17 fiscal year, as determined by the Secretary.

18 “(2) FINAL PAYMENT.—The Secretary shall pay
19 the final amount of the direct payment that is pay-
20 able to the eligible owners and producers on a farm
21 for a contract commodity under subsection (a) (less
22 the amount of any initial payment made to the pro-
23 ducers on the farm of the contract commodity under
24 paragraph (1)) not later than September 30 of the fis-
25 cal year, as determined by the Secretary.

1 **“SEC. 114. COUNTER-CYCLICAL PAYMENTS.**

2 “(a) *IN GENERAL.*—*For each of the 2002 through 2006*
3 *crop years, the Secretary shall make counter-cyclical pay-*
4 *ments to eligible owners and producers on a farm of each*
5 *contract commodity that have entered into a contract to re-*
6 *ceive payments under this section.*

7 “(b) *PAYMENT AMOUNT.*—*The amount of the payments*
8 *made to eligible owners and producers on a farm for a crop*
9 *of a contract commodity under this section shall equal the*
10 *amount obtained by multiplying—*

11 “(1) *the payment rate for the contract com-*
12 *modity specified in subsection (c);*

13 “(2) *the contract acreage attributable to the con-*
14 *tract commodity for the farm; and*

15 “(3) *the payment yield for the contract com-*
16 *modity for the farm.*

17 “(c) *PAYMENT RATES.*—

18 “(1) *IN GENERAL.*—*The payment rate for a crop*
19 *of a contract commodity under subsection (b)(1) shall*
20 *equal the difference between—*

21 “(A) *the income protection price for the*
22 *contract commodity established under paragraph*
23 *(2); and*

24 “(B) *the total of—*

25 “(i) *the higher of—*

1 “(I) the average price of the con-
2 tract commodity during the first 5
3 months of the marketing year of the
4 contract commodity, as determined by
5 the Secretary; and

6 “(II) the loan rate for the crop of
7 the contract commodity under section
8 132; and

9 “(ii) the direct payment for the con-
10 tract commodity under section 113 for the
11 fiscal year that precedes the date of a pay-
12 ment under this section.

13 “(2) *INCOME PROTECTION PRICES.*—The income
14 protection prices for contract commodities under
15 paragraph (1)(A) are as follows:

16 “(A) Wheat, \$3.45 per bushel.

17 “(B) Corn, \$2.35 per bushel.

18 “(C) Grain sorghum, \$2.35 per bushel.

19 “(D) Barley, \$2.20 per bushel.

20 “(E) Oats, \$1.55 per bushel.

21 “(F) Upland cotton, \$0.680 per pound.

22 “(G) Rice, \$9.30 per hundredweight.

23 “(H) Soybeans, \$5.75 per bushel.

24 “(I) Oilseeds (other than soybeans), \$0.105
25 per pound.

1 “(d) *TIME FOR PAYMENT.*—*The Secretary shall make*
2 *counter-cyclical payments for each of the 2002 through 2006*
3 *crop years not later than 190 days after the beginning of*
4 *marketing year for the crop of the contract commodity.*”.

5 **SEC. 112. VIOLATIONS OF CONTRACTS.**

6 *Section 116 of the Federal Agriculture Improvement*
7 *and Reform Act of 1996 (7 U.S.C. 7216) is amended—*

8 (1) *in the first sentence of subsection (a)—*

9 (A) *by striking “subsection (b)” and insert-*
10 *ing “subsections (b) and (e)”;* and

11 (B) *by striking “section 111(a)” and insert-*
12 *ing “this subtitle”;*

13 (2) *in subsection (b), by striking “If” and insert-*
14 *ing “Except as provided in subsection (e), if”;* and

15 (3) *by adding at the end the following:*

16 “(e) *PLANTING FLEXIBILITY.*—*In the case of a first*
17 *violation of section 118(b) by an eligible owner or producer*
18 *that has entered into a contract and that acted in good*
19 *faith, in lieu of terminating the contract under subsection*
20 *(a), the Secretary shall require a refund or reduce a future*
21 *contract payment under subsection (b) in an amount that*
22 *does not exceed twice the amount otherwise payable under*
23 *the contract on the number of acres involved in the viola-*
24 *tion.*”.

1 **SEC. 113. PLANTING FLEXIBILITY.**

2 *Section 118(b) of the Federal Agriculture Improvement*
 3 *and Reform Act of 1996 (7 U.S.C. 7218(b)) is amended—*

4 *(1) by striking paragraph (1) and inserting the*
 5 *following:*

6 *“(1) LIMITATIONS.—The planting of the fol-*
 7 *lowing agricultural commodities shall be prohibited*
 8 *on contract acreage:*

9 *“(A) Fruits.*

10 *“(B) Vegetables (other than lentils, mung*
 11 *beans, dry peas, and chickpeas).*

12 *“(C) In the case of the 2003 and subsequent*
 13 *crops of an agricultural commodity, wild rice.”;*
 14 *and*

15 *(2) in paragraph (2)(C), by striking “1991*
 16 *through 1995” and inserting “1996 through 2001”.*

17 **SEC. 114. PILOT PROGRAM FOR FARM COUNTER-CYCLICAL**
 18 **SAVINGS ACCOUNTS.**

19 *Subtitle B of title I of the Federal Agriculture Im-*
 20 *provement and Reform Act of 1996 (7 U.S.C. 7211 et seq.)*
 21 *is amended by adding at the end the following:*

22 **“SEC. 119. PILOT PROGRAM FOR FARM COUNTER-CYCLICAL**
 23 **SAVINGS ACCOUNTS.**

24 *“(a) DEFINITIONS.—In this section:*

25 *“(1) ADJUSTED GROSS REVENUE.—The term*
 26 *‘adjusted gross revenue’ means the adjusted gross in-*

1 *come for all agricultural enterprises of a producer in*
2 *a year, excluding revenue earned from non-*
3 *agricultural sources, as determined by the*
4 *Secretary—*

5 *“(A) by taking into account gross receipts*
6 *from the sale of crops and livestock on all agri-*
7 *cultural enterprises of the producer, including*
8 *insurance indemnities resulting from losses in*
9 *the agricultural enterprises;*

10 *“(B) by including all farm payments paid*
11 *by the Secretary for all agricultural enterprises*
12 *of the producer, including any marketing loan*
13 *gains described in section 1001(3)(A) of the Food*
14 *Security Act of 1985 (7 U.S.C. 1308(3)(A));*

15 *“(C) by deducting the cost or basis of live-*
16 *stock or other items purchased for resale, such as*
17 *feeder livestock, on all agricultural enterprises of*
18 *the producer; and*

19 *“(D) as represented on—*

20 *“(i) a schedule F of the Federal income*
21 *tax returns of the producer; or*

22 *“(ii) a comparable tax form related to*
23 *the agricultural enterprises of the producer,*
24 *as approved by the Secretary.*

1 “(2) *AGRICULTURAL ENTERPRISE.*—*The term*
2 *‘agricultural enterprise’ means the production and*
3 *marketing of all agricultural commodities (including*
4 *livestock but excluding tobacco) on a farm or ranch.*

5 “(3) *AVERAGE ADJUSTED GROSS REVENUE.*—*The*
6 *term ‘average adjusted gross revenue’ means—*

7 “(A) *the average of the adjusted gross rev-*
8 *enue of a producer for each of the preceding 5*
9 *taxable years; or*

10 “(B) *in the case of a beginning farmer or*
11 *rancher or other producer that does not have ad-*
12 *justed gross revenue for each of the preceding 5*
13 *taxable years, the estimated income of the pro-*
14 *ducer that will be earned from all agricultural*
15 *enterprises for the applicable year, as determined*
16 *by the Secretary.*

17 “(4) *PRODUCER.*—*The term ‘producer’ means an*
18 *individual or entity, as determined by the Secretary*
19 *for an applicable year, that—*

20 “(A) *shares in the risk of producing, or pro-*
21 *vides a material contribution in producing, an*
22 *agricultural commodity for the applicable year;*

23 “(B) *has a substantial beneficial interest in*
24 *the agricultural enterprise in which the agricul-*
25 *tural commodity is produced;*

1 “(C)(i) during each of the preceding 5 tax-
2 able years, has filed—

3 “(I) a schedule F of the Federal income
4 tax returns; or

5 “(II) a comparable tax form related to
6 the agricultural enterprises of the indi-
7 vidual or entity, as approved by the Sec-
8 retary; or

9 “(ii) is a beginning farmer or rancher or
10 other producer that does not have adjusted gross
11 revenue for each of the preceding 5 taxable years,
12 as determined by the Secretary; and

13 “(D)(i) has earned at least \$50,000 in aver-
14 age adjusted gross revenue over the preceding 5
15 taxable years;

16 “(ii) is a limited resource farmer or ranch-
17 er, as determined by the Secretary; or

18 “(iii) in the case of a beginning farmer or
19 rancher or other producer that does not have av-
20 erage adjusted gross revenue for the preceding 5
21 taxable years, has at least \$50,000 in estimated
22 income from all agricultural enterprises for the
23 applicable year, as determined by the Secretary.

24 “(b) ESTABLISHMENT.—For each of fiscal years 2003
25 through 2005, the Secretary shall establish a pilot program

1 *in 3 States (as determined by the Secretary) under which*
2 *a producer may establish a farm counter-cyclical savings*
3 *account in the name of the producer in a bank or financial*
4 *institution selected by the producer and approved by the*
5 *Secretary.*

6 “(c) *CONTENT OF ACCOUNT.—A farm counter-cyclical*
7 *savings account shall consist of—*

8 “(1) *contributions of the producer; and*

9 “(2) *matching contributions of the Secretary.*

10 “(d) *PRODUCER CONTRIBUTIONS.—A producer may*
11 *deposit such amounts in the account of the producer as the*
12 *producer considers appropriate.*

13 “(e) *MATCHING CONTRIBUTIONS.—*

14 “(1) *IN GENERAL.—Subject to paragraphs (2)*
15 *through (5), the Secretary shall provide a matching*
16 *contribution on the amount deposited by the producer*
17 *into the account.*

18 “(2) *AMOUNT.—Subject to paragraph (3), the*
19 *amount of a matching contribution that the Secretary*
20 *shall provide under paragraph (1) shall be equal to*
21 *2 percent of the average adjusted gross revenue of the*
22 *producer.*

23 “(3) *MAXIMUM CONTRIBUTIONS FOR INDIVIDUAL*
24 *PRODUCER.—The amount of matching contributions*
25 *that may be provided by the Secretary for an indi-*

1 *vidual producer under this subsection shall not exceed*
2 *\$5,000 for any applicable fiscal year.*

3 *“(4) MAXIMUM CONTRIBUTIONS FOR ALL PRO-*
4 *DUCERS IN A STATE.—The total amount of matching*
5 *contributions that may be provided by the Secretary*
6 *for all producers in a State under this subsection*
7 *shall not exceed \$4,000,000 for each of fiscal years*
8 *2003 through 2005.*

9 *“(5) DATE FOR MATCHING CONTRIBUTIONS.—*
10 *The Secretary shall provide the matching contribu-*
11 *tions required for a producer under paragraph (1) as*
12 *of the date that a majority of the covered commodities*
13 *grown by the producer are harvested.*

14 *“(f) INTEREST.—Funds deposited into the account*
15 *may earn interest at the commercial rates provided by the*
16 *bank or financial institution in which the Account is estab-*
17 *lished.*

18 *“(g) USE.—Funds credited to the account—*

19 *“(1) shall be available for withdrawal by a pro-*
20 *ducer, in accordance with subsection (h); and*

21 *“(2) may be used for purposes determined by the*
22 *producer.*

23 *“(h) WITHDRAWAL.—*

1 “(1) *IN GENERAL.*—Subject to paragraph (2), in
2 any year, a producer may withdraw funds from the
3 account in an amount that is equal to—

4 “(A) 90 percent of average adjusted gross
5 revenue of the producer for the previous 5 years;
6 minus

7 “(B) the adjusted gross revenue of the pro-
8 ducer in that year.

9 “(2) *RETIREMENT.*—A producer that ceases to be
10 actively engaged in farming, as determined by the
11 Secretary—

12 “(A) may withdraw the full balance from,
13 and close, the account; and

14 “(B) may not establish another account.

15 “(i) *ADMINISTRATION.*—The Secretary shall admin-
16 ister this section through the Farm Service Agency and
17 local, county, and area offices of the Department of Agri-
18 culture.”.

19 ***Subtitle B—Nonrecourse Marketing***
20 ***Assistance Loans and Loan Defi-***
21 ***ciency Payments***

22 ***SEC. 121. NONRECOURSE MARKETING ASSISTANCE LOANS***
23 ***AND LOAN DEFICIENCY PAYMENTS.***

24 (a) *IN GENERAL.*—Sections 131(a) and 137 of the Fed-
25 eral Agriculture Improvement and Reform Act of 1996 (7

1 *U.S.C. 7231(a), 7237) are amended by striking “2002” each*
 2 *place it appears and inserting “2006”.*

3 *(b) UPLAND COTTON.—Sections 134(e)(1), 136, and*
 4 *136A(a) of the Federal Agriculture Improvement and Re-*
 5 *form Act of 1996 (7 U.S.C. 7234(e)(1), 7236, 7236a(a)) are*
 6 *amended by striking “2003” each place it appears and in-*
 7 *serting “2007”.*

8 **SEC. 122. ELIGIBLE PRODUCTION.**

9 *Section 131 of the Federal Agriculture Improvement*
 10 *and Reform Act of 1996 (7 U.S.C. 7231) is amended by*
 11 *striking subsection (b) and inserting the following:*

12 *“(b) ELIGIBLE PRODUCTION.—The producers on a*
 13 *farm shall be eligible for a marketing loan under subsection*
 14 *(a) for any quantity of a loan commodity produced on the*
 15 *farm.”.*

16 **SEC. 123. LOAN RATES.**

17 *(a) IN GENERAL.—Section 132 of the Federal Agri-*
 18 *culture Improvement and Reform Act of 1996 (7 U.S.C.*
 19 *7232) is amended to read as follows:*

20 **“SEC. 132. LOAN RATES.**

21 *“(a) IN GENERAL.—Subject to subsection (b), the loan*
 22 *rate for a marketing assistance loan under section 131 for*
 23 *a loan commodity shall be—*

24 *“(1) in the case of wheat, \$3.00 per bushel;*

25 *“(2) in the case of corn, \$2.08 per bushel;*

1 “(3) in the case of grain sorghum, \$2.08 per
2 bushel;

3 “(4) in the case of barley, \$2.00 per bushel;

4 “(5) in the case of oats, \$1.50 per bushel;

5 “(6) in the case of upland cotton, \$0.55 per
6 pound;

7 “(7) in the case of extra long staple cotton,
8 \$0.7965 per pound;

9 “(8) in the case of rice, \$6.50 per hundredweight;

10 “(9) in the case of soybeans, \$5.20 per bushel;

11 “(10) in the case of oilseeds (other than soy-
12 beans), \$0.095 per pound;

13 “(11) in the case of graded wool, \$1.00 per
14 pound;

15 “(12) in the case of nongraded wool (including
16 unshorn pelts), \$0.40 per pound;

17 “(13) in the case of honey, \$0.60 per pound;

18 “(14) in the case of dry peas, \$6.78 per hundred-
19 weight;

20 “(15) in the case of lentils, \$12.79 per hundred-
21 weight;

22 “(16) in the case of large chickpeas, \$17.44 per
23 hundredweight; and

24 “(17) in the case of small chickpeas, \$8.10 per
25 hundredweight.

1 “(b) *ADJUSTMENTS.*—

2 “(1) *IN GENERAL.*—*The Secretary may make ap-*
3 *propriate adjustments in the loan rates for any loan*
4 *commodity for differences in grade, type, quality, lo-*
5 *cation, and other factors.*

6 “(2) *MANNER.*—*The adjustments under this sub-*
7 *section shall, to the maximum extent practicable, be*
8 *made in such manner that the average loan rate for*
9 *the loan commodity will, on the basis of the antici-*
10 *ipated incidence of the factors described in paragraph*
11 *(1), be equal to the loan rate provided under this sec-*
12 *tion.*”.

13 “(b) *CONFORMING AMENDMENT.*—*Section 162 of the*
14 *Federal Agriculture Improvement and Reform Act of 1996*
15 *(7 U.S.C. 7282) is repealed.*

16 **SEC. 124. TERM OF LOANS.**

17 *Section 133 of the Federal Agriculture Improvement*
18 *and Reform Act of 1996 (7 U.S.C. 7233) is amended to*
19 *read as follows:*

20 **“SEC. 133. TERM OF LOANS.**

21 *“In the case of each loan commodity, a marketing loan*
22 *under section 131 shall have a term of 9 months beginning*
23 *on the first day of the first month after the month in which*
24 *the loan is made.”.*

1 **SEC. 125. REPAYMENT OF LOANS.**

2 *Section 134(a) of the Federal Agriculture Improvement*
3 *and Reform Act of 1996 (7 U.S.C. 7234(a)) is amended—*

4 *(1) by striking “wheat, corn, grain sorghum,*
5 *barley, oats, and oilseeds” and inserting “a loan com-*
6 *modity (other than upland cotton, rice, and extra*
7 *long staple cotton)”;* and

8 *(2) in paragraph (2)—*

9 *(A) in subparagraph (C), by striking “and”*
10 *at the end;*

11 *(B) in subparagraph (D), by striking the*
12 *period and inserting “; and”;* and

13 *(C) by adding at the end the following:*

14 *“(E) minimize discrepancies in marketing*
15 *loan benefits across State boundaries and across*
16 *county boundaries.”.*

17 **SEC. 126. LOAN DEFICIENCY PAYMENTS.**

18 *Section 135 of the Federal Agriculture Improvement*
19 *and Reform Act of 1996 (7 U.S.C. 7235) is amended—*

20 *(1) by striking subsection (a) and inserting the*
21 *following:*

22 *“(a) IN GENERAL.—The Secretary may make loan de-*
23 *ficiency payments available to producers on a farm that,*
24 *although eligible to obtain a marketing assistance loan*
25 *under section 131 with respect to a loan commodity, agree*

1 *to forgo obtaining the loan for the loan commodity in return*
2 *for payments under this section.”; and*

3 *(2) by striking subsections (e) and (f) and insert-*
4 *ing the following:*

5 *“(e) BENEFICIAL INTEREST.—*

6 *“(1) IN GENERAL.—A producer shall be eligible*
7 *for a payment for a loan commodity under this sec-*
8 *tion only if the producer has a beneficial interest in*
9 *the loan commodity, as determined by the Secretary.*

10 *“(2) APPLICATION.—The Secretary shall make a*
11 *payment under this section to the producers on a*
12 *farm with respect to a quantity of a loan commodity*
13 *as of the earlier of—*

14 *“(A) the date on which the producers on the*
15 *farm marketed or otherwise lost beneficial inter-*
16 *est in the loan commodity, as determined by the*
17 *Secretary; or*

18 *“(B) the date the producers on the farm re-*
19 *quest the payment.*

20 *“(3) 2001 CROP.—Notwithstanding paragraphs*
21 *(1) and (2), effective for the 2001 crop only, if a pro-*
22 *ducer eligible for a payment under this section loses*
23 *beneficial interest in the covered commodity, the pro-*
24 *ducer shall be eligible for the payment determined as*

1 of the date the producer lost beneficial interest in the
2 covered commodity, as determined by the Secretary.”.

3 **SEC. 127. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAY-**
4 **MENTS FOR GRAZED ACREAGE.**

5 (a) *IN GENERAL.*—Subtitle C of title I of the Federal
6 Agriculture Improvement and Reform Act of 1996 (7 U.S.C.
7 7231 et seq.) is amended by adding at the end the following:

8 **“SEC. 138. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAY-**
9 **MENTS FOR GRAZED ACREAGE.**

10 “(a) *IN GENERAL.*—For each crop of wheat, grain sor-
11 ghum, barley, and oats, in the case of the producers on a
12 farm that would be eligible for a loan deficiency payment
13 under section 135 for wheat, grain sorghum, barley, or oats,
14 but that elects to use acreage planted to the wheat, grain
15 sorghum, barley, or oats for the grazing of livestock, the Sec-
16 retary shall make a payment to the producers on the farm
17 under this section if the producers on the farm enter into
18 an agreement with the Secretary to forgo any other har-
19 vesting of the wheat, grain sorghum, barley, or oats on the
20 acreage.

21 “(b) *PAYMENT AMOUNT.*—The amount of a payment
22 made to the producers on a farm under this section shall
23 be equal to the amount obtained by multiplying—

24 “(1) the loan deficiency payment rate deter-
25 mined under section 135(c) in effect, as of the date of

1 *the agreement, for the county in which the farm is lo-*
2 *cated; by*

3 “(2) *the payment quantity obtained by*
4 *multiplying—*

5 “(A) *the quantity of the grazed acreage on*
6 *the farm with respect to which the producers on*
7 *the farm elect to forgo harvesting of wheat, grain*
8 *sorghum, barley, or oats; and*

9 “(B) *the payment yield for that contract*
10 *commodity on the farm.*

11 “(c) *TIME, MANNER, AND AVAILABILITY OF PAY-*
12 *MENT.—*

13 “(1) *TIME AND MANNER.—A payment under this*
14 *section shall be made at the same time and in the*
15 *same manner as loan deficiency payments are made*
16 *under section 135.*

17 “(2) *AVAILABILITY.—The Secretary shall estab-*
18 *lish an availability period for the payment authorized*
19 *by this section that is consistent with the availability*
20 *period for wheat, grain sorghum, barley, and oats es-*
21 *tablished by the Secretary for marketing assistance*
22 *loans authorized by this subtitle.*

23 “(d) *PROHIBITION ON CROP INSURANCE OR NON-*
24 *INSURED CROP ASSISTANCE.—The producers on a farm*
25 *shall not be eligible for insurance under the Federal Crop*

1 *Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop*
 2 *assistance under section 196 with respect to a crop of wheat,*
 3 *grain sorghum, barley, or oats planted on acreage that the*
 4 *producers on the farm elect, in the agreement required by*
 5 *subsection (a), to use for the grazing of livestock in lieu*
 6 *of any other harvesting of the crop.”.*

7 **SEC. 128. SPECIAL MARKETING LOAN PROVISIONS FOR UP-**
 8 **LAND COTTON.**

9 *Section 136(a) of the Federal Agriculture Improvement*
 10 *and Reform Act of 1996 (7 U.S.C. 7236(a)) is amended by*
 11 *adding at the end the following:*

12 *“(4) APPLICATION OF THRESHOLD.—During the*
 13 *period beginning on the date of this paragraph and*
 14 *ending on July 31, 2003, the Secretary shall make the*
 15 *calculations under paragraphs (1)(A) and (2) and*
 16 *subsection (b)(1)(B) without regard to the 1.25 cent*
 17 *threshold provided under those paragraphs and sub-*
 18 *section.”.*

19 ***Subtitle C—Other Commodities***

20 **CHAPTER 1—DAIRY**

21 **SEC. 131. MILK PRICE SUPPORT PROGRAM.**

22 *Section 141 of the Federal Agriculture Improvement*
 23 *and Reform Act of 1996 (7 U.S.C. 7251) (as amended by*
 24 *section 772(a) of Public Law 107–76) is amended in sub-*

1 sections (b)(5) and (h) by striking “May 31, 2002” each
2 place it appears and inserting “December 31, 2006”.

3 **SEC. 132. NATIONAL DAIRY PROGRAM.**

4 *The Federal Agriculture Improvement and Reform Act*
5 *of 1996 (as amended by section 772(b) of Public Law 107–*
6 *76) is amended by inserting after section 141 (7 U.S.C.*
7 *7251) the following:*

8 **“SEC. 142. NATIONAL DAIRY PROGRAM.**

9 **“(a) DAIRY MARKET LOSS ASSISTANCE PROGRAM.—**

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

11 **“(A) AVERAGE PRICE OF MILK.—The term**
12 **‘average price of milk’ means the blending of the**
13 **prices of milk for use as fluid milk and in cheese,**
14 **ice cream, butter, and nonfat dry milk in the**
15 **marketing area where the milk was marketed, as**
16 **determined by the Secretary.**

17 **“(B) PRODUCER.—The term ‘producer’**
18 **means an individual or entity that directly or**
19 **indirectly (as determined by the Secretary)**
20 **shares in the risk of producing milk.**

21 **“(2) PROGRAM.—Subject to paragraph (8), the**
22 **Secretary shall provide market loss assistance pay-**
23 **ments to producers on a dairy farm with respect to**
24 **the production of milk in a State other than a par-**
25 **ticipating State (as defined in subsection (b)(1)) that**

1 *is marketed during the period beginning on December*
2 *1, 2001, and ending on September 30, 2005.*

3 *“(3) AMOUNT.—Subject to paragraph (8), pay-*
4 *ments to a producer under this subsection shall be*
5 *calculated by multiplying—*

6 *“(A) the payment quantity for the producer*
7 *during the applicable quarter established under*
8 *paragraph (4); by*

9 *“(B) the payment rate established under*
10 *paragraph (5).*

11 *“(4) PAYMENT QUANTITY.—*

12 *“(A) IN GENERAL.—Subject to subpara-*
13 *graph (B), the payment quantity for a producer*
14 *during the applicable quarter under this sub-*
15 *section shall be equal to the quantity of milk pro-*
16 *duced and marketed by the producer during the*
17 *quarter.*

18 *“(B) LIMITATION.—The payment quantity*
19 *for a producer during the applicable fiscal year*
20 *under this subsection shall not exceed the milk*
21 *marketing base for the producer established*
22 *under subsection (c).*

23 *“(5) PAYMENT RATE.—The payment rate for a*
24 *payment under this subsection shall be calculated by*
25 *multiplying (as determined by the Secretary)—*

1 “(A) 40 percent; by

2 “(B) the amount by which—

3 “(i) the average price of milk during
4 the applicable quarter; is less than

5 “(ii) the average price of milk for the
6 same quarter during each of the previous 5
7 years.

8 “(6) *REPORTING OF PRODUCTION.*—The Sec-
9 retary may require producers that receive payments
10 under this subsection to report the quantity of milk
11 produced and marketed by the producer on the dairy
12 farm of the producer, in a manner determined by the
13 Secretary.

14 “(7) *TIMING OF PAYMENTS.*—

15 “(A) *IN GENERAL.*—Except as provided in
16 subparagraph (B), payments made under this
17 subsection shall be made on a quarterly basis.

18 “(B) *PAYMENTS FOR FISCAL YEAR 2002.*—
19 Payments under this subsection for fiscal year
20 2002 shall not be made before October 1, 2002.

21 “(8) *FUNDING.*—The Secretary shall use not
22 more than \$1,500,000,000 of funds of the Commodity
23 Credit Corporation to carry out this subsection.

24 “(b) *NORTHEAST DAIRY MARKET LOSS PAYMENTS.*—

25 “(1) *DEFINITIONS.*—In this subsection:

1 “(A) *CLASS I MILK.*—The term ‘Class I
2 *milk*’ means milk (including milk components)
3 classified as Class I milk under a Federal milk
4 marketing order.

5 “(B) *ELIGIBLE PRODUCTION.*—The term ‘el-
6 igible production’ means milk produced by a
7 producer in a participating State.

8 “(C) *FEDERAL MILK MARKETING ORDER.*—
9 The term ‘Federal milk marketing order’ means
10 an order issued under section 8c of the Agricul-
11 tural Adjustment Act (7 U.S.C. 608c), reenacted
12 with amendments by the Agricultural Marketing
13 Agreement Act of 1937.

14 “(D) *PARTICIPATING STATE.*—The term
15 ‘participating State’ means Connecticut, Dela-
16 ware, Maine, Maryland, Massachusetts, New
17 Hampshire, New Jersey, New York, Pennsyl-
18 vania, Rhode Island, Vermont, and West Vir-
19 ginia.

20 “(E) *PRODUCER.*—The term ‘producer’
21 means an individual or entity that directly or
22 indirectly (as determined by the Secretary)—

23 “(i) shares in the risk of producing
24 milk; and

1 “(i) makes contributions (including
2 land, labor, management, equipment, or
3 capital) to the dairy farming operation of
4 the individual or entity that are at least
5 commensurate with the share of the indi-
6 vidual or entity of the proceeds of the oper-
7 ation.

8 “(2) PAYMENTS.—Subject to paragraph (9), the
9 Secretary shall offer to enter into contracts with pro-
10 ducers on a dairy farm located in a participating
11 State under which the producers receive payments on
12 eligible production in exchange for compliance on the
13 farm with—

14 “(A) applicable highly erodible land con-
15 servation requirements under subtitle B of title
16 XII of the Food Security Act of 1985 (16 U.S.C.
17 3811 *et seq.*); and

18 “(B) applicable wetland conservation re-
19 quirements under subtitle C of title XII of that
20 Act (16 U.S.C. 3821 *et seq.*).

21 “(3) AMOUNT.—Payments to a producer under
22 this subsection shall be calculated by multiplying (as
23 determined by the Secretary)—

1 “(A) *the payment quantity for the producer*
2 *during the applicable month established under*
3 *paragraph (4);*

4 “(B) *the amount equal to—*

5 “(i) *\$16.94 per hundredweight; less*

6 “(ii) *the Class I milk price per hun-*
7 *dredweight in Boston under the applicable*
8 *Federal milk marketing order; by*

9 “(C) *45 percent.*

10 “(4) *PAYMENT QUANTITY.—*

11 “(A) *IN GENERAL.—Subject to subpara-*
12 *graph (B), the payment quantity for a producer*
13 *during the applicable month under this sub-*
14 *section shall be equal to the quantity of milk pro-*
15 *duced and marketed by the producer during the*
16 *month.*

17 “(B) *LIMITATION.—The payment quantity*
18 *for a producer during the applicable fiscal year*
19 *under this subsection shall not exceed the milk*
20 *marketing base for the producer established*
21 *under subsection (c).*

22 “(5) *PAYMENTS.—A payment under a contract*
23 *under this subsection shall be made on a monthly*
24 *basis not later than 60 days after the last day of the*
25 *month for which the payment is made.*

1 “(6) *SIGNUP.*—*The Secretary shall offer to enter*
2 *into contracts under this subsection during the period*
3 *beginning on December 1, 2001, and ending on Sep-*
4 *tember 30, 2005.*

5 “(7) *DURATION OF CONTRACT.*—

6 “(A) *IN GENERAL.*—*Except as provided in*
7 *subparagraph (B) and paragraph (8), any con-*
8 *tract entered into by producers on a dairy farm*
9 *under this subsection shall cover eligible produc-*
10 *tion marketed by the producers on the dairy*
11 *farm during the period starting with the first*
12 *day of month the producers on the dairy farm*
13 *enter into the contract and ending on September*
14 *30, 2005.*

15 “(B) *VIOLATIONS.*—*If a producer violates*
16 *the contract, the Secretary may—*

17 “(i) *terminate the contract and allow*
18 *the producer to retain any payments re-*
19 *ceived under the contract; or*

20 “(ii) *allow the contract to remain in*
21 *effect and require the producer to repay a*
22 *portion of the payments received under the*
23 *contract based on the severity of the viola-*
24 *tion.*

1 “(8) *TRANSITION RULE.*—*In addition to any*
2 *payment that is otherwise available under this sub-*
3 *section, if the producers on a dairy farm enter into*
4 *a contract under this subsection by March 1, 2002,*
5 *the Secretary shall make a payment under this sub-*
6 *section on the quantity of eligible production of the*
7 *producer marketed during the period beginning on*
8 *December 1, 2001, and ending on January 1, 2002.*

9 “(9) *FUNDING.*—*The Secretary shall use not*
10 *more than \$500,000,000 of funds of the Commodity*
11 *Credit Corporation to carry out this subsection.*

12 “(c) *MILK MARKETING BASE.*—

13 “(1) *DEFINITION OF NEW PRODUCER.*—*In this*
14 *subsection, the term ‘new producer’ means a producer*
15 *of milk that did not have an interest in the produc-*
16 *tion of milk during any of 1999 through 2001 fiscal*
17 *years.*

18 “(2) *ESTABLISHED PRODUCERS.*—*In the case of*
19 *a producer of milk other than a new producer, the*
20 *milk marketing base of a producer for a fiscal year*
21 *under this section shall be equal to the lesser of—*

22 “(A) *the average quantity of milk marketed*
23 *for commercial use in which the producer has*
24 *had a direct or indirect interest during each of*
25 *the 1999 through 2001 fiscal years; or*

1 “(B) 8,000,000 pounds.

2 “(3) *NEW PRODUCERS.*—*In the case of a new*
3 *producer, the milk marketing base of the new pro-*
4 *ducer under this section shall be equal to—*

5 “(A) *during each of the first 3 fiscal years*
6 *of milk production by the new producer,*
7 *1,500,000 pounds; and*

8 “(B) *during each subsequent year of milk*
9 *production, the lesser of—*

10 “(i) *the average quantity of milk mar-*
11 *keted for commercial use in which the pro-*
12 *ducer has had a direct or indirect interest*
13 *during the first 3 years of milk production*
14 *by the new producer; or*

15 “(ii) 8,000,000 pounds.

16 “(4) *ADJUSTMENTS.*—*The Secretary may pro-*
17 *vide for the adjustment of any milk marketing base*
18 *of a producer under this subsection—*

19 “(A) *if the production of milk used to deter-*
20 *mine the milk marketing base of the producer*
21 *has been adversely affected by damaging weather*
22 *or a related condition (as determined by the Sec-*
23 *retary); or*

1 “(B) if the adjustment is necessary to pro-
2 vide fair and equitable treatment to tenants and
3 sharecroppers.

4 “(5) TRANSFERS.—

5 “(A) IN GENERAL.—Except as provided in
6 subparagraph (B), a producer that is assigned a
7 milk marketing base under this subsection may
8 not transfer the base to any person.

9 “(B) FAMILY MEMBERS.—A producer that
10 is assigned a milk marketing base under this
11 subsection may irrevocably transfer all or part of
12 the base to a family member of the producer.

13 “(6) SCHEMES OR DEVICES.—If the Secretary
14 determines that any producer has adopted a scheme
15 or device to increase the milk marketing base of the
16 producer under this subsection, the producer shall be-
17 come ineligible for any milk marketing base under
18 this subsection.”.

19 **SEC. 133. DAIRY EXPORT INCENTIVE AND DAIRY INDEM-**
20 **NITY PROGRAMS.**

21 (a) DAIRY EXPORT INCENTIVE PROGRAM.—Section
22 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a-
23 14(a)) is amended by striking “2002” and inserting
24 “2006”.

1 (b) *DAIRY INDEMNITY PROGRAM.*—Section 3 of Public
2 Law 90–484 (7 U.S.C. 450l) is amended by striking “1995”
3 and inserting “2006”.

4 **SEC. 134. FLUID MILK PROMOTION.**

5 (a) *DEFINITION OF FLUID MILK PRODUCT.*—Section
6 1999C of the Fluid Milk Promotion Act of 1990 (7 U.S.C.
7 6402) is amended by striking paragraph (3) and inserting
8 the following:

9 “(3) *FLUID MILK PRODUCT.*—The term ‘fluid
10 milk product’ has the meaning given the term in—

11 “(A) section 1000.15 of title 7, Code of Fed-
12 eral Regulations, subject to such amendments as
13 may be made by the Secretary; or

14 “(B) any successor regulation.”.

15 (b) *DEFINITION OF FLUID MILK PROCESSOR.*—Sec-
16 tion 1999C(4) of the Fluid Milk Promotion Act of 1990 (7
17 U.S.C. 6402(4)) is amended by striking “500,000 pounds
18 of fluid milk products in consumer-type packages per
19 month” and inserting “3,000,000 pounds of fluid milk
20 products in consumer-type packages per month (excluding
21 products delivered directly to the place of residence of a con-
22 sumer)”.

23 (c) *ELIMINATION OF ORDER TERMINATION DATE.*—
24 Section 1999O of the Fluid Milk Promotion Act of 1990
25 (7 U.S.C. 6414) is amended—

1 (1) *by striking subsection (a); and*

2 (2) *by redesignating subsections (b) and (c) as*
3 *subsections (a) and (b), respectively.*

4 **SEC. 135. DAIRY PRODUCT MANDATORY REPORTING.**

5 *Section 272(1) of the Agricultural Marketing Act of*
6 *1946 (7 U.S.C. 1637a(1)) is amended—*

7 (1) *by striking “means manufactured dairy*
8 *products” and inserting “means—*

9 *“(A) manufactured dairy products”;*

10 (2) *by striking the period at the end and insert-*
11 *ing “; and”;* and

12 (3) *by adding at the end the following:*

13 *“(B) substantially identical products des-*
14 *ignated by the Secretary.”.*

15 **SEC. 136. FUNDING OF DAIRY PROMOTION AND RESEARCH**
16 **PROGRAM.**

17 (a) *DEFINITIONS.—Section 111 of the Dairy Produc-*
18 *tion Stabilization Act of 1983 (7 U.S.C. 4502) is*
19 *amended—*

20 (1) *in subsection (k), by striking “and” at the*
21 *end;*

22 (2) *in subsection (l), by striking the period at the*
23 *end and inserting a semicolon; and*

24 (3) *by adding at the end the following:*

1 “(m) the term ‘imported dairy product’ means
2 any dairy product that is imported into the United
3 States, including a dairy product imported into the
4 United States in the form of—

5 “(1) milk, cream, and fresh and dried dairy
6 products;

7 “(2) butter and butterfat mixtures;

8 “(3) cheese; and

9 “(4) casein and mixtures;

10 “(n) the term ‘importer’ means a person that
11 imports an imported dairy product into the United
12 States; and

13 “(o) the term ‘Customs’ means the United States
14 Customs Service.”.

15 (b) REPRESENTATION OF IMPORTERS ON BOARD.—
16 Section 113(b) of the Dairy Production Stabilization Act
17 of 1983 (7 U.S.C. 4504(b)) is amended—

18 (1) by inserting “NATIONAL DAIRY PROMOTION
19 AND RESEARCH BOARD.—” after “(b)”;

20 (2) by designating the first through ninth sen-
21 tences as paragraphs (1) through (5) and paragraphs
22 (7) through (10), respectively, and indenting the
23 paragraphs appropriately;

1 (3) in paragraph (2) (as so designated), by strik-
2 ing “Members” and inserting “Except as provided in
3 paragraph (6), the members”; and

4 (4) by inserting after paragraph (5) (as so des-
5 ignated) the following:

6 “(6) IMPORTERS.—

7 “(A) REPRESENTATION.—The Secretary
8 shall appoint not more than 2 members who rep-
9 resent importers of dairy products and are sub-
10 ject to assessments under the order, to reflect the
11 proportion of domestic production and imports
12 supplying the United States market, as deter-
13 mined by the Secretary on the basis of the aver-
14 age volume of domestic production of dairy prod-
15 ucts in proportion to the average volume of im-
16 ports of dairy products in the United States dur-
17 ing the immediately preceding 3 years.

18 “(B) ADDITIONAL MEMBERS; NOMINA-
19 TIONS.—The members appointed under this
20 paragraph—

21 “(i) shall be in addition to the total
22 number of members appointed under para-
23 graph (2); and

24 “(ii) shall be appointed from nomina-
25 tions submitted by importers under such

1 *procedures as the Secretary determines to be*
2 *appropriate.”.*

3 (c) *IMPORTER ASSESSMENT.—Section 113(g) of the*
4 *Dairy Production Stabilization Act of 1983 (7 U.S.C.*
5 *4504(g)) is amended—*

6 (1) *by inserting “ASSESSMENTS.—” after “(g)”;*

7 (2) *by designating the first through fifth sen-*
8 *tences as paragraphs (1) through (5), respectively,*
9 *and indenting appropriately; and*

10 (3) *by adding at the end the following:*

11 “(6) *IMPORTERS.—*

12 “(A) *IN GENERAL.—The order shall provide*
13 *that each importer of imported dairy products*
14 *shall pay an assessment to the Board in the*
15 *manner prescribed by the order.*

16 “(B) *TIME FOR PAYMENT.—*

17 “(i) *IN GENERAL.—The assessment on*
18 *imported dairy products shall be—*

19 “(I) *paid by the importer to Cus-*
20 *toms at the time of the entry of the*
21 *products into the United States; and*

22 “(II) *remitted by Customs to the*
23 *Board.*

24 “(ii) *TIME OF ENTRY.—For purposes*
25 *of this subparagraph, entry of the products*

1 *into the United States shall be considered to*
2 *have occurred when a dairy product is re-*
3 *leased from custody of Customs and intro-*
4 *duced into the stream of commerce within*
5 *the United States.*

6 “(iii) *IMPORTERS.*—*For purposes of*
7 *this subparagraph, an importer includes—*

8 “(I) *a person that holds title to a*
9 *dairy product produced outside the*
10 *United States immediately on release*
11 *by Customs; and*

12 “(II) *a person that acts on behalf*
13 *of other persons, as an agent, broker, or*
14 *consignee, to secure the release of a*
15 *dairy product from Customs and intro-*
16 *duce the released dairy product into*
17 *the stream of commerce.*

18 “(C) *RATE.*—*The rate of assessment on im-*
19 *ported dairy products shall be determined in the*
20 *same manner as the rate of assessment per hun-*
21 *dredweight or the equivalent of milk.*

22 “(D) *VALUE OF PRODUCTS.*—*For the pur-*
23 *pose of determining the assessment on imported*
24 *dairy products under subparagraph (C), the*
25 *value to be placed on imported dairy products*

1 *shall be established by the Secretary in a fair*
2 *and equitable manner.*

3 “(E) *USE OF ASSESSMENTS ON IMPORTED*
4 *DAIRY PRODUCTS.—Assessments collected on im-*
5 *ported dairy products shall not be used for for-*
6 *ign market promotion of United States dairy*
7 *products.”.*

8 (d) *RECORDS.—Section 113(k) of the Dairy Produc-*
9 *tion Stabilization Act of 1983 (7 U.S.C. 4504(k)) is amend-*
10 *ed in the first sentence by striking “person receiving” and*
11 *inserting “importer of imported dairy products, each per-*
12 *son receiving”.*

13 (e) *IMPORTER ELIGIBILITY TO VOTE IN REF-*
14 *ERENDUM.—Section 116(b) of the Dairy Production Sta-*
15 *bilization Act of 1983 (7 U.S.C. 4507(b)) is amended—*

16 (1) *in the first sentence, by inserting “and im-*
17 *porters” after “producers” each place it appears; and*

18 (2) *in the second sentence, by inserting after*
19 *“commercial use” the following: “and importers vot-*
20 *ing in the referendum (that have been engaged in the*
21 *importation of dairy products into the United States*
22 *during the applicable period, as determined by the*
23 *Secretary)”.*

1 (f) *CONFORMING AMENDMENTS.*—Section 110(b) of the
2 *Dairy Production Stabilization Act of 1983* (7 U.S.C.
3 4501(b)) is amended—

4 (1) *in the first sentence—*

5 (A) *by inserting after “commercial use” the*
6 *following: “and on imported dairy products”;*
7 *and*

8 (B) *by striking “products produced in the*
9 *United States.” and inserting “products.”; and*

10 (2) *in the second sentence, by inserting after*
11 *“produce milk” the following: “or the right of any*
12 *person to import dairy products”.*

13 **SEC. 137. DAIRY STUDIES.**

14 (a) *IN GENERAL.*—*The Secretary of Agriculture shall*
15 *conduct—*

16 (1) *a study of the effects of terminating all Fed-*
17 *eral programs relating to price support and supply*
18 *management for milk and granting the consent of*
19 *Congress to cooperative efforts by States to manage*
20 *milk prices and supply; and*

21 (2) *a study of the effects of including in the*
22 *standard of identity for fluid milk a required min-*
23 *imum protein content that is commensurate with the*
24 *average nonfat solids content of bovine milk produced*
25 *in the United States.*

1 **(b) REPORTS.**—Not later than September 30, 2002, the
 2 Secretary shall submit to the Committee on Agriculture of
 3 House of Representatives and the Committee on Agri-
 4 culture, Nutrition, and Forestry a report describing the re-
 5 sults of each of the studies required under subsection (a).

6 **CHAPTER 2—SUGAR**

7 **SEC. 141. SUGAR PROGRAM.**

8 **(a) LOAN RATE ADJUSTMENTS.**—Section 156(c) of the
 9 Federal Agriculture Improvement and Reform Act of 1996
 10 (7 U.S.C. 7272(c)) is amended—

11 (1) by striking “**REDUCTION IN LOAN RATES**”
 12 and inserting “**LOAN RATE ADJUSTMENTS**”; and

13 (2) in paragraph (1)—

14 (A) by striking “**REDUCTION REQUIRED**”
 15 and inserting “**IN GENERAL**”; and

16 (B) by striking “shall” and inserting
 17 “may”.

18 **(b) LOAN TYPE; PROCESSOR ASSURANCES.**—Section
 19 156(e) of the Federal Agriculture Improvement and Reform
 20 Act of 1996 (7 U.S.C. 7272(e)) is amended—

21 (1) by striking paragraph (2) and inserting the
 22 following:

23 “(2) **PROCESSOR ASSURANCES.**—

24 “(A) **IN GENERAL.**—The Secretary shall ob-
 25 tain from each processor that receives a loan

1 *under this section such assurances as the Sec-*
2 *retary considers adequate to ensure that the*
3 *processor will provide payments to producers*
4 *that are proportional to the value of the loan re-*
5 *ceived by the processor for the sugar beets and*
6 *sugarcane delivered by producers to the proc-*
7 *essor.*

8 “(B) *MINIMUM PAYMENTS.*—

9 “(i) *IN GENERAL.*—*Subject to clause*
10 *(ii), the Secretary may establish appro-*
11 *priate minimum payments for purposes of*
12 *this paragraph.*

13 “(ii) *LIMITATION.*—*In the case of*
14 *sugar beets, the minimum payment estab-*
15 *lished under clause (i) shall not exceed the*
16 *rate of payment provided for under the ap-*
17 *plicable contract between a sugar beet pro-*
18 *ducer and a sugar beet processor.*

19 “(C) *BANKRUPTCY OR INSOLVENCY OF*
20 *PROCESSORS.*—

21 “(i) *IN GENERAL.*—*The Secretary shall*
22 *use funds of the Commodity Credit Cor-*
23 *poration to pay a producer of sugar beets or*
24 *sugarcane loan benefits described in clause*
25 *(ii) if—*

1 “(I) a processor that has entered
2 into a contract with the producer has
3 filed for bankruptcy protection or is
4 otherwise insolvent;

5 “(II) the assurances under sub-
6 paragraph (A) are not adequate to en-
7 sure compliance with subparagraph
8 (A), as determined by the Secretary;

9 “(III) the producer demands pay-
10 ments of loan benefits required under
11 this section from the processor; and

12 “(IV) the Secretary determines
13 that the processor is unable to provide
14 the loan benefits required under this
15 section.

16 “(i) AMOUNT.—The amount of loan
17 benefits provided to a producer under clause
18 (i) shall be equal to—

19 “(I) the maximum amount of loan
20 benefits the producer would have been
21 entitled to receive under this section
22 during the 30-day period beginning on
23 the final settlement date provided for
24 in the contract between the producer
25 and processor; less

1 “(II) any such benefits received by
2 the producer from the processor.

3 “(iii) ADMINISTRATION.—On payment
4 to a producer under clause (i), the Sec-
5 retary shall—

6 “(I) be subrogated to all claims of
7 the producer against the processor and
8 other persons responsible for non-
9 payment; and

10 “(II) have authority to pursue
11 such claims as are necessary to recover
12 the benefits not paid to the producer by
13 the processor.”; and

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

15 “(3) ADMINISTRATION.—The Secretary may not
16 impose or enforce any prenotification or similar ad-
17 ministrative requirement that has the effect of pre-
18 venting a processor from electing to forfeit the loan
19 collateral on the maturity of the loan.”.

20 (c) TERMINATION OF MARKETING ASSESSMENT.—Ef-
21 fective October 1, 2001, section 156 of the Federal Agri-
22 culture Improvement and Reform Act of 1996 (7 U.S.C.
23 7272) is amended by striking subsection (f).

24 (d) TERMINATION OF FORFEITURE PENALTY.—Section
25 156 of the Federal Agriculture Improvement and Reform

1 *Act of 1996 (7 U.S.C. 7272) is amended by striking sub-*
2 *section (g).*

3 *(e) IN-PROCESS SUGAR.—Section 156 of the Federal*
4 *Agriculture Improvement and Reform Act of 1996 (7 U.S.C.*
5 *7272) (as amended by subsections (c) and (d)) is amended*
6 *by inserting after subsection (e) the following:*

7 *“(f) LOANS FOR IN-PROCESS SUGAR.—*

8 *“(1) DEFINITION OF IN-PROCESS SUGARS AND*
9 *SYRUPS.—In this subsection, the term ‘in-process sug-*
10 *ars and syrups’ does not include raw sugar, liquid*
11 *sugar, invert sugar, invert syrup, or other finished*
12 *product that is otherwise eligible for a loan under*
13 *subsection (a) or (b).*

14 *“(2) AVAILABILITY.—The Secretary shall make*
15 *nonrecourse loans available to processors of a crop of*
16 *domestically grown sugarcane and sugar beets for in-*
17 *process sugars and syrups derived from the crop.*

18 *“(3) LOAN RATE.—The loan rate shall be equal*
19 *to 80 percent of the loan rate applicable to raw cane*
20 *sugar or refined beet sugar, as determined by the Sec-*
21 *retary on the basis of the source material for the in-*
22 *process sugars and syrups.*

23 *“(4) FURTHER PROCESSING ON FORFEITURE.—*

24 *“(A) IN GENERAL.—As a condition of the*
25 *forfeiture of in-process sugars and syrups serving*

1 *as collateral for a loan under paragraph (2), the*
2 *processor shall, within such reasonable time pe-*
3 *riod as the Secretary may prescribe and at no*
4 *cost to the Commodity Credit Corporation, con-*
5 *vert the in-process sugars and syrups into raw*
6 *cane sugar or refined beet sugar of acceptable*
7 *grade and quality for sugars eligible for loans*
8 *under subsection (a) or (b).*

9 “(B) *TRANSFER TO CORPORATION.*—*Once*
10 *the in-process sugars and syrups are fully proc-*
11 *essed into raw cane sugar or refined beet sugar,*
12 *the processor shall transfer the sugar to the Com-*
13 *modity Credit Corporation.*

14 “(C) *PAYMENT TO PROCESSOR.*—*On trans-*
15 *fer of the sugar, the Secretary shall make a pay-*
16 *ment to the processor in an amount equal to the*
17 *amount obtained by multiplying—*

18 “(i) *the difference between—*

19 “(I) *the loan rate for raw cane*
20 *sugar or refined beet sugar, as appro-*
21 *priate; and*

22 “(II) *the loan rate the processor*
23 *received under paragraph (3); by*

24 “(ii) *the quantity of sugar transferred*
25 *to the Secretary.*

1 “(5) *LOAN CONVERSION.*—If the processor does
2 not forfeit the collateral as described in paragraph
3 (4), but instead further processes the in-process sugars
4 and syrups into raw cane sugar or refined beet sugar
5 and repays the loan on the in-process sugars and syr-
6 ups, the processor may obtain a loan under subsection
7 (a) or (b) for the raw cane sugar or refined beet
8 sugar, as appropriate.”.

9 (f) *ADMINISTRATION OF PROGRAM.*—Section 156 of the
10 *Federal Agriculture Improvement and Reform Act of 1996*
11 (7 U.S.C. 7272) (as amended by subsection (e)) is amended
12 by inserting after subsection (f) the following:

13 “(g) *AVOIDING FORFEITURES; CORPORATION INVEN-*
14 *TORY DISPOSITION.*—

15 “(1) *IN GENERAL.*—Subject to subsection (e)(3),
16 to the maximum extent practicable, the Secretary
17 shall operate the program established under this sec-
18 tion at no cost to the Federal Government by avoid-
19 ing the forfeiture of sugar to the Commodity Credit
20 Corporation.

21 “(2) *INVENTORY DISPOSITION.*—

22 “(A) *IN GENERAL.*—To carry out para-
23 graph (1), the Commodity Credit Corporation
24 may accept bids to obtain raw cane sugar or re-
25 fined beet sugar in the inventory of the Com-

1 *modity Credit Corporation from (or otherwise*
2 *make available such commodities, on appro-*
3 *priate terms and conditions, to) processors of*
4 *sugarcane and processors of sugar beets (acting*
5 *in conjunction with the producers of the sugar-*
6 *cane or sugar beets processed by the processors)*
7 *in return for the reduction of production of raw*
8 *cane sugar or refined beet sugar, as appropriate.*

9 “(B) *ADDITIONAL AUTHORITY.—The au-*
10 *thority provided under this paragraph is in ad-*
11 *dition to any authority of the Commodity Credit*
12 *Corporation under any other law.”.*

13 *(g) INFORMATION REPORTING.—Section 156(h) of the*
14 *Federal Agriculture Improvement and Reform Act of 1996*
15 *(7 U.S.C. 7272(h)) is amended—*

16 *(1) by redesignating paragraphs (2) and (3) as*
17 *paragraphs (4) and (5), respectively;*

18 *(2) by inserting after paragraph (1) the fol-*
19 *lowing:*

20 “(2) *DUTY OF PRODUCERS TO REPORT.—*

21 “(A) *PROPORTIONATE SHARE STATES.—As*
22 *a condition of a loan made to a processor for the*
23 *benefit of a producer, the Secretary shall require*
24 *each producer of sugarcane located in a State*
25 *(other than the Commonwealth of Puerto Rico)*

1 *in which there are in excess of 250 producers of*
2 *sugarcane to report, in the manner prescribed by*
3 *the Secretary, the sugarcane yields and acres*
4 *planted to sugarcane of the producer.*

5 “(B) *OTHER STATES.*—*The Secretary may*
6 *require each producer of sugarcane or sugar beets*
7 *not covered by paragraph (1) to report, in a*
8 *manner prescribed by the Secretary, the yields*
9 *of, and acres planted to, sugarcane or sugar*
10 *beets, respectively, of the producer.*

11 “(3) *DUTY OF IMPORTERS TO REPORT.*—

12 “(A) *IN GENERAL.*—*Except as provided in*
13 *subparagraph (B), the Secretary shall require an*
14 *importer of sugars, syrups, or molasses to be*
15 *used for human consumption or to be used for*
16 *the extraction of sugar for human consumption*
17 *to report, in the manner prescribed by the Sec-*
18 *retary, the quantities of the products imported*
19 *by the importer and the sugar content or equiva-*
20 *lent of the products.*

21 “(B) *TARIFF-RATE QUOTAS.*—*Subpara-*
22 *graph (A) shall not apply to sugars, syrups, or*
23 *molasses that are within the quantities of tariff-*
24 *rate quotas that are subject to the lower rate of*
25 *duties.”; and*

1 (3) in paragraph (5) (as redesignated by para-
2 graph (1)), by striking “paragraph (1)” and inserting
3 “this subsection”.

4 (h) *SUBSTITUTABILITY OF SUGAR*.—Section 156 of the
5 *Federal Agriculture Improvement and Reform Act of 1996*
6 (7 U.S.C. 7272) is amended—

7 (1) by redesignating subsection (i) as subsection
8 (j); and

9 (2) by inserting after subsection (h) the fol-
10 lowing:

11 “(i) *SUBSTITUTION OF REFINED SUGAR*.—For pur-
12 poses of Additional U.S. Note 6 to chapter 17 of the Har-
13 monized Tariff Schedule of the United States and the reex-
14 port programs and polyhydric alcohol program adminis-
15 tered by the Foreign Agricultural Service of the Department
16 of Agriculture, all refined sugars (whether derived from
17 sugar beets or sugarcane) produced by cane sugar refineries
18 and beet sugar processors shall be fully substitutable for the
19 export of sugar under those programs.”.

20 (i) *CROPS*.—Subsection (j) of section 156 of the Fed-
21 eral Agriculture Improvement and Reform Act of 1996 (7
22 U.S.C. 7272) (as redesignated by subsection (h)(1)) is
23 amended—

24 (1) by striking “(other than subsection (f))”; and

25 (2) by striking “2002” and inserting “2006”.

1 (j) *INTEREST RATE.*—Section 163 of the Federal Agri-
 2 *culture Improvement and Reform Act of 1996 (7 U.S.C.*
 3 *7283) is amended—*

4 (1) *by inserting “(a) IN GENERAL.—” before*
 5 *“Notwithstanding”; and*

6 (2) *by adding at the end the following:*

7 “(b) *SUGAR.*—For purposes of this section, raw cane
 8 *sugar, refined beet sugar, and in-process sugar eligible for*
 9 *a loan under section 156 shall not be considered an agricul-*
 10 *tural commodity.”.*

11 **SEC. 142. STORAGE FACILITY LOANS.**

12 Chapter 2 of subtitle D of the Federal Agriculture Im-
 13 *provement and Reform Act of 1996 (7 U.S.C. 7271 et seq.)*
 14 *is amended by adding at the end the following:*

15 **“SEC. 157. STORAGE FACILITY LOANS.**

16 “(a) *IN GENERAL.*—Notwithstanding any other provi-
 17 *sion of law and as soon as practicable after the date of en-*
 18 *actment of this section, the Commodity Credit Corporation*
 19 *shall amend part 1436 of title 7, Code of Federal Regula-*
 20 *tions, to establish a sugar storage facility loan program to*
 21 *provide financing for processors of domestically-produced*
 22 *sugarcane and sugar beets to construct or upgrade storage*
 23 *and handling facilities for raw sugars and refined sugars.*

24 “(b) *ELIGIBLE PROCESSORS.*—A storage facility loan
 25 *shall be made available to any processor of domestically*

1 *produced sugarcane or sugar beets that (as determined by*
 2 *the Secretary)—*

3 *“(1) has a satisfactory credit history;*

4 *“(2) has a need for increased storage capacity,*
 5 *taking into account the effects of marketing allot-*
 6 *ments; and*

7 *“(3) demonstrates an ability to repay the loan.*

8 *“(c) TERM OF LOANS.—A storage facility loan shall—*

9 *“(1) have a minimum term of 7 years; and*

10 *“(2) be in such amounts and on such terms and*
 11 *conditions (including terms and conditions relating*
 12 *to downpayments, collateral, and eligible facilities) as*
 13 *are normal, customary, and appropriate for the size*
 14 *and commercial nature of the borrower.”.*

15 **SEC. 143. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.**

16 *(a) INFORMATION REPORTING.—Section 359a of the*
 17 *Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) is*
 18 *repealed.*

19 *(b) ESTIMATES.—Section 359b of the Agricultural Ad-*
 20 *justment Act of 1938 (7 U.S.C. 1359bb) is amended—*

21 *(1) in the section heading—*

22 *(A) by inserting “**FLEXIBLE**” before “**MAR-***
 23 ***KETING**”; and*

24 *(B) by striking “**AND CRYSTALLINE***
 25 ***FRUCTOSE**”;*

- 1 (2) *in subsection (a)—*
- 2 (A) *in paragraph (1)—*
- 3 (i) *by striking “Before” and inserting*
- 4 *“Not later than August 1 before”;*
- 5 (ii) *by striking “1992 through 1998”*
- 6 *and inserting “2002 through 2006”;*
- 7 (iii) *in subparagraph (A), by striking*
- 8 *“(other than sugar” and all that follows*
- 9 *through “stocks”;*
- 10 (iv) *by redesignating subparagraphs*
- 11 *(B) and (C) as subparagraphs (C) and (E),*
- 12 *respectively;*
- 13 (v) *by inserting after subparagraph*
- 14 *(A) the following:*
- 15 *“(B) the quantity of sugar that would pro-*
- 16 *vide for reasonable carryover stocks;”;*
- 17 (vi) *in subparagraph (C) (as so reded-*
- 18 *ignated)—*
- 19 (I) *by striking “or” and all that*
- 20 *follows through “beets”; and*
- 21 (II) *by striking “and” following*
- 22 *the semicolon;*
- 23 (vii) *by inserting after subparagraph*
- 24 *(C) (as so redesignated) the following:*

1 “(D) the quantity of sugar that will be
2 available from the domestic processing of sugar-
3 cane and sugar beets; and”;

4 (viii) in subparagraph (E) (as so re-
5 designated)—

6 (I) by striking “quantity of
7 sugar” and inserting “quantity of sug-
8 ars, syrups, and molasses”;

9 (II) by inserting “human” after
10 “imported for” the first place it ap-
11 pears;

12 (III) by inserting after “consump-
13 tion” the first place it appears the fol-
14 lowing: “or to be used for the extrac-
15 tion of sugar for human consumption”;

16 (IV) by striking “year” and in-
17 serting “year, whether such articles are
18 under a tariff-rate quota or are in ex-
19 cess or outside of a tariff-rate quota”;
20 and

21 (V) by striking “(other than
22 sugar” and all that follows through
23 “carry-in stocks”;

24 (B) by redesignating paragraph (2) as
25 paragraph (3);

1 (C) by inserting after paragraph (1) the fol-
2 lowing:

3 “(2) *EXCLUSION.*—The estimates under this sub-
4 section shall not apply to sugar imported for the pro-
5 duction of polyhydric alcohol or to any sugar refined
6 and reexported in refined form or in products con-
7 taining sugar.”; and

8 (D) in paragraph (3) (as so redesignated)—

9 (i) in the paragraph heading, by strik-
10 ing “*QUARTERLY REESTIMATES*” and in-
11 serting “*REESTIMATES*”; and

12 (ii) by inserting “as necessary, but”
13 after “a fiscal year”;

14 (3) in subsection (b)—

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

17 “(1) *IN GENERAL.*—By the beginning of each fis-
18 cal year, the Secretary shall establish for that fiscal
19 year appropriate allotments under section 359c for
20 the marketing by processors of sugar processed from
21 sugar beets and from domestically-produced sugarcane
22 at a level that the Secretary estimates will result in
23 no forfeitures of sugar to the Commodity Credit Cor-
24 poration under the loan program for sugar established

1 under section 156 of the Federal Agriculture Improve-
2 ment and Reform Act of 1996 (7 U.S.C. 7272).”; and

3 (B) in paragraph (2), by striking “or crys-
4 talline fructose”;

5 (4) by striking subsection (c);

6 (5) by redesignating subsection (d) as subsection
7 (c); and

8 (6) in subsection (c) (as so redesignated)—

9 (A) by striking paragraph (2);

10 (B) by redesignating paragraphs (3) and
11 (4) as paragraphs (2) and (3), respectively; and

12 (C) in paragraph (2) (as so redesignated)—

13 (i) by striking “or manufacturer” and
14 all that follows through “(2)”; and

15 (ii) by striking “or crystalline fruc-
16 tose”.

17 (c) *ESTABLISHMENT*.—Section 359c of the Agricul-
18 tural Adjustment Act of 1938 (7 U.S.C. 1359cc) is
19 amended—

20 (1) in the section heading, by inserting “**FLEXI-**
21 **BLE**” after “**OF**”;

22 (2) in subsection (a), by inserting “flexible” after
23 “establish”;

24 (3) in subsection (b)—

1 (A) in paragraph (1)(A), by striking
2 “1,250,000” and inserting “1,532,000”; and

3 (B) in paragraph (2), by striking “to the
4 maximum extent practicable”;

5 (4) by striking subsection (c) and inserting the
6 following:

7 “(c) *MARKETING ALLOTMENT FOR SUGAR DERIVED*
8 *FROM SUGAR BEETS AND SUGAR DERIVED FROM SUGAR-*
9 *CANE.—The overall allotment quantity for the fiscal year*
10 *shall be allotted between—*

11 “(1) *sugar derived from sugar beets by estab-*
12 *lishing a marketing allotment for a fiscal year at a*
13 *quantity equal to the product of multiplying the over-*
14 *all allotment quantity for the fiscal year by 54.35*
15 *percent; and*

16 “(2) *sugar derived from sugarcane by estab-*
17 *lishing a marketing allotment for a fiscal year at a*
18 *quantity equal to the product of multiplying the over-*
19 *all allotment quantity for the fiscal year by 45.65*
20 *percent.”;*

21 (5) by striking subsection (d) and inserting the
22 following:

23 “(d) *FILLING CANE SUGAR AND BEET SUGAR ALLOT-*
24 *MENTS.—*

1 “(1) *CANE SUGAR*.—*Each marketing allotment*
2 *for cane sugar established under this section may only*
3 *be filled with sugar processed from domestically*
4 *grown sugarcane.*

5 “(2) *BEEET SUGAR*.—*Each marketing allotment*
6 *for beet sugar established under this section may only*
7 *be filled with sugar domestically processed from sugar*
8 *beets.”;*

9 (6) *by striking subsection (e);*

10 (7) *by redesignating subsection (f) as subsection*
11 *(e);*

12 (8) *in subsection (e) (as so redesignated)—*

13 (A) *by striking “The allotment” and insert-*
14 *ing the following:*

15 “(1) *IN GENERAL*.—*The allotment”;*

16 (B) *in paragraph (1) (as so redesignated)—*

17 (i) *by striking “the 5” and inserting*
18 *“the”;*

19 (ii) *by inserting after “sugarcane is*
20 *produced,” the following: “after a hearing*
21 *(if requested by the affected sugarcane proc-*
22 *essors and growers) and on such notice as*
23 *the Secretary by regulation may prescribe,”;*
24 *and*

1 (iii) by striking “on the basis of past
2 marketings” and all that follows through
3 “allotments” and inserting “as provided in
4 this subsection and section
5 359d(a)(2)(A)(iv)”; and

6 (C) by inserting after paragraph (1) (as so
7 designated) the following:

8 “(2) OFFSHORE ALLOTMENT.—

9 “(A) COLLECTIVELY.—Prior to the allot-
10 ment of sugar derived from sugarcane to any
11 other State, 325,000 short tons, raw value shall
12 be allotted to the offshore States.

13 “(B) INDIVIDUALLY.—The collective offshore
14 State allotment provided for under subparagraph
15 (A) shall be further allotted among the offshore
16 States in which sugarcane is produced, after a
17 hearing (if requested by the affected sugarcane
18 processors and growers) and on such notice as
19 the Secretary by regulation may prescribe, in a
20 fair and equitable manner on the basis of—

21 “(i) past marketings of sugar, based on
22 the average of the 2 highest years of produc-
23 tion of raw cane sugar from the 1996
24 through 2000 crops;

1 “(ii) the ability of processors to market
2 the sugar covered under the allotments for
3 the crop year; and

4 “(iii) past processings of sugar from
5 sugarcane based on the 3-year average of the
6 1998 through 2000 crop years.

7 “(3) MAINLAND ALLOTMENT.—The allotment for
8 sugar derived from sugarcane, less the amount pro-
9 vided for under paragraph (2), shall be allotted
10 among the mainland States in the United States in
11 which sugarcane is produced, after a hearing (if re-
12 quested by the affected sugarcane processors and grow-
13 ers) and on such notice as the Secretary by regulation
14 may prescribe, in a fair and equitable manner on the
15 basis of—

16 “(A) past marketings of sugar, based on the
17 average of the 2 highest years of production of
18 raw cane sugar from the 1996 through 2000
19 crops;

20 “(B) the ability of processors to market the
21 sugar covered under the allotments for the crop
22 year; and

23 “(C) past processings of sugar from sugar-
24 cane, based on the 3 crop years with the greatest

1 *processings (in the mainland States collectively)*
2 *during the 1991 through 2000 crop years.”;*

3 *(9) by inserting after subsection (e) (as so reded-*
4 *ignated) the following:*

5 *“(f) FILLING CANE SUGAR ALLOTMENTS.—Except as*
6 *provided in section 359e, a State cane sugar allotment es-*
7 *tablished under subsection (e) for a fiscal year may be filled*
8 *only with sugar processed from sugarcane grown in the*
9 *State covered by the allotment.”;*

10 *(10) in subsection (g)—*

11 *(A) in paragraph (1), by striking*
12 *“359b(a)(2)—” and all that follows through the*
13 *comma at the end of subparagraph (C) and in-*
14 *serting “359b(a)(3), adjust upward or downward*
15 *marketing allotments in a fair and equitable*
16 *manner”;*

17 *(B) in paragraph (2), by striking “359f(b)”*
18 *and inserting “359f(c)”;* and

19 *(C) in paragraph (3)—*

20 *(i) in the paragraph heading, by strik-*
21 *ing “REDUCTIONS” and inserting “CARRY-*
22 *OVER OF REDUCTIONS”;*

23 *(ii) by inserting after “this subsection,*
24 *if” the following: “at the time of the reduc-*
25 *tion”;*

1 (iii) by striking “price support” and
2 inserting “nonrecourse”;

3 (iv) by striking “206” and all that fol-
4 lows through “the allotment” and inserting
5 “156 of the Federal Agriculture Improve-
6 ment and Reform Act of 1996 (7 U.S.C.
7 7272),”; and

8 (v) by striking “, if any,”; and

9 (11) by striking subsection (h) and inserting the
10 following:

11 “(h) *SUSPENSION OF ALLOTMENTS.*—Whenever the
12 Secretary estimates or reestimates under section 359b(a),
13 or has reason to believe, that imports of sugars, syrups or
14 molasses for human consumption or to be used for the ex-
15 traction of sugar for human consumption, whether under
16 a tariff-rate quota or in excess or outside of a tariff-rate
17 quota, will exceed 1,532,000 short tons (raw value equiva-
18 lent), and that the imports would lead to a reduction of
19 the overall allotment quantity, the Secretary shall suspend
20 the marketing allotments established under this section
21 until such time as the imports have been restricted, elimi-
22 nated, or reduced to or below the level of 1,532,000 short
23 tons (raw value equivalent).”.

1 (d) *ALLOCATION.*—Section 359d(a)(2) of the *Agricultural Adjustment Act of 1938* (7 U.S.C. 1359dd(a)(2)) is
2 amended—
3

4 (1) *in subparagraph (A)*—

5 (A) *by striking “The Secretary” and inserting the following:*

6 “(i) *IN GENERAL.*—*The Secretary*”;

7 (B) *in the first sentence of clause (i) (as so designated)*—

8 (i) *by striking “interested parties” and inserting “the affected sugarcane processors and growers”;* and

9 (ii) *by striking “by taking” and all that follows through “allotment allocated.” and inserting “under this subparagraph.”;*
10 and

11 (C) *by inserting after clause (i) the following:*

12 “(i) *MULTIPLE PROCESSOR STATES.*—
13 *Except as provided in clauses (iii) and (iv), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single State based on—*

14 “(I) *past marketings of sugar,*
15 *based on the average of the 2 highest*

1 *years of production of raw cane sugar*
2 *from among the 1996 through 2000*
3 *crops;*

4 *“(II) the ability of processors to*
5 *market sugar covered by that portion*
6 *of the allotment allocated for the crop*
7 *year; and*

8 *“(III) past processings of sugar*
9 *from sugarcane, based on the average*
10 *of the 3 highest years of production*
11 *during the 1996 through 2000 crop*
12 *years.*

13 *“(iii) TALISMAN PROCESSING FACIL-*
14 *ITY.—In the case of allotments under clause*
15 *(ii) attributable to the operations of the Tal-*
16 *isman processing facility before the date of*
17 *enactment of this clause, the Secretary shall*
18 *allocate the allotment among processors in*
19 *the State under clause (i) in accordance*
20 *with the agreements of March 25 and 26,*
21 *1999, between the affected processors and*
22 *the Secretary of the Interior.*

23 *“(iv) PROPORTIONATE SHARE*
24 *STATES.—In the case of States subject to*
25 *section 359f(c), the Secretary shall allocate*

1 *the allotment for cane sugar among mul-*
2 *tiple cane sugar processors in a single state*
3 *based on—*

4 “(I) *past marketings of sugar,*
5 *based on the average of the 2 highest*
6 *years of production of raw cane sugar*
7 *from among the 1997 through 2001*
8 *crop years;*

9 “(II) *the ability of processors to*
10 *market sugar covered by that portion*
11 *of the allotments allocated for the crop*
12 *year; and*

13 “(III) *past processings of sugar*
14 *from sugarcane, based on the average*
15 *of the 2 highest crop years of crop pro-*
16 *duction during the 1997 through 2001*
17 *crop years.*

18 “(v) *NEW ENTRANTS.—*

19 “(I) *IN GENERAL.—Notwith-*
20 *standing clauses (ii) and (iv), the Sec-*
21 *retary, on application of any processor*
22 *that begins processing sugarcane on or*
23 *after the date of enactment of this*
24 *clause, and after a hearing (if re-*
25 *quested by the affected sugarcane proc-*

1 processors and growers) and on such notice
2 as the Secretary by regulation may
3 prescribe, may provide the processor
4 with an allocation that provides a fair,
5 efficient and equitable distribution of
6 the allocations from the allotment for
7 the State in which the processor is lo-
8 cated.

9 “(II) *PROPORTIONATE SHARE*
10 *STATES.*—In the case of proportionate
11 share States, the Secretary shall estab-
12 lish proportionate shares in a quantity
13 sufficient to produce the sugarcane re-
14 quired to satisfy the allocations.

15 “(III) *LIMITATIONS.*—The allot-
16 ment for a new processor under this
17 clause shall not exceed—

18 “(aa) in the case of the first
19 fiscal year of operation of a new
20 processor, 50,000 short tons (raw
21 value); and

22 “(bb) in the case of each sub-
23 sequent fiscal year of operation of
24 the new processor, a quantity es-
25 tablished by the Secretary in ac-

1 cordance with this clause and the
2 criteria described in clause (ii) or
3 (iii), as applicable.

4 “(IV) *NEW ENTRANT STATES*.—

5 “(aa) *IN GENERAL*.—Not-
6 withstanding subparagraphs (A)
7 and (C) of section 359c(e)(3), to
8 accommodate an allocation under
9 subclause (I) to a new processor
10 located in a new entrant main-
11 land State, the Secretary shall
12 provide the new entrant mainland
13 State with an allotment.

14 “(bb) *EFFECT ON OTHER AL-*
15 *LOTMENTS*.—The allotment to any
16 new entrant mainland State shall
17 be subtracted, on a pro rata basis,
18 from the allotments otherwise al-
19 lotted to each mainland State
20 under section 359c(e)(3).

21 “(V) *ADVERSE EFFECTS*.—Before
22 providing an initial processor alloca-
23 tion or State allotment to a new en-
24 trant processor or a new entrant State
25 under this clause, the Secretary shall

1 *take into consideration any adverse ef-*
2 *fects that the provision of the alloca-*
3 *tion or allotment may have on existing*
4 *cane processors and producers in*
5 *mainland States.*

6 “(VI) *ABILITY TO MARKET.*—*Con-*
7 *sistent with section 359c and this sec-*
8 *tion, any processor allocation or State*
9 *allotment made to a new entrant proc-*
10 *essor or to a new entrant State under*
11 *this clause shall be provided only after*
12 *the applicant processor, or the applica-*
13 *ble processors in the State, have dem-*
14 *onstrated the ability to process,*
15 *produce, and market (including the*
16 *transfer or delivery of the raw cane*
17 *sugar to a refinery for further proc-*
18 *essing or marketing) raw cane sugar*
19 *for the crop year for which the allot-*
20 *ment is applicable.*

21 “(VII) *PROHIBITION.*—*Not more*
22 *than 1 processor allocation provided*
23 *under this clause may be applicable to*
24 *any individual sugar processing facil-*
25 *ity.*

1 “(vi) *TRANSFER OF OWNERSHIP.—Except*
2 *as otherwise provided in section*
3 *359f(c)(8), if a sugarcane processor is sold*
4 *or otherwise transferred to another owner or*
5 *closed as part of an affiliated corporate*
6 *group processing consolidation, the Sec-*
7 *retary shall transfer the allotment alloca-*
8 *tion for the processor to the purchaser, new*
9 *owner, successor in interest, or any remain-*
10 *ing processor of an affiliated entity, as ap-*
11 *plicable, of the processor.”; and*

12 (2) *by striking subparagraph (B) and inserting*
13 *the following:*

14 “(B) *BEET SUGAR.—*

15 “(i) *IN GENERAL.—Except as otherwise*
16 *provided in this subparagraph and sections*
17 *359c(g), 359e(b), and 359f(b), the Secretary*
18 *shall make allocations for beet sugar among*
19 *beet sugar processors for each crop year that*
20 *allotments are in effect on the basis of the*
21 *adjusted weighted average quantity of beet*
22 *sugar produced by the processors for each of*
23 *the 1998 through 2000 crop years, as deter-*
24 *mined under this subparagraph.*

1 “(ii) *QUANTITY.*—*The quantity of an*
2 *allocation made for a beet sugar processor*
3 *for a crop year under clause (i) shall bear*
4 *the same ratio to the quantity of allocations*
5 *made for all beet sugar processors for the*
6 *crop year as the adjusted weighted average*
7 *quantity of beet sugar produced by the proc-*
8 *essor (as determined under clauses (iii) and*
9 *(iv)) bears to the total of the adjusted*
10 *weighted average quantities of beet sugar*
11 *produced by all processors (as so deter-*
12 *mined).*

13 “(iii) *WEIGHTED AVERAGE QUAN-*
14 *TITY.*—*Subject to clause (iv), the weighted*
15 *quantity of beet sugar produced by a beet*
16 *sugar processor during each of the 1998*
17 *through 2000 crop years shall be (as deter-*
18 *mined by the Secretary)—*

19 “(I) *in the case of the 1998 crop*
20 *year, 25 percent of the quantity of beet*
21 *sugar produced by the processor during*
22 *the crop year;*

23 “(II) *in the case of the 1999 crop*
24 *year, 35 percent of the quantity of beet*

1 *sugar produced by the processor during*
2 *the crop year; and*

3 *“(III) in the case of the 2000 crop*
4 *year, 40 percent of the quantity of beet*
5 *sugar produced by the processor (in-*
6 *cluding any quantity of sugar received*
7 *from the Commodity Credit Corpora-*
8 *tion) during the crop year.*

9 *“(iv) ADJUSTMENTS.—*

10 *“(I) IN GENERAL.—The Secretary*
11 *shall adjust the weighted average quan-*
12 *tity of beet sugar produced by a beet*
13 *sugar processor during the 1998*
14 *through 2000 crop years under clause*
15 *(iii) if the Secretary determines that,*
16 *during any such crop year, the*
17 *processor—*

18 *“(aa) opened or closed a*
19 *sugar beet processing factory;*

20 *“(bb) constructed a molasses*
21 *desugarization facility; or*

22 *“(cc) suffered substantial*
23 *quality losses on sugar beets*
24 *stored during any such crop year.*

1 “(II) QUANTITY.—*The quantity of*
2 *beet sugar produced by a beet sugar*
3 *processor under clause (iii) shall be—*

4 “*(aa) in the case of a proc-*
5 *essor that opened a sugar beet*
6 *processing factory, increased by*
7 *1.25 percent of the total of the ad-*
8 *justed weighted average quantities*
9 *of beet sugar produced by all proc-*
10 *essors during the 1998 through*
11 *2000 crop years (without consid-*
12 *eration of any adjustment under*
13 *this clause) for each sugar beet*
14 *processing factory that is opened*
15 *by the processor;*

16 “*(bb) in the case of a proc-*
17 *essor that closed a sugar beet*
18 *processing factory, decreased by*
19 *1.25 percent of the total of the ad-*
20 *justed weighted average quantities*
21 *of beet sugar produced by all proc-*
22 *essors during the 1998 through*
23 *2000 crop years (without consid-*
24 *eration of any adjustment under*
25 *this clause) for each sugar beet*

1 *processing factory that is closed*
2 *by the processor;*

3 *“(cc) in the case of a proc-*
4 *essor that constructed a molasses*
5 *desugarization facility, increased*
6 *by 0.25 percent of the total of the*
7 *adjusted weighted average quan-*
8 *tities of beet sugar produced by all*
9 *processors during the 1998*
10 *through 2000 crop years (without*
11 *consideration of any adjustment*
12 *under this clause) for each molas-*
13 *ses desugarization facility that is*
14 *constructed by the processor; and*

15 *“(dd) in the case of a proc-*
16 *essor that suffered substantial*
17 *quality losses on stored sugar*
18 *beets, increased by 1.25 percent of*
19 *the total of the adjusted weighted*
20 *average quantities of beet sugar*
21 *produced by all processors during*
22 *the 1998 through 2000 crop years*
23 *(without consideration of any ad-*
24 *justment under this clause).*

1 “(v) *PERMANENT TERMINATION OF OP-*
2 *ERATIONS OF A PROCESSOR.—If a processor*
3 *of beet sugar has been dissolved, liquidated*
4 *in a bankruptcy proceeding, or otherwise*
5 *has permanently terminated operations*
6 *(other than in conjunction with a sale or*
7 *other disposition of the processor or the as-*
8 *sets of the processor), the Secretary shall—*

9 “(I) *eliminate the allocation of the*
10 *processor provided under this section;*
11 *and*

12 “(II) *distribute the allocation to*
13 *other beet sugar processors on a pro*
14 *rata basis.*

15 “(vi) *SALE OF ALL ASSETS OF A PROC-*
16 *ESSOR TO ANOTHER PROCESSOR.—If a*
17 *processor of beet sugar (or all of the assets*
18 *of the processor) is sold to another processor*
19 *of beet sugar, the Secretary shall transfer*
20 *the allocation of the seller to the buyer un-*
21 *less the allocation has been distributed to*
22 *other sugar beet processors under clause (v).*

23 “(vii) *SALE OF FACTORIES OF A PROC-*
24 *ESSOR TO ANOTHER PROCESSOR.—*

1 “(I) *IN GENERAL.*—Subject to
2 *clauses (v) and (vi), if 1 or more fac-*
3 *ories of a processor of beet sugar (but*
4 *not all of the assets of the processor)*
5 *are sold to another processor of beet*
6 *sugar during a fiscal year, the Sec-*
7 *retary shall assign a pro rata portion*
8 *of the allocation of the seller to the al-*
9 *location of the buyer to reflect the his-*
10 *torical contribution of the production*
11 *of the sold factory or factories to the*
12 *total allocation of the seller.*

13 “(II) *APPLICATION OF ALLOCA-*
14 *TION.*—The assignment of the alloca-
15 *tion under subclause (I) shall apply—*

16 “(aa) *during the remainder*
17 *of the fiscal year during which the*
18 *sale described in subclause (I) oc-*
19 *curs (referred to in this clause as*
20 *the ‘initial fiscal year’); and*

21 “(bb) *each subsequent fiscal*
22 *year (referred in this clause as a*
23 *‘subsequent fiscal year’), subject to*
24 *subclause (III).*

1 “(III) *SUBSEQUENT FISCAL*
2 *YEARS.—*

3 “(aa) *IN GENERAL.—The as-*
4 *signment of the allocation under*
5 *subclause (I) shall apply during*
6 *each subsequent fiscal year unless*
7 *the acquired factory or factories*
8 *continue in operation for less*
9 *than the initial fiscal year and*
10 *the first subsequent fiscal year.*

11 “(bb) *REASSIGNMENT.—If*
12 *the acquired factory or factories*
13 *do not continue in operation for*
14 *the complete initial fiscal year*
15 *and the first subsequent fiscal*
16 *year, the Secretary shall reassign*
17 *the temporary allocation to other*
18 *processors of beet sugar on a pro*
19 *rata basis.*

20 “(IV) *USE OF OTHER FACTORIES*
21 *TO FILL ALLOCATION.—If the trans-*
22 *ferred allocation to the buyer for the*
23 *purchased factory or factories cannot*
24 *be filled by the production by the pur-*
25 *chased factory or factories for the ini-*

1 *tial fiscal year or a subsequent fiscal*
2 *year, the remainder of the transferred*
3 *allocation may be filled by beet sugar*
4 *produced by the buyer from other fac-*
5 *tories of the buyer.*

6 *“(viii) NEW ENTRANTS STARTING PRO-*
7 *DUCTION OR REOPENING FACTORIES.—If an*
8 *individual or entity that does not have an*
9 *allocation of beet sugar under this part (re-*
10 *ferred to in this subparagraph as a ‘new en-*
11 *trant’) starts processing sugar beets after*
12 *the date of enactment of this clause, or ac-*
13 *quires and reopens a factory that produced*
14 *beet sugar during the period of the 1998*
15 *through 2000 crop years that (at the time*
16 *of acquisition) has no allocation associated*
17 *with the factory under this part, the Sec-*
18 *retary shall—*

19 *“(I) assign an allocation for beet*
20 *sugar to the new entrant that provides*
21 *a fair and equitable distribution of the*
22 *allocations for beet sugar; and*

23 *“(II) reduce the allocations for*
24 *beet sugar of all other processors on a*

1 *pro rata basis to reflect the new alloca-*
2 *tion.*

3 “(ix) *NEW ENTRANTS ACQUIRING ON-*
4 *GOING FACTORIES WITH PRODUCTION HIS-*
5 *TORY.—If a new entrant acquires a factory*
6 *that has production history during the pe-*
7 *riod of the 1998 through 2000 crop years*
8 *and that is producing beet sugar at the time*
9 *the allocations are made from a processor*
10 *that has an allocation of beet sugar, the*
11 *Secretary shall transfer a portion of the al-*
12 *location of the seller to the new entrant to*
13 *reflect the historical contribution of the pro-*
14 *duction of the sold factory to the total allo-*
15 *cation of the seller.”.*

16 (e) *REASSIGNMENT.—Section 359e(b) of the Agricul-*
17 *tural Adjustment Act of 1938 (7 U.S.C. 1359ee(b)) is*
18 *amended—*

19 (1) *in paragraph (1)—*

20 (A) *in subparagraph (B), by striking the*
21 *“and” after the semicolon;*

22 (B) *by redesignating subparagraph (C) as*
23 *subparagraph (D);*

24 (C) *by inserting after subparagraph (B) the*
25 *following:*

1 “(C) if after the reassignments, the deficit
2 cannot be completely eliminated, the Secretary
3 shall reassign the estimated quantity of the def-
4 icit to the sale of any inventories of sugar held
5 by the Commodity Credit Corporation; and”;
6 and

7 (D) in subparagraph (D) (as so redesign-
8 ated), by inserting “and sales” after “reassign-
9 ments”; and

10 (2) in paragraph (2)—

11 (A) in subparagraph (A), by striking the
12 “and” after the semicolon;

13 (B) in subparagraph (B), by striking “reas-
14 sign the remainder to imports.” and inserting
15 “use the estimated quantity of the deficit for the
16 sale of any inventories of sugar held by the Com-
17 modity Credit Corporation; and”; and

18 (C) by inserting after subparagraph (B) the
19 following:

20 “(C) if after the reassignments and sales,
21 the deficit cannot be completely eliminated, the
22 Secretary shall reassign the remainder to im-
23 ports.”.

1 (f) *PRODUCER PROVISIONS.*—Section 359f of the Agri-
2 *cultural Adjustment Act of 1938 (7 U.S.C. 1359ff)* is
3 *amended—*

4 (1) *in subsection (a)—*

5 (A) *by striking “Whenever” and inserting*
6 *the following:*

7 “(1) *IN GENERAL.*—*If*”;

8 (B) *in the second sentence, by striking*
9 *“processor’s allocation” and inserting “allocation*
10 *to the processor”;*

11 (C) *by striking “Any dispute” and insert-*
12 *ing the following:*

13 “(2) *ARBITRATION.*—

14 “(A) *IN GENERAL.*—*Any dispute*”; and

15 (D) *by adding at the end the following:*

16 “(B) *PERIOD.*—*The arbitration shall, to the*
17 *maximum extent practicable, be—*

18 “(i) *commenced not more than 45 days*
19 *after the request; and*

20 “(ii) *completed not more than 60 days*
21 *after the request.*”;

22 (2) *by redesignating subsection (b) as subsection*
23 *(c);*

24 (3) *by inserting after subsection (a) the fol-*
25 *lowing:*

1 “(b) *SUGAR BEET PROCESSING FACILITY CLO-*
2 *SURES.—*

3 “(1) *IN GENERAL.—If a sugar beet processing fa-*
4 *cility is closed and the sugar beet growers that pre-*
5 *viously delivered beets to the facility elect to deliver*
6 *their beets to another processing company, the growers*
7 *may petition the Secretary to modify allocations*
8 *under this part to allow the delivery.*

9 “(2) *INCREASED ALLOCATION FOR PROCESSING*
10 *COMPANY.—The Secretary may increase the allocation*
11 *to the processing company to which the growers elect*
12 *to deliver their sugar beets, with the approval of the*
13 *processing company, to a level that does not exceed*
14 *the processing capacity of the processing company, to*
15 *accommodate the change in deliveries.*

16 “(3) *DECREASED ALLOCATION FOR CLOSED COM-*
17 *PANY.—The increased allocation shall be deducted*
18 *from the allocation to the company that owned the*
19 *processing facility that has been closed and the re-*
20 *maining allocation shall be unaffected.*

21 “(4) *TIMING.—The determinations of the Sec-*
22 *retary on the issues raised by the petition shall be*
23 *made within 60 days after the filing of the petition.”;*
24 *and*

25 (4) *in subsection (c) (as so redesignated)—*

1 (A) in paragraph (3)(A), by striking “the
2 preceding 5 years” and inserting “the 2 highest
3 years from among the 1999, 2000, and 2001 crop
4 years”;

5 (B) in paragraph (4)(A), by striking “each”
6 and all that follows through “in effect” and in-
7 serting “the 2 highest of the 1999, 2000, and
8 2001 crop years”; and

9 (C) by inserting after paragraph (7) the fol-
10 lowing:

11 “(8) *PROCESSING FACILITY CLOSURES.*—

12 “(A) *IN GENERAL.*—If a sugarcane proc-
13 essing facility subject to this subsection is closed
14 and the sugarcane growers that delivered sugarcane
15 to the facility prior to closure elect to de-
16 liver their sugarcane to another processing com-
17 pany, the growers may petition the Secretary to
18 modify allocations under this part to allow the
19 delivery.

20 “(B) *INCREASED ALLOCATION FOR PROC-*
21 *ESSING COMPANY.*—The Secretary may increase
22 the allocation to the processing company to
23 which the growers elect to deliver the sugarcane,
24 with the approval of the processing company, to
25 a level that does not exceed the processing capac-

1 *ity of the processing company, to accommodate*
2 *the change in deliveries.*

3 “(C) *DECREASED ALLOCATION FOR CLOSED*
4 *COMPANY.—The increased allocation shall be de-*
5 *ducted from the allocation to the company that*
6 *owned the processing facility that has been closed*
7 *and the remaining allocation shall be unaffected.*

8 “(D) *TIMING.—The determinations of the*
9 *Secretary on the issues raised by the petition*
10 *shall be made within 60 days after the filing of*
11 *the petition.”.*

12 *(g) CONFORMING AMENDMENTS.—*

13 *(1) Part VII of subtitle B of title III of the Agri-*
14 *cultural Adjustment Act of 1938 (7 U.S.C. 359aa et*
15 *seq.) is amended by striking the part heading and in-*
16 *serting the following:*

17 **“PART VII—FLEXIBLE MARKETING ALLOTMENTS**
18 **FOR SUGAR”.**

19 *(2) Part VII of subtitle B of title III of the Agri-*
20 *cultural Adjustment Act of 1938 (as amended by sub-*
21 *section (a)) is amended by inserting before section*
22 *359b (7 U.S.C. 1359bb) the following:*

23 **“SEC. 359a. DEFINITIONS.**

24 *“In this part:*

1 “(1) *MAINLAND STATE*.—The term ‘mainland
2 *State*’ means a State other than an offshore State.

3 “(2) *OFFSHORE STATE*.—The term ‘offshore
4 *State*’ means a sugarcane producing State located
5 outside of the continental United States.

6 “(3) *STATE*.—Notwithstanding section 301, the
7 term ‘State’ means—

8 “(A) a State;

9 “(B) the District of Columbia; and

10 “(C) the Commonwealth of Puerto Rico.

11 “(4) *UNITED STATES*.—The term ‘United States’,
12 when used in a geographical sense, means all of the
13 States.”.

14 (3) Section 359g of the Agricultural Adjustment
15 Act of 1938 (7 U.S.C. 1359gg) is amended—

16 (A) by striking “359f” each place it appears
17 and inserting “359f(c)”;

18 (B) in the first sentence of subsection (b), by
19 striking “3 consecutive” and inserting “5 con-
20 secutive”; and

21 (C) in subsection (c), by inserting “or ad-
22 justed” after “share established”.

23 (4) Section 359j of the Agricultural Adjustment
24 Act of 1938 (7 U.S.C. 1359jj) is amended—

1 (A) in subsection (b), by striking “sections
2 359a through 359i” and inserting “this part”;
3 and
4 (B) by striking subsection (c).

5 **SEC. 144. REALLOCATION OF SUGAR QUOTA.**

6 Subtitle B of title III of the Agricultural Adjustment
7 Act of 1938 (7 U.S.C. 1311 et seq.) is amended by adding
8 at the end the following:

9 **“PART VIII—REALLOCATING SUGAR QUOTA**

10 **IMPORT SHORTFALLS**

11 **“SEC. 360. REALLOCATING CERTAIN SUGAR QUOTAS.**

12 “(a) *IN GENERAL.*—Notwithstanding any other provi-
13 sion of law, on or after June 1 of each year, the United
14 States Trade Representative, in consultation with the Sec-
15 retary, shall determine the amount of the quota of cane
16 sugar used by each qualified supplying country for that fis-
17 cal year, and may reallocate the unused quota for that fiscal
18 year among qualified supplying countries.

19 “(b) *DEFINITIONS.*—In this section:

20 “(1) *QUALIFIED SUPPLYING COUNTRY.*—The
21 term ‘qualified supplying country’ means one of the
22 following 40 foreign countries that is allowed to ex-
23 port cane sugar to the United States under an agree-
24 ment or any other country with which the United

1 *States has an agreement relating to the importation*
 2 *of cane sugar:*

Argentina
Australia
Barbados
Belize
Bolivia
Brazil
Colombia
Congo
Costa Rica
Dominican Republic
Ecuador
El Salvador
Fiji
Gabon
Guatemala
Guyana
Haiti
Honduras
India
Ivory Coast
Jamaica
Madagascar
Malawi
Mauritius
Mexico
Mozambique
Nicaragua
Panama
Papua New Guinea
Paraguay
Peru
Philippines
St. Kitts and Nevis
South Africa
Swaziland
Taiwan
Thailand
Trinidad-Tobago
Uruguay
Zimbabwe.

3 “(2) *CANE SUGAR.*—*The term ‘cane sugar’ has*
 4 *the same meaning as the term has under part VII.”.*

1 **CHAPTER 3—PEANUTS**

2 **SEC. 151. PEANUT PROGRAM.**

3 (a) *IN GENERAL.*—Subtitle *D* of the Federal Agri-
4 culture Improvement and Reform Act of 1996 (7 U.S.C.
5 7251 et seq.) is amended by adding at the end the following:

6 **“CHAPTER 3—PEANUTS**

7 **“SEC. 158A. DEFINITIONS.**

8 *“In this chapter:*

9 “(1) *COUNTER-CYCLICAL PAYMENT.*—The term
10 ‘counter-cyclical payment’ means a payment made to
11 peanut producers on a farm under section 158D.

12 “(2) *DIRECT PAYMENT.*—The term ‘direct pay-
13 ment’ means a payment made to peanut producers on
14 a farm under section 158C.

15 “(3) *EFFECTIVE PRICE.*—The term ‘effective
16 price’ means the price calculated by the Secretary
17 under section 158D for peanuts to determine whether
18 counter-cyclical payments are required to be made
19 under section 158D for a crop year.

20 “(4) *HISTORICAL PEANUT PRODUCERS ON A*
21 *FARM.*—The term ‘historical peanut producers on a
22 farm’ means the peanut producers on a farm in the
23 United States that produced or were prevented from
24 planting peanuts during any of the 1998 through
25 2001 crop years.

1 “(5) *INCOME PROTECTION PRICE*.—The term ‘in-
2 come protection price’ means the price per ton of pea-
3 nuts used to determine the payment rate for counter-
4 cyclical payments.

5 “(6) *PAYMENT ACRES*.—The term ‘payment
6 acres’ means 85 percent of the peanut acres on a
7 farm, as established under section 158B, on which di-
8 rect payments and counter-cyclical payments are
9 made.

10 “(7) *PEANUT ACRES*.—The term ‘peanut acres’
11 means the number of acres assigned to a particular
12 farm for historical peanut producers on a farm pur-
13 suant to section 158B(b).

14 “(8) *PAYMENT YIELD*.—The term ‘payment
15 yield’ means the yield assigned to a farm by histor-
16 ical peanut producers on the farm pursuant to section
17 158B(b).

18 “(9) *PEANUT PRODUCER*.—The term ‘peanut
19 producer’ means an owner, operator, landlord, tenant,
20 or sharecropper that—

21 “(A) shares in the risk of producing a crop
22 of peanuts in the United States; and

23 “(B) is entitled to share in the crop avail-
24 able for marketing from the farm or would have
25 shared in the crop had the crop been produced.

1 **“SEC. 158B. PAYMENT YIELDS, PEANUT ACRES, AND PAY-**
2 **MENT ACRES FOR FARMS.**

3 *“(a) PAYMENT YIELDS AND PAYMENT ACRES.—*

4 *“(1) AVERAGE YIELD.—*

5 *“(A) IN GENERAL.—The Secretary shall de-*
6 *termine, for each historical peanut producer, the*
7 *average yield for peanuts on all farms of the his-*
8 *torical peanut producer for the 1998 through*
9 *2001 crop years, excluding any crop year during*
10 *which the producers did not produce peanuts.*

11 *“(B) ASSIGNED YIELDS.—Except as pro-*
12 *vided in subparagraph (C), if, for any of the*
13 *crop years referred to in subparagraph (A) in*
14 *which peanuts were planted on a farm by the*
15 *historical peanut producer, the historical peanut*
16 *producer has satisfied the eligibility criteria es-*
17 *tablished to carry out section 1102 of the Agri-*
18 *culture, Rural Development, Food and Drug Ad-*
19 *ministration, and Related Agencies Appropria-*
20 *tions Act, 1999 (7 U.S.C. 1421 note; Public Law*
21 *105–277), the Secretary shall assign to the his-*
22 *torical peanut producer a yield for the farm for*
23 *the crop year equal to 65 percent of the average*
24 *yield for peanuts for the previous 5 crop years.*

25 *“(C) SELECTION BY PRODUCER.—If a coun-*
26 *ty in which a historical peanut producer de-*

1 *described in subparagraph (A) is located is de-*
2 *clared a disaster area during 1 or more of the*
3 *4 crop years described in subparagraph (A), for*
4 *the purposes of determining the 4-year average*
5 *yield for the historical peanut producer, the his-*
6 *torical peanut producer may elect to substitute,*
7 *for not more than 1 of the crop years during*
8 *which a disaster is declared—*

9 *“(i) the State 4-year average yield of*
10 *peanuts produced in the State; or*

11 *“(ii) the average yield for the historical*
12 *peanut producer determined by the Sec-*
13 *retary under subparagraph (A).*

14 *“(2) ACREAGE AVERAGE.—The Secretary shall*
15 *determine, for the historical peanut producer, the 4-*
16 *year average of—*

17 *“(A) acreage planted to peanuts on all*
18 *farms for harvest during the 1998 through 2001*
19 *crop years; and*

20 *“(B) any acreage that was prevented from*
21 *being planting to peanuts during the crop years*
22 *because of drought, flood, or other natural dis-*
23 *aster, or other condition beyond the control of the*
24 *historical peanut producer, as determined by the*
25 *Secretary.*

1 “(3) *TIME FOR DETERMINATIONS; FACTORS.*—

2 “(A) *TIMING.*—*The Secretary shall make*
3 *the determinations required by this subsection*
4 *not later than 90 days after the date of enact-*
5 *ment of this section.*

6 “(B) *FACTORS.*—*In making the determina-*
7 *tions, the Secretary shall take into account*
8 *changes in the number and identity of historical*
9 *peanut producers sharing in the risk of pro-*
10 *ducing a peanut crop since the 1998 crop year,*
11 *including providing a method for the assignment*
12 *of average acres and average yield to a farm*
13 *when a historical peanut producer is no longer*
14 *living or an entity composed of historical peanut*
15 *producers has been dissolved.*

16 “(b) *ASSIGNMENT OF YIELD AND ACRES TO FARMS.*—

17 “(1) *ASSIGNMENT BY HISTORICAL PEANUT PRO-*
18 *DUCERS.*—*For the first crop year that begins after the*
19 *date of enactment of this section, the Secretary shall*
20 *provide each historical peanut producer in a State*
21 *that produced a contract commodity, or another agri-*
22 *cultural commodity for which a production adjust-*
23 *ment program is carried out under the Agricultural*
24 *Adjustment Act of 1938 (7 U.S.C. 1281 et seq.), or*
25 *was prevented from planting a contract commodity,*

1 or another such agricultural commodity, during the
2 2001 crop year with an opportunity to assign the av-
3 erage peanut yield and average acreage determined
4 under subsection (a) for the historical peanut pro-
5 ducer to cropland on a farm in the State.

6 “(2) *ASSIGNMENT TO CROPLAND.*—In the case of
7 a historical peanut producer on a farm that did not
8 produce a contract commodity, or another such agri-
9 cultural commodity, and was not prevented from
10 planting a contract commodity or another such agri-
11 cultural commodity during the 2001 crop year, the
12 average peanut yield and average acreage determined
13 under subsection (a) shall be assigned to the cropland
14 on the farm.

15 “(3) *PAYMENT YIELD.*—The average of all of the
16 yields assigned by historical peanut producers to a
17 farm shall be considered to be the payment yield for
18 the farm for the purpose of making direct payments
19 and counter-cyclical payments under this chapter.

20 “(4) *PEANUT ACRES.*—Subject to subsection (e),
21 the total number of acres assigned by historical pea-
22 nut producers to a farm shall be considered to be the
23 peanut acres for the farm for the purpose of making
24 direct payments and counter-cyclical payments under
25 this chapter.

1 “(c) *ELECTION.*—*In the case of the first crop year that*
2 *begins after the date of enactment of this subsection, a his-*
3 *torical peanut producer shall notify the Secretary of the as-*
4 *signments described in subsection (b)(1) not later than 180*
5 *days after the date of enactment of this section.*

6 “(d) *PAYMENT ACRES.*—*The payment acres for pea-*
7 *nuts on a farm shall be equal to 85 percent of the peanut*
8 *acres assigned to the farm.*

9 “(e) *PREVENTION OF EXCESS PEANUT ACRES.*—

10 “(1) *REQUIRED REDUCTION.*—*If the total of the*
11 *peanut acres for a farm, together with the acreage de-*
12 *scribed in paragraph (3), exceeds the actual cropland*
13 *acreage of the farm, the Secretary shall reduce the*
14 *quantity of peanut acres for the farm or contract*
15 *acreage for 1 or more covered commodities for the*
16 *farm as necessary so that the total of the peanut acres*
17 *and acreage described in paragraph (3) does not ex-*
18 *ceed the actual cropland acreage of the farm.*

19 “(2) *SELECTION OF ACRES.*—*The Secretary shall*
20 *give the peanut producers on the farm the oppor-*
21 *tunity to select the peanut acres or contract acreage*
22 *against which the reduction will be made.*

23 “(3) *OTHER ACREAGE.*—*For purposes of para-*
24 *graph (1), the Secretary shall include—*

1 “(A) any contract acreage for the farm
2 under subtitle B;

3 “(B) any acreage on the farm enrolled in
4 the conservation reserve program or wetlands re-
5 serve program under chapter 1 of subtitle D of
6 title XII of the Food Security Act of 1985 (16
7 U.S.C. 3830 et seq.); and

8 “(C) any other acreage on the farm enrolled
9 in a conservation program for which payments
10 are made in exchange for not producing an agri-
11 cultural commodity on the acreage.

12 “(3) *DOUBLE-CROPPED ACREAGE.*—In applying
13 paragraph (1), the Secretary shall take into account
14 additional acreage as a result of an established dou-
15 ble-cropping history on a farm, as determined by the
16 Secretary.

17 **“SEC. 158C. DIRECT PAYMENTS FOR PEANUTS.**

18 “(a) *IN GENERAL.*—For each of the 2002 through 2006
19 fiscal years, the Secretary shall make direct payments to
20 peanut producers on a farm with peanut acres under sec-
21 tion 158B and a payment yield for peanuts under section
22 158B.

23 “(b) *PAYMENT RATE.*—The payment rate used to make
24 direct payments with respect to peanuts for a fiscal year
25 shall be equal to \$0.018 per pound.

1 “(c) *PAYMENT AMOUNT.*—*The amount of the direct*
2 *payment to be paid to the peanut producers on a farm for*
3 *peanuts for a fiscal year shall be equal to the product ob-*
4 *tained by multiplying—*

5 “(1) *the payment rate specified in subsection (b);*

6 “(2) *the payment acres on the farm; by*

7 “(3) *the payment yield for the farm.*

8 “(d) *TIME FOR PAYMENT.*—

9 “(1) *IN GENERAL.*—*The Secretary shall make di-*
10 *rect payments—*

11 “(A) *in the case of the 2002 fiscal year,*
12 *during the period beginning December 1, 2001,*
13 *and ending September 30, 2002; and*

14 “(B) *in the case of each of the 2003 through*
15 *2006 fiscal years, not later than September 30 of*
16 *the fiscal year.*

17 “(2) *ADVANCE PAYMENTS.*—

18 “(A) *IN GENERAL.*—*At the option of the*
19 *peanut producers on a farm, the Secretary shall*
20 *pay 50 percent of the direct payment for a fiscal*
21 *year for the producers on the farm on a date se-*
22 *lected by the peanut producers on the farm.*

23 “(B) *SELECTED DATE.*—*The selected date*
24 *for a fiscal year shall be on or after December*
25 *1 of the fiscal year.*

1 “(C) *SUBSEQUENT FISCAL YEARS.*—*The*
2 *peanut producers on a farm may change the se-*
3 *lected date for a subsequent fiscal year by pro-*
4 *viding advance notice to the Secretary.*

5 “(3) *REPAYMENT OF ADVANCE PAYMENTS.*—*If*
6 *any peanut producer on a farm that receives an ad-*
7 *vance direct payment for a fiscal year ceases to be eli-*
8 *gible for a direct payment before the date the direct*
9 *payment would have been made by the Secretary*
10 *under paragraph (1), the peanut producer shall be re-*
11 *sponsible for repaying the Secretary the full amount*
12 *of the advance payment.*

13 **“SEC. 158D. COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.**

14 “(a) *IN GENERAL.*—*For each of the 2002 through 2006*
15 *crops of peanuts, the Secretary shall make counter-cyclical*
16 *payments with respect to peanuts if the Secretary deter-*
17 *mines that the effective price for peanuts is less than the*
18 *income protection price for peanuts.*

19 “(b) *EFFECTIVE PRICE.*—*For purposes of subsection*
20 *(a), the effective price for peanuts is equal to the total of—*

21 “(1) *the greater of—*

22 “(A) *the national average market price re-*
23 *ceived by peanut producers during the marketing*
24 *season for peanuts, as determined by the Sec-*
25 *retary; or*

1 “(B) the national average loan rate for a
2 marketing assistance loan for peanuts under sec-
3 tion 158G in effect for the marketing season for
4 peanuts under this chapter; and

5 “(2) the payment rate in effect for peanuts under
6 section 158C for the purpose of making direct pay-
7 ments with respect to peanuts.

8 “(c) *INCOME PROTECTION PRICE.*—For purposes of
9 subsection (a), the income protection price for peanuts shall
10 be equal to \$520 per ton.

11 “(d) *PAYMENT AMOUNT.*—The amount of the counter-
12 cyclical payment to be paid to the peanut producers on a
13 farm for a crop year shall be equal to the product obtained
14 by multiplying—

15 “(1) the payment rate specified in subsection (e);

16 “(2) the payment acres on the farm; by

17 “(3) the payment yield for the farm.

18 “(e) *PAYMENT RATE.*—The payment rate used to make
19 counter-cyclical payments with respect to peanuts for a
20 crop year shall be equal to the difference between—

21 “(1) the income protection price for peanuts; and

22 “(2) the effective price determined under sub-
23 section (b) for peanuts.

24 “(f) *TIME FOR PAYMENTS.*—

1 “(1) *IN GENERAL.*—*The Secretary shall make*
2 *counter-cyclical payments to peanut producers on a*
3 *farm under this section for a crop of peanuts as soon*
4 *as practicable after determining under subsection (a)*
5 *that the payments are required for the crop year.*

6 “(2) *PARTIAL PAYMENT.*—

7 “(A) *IN GENERAL.*—*At the option of the*
8 *Secretary, the peanut producers on a farm may*
9 *elect to receive up to 40 percent of the projected*
10 *counter-cyclical payment to be made under this*
11 *section for a crop of peanuts on completion of the*
12 *first 2 months of the marketing season for the*
13 *crop, as determined by the Secretary.*

14 “(B) *REPAYMENT.*—*The peanut producers*
15 *on a farm shall repay to the Secretary the*
16 *amount, if any, by which the payment received*
17 *by producers on the farm (including any partial*
18 *payments) exceeds the counter-cyclical payment*
19 *the producers on the farm are eligible for under*
20 *this section.*

21 **“SEC. 158E. PRODUCER AGREEMENTS.**

22 “(a) *COMPLIANCE WITH CERTAIN REQUIREMENTS.*—

23 “(1) *REQUIREMENTS.*—*Before the peanut pro-*
24 *ducers on a farm may receive direct payments or*
25 *counter-cyclical payments with respect to the farm,*

1 *the peanut producers on the farm shall agree during*
2 *the fiscal year or crop year, respectively, for which the*
3 *payments are received, in exchange for the*
4 *payments—*

5 *“(A) to comply with applicable highly erod-*
6 *ible land conservation requirements under sub-*
7 *title B of title XII of the Food Security Act of*
8 *1985 (16 U.S.C. 3811 et seq.);*

9 *“(B) to comply with applicable wetland*
10 *conservation requirements under subtitle C of*
11 *title XII of that Act (16 U.S.C. 3821 et seq.);*

12 *“(C) to comply with the planting flexibility*
13 *requirements of section 158F; and*

14 *“(D) to use a quantity of the land on the*
15 *farm equal to the peanut acres, for an agricul-*
16 *tural or conserving use, and not for a non-*
17 *agricultural commercial or industrial use, as de-*
18 *termined by the Secretary.*

19 *“(2) COMPLIANCE.—The Secretary may promul-*
20 *gate such regulations as the Secretary considers nec-*
21 *essary to ensure peanut producer compliance with*
22 *paragraph (1).*

23 *“(b) FORECLOSURE.—*

24 *“(1) IN GENERAL.—The Secretary shall not re-*
25 *quire the peanut producers on a farm to repay a di-*

1 *rect payment or counter-cyclical payment if a fore-*
2 *closure has occurred with respect to the farm and the*
3 *Secretary determines that forgiving the repayment is*
4 *appropriate to provide fair and equitable treatment.*

5 *“(2) COMPLIANCE WITH REQUIREMENTS.—*

6 *“(A) IN GENERAL.—This subsection shall*
7 *not void the responsibilities of the peanut pro-*
8 *ducers on a farm under subsection (a) if the pea-*
9 *nut producers on the farm continue or resume*
10 *operation, or control, of the farm.*

11 *“(B) APPLICABLE REQUIREMENTS.—On the*
12 *resumption of operation or control over the farm*
13 *by the peanut producers on the farm, the require-*
14 *ments of subsection (a) in effect on the date of*
15 *the foreclosure shall apply.*

16 *“(c) TRANSFER OR CHANGE OF INTEREST IN FARM.—*

17 *“(1) TERMINATION.—Except as provided in*
18 *paragraph (5), a transfer of (or change in) the inter-*
19 *est of the peanut producers on a farm in peanut acres*
20 *for which direct payments or counter-cyclical pay-*
21 *ments are made shall result in the termination of the*
22 *payments with respect to the peanut acres, unless the*
23 *transferee or owner of the acreage agrees to assume all*
24 *obligations under subsection (a).*

1 “(2) *EFFECTIVE DATE.*—*The termination takes*
2 *effect on the date of the transfer or change.*

3 “(3) *TRANSFER OF PAYMENT BASE AND YIELD.*—
4 *The Secretary shall not impose any restriction on the*
5 *transfer of the peanut acres or payment yield of a*
6 *farm as part of a transfer or change described in*
7 *paragraph (1).*

8 “(4) *MODIFICATION.*—*At the request of the trans-*
9 *feree or owner, the Secretary may modify the require-*
10 *ments of subsection (a) if the modifications are con-*
11 *sistent with the purposes of subsection (a), as deter-*
12 *mined by the Secretary.*

13 “(5) *EXCEPTION.*—*If a peanut producer entitled*
14 *to a direct payment or counter-cyclical payment dies,*
15 *becomes incompetent, or is otherwise unable to receive*
16 *the payment, the Secretary shall make the payment,*
17 *in accordance with regulations promulgated by the*
18 *Secretary.*

19 “(d) *ACREAGE REPORTS.*—*As a condition on the re-*
20 *ceipt of any benefits under this chapter, the Secretary shall*
21 *require the peanut producers on a farm to submit to the*
22 *Secretary acreage reports for the farm.*

23 “(e) *TENANTS AND SHARECROPPERS.*—*In carrying*
24 *out this chapter, the Secretary shall provide adequate safe-*
25 *guards to protect the interests of tenants and sharecroppers.*

1 “(f) *SHARING OF PAYMENTS.*—*The Secretary shall*
2 *provide for the sharing of direct payments and counter-cy-*
3 *clical payments among the peanut producers on a farm on*
4 *a fair and equitable basis.*

5 “**SEC. 158F. PLANTING FLEXIBILITY.**

6 “(a) *PERMITTED CROPS.*—*Subject to subsection (b),*
7 *any commodity or crop may be planted on peanut acres*
8 *on a farm.*

9 “(b) *LIMITATIONS AND EXCEPTIONS REGARDING CER-*
10 *TAIN COMMODITIES.*—

11 “(1) *LIMITATIONS.*—*The planting of the fol-*
12 *lowing agricultural commodities shall be prohibited*
13 *on peanut acres:*

14 “(A) *Fruits.*

15 “(B) *Vegetables (other than lentils, mung*
16 *beans, and dry peas).*

17 “(C) *In the case of the 2003 and subsequent*
18 *crops of an agricultural commodity, wild rice.*

19 “(2) *EXCEPTIONS.*—*Paragraph (1) shall not*
20 *limit the planting of an agricultural commodity spec-*
21 *ified in paragraph (1)—*

22 “(A) *in any region in which there is a his-*
23 *tory of double-cropping of peanuts with agricul-*
24 *tural commodities specified in paragraph (1), as*

1 *determined by the Secretary, in which case the*
2 *double-cropping shall be permitted;*

3 “(B) *on a farm that the Secretary deter-*
4 *mines has a history of planting agricultural*
5 *commodities specified in paragraph (1) on pea-*
6 *nut acres, except that direct payments and*
7 *counter-cyclical payments shall be reduced by an*
8 *acre for each acre planted to the agricultural*
9 *commodity; or*

10 “(C) *by the peanut producers on a farm*
11 *that the Secretary determines has an established*
12 *planting history of a specific agricultural com-*
13 *modity specified in paragraph (1), except that—*

14 “(i) *the quantity planted may not ex-*
15 *ceed the average annual planting history of*
16 *the agricultural commodity by the peanut*
17 *producers on the farm during the 1996*
18 *through 2001 crop years (excluding any*
19 *crop year in which no plantings were*
20 *made), as determined by the Secretary; and*

21 “(ii) *direct payments and counter-cy-*
22 *clical payments shall be reduced by an acre*
23 *for each acre planted to the agricultural*
24 *commodity.*

1 **“SEC. 158G. MARKETING ASSISTANCE LOANS AND LOAN DE-**
 2 ****FICIENCY PAYMENTS FOR PEANUTS.****

3 “(a) *NONRECOURSE LOANS AVAILABLE.*—

4 “(1) *AVAILABILITY.*—*For each of the 2002*
 5 *through 2006 crops of peanuts, the Secretary shall*
 6 *make available to peanut producers on a farm non-*
 7 *recourse marketing assistance loans for peanuts pro-*
 8 *duced on the farm.*

9 “(2) *TERMS AND CONDITIONS.*—*The loans shall*
 10 *be made under terms and conditions that are pre-*
 11 *scribed by the Secretary and at the loan rate estab-*
 12 *lished under subsection (b).*

13 “(3) *ELIGIBLE PRODUCTION.*—*The producers on*
 14 *a farm shall be eligible for a marketing assistance*
 15 *loan under this section for any quantity of peanuts*
 16 *produced on the farm.*

17 “(4) *TREATMENT OF CERTAIN COMMINGLED COM-*
 18 *MODITIES.*—*In carrying out this section, the Sec-*
 19 *retary shall make loans to peanut producers on a*
 20 *farm that would be eligible to obtain a marketing as-*
 21 *sistance loan but for the fact the peanuts owned by*
 22 *the peanut producers on the farm are commingled*
 23 *with other peanuts of other producers in facilities un-*
 24 *licensed for the storage of agricultural commodities by*
 25 *the Secretary or a State licensing authority, if the*
 26 *peanut producers on a farm obtaining the loan agree*

1 to immediately redeem the loan collateral in accord-
2 ance with section 158E.

3 “(5) *OPTIONS FOR OBTAINING LOAN.*—A mar-
4 keting assistance loan under this subsection, and loan
5 deficiency payments under subsection (e), may be ob-
6 tained at the option of the peanut producers on a
7 farm through—

8 “(A) a designated marketing association of
9 peanut producers that is approved by the Sec-
10 retary, which may own or construct necessary
11 storage facilities. In the Southeast and Southwest
12 areas such designated marketing association
13 shall be operated primarily on behalf of peanut
14 producers. The designated area marketing asso-
15 ciation shall be allowed to form marketing pools
16 for peanuts by type and quality, including the
17 creation of a separate pool for Valencia peanuts
18 in New Mexico;

19 “(B) the Farm Service Agency; or

20 “(C) a loan servicing agent approved by the
21 Secretary.

22 “(6) *LOAN SERVICING AGENT.*—If approved by a
23 majority of historical peanut producers in a State
24 voting in a referendum conducted by the Secretary, as
25 a condition of the Secretary’s approval of an entity

1 *to serve as a loan servicing agent or to handle or store*
2 *peanuts for producers that receive any marketing loan*
3 *benefits in the State, the entity shall agree to provide*
4 *adequate storage (if available) and handling of pea-*
5 *nuts at the commercial rate to other approved loan*
6 *servicing agents and marketing associations.*

7 “(b) *LOAN RATE.*—*The loan rate for a marketing as-*
8 *sistance loan for peanuts under subsection (a) shall be equal*
9 *to \$400 per ton.*

10 “(c) *TERM OF LOAN.*—

11 “(1) *IN GENERAL.*—*A marketing assistance loan*
12 *for peanuts under subsection (a) shall have a term of*
13 *9 months beginning on the first day of the first month*
14 *after the month in which the loan is made.*

15 “(2) *EXTENSIONS PROHIBITED.*—*The Secretary*
16 *may not extend the term of a marketing assistance*
17 *loan for peanuts under subsection (a).*

18 “(d) *REPAYMENT RATE.*—*The Secretary shall permit*
19 *peanut producers on a farm to repay a marketing assist-*
20 *ance loan for peanuts under subsection (a) at a rate that*
21 *is the lesser of—*

22 “(1) *the loan rate established for peanuts under*
23 *subsection (b), plus interest (as determined by the*
24 *Secretary); or*

25 “(2) *a rate that the Secretary determines will—*

1 “(A) minimize potential loan forfeitures;

2 “(B) minimize the accumulation of stocks of
3 peanuts by the Federal Government;

4 “(C) minimize the cost incurred by the Fed-
5 eral Government in storing peanuts; and

6 “(D) allow peanuts produced in the United
7 States to be marketed freely and competitively,
8 both domestically and internationally.

9 “(e) LOAN DEFICIENCY PAYMENTS.—

10 “(1) AVAILABILITY.—The Secretary may make
11 loan deficiency payments available to the peanut pro-
12 ducers on a farm that, although eligible to obtain a
13 marketing assistance loan for peanuts under sub-
14 section (a), agree to forgo obtaining the loan for the
15 peanuts in return for payments under this subsection.

16 “(2) AMOUNT.—A loan deficiency payment
17 under this subsection shall be obtained by
18 multiplying—

19 “(A) the loan payment rate determined
20 under paragraph (3) for peanuts; by

21 “(B) the quantity of the peanuts produced
22 by the peanut producers on the farm, excluding
23 any quantity for which the producers on the
24 farm obtain a loan under subsection (a).

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

4 “(A) *the loan rate established under sub-*
5 *section (b); exceeds*

6 “(B) *the rate at which a loan may be re-*
7 *paid under subsection (d).*

8 “(4) *TIME FOR PAYMENT.*—*The Secretary shall*
9 *make a payment under this subsection to the peanut*
10 *producers on a farm with respect to a quantity of*
11 *peanuts as of the earlier of—*

12 “(A) *the date on which the peanut pro-*
13 *ducers on the farm marketed or otherwise lost*
14 *beneficial interest in the peanuts, as determined*
15 *by the Secretary; or*

16 “(B) *the date the peanut producers on the*
17 *farm request the payment.*

18 “(f) *COMPLIANCE WITH CONSERVATION REQUIRE-*
19 *MENTS.*—*As a condition of the receipt of a marketing assist-*
20 *ance loan under subsection (a), the peanut producers on a*
21 *farm shall comply during the term of the loan with—*

22 “(1) *applicable highly erodible land conservation*
23 *requirements under subtitle B of title XII of the Food*
24 *Security Act of 1985 (16 U.S.C. 3811 et seq.); and*

1 “(2) *applicable wetland conservation require-*
2 *ments under subtitle C of title XII of that Act (16*
3 *U.S.C. 3821 et seq.).*

4 “(g) *REIMBURSABLE AGREEMENTS AND PAYMENT OF*
5 *EXPENSES.—To the maximum extent practicable, the Sec-*
6 *retary shall implement any reimbursable agreements or*
7 *provide for the payment of expenses under this chapter in*
8 *a manner that is consistent with the implementation of the*
9 *agreements or payment of the expenses for other commod-*
10 *ities.*

11 “(h) *AREA MARKETING ASSOCIATION COSTS.—If ap-*
12 *proved by a majority of historical peanut producers in a*
13 *State voting in a referendum conducted by the Secretary,*
14 *the Secretary shall deduct in a marketing assistance loan*
15 *made to an area marketing association in a marketing area*
16 *in the State, such costs as the area marketing association*
17 *may reasonably incur in carrying out the responsibilities,*
18 *operations, and activities of the association and Commodity*
19 *Credit Corporation under this section.*

20 “(i) *DEFINITION OF COMMINGLE.—In this section and*
21 *section 158H, the term ‘commingle’, with respect to pea-*
22 *nuts, means—*

23 “(1) *the mixing of peanuts produced on different*
24 *farms by the same or different producers; or*

1 “(2) *the mixing of peanuts pledged for marketing*
2 *assistance loans with peanuts that are not pledged for*
3 *marketing assistance loans, to facilitate storage.*

4 **“SEC. 158H. QUALITY IMPROVEMENT.**

5 “(a) *OFFICIAL INSPECTION.*—

6 “(1) *IN GENERAL.*—*All peanuts placed under a*
7 *marketing assistance loan under section 158G or oth-*
8 *erwise sold or marketed shall be officially inspected*
9 *and graded by a Federal or State inspector.*

10 “(2) *ACCOUNTING FOR COMMINGLED PEANUTS.*—

11 *If approved by a majority of historical peanut pro-*
12 *ducers in a State voting in a referendum conducted*
13 *by the Secretary, all peanuts stored commingled with*
14 *peanuts covered by a marketing assistance loan in the*
15 *State shall be graded and exchanged on a dollar value*
16 *basis, unless the Secretary determines that the bene-*
17 *ficial interest in the peanuts covered by the marketing*
18 *assistance loan have been transferred to other parties*
19 *prior to demand for delivery.*

20 “(b) *TERMINATION OF PEANUT ADMINISTRATIVE COM-*

21 *MITTEE.*—*The Peanut Administrative Committee estab-*
22 *lished under Marketing Agreement No. 1436, which regu-*
23 *lates the quality of domestically produced peanuts under*
24 *the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), re-*

1 *enacted with amendments by the Agricultural Marketing*
2 *Agreement Act of 1937, is terminated.*

3 “(c) *ESTABLISHMENT OF PEANUT STANDARDS*
4 *BOARD.*—

5 “(1) *IN GENERAL.*—*The Secretary shall establish*
6 *a Peanut Standards Board for the purpose of assist-*
7 *ing in the establishment of quality standards with re-*
8 *spect to peanuts.*

9 “(2) *COMPOSITION.*—*The Secretary shall appoint*
10 *members to the Board that, to the maximum extent*
11 *practicable, reflect all regions and segments of the*
12 *peanut industry.*

13 “(3) *DUTIES.*—*The Board shall assist the Sec-*
14 *retary in establishing quality standards for peanuts.*

15 “(d) *CROPS.*—*This section shall apply beginning with*
16 *the 2002 crop of peanuts.”*

17 (b) *CONFORMING AMENDMENTS.*—

18 (1) *The chapter heading of chapter 2 of subtitle*
19 *D of the Federal Agriculture Improvement and Re-*
20 *form Act of 1996 (7 U.S.C. prec. 7271) is amended*
21 *by striking “**PEANUTS AND**”.*

22 (2) *Section 155 of the Federal Agriculture Im-*
23 *provement and Reform Act of 1996 (7 U.S.C. 7271)*
24 *is repealed.*

1 **SEC. 152. TERMINATION OF MARKETING QUOTAS FOR PEA-**
2 **NUTS AND COMPENSATION TO PEANUT**
3 **QUOTA HOLDERS.**

4 (a) *REPEAL OF MARKETING QUOTAS FOR PEANUTS.—*
5 *Effective beginning with the 2002 crop of peanuts, part VI*
6 *of subtitle B of title III of the Agricultural Adjustment Act*
7 *of 1938 (7 U.S.C. 1357 et seq.) is repealed.*

8 (b) *COMPENSATION OF QUOTA HOLDERS.—*

9 (1) *DEFINITIONS.—In this subsection:*

10 (A) *PEANUT QUOTA HOLDER.—*

11 (i) *IN GENERAL.—The term “peanut*
12 *quota holder” means a person or entity that*
13 *owns a farm that—*

14 (I) *held a peanut quota estab-*
15 *lished for the farm for the 2001 crop of*
16 *peanuts under part VI of subtitle B of*
17 *title III of the Agricultural Adjustment*
18 *Act of 1938 (7 U.S.C. 1357 et seq.) (as*
19 *in effect before the amendment made by*
20 *subsection (a));*

21 (II) *if there was not such a quota*
22 *established for the farm for the 2001*
23 *crop of peanuts, would be eligible to*
24 *have such a quota established for the*
25 *farm for the 2002 crop of peanuts, in*

1 *the absence of the amendment made by*
2 *subsection (a); or*

3 (III) *is otherwise a farm that was*
4 *eligible for such a quota as of the effec-*
5 *tive date of the amendments made by*
6 *this section.*

7 (ii) *SEED OR EXPERIMENTAL PUR-*
8 *POSES.—The Secretary shall apply the defi-*
9 *inition of “peanut quota holder” without re-*
10 *gard to temporary leases, transfers, or*
11 *quotas for seed or experimental purposes.*

12 (B) *SECRETARY.—The term “Secretary”*
13 *means the Secretary of Agriculture.*

14 (2) *CONTRACTS.—The Secretary shall offer to*
15 *enter into a contract with peanut quota holders for*
16 *the purpose of providing compensation for the lost*
17 *value of quota as a result of the repeal of the mar-*
18 *keting quota program for peanuts under the amend-*
19 *ment made by subsection (a).*

20 (3) *PAYMENT PERIOD.—Under a contract, the*
21 *Secretary shall make payments to an eligible peanut*
22 *quota holder for each of fiscal years 2002 through*
23 *2006.*

24 (4) *TIME FOR PAYMENT.—The payments re-*
25 *quired under the contracts shall be provided in 5*

1 *equal installments not later than September 30 of*
2 *each of fiscal years 2002 through 2006.*

3 (5) *PAYMENT AMOUNT.*—*The amount of the pay-*
4 *ment for a fiscal year to a peanut quota holder under*
5 *a contract shall be equal to the product obtained by*
6 *multiplying—*

7 (A) *\$0.11 per pound; by*

8 (B) *the actual farm poundage quota (ex-*
9 *cluding any quantity for seed and experimental*
10 *peanuts) established for the farm of a peanut*
11 *quota holder under section 358–1(b) of the Agri-*
12 *cultural Adjustment Act of 1938 (7 U.S.C. 1358–*
13 *1(b)) (as in effect prior to the amendment made*
14 *by subsection (a)) for the 2001 marketing year.*

15 (6) *ASSIGNMENT OF PAYMENTS.*—

16 (A) *IN GENERAL.*—*The provisions of section*
17 *8(g) of the Soil Conservation and Domestic Al-*
18 *lotment Act (16 U.S.C. 590h(g)), relating to as-*
19 *signment of payments, shall apply to the pay-*
20 *ments made to peanut quota holders under the*
21 *contracts.*

22 (B) *NOTICE.*—*The peanut quota holder*
23 *making the assignment, or the assignee, shall*
24 *provide the Secretary with notice, in such man-*

1 *ner as the Secretary may require, of any assign-*
2 *ment made under this subsection.*

3 (c) *CONFORMING AMENDMENTS.*—

4 (1) *ADMINISTRATIVE PROVISIONS.*—*Section 361*
5 *of the Agricultural Adjustment Act of 1938 (7 U.S.C.*
6 *1361) is amended by striking “peanuts,”.*

7 (2) *ADJUSTMENT OF QUOTAS.*—*Section 371 of*
8 *the Agricultural Adjustment Act of 1938 (7 U.S.C.*
9 *1371) is amended—*

10 (A) *in the first sentence of subsection (a), by*
11 *striking “peanuts,”; and*

12 (B) *in the first sentence of subsection (b), by*
13 *striking “peanuts”.*

14 (3) *REPORTS AND RECORDS.*—*Section 373 of the*
15 *Agricultural Adjustment Act of 1938 (7 U.S.C. 1373)*
16 *is amended—*

17 (A) *in the first sentence of subsection (a)—*

18 (i) *by striking “peanuts,” each place it*
19 *appears;*

20 (ii) *by inserting “and” after “from*
21 *producers,”; and*

22 (iii) *by striking “for producers, all”*
23 *and all that follows through the period at*
24 *the end of the sentence and inserting “for*
25 *producers.”; and*

1 (B) in subsection (b), by striking “pea-
2 nuts,”.

3 (4) *EMINENT DOMAIN*.—Section 378(c) of the Ag-
4 ricultural Adjustment Act of 1938 (7 U.S.C. 1378(c))
5 is amended in the first sentence—

6 (A) by striking “cotton,” and inserting
7 “cotton and”; and

8 (B) by striking “and peanuts,”.

9 (d) *CROPS*.—This section and the amendments made
10 by this section apply beginning with the 2002 crop of pea-
11 nuts.

12 **Subtitle D—Administration**

13 **SEC. 161. MARKETING ORDERS FOR CANEBERRIES.**

14 (a) *IN GENERAL*.—Section 8c of the Agricultural Ad-
15 justment Act (7 U.S.C. 608c), reenacted with amendments
16 by the Agricultural Marketing Agreement Act of 1937, is
17 amended—

18 (1) in subsection (2)(A), by inserting
19 “caneberries (including raspberries, blackberries, and
20 loganberries),” after “other than pears, olives, grape-
21 fruit, cherries,”; and

22 (2) in subsection (6)(I), by striking “tomatoes,”
23 and inserting “tomatoes, caneberries (including rasp-
24 berries, blackberries, and loganberries),”.

1 (b) *CONFORMING AMENDMENT.*—Section 8e(a) of the
2 *Agricultural Adjustment Act (7 U.S.C. 608e–l(a))*, reen-
3 *acted with amendments by the Agricultural Marketing*
4 *Agreement Act of 1937*, is amended in the first sentence by
5 *striking “or apples” and inserting “apples, or caneberries*
6 *(including raspberries, blackberries, and loganberries)”*.

7 **SEC. 162. RESERVE STOCK LEVEL.**

8 Section 301(b)(14)(C) of the *Agricultural Adjustment*
9 *Act of 1938 (7 U.S.C. 1301(b)(14)(C))* is amended—

10 (1) *in clause (i)*, by striking “100,000,000” and
11 *inserting “75,000,000”; and*

12 (2) *in clause (ii)*, by striking “15 percent” and
13 *inserting “10 percent”*.

14 **SEC. 163. FARM RECONSTITUTIONS.**

15 (a) *IN GENERAL.*—Section 316(a)(1)(A)(ii) of the *Ag-*
16 *ricultural Adjustment Act of 1938 (7 U.S.C.*
17 *1314b(a)(1)(A)(ii))* is amended by adding at the end the
18 *following: “Notwithstanding any other provision of law, for*
19 *the 2002 crop only, the Secretary shall allow special farm*
20 *restitutions, in lieu of lease and transfer of allotments*
21 *and quotas, under this section, in accordance with such con-*
22 *ditions as are established by the Secretary.”*

23 (b) *STUDY.*—

24 (1) *IN GENERAL.*—The Secretary of Agriculture
25 *shall conduct a study on the effects on the limitation*

1 *on producers to move quota to a farm other than the*
2 *farm to which the quota was initially assigned under*
3 *part I of subtitle B of title III of the Agricultural Ad-*
4 *justment Act of 1938 (7 U.S.C. 1311 et seq.).*

5 (2) *REPORT.—Not later than 90 days after the*
6 *date of enactment of this Act, the Secretary shall sub-*
7 *mit to the Committee on Agriculture of the House of*
8 *Representatives and the Committee on Agriculture,*
9 *Nutrition, and Forestry of the Senate a report on the*
10 *results of the study.*

11 **SEC. 164. ADJUSTMENT AUTHORITY RELATED TO URUGUAY**

12 **ROUND COMPLIANCE.**

13 *Section 161 of the Federal Agriculture Improvement*
14 *and Reform Act of 1996 (7 U.S.C. 7281) is amended by*
15 *adding at the end the following:*

16 “(e) **ADJUSTMENT AUTHORITY RELATED TO URUGUAY**
17 **ROUND COMPLIANCE.**—*If the Secretary determines that ex-*
18 *penditures under subtitles A through D that are subject to*
19 *the total allowable domestic support levels under the Uru-*
20 *guay Round Agreements (as defined in section 2 of the Uru-*
21 *guay Round Agreements Act (19 U.S.C. 3501)), as in effect*
22 *on the date of enactment of this subsection, will exceed the*
23 *allowable levels for any applicable reporting period, the*
24 *Secretary may make adjustments in the amount of the ex-*

1 *penditures to ensure that the expenditures do not exceed,*
2 *but are not less than, the allowable levels.*

3 “(f) *EXPENDITURE LIMITATION.*—*If the Secretary*
4 *makes a determination under subsection (e) that expendi-*
5 *tures will exceed allowable levels for any applicable report-*
6 *ing period and notifies Congress of the Secretary’s intent*
7 *to make adjustments to ensure that expenditures do not ex-*
8 *ceed allowable levels, no expenditures under any program*
9 *proposed to be adjusted by the Secretary may be made after*
10 *the date that is 18 months after the date of the determina-*
11 *tion, unless a joint resolution disapproving the adjustments*
12 *is enacted by both Houses of Congress within 60 days of*
13 *the date of the notification.*

14 “(g) *ANNUAL REPORT ON DOMESTIC SUPPORT.*—*Not*
15 *later than April 30 of each year, the Secretary shall submit*
16 *to the Committee on Agriculture of the House of Representa-*
17 *tives and the Committee on Agriculture, Nutrition, and*
18 *Forestry of the Senate a report that describes—*

19 “(1) *estimated levels of domestic support for ag-*
20 *ricultural commodities during the current marketing*
21 *year and the following marketing year;*

22 “(2) *the manner in which the Secretary intends*
23 *to notify the World Trade Organization of the esti-*
24 *mated levels; and*

1 “(3) proposed changes to domestic support pro-
2 grams subject to reduction commitments made in the
3 context of WTO trade negotiations.”.

4 **SEC. 165. SUSPENSION OF PERMANENT PRICE SUPPORT AU-**
5 **THORITY.**

6 Section 171 of the Federal Agriculture Improvement
7 and Reform Act of 1996 (7 U.S.C. 7301) is amended—

8 (1) by striking “2002” each place it appears and
9 inserting “2006”; and

10 (2) in subsection (a)(1)—

11 (A) by striking subparagraph (E); and

12 (B) by redesignating subparagraphs (F)
13 through (I) as subparagraphs (E) through (H),
14 respectively.

15 **SEC. 166. COMMODITY PURCHASES.**

16 (a) *IN GENERAL.*—Section 191 of the Federal Agri-
17 culture Improvement and Reform Act of 1996 (7 U.S.C.
18 7331 *et seq.*) is amended to read as follows:

19 **“SEC. 191. COMMODITY PURCHASES.**

20 “(a) *IN GENERAL.*—To purchase agricultural com-
21 modities under this section, the Secretary shall use funds
22 of the Commodity Credit Corporation in an amount equal
23 to—

1 “(1) for each of fiscal years 2002 and 2003,
2 \$130,000,000, of which not less than \$100,000,000
3 shall be used for the purchase of specialty crops;

4 “(2) for fiscal year 2004, \$150,000,000, of which
5 not less than \$120,000,000 shall be used for the pur-
6 chase of specialty crops;

7 “(3) for fiscal year 2005, \$170,000,000, of which
8 not less than \$140,000,000 shall be used for the pur-
9 chase of specialty crops;

10 “(4) for fiscal year 2006, \$200,000,000, of which
11 not less than \$170,000,000 shall be used for the pur-
12 chase of specialty crops; and

13 “(5) for fiscal year 2007, \$0.

14 “(b) *OTHER PURCHASES.*—The Secretary shall ensure
15 that purchases of agricultural commodities under this sec-
16 tion are in addition to purchases by the Secretary under
17 any other law.

18 “(c) *PURCHASES BY DEPARTMENT OF DEFENSE FOR*
19 *SCHOOL LUNCH PROGRAM.*—The Secretary shall provide
20 not less than \$50,000,000 for each fiscal year of the funds
21 made available under subsection (a) to the Secretary of De-
22 fense to purchase fresh fruits and vegetables for distribution
23 to schools and service institutions in accordance with sec-
24 tion 6(a) of the Richard B. Russell National School Lunch

1 *Act (42 U.S.C. 1755(a)) in a manner prescribed by the Sec-*
2 *retary of Agriculture.*

3 “(d) *PURCHASES FOR EMERGENCY FOOD ASSISTANCE*
4 *PROGRAM.—The Secretary shall use not less than*
5 *\$40,000,000 for each fiscal year of the funds made available*
6 *under subsection (a) to purchase agricultural commodities*
7 *for distribution under the Emergency Food Assistance Act*
8 *of 1983 (7 U.S.C. 7501 et seq.).”.*

9 (b) *SENSE OF THE SENATE CONCERNING PURCHASES*
10 *OF CRANBERRIES.—*

11 (1) *FINDINGS.—Congress finds that—*

12 (A) *the price per hundred pounds of cran-*
13 *berries has dropped from approximately \$70 to*
14 *approximately \$10;*

15 (B) *the cost of producing cranberries is be-*
16 *tween \$30 and \$35 per hundred pounds, which*
17 *is much more than the price per hundred pounds*
18 *of cranberries for each of the past 2 years;*

19 (C) *there is a serious economic crisis among*
20 *cranberry growers in the United States, espe-*
21 *cially in the States of Wisconsin, Massachusetts,*
22 *and New Jersey;*

23 (D) *the Cranberry Marketing Committee*
24 *has issued 2 marketing orders, but the marketing*
25 *orders have not led to higher prices;*

1 (E) although Congress directed the Sec-
2 retary of Agriculture to use \$30,000,000 to pur-
3 chase cranberries in fiscal year 2001, the price
4 of cranberries has not risen significantly; and

5 (F) the cranberry industry faces a surplus
6 of cranberries and continuing low prices for
7 cranberries.

8 (2) *SENSE OF THE SENATE.*—It is the sense of
9 the Senate that the Secretary of Agriculture should
10 attempt to alleviate the economic crisis among cran-
11 berry growers by continuing to expend for each fiscal
12 year for the purchase of cranberries the same amount
13 as the Secretary expended for fiscal year 2001.

14 **SEC. 167. HARD WHITE WHEAT INCENTIVE PAYMENTS.**

15 Section 193 of the Federal Agriculture Improvement
16 and Reform Act of 1996 (7 U.S.C. 1508) is amended to
17 read as follows:

18 **“SEC. 193. HARD WHITE WHEAT INCENTIVE PAYMENTS.**

19 “(a) *IN GENERAL.*—For the period of crop years 2003
20 through 2005, the Secretary shall use \$40,000,000 of funds
21 of the Commodity Credit Corporation to provide incentive
22 payments to producers of hard white wheat to ensure that
23 hard white wheat, produced on a total of not more than
24 2,000,000 acres, meets minimum quality standards estab-
25 lished by the Secretary.

1 “(b) *APPLICATION.*—*The amounts payable to pro-*
 2 *ducers in the form of payments under this section shall be*
 3 *determined through the submission of bids by producers in*
 4 *such manner as the Secretary may prescribe.*

5 “(c) *DEMAND FOR WHEAT.*—*To be eligible to obtain*
 6 *a payment under this section, a producer shall demonstrate*
 7 *to the Secretary the availability of buyers and end-users*
 8 *for the wheat that is the covered by the payment.”.*

9 **SEC. 168. LIVESTOCK ASSISTANCE PROGRAM.**

10 *Section 194 of the Federal Agriculture Improvement*
 11 *and Reform Act of 1996 (7 U.S.C. 6933) is amended to*
 12 *read as follows:*

13 **“SEC. 194. LIVESTOCK ASSISTANCE PROGRAM.**

14 “(a) *IN GENERAL.*—*The Secretary shall carry out a*
 15 *program to provide livestock feed assistance to livestock pro-*
 16 *ducers affected by disasters.*

17 “(b) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
 18 *are authorized to be appropriated to carry out this section*
 19 *\$500,000,000 for each of fiscal years 2003 through 2008.”.*

20 **SEC. 169. PAYMENT LIMITATIONS; NUTRITION AND COM-**
 21 **MODITY PROGRAMS.**

22 (a) *PAYMENT LIMITATIONS.*—

23 (1) *IN GENERAL.*—*Section 1001 of the Food Se-*
 24 *curity Act of 1985 (7 U.S.C. 1308) is amended to*
 25 *read as follows:*

1 **“SEC. 1001. PAYMENT LIMITATIONS.**

2 “(a) *DEFINITIONS.—In this section and sections*
3 *1001A through 1001F:*

4 “(1) *BENEFICIAL INTEREST.—The term ‘bene-*
5 *ficial interest’ means an interest in an entity that is*
6 *at least—*

7 “(A) *10 percent; or*

8 “(B) *a lower percentage, which the Sec-*
9 *retary shall establish, on a case-by-case basis, as*
10 *needed to achieve the purposes of this section and*
11 *sections 1001A through 1001F, including effec-*
12 *tive implementation of section 1001A(b).*

13 “(2) *COUNTER-CYCLICAL PAYMENT.—The term*
14 *‘counter-cyclical payment’ means a payment made*
15 *under section 114 or 158D of the Federal Agriculture*
16 *Improvement and Reform Act of 1996.*

17 “(3) *DIRECT PAYMENT.—The term ‘direct pay-*
18 *ment’ means a payment made under section 113 or*
19 *158C of the Federal Agriculture Improvement and*
20 *Reform Act of 1996.*

21 “(4) *ENTITY.—*

22 “(A) *IN GENERAL.—The term ‘entity’*
23 *means—*

24 “(i) *an entity that (subject to the re-*
25 *quirements of this section and section*

1 1001A) is eligible to receive a payment
2 under subsection (b) or (c);

3 “(ii) a corporation, joint stock com-
4 pany, association, limited partnership,
5 charitable organization, a grantor of a rev-
6 ocable trust, or other similar entity (as de-
7 termined by the Secretary); and

8 “(iii) an entity that is participating
9 in a farming operation as a partner in a
10 general partnership or as a participant in
11 a joint venture.

12 “(B) EXCLUSION.—Except in section
13 1001F, the term ‘entity’ does not include an enti-
14 ty that is a general partnership or joint venture.

15 “(5) INDIVIDUAL.—The term ‘individual’
16 means—

17 “(A) a natural person, and minor children
18 of the natural person (as determined by the Sec-
19 retary), that (subject to the requirements of this
20 section and section 1001A) is eligible to receive
21 a payment under subsection (b) or (c); and

22 “(B) an individual participating in a
23 farming operation as a partner in a general
24 partnership, a participant in a joint venture, a
25 grantor of a revocable trust, or a participant in

1 *a similar entity (as determined by the Sec-*
2 *retary).*

3 “(6) *LOAN COMMODITY.*—*The term ‘loan com-*
4 *modity’ has the meaning given the term in section*
5 *102 of the Federal Agriculture Improvement and Re-*
6 *form Act of 1996.*

7 “(7) *SECRETARY.*—*The term ‘Secretary’ means*
8 *the Secretary of Agriculture.*

9 “(b) *LIMITATIONS ON DIRECT AND COUNTER-CYCLI-*
10 *CAL PAYMENTS.*—*Subject to subsections (d) through (i), the*
11 *total amount of direct payments and counter-cyclical pay-*
12 *ments that an individual or entity may receive, directly*
13 *or indirectly, during any fiscal year shall not exceed*
14 *\$75,000.*

15 “(c) *LIMITATIONS ON MARKETING LOAN GAINS, LOAN*
16 *DEFICIENCY PAYMENTS, AND COMMODITY CERTIFICATE*
17 *TRANSACTIONS.*—

18 “(1) *IN GENERAL.*—*Subject to subsections (d)*
19 *through (i), the total amount of the payments and*
20 *benefits described in paragraph (2) that an indi-*
21 *vidual or entity may receive, directly or indirectly,*
22 *during any crop year shall not exceed \$150,000.*

23 “(2) *PAYMENTS AND BENEFITS.*—*Paragraph (1)*
24 *shall apply to the following payments and benefits:*

25 “(A) *MARKETING LOAN GAINS.*—

1 “(i) *REPAYMENT GAINS.*—Any gain re-
2 alized by a producer from repaying a mar-
3 keting assistance loan under section 131 or
4 158G(a) of the Federal Agriculture Im-
5 provement and Reform Act of 1996 for a
6 crop of any loan commodity or peanuts, re-
7 spectively, at a lower level than the original
8 loan rate established for the loan commodity
9 or peanuts under section 132 or 158G(d) of
10 that Act, respectively.

11 “(ii) *FORFEITURE GAINS.*—In the case
12 of settlement of a marketing assistance loan
13 under section 131 or 158G(a) of that Act for
14 a crop of any loan commodity or peanuts,
15 respectively, by forfeiture, the amount by
16 which the loan amount exceeds the repay-
17 ment amount for the loan if the loan had
18 been settled by repayment instead of for-
19 feiture.

20 “(B) *LOAN DEFICIENCY PAYMENTS.*—Any
21 loan deficiency payment received for a loan com-
22 modity or peanuts under section 135 or 158G(e)
23 of that Act, respectively.

24 “(C) *COMMODITY CERTIFICATES.*—Any gain
25 realized from the use of a commodity certificate

1 *issued by the Commodity Credit Corporation, as*
2 *determined by the Secretary, including the use of*
3 *a certificate for the settlement of a marketing as-*
4 *stance loan made under section 131 or 158G(a)*
5 *of that Act.*

6 “(d) *SETTLEMENT OF CERTAIN LOANS.—Notwith-*
7 *standing subtitle C and section 158G of the Federal Agri-*
8 *culture Improvement and Reform Act of 1996, if the*
9 *amount of payments and benefits described in subsection*
10 *(c)(2) attributed directly or indirectly to an individual or*
11 *entity for a crop year reaches the limitation described in*
12 *subsection (c)(1)—*

13 “(1) *the portion of any unsettled marketing as-*
14 *stance loan made under section 131 or 158G(a) of*
15 *that Act attributed directly or indirectly to the indi-*
16 *vidual or entity shall be settled through the repay-*
17 *ment of the total loan principal, plus applicable in-*
18 *terest; and*

19 “(2) *the Secretary may refuse to provide to the*
20 *producer for the crop year any additional marketing*
21 *assistance loans under section 131 or 158G(a) of that*
22 *Act.*

23 “(e) *PAYMENTS TO INDIVIDUALS AND ENTITIES.—*

24 “(1) *INTERESTS WITHIN THE SAME ENTITY.—All*
25 *individuals or entities that are owners of an entity,*

1 *including shareholders, may not collectively receive*
2 *payments directly or indirectly that are attributable*
3 *to the ownership interests in the entity for a fiscal or*
4 *corresponding crop year that exceed the limitations*
5 *established under subsections (b) and (c).*

6 *“(2) ALL INTERESTS OF AN INDIVIDUAL OR EN-*
7 *TITY.—An individual or entity may not receive, di-*
8 *rectly or indirectly, through all ownership interests of*
9 *the individual or entity from all sources, payments*
10 *for a fiscal or corresponding crop year that exceed the*
11 *limitations established under subsections (b) and (c).*

12 *“(f) MARRIED COUPLES.—During a fiscal and cor-*
13 *responding crop year, the total amount of payments and*
14 *benefits described in subsections (b) and (c) that a married*
15 *couple may receive directly or indirectly may not exceed—*

16 *“(1) the limits described in subsections (b) and*
17 *(c); plus*

18 *“(2) if each spouse meets the other requirements*
19 *established under this section and section 1001A, a*
20 *combined total of an additional \$50,000.*

21 *“(g) PUBLIC SCHOOLS.—The provisions of this section*
22 *that limit payments to any individual or entity shall not*
23 *be applicable to land owned by a public school district or*
24 *land owned by a State that is used to maintain a public*
25 *school.*

1 “(h) *TIME LIMITS.*—*The Secretary shall promulgate*
 2 *regulations that establish time limits for the various steps*
 3 *involved with notice, hearing, decision, and the appeals pro-*
 4 *cedure in order to ensure expeditious handling and settle-*
 5 *ment of payment limitation disputes.*

6 “(i) *GOOD FAITH RELIANCE.*—*Notwithstanding any*
 7 *other provision of law, an action taken by an individual*
 8 *or other entity in good faith on action or advice of an au-*
 9 *thorized representative of the Secretary may be accepted as*
 10 *meeting the requirements of this section or section 1001A,*
 11 *to the extent the Secretary determines it is desirable in*
 12 *order to provide fair and equitable treatment.”.*

13 (2) *SUBSTANTIVE CHANGE.*—*Section 1001A(a) of*
 14 *the Food Security Act of 1985 (7 U.S.C. 1308–1(a))*
 15 *is amended—*

16 (A) *in the section heading, by striking*
 17 **“PREVENTION OF CREATION OF ENTITIES**
 18 **TO QUALIFY AS SEPARATE PERSONS;”** *and*
 19 *inserting “SUBSTANTIVE CHANGE;”;*

20 (B) *by striking “(a) PREVENTION” and all*
 21 *that follows through the end of paragraph (2)*
 22 *and inserting the following:*

23 “(a) *SUBSTANTIVE CHANGE.*—

24 “(1) *IN GENERAL.*—*The Secretary may not ap-*
 25 *prove (for purposes of the application of the limita-*

1 *tions under this section) any change in a farming op-*
2 *eration that otherwise will increase the number of in-*
3 *dividuals or entities to which the limitations under*
4 *this section are applied unless the Secretary deter-*
5 *mines that the change is bona fide and substantive.*

6 “(2) *FAMILY MEMBERS.*—*For the purpose of*
7 *paragraph (1), the addition of a family member to a*
8 *farming operation under the criteria established*
9 *under subsection (b)(3)(B) shall be considered a bona*
10 *fide and substantive change in the farming oper-*
11 *ation.”;*

12 (C) *in the first sentence of paragraph (3)—*

13 (i) *by striking “as a separate person”;*

14 *and*

15 (ii) *by inserting “, as determined by*
16 *the Secretary” before the period at the end;*

17 *and*

18 (D) *by striking paragraph (4).*

19 (3) *ACTIVELY ENGAGED IN FARMING.*—*Section*
20 *1001A(b) of the Food Security Act of 1985 (7 U.S.C.*
21 *1308–1(b)) is amended—*

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

24 “(1) *IN GENERAL.*—*To be eligible to receive, di-*
25 *rectly or indirectly, payments or benefits (as described*

1 *in subsections (b) and (c) of section 1001 as being*
2 *subject to limitation) with respect to a particular*
3 *farming operation an individual or entity shall be ac-*
4 *tively engaged in farming with respect to the oper-*
5 *ation, as provided under paragraphs (2), (3), and*
6 *(4).”;*

7 *(B) in paragraph (2)—*

8 *(i) in subparagraph (A)(i), by striking*
9 *subclause (II) and inserting the following:*

10 *“(II) personal labor and active*
11 *personal management (in accordance*
12 *with subparagraph (F));”;*

13 *(ii) by striking subparagraph (B) and*
14 *inserting the following:*

15 *“(B) ENTITIES.—An entity (as defined in*
16 *section 1001(a)) shall be considered as actively*
17 *engaged in farming with respect to a farming*
18 *operation if—*

19 *“(i) the entity separately makes a sig-*
20 *nificant contribution (based on the total*
21 *value of the farming operation) of capital,*
22 *equipment, or land;*

23 *“(ii)(I) the stockholders or members*
24 *that collectively own at least 50 percent of*
25 *the combined beneficial interest in the enti-*

1 *ty make a significant contribution of per-*
2 *sonal labor or active personal management*
3 *to the operation; or*

4 “(II) *in the case of a corporation or*
5 *entity in which all of the beneficial interests*
6 *are held by family members (as defined in*
7 *paragraph (3)(B))—*

8 “(aa) *any stockholder (or house-*
9 *hold comprised of a stockholder and the*
10 *spouse of the stockholder) who owns at*
11 *least 10 percent of the beneficial inter-*
12 *est and makes a significant contribu-*
13 *tion of personal labor or active per-*
14 *sonal management; or*

15 “(bb) *any combination of stock-*
16 *holders who collectively own at least 10*
17 *percent of the beneficial interest and*
18 *makes a significant contribution of*
19 *personal labor or active personal man-*
20 *agement; and*

21 “(iii) *the standards provided in clauses*
22 *(ii) and (iii) of subparagraph (A), as ap-*
23 *plied to the entity, are met by the entity.”;*
24 *and*

1 (iii) by adding at the end the fol-
2 lowing:

3 “(E) ACTIVE PERSONAL MANAGEMENT.—
4 For an individual to be considered to be pro-
5 viding active personal management under this
6 paragraph on behalf of the individual or entity,
7 the management provided by the individual shall
8 be personally provided on a regular, substantial,
9 and continuous basis through the direct super-
10 vision and direction of—

11 “(i) activities and labor involved in
12 the farming operation; and

13 “(ii) onsite services that are directly
14 related and necessary to the farming oper-
15 ation.

16 “(F) SIGNIFICANT CONTRIBUTION OF PER-
17 SONAL LABOR OR ACTIVE PERSONAL MANAGE-
18 MENT.—

19 “(i) IN GENERAL.—For an individual
20 to be considered to be providing a signifi-
21 cant contribution of personal labor or active
22 personal management under this paragraph
23 on behalf of the individual or entity, the
24 total contribution of personal labor and ac-

1 *tive personal management shall be at least*
2 *equal to the lesser of—*

3 “(I) 1,000 hours annually; or

4 “(II) 50 percent of the commensu-
5 *rate share of the total number of hours*
6 *of personal labor and active personal*
7 *management required to conduct the*
8 *farming operation.*

9 “(ii) *MINIMUM NUMBER OF LABOR*
10 *HOURS.—For the purpose of clause (i), the*
11 *minimum number of labor hours required to*
12 *produce each commodity shall be equal to*
13 *the number of hours that would be necessary*
14 *to conduct a farming operation for the pro-*
15 *duction of each commodity that is com-*
16 *parable in size to an individual or entity’s*
17 *commensurate share in the farming oper-*
18 *ation for the production of the commodity,*
19 *based on the minimum number of hours per*
20 *acre required to produce the commodity in*
21 *the State where the farming operation is lo-*
22 *cated, as determined by the Secretary.”;*

23 (C) *in paragraph (3)—*

24 *(i) by striking subparagraph (A) and*
25 *inserting the following:*

1 “(A) *LANDOWNERS*.—An individual or enti-
2 ty that is a landowner contributing the owned
3 land and that meets the standard provided in
4 clauses (ii) and (iii) of paragraph (2)(A), if—

5 “(i) the landowner share rents the
6 land;

7 “(ii) the tenant is actively engaged in
8 farming; and

9 “(iii) the share received by the land-
10 owner is commensurate with the share of the
11 crop or income received as rent; or

12 “(iv)(I) the landowner makes a signifi-
13 cant contribution of active personal man-
14 agement;

15 “(II) the landowner formerly made a
16 significant contribution of personal labor or
17 active personal management on the land for
18 which payments are received and ceased to
19 make the contribution as a result of a dis-
20 ability, as determined by the Secretary; or

21 “(III) the landowner or spouse of the
22 landowner formerly made a significant con-
23 tribution of personal labor or active per-
24 sonal management on the land for which
25 payments are received and ceased to make

1 *the contribution as a result of death or re-*
2 *tirement, and 1 or more family members of*
3 *the landowner currently make a significant*
4 *contribution of personal labor or active per-*
5 *sonal management on the land.”; and*

6 *(ii) in subparagraph (B), by striking*
7 *“persons” and inserting “individuals and*
8 *entities”;* and

9 *(D) in paragraph (4)—*

10 *(i) in the paragraph heading, by strik-*
11 *ing “PERSONS” and inserting “INDIVID-*
12 *UALS AND ENTITIES”;*

13 *(ii) in the matter preceding subpara-*
14 *graph (A), by striking “persons” and in-*
15 *serting “individuals and entities”;* and

16 *(iii) in subparagraph (B)—*

17 *(I) in the subparagraph heading,*
18 *by striking “PERSONS” and inserting*
19 *“INDIVIDUALS AND ENTITIES”;* and

20 *(II) by striking “person, or class*
21 *of persons” and inserting “individual*
22 *or entity, or class of individuals or en-*
23 *tities”;*

24 *(E) in paragraph (5)—*

1 (i) by striking “A person” and insert-
2 ing “An individual or entity”; and

3 (ii) by striking “such person” and in-
4 serting “the individual or entity”; and

5 (F) in paragraph (6), by striking “a per-
6 son” and inserting “an individual or entity”.

7 (4) ADMINISTRATION.—Section 1001A of the
8 Food Security Act of 1985 (7 U.S.C. 1308–1) is
9 amended by adding at the end the following:

10 “(c) ADMINISTRATION.—

11 “(1) REVIEWS.—

12 “(A) IN GENERAL.—During each of fiscal
13 years 2002 through 2006, the Office of Inspector
14 General for the Department of Agriculture shall
15 conduct a review of the administration of the re-
16 quirements of this section and sections 1001,
17 1001B, 1001C, and 1001E in at least 6 States.

18 “(B) MINIMUM NUMBER OF COUNTIES.—
19 Each State review described in subparagraph
20 (A) shall cover at least 5 counties in the State.

21 “(C) REPORT.—Not later than 90 days
22 after completing a review described in subpara-
23 graph (A), the Inspector General for the Depart-
24 ment of Agriculture shall issue a final report to

1 *the Secretary of the findings of the Inspector*
2 *General.*

3 “(2) *EFFECT OF REPORT.*—*If a report issued*
4 *under paragraph (1) reveals that significant problems*
5 *exist in the implementation of payment limitation re-*
6 *quirements of this section and sections 1001, 1001B,*
7 *1001C, and 1001E in a State and the Secretary*
8 *agrees that the problems exist, the Secretary—*

9 “(A) *shall initiate a training program re-*
10 *garding the payment limitation requirements;*
11 *and*

12 “(B) *may require that all payment limita-*
13 *tion determinations regarding farming oper-*
14 *ations in the State be issued from the head-*
15 *quarters of the Farm Service Agency.”.*

16 (5) *SCHEME OR DEVICE.*—*Section 1001B of the*
17 *Food Security Act of 1985 (7 U.S.C. 1308–2) is*
18 *amended—*

19 (A) *by striking “person” each place it ap-*
20 *pears and inserting “individual or entity”; and*

21 (B) *by striking “paragraphs (1) and (2)”*
22 *and inserting “subsections (b) and (c)”.*

23 (6) *FOREIGN INDIVIDUALS AND ENTITIES.*—*Sec-*
24 *tion 1001C(b) of the Food Security Act of 1985 (7*

1 *U.S.C. 1308–3(b)*) is amended in the first sentence by
2 striking “considered a person that is”.

3 (7) *EDUCATION PROGRAM*.—Section 1001D(c) of
4 the *Food Security Act of 1985* (7 U.S.C. 1308–4(c))
5 is amended by striking “5 persons” and inserting “5
6 individuals or entities”.

7 (8) *REPORT TO CONGRESS*.—No later than 180
8 days after the date of enactment of this Act, the Sec-
9 retary of Agriculture shall provide a report to the
10 Committee on Agriculture of the House of Representa-
11 tives and the Committee on Agriculture, Nutrition,
12 and Forestry of the Senate that describes—

13 (A) how State and county office employees
14 are trained regarding the payment limitation re-
15 quirements of section 1001 through 1001E of the
16 *Food Security Act of 1985* (7 U.S.C. 1308
17 through 1308–5);

18 (B) the general procedures used by State
19 and county office employees to identify potential
20 violations of the payment limitation require-
21 ments;

22 (C) the requirements for State and county
23 office employees to report serious violations of the
24 payment limitation requirements, including vio-
25 lations of section 1001B of that Act to the county

1 committee, higher level officials of the Farm
2 Service Agency, and to the Office of Inspector
3 General; and

4 (D) the sanctions imposed against State
5 and county office employees who fail to report or
6 investigate potential violations of the payment
7 limitation requirements.

8 (b) *ADJUSTED GROSS INCOME LIMITATION.*—The
9 Food Security Act of 1985 is amended by inserting after
10 section 1001E (7 U.S.C. 1308–5) the following:

11 **“SEC. 1001F. ADJUSTED GROSS INCOME LIMITATION.**

12 “(a) *DEFINITIONS.*—In this section:

13 “(1) *ADJUSTED GROSS INCOME.*—The term ‘ad-
14 justed gross income’ means adjusted gross income of
15 an individual or entity—

16 “(A) as defined in section 62 of the Internal
17 Revenue Code of 1986 and implemented in ac-
18 cordance with procedures established by the Sec-
19 retary; and

20 “(B) that is earned directly or indirectly
21 from all agricultural and nonagricultural
22 sources of an individual or entity for a fiscal or
23 corresponding crop year.

24 “(2) *AVERAGE ADJUSTED GROSS INCOME.*—

1 “(A) *IN GENERAL.*—The term ‘average ad-
2 justed gross income’ means the average adjusted
3 gross income of an individual or entity for each
4 of the 3 preceding taxable years.

5 “(B) *EFFECTIVE ADJUSTED GROSS IN-*
6 *COME.*—In the case of an individual or entity
7 that does not have an adjusted gross income for
8 each of the 3 preceding taxable years, the Sec-
9 retary shall establish rules that provide the indi-
10 vidual or entity with an effective adjusted gross
11 income for the applicable year.

12 “(b) *LIMITATION.*—Notwithstanding any other provi-
13 sion of title I of the Federal Agriculture Improvement and
14 Reform Act of 1996 (7 U.S.C. 7201 et seq.), an individual
15 or entity shall not be eligible for a payment or benefit de-
16 scribed in subsection (b) or (c) of section 1001 if the average
17 adjusted gross income of the individual or entity exceeds
18 \$2,500,000.

19 “(c) *CERTIFICATION.*—To comply with the limitation
20 under subsection (b), an individual or entity shall provide
21 to the Secretary—

22 “(1) a certification by a certified public account-
23 ant or another third party that is acceptable to the
24 Secretary that the average adjusted gross income of
25 the individual or entity does not exceed \$2,500,000; or

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

4 “(d) *COMMENSURATE REDUCTION.*—In the case of a
5 payment or benefit made in a fiscal year or corresponding
6 crop year to an entity that has an average adjusted gross
7 income of \$2,500,000 or less, the payment shall be reduced
8 by an amount that is commensurate with the direct and
9 indirect ownership interest in the entity of each individual
10 who has an average adjusted gross income in excess of
11 \$2,500,000 for that fiscal year or corresponding crop year.

12 “(e) *GENERAL PARTNERSHIPS AND JOINT VEN-*
13 *TURES.*—For purposes of this section, a general partnership
14 or joint venture shall be considered an entity.”.

15 (c) *FOOD STAMP PROGRAM.*—

16 (1) *INCREASE IN BENEFITS TO HOUSEHOLDS*
17 *WITH CHILDREN.*—Section 5(e) of the Food Stamp
18 Act of 1977 (7 U.S.C. 2014(e)) is amended by striking
19 paragraph (1) and inserting the following:

20 “(1) *STANDARD DEDUCTION.*—

21 “(A) *IN GENERAL.*—Subject to the other
22 provisions of this paragraph, the Secretary shall
23 allow for each household a standard deduction
24 that is equal to the greater of—

1 “(i) the applicable percentage specified
2 in subparagraph (D) of the applicable in-
3 come standard of eligibility established
4 under subsection (c)(1); or

5 “(ii) the minimum deduction specified
6 in subparagraph (E).

7 “(B) GUAM.—The Secretary shall allow for
8 each household in Guam a standard deduction
9 that is—

10 “(i) equal to the applicable percentage
11 specified in subparagraph (D) of twice the
12 income standard of eligibility established
13 under subsection (c)(1) for the 48 contig-
14 uous States and the District of Columbia;
15 but

16 “(ii) not less than the minimum de-
17 duction for Guam specified in subpara-
18 graph (E).

19 “(C) HOUSEHOLDS OF 6 OR MORE MEM-
20 BERS.—The income standard of eligibility estab-
21 lished under subsection (c)(1) for a household of
22 6 members shall be used to calculate the standard
23 deduction for each household of 6 or more mem-
24 bers.

1 “(D) *APPLICABLE PERCENTAGE.*—*For the*
2 *purpose of subparagraph (A), the applicable per-*
3 *centage shall be—*

4 “(i) 8 percent for each of fiscal years
5 2002 through 2004;

6 “(ii) 8.25 percent for each of fiscal
7 years 2005 and 2006;

8 “(iii) 8.5 percent for each of fiscal
9 years 2007 and 2008;

10 “(iv) 8.75 percent for fiscal year 2009;

11 *and*

12 “(v) 9 percent for each of fiscal years
13 2010 and 2011.

14 “(E) *MINIMUM DEDUCTION.*—*The minimum*
15 *deduction shall be \$134, \$229, \$189, \$269, and*
16 *\$118 for the 48 contiguous States and the Dis-*
17 *trict of Columbia, Alaska, Hawaii, Guam, and*
18 *the Virgin Islands of the United States, respec-*
19 *tively.”.*

20 (2) *EXCESS SHELTER EXPENSE DEDUCTION.*—

21 (A) *IN GENERAL.*—*Section 5(e)(7)(B) of the*
22 *Food Stamp Act of 1977 (7 U.S.C.*
23 *2014(e)(7)(B)) is amended—*

24 (i) *in clause (v), by striking “and” at*
25 *the end; and*

1 (ii) by striking clause (vi) and insert-
2 ing the following:

3 “(vi) for fiscal year 2002, \$354, \$566,
4 \$477, \$416, and \$279 per month, respec-
5 tively;

6 “(vii) for fiscal year 2003, \$390, \$624,
7 \$526, \$458, and \$307 per month, respec-
8 tively; and

9 “(viii) for fiscal years 2004 and each
10 fiscal year thereafter, the applicable amount
11 for the preceding fiscal year, as adjusted to
12 reflect changes for the 12-month period end-
13 ing the preceding November 30 in the Con-
14 sumer Price Index for All Urban Consumers
15 published by the Bureau of Labor Statistics
16 of the Department of Labor.”.

17 (B) *PROSPECTIVE AMENDMENTS.*—Effective
18 October 1, 2009, section 5(e)(7) of the Food
19 Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is
20 amended—

21 (i) by striking subparagraph (B); and

22 (ii) by redesignating subparagraph (C)
23 as subparagraph (B).

24 (3) *PARTICIPANT EXPENSES.*—Section
25 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7

1 *U.S.C. 2015(d)(4)(I)(i)(I) is amended by striking “,*
2 *except that the State agency may limit such reim-*
3 *bursement to each participant to \$25 per month”.*

4 (4) *FEDERAL REIMBURSEMENT.—Section*
5 *16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C.*
6 *2025(h)(3)) is amended by striking “such total*
7 *amount shall not exceed an amount representing \$25*
8 *per participant per month for costs of transportation*
9 *and other actual costs (other than dependent care*
10 *costs) and” and inserting “the amount of the reim-*
11 *bursement for dependent care expenses shall not ex-*
12 *ceed”.*

13 (5) *EFFECTIVENESS OF CERTAIN PROVISIONS.—*
14 *Section 413 and subsections (c) and (d) of section*
15 *434, and the amendments made by section 413 and*
16 *subsections (c) and (d) of section 434, shall have no*
17 *effect.*

18 (d) *LOAN DEFICIENCY PAYMENTS.—*

19 (1) *ELIGIBILITY.—Section 135 of the Federal*
20 *Agriculture Improvement and Reform Act of 1996 (7*
21 *U.S.C. 7235) (as amended by section 126(1)) is*
22 *amended by striking subsection (a) and inserting the*
23 *following:*

24 “(a) *IN GENERAL.—The Secretary may make loan de-*
25 *ficiency payments available to—*

1 “(1) producers on a farm that, although eligible
2 to obtain a marketing assistance loan under section
3 131 with respect to a loan commodity, agree to forgo
4 obtaining the loan for the covered commodity in re-
5 turn for payments under this section; and

6 “(2) effective only for the 2000 and 2001 crop
7 years, producers that, although not eligible to obtain
8 such a marketing assistance loan under section 131,
9 produce a loan commodity.”.

10 (2) *BENEFICIAL INTEREST*.—Section 135(e)(1) of
11 the Federal Agriculture Improvement and Reform Act
12 of 1996 (7 U.S.C. 7235(e)) (as amended by section
13 126(2)) is amended by striking “A producer” and in-
14 serting “Effective for the 2001 through 2006 crops, a
15 producer”.

16 (e) *LOAN AUTHORIZATION LEVELS*.—Section 346(b) of
17 the Consolidated Farm and Rural Development Act (7
18 U.S.C. 1994(b)) (as amended by section 529(1)(A)) is
19 amended by striking paragraph (1) and inserting the fol-
20 lowing:

21 “(1) *IN GENERAL*.—The Secretary may make or
22 guarantee loans under subtitles A and B from the Ag-
23 ricultural Credit Insurance Fund provided for in sec-
24 tion 309 for not more than \$3,796,000,000 for each of

1 *fiscal years 2002 through 2006, of which, for each fis-*
2 *cal year—*

3 *“(A) \$770,000,000 shall be for direct loans,*
4 *of which—*

5 *“(i) \$205,000,000 shall be for farm*
6 *ownership loans under subtitle A; and*

7 *“(ii) \$565,000,000 shall be for oper-*
8 *ating loans under subtitle B; and*

9 *“(B) \$3,026,000,000 shall be for guaranteed*
10 *loans, of which—*

11 *“(i) \$1,000,000,000 shall be for guar-*
12 *antees of farm ownership loans under sub-*
13 *title A; and*

14 *“(ii) \$2,026,000,000 shall be for guar-*
15 *antees of operating loans under subtitle B.”.*

16 *(f) BEGINNING FARMER AND RANCHER DEVELOPMENT*
17 *PROGRAM.—In addition to funds made available under the*
18 *Agriculture, Rural Development, Food and Drug Adminis-*
19 *tration, and Related Agencies Appropriations Act, 2002*
20 *(Public Law 107–76), the Secretary of Agriculture shall use*
21 *\$5,000,000 of funds of the Commodity Credit Corporation*
22 *for fiscal year 2002 to make loans described in section*
23 *346(b)(2)(A)(i) of the Consolidated Farm and Rural Devel-*
24 *opment Act (7 U.S.C. 1994(b)(2)(A)(i)).*

1 (g) *INITIATIVE FOR FUTURE AGRICULTURE AND FOOD*
2 *SYSTEMS.*—Section 401(b)(1) of the Agricultural Research,
3 *Extension, and Education Reform Act of 1998 (7 U.S.C.*
4 *7621(b)(1)) (as amended by section 741) is amended—*

5 (1) *in subparagraph (A), by striking*
6 *“\$120,000,000” and inserting “\$130,000,000”; and*

7 (2) *in subparagraph (B), by striking*
8 *“\$145,000,000” and inserting “\$225,000,000”.*

9 (h) *SPECIALTY CROP INSURANCE INITIATIVE.*—

10 (1) *RESEARCH AND DEVELOPMENT FUNDING.*—
11 *Section 522(e) of the Federal Crop Insurance Act (7*
12 *U.S.C. 1522(e)) is amended by striking paragraph (1)*
13 *and inserting the following:*

14 “(1) *REIMBURSEMENTS.*—Of the amounts made
15 *available from the insurance fund established under*
16 *section 516(c), the Corporation may use to provide re-*
17 *imbursements under subsection (b) not more than—*

18 “(A) \$32,000,000 for fiscal year 2002;

19 “(B) \$27,500,000 for each of fiscal years
20 *2003 and 2004;*

21 “(C) \$25,000,000 for each of fiscal years
22 *2005 and 2006; and*

23 “(D) \$15,000,000 for fiscal year 2007 and
24 *each subsequent fiscal year.”.*

1 (2) *EDUCATION AND INFORMATION FUNDING.*—
2 *Section 524(a)(4) of the Federal Crop Insurance Act*
3 *(7 U.S.C. 1524(a)(4)) is amended by striking sub-*
4 *paragraph (A) and inserting the following:*

5 “(A) *for the education and information pro-*
6 *gram established under paragraph (2)—*

7 “(i) *\$10,000,000 for fiscal year 2003;*

8 “(ii) *\$13,000,000 for fiscal year 2004;*

9 “(iii) *\$15,000,000 for each of fiscal*
10 *years 2005 and 2006; and*

11 “(iv) *\$5,000,000 for fiscal year 2007*
12 *and each subsequent fiscal year; and”.*

13 (3) *REPORTS.*—*Not later than September 30,*
14 *2002, the Secretary of Agriculture shall submit to the*
15 *Committee on Agriculture of the House of Representa-*
16 *tives and the Committee on Agriculture, Nutrition,*
17 *and Forestry of the Senate a report that describes—*

18 (A) *the progress made by the Corporation*
19 *in research and development of innovative risk*
20 *management products to include cost of produc-*
21 *tion insurance that provides coverage for spe-*
22 *cialty crops, paying special attention to apples,*
23 *asparagus, blueberries (wild and domestic), cab-*
24 *bage, canola, carrots, cherries, Christmas trees,*
25 *citrus fruits, cucumbers, dry beans, eggplants,*

1 *floriculture, grapes, greenhouse and nursery ag-*
 2 *ricultural commodities, green peas, green pep-*
 3 *pers, hay, lettuce, maple, mushrooms, pears, po-*
 4 *tatoes, pumpkins, snap beans, spinach, squash,*
 5 *strawberries, sugar beets, and tomatoes;*

6 *(B) the progress made by the Corporation*
 7 *in increasing the use of risk management prod-*
 8 *ucts offered through the Corporation by pro-*
 9 *ducers of specialty crops, by small- and mod-*
 10 *erate-sized farms, and in areas that are under-*
 11 *served, as determined by the Secretary; and*

12 *(C) how the additional funding provided*
 13 *under the amendments made by this section has*
 14 *been used.*

15 *(i) EFFECTIVE DATE.—This section and the amend-*
 16 *ments made by this section take effect 1 day after the date*
 17 *of enactment of this Act.*

18 **SEC. 170. RESTRICTION OF COMMODITY AND CROP INSUR-**
 19 **ANCE PAYMENTS, LOANS, AND BENEFITS TO**
 20 **PREVIOUSLY CROPPED LAND; FOOD STAMP**
 21 **PROGRAM FOR CERTAIN QUALIFIED ALIENS.**

22 *(a) RESTRICTION OF COMMODITY AND CROP INSUR-*
 23 *ANCE PAYMENTS, LOANS, AND BENEFITS TO PREVIOUSLY*
 24 *CROPPED LAND.—Section 194 of the Federal Agriculture*

1 *Improvement and Reform Act of 1996 (Public Law 104-*
2 *127; 110 Stat. 945) is amended to read as follows:*

3 **“SEC. 194. RESTRICTION OF COMMODITY AND CROP INSUR-**
4 **ANCE PAYMENTS, LOANS, AND BENEFITS TO**
5 **PREVIOUSLY CROPPED LAND.**

6 “(a) *DEFINITIONS.—In this section:*

7 “(1) *AGRICULTURAL COMMODITY.—The term ‘ag-*
8 *ricultural commodity’ has the meaning given the term*
9 *in section 102 of the Agricultural Trade Act of 1978*
10 *(7 U.S.C. 5602).*

11 “(2) *EXCLUSIONS.—The term ‘agricultural com-*
12 *modity’ does not include forage, livestock, timber, for-*
13 *est products, or hay.*

14 “(3) *IN GENERAL.—The term ‘considered plant-*
15 *ed’ shall include cropland that has been prevented*
16 *from being planted at least 8 out of the past 10 years*
17 *due to disaster related conditions as determined by*
18 *the Secretary.*

19 “(b) *COMMODITIES.—*

20 “(1) *IN GENERAL.—Notwithstanding any other*
21 *provision of this title, except as provided in para-*
22 *graph (2), the Secretary shall not provide a crop pay-*
23 *ment, crop loan, or other crop benefit under this title*
24 *to an owner or producer, with respect to an agricul-*
25 *tural commodity produced on land during a crop*

1 *year unless the land has been planted, considered*
2 *planted, or devoted to an agricultural commodity*
3 *during —*

4 “(A) *at least 1 of the 5 crop years preceding*
5 *the 2002 crop year; or*

6 “(B) *at least 3 of the 10 crop years pre-*
7 *ceding the 2002 crop year.*

8 “(2) *CROP ROTATION.—Paragraph (1) shall not*
9 *apply to an owner or producer, with respect to any*
10 *agricultural commodity planted or considered plant-*
11 *ed, on land if the land—*

12 “(A) *has been planted, considered planted,*
13 *or devoted to an agricultural commodity during*
14 *at least 1 of the 20 crop years preceding the 2002*
15 *crop year; and*

16 “(B) *has been maintained, and will con-*
17 *tinue to be maintained, using long-term crop ro-*
18 *tation practices, as determined by the Secretary.*

19 “(c) *CROP INSURANCE.—Notwithstanding any provi-*
20 *sion of the Federal Crop Insurance Act (7 U.S.C. 1501 et*
21 *seq.), the Federal Crop Insurance Corporation shall not pay*
22 *premium subsidies or administrative costs of a reinsured*
23 *company for insurance regarding a crop insurance policy*
24 *of a producer under that Act unless the land that is covered*
25 *by the insurance policy for an agricultural commodity—*

1 “(1) *has been planted, considered planted, or de-*
2 *voted to an agricultural commodity during—*

3 “(A) *at least 1 of the 5 crop years preceding*
4 *the 2002 crop year; or*

5 “(B) *at least 3 of the 10 crop years pre-*
6 *ceding the 2002 crop year; or*

7 “(2)(A) *has been planted, considered planted, or*
8 *devoted to an agricultural commodity during at least*
9 *1 of the 20 crop years preceding the 2002 crop year;*
10 *and*

11 “(B) *has been maintained, and will continue to*
12 *be maintained, using long-term crop rotation prac-*
13 *tices, as determined by the Secretary.*

14 “(d) *CONSERVATION RESERVE LAND.—For purposes of*
15 *this section, land that is enrolled in the conservation reserve*
16 *program established under subchapter B of chapter 1 of sub-*
17 *title D of title XII of the Food Security Act of 1985 (16*
18 *U.S.C.3831 et seq.) shall be considered planted to an agri-*
19 *cultural commodity.*

20 “(e) *LAND UNDER THE JURISDICTION OF AN INDIAN*
21 *TRIBE.—For purposes of this section, land that is under*
22 *the jurisdiction of an Indian tribe (as defined in section*
23 *4 of the Indian Self-Determination and Education Assist-*
24 *ance Act (25 U.S.C. 450b)) shall be considered planted to*
25 *an agricultural commodity if—*

1 “(1) the land is planted to an agricultural com-
2 modity after the date of enactment of this subsection
3 as part of an irrigation project that—

4 “(A) is authorized by the Bureau of Rec-
5 lamation or the Bureau of Indian Affairs; and

6 “(B) is under construction prior to the date
7 of enactment of this subsection; or

8 “(2) the land becomes available for planting be-
9 cause of a settlement or statutory authorization of a
10 water rights claim by an Indian tribe after the date
11 of enactment of this subsection.”.

12 (b) *PARTIAL RESTORATION OF BENEFITS TO LEGAL*
13 *IMMIGRANTS.*—Section 403(c)(2)(L) of the *Personal Re-*
14 *sponsibility and Work Opportunity Reconciliation Act of*
15 *1996 (8 U.S.C. 1613(c)(2)(L)) (as amended by section*
16 *452(a)(2)(A)) is amended by inserting “provided to indi-*
17 *viduals under the age of 18” after “benefits”.*

18 (c) *FOOD STAMP EXCEPTION FOR CERTAIN QUALIFIED*
19 *ALIENS.*—

20 (1) *IN GENERAL.*—Section 402(a)(2) of the *Per-*
21 *sonal Responsibility and Work Opportunity Rec-*
22 *onciliation Act of 1996 (8 U.S.C. 1612(a)(2)) (as*
23 *amended by section 452(c)(2)) is amended by adding*
24 *at the end the following:*

1 “(M) *FOOD STAMP EXCEPTION FOR CERTAIN*
2 *QUALIFIED ALIENS.*—

3 “(i) *With respect to eligibility for bene-*
4 *fits for the specified Federal program de-*
5 *scribed in paragraph (3)(B), paragraph (1)*
6 *shall not apply, subject to the exclusion in*
7 *clause (ii), to any individual who has con-*
8 *tinuously resided in the United States as a*
9 *qualified alien for a period of 5 years or*
10 *more beginning on the date on which the*
11 *qualified alien entered the United States.*

12 “(ii) *No alien who enters the country*
13 *illegally and remains in the United States*
14 *illegally for a period of one year or longer*
15 *or has been in the United States as an ille-*
16 *gal alien for a period of one year or longer,*
17 *regardless of their status upon entering the*
18 *country or their current status as a quali-*
19 *fied alien, shall be eligible under clause (i)*
20 *for benefits for the specified Federal pro-*
21 *gram described in paragraph (3)(B).*

22 “(iii) *Clause (ii) shall not apply to a*
23 *qualified alien who has continuously resided*
24 *in the United States for a period of 5 years*

1 or more as of the date of enactment of this
2 Act.”.

3 (2) *EFFECTIVE DATE.*—The amendment made by
4 paragraph (1) takes effect on April 1, 2003.

5 **SEC. 171. REDUCTION OF COMMODITY BENEFITS TO IM-**
6 **PROVE NUTRITION ASSISTANCE.**

7 (a) *INCOME PROTECTION PRICES FOR COUNTER-CY-*
8 *CLICAL PAYMENTS.*—Section 114(c) of the Federal Agri-
9 culture Improvement and Reform Act of 1996 (as amended
10 by section 111) is amended by striking paragraph (2) and
11 inserting the following:

12 “(2) *INCOME PROTECTION PRICES.*—The income
13 protection prices for contract commodities under
14 paragraph (1)(A) are as follows:

15 “(A) Wheat, \$3.4460 per bushel.

16 “(B) Corn, \$2.3472 per bushel.

17 “(C) Grain sorghum, \$2.3472 per bushel.

18 “(D) Barley, \$2.1973 per bushel.

19 “(E) Oats, \$1.5480 per bushel.

20 “(F) Upland cotton, \$0.6793 per pound.

21 “(G) Rice, \$9.2914 per hundredweight.

22 “(H) Soybeans, \$5.7431 per bushel.

23 “(I) Oilseeds (other than soybeans), \$0.1049
24 per pound.”.

1 (b) *LOAN RATES FOR MARKETING ASSISTANCE*

2 *LOANS.—*

3 (1) *IN GENERAL.—Section 132 of the Federal*
4 *Agriculture Improvement and Reform Act of 1996 (as*
5 *amended by section 123(a)) is amended to read as fol-*
6 *lows:*

7 **“SEC. 132. LOAN RATES.**

8 *“The loan rate for a marketing assistance loan under*
9 *section 131 for a loan commodity shall be—*

10 *“(1) in the case of wheat, \$2.9960 per bushel;*

11 *“(2) in the case of corn, \$2.0772 per bushel;*

12 *“(3) in the case of grain sorghum, \$2.0772 per*
13 *bushel;*

14 *“(4) in the case of barley, \$1.9973 per bushel;*

15 *“(5) in the case of oats, \$1.4980 per bushel;*

16 *“(6) in the case of upland cotton, \$0.5493 per*
17 *pound;*

18 *“(7) in the case of extra long staple cotton,*
19 *\$0.7965 per pound;*

20 *“(8) in the case of rice, \$6.4914 per hundred-*
21 *weight;*

22 *“(9) in the case of soybeans, \$5.1931 per bushel;*

23 *“(10) in the case of oilseeds (other than soy-*
24 *beans), \$0.0949 per pound;*

1 “(11) in the case of graded wool, \$1.00 per
2 pound;

3 “(12) in the case of nongraded wool, \$0.40 per
4 pound;

5 “(13) in the case of mohair, \$2.00 per pound;

6 “(14) in the case of honey, \$0.60 per pound;

7 “(15) in the case of dry peas, \$6.78 per hundred-
8 weight;

9 “(16) in the case of lentils, \$12.79 per hundred-
10 weight;

11 “(17) in the case of large chickpeas, \$17.44 per
12 hundredweight; and

13 “(18) in the case of small chickpeas, \$8.10 per
14 hundredweight.”.

15 (2) *ADJUSTMENT OF LOANS.*—

16 (A) *IN GENERAL.*—*The amendment made*
17 *by section 123(b) is repealed.*

18 (B) *APPLICABILITY.*—*Section 162 of the*
19 *Federal Agriculture Improvement and Reform*
20 *Act of 1996 (7 U.S.C. 7282) shall be applied and*
21 *administered as if the amendment made by sec-*
22 *tion 123(b) had not been enacted.*

23 (c) *FOOD STAMP PROGRAM.*—

24 (1) *SIMPLIFIED RESOURCE ELIGIBILITY LIMIT.*—
25 *Section 5(g)(1) of the Food Stamp Act of 1977 (7*

1 *U.S.C. 2014(g)(1)) is amended by striking “a member*
2 *who is 60 years of age or older” and inserting “an*
3 *elderly or disabled member”.*

4 *(2) INCREASE IN BENEFITS TO HOUSEHOLDS*
5 *WITH CHILDREN.—Section 5(e) of the Food Stamp*
6 *Act of 1977 (7 U.S.C. 2014(e)) is amended by striking*
7 *paragraph (1) and inserting the following:*

8 *“(1) STANDARD DEDUCTION.—*

9 *“(A) IN GENERAL.—Subject to the other*
10 *provisions of this paragraph, the Secretary shall*
11 *allow a standard deduction for each household*
12 *that is—*

13 *“(i) equal to the applicable percentage*
14 *specified in subparagraph (D) of the income*
15 *standard of eligibility established under*
16 *subsection (c)(1); but*

17 *“(ii) not less than the minimum de-*
18 *duction specified in subparagraph (E).*

19 *“(B) GUAM.—The Secretary shall allow a*
20 *standard deduction for each household in Guam*
21 *that is—*

22 *“(i) equal to the applicable percentage*
23 *specified in subparagraph (D) of twice the*
24 *income standard of eligibility established*
25 *under subsection (c)(1) for the 48 contig-*

1 *uous States and the District of Columbia;*
2 *but*

3 *“(ii) not less than the minimum de-*
4 *duction for Guam specified in subpara-*
5 *graph (E).*

6 *“(C) HOUSEHOLDS OF 6 OR MORE MEM-*
7 *BERS.—The income standard of eligibility estab-*
8 *lished under subsection (c)(1) for a household of*
9 *6 members shall be used to calculate the standard*
10 *deduction for each household of 6 or more mem-*
11 *bers.*

12 *“(D) APPLICABLE PERCENTAGE.—For the*
13 *purpose of subparagraph (A), the applicable per-*
14 *centage shall be—*

15 *“(i) 8 percent for each of fiscal years*
16 *2002 through 2004;*

17 *“(ii) 8.5 percent for each of fiscal years*
18 *2005 through 2007;*

19 *“(iii) 9 percent for each of fiscal years*
20 *2008 through 2010; and*

21 *“(iv) 10 percent for each fiscal year*
22 *thereafter.*

23 *“(E) MINIMUM DEDUCTION.—The minimum*
24 *deduction shall be \$134, \$229, \$189, \$269, and*
25 *\$118 for the 48 contiguous States and the Dis-*

1 *trict of Columbia, Alaska, Hawaii, Guam, and*
 2 *the Virgin Islands of the United States, respec-*
 3 *tively.”.*

4 (3) *EFFECTIVENESS OF CERTAIN PROVISIONS.—*
 5 *Sections 413 and 165(c)(1) shall have no effect.*

6 **SEC. 172. REPORTS ON EQUITABLE RELIEF AND**
 7 **MISACTION-MISINFORMATION REQUESTS.**

8 *Section 195 of the Federal Agriculture Improvement*
 9 *and Reform Act of 1996 (Public Law 104–127; 110 Stat.*
 10 *946) is amended to read as follows:*

11 **“SEC. 195. REPORTS ON EQUITABLE RELIEF AND**
 12 **MISACTION-MISINFORMATION REQUESTS.**

13 *“(a) IN GENERAL.—Not later than 90 days after the*
 14 *date of enactment of the Agriculture, Conservation, and*
 15 *Rural Enhancement Act of 2002 and not later than Decem-*
 16 *ber 1 of fiscal year 2003 and each subsequent fiscal year,*
 17 *the Secretary shall submit to the Committee on Agriculture*
 18 *of the House of Representatives and the Committee on Agri-*
 19 *culture, Nutrition, and Forestry of the Senate a report that*
 20 *describes—*

21 *“(1) the number of requests received by the Sec-*
 22 *retary during the preceding fiscal year for equitable*
 23 *relief under programs carried out by the Farm Serv-*
 24 *ice Agency and the Natural Resources Conservation*
 25 *Service, including a description (by program) of—*

1 “(A) the number of requests received;

2 “(B) the number of requests approved by the
3 Secretary; and

4 “(C) the basis for the approval or denial of
5 the requests; and

6 “(2) the number of requests received by the Sec-
7 retary during the preceding fiscal year for relief de-
8 scribed in section 326 of the Food and Agriculture Act
9 of 1962 (7 U.S.C. 1339a) with respect to programs
10 carried out under this title, including a description
11 (by program) of—

12 “(A) the number of requests received;

13 “(B) the number of requests approved by the
14 Secretary; and

15 “(C) the basis for the approval or denial of
16 the requests.

17 “(b) APPEALS.—The Secretary, acting through the Di-
18 rector of the National Appeals Division, shall include in
19 each report submitted under subsection (a) a description of
20 actions taken by the Division taken during the preceding
21 fiscal year with respect to requests for relief described in
22 subsection (a).”.

1 **SEC. 173. ESTIMATES OF NET FARM INCOME.**

2 *Title I of the Federal Agriculture Improvement and*
3 *Reform Act of 1996 (7 U.S.C. 7201 et seq.) is amended by*
4 *adding at the end the following:*

5 **“SEC. 197. ESTIMATES OF NET FARM INCOME.**

6 *“In each issuance of projections of net farm income,*
7 *the Secretary shall include (as determined by the Sec-*
8 *retary)—*

9 *“(1) an estimate of the net farm income earned*
10 *by commercial producers in the United States; and*

11 *“(2) an estimate of the net farm income attrib-*
12 *utable to commercial producers of each of—*

13 *“(A) livestock;*

14 *“(B) loan commodities; and*

15 *“(C) agricultural commodities other than*
16 *loan commodities.”.*

17 **SEC. 174. COMMODITY CREDIT CORPORATION INVENTORY.**

18 *Section 5 of the Commodity Credit Corporation Char-*
19 *ter Act (15 U.S.C. 714c) is amended in the last sentence*
20 *by inserting before the period at the end the following: “(in-*
21 *cluding, at the option of the Corporation, the use of private*
22 *sector entities)”.*

23 **SEC. 175. AGRICULTURAL PRODUCERS SUPPLEMENTAL**
24 **PAYMENTS AND ASSISTANCE.**

25 *(a) IN GENERAL.—The Secretary of Agriculture may*
26 *use such funds of the Commodity Credit Corporation as are*

1 *necessary to provide payments and assistance under Public*
2 *Law 107–25 (115 Stat. 201) to persons that (as determined*
3 *by the Secretary)—*

4 *(1) are eligible to receive the payments or assist-*
5 *ance; but*

6 *(2) did not receive the payments or assistance*
7 *prior to October 1, 2001.*

8 *(b) LIMITATION.—The amount of payments or assist-*
9 *ance provided under Public Law 107–25 and this section*
10 *to an eligible person described in subsection (a) shall not*
11 *exceed the amount of payments or assistance the person*
12 *would have been eligible to receive under Public Law 107–*
13 *25.*

14 ***Subtitle E—Payment Limitation***
15 ***Commission***

16 ***SEC. 181. ESTABLISHMENT OF COMMISSION.***

17 *(a) ESTABLISHMENT.—There is established a commis-*
18 *sion to be known as the “Commission on the Application*
19 *of Payment Limitations for Agriculture” (referred to in this*
20 *subtitle as the “Commission”).*

21 *(b) MEMBERSHIP.—*

22 *(1) COMPOSITION.—*

23 *(A) IN GENERAL.—The Commission shall be*
24 *composed of 11 members appointed as follows:*

1 (i) 3 members shall be appointed by
2 the President, of whom 2 shall be from land
3 grant colleges or universities and have ex-
4 pertise in agricultural economics.

5 (ii) 1 member shall be appointed by
6 the Majority Leader of the Senate.

7 (iii) 1 member shall be appointed by
8 the Minority Leader of the Senate.

9 (iv) 1 member shall be appointed by
10 the Speaker of the House of Representatives.

11 (v) 1 member shall be appointed by the
12 Minority Leader of the House of Represent-
13 atives.

14 (vi) 1 member shall be appointed by
15 the Chairman of the Committee on Agri-
16 culture, Nutrition, and Forestry of the Sen-
17 ate.

18 (vii) 1 member shall be appointed by
19 the ranking minority member of the Com-
20 mittee on Agriculture, Nutrition, and For-
21 estry of the Senate.

22 (viii) 1 member shall be appointed by
23 the Chairman of the Committee on Agri-
24 culture of the House of Representatives.

1 *(ix) 1 member shall be appointed by*
2 *the ranking minority member of the Com-*
3 *mittee on Agriculture of the House of Rep-*
4 *resentatives.*

5 *(B) DIVERSITY OF VIEWS.—The appointing*
6 *authorities under subparagraph (A) shall seek to*
7 *ensure that the membership of the Commission*
8 *has a diversity of experiences and expertise on*
9 *the issues to be studied by the Commission, such*
10 *as agricultural production, agricultural lending,*
11 *farmland appraisal, agricultural accounting and*
12 *finance, and other relevant areas.*

13 *(2) FEDERAL GOVERNMENT EMPLOYMENT.—The*
14 *membership of the Commission may include 1 or*
15 *more employees of the Department of Agriculture or*
16 *other Federal agencies.*

17 *(3) DATE OF APPOINTMENTS.—The appointment*
18 *of a member of the Commission shall be made not*
19 *later than 60 days after the date of enactment of this*
20 *Act.*

21 *(c) TERM; VACANCIES.—*

22 *(1) TERM.—A member shall be appointed for the*
23 *life of the Commission.*

24 *(2) VACANCIES.—A vacancy on the*
25 *Commission—*

1 (A) shall not affect the powers of the Com-
2 mission; and

3 (B) shall be filled in the same manner as
4 the original appointment was made.

5 (d) *INITIAL MEETING.*—Not later than 30 days after
6 the date on which all members of the Commission have been
7 appointed, the Commission shall hold the initial meeting
8 of the Commission.

9 (e) *MEETINGS.*—The Commission shall meet—

10 (1) on a regular basis, as determined by the
11 Chairperson; and

12 (2) at the call of the Chairperson or a majority
13 of the members of the Commission.

14 (f) *QUORUM.*—A majority of the members of the Com-
15 mission shall constitute a quorum for the transaction of
16 business, but a lesser number of members may hold hear-
17 ings.

18 (g) *CHAIRPERSON.*—The Secretary shall appoint 1 of
19 the members of the Commission to serve as Chairperson of
20 the Commission.

21 **SEC. 182. DUTIES.**

22 (a) *COMPREHENSIVE REVIEW.*—The Commission shall
23 conduct a comprehensive review of—

24 (1) the laws (including regulations) that apply
25 or fail to apply payment limitations to agricultural

1 *commodity and conservation programs administered*
2 *by the Secretary;*

3 (2) *the impact that failing to apply effective*
4 *payment limitations has on—*

5 (A) *the agricultural producers that partici-*
6 *pate in the programs;*

7 (B) *overproduction of agricultural commod-*
8 *ities;*

9 (C) *the prices that agricultural producers*
10 *receive for agricultural commodities in the mar-*
11 *ketplace; and*

12 (D) *land prices and rental rates;*

13 (3) *the feasibility of improving the application*
14 *and effectiveness of payment limitation requirements,*
15 *including the use of commodity certificates and the*
16 *forfeiture of loan collateral; and*

17 (4) *alternatives to payment limitation require-*
18 *ments in effect on the date of enactment of this Act*
19 *that would apply meaningful limitations to improve*
20 *the effectiveness and integrity of the requirements.*

21 (b) *RECOMMENDATIONS.—In carrying out the review*
22 *under subsection (a), the Commission shall develop specific*
23 *recommendations for modifications to applicable legislation*
24 *and regulations that would improve payment limitation re-*
25 *quirements.*

1 (c) *REPORT.*—Not later than 1 year after the date of
2 enactment of this Act, the Commission shall submit to the
3 President, the Committee on Agriculture of the House of
4 Representatives, and the Committee on Agriculture, Nutri-
5 tion, and Forestry of the Senate a report containing the
6 results of the review conducted, and any recommendations
7 developed, under this section.

8 **SEC. 183. POWERS.**

9 (a) *HEARINGS.*—The Commission may hold such hear-
10 ings, meet and act at such times and places, take such testi-
11 mony, and receive such evidence as the Commission con-
12 siders advisable to carry out this subtitle.

13 (b) *INFORMATION FROM FEDERAL AGENCIES.*—

14 (1) *IN GENERAL.*—The Commission may secure
15 directly from a Federal agency such information as
16 the Commission considers necessary to carry out this
17 subtitle.

18 (2) *PROVISION OF INFORMATION.*—On request of
19 the Chairperson of the Commission, the head of the
20 agency shall provide the information to the Commis-
21 sion.

22 (c) *POSTAL SERVICES.*—The Commission may use the
23 United States mails in the same manner and under the
24 same conditions as other agencies of the Federal Govern-
25 ment.

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

5 **SEC. 184. COMMISSION PERSONNEL MATTERS.**

6 (a) *COMPENSATION OF MEMBERS.*—

7 (1) *NON-FEDERAL EMPLOYEES.*—*A member of*
8 *the Commission who is not an officer or employee of*
9 *the Federal Government shall be compensated at a*
10 *rate equal to the daily equivalent of the annual rate*
11 *of basic pay prescribed for level IV of the Executive*
12 *Schedule under section 5315 of title 5, United States*
13 *Code, for each day (including travel time) during*
14 *which the member is engaged in the performance of*
15 *the duties of the Commission.*

16 (2) *FEDERAL EMPLOYEES.*—*A member of the*
17 *Commission who is an officer or employee of the Fed-*
18 *eral Government shall serve without compensation in*
19 *addition to the compensation received for the services*
20 *of the member as an officer or employee of the Federal*
21 *Government.*

22 (b) *TRAVEL EXPENSES.*—*A member of the Commission*
23 *shall be allowed travel expenses, including per diem in lieu*
24 *of subsistence, at rates authorized for an employee of an*
25 *agency under subchapter I of chapter 57 of title 5, United*

1 *States Code, while away from the home or regular place*
2 *of business of the member in the performance of the duties*
3 *of the Commission.*

4 **SEC. 185. FEDERAL ADVISORY COMMITTEE ACT.**

5 *The Federal Advisory Committee Act (5 U.S.C. App.)*
6 *shall not apply to the Commission or any proceeding of*
7 *the Commission.*

8 **SEC. 186. FUNDING.**

9 *Of the funds of the Commodity Credit Corporation, the*
10 *Secretary shall use not more than \$100,000 to carry out*
11 *this subtitle.*

12 **SEC. 187. TERMINATION OF COMMISSION.**

13 *The Commission shall terminate on the day after the*
14 *date on which the Commission submits the report of the*
15 *Commission under section 182(c).*

16 ***Subtitle F—Emergency Agriculture***
17 ***Assistance***

18 **SEC. 191. INCOME LOSS ASSISTANCE.**

19 *(a) IN GENERAL.—The Secretary of Agriculture (re-*
20 *ferred to in this subtitle as the “Secretary”) shall use*
21 *\$1,800,000,000 of funds of the Commodity Credit Corpora-*
22 *tion to make emergency financial assistance available to*
23 *producers on a farm that have incurred qualifying income*
24 *losses in calendar year 2001, including losses due to army*
25 *worms.*

1 (b) *ADMINISTRATION.*—*The Secretary shall make as-*
2 *sistance available under this section in the same manner*
3 *as provided under section 815 of the Agriculture, Rural De-*
4 *velopment, Food and Drug Administration, and Related*
5 *Agencies Appropriations Act, 2001 (Public Law 106–387;*
6 *114 Stat. 1549A–55), including using the same loss thresh-*
7 *olds for the quantity and economic losses as were used in*
8 *administering that section.*

9 (c) *USE OF FUNDS FOR CASH PAYMENTS.*—*The Sec-*
10 *retary may use funds made available under this section to*
11 *make, in a manner consistent with this section, cash pay-*
12 *ments not for crop disasters, but for income loss to carry*
13 *out the purposes of this section.*

14 **SEC. 192. LIVESTOCK ASSISTANCE PROGRAM.**

15 (a) *IN GENERAL.*—*The Secretary shall use*
16 *\$500,000,000 of the funds of the Commodity Credit Cor-*
17 *poration to make and administer payments for livestock*
18 *losses to producers for 2001 losses in a county that has re-*
19 *ceived an emergency designation by the President or the*
20 *Secretary after January 1, 2001, of which \$12,000,000 shall*
21 *be made available for the American Indian livestock pro-*
22 *gram under section 806 of the Agriculture, Rural Develop-*
23 *ment, Food and Drug Administration, and Related Agen-*
24 *cies Appropriations Act, 2001 (Public Law 106–387; 114*
25 *Stat. 1549A–51).*

1 (b) *ADMINISTRATION.*—*The Secretary shall make as-*
2 *sistance available under this section in the same manner*
3 *as provided under section 806 of the Agriculture, Rural De-*
4 *velopment, Food and Drug Administration, and Related*
5 *Agencies Appropriations Act, 2001 (Public Law 105–277;*
6 *114 Stat. 1549A–51).*

7 **SEC. 193. MARKET LOSS ASSISTANCE FOR APPLE PRO-**
8 **DUCERS.**

9 (a) *IN GENERAL.*—*The Secretary of Agriculture shall*
10 *use \$100,000,000 of funds of the Commodity Credit Cor-*
11 *poration for fiscal year 2002 to make payments to apple*
12 *producers, as soon as practicable after the date of enactment*
13 *of this Act, for the loss of markets during the 2000 crop*
14 *year.*

15 (b) *PAYMENT QUANTITY.*—*A payment to the producers*
16 *on a farm for the 2000 crop year under this section shall*
17 *be made on the lesser of—*

18 (1) *the quantity of apples produced by the pro-*
19 *ducers on the farm during the 2000 crop year; or*

20 (2) *5,000,000 pounds of apples.*

21 (c) *LIMITATIONS.*—*The Secretary shall not establish a*
22 *payment limitation, or income eligibility limitation, with*
23 *respect to payments made under this section.*

1 **SEC. 194. COMMODITY CREDIT CORPORATION.**

2 *The Secretary shall use the funds, facilities, and au-*
3 *thorities of the Commodity Credit Corporation to carry out*
4 *this subtitle.*

5 **SEC. 195. ADMINISTRATIVE EXPENSES.**

6 *(a) IN GENERAL.—In addition to funds otherwise*
7 *available, not later than 30 days after the date of enactment*
8 *of this Act, out of any funds in the Treasury not otherwise*
9 *appropriated, the Secretary of the Treasury shall transfer*
10 *to the Secretary of Agriculture to pay the salaries and ex-*
11 *penses of the Department of Agriculture in carrying out this*
12 *subtitle \$50,000,000, to remain available until expended.*

13 *(b) RECEIPT AND ACCEPTANCE.—The Secretary shall*
14 *be entitled to receive, shall accept, and shall use to carry*
15 *out this section the funds transferred under subsection (a),*
16 *without further appropriation.*

17 **SEC. 196. REGULATIONS.**

18 *(a) IN GENERAL.—The Secretary may promulgate*
19 *such regulations as are necessary to implement this subtitle.*

20 *(b) PROCEDURE.—The promulgation of the regulations*
21 *and administration of this subtitle shall be made without*
22 *regard to—*

23 *(1) the notice and comment provisions of section*
24 *553 of title 5, United States Code;*

25 *(2) the Statement of Policy of the Secretary of*
26 *Agriculture effective July 24, 1971 (36 Fed. Reg.*

1 13804), relating to notices of proposed rulemaking
2 and public participation in rulemaking; and

3 (3) chapter 35 of title 44, United States Code
4 (commonly known as the “Paperwork Reduction
5 Act”).

6 (c) CONGRESSIONAL REVIEW OF AGENCY RULE-
7 MAKING.—In carrying out this section, the Secretary shall
8 use the authority provided under section 808 of title 5,
9 United States Code.

10 **SEC. 197. EMERGENCY REQUIREMENT.**

11 The entire amount necessary to carry out this subtitle
12 is designated by Congress as an emergency requirement
13 pursuant to section 252(e) of the Balanced Budget and
14 Emergency Deficit Control Act of 1985 (2 U.S.C. 901(e)).

15 **TITLE II—CONSERVATION**

16 **Subtitle A—Conservation Security**

17 **SEC. 201. CONSERVATION SECURITY PROGRAM.**

18 Subtitle D of title XII of the Food Security Act of 1985
19 (16 U.S.C. 3830 et seq.) is amended by inserting after chap-
20 ter 1 the following:

1 **“CHAPTER 2—CONSERVATION SECURITY**
2 **AND FARMLAND PROTECTION**
3 **“Subchapter A—Conservation Security**
4 **Program**

5 **“SEC. 1238. DEFINITIONS.**

6 *“In this subchapter:*

7 *“(1) BASE PAYMENT.—The term ‘base payment’*
8 *means the amount paid to a producer under a con-*
9 *servaion security contract that is equal to the total*
10 *of the amounts described in clauses (i) and (ii) of*
11 *subparagraphs (C), (D), or (E) of section*
12 *1238C(b)(1), as appropriate.*

13 *“(2) BEGINNING FARMER OR RANCHER.—The*
14 *term ‘beginning farmer or rancher’ has the meaning*
15 *provided under section 343(a) of the Consolidated*
16 *Farm and Rural Development Act (7 U.S.C.*
17 *1999(a)).*

18 *“(3) BONUS AMOUNT.—The term ‘bonus amount’*
19 *means the amount paid to a producer under a con-*
20 *servaion security contract that is equal to the total*
21 *of the amounts described in clauses (iii) and (iv) of*
22 *subparagraph (C), and of clause (iii) of subparagraph*
23 *(D) or (E), of section 1238C(b)(1), as appropriate.*

1 “(4) *CONSERVATION PRACTICE.*—*The term ‘con-*
2 *serva-*
3 *tion practice’ means a land-based farming tech-*
4 *nique that—*

4 “(A) *requires planning, implementation,*
5 *management, and maintenance; and*

6 “(B) *promotes 1 or more of the purposes de-*
7 *scribed in section 1238A(a).*

8 “(5) *CONSERVATION SECURITY CONTRACT.*—*The*
9 *term ‘conservation security contract’ means a con-*
10 *tract described in section 1238A(e).*

11 “(6) *CONSERVATION SECURITY PLAN.*—*The term*
12 *‘conservation security plan’ means a plan described*
13 *in section 1238A(c).*

14 “(7) *CONSERVATION SECURITY PROGRAM.*—*The*
15 *term ‘conservation security program’ means the pro-*
16 *gram established under section 1238A(a).*

17 “(8) *INDIAN TRIBE.*—*The term ‘Indian tribe’ has*
18 *the meaning given the term in section 4 of the Indian*
19 *Self-Determination and Education Assistance Act (25*
20 *U.S.C. 450b).*

21 “(9) *NUTRIENT MANAGEMENT.*—*The term ‘nutri-*
22 *ent management’ means management of the quantity,*
23 *source, placement, form, and timing of the land ap-*
24 *plication of nutrients and other additions to soil on*
25 *land enrolled in the conservation security program—*

1 “(A) to achieve or maintain adequate soil
2 fertility for agricultural production;

3 “(B) to minimize the potential for loss of
4 environmental quality, including soil, water, fish
5 and wildlife habitat, and air and water quality;
6 and

7 “(C) to reduce energy consumption.

8 “(10) *PRODUCER*.—

9 “(A) *IN GENERAL*.—The term ‘producer’
10 means an owner, operator, landlord, tenant, or
11 sharecropper that—

12 “(i) shares in the risk of producing
13 any crop or livestock; and

14 “(ii) is entitled to share in the crop or
15 livestock available for marketing from a
16 farm (or would have shared had the crop or
17 livestock been produced).

18 “(B) *HYBRID SEED GROWERS*.—In deter-
19 mining whether a grower of hybrid seed is a pro-
20 ducer, the Secretary shall not take into consider-
21 ation the existence of a hybrid seed contract.

22 “(11) *RESOURCE OF CONCERN*.—The term ‘re-
23 source of concern’ means a conservation priority of a
24 State and locality under section 1238A(c)(3).

1 “(12) *RESOURCE-CONSERVING CROP*.—*The term*
2 ‘*resource-conserving crop*’ means—

3 “(A) *a perennial grass;*

4 “(B) *a legume grown for use as—*

5 “(i) *forage;*

6 “(ii) *seed for planting; or*

7 “(iii) *green manure;*

8 “(C) *a legume-grass mixture;*

9 “(D) *a small grain grown in combination*
10 *with a grass or legume, whether interseeded or*
11 *planted in succession; and*

12 “(E) *such other plantings, including trees*
13 *and annual grasses, as the Secretary considers*
14 *appropriate for a particular area.*

15 “(13) *RESOURCE-CONSERVING CROP ROTA-*
16 *TION*.—*The term ‘resource-conserving crop rotation’*
17 *means a crop rotation that—*

18 “(A) *includes at least 1 resource-conserving*
19 *crop;*

20 “(B) *reduces erosion;*

21 “(C) *improves soil fertility and tilth; and*

22 “(D) *interrupts pest cycles.*

23 “(14) *RESOURCE MANAGEMENT SYSTEM*.—*The*
24 *term ‘resource management system’ means a system of*
25 *conservation practices and management relating to*

1 *land or water use that is designed to prevent resource*
2 *degradation and permit sustained use of land, water,*
3 *and other natural resources, as defined in accordance*
4 *with the technical guide of the Natural Resources*
5 *Conservation Service.*

6 “(15) *SECRETARY.*—*The term ‘Secretary’ means*
7 *the Secretary of Agriculture, acting through the Nat-*
8 *ural Resources Conservation Service.*

9 “(16) *TIER I CONSERVATION PRACTICE.*—*The*
10 *term ‘Tier I conservation practice’ means a conserva-*
11 *tion practice described in section 1238A(d)(4)(A)(ii).*

12 “(17) *TIER I CONSERVATION SECURITY CON-*
13 *TRACT.*—*The term ‘Tier I conservation security con-*
14 *tract’ means a contract described in section*
15 *1238A(d)(4)(A).*

16 “(18) *TIER II CONSERVATION PRACTICE.*—*The*
17 *term ‘Tier II conservation practice’ means a con-*
18 *servation practice described in section*
19 *1238A(d)(4)(B)(ii).*

20 “(19) *TIER II CONSERVATION SECURITY CON-*
21 *TRACT.*—*The term ‘Tier II conservation security con-*
22 *tract’ means a contract described in section*
23 *1238A(d)(4)(B).*

24 “(20) *TIER III CONSERVATION PRACTICE.*—*The*
25 *term ‘Tier III conservation practice’ means a con-*

1 *ervation practice described in section*
2 *1238A(d)(4)(C)(i).*

3 *“(21) TIER III CONSERVATION SECURITY CON-*
4 *TRACT.—The term ‘Tier III conservation security*
5 *contract’ means a contract described in section*
6 *1238A(d)(4)(C).*

7 **“SEC. 1238A. CONSERVATION SECURITY PROGRAM.**

8 *“(a) IN GENERAL.—For each of fiscal years 2003*
9 *through 2006, the Secretary shall establish a conservation*
10 *security program to assist owners and operators of agricul-*
11 *tural operations to promote, as is applicable for each*
12 *operation—*

13 *“(1) conservation of soil, water, energy, and*
14 *other related resources;*

15 *“(2) soil quality protection and improvement;*

16 *“(3) water quality protection and improvement;*

17 *“(4) air quality protection and improvement;*

18 *“(5) soil, plant, or animal health and well-being;*

19 *“(6) diversity of flora and fauna;*

20 *“(7) on-farm conservation and regeneration of*
21 *biological resources, including plant and animal*
22 *germplasm;*

23 *“(8) wetland restoration, conservation, and en-*
24 *hancement;*

1 “(9) *wildlife habitat management, with special*
2 *emphasis on species identified by any natural herit-*
3 *age program of the applicable State;*

4 “(10) *reduction of greenhouse gas emissions and*
5 *enhancement of carbon sequestration;*

6 “(11) *environmentally sound management of*
7 *invasive species; or*

8 “(12) *any similar conservation purpose (as de-*
9 *termined by the Secretary).*

10 “(b) *ELIGIBILITY.—*

11 “(1) *ELIGIBLE OWNERS AND OPERATORS.—To be*
12 *eligible to participate in the conservation security*
13 *program (other than to receive technical assistance*
14 *under section 1238C(g) for the development of con-*
15 *servation security contracts), a producer shall—*

16 “(A) *develop and submit to the Secretary,*
17 *and obtain the approval of the Secretary of, a*
18 *conservation security plan that meets the re-*
19 *quirements of subsection (c)(1); and*

20 “(B) *enter into a conservation security con-*
21 *tract with the Secretary to carry out the con-*
22 *servation security plan.*

23 “(2) *ELIGIBLE LAND.—*

24 “(A) *IN GENERAL.—Except as provided in*
25 *subparagraph (C)(iii), private agricultural land*

1 *(including cropland, grassland, prairie land,*
2 *pasture land, and rangeland) and land under*
3 *the jurisdiction of an Indian tribe shall be eligi-*
4 *ble for enrollment in the conservation security*
5 *program.*

6 “(B) *FORESTED LAND.*—*Private forested*
7 *land shall be eligible for enrollment in the con-*
8 *servation security program if the forested land is*
9 *part of the agricultural land described in sub-*
10 *paragraph (A), including land that is used for—*

11 “(i) *alley cropping;*

12 “(ii) *forest farming;*

13 “(iii) *forest buffers;*

14 “(iv) *windbreaks;*

15 “(v) *silvopasture systems; and*

16 “(vi) *such other integrated agroforestry*
17 *uses as the Secretary may determine to be*
18 *appropriate.*

19 “(C) *EXCLUSIONS.*—

20 “(i) *CONSERVATION RESERVE PRO-*
21 *GRAM.*—*Land enrolled in the conservation*
22 *reserve program under subchapter B of*
23 *chapter 1 shall not be eligible for enrollment*
24 *in the conservation security program except*
25 *for land described in section 1231(b)(6).*

1 “(ii) *WETLANDS RESERVE PROGRAM.*—
2 *Land enrolled in the wetlands reserve pro-*
3 *gram established under subchapter C of*
4 *chapter 1 shall not be eligible for enrollment*
5 *in the conservation security program.*

6 “(iii) *CONVERSION TO CROPLAND.*—
7 *Land that is used for crop production after*
8 *the date of enactment of this subchapter*
9 *that had not been in crop production for at*
10 *least 3 of the 10 years preceding that date*
11 *(except for land enrolled in the conservation*
12 *reserve program under subchapter B of*
13 *chapter 1) shall not be eligible for enroll-*
14 *ment in the conservation security program.*

15 “(3) *SUSTAINABLE ECONOMIC USES.*—*The Sec-*
16 *retary shall permit a producer to implement, with re-*
17 *spect to all eligible land covered by a conservation se-*
18 *curity plan, sustainable economic uses (including*
19 *Tier II conservation practices) that—*

20 “(A) *maintain the agricultural nature of*
21 *the land; and*

22 “(B) *are consistent with the natural re-*
23 *source and environmental benefits of the con-*
24 *servation security plan.*

25 “(c) *CONSERVATION SECURITY PLANS.*—

1 “(1) *IN GENERAL.*—A conservation security plan
2 shall—

3 “(A) *identify the resources and designated*
4 *land to be conserved under the conservation secu-*
5 *rity plan;*

6 “(B) *describe—*

7 “(i) *the tier of conservation security*
8 *contracts, and the particular conservation*
9 *practices, to be implemented, maintained,*
10 *or improved, in accordance with subsection*
11 *(d) on the land covered by the conservation*
12 *security contract for the specified term; and*

13 “(ii) *as appropriate for the land cov-*
14 *ered by the conservation security contract,*
15 *the minimum number, type, extent, and*
16 *scope of conservation practices described in*
17 *clause (i) that are required to be carried out*
18 *on the land before the producer is eligible to*
19 *receive—*

20 “(I) *a base payment; and*

21 “(II) *a bonus amount;*

22 “(C) *contain a schedule for the implementa-*
23 *tion, maintenance, or improvement of the con-*
24 *servation practices described in the conservation*

1 *security plan during the term of the conservation*
2 *security contract;*

3 “(D) *meet the highly erodible land and wet-*
4 *land conservation requirements of subtitles B*
5 *and C; and*

6 “(E) *identify, and authorize the implemen-*
7 *tation of, sustainable economic uses described in*
8 *subsection (b)(3).*

9 “(2) *COMPREHENSIVE PLANNING.—The Sec-*
10 *retary shall encourage owners and operators that*
11 *enter into conservation security contracts—*

12 “(A) *to undertake a comprehensive exam-*
13 *ination of the opportunities for conserving nat-*
14 *ural resources and improving the profitability,*
15 *environmental health, and quality of life in rela-*
16 *tion to their entire agricultural operation;*

17 “(B) *to develop a long-term strategy for im-*
18 *plementing, monitoring, and evaluating con-*
19 *servation practices and environmental results in*
20 *the entire agricultural operation;*

21 “(C) *to participate in other Federal, State,*
22 *local, or private conservation programs;*

23 “(D) *to maintain the agricultural integrity*
24 *of the land; and*

1 “(E) to adopt innovative conservation tech-
2 nologies and management practices or update ex-
3 isting technologies and practices.

4 “(3) STATE, TRIBAL, AND LOCAL CONSERVATION
5 PRIORITIES.—

6 “(A) IN GENERAL.—To the maximum ex-
7 tent practicable and in a manner consistent with
8 the conservation security program, each con-
9 servation security plan shall address, at least,
10 the conservation priorities of the State or Indian
11 tribe, and locality in which the agricultural op-
12 eration is located.

13 “(B) ADMINISTRATION.—The conservation
14 priorities of the State, Indian tribe, and locality
15 in which the agricultural operation is located
16 shall be—

17 “(i)(I) determined by the State con-
18 servationist, in consultation with the State
19 technical committee established under sub-
20 title G and the local subcommittee of the
21 State technical committee; and

22 “(II) approved by the Secretary; and

23 “(ii) in the case of land under the ju-
24 risdiction of an Indian tribe—

1 “(I) determined by the Indian
2 tribe, after consultation with the Sec-
3 retary; and

4 “(II) approved by the Secretary.

5 “(4) SUBMISSION OF PLAN.—

6 “(A) IN GENERAL.—During the development
7 of a conservation security plan by a producer, at
8 the request of the producer, the Secretary shall
9 supply to the producer a statement of the min-
10 imum number, type, and scope of conservation
11 practices described in paragraph (1)(B)(ii).

12 “(B) APPROVAL FOR BASE PAYMENTS.—If a
13 conservation security plan submitted to the Sec-
14 retary contains, in addition to paragraph
15 (1)(C), the conservation practices referred to in
16 paragraph (1)(B)(ii)—

17 “(i) the Secretary shall approve the
18 conservation security plan; and

19 “(ii) the producer of the conservation
20 security plan, on approval of and compli-
21 ance with the plan, as determined by the
22 Secretary, shall be eligible to receive a base
23 payment.

24 “(C) APPROVAL FOR BONUS AMOUNTS.—If a
25 conservation security plan submitted to the Sec-

1 *retary contains a proposal for the implementa-*
2 *tion, maintenance, or improvement of a con-*
3 *servaion practice that qualifies for a bonus*
4 *amount under section 1238C(b)(1)(C)(iii), the*
5 *Secretary may increase the payment of the pro-*
6 *ducer by such bonus amount as the Secretary de-*
7 *termines is appropriate.*

8 “(d) CONSERVATION CONTRACTS AND PRACTICES.—

9 “(1) IN GENERAL.—

10 “(A) ESTABLISHMENT OF TIERS.—*The Sec-*
11 *retary shall establish 3 tiers of conservaion con-*
12 *tracts under which a payment under this sub-*
13 *chapter may be received.*

14 “(B) ELIGIBLE CONSERVATION PRAC-
15 TICES.—

16 “(i) IN GENERAL.—*The Secretary shall*
17 *make eligible for payment under a conserva-*
18 *tion security contract land management,*
19 *vegetative, and structural practices that—*

20 “(I) *are necessary to achieve the*
21 *purposes of the conservaion security*
22 *plan; and*

23 “(II) *primarily provide for, and*
24 *have as a primary purpose, resource*

1 *protection and environmental improve-*
2 *ment.*

3 “(i) *DETERMINATION.*—

4 “*(I) IN GENERAL.*—Subject to
5 *subclause (II), in determining the eli-*
6 *gibility of a practice described in*
7 *clause (i), the Secretary shall require,*
8 *to the maximum extent practicable, the*
9 *lowest cost alternatives be used to ful-*
10 *fill the purposes of the conservation se-*
11 *curity plan, as determined by the Sec-*
12 *retary.*

13 “*(II) INNOVATIVE TECH-*
14 *NOLOGIES.*—Subclause (I) shall not
15 *apply, to the maximum extent prac-*
16 *ticable, to the adoption of innovative*
17 *technologies.*

18 “(2) *ON-FARM RESEARCH AND DEMONSTRA-*
19 *TION.*—With respect to land enrolled in the conserva-
20 *tion security program that will be maintained using*
21 *a Tier II conservation practice or a Tier III con-*
22 *servation practice, the Secretary may approve a con-*
23 *servation security plan that includes on-farm con-*
24 *servation research and demonstration activities,*
25 *including—*

1 “(A) *total farm planning*;

2 “(B) *total resource management*;

3 “(C) *integrated farming systems*;

4 “(D) *germplasm conservation and regenera-*
5 *tion*;

6 “(E) *greenhouse gas reduction and carbon*
7 *sequestration*;

8 “(F) *agroecological restoration and wildlife*
9 *habitat restoration*;

10 “(G) *agroforestry*;

11 “(H) *invasive species control*;

12 “(I) *energy conservation and management*;

13 “(J) *farm and environmental results moni-*
14 *toring and evaluation*; or

15 “(K) *participation in research projects re-*
16 *lating to water conservation and management*
17 *through—*

18 “(i) *recycling or reuse of water*; or

19 “(ii) *more efficient irrigation of farm-*
20 *land*.

21 “(3) *USE OF HANDBOOK AND GUIDES.—*

22 “(A) *IN GENERAL.—In determining eligible*
23 *conservation practices under the conservation se-*
24 *curity program, the Secretary shall use the Na-*

1 *tional Handbook of Conservation Practices of the*
2 *Natural Resources Conservation Service.*

3 “(B) *CONSERVATION PRACTICE STAND-*
4 *ARDS.—To the maximum extent practicable, the*
5 *Secretary shall establish guidance standards for*
6 *implementation of eligible conservation practices*
7 *that shall include measurable goals for enhanc-*
8 *ing and preventing degradation of resources.*

9 “(C) *ADJUSTMENTS.—*

10 “(i) *IN GENERAL.—After providing no-*
11 *tice and an opportunity for public partici-*
12 *pation, the Secretary shall make such ad-*
13 *justments to the National Handbook of Con-*
14 *servaion Practices, and the field office tech-*
15 *nical guides, of the Natural Resources Con-*
16 *servaion Service as are necessary to carry*
17 *out this chapter.*

18 “(ii) *EFFECT ON PLAN.—If the Sec-*
19 *retary makes an adjustment to a practice*
20 *under clause (i), the Secretary may require*
21 *an adjustment to a conservation security*
22 *plan in effect as of the date of the adjust-*
23 *ment if the Secretary determines that the*
24 *plan, without the adjustment, would signifi-*

1 cantly interfere with achieving the purposes
2 of the conservation security program.

3 “(D) PILOT TESTING.—

4 “*(i) IN GENERAL.—Under any of the 3*
5 *tiers of conservation practices established*
6 *under paragraph (4), the Secretary may*
7 *approve requests by a producer for pilot*
8 *testing of new technologies and innovative*
9 *conservation practices and systems.*

10 “*(ii) INCORPORATION INTO STAND-*
11 *ARDS.—*

12 “*(I) IN GENERAL.—After evalua-*
13 *tion by the Secretary and provision of*
14 *notice and an opportunity for public*
15 *participation, the Secretary may, as*
16 *expeditiously as practicable, approve*
17 *new technologies and innovative con-*
18 *servation practices and systems.*

19 “*(II) INCORPORATION.—If the*
20 *Secretary approves a new technology*
21 *or innovative conservation practice*
22 *under subclause (I), the Secretary*
23 *shall, as expeditiously as practicable,*
24 *incorporate the technology or practice*
25 *into the standards for implementation*

1 of conservation practices established
2 under paragraph (3).

3 “(4) *TIERS.*—Subject to paragraph (5), to carry
4 out this subsection, the Secretary shall establish the
5 following 3 tiers of conservation contracts:

6 “(A) *TIER I CONSERVATION CONTRACTS.*—

7 “(i) *IN GENERAL.*—A conservation se-
8 curity plan for land enrolled in the con-
9 servation security program under a Tier I
10 conservation security contract shall be
11 maintained using Tier I conservation prac-
12 tices and shall, at a minimum—

13 “(I) if applicable to the particular
14 agricultural operation, address at least
15 1 resource of concern;

16 “(II) apply to the total agricul-
17 tural operation or to a particular unit
18 of the agricultural operation;

19 “(III) cover—

20 “(aa) management of con-
21 servation practices that are being
22 implemented as of the date on
23 which the conservation security
24 contract is entered into; and

1 “(bb) *conservation practices*
2 *that are implemented after the*
3 *date on which the conservation se-*
4 *curity contract is entered into;*
5 *and*

6 “(IV) *meet applicable standards*
7 *for implementation of conservation*
8 *practices established under paragraph*
9 *(3).*

10 “(ii) *CONSERVATION PRACTICES.—Tier*
11 *I conservation practices shall consist of, as*
12 *appropriate for the agricultural operation*
13 *of a producer, 1 or more of the following*
14 *basic conservation activities:*

15 “(I) *Nutrient management.*

16 “(II) *Integrated pest management.*

17 “(III) *Irrigation, water conserva-*
18 *tion, and water quality management.*

19 “(IV) *Grazing pasture and range-*
20 *land management.*

21 “(V) *Soil conservation, quality,*
22 *and residue management.*

23 “(VI) *Invasive species manage-*
24 *ment.*

1 “(VII) *Fish and wildlife habitat*
2 *management, with special emphasis on*
3 *species identified by any natural herit-*
4 *age program of the applicable State or*
5 *the appropriate State agency.*

6 “(VIII) *Fish and wildlife con-*
7 *servation and enhancement.*

8 “(IX) *Air quality management.*

9 “(X) *Energy conservation meas-*
10 *ures.*

11 “(XI) *Biological resource con-*
12 *servation and regeneration.*

13 “(XII) *Animal health manage-*
14 *ment.*

15 “(XIII) *Plant and animal*
16 *germplasm conservation, evaluation,*
17 *and development.*

18 “(XIV) *Contour farming.*

19 “(XV) *Strip cropping.*

20 “(XVI) *Cover cropping.*

21 “(XVII) *Sediment dams.*

22 “(XVIII) *Any other conservation*
23 *practice that the Secretary determines*
24 *to be appropriate and comparable to*

1 *other conservation practices described*
2 *in this clause.*

3 “(iii) *TIER II CONSERVATION CON-*
4 *TRACTS.—A conservation security plan for*
5 *land enrolled in the conservation security*
6 *program that will be maintained using Tier*
7 *I conservation contracts may include Tier*
8 *II conservation practices.*

9 “(B) *TIER II CONSERVATION PRACTICES.—*

10 “(i) *IN GENERAL.—A conservation se-*
11 *curity plan for land enrolled in the con-*
12 *servation security program under a Tier II*
13 *conservation security contract shall be*
14 *maintained using Tier II conservation*
15 *practices and shall, at a minimum—*

16 “(I) *as applicable to the par-*
17 *ticular agricultural operation, address*
18 *at least 1 resource of concern for the*
19 *entire agricultural operation;*

20 “(II) *cover—*

21 “(aa) *management of con-*
22 *servation practices that are being*
23 *implemented as of the date on*
24 *which the conservation security*
25 *contract is entered into; and*

1 “(bb) conservation practices
2 that are implemented after the
3 date on which the conservation se-
4 curity contract is entered into;
5 and

6 “(III) meet applicable resource
7 management system criteria for 1 or
8 more resources of concern of the agri-
9 cultural operation, as specified in the
10 conservation security contract.

11 “(ii) CONSERVATION PRACTICES AND
12 REQUIREMENTS.—Tier II conservation
13 practices and requirements shall consist of,
14 as appropriate for the agricultural oper-
15 ation of a producer, any of the Tier I con-
16 servation practices and 1 or more of the fol-
17 lowing land use adjustment or protection
18 practices:

19 “(I) Resource-conserving crop ro-
20 tations.

21 “(II) Controlled, rotational graz-
22 ing.

23 “(III) Conversion of portions of
24 cropland from a soil-depleting use to a

1 *soil-conserving use, including produc-*
2 *tion of cover crops.*

3 “(IV) *Partial field conservation*
4 *practices (including windbreaks, grass*
5 *waterways, shelter belts, filter strips,*
6 *riparian buffers, wetland buffers, con-*
7 *tour buffer strips, living snow fences,*
8 *crosswind trap strips, field borders,*
9 *grass terraces, wildlife corridors, and*
10 *critical area planting appropriate to*
11 *the agricultural operation).*

12 “(V) *Fish and wildlife habitat*
13 *conservation and restoration.*

14 “(VI) *Native grassland and prai-*
15 *rie protection and restoration.*

16 “(VII) *Wetland protection and*
17 *restoration.*

18 “(VIII) *Agroforestry practices and*
19 *systems as described in subsection*
20 *(b)(2)(B).*

21 “(IX) *Any other conservation*
22 *practice involving modification of the*
23 *use of land that the Secretary deter-*
24 *mines to be appropriate and com-*

1 *parable to other conservation practices*
2 *described in this clause.*

3 “(C) *TIER III CONSERVATION CONTRACTS.—*

4 “(i) *IN GENERAL.—A conservation se-*
5 *curity plan for land enrolled in the con-*
6 *servaion security program under a Tier III*
7 *conservation security contract shall be*
8 *maintained using Tier III conservation*
9 *contracts and shall, at a minimum—*

10 “(I) *address all applicable re-*
11 *sources of concern in the total agricul-*
12 *tural operation;*

13 “(II) *cover—*

14 “(aa) *management of con-*
15 *servaion practices that are being*
16 *implemented as of the date on*
17 *which the conservation security*
18 *contract is entered into; and*

19 “(bb) *conservation practices*
20 *that are implemented after the*
21 *date on which the conservation se-*
22 *curity contract is entered into;*
23 *and*

24 “(III) *meet applicable resource*
25 *management system criteria for 1 or*

1 *more resources of concern of the agri-*
2 *cultural operation, as specified in the*
3 *conservation security contract.*

4 “(ii) *CONSERVATION PRACTICES.—Tier*
5 *III conservation practices shall consist of,*
6 *as appropriate for the agricultural oper-*
7 *ation of a producer (in addition to appro-*
8 *priate Tier I conservation practices and*
9 *Tier II conservation practices), develop-*
10 *ment, implementation, and maintenance of*
11 *a conservation security plan that, over the*
12 *term of the conservation security contract—*

13 *“(I) integrates all necessary con-*
14 *servations practices to foster environ-*
15 *mental enhancement and the long-term*
16 *sustainability of the natural resource*
17 *base of an agricultural operation; and*

18 *“(II) improves profitability and*
19 *sustainability associated with the agri-*
20 *cultural operation.*

21 “(5) *MINIMUM REQUIREMENTS.—The minimum*
22 *requirements for each tier of conservation practices*
23 *described in paragraph (4) shall be—*

24 *“(A)(i) determined by the State conserva-*
25 *tionist, in consultation with the State technical*

1 *committee established under subtitle G and the*
2 *local subcommittee of the State technical com-*
3 *mittee; and*

4 *“(ii) approved by the Secretary; and*

5 *“(B) in the case of land under the jurisdic-*
6 *tion of an Indian tribe—*

7 *“(i) determined by the Indian tribe,*
8 *after consultation with the Secretary; and*

9 *“(ii) approved by the Secretary.*

10 *“(e) CONSERVATION SECURITY CONTRACTS.—*

11 *“(1) CONTRACTS.—*

12 *“(A) IN GENERAL.—On approval of a con-*
13 *serva-*
14 *tion security plan of a producer, the Sec-*
15 *retary shall enter into a conservation security*
16 *contract with the producer to enroll the land cov-*
17 *ered by the conservation security plan in the*
18 *conservation security program.*

19 *“(B) REQUIRED COMPONENTS.—A conserva-*
20 *tion security contract shall specifically describe*
21 *the practices that are required under subsection*
22 *(c)(1)(B).*

23 *“(2) TERM.—Subject to paragraphs (3) and*
24 *(4)—*

25 *“(A) a conservation security contract for*
 land enrolled in the conservation security pro-

1 *gram of a producer that will be maintained*
2 *using 1 or more Tier I conservation contracts*
3 *shall have a term of 5 years; and*

4 “(B) *a conservation security contract for*
5 *land enrolled in the conservation security pro-*
6 *gram that will be maintained using a Tier II*
7 *conservation contract or Tier III conservation*
8 *contract shall have a 5-year to 10-year term, as*
9 *determined by the producer.*

10 “(3) *MODIFICATIONS.—*

11 “(A) *OPTIONAL MODIFICATIONS.—*

12 “(i) *IN GENERAL.—An owner or oper-*
13 *ator may apply to the Secretary to modify*
14 *the conservation security plan to effectuate*
15 *the purposes of the conservation security*
16 *program.*

17 “(ii) *APPROVAL BY THE SECRETARY.—*
18 *To be effective, any modification under*
19 *clause (i)—*

20 “(I) *shall be approved by the Sec-*
21 *retary; and*

22 “(II) *shall authorize the Secretary*
23 *to redetermine, if necessary, the*
24 *amount and timing of the payments*
25 *under the conservation security con-*

1 tract and subsections (a) and (b) of
2 section 1238C.

3 “(B) OTHER MODIFICATIONS.—

4 “(i) IN GENERAL.—The Secretary may,
5 in writing, require a producer to modify a
6 conservation security contract before the ex-
7 piration of the conservation security con-
8 tract if—

9 “(I) the Secretary determines that
10 a change made to the type, size, man-
11 agement, or other aspect of the agricul-
12 tural operation of the producer would,
13 without the modification of the con-
14 tract, significantly interfere with
15 achieving the purposes of the conserva-
16 tion security program; or

17 “(II) the Secretary makes a
18 change to the National Handbook of
19 Conservation Practices of the Natural
20 Resource Conservation Service under
21 subsection (d)(3)(C).

22 “(ii) PAYMENTS.—The Secretary may
23 adjust the amount and timing of the pay-
24 ment schedule under the conservation secu-

1 *rity contract to reflect any modifications*
2 *made under this subparagraph.*

3 “(iii) *DEADLINE.*—*The Secretary may*
4 *terminate a conservation security contract*
5 *if a modification required under this sub-*
6 *paragraph is not submitted to the Secretary*
7 *in the form of an amended conservation se-*
8 *curity contract by the date that is 90 days*
9 *after the date on which the Secretary issues*
10 *a written request for the modification.*

11 “(iv) *TERMINATION.*—*a producer that*
12 *is required to modify a conservation secu-*
13 *rity contract under this subparagraph may,*
14 *in lieu of modifying the contract—*

15 “(I) *terminate the conservation se-*
16 *curity contract; and*

17 “(II) *retain payments received*
18 *under the conservation security con-*
19 *tract, if the producer fully complied*
20 *with the terms and conditions of the*
21 *conservation security contract before*
22 *termination of the contract.*

23 “(4) *RENEWAL.*—

24 “(A) *IN GENERAL.*—*At the option of a pro-*
25 *ducer, the conservation security contract of the*

1 producer may be renewed, for a term described
2 in subparagraph (B), if—

3 “(i) the producer agrees to any modi-
4 fication of the applicable conservation secu-
5 rity contract that the Secretary determines
6 to be necessary to achieve the purposes of
7 the conservation security program;

8 “(ii) the Secretary determines that the
9 producer has complied with the terms and
10 conditions of the conservation security con-
11 tract, including the conservation security
12 plan; and

13 “(iii) in the case of a Tier I conserva-
14 tion security contract, the producer agrees
15 to increase the conservation practices on
16 land enrolled in the conservation security
17 program by—

18 “(I) adopting new conservation
19 practices; or

20 “(II) expanding existing practices
21 to meet applicable resource manage-
22 ment systems criteria.

23 “(B) *TERMS OF RENEWAL.*—Under sub-
24 paragraph (A)—

1 “(i) a conservation security contract
2 for land enrolled in the conservation secu-
3 rity program that will be maintained using
4 Tier I conservation contracts may be re-
5 newed for 5-year terms;

6 “(ii) in the case of a Tier II conserva-
7 tion security contract or a Tier III con-
8 servation security contract, the contract
9 shall be renewed for 5-year to 10-year
10 terms, at the option of the producer; and

11 “(iii) participation in the conservation
12 security program prior to the renewal of the
13 conservation security contract shall not bar
14 renewal more than once.

15 “(f) *NONCOMPLIANCE DUE TO CIRCUMSTANCES BE-*
16 *YOND THE CONTROL OF PRODUCERS.*—The Secretary shall
17 include in the conservation security contract a provision,
18 and may modify a conservation security contract under
19 subsection (e)(3)(B), to ensure that a producer shall not be
20 considered in violation of a conservation security contract
21 for failure to comply with the conservation security contract
22 due to circumstances beyond the control of the producer, in-
23 cluding a disaster or related condition, as determined by
24 the Secretary.

1 **“SEC. 1238B. DUTIES OF PRODUCERS.**

2 *“Under a conservation security contract, a producer*
3 *shall agree, during the term of the conservation security*
4 *contract—*

5 *“(1) to implement the applicable conservation se-*
6 *curity plan approved by the Secretary;*

7 *“(2) to maintain, and make available to the Sec-*
8 *retary at such times as the Secretary may request,*
9 *appropriate records showing the effective and timely*
10 *implementation of the conservation security plan;*

11 *“(3) not to engage in any activity that would*
12 *interfere with the purposes of the conservation secu-*
13 *rity plan; and*

14 *“(4) on the violation of a term or condition of*
15 *the conservation security contract—*

16 *“(A) if the Secretary determines that the*
17 *violation warrants termination of the conserva-*
18 *tion security contract—*

19 *“(i) to forfeit all rights to receive pay-*
20 *ments under the conservation security con-*
21 *tract; and*

22 *“(ii) to refund to the Secretary all or*
23 *a portion of the payments received by the*
24 *producer under the conservation security*
25 *contract, including any advance payment*

1 *and interest on the payments, as deter-*
2 *mined by the Secretary; or*

3 “(B) *if the Secretary determines that the*
4 *violation does not warrant termination of the*
5 *conservation security contract, to refund to the*
6 *Secretary, or accept adjustments to, the pay-*
7 *ments provided to the producer, as the Secretary*
8 *determines to be appropriate.*

9 **“SEC. 1238C. DUTIES OF THE SECRETARY.**

10 “(a) *ADVANCE PAYMENT.—At the time at which a pro-*
11 *ducer enters into a conservation security contract, the Sec-*
12 *retary shall, at the option of the producer, make an advance*
13 *payment to the producer in an amount not to exceed—*

14 “(1) *in the case of a Tier I conservation security*
15 *contract, the greater of—*

16 “(A) *\$1,000; or*

17 “(B) *20 percent of the value of the annual*
18 *payment under the contract, as determined by*
19 *the Secretary;*

20 “(2) *in the case of a Tier II conservation secu-*
21 *rity contract, the greater of—*

22 “(A) *\$2,000; or*

23 “(B) *20 percent of the value of the annual*
24 *payment under the contract, as determined by*
25 *the Secretary; and*

1 “(3) *in the case of a Tier III conservation secu-*
2 *urity contract, the greater of—*

3 “(A) \$3,000; or

4 “(B) 20 percent of the value of the annual
5 *payment under the contract, as determined by*
6 *the Secretary.*

7 “(b) *ANNUAL PAYMENTS.—*

8 “(1) *CRITERIA FOR DETERMINING AMOUNT OF*
9 *PAYMENTS.—*

10 “(A) *BASE RATE.—In this paragraph, the*
11 *term ‘base rate’ means the average county rental*
12 *rate for the specific land use during the 2001*
13 *crop year, or another appropriate average coun-*
14 *ty rate for the 2001 crop year, that ensures re-*
15 *gional equity, as determined by the Secretary.*

16 “(B) *PAYMENTS.—A payment for a con-*
17 *servation practice under this paragraph shall be*
18 *determined in accordance with subparagraphs*
19 *(C) through (F).*

20 “(C) *TIER I CONSERVATION CONTRACTS.—*
21 *The payment for a Tier I conservation security*
22 *contract shall be comprised of the total of the fol-*
23 *lowing amounts:*

1 “(i) *An amount equal to 6 percent of*
2 *the base rate for land covered by the con-*
3 *tract.*

4 “(ii) *An amount equal to the following*
5 *costs of practices covered by the conserva-*
6 *tion security contract, based on the average*
7 *county costs for such practices for the 2001*
8 *crop year, as determined by the Secretary:*

9 “(I) *100 percent of the cost of—*

10 “(aa) *the adoption of new*
11 *management practices; and*

12 “(bb) *the maintenance of new*
13 *and existing land management*
14 *and vegetative practices.*

15 “(II) *100 percent of the cost of*
16 *maintenance of existing land-based*
17 *structural practices approved by the*
18 *Secretary.*

19 “(III)(aa) *75 percent (or, in the*
20 *case of a limited resource producer (as*
21 *determined by the Secretary) or a be-*
22 *ginning farmer or rancher, 90 percent)*
23 *of the cost of adoption of new land-*
24 *based structural practices; or*

1 “(bb) 75 percent (or, in the case of
2 a limited resource producer (as deter-
3 mined by the Secretary) or a beginning
4 farmer or rancher, 90 percent) of the
5 cost of the adoption of a structural
6 practice for which a similar structural
7 practice under the environmental qual-
8 ity incentives program established
9 under chapter 4 would require mainte-
10 nance, if the producer agrees to pro-
11 vide, without reimbursement, substan-
12 tially equivalent maintenance.

13 “(iii) A bonus amount determined by
14 the Secretary for implementing or adopting
15 1 or more of the following practices:

16 “(I) A practice adopted or main-
17 tained that, because of the extent and
18 scope of the practice, maximizes the ob-
19 jectives of the conservation security
20 program beyond the minimum require-
21 ments of the practices adopted or
22 maintained.

23 “(II) A practice adopted or main-
24 tained to address resources of concern
25 and local conservation concerns beyond

1 *those identified as State or local con-*
2 *servations priorities.*

3 “(III) A practice adopted or
4 maintained to address national pri-
5 ority concerns, as determined by the
6 Secretary.

7 “(IV) Participation by the pro-
8 ducer in an on-farm conservation re-
9 search, demonstration, or pilot project.

10 “(V) Participation by the pro-
11 ducer in a watershed or regional re-
12 source conservation plan that involves
13 at least 75 percent of producers in a
14 targeted area.

15 “(VI) Recordkeeping, monitoring,
16 and evaluation carried out by the pro-
17 ducer that furthers the purposes of the
18 conservation security program.

19 “(iv) A bonus amount determined by
20 the Secretary that reflects the status of a
21 producer as a beginning farmer or rancher.

22 “(D) TIER II CONSERVATION CONTRACTS.—
23 *The payment for a Tier II conservation security*
24 *contract shall be comprised of the total of the fol-*
25 *lowing amounts:*

1 “(i) *An amount equal to 11 percent of*
2 *the base rate for land covered by the con-*
3 *servaion security contract.*

4 “(ii) *An amount equal to the cost of*
5 *practices covered by the conservaion secu-*
6 *rity contract, based on the average county*
7 *costs for practices for the 2001 crop year,*
8 *described in subparagraph (C)(ii).*

9 “(iii) *A bonus amount determined by*
10 *the Secretary in accordance with clauses*
11 *(iii) and (iv) of subparagraph (C), except*
12 *that the bonus amount under this clause*
13 *may include any amount for the adoption*
14 *or maintenance by the producer of any*
15 *practice that exceeds resource management*
16 *system standards.*

17 “(E) *TIER III CONSERVATION CONTRACTS.—*
18 *The payment for a Tier III conservaion security*
19 *contract shall be comprised of the total of the fol-*
20 *lowing amounts:*

21 “(i) *An amount equal to 20 percent of*
22 *the base rate for land covered by the con-*
23 *servaion security contract.*

24 “(ii) *An amount equal to the cost of*
25 *practices covered by the conservaion secu-*

1 *rity contract, based on the average county*
2 *costs for practices for the 2001 crop year,*
3 *described in subparagraph (C)(ii).*

4 *“(iii) A bonus amount determined by*
5 *the Secretary in accordance with subpara-*
6 *graph (D)(iii).*

7 *“(F) EXCLUSION OF COSTS FOR PURCHASE*
8 *OR MAINTENANCE OF EQUIPMENT OR NON-LAND*
9 *BASED STRUCTURES.—A payment under this*
10 *subchapter shall not include any amount for the*
11 *purchase or maintenance of equipment or a non-*
12 *land based structure.*

13 *“(2) TIME OF PAYMENT.—The Secretary shall*
14 *provide payments under a conservation security con-*
15 *tract as soon as practicable after October 1 of each*
16 *fiscal year.*

17 *“(3) LIMITATION ON PAYMENTS.—*

18 *“(A) IN GENERAL.—Subject to paragraphs*
19 *(1), (2), (4), and (5), the Secretary shall, in*
20 *amounts and for a term specified in a conserva-*
21 *tion security contract and taking into account*
22 *any advance payments, make an annual pay-*
23 *ment, directly or indirectly, to the individual or*
24 *entity covered by the conservation security con-*
25 *tract in an amount not to exceed—*

1 “(i) in the case of a Tier I conserva-
2 tion security contract, \$20,000;

3 “(ii) in the case of a Tier II conserva-
4 tion security contract, \$35,000; or

5 “(iii) in the case of a Tier III con-
6 servation security contract, \$50,000.

7 “(B) *LIMITATION ON NONBONUS PAY-*
8 *MENTS.—In applying the payment limitation*
9 *under each of clauses (i), (ii), and (iii) of sub-*
10 *paragraph (A), an individual or entity may not*
11 *receive, directly or indirectly, payments de-*
12 *scribed in clauses (i) and (ii) of paragraph*
13 *(1)(C), (1)(D), or (1)(E), as appropriate, in an*
14 *amount that exceeds 75 percent of the applicable*
15 *payment limitation.*

16 “(C) *OTHER USDA PAYMENTS.—If a pro-*
17 *ducer has the same practices on the same land*
18 *enrolled in the conservation security program*
19 *and 1 or more other conservation programs ad-*
20 *ministered by the Secretary, the Secretary shall*
21 *include all payments from the conservation secu-*
22 *rity program and the other conservation pro-*
23 *grams, other than payments for conservation*
24 *easements, in applying the annual payment lim-*
25 *itations under this paragraph.*

1 “(D) *NON-USDA PAYMENTS.*—

2 “(i) *IN GENERAL.*—A payment de-
3 scribed in clause (ii) shall not be considered
4 an annual payment for purposes of the an-
5 nual payment limitations under this para-
6 graph.

7 “(ii) *PAYMENT.*—A payment referred
8 to in clause (i) is a payment that—

9 “(I) is for the same practice on
10 the same land enrolled in the conserva-
11 tion security program; and

12 “(II) is received from a Federal
13 program that is not administered by
14 the Secretary, or that is administered
15 by any State, local, or private agricul-
16 tural agency or organization.

17 “(E) *COMMENSURATE SHARE.*—To be eligi-
18 ble to receive a payment under this chapter, an
19 individual or entity shall make contributions
20 (including contributions of land, labor, manage-
21 ment, equipment, or capital) to the operation of
22 the farm that are at least commensurate with the
23 share of the proceeds of the operation of the indi-
24 vidual or entity.

1 “(4) *LAND ENROLLED IN OTHER CONSERVATION*
2 *PROGRAMS.—Notwithstanding any other provision of*
3 *law, if a producer has land enrolled in another con-*
4 *serva- tion program administered by the Secretary and*
5 *has applied to enroll the same land in the conserva-*
6 *tion security program, the producer may elect to—*

7 “(A) *convert the contract under the other*
8 *conservation program to a conservation security*
9 *contract, without penalty, except that this sub-*
10 *paragraph shall not apply to a contract entered*
11 *into under—*

12 “(i) *the conservation reserve program*
13 *under subchapter B of chapter 1; or*

14 “(ii) *the wetlands reserve program*
15 *under subchapter C of chapter 1; or*

16 “(B) *have each annual payment to the pro-*
17 *ducer under this subsection reduced to reflect*
18 *payment for practices the producer receives*
19 *under the other conservation program, except*
20 *that the annual payment under this subsection*
21 *shall not be reduced by the amount of any incen-*
22 *tive received under a program referred to in sec-*
23 *tion 1231(b)(6) for qualified practices that en-*
24 *hance or extend the conservation benefit achieved*
25 *under the other conservation program.*

1 “(5) *WASTE STORAGE OR TREATMENT FACILI-*
2 *TIES.—A payment to a producer under this sub-*
3 *chapter shall not be provided for the purpose of con-*
4 *struction or maintenance of animal waste storage or*
5 *treatment facilities or associated waste transport or*
6 *transfer devices for animal feeding operations.*

7 “(c) *MINIMUM PRACTICE REQUIREMENT.—In deter-*
8 *mining a payment under subsection (a) or (b) for an owner,*
9 *operator, or producer that receives a payment under an-*
10 *other program administered by the Secretary that is contin-*
11 *gent on complying with requirements under subtitle B or*
12 *C of title XII of the Food Security Act of 1985 (16 U.S.C.*
13 *3811 et seq.) relating to the use of highly erodible land or*
14 *wetland, a payment under this chapter for 1 or more prac-*
15 *tices on land subject to those requirements shall be for prac-*
16 *tices that exceed minimum requirements for the owner, op-*
17 *erator, or producer under those subtitles, as determined by*
18 *the Secretary.*

19 “(d) *REGULATIONS.—*

20 “(1) *IN GENERAL.—The Secretary shall promul-*
21 *gate regulations that—*

22 “(A) *provide for adequate safeguards to pro-*
23 *tect the interests of tenants and sharecroppers,*
24 *including provision for sharing payments, on a*
25 *fair and equitable basis; and*

1 “(B) prescribe such other rules as the Sec-
2 retary determines to be necessary to ensure a fair
3 and reasonable application of the limitations es-
4 tablished under subsections (a) and (b).

5 “(2) PENALTIES FOR SCHEMES OR DEVICES.—

6 “(A) IN GENERAL.—If the Secretary deter-
7 mines that an individual or entity has adopted
8 a scheme or device to evade, or that has the pur-
9 pose of evading, the regulations promulgated
10 under paragraph (1), the individual or entity
11 shall be ineligible to participate in the conserva-
12 tion security program for—

13 “(i) the year for which the scheme or
14 device was adopted; and

15 “(ii) each of the following 5 years.

16 “(B) FRAUD.—If the Secretary determines
17 that fraud was committed in connection with the
18 scheme or device, the individual or entity shall
19 be ineligible to participate in the conservation
20 security program for—

21 “(i) the year for which the scheme or
22 device was adopted; and

23 “(ii) each of the following 10 years.

24 “(e) TERMINATION.—

1 “(1) *IN GENERAL.*—Subject to section 1238B, the
2 Secretary shall allow a producer to terminate the con-
3 servation security contract.

4 “(2) *PAYMENTS.*—the producer may retain any
5 or all payments received under a terminated con-
6 servation security contract if—

7 “(A) the producer is in full compliance with
8 the terms and conditions (including any mainte-
9 nance requirements) of the conservation security
10 contract as of the date of the termination; and

11 “(B) the Secretary determines that termi-
12 nation of the contract will not defeat the pur-
13 poses of the conservation security plan of the
14 producer.

15 “(f) *TRANSFER OR CHANGE OF INTEREST IN LAND*
16 *SUBJECT TO CONSERVATION SECURITY CONTRACT.*—

17 “(1) *IN GENERAL.*—Except as provided in para-
18 graph (2), the transfer, or change in the interest, of
19 a producer in land subject to a conservation security
20 contract shall result in the termination of the con-
21 servation security contract.

22 “(2) *TRANSFER OF DUTIES AND RIGHTS.*—Para-
23 graph (1) shall not apply if, not later than 60 days
24 after the date of the transfer or change in the interest
25 in land, the transferee of the land provides written

1 *notice to the Secretary that all duties and rights*
2 *under the conservation security contract have been*
3 *transferred to the transferee.*

4 “(g) *TECHNICAL ASSISTANCE.*—

5 “(1) *IN GENERAL.*—*For each of fiscal years 2003*
6 *through 2006, the Secretary shall provide technical*
7 *assistance to producers for the development and im-*
8 *plementation of conservation security contracts, in an*
9 *amount not to exceed 20 percent of amounts expended*
10 *for the fiscal year.*

11 “(2) *COORDINATION BY THE SECRETARY.*—*The*
12 *Secretary shall provide overall technical coordination*
13 *and leadership for the conservation security program,*
14 *including final approval of all conservation security*
15 *plans.*

16 “(h) *CONSERVATION SECURITY STATE PROGRAM.*—

17 “(1) *IN GENERAL.*—*Effective October 1, 2004,*
18 *the Secretary, in cooperation with appropriate State*
19 *agencies, may permit 1 State to jointly implement a*
20 *conservation security program with the Secretary.*

21 “(2) *ELIGIBLE STATE.*—*The State referred to in*
22 *paragraph (1) shall be a State selected by the*
23 *Secretary—*

24 “(A) *in consultation with—*

1 “(i) the Committee on Agriculture of
2 the House of Representatives; and

3 “(ii) the Committee on Agriculture,
4 Nutrition, and Forestry of the Senate; and

5 “(B) after taking into consideration—

6 “(i) the percentage of private land in
7 agricultural production in the State; and

8 “(ii) infrastructure in the State that is
9 available to implement the pilot program
10 under paragraph (1).”.

11 **SEC. 202. FUNDING.**

12 Section 1241 of the Food Security Act of 1985 (16
13 U.S.C. 3841) is amended by adding at the end the following:

14 “(c) CONSERVATION SECURITY PROGRAM.—Of the
15 funds of the Commodity Credit Corporation, the Corpora-
16 tion shall make available for each of fiscal years 2002
17 through 2006 such sums as are necessary to carry out sub-
18 chapter A of chapter 2 (including the provision of technical
19 assistance, education and outreach, and monitoring and
20 evaluation).”.

21 **SEC. 203. PARTNERSHIPS AND COOPERATION.**

22 Section 1243 of the Food Security Act of 1985 (16
23 U.S.C. 3843) is amended by adding at the end the following:

24 “(f) PARTNERSHIPS AND COOPERATION.—

1 “(1) *IN GENERAL.*—*In carrying out any pro-*
2 *gram under subtitle D, the Secretary may use re-*
3 *sources provided under that subtitle to enter into*
4 *agreements with State and local agencies, Indian*
5 *tribes, and nongovernmental organizations and to*
6 *designate special projects, as recommended by the*
7 *State Conservationist, after consultation with the*
8 *State technical committee, to enhance technical and*
9 *financial assistance provided to owners, operators,*
10 *and producers to address environmental issues af-*
11 *ected by agricultural production with respect to—*

12 “(A) *meeting the purposes of—*

13 “(i) *the Federal Water Pollution Con-*
14 *trol Act (33 U.S.C. 1251 et seq.) or com-*
15 *parable State or tribal laws in impaired or*
16 *threatened watersheds;*

17 “(ii) *the Safe Drinking Water Act (42*
18 *U.S.C. 300f et seq.) or comparable State or*
19 *tribal laws in watersheds providing water*
20 *for drinking water supplies;*

21 “(iii) *the Clean Air Act (42 U.S.C.*
22 *7401 et seq.) or comparable State laws; or*

23 “(iv) *other Federal, State, tribal, or*
24 *local laws; or*

1 “(B) watersheds of special significance, con-
2 servation priority areas described in section
3 1230(c), or other geographic areas of environ-
4 mental sensitivity, such as wetland, including
5 State, multi-State, or tribal projects—

6 “(i) to facilitate surface and ground
7 water conservation;

8 “(ii) to protect water quality;

9 “(iii) to protect endangered or threat-
10 ened species or habitat, such as conservation
11 corridors;

12 “(iv) to improve methods of irrigation;

13 “(v) to convert acreage from irrigated
14 production; or

15 “(vi) to reduce nutrient loads of water-
16 sheds.”.

17 “(2) INCENTIVES.—To realize the purposes of the
18 special projects under paragraph (1), the Secretary
19 may provide special incentives to owners, operators,
20 and producers participating in the special projects to
21 encourage partnerships, enrollments of exceptional en-
22 vironmental value, and sharing of technical and fi-
23 nancial resources among owners, operators, and pro-
24 ducers and among owners, operators, and producers

1 *and governmental and nongovernmental organiza-*
2 *tions.*

3 “(3) *FLEXIBILITY.*—

4 “(A) *IN GENERAL.*—*The Secretary may*
5 *enter into agreements with States (including*
6 *State agencies and units of local government),*
7 *Indian tribes, and nongovernmental organiza-*
8 *tions to allow greater flexibility to adjust the ap-*
9 *plication of eligibility criteria, approved prac-*
10 *tices, innovative conservation practices, and*
11 *other elements of the programs under this title to*
12 *better reflect unique local circumstances and*
13 *purposes in a manner that is consistent with—*

14 “(i) *environmental enhancement and*
15 *long-term sustainability of the natural re-*
16 *source base; and*

17 “(ii) *the purposes and requirements of*
18 *this title.*

19 “(B) *PLAN.*—*Each party to an agreement*
20 *under subparagraph (A) shall submit to the Sec-*
21 *retary, for approval by the Secretary, a special*
22 *project area or priority area program plan for*
23 *each program to be carried out by the party that*
24 *includes—*

1 “(i) a description of the requested re-
2 sources and adjustments to program imple-
3 mentation (including a description of how
4 those adjustments will accelerate the
5 achievement of environmental benefits);

6 “(ii) an analysis of the contribution
7 those adjustments will make to the effective-
8 ness of programs in achieving the purposes
9 of the special project or priority area pro-
10 gram;

11 “(iii) a timetable for reevaluating the
12 need for or performance of the proposed ad-
13 justments;

14 “(iv) a description of non-Federal pro-
15 grams and resources that will contribute to
16 achieving the purposes of the special project
17 or priority area program; and

18 “(v) a plan for regular monitoring,
19 evaluation, and reporting of progress to-
20 ward the purposes of the special project or
21 priority area program.

22 “(4) *PURPOSES OF SPECIAL PROJECTS.*—The
23 purposes of special projects carried out under this sec-
24 tion shall be to encourage—

1 “(A) producers to cooperate in the installa-
2 tion and maintenance of conservation systems
3 that affect multiple agricultural operations;

4 “(B) the sharing of information and tech-
5 nical and financial resources;

6 “(C) cumulative environmental benefits
7 across operations of producers; and

8 “(D) the development and demonstration of
9 innovative conservation methods.

10 “(5) FUNDING.—

11 “(A) IN GENERAL.—In addition to resources
12 from programs under subtitle D, subject to sub-
13 paragraph (B), the Secretary shall use 5 percent
14 of the funds made available for each fiscal year
15 under section 1241(b) to carry out activities that
16 are authorized under the environmental quality
17 incentives program established under chapter 4
18 of subtitle D.

19 “(B) UNUSED FUNDING.—Any funds made
20 available for a fiscal year under subparagraph
21 (A) that are not obligated by April 1 of the fiscal
22 year may be used to carry out other activities
23 under the environmental quality incentives pro-
24 gram during the fiscal year in which the funding
25 becomes available.”.

1 **SEC. 204. ADMINISTRATIVE REQUIREMENTS FOR CON-**
2 **SERVATION PROGRAMS.**

3 *Subtitle E of title XII of the Food Security Act of 1985*
4 *(16 U.S.C. 3841 et seq.) is amended by adding at the end*
5 *the following:*

6 **“SEC. 1244. ADMINISTRATIVE REQUIREMENTS FOR CON-**
7 **SERVATION PROGRAMS.**

8 **“(a) GOOD FAITH RELIANCE.—**

9 *“(1) IN GENERAL.—Notwithstanding any other*
10 *provision of law, except as provided in paragraph*
11 *(4), the Secretary shall provide equitable relief to an*
12 *owner, operator, or producer that has entered into a*
13 *contract under a conservation program administered*
14 *by the Secretary, and that is subsequently determined*
15 *to be in violation of the contract, if the owner, oper-*
16 *ator, or producer, in attempting to comply with the*
17 *terms of the contract and enrollment requirements—*

18 *“(A) took actions in good faith reliance on*
19 *the action or advice of an employee of the Sec-*
20 *retary; and*

21 *“(B) had no knowledge that the actions*
22 *taken were in violation of the contract.*

23 **“(2) TYPES OF RELIEF.—The Secretary shall—**

24 *“(A) to the extent the Secretary determines*
25 *that an owner, operator, or producer has been*
26 *injured by good faith reliance described in para-*

1 *graph (1), allow the owner, operator, or*
2 *producer—*

3 “(i) *to retain payments received under*
4 *the contract;*

5 “(ii) *to continue to receive payments*
6 *under the contract;*

7 “(iii) *to keep all or part of the land*
8 *covered by the contract enrolled in the ap-*
9 *plicable program;*

10 “(iv) *to reenroll all or part of the land*
11 *covered by the contract in the applicable*
12 *program; or*

13 “(v) *to receive any other equitable re-*
14 *lief the Secretary considers appropriate;*
15 *and*

16 “(B) *require the owner, operator, or pro-*
17 *ducer to take such actions as are necessary to*
18 *remedy any failure to comply with the contract.*

19 “(3) *RELATIONSHIP TO OTHER LAW.—The au-*
20 *thority to provide relief under this subsection shall be*
21 *in addition to any other authority provided in this*
22 *or any other Act.*

23 “(4) *EXCEPTIONS.—This section shall not apply*
24 *to—*

1 “(A) any pattern of conduct in which an
2 employee of the Secretary takes actions or pro-
3 vides advice with respect to an owner, operator,
4 or producer that the employee and the owner, op-
5 erator, or producer know are inconsistent with
6 applicable law (including regulations); or

7 “(B) an owner, operator, or producer takes
8 any action, independent of any advice or author-
9 ization provided by an employee of the Sec-
10 retary, that the owner, operator, or producer
11 knows or should have known to be inconsistent
12 with applicable law (including regulations).

13 “(5) *APPLICABILITY OF RELIEF.*—Relief under
14 this section shall be available for contracts in effect on
15 or after the date of enactment of this section.

16 “(b) *EDUCATION, OUTREACH, MONITORING, AND*
17 *EVALUATION.*—In carrying out any conservation program
18 administered by the Secretary, the Secretary—

19 “(1) shall provide education, outreach, training,
20 monitoring, evaluation, technical assistance, and re-
21 lated services to agricultural producers (socially dis-
22 advantaged agricultural producers, beginning farmers
23 and ranchers, Indian tribes (as those terms are de-
24 fined in section 1238), and limited resource agricul-
25 tural producers);

1 “(2) may enter into contracts with States (in-
2 cluding State agencies and units of local government),
3 private nonprofit, community-based organizations,
4 and educational institutions with demonstrated expe-
5 rience in providing the services described in para-
6 graph (1), to provide those services; and

7 “(3) shall use such sums as are necessary from
8 funds of the Commodity Credit Corporation to carry
9 out activities described in paragraphs (1) and (2).

10 “(c) *BEGINNING FARMERS AND RANCHERS AND IN-*
11 *DIAN TRIBES.*—*In carrying out any conservation program*
12 *administered by the Secretary, the Secretary may provide*
13 *to beginning farmers and ranchers and Indian tribes (as*
14 *those terms are defined in section 1238) and limited re-*
15 *source agricultural producers incentives to participate in*
16 *the conservation program to—*

17 “(1) foster new farming opportunities; and

18 “(2) enhance environmental stewardship over the
19 long term.

20 “(d) *PROGRAM EVALUATION.*—*The Secretary shall*
21 *maintain data concerning conservation security plans, con-*
22 *servation practices planned or implemented, environmental*
23 *outcomes, economic costs, and related matters under con-*
24 *servation programs administered by the Secretary.*

1 “(e) *MEDIATION AND INFORMAL HEARINGS.*—If the
2 Secretary makes a decision under a conservation program
3 administered by the Secretary that is adverse to an owner,
4 operator, or producer, at the request of the owner, operator,
5 or producer, the Secretary shall provide the owner, operator,
6 or producer with mediation services or an informal hearing
7 on the decision.

8 “(f) *TECHNICAL ASSISTANCE.*—

9 “(1) *IN GENERAL.*—Under any conservation pro-
10 gram administered by the Secretary, subject to para-
11 graph (2), technical assistance provided by persons
12 certified under paragraph (3) (including farmers and
13 ranchers) may include—

14 “(A) conservation planning;

15 “(B) design, installation, and certification
16 of conservation practices;

17 “(C) conservation training for producers;

18 and

19 “(D) such other conservation activities as
20 the Secretary determines to be appropriate.

21 “(2) *OUTSIDE ASSISTANCE.*—

22 “(A) *IN GENERAL.*—The Secretary may
23 contract directly with qualified persons not em-
24 ployed by the Department to provide conserva-
25 tion technical assistance.

1 “(B) *PAYMENT BY SECRETARY.*—*Subject to*
2 *subparagraph (C), the Secretary may provide a*
3 *payment to an owner, operator, or producer en-*
4 *rolled in a conservation program administered*
5 *by the Secretary if the owner, operator, or pro-*
6 *ducer elects to obtain technical assistance from a*
7 *person certified to provide technical assistance*
8 *under this subsection.*

9 “(C) *NONPRIVATE PROVIDERS.*—*In deter-*
10 *mining whether to provide a payment under sub-*
11 *paragraph (B) to a nonprivate provider, the Sec-*
12 *retary shall provide a payment if the provision*
13 *of the payment would result in an increase in*
14 *the total amount of technical assistance available*
15 *to producers, as determined by the Secretary.*

16 “(3) *CERTIFICATION OF PROVIDERS OF TECH-*
17 *NICAL ASSISTANCE.*—

18 “(A) *PROCEDURES.*—

19 “(i) *IN GENERAL.*—*The Secretary shall*
20 *establish procedures for certifying persons*
21 *not employed by the Department to provide*
22 *technical assistance in planning, designing,*
23 *or certifying activities to participate in any*
24 *conservation program administered by the*
25 *Secretary to agricultural producers and*

1 *landowners participating, or seeking to par-*
2 *ticipate, in conservation programs adminis-*
3 *tered by the Secretary.*

4 “(ii) *NON-FEDERAL ASSISTANCE.—The*
5 *Secretary may request the services of, and*
6 *enter into a cooperative agreement with, a*
7 *State water quality agency, State fish and*
8 *wildlife agency, State forestry agency, State*
9 *conservation agency or conservation dis-*
10 *trict, or any other governmental or non-*
11 *governmental organization or person con-*
12 *sidered appropriate by the Secretary to as-*
13 *sist in providing the technical assistance*
14 *necessary to develop and implement con-*
15 *servation plans under this title.*

16 “(B) *EQUIVALENCE.—The Secretary shall*
17 *ensure that new certification programs of the De-*
18 *partment for providers of technical assistance*
19 *meet or exceed the testing and continuing edu-*
20 *cation standards of any certification program*
21 *that establishes nationally recognized and accept-*
22 *ed standards for training, testing, and other pro-*
23 *fessional qualifications.*

24 “(C) *STANDARDS.—The Secretary shall es-*
25 *tablish standards for the conduct of—*

1 “(i) *the certification process conducted*
2 *by the Secretary; and*

3 “(ii) *periodic recertification by the*
4 *Secretary of providers.*

5 “(D) *CERTIFICATION REQUIRED.—*

6 “(i) *IN GENERAL.—A provider may*
7 *not provide to any producer technical as-*
8 *stance described in paragraph (3)(A)(i)*
9 *unless the provider is certified by the Sec-*
10 *retary.*

11 “(ii) *WAIVER.—The Secretary may ex-*
12 *empt a provider from any requirement of*
13 *this subparagraph if the Secretary deter-*
14 *mines that the provider has been certified or*
15 *recertified to provide technical assistance*
16 *through a program the standards of which*
17 *meet or exceed standards established by the*
18 *Secretary under subparagraph (C).*

19 “(E) *FEE.—*

20 “(i) *IN GENERAL.—In exchange for*
21 *certification or recertification, a provider*
22 *shall pay a fee to the Secretary in an*
23 *amount determined by the Secretary.*

24 “(ii) *ACCOUNT.—A fee paid to the Sec-*
25 *retary under clause (i) shall be—*

1 “(I) credited to the account in the
2 *Treasury that incurs costs relating to*
3 *implementing this subsection; and*

4 “(II) made available to the Sec-
5 *retary for use for conservation pro-*
6 *grams administered by the Secretary,*
7 *without further appropriation, until*
8 *expended.*

9 “(iii) *WAIVER.—The Secretary may*
10 *waive any requirement of any provider to*
11 *pay a fee under this subparagraph if the*
12 *provider qualifies for a waiver under sub-*
13 *paragraph (D)(ii).*

14 “(F) *TECHNICAL ASSISTANCE ADVISORY*
15 *COUNCIL.—*

16 “(i) *PURPOSE.—The Secretary shall*
17 *establish a technical assistance advisory*
18 *council (referred to in this subparagraph as*
19 *the ‘advisory council’) to advise the Sec-*
20 *retary with respect to the management of*
21 *certification programs for the provision of*
22 *technical assistance for third party pro-*
23 *viders.*

24 “(ii) *MEMBERSHIP.—The membership*
25 *of the advisory council shall include—*

1 “(I) representatives of the Federal
2 Government and appropriate State
3 and local governments; and

4 “(II) not more than 20 additional
5 members that represent 2 or more of
6 the following:

7 “(aa) Agricultural producers.

8 “(bb) Agricultural industries.

9 “(cc) Wildlife and environ-
10 mental entities.

11 “(dd) A minimum of 6 pro-
12 fessional societies and organiza-
13 tions.

14 “(ee) Such other entities (the
15 representation of which on the ad-
16 visory council shall not exceed 4
17 members) as the Secretary deter-
18 mines would contribute to the
19 work of the advisory council.

20 “(iii) RESPONSIBILITIES.—The advi-
21 sory council shall advise the Secretary with
22 respect to—

23 “(I) appropriate standards for
24 certification;

1 “(II) *the status of third party cer-*
2 *tification programs;*

3 “(III) *cases in which waivers for*
4 *certification, recertification and pay-*
5 *ment of fees should be allowed;*

6 “(IV) *periodic reviews of certifi-*
7 *cation program; and*

8 “(V) *guidelines for penalties and*
9 *disciplinary actions for violation of*
10 *certification requirements.*

11 “(iv) *MEETINGS.—*

12 “(I) *INITIAL MEETING.—Not later*
13 *than 30 days after the date on which*
14 *all members of the advisory council*
15 *have been appointed, the advisory*
16 *council shall hold the initial meeting of*
17 *advisory council.*

18 “(II) *SUBSEQUENT MEETINGS.—*
19 *The Secretary shall require the advi-*
20 *sory council to meet as needed.*

21 “(v) *AUTHORIZATION OF APPROPRIA-*
22 *TIONS.—There are authorized to be appro-*
23 *priated to carry out this subparagraph such*
24 *sums as are necessary for each of fiscal*
25 *years 2002 through 2006.*

1 “(4) *EFFECT ON IMPLEMENTATION.*—*Nothing in*
2 *this subsection shall prohibit or impede the expedi-*
3 *tious implementation of the provision of third-party*
4 *technical assistance under this title.*

5 “(5) *OTHER REQUIREMENTS.*—*The Secretary*
6 *may establish such other requirements as the Sec-*
7 *retary determines are necessary to carry out this sub-*
8 *section.*

9 “(g) *PRIVACY OF PERSONAL INFORMATION RELATING*
10 *TO NATURAL RESOURCES CONSERVATION PROGRAMS.*—

11 “(1) *INFORMATION RECEIVED FOR TECHNICAL*
12 *AND FINANCIAL ASSISTANCE.*—

13 “(A) *IN GENERAL.*—*In accordance with sec-*
14 *tion 552(b)(3) of title 5, United States Code, ex-*
15 *cept as provided in subparagraph (C) and para-*
16 *graph (3), information described in subpara-*
17 *graph (B)—*

18 “(i) *shall not be considered to be public*
19 *information; and*

20 “(ii) *shall not be released to any per-*
21 *son or Federal, State, local agency or In-*
22 *dian tribe (as defined in section 1238) out-*
23 *side the Department of Agriculture.*

24 “(B) *INFORMATION.*—*The information re-*
25 *ferred to in subparagraph (A) is information—*

1 “(i) provided to the Secretary or a con-
2 tractor of the Secretary (including informa-
3 tion provided under subtitle D) for the pur-
4 pose of providing technical or financial as-
5 sistance to an owner, operator, or producer
6 with respect to any natural resources con-
7 servation program administered by the Nat-
8 ural Resources Conservation Service or the
9 Farm Service Agency; and

10 “(ii) that is proprietary (within the
11 meaning of section 552(b)(4) of title 5,
12 United States Code) to the agricultural op-
13 eration or land that is a part of an agricul-
14 tural operation of the owner, operator, or
15 producer.

16 “(C) EXCEPTION.—Information regarding
17 owners, operators, or producers that have re-
18 ceived payments from the Secretary and the
19 amounts received, shall be—

20 “(i) considered to be public informa-
21 tion; and

22 “(ii) may be released to any—

23 “(I) person;

24 “(II) Indian tribe (as defined in
25 section 1238); or

1 “(III) *Federal, State, local agency*
2 *outside the Department of Agriculture.*

3 “(2) *INVENTORY, MONITORING, AND SITE SPE-*
4 *CIFIC INFORMATION.—Except as provided in para-*
5 *graph (3) and notwithstanding any other provision of*
6 *law, in order to maintain the personal privacy, con-*
7 *fidentiality, and cooperation of owners, operators,*
8 *and producers, and to maintain the integrity of each*
9 *unit at which primary sampling for data gathering*
10 *is carried out by the National Resources Inventory*
11 *(referred to in this subsection as a ‘data gathering*
12 *site’), the specific geographic locations of data gath-*
13 *ering sites, and the information generated by the data*
14 *gathering sites—*

15 “(A) *shall not be considered to be public in-*
16 *formation; and*

17 “(B) *shall not be released to any person or*
18 *Federal, State, local, or tribal agency outside the*
19 *Department.*

20 “(3) *EXCEPTIONS.—*

21 “(A) *RELEASE AND DISCLOSURE FOR EN-*
22 *FORCEMENT.—The Secretary may release or dis-*
23 *close to the Attorney General information covered*
24 *by paragraph (1) or (2) to the extent necessary*

1 to enforce the natural resources conservation pro-
2 grams referred to in paragraph (1)(B)(i).

3 “(B) *DISCLOSURE TO COOPERATING PER-*
4 *SONS AND AGENCIES.—*

5 “(i) *IN GENERAL.—The Secretary may*
6 *release or disclose information covered by*
7 *paragraph (1) or (2) to a person or Federal,*
8 *State, local, or tribal agency working in co-*
9 *operation with the Secretary in providing*
10 *technical and financial assistance described*
11 *in paragraph (1)(B)(i) or collecting infor-*
12 *mation from data gathering sites.*

13 “(ii) *USE OF INFORMATION.—The per-*
14 *son or Federal, State, local, or tribal agency*
15 *that receives information described in clause*
16 *(i) may release the information only for the*
17 *purpose of assisting the Secretary—*

18 “(I) *in providing the requested*
19 *technical or financial assistance; or*

20 “(II) *in collecting information*
21 *from data gathering sites.*

22 “(C) *STATISTICAL AND AGGREGATE INFOR-*
23 *MATION.—Information covered by paragraph (1)*
24 *or (2) may be disclosed to the public if the infor-*

1 *mation has been transformed into a statistical or*
2 *aggregate form without naming any—*

3 *“(i) individual owner, operator, or*
4 *producer; or*

5 *“(ii) specific data gathering site.*

6 *“(D) CONSENT OF OWNER, OPERATOR, OR*
7 *PRODUCER.—*

8 *“(i) IN GENERAL.—An owner, oper-*
9 *ator, or producer may consent to the disclo-*
10 *sure of information described in paragraph*
11 *(1) or (2).*

12 *“(ii) CONDITION OF OTHER PRO-*
13 *GRAMS.—The participation of the owner,*
14 *operator, or producer in, and the receipt of*
15 *any benefit by the owner, operator, or pro-*
16 *ducer under, this title or any other program*
17 *administered by the Secretary may not be*
18 *conditioned on the owner, operator, or pro-*
19 *ducer providing consent under this para-*
20 *graph.*

21 *“(4) VIOLATIONS; PENALTIES.—Section 1770(c)*
22 *shall apply with respect to the release of information*
23 *collected in any manner or for any purpose prohib-*
24 *ited by this subsection.*

1 “(5) *DATA COLLECTION, DISCLOSURE, AND RE-*
2 *VIEW.—Nothing in this subsection—*

3 “(A) *affects any procedure for data collec-*
4 *tion or disclosure through the National Resources*
5 *Inventory; or*

6 “(B) *limits the authority of Congress or the*
7 *General Accounting Office to review information*
8 *collected or disclosed under this subsection.*

9 “(h) *INDIAN TRIBES.—In carrying out any conserva-*
10 *tion program administered by the Secretary on land under*
11 *the jurisdiction of an Indian tribe (as defined in section*
12 *1238), the Secretary shall cooperate with the tribal govern-*
13 *ment of the Indian tribe to ensure, to the maximum extent*
14 *practicable, that the program is administered in a fair and*
15 *equitable manner.”.*

16 **SEC. 205. REFORM AND ASSESSMENT OF CONSERVATION**
17 **PROGRAMS.**

18 (a) *IN GENERAL.—The Secretary of Agriculture shall*
19 *develop a plan for—*

20 (1) *coordinating conservation programs adminis-*
21 *tered by the Secretary that are targeted at agricul-*
22 *tural land to—*

23 (A) *eliminate redundancy; and*

24 (B) *improve delivery;*

25 (2) *to the maximum extent practicable—*

1 (A) designing forms that are applicable to
2 all conservation programs administered by the
3 Secretary;

4 (B) reducing and consolidating paperwork
5 requirements for the programs;

6 (C) developing universal classification sys-
7 tems for all information obtained on the forms
8 that can be used by other agencies of the Depart-
9 ment of Agriculture;

10 (D) ensuring that the information and clas-
11 sification systems developed under this para-
12 graph can be shared with other agencies of the
13 Department through computer technologies used
14 by agencies; and

15 (E) developing 1 format for a conservation
16 plan that can be applied to all conservation pro-
17 grams targeted at agricultural land;

18 (3) to the maximum extent practicable, improv-
19 ing the delivery of conservation programs to Indian
20 tribes (as defined in section 4 of the Indian Self-De-
21 termination and Education Assistance Act (25 U.S.C.
22 450b)), including programs for the delivery of con-
23 servation programs to Indian tribes under plans car-
24 ried out in conjunction with the Secretary of the Inte-
25 rior; and

1 (4) *improving the regional distribution of pro-*
2 *gram funds and resources to ensure, to the maximum*
3 *extent practicable, that—*

4 (A) *the highest conservation priorities of the*
5 *United States receive funding; and*

6 (B) *regional variations in conservation*
7 *costs are taken into account.*

8 (b) *REPORT.—Not later than 180 days after the date*
9 *of enactment of this Act, the Secretary of Agriculture shall*
10 *submit to the Committee on Agriculture of the House of*
11 *Representatives and the Committee on Agriculture, Nutri-*
12 *tion, and Forestry of the Senate a report that describes the*
13 *plan developed under subsection (a), including any rec-*
14 *ommendations for implementation of the plan.*

15 (c) *NATIONAL CONSERVATION PLAN.—*

16 (1) *IN GENERAL.—Not later than 180 days after*
17 *the date of enactment of this Act, the Secretary of Ag-*
18 *riculture shall submit to the Committee on Agri-*
19 *culture of the House of Representatives and the Com-*
20 *mittee on Agriculture, Nutrition, and Forestry of the*
21 *Senate a plan and estimated budget for implementing*
22 *the appraisal of the soil, water, and related resources*
23 *of the United States contained in the national con-*
24 *servation program under sections 5 and 6 of the Soil*
25 *and Water Resources Conservation Act of 1977 (16*

1 *U.S.C. 2004, 2005) as the primary vehicle for man-*
2 *aging conservation on agricultural land in the United*
3 *States.*

4 (2) *REPORT ON IMPLEMENTATION.—Not later*
5 *than April 30, 2005, the Secretary shall submit to the*
6 *Committee on Agriculture of the House of Representa-*
7 *tives and Committee on Agriculture, Nutrition, and*
8 *Forestry of the Senate a report that—*

9 (A) *describes the status of the implementa-*
10 *tion of the plan described in paragraph (1);*

11 (B) *contains an evaluation of the scope,*
12 *quality, and outcomes of the conservation prac-*
13 *tices carried out under the plan; and*

14 (C) *makes recommendations for achieving*
15 *specific and quantifiable improvements for the*
16 *purposes of programs covered by the plan.*

17 (d) *CONSERVATION PRACTICE STANDARDS.—The Sec-*
18 *retary of Agriculture shall—*

19 (1) *revise standards and, if necessary, establish*
20 *standards, for eligible conservation practices to in-*
21 *clude measurable goals for enhancing natural re-*
22 *sources, including innovative practices;*

23 (2) *not later than 180 days after the date of en-*
24 *actment of this Act, revise the National Handbook of*
25 *Conservation Practices and field office technical*

1 *guides of the Natural Resources Conservation Service;*
2 *and*

3 *(3) not less frequently than once every 5 years,*
4 *update the Handbook and technical guides.*

5 **SEC. 206. CONSERVATION SECURITY PROGRAM REGULA-**
6 **TIONS.**

7 *Beginning on the date of enactment of this Act, the*
8 *Secretary of Agriculture may promulgate regulations and*
9 *carry out other actions relating to the implementation of*
10 *the conservation security program under subchapter A of*
11 *chapter 2 of subtitle D of title XII of the Food Security*
12 *Act of 1985 (as added by section 201).*

13 **SEC. 207. CONFORMING AMENDMENTS.**

14 *(a) Chapter 1 of subtitle D of title XII of the Food*
15 *Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended*
16 *in the chapter heading by striking “ENVIRON-*
17 **MENTAL CONSERVATION ACREAGE RE-**
18 **SERVE PROGRAM”** *and inserting “COM-*
19 **PREHENSIVE CONSERVATION ENHANCE-**
20 **MENT PROGRAM”.**

21 *(b) Section 1230 of the Food Security Act of 1985 (16*
22 *U.S.C. 3830) is amended—*

23 *(1) in the section heading, by striking “ENVI-*
24 **RONMENTAL CONSERVATION ACREAGE RE-**
25 **SERVE PROGRAM”** *and inserting “COMPREHEN-*

1 **SIVE CONSERVATION ENHANCEMENT PRO-**
 2 **GRAM”;**

3 (2) *in subsection (a)(1), by striking “an environ-*
 4 *mental conservation acreage reserve program” and*
 5 *inserting “a comprehensive conservation enhancement*
 6 *program”;* and

7 (3) *by striking “ECARP” each place it appears*
 8 *and inserting “CCEP”.*

9 (c) *Section 1230A of the Food Security Act of 1985*
 10 *(16 U.S.C. 3830a) is repealed.*

11 (d) *Section 1243 of the Food Security Act of 1985 (16*
 12 *U.S.C. 3843) is amended by striking the section heading*
 13 *and inserting the following:*

14 **“SEC. 1243. ADMINISTRATION OF CCEP.”.**

15 ***Subtitle B—Program Extensions***

16 ***SEC. 211. COMPREHENSIVE CONSERVATION ENHANCEMENT***
 17 ***PROGRAM.***

18 (a) *IN GENERAL.—Section 1230(a) of the Food Secu-*
 19 *rity Act of 1985 (16 U.S.C. 3830(a)) is amended—*

20 (1) *in paragraph (1), by striking “2002” and in-*
 21 *serting “2006”;* and

22 (2) *in paragraph (3)—*

23 (A) *in subparagraph (B), by striking “and”*
 24 *at the end; and*

1 (B) by striking subparagraph (C) and in-
2 serting the following:

3 “(C) the grassland reserve program estab-
4 lished under subchapter C of chapter 2;

5 “(D) the environmental quality incentives
6 program established under chapter 4;

7 “(E) the wildlife habitat incentive program
8 established under section 1240M; and

9 “(F) the program for conservation of pri-
10 vate grazing land established under section
11 1240P.”.

12 (b) *PRIORITY*.—Section 1230(c) of the Food Security
13 Act of 1985 (16 U.S.C. 3830(c)) is amended by adding at
14 the end the following:

15 “(4) *PRIORITY*.—In designating conservation
16 priority areas under paragraph (1), the Secretary
17 shall give priority to areas in which designated land
18 would facilitate the most rapid completion of projects
19 that—

20 “(A) are ongoing as of the date of the appli-
21 cation; and

22 “(B) meet the purposes of a program estab-
23 lished under this title.”.

24 (c) *FUNDING*.—Section 1241(a) of the Food Security
25 Act of 1985 (16 U.S.C. 3841(a)) is amended—

1 (1) *by striking “2002” and inserting “2006”;*

2 (2) *by inserting “(including the provision of*
3 *technical assistance)” after “the programs”;*

4 (3) *in paragraph (2)—*

5 (A) *by striking “subchapter C” and insert-*
6 *ing “subchapters C and D”;* and

7 (B) *by striking “and” at the end;*

8 (4) *in paragraph (3), by striking the period at*
9 *the end and inserting “; and”;* and

10 (5) *by adding at the end the following:*

11 *“(4) chapter 6 of subtitle D.”.*

12 **SEC. 212. CONSERVATION RESERVE PROGRAM.**

13 (a) *REAUTHORIZATION.—*

14 (1) *IN GENERAL.—Section 1231 of the Food Se-*
15 *curity Act of 1985 (16 U.S.C. 3831) is amended in*
16 *subsections (a), (b)(3), and (d), by striking “2002”*
17 *each place it appears and inserting “2006”.*

18 (2) *DUTIES OF OWNERS AND OPERATORS.—Sec-*
19 *tion 1232(c) of the Food Security Act of 1985 (16*
20 *U.S.C. 3832(c)) is amended by striking “2002” and*
21 *inserting “2006”.*

22 (b) *CONSERVATION PRIORITY AREAS.—*

23 (1) *ELIGIBILITY.—Section 1231(b) of the Food*
24 *Security Act of 1985 (16 U.S.C. 3831(b)) is*
25 *amended—*

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

3 “(1) highly erodible cropland that—

4 “(A)(i) if permitted to remain untreated
5 could substantially reduce the production capa-
6 bility for future generations; or

7 “(ii) cannot be farmed in accordance with
8 a conservation plan that complies with the re-
9 quirements of subtitle B; and

10 “(B) the Secretary determines had a crop-
11 ping history or was considered to be planted for
12 3 of the 6 years preceding the date of enactment
13 of the Agriculture, Conservation, and Rural En-
14 hancement Act of 2002 (except for land enrolled
15 in the conservation reserve program as of that
16 date);”;

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

18 “(5) the portion of land in a field not enrolled
19 in the conservation reserve in a case in which more
20 than 50 percent of the land in the field is enrolled as
21 a buffer under a program described in paragraph
22 (6)(A), if the land is enrolled as part of the buffer;
23 and

24 “(6) land (including land that is not cropland)
25 enrolled through continuous signup—

1 “(A) to establish conservation buffers as
2 part of the program described in a notice issued
3 on March 24, 1998 (63 Fed. Reg. 14109) or a
4 successor program; or

5 “(B) into the conservation reserve enhance-
6 ment program described in a notice issued on
7 May 27, 1998 (63 Fed. Reg. 28965) or a suc-
8 cessor program.”.

9 (2) *CRP PRIORITY AREAS.*—Section 1231(f) of
10 the Food Security Act of 1985 (16 U.S.C. 3831(f)) is
11 amended by adding at the end the following:

12 “(5) *PRIORITY.*—In designating conservation
13 priority areas under paragraph (1), the Secretary
14 shall give priority to areas in which designated land
15 would facilitate the most rapid completion of projects
16 that—

17 “(A) are ongoing as of the date of the appli-
18 cation; and

19 “(B) meet the purposes of the program es-
20 tablished under this subchapter.”.

21 (c) *MAXIMUM ENROLLMENT.*—Section 1231(d) of the
22 Food Security Act of 1985 (16 U.S.C. 3831(d)) is amended
23 by striking “36,400,000” and inserting “41,100,000”.

1 (d) *DURATION OF CONTRACTS; HARDWOOD TREES.*—
2 *Section 1231(e) of the Food Security Act of 1985 (16 U.S.C.*
3 *3831(e)) is amended—*

4 (1) *in paragraph (1), by striking “For the pur-*
5 *pose: and inserting “Except as provided in paragraph*
6 *(2)(D), for the purpose”;*

7 (2) *in paragraph (2)—*

8 (A) *by striking “In the” and inserting the*
9 *following:*

10 “*(A) IN GENERAL.—In the*”;

11 (B) *by striking “The Secretary” and insert-*
12 *ing the following:*

13 “*(B) EXISTING HARDWOOD TREE CON-*
14 *TRACTS.—The Secretary*”; *and*

15 (C) *by adding at the end the following:*

16 “*(C) EXTENSION OF HARDWOOD TREE CON-*
17 *TRACTS.—*

18 “*(i) IN GENERAL.—In the case of land*
19 *devoted to hardwood trees under a contract*
20 *entered into under this subchapter before the*
21 *date of enactment of this subparagraph, the*
22 *Secretary may extend the contract for a*
23 *term of not more than 15 years.*

1 “(i) *RENTAL PAYMENTS.*—*The amount*
2 *of a rental payment for a contract extended*
3 *under clause (i)—*

4 “(I) *shall be determined by the*
5 *Secretary; but*

6 “(II) *shall not exceed 50 percent*
7 *of the rental payment that was appli-*
8 *cable to the contract before the contract*
9 *was extended.*

10 “(D) *NEW HARDWOOD TREE CONTRACTS.*—

11 “(i) *IN GENERAL.*—*The Secretary may*
12 *enter into contracts of not less than 10, nor*
13 *more than 30, years with owners of land in-*
14 *tended to be devoted to hardwood trees after*
15 *the date of enactment of this paragraph.*

16 “(ii) *PAYMENTS.*—*The Secretary shall*
17 *make payments under a contract described*
18 *in clause (i)—*

19 “(I) *on an annual basis; and*

20 “(II) *at such an appropriate rate*
21 *and in such appropriate amounts as*
22 *the Secretary shall determine in ac-*
23 *cordance with subparagraph (C)(ii).*

24 “(E) *HARDWOOD PLANNING GOAL.*—*The*
25 *Secretary shall take such steps as the Secretary*

1 *determines are necessary to ensure, to the max-*
2 *imum extent practicable, that all hardwood tree*
3 *sites annually enrolled in the conservation re-*
4 *serve program are reforested with appropriate*
5 *species.”; and*

6 *(3) by adding at the end the following:*

7 “(3) 1-YEAR EXTENSION.—*In the case of a con-*
8 *tract described in paragraph (1) the term of which ex-*
9 *pires during calendar year 2002, an owner or oper-*
10 *ator of land enrolled under the contract may extend*
11 *the contract for 1 additional year.”.*

12 *(e) PILOT PROGRAM FOR ENROLLMENT OF WETLAND*
13 *AND BUFFER ACREAGE IN CONSERVATION RESERVE.—Sec-*
14 *tion 1231(h) of the Food Security Act of 1985 (16 U.S.C.*
15 *3831(h)) is amended—*

16 *(1) in the subsection heading, by striking*
17 *“PILOT”;*

18 *(2) in paragraph (1), by striking “During the*
19 *2001 and 2002 calendar years, the Secretary shall*
20 *carry out a pilot program” and inserting “During*
21 *the 2002 through 2006 calendar years, the Secretary*
22 *shall carry out a program”;*

23 *(3) in paragraph (2), by striking “pilot”; and*

1 (4) in paragraph (3)(D)(i), by striking “5 con-
2 tiguous acres.” and inserting “10 contiguous acres, of
3 which—

4 “(I) not more than 5 acres shall
5 be eligible for payment; and

6 “(II) all acres (including acres
7 that are ineligible for payment) shall
8 be covered by the conservation con-
9 tract.”.

10 (f) *IRRIGATED LAND*.—Section 1231 of the Food Secu-
11 rity Act of 1985 (16 U.S.C. 3831) is amended by adding
12 at the end the following:

13 “(i) *IRRIGATED LAND*.—Irrigated land shall be en-
14 rolled in the programs described in subsection (b)(6) at irri-
15 gated land rates unless the Secretary determines that other
16 compensation is appropriate.”.

17 (g) *VEGETATIVE COVER; HAYING AND GRAZING; WIND*
18 *TURBINES*.—Section 1232(a) of the Food Security Act of
19 1985 (16 U.S.C. 3832(a)) is amended—

20 (1) in paragraph (4)—

21 (A) in subparagraph (A), by striking “and”
22 at the end;

23 (B) in subparagraph (B), by inserting
24 “and” after the semicolon at the end; and

25 (C) by adding at the end the following:

1 “(C) in the case of marginal pasture land,
2 an owner or operator shall not be required to
3 plant trees if the land is to be restored—

4 “(i) as wetland; or

5 “(ii) with appropriate native riparian
6 vegetation;”;

7 (2) in paragraph (7)—

8 (A) by striking “except that the Secretary—
9 ” and inserting “except that—”;

10 (B) in subparagraph (A)—

11 (i) by striking “(A) may” and insert-
12 ing “(A) the Secretary may”; and

13 (ii) by striking “and” at the end;

14 (C) in subparagraph (B)—

15 (i) by striking “(B) shall” and insert-
16 ing “(B) the Secretary shall”; and

17 (ii) by striking the period at the end
18 and inserting a semicolon;

19 (D) in subparagraph (C), by striking the
20 period at the end and inserting “; and”; and

21 (E) by adding at the end the following:

22 “(D) for maintenance purposes, the Sec-
23 retary may permit harvesting or grazing or
24 other commercial uses of forage, in a manner
25 that is consistent with the purposes of this sub-

1 chapter and a conservation plan approved by the
2 Secretary, on acres enrolled—

3 “(i) to establish conservation buffers as
4 part of the program described in a notice
5 issued on March 24, 1998 (63 Fed. Reg.
6 14109) or a successor program; and

7 “(ii) into the conservation reserve en-
8 hancement program described in a notice
9 issued on May 27, 1998 (63 Fed. Reg.
10 28965) or a successor program.”;

11 (3) in paragraph (9), by striking “and” at the
12 end;

13 (4) by redesignating paragraph (10) as para-
14 graph (11); and

15 (5) by inserting after paragraph (9) the fol-
16 lowing:

17 “(10) with respect to any contract entered into
18 after the date of enactment of the Agriculture, Con-
19 servation, and Rural Enhancement Act of 2002—

20 “(A) not to produce a crop for the duration
21 of the contract on any other highly erodible land
22 that the owner or operator owns unless the high-
23 ly erodible land—

1 “(i) has a history of being used to
2 produce a crop other than a forage crop, as
3 determined by the Secretary; or

4 “(ii) is being used as a homestead or
5 building site at the time of purchase; and

6 “(B) on a violation of a contract described
7 in subparagraph (A), to be subject to the require-
8 ments of paragraph (5); and”.

9 (h) *WIND TURBINES*.—Section 1232 of the Food Secu-
10 rity Act of 1985 (8906 U.S.C. 3832) is amended by adding
11 at the end the following:

12 “(f) *WIND TURBINES*.—

13 “(1) *IN GENERAL*.—Subject to paragraph (2), the
14 Secretary may permit an owner or operator of land
15 that is enrolled in the conservation reserve program,
16 but that is not enrolled under continuous signup (as
17 described in section 1231(b)(6)), to install wind tur-
18 bines on the land.

19 “(2) *NUMBER; LOCATION*.—The Secretary shall
20 determine the number and location of wind turbines
21 that may be installed on a tract of land under para-
22 graph (1), taking into account—

23 “(A) the location, size, and other physical
24 characteristics of the land;

1 “(B) the extent to which the land contains
2 wildlife and wildlife habitat; and

3 “(C) the purposes of the conservation reserve
4 program.

5 “(3) *PAYMENT LIMITATION.*—Notwithstanding
6 the amount of a rental payment limited by section
7 1234(c)(2) and specified in a contract entered into
8 under this chapter, the Secretary shall reduce the
9 amount of the rental payment paid to an owner or
10 operator of land on which 1 or more wind turbines
11 are installed under this subsection by an amount de-
12 termined by the Secretary to be commensurate with
13 the value of the reduction of benefit gained by enroll-
14 ment of the land in the conservation reserve pro-
15 gram.”.

16 (i) *ADDITIONAL ELIGIBLE PRACTICES.*—Section 1234
17 of the Food Security Act of 1985 (16 U.S.C. 3834) is
18 amended by adding at the end the following:

19 “(i) *PAYMENTS.*—

20 “(1) *IN GENERAL.*—Subject to paragraph (2), the
21 Secretary shall provide signing and practice incentive
22 payments under the conservation reserve program to
23 owners and operators that implement a practice
24 under—

1 “(A) the program to establish conservation
2 buffers described in a notice issued on March 24,
3 1998 (63 Fed. Reg. 14109) or a successor pro-
4 gram; or

5 “(B) the conservation reserve enhancement
6 program described in a notice issued on May 27,
7 1998 (63 Fed. Reg. 28965) or a successor pro-
8 gram.

9 “(2) OTHER PRACTICES.—The Secretary shall
10 administer paragraph (1) in a manner that does not
11 reduce the amount of payments made by the Sec-
12 retary for other practices under the conservation re-
13 serve program.”.

14 (j) PAYMENTS.—Section 1239C(f) of the Food Security
15 Act of 1985 (16 U.S.C. 3839c(f)) is amended by adding at
16 the end the following:

17 “(5) EXCEPTION.—Paragraph (1) shall not
18 apply to any land enrolled in—

19 “(A) the program to establish conservation
20 buffers described in a notice issued on March 24,
21 1998 (63 Fed. Reg. 14109) or a successor pro-
22 gram; or

23 “(B) the conservation reserve enhancement
24 program described in a notice issued on May 27,

1 1998 (63 *Fed. Reg.* 28965) or a successor pro-
2 gram.”.

3 (k) COUNTY PARTICIPATION.—Section 1243(b)(1) of
4 the Food Security Act of 1985 (16 U.S.C. 3843(b)(1)) is
5 amended by striking “The Secretary” and inserting “Ex-
6 cept for land enrolled under continuous signup (as described
7 in section 1231(b)(6)), the Secretary”.

8 (l) STUDY ON ECONOMIC EFFECTS.—

9 (1) IN GENERAL.—Not later than 270 days after
10 the date of enactment of this Act, the Secretary of Ag-
11 riculture shall submit to the Committee on Agri-
12 culture of the House of Representatives and the Com-
13 mittee on Agriculture, Nutrition, and Forestry of the
14 Senate a report that describes the economic and social
15 effects on rural communities resulting from the con-
16 servation reserve program established under sub-
17 chapter B of chapter 1 of subtitle D of title XII of the
18 Food Security Act of 1985 (16 U.S.C. 3831 *et seq.*).

19 (2) COMPONENTS.—The study under paragraph
20 (1) shall include analyses of—

21 (A) the impact that enrollments in the con-
22 servation reserve program described in that
23 paragraph have on rural businesses, civic orga-
24 nizations, and community services (such as
25 schools, public safety, and infrastructure), par-

1 *particularly in communities with a large percentage*
2 *of whole farm enrollments;*

3 *(B) the effect that those enrollments have on*
4 *rural population and beginning farmers (includ-*
5 *ing a description of any connection between the*
6 *rate of enrollment and the incidence of absentee*
7 *ownership); and*

8 *(C)(i) the manner in which differential per*
9 *acre payment rates potentially impact the types*
10 *of land (by productivity) enrolled;*

11 *(ii) changes to the per acre payment rates*
12 *that may affect that impact; and*

13 *(iii) the manner in which differential per*
14 *acre payment rates could facilitate retention of*
15 *productive agricultural land in agriculture.*

16 **SEC. 213. ENVIRONMENTAL QUALITY INCENTIVES PRO-**
17 **GRAM.**

18 *(a) IN GENERAL.—Chapter 4 of subtitle D of title XII*
19 *of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.)*
20 *is amended to read as follows:*

21 **“SEC. 1240. PURPOSES.**

22 *“The purposes of the environmental quality incentives*
23 *program established by this chapter are to promote agricul-*
24 *tural production and environmental quality as compatible*

1 *national goals, and to maximize environmental benefits per*
2 *dollar expended, by—*

3 *“(1) assisting producers in complying with—*

4 *“(A) this title;*

5 *“(B) the Federal Water Pollution Control*
6 *Act (33 U.S.C. 1251 et seq.);*

7 *“(C) the Safe Drinking Water Act (42*
8 *U.S.C. 300f et seq.);*

9 *“(D) the Clean Air Act (42 U.S.C. 7401 et*
10 *seq.); and*

11 *“(E) other Federal, State, tribal, and local*
12 *environmental laws (including regulations);*

13 *“(2) avoiding, to the maximum extent prac-*
14 *ticable, the need for resource and regulatory programs*
15 *by assisting producers in protecting soil, water, air,*
16 *and related natural resources and meeting environ-*
17 *mental quality criteria established by Federal, State,*
18 *tribal, and local agencies;*

19 *“(3) providing flexible technical and financial*
20 *assistance to producers to install and maintain con-*
21 *servation systems that enhance soil, water, related*
22 *natural resources (including grazing land and wet-*
23 *land), and wildlife while sustaining production of*
24 *food and fiber;*

1 “(4) assisting producers to make beneficial, cost
2 effective changes to cropping systems, grazing man-
3 agement, nutrient management associated with live-
4 stock, pest or irrigation management, or other prac-
5 tices on agricultural land;

6 “(5) facilitating partnerships and joint efforts
7 among producers and governmental and nongovern-
8 mental organizations; and

9 “(6) consolidating and streamlining conservation
10 planning and regulatory compliance processes to re-
11 duce administrative burdens on producers and the
12 cost of achieving environmental goals.

13 **“SEC. 1240A. DEFINITIONS.**

14 *“In this chapter:*

15 “(1) *BEGINNING FARMER OR RANCHER.*—The
16 term ‘beginning farmer or rancher’ has the meaning
17 provided under section 343(a) of the Consolidated
18 Farm and Rural Development Act (7 U.S.C.
19 1999(a)).

20 “(2) *COMPREHENSIVE NUTRIENT MANAGE-*
21 *MENT.*—

22 “(A) *IN GENERAL.*—The term ‘comprehen-
23 sive nutrient management’ means any combina-
24 tion of structural practices, land management
25 practices, and management activities associated

1 *with crop or livestock production described in*
2 *subparagraph (B) that collectively ensure that*
3 *the purposes of crop or livestock production and*
4 *preservation of natural resources (especially the*
5 *preservation and enhancement of water quality)*
6 *are compatible.*

7 “(B) *ELEMENTS.*—*For the purpose of sub-*
8 *paragraph (A), structural practices, land man-*
9 *agement practices, and management activities*
10 *associated with livestock production are—*

11 “(i) *manure and wastewater handling*
12 *and storage;*

13 “(ii) *manure processing, composting,*
14 *or digestion for purposes of capturing emis-*
15 *sions, concentrating nutrients for transport,*
16 *destroying pathogens or otherwise improv-*
17 *ing the environmental safety and beneficial*
18 *uses of manure;*

19 “(iii) *land treatment practices;*

20 “(iv) *nutrient management;*

21 “(v) *recordkeeping;*

22 “(vi) *feed management; and*

23 “(vii) *other waste utilization options.*

24 “(C) *PRACTICE.*—

1 “(i) *PLANNING.*—*The development of a*
2 *comprehensive nutrient management plan*
3 *shall be a practice that is eligible for incen-*
4 *tive payments and technical assistance*
5 *under this chapter.*

6 “(ii) *IMPLEMENTATION.*—*The imple-*
7 *mentation of a comprehensive nutrient plan*
8 *shall be accomplished through structural*
9 *and land management practices identified*
10 *in the plan.*

11 “(iii) *REQUIREMENT.*—*A comprehen-*
12 *sive nutrient management plan shall meet*
13 *all Federal, State, and local water quality*
14 *and public health goals and regulations,*
15 *and in the case of a large confined livestock*
16 *operation (as defined by the Secretary),*
17 *shall include all necessary and essential*
18 *land treatment practices as determined by*
19 *the Secretary.*

20 “(3) *ELIGIBLE LAND.*—*The term ‘eligible land’*
21 *means agriculture land (including cropland, grass-*
22 *land, rangeland, pasture, private nonindustrial forest*
23 *land and other land on which crops or livestock are*
24 *produced), including agricultural land that the Sec-*
25 *retary determines poses a serious threat to soil, water,*

1 *or related resources by reason of the soil types, ter-*
2 *rain, climatic, soil, topographic, flood, or saline char-*
3 *acteristics, or other factors or natural hazards.*

4 “(4) *INNOVATIVE TECHNOLOGY.*—*The term ‘inno-*
5 *vative technology’ means a new conservation tech-*
6 *nology that, as determined by the Secretary—*

7 “(A) *maximizes environmental benefits;*

8 “(B) *complements agricultural production;*

9 *and*

10 “(C) *may be adopted in a practical man-*

11 *ner.*

12 “(5) *LAND MANAGEMENT PRACTICES.*—*The term*
13 *‘land management practice’ means a site-specific nu-*
14 *trient or manure management, integrated pest man-*
15 *agement, irrigation management, tillage or residue*
16 *management, grazing management, air quality man-*
17 *agement, or other land management practice carried*
18 *out on eligible land that the Secretary determines is*
19 *needed to protect from degradation, in the most cost-*
20 *effective manner, water, soil, or related resource.*

21 “(6) *LIVESTOCK.*—*The term ‘livestock’ means*
22 *dairy cattle, beef cattle, laying hens, broilers, turkeys,*
23 *swine, sheep, and other such animals as are deter-*
24 *mined by the Secretary.*

1 “(7) *MANAGED GRAZING.*—*The term ‘managed*
2 *grazing’ means the application of 1 or more practices*
3 *that involve the frequent rotation of animals on graz-*
4 *ing land to—*

5 “(A) *enhance plant health;*

6 “(B) *limit soil erosion;*

7 “(C) *protect ground and surface water qual-*
8 *ity; or*

9 “(D) *benefit wildlife.*

10 “(8) *MAXIMIZE ENVIRONMENTAL BENEFITS PER*
11 *DOLLAR EXPENDED.*—

12 “(A) *IN GENERAL.*—*The term ‘maximize en-*
13 *vironmental benefits per dollar expended’ means*
14 *to maximize environmental benefits to the extent*
15 *the Secretary determines is practicable and ap-*
16 *propriate, taking into account the amount of*
17 *funding made available to carry out this chap-*
18 *ter.*

19 “(B) *LIMITATION.*—*The term ‘maximize*
20 *environmental benefits per dollar expended’ does*
21 *not require the Secretary—*

22 “(i) *to require the adoption of the least*
23 *cost practice or technical assistance; or*

24 “(ii) *to require the development of a*
25 *plan under section 1240E as part of an ap-*

1 *plication for payments or technical assist-*
2 *ance.*

3 “(9) *PRACTICE.*—*The term ‘practice’ means 1 or*
4 *more structural practices, land management prac-*
5 *tices, and comprehensive nutrient management plan-*
6 *ning practices.*

7 “(10) *PRODUCER.*—

8 “(A) *IN GENERAL.*—*The term ‘producer’*
9 *means an owner, operator, landlord, tenant, or*
10 *sharecropper that—*

11 “(i) *shares in the risk of producing*
12 *any crop or livestock; and*

13 “(ii) *is entitled to share in the crop or*
14 *livestock available for marketing from a*
15 *farm (or would have shared had the crop or*
16 *livestock been produced).*

17 “(B) *HYBRID SEED GROWERS.*—*In deter-*
18 *mining whether a grower of hybrid seed is a pro-*
19 *ducer, the Secretary shall not take into consider-*
20 *ation the existence of a hybrid seed contract.*

21 “(11) *PROGRAM.*—*The term ‘program’ means the*
22 *environmental quality incentives program comprised*
23 *of sections 1240 through 1240J.*

24 “(12) *STRUCTURAL PRACTICE.*—*The term ‘struc-*
25 *tural practice’ means—*

1 “(A) *the establishment on eligible land of a*
2 *site-specific animal waste management facility,*
3 *terrace, grassed waterway, contour grass strip,*
4 *filterstrip, tailwater pit, permanent wildlife*
5 *habitat, constructed wetland, or other structural*
6 *practice that the Secretary determines is needed*
7 *to protect, in the most cost effective manner,*
8 *water, soil, or related resources from degrada-*
9 *tion; and*

10 “(B) *the capping of abandoned wells on eli-*
11 *gible land.*

12 **“SEC. 1240B. ESTABLISHMENT AND ADMINISTRATION OF**
13 **ENVIRONMENTAL QUALITY INCENTIVES PRO-**
14 **GRAM.**

15 “(a) *ESTABLISHMENT.—*

16 “(1) *IN GENERAL.—During each of the 2002*
17 *through 2006 fiscal years, the Secretary shall provide*
18 *technical assistance, cost-share payments, and incen-*
19 *tive payments to producers that enter into contracts*
20 *with the Secretary under the program.*

21 “(2) *ELIGIBLE PRACTICES.—*

22 “(A) *STRUCTURAL PRACTICES.—A producer*
23 *that implements a structural practice shall be el-*
24 *igible for any combination of technical assist-*
25 *ance, cost-share payments, and education.*

1 “(B) *LAND MANAGEMENT PRACTICES.*—A
2 producer that performs a land management
3 practice shall be eligible for any combination of
4 technical assistance, incentive payments, and
5 education.

6 “(C) *COMPREHENSIVE NUTRIENT MANAGE-*
7 *MENT PLANNING.*—A producer that develops a
8 comprehensive nutrient management plan shall
9 be eligible for any combination of technical as-
10 sistance, incentive payments, and education.

11 “(3) *EDUCATION.*—The Secretary may provide
12 conservation education at national, State, and local
13 levels consistent with the purposes of the program
14 to—

15 “(A) any producer that is eligible for assist-
16 ance under the program; or

17 “(B) any producer that is engaged in the
18 production of an agricultural commodity.

19 “(b) *APPLICATION AND TERM.*—With respect to prac-
20 tices implemented under this program—

21 “(1) a contract between a producer and the Sec-
22 retary may—

23 “(A) apply to 1 or more structural prac-
24 tices, land management practices, and com-

1 *prehensive nutrient management planning prac-*
2 *tices; and*

3 “(B) *have a term of not less than 3, or more*
4 *than 10 years, as determined appropriate by the*
5 *Secretary, depending on the practice or practices*
6 *that are the basis of the contract;*

7 “(2) *a producer may not enter into more than*
8 *1 contract for structural practices involving livestock*
9 *nutrient management during the period of fiscal*
10 *years 2002 through 2006; and*

11 “(3) *a producer that has an interest in more*
12 *than 1 large confined livestock operation, as defined*
13 *by the Secretary, may not enter into more than 1*
14 *contract for cost-share payments for a storage or*
15 *treatment facility, or associated waste transport or*
16 *transfer device, to manage manure, process waste-*
17 *water, or other animal waste generated by the large*
18 *confined livestock feeding operation.*

19 “(c) *APPLICATION AND EVALUATION.—*

20 “(1) *IN GENERAL.—The Secretary shall establish*
21 *an application and evaluation process for awarding*
22 *technical assistance, cost-share payments and incen-*
23 *tive payments to a producer in exchange for the per-*
24 *formance of 1 or more practices that maximize envi-*
25 *ronmental benefits per dollar expended.*

1 “(2) *COMPARABLE ENVIRONMENTAL VALUE.*—

2 “(A) *IN GENERAL.*—*The Secretary shall es-*
3 *tablish a process for selecting applications for*
4 *technical assistance, cost-share payments, and*
5 *incentive payments in any case in which there*
6 *are numerous applications for assistance for*
7 *practices that would provide substantially the*
8 *same level of environmental benefits.*

9 “(B) *CRITERIA.*—*The process under sub-*
10 *paragraph (A) shall be based on—*

11 “(i) *a reasonable estimate of the pro-*
12 *jected cost of the proposals described in the*
13 *applications; and*

14 “(ii) *the priorities established under*
15 *the program, and other factors, that maxi-*
16 *mize environmental benefits per dollar ex-*
17 *pended.*

18 “(3) *CONSENT OF OWNER.*—*If the producer mak-*
19 *ing an offer to implement a structural practice is a*
20 *tenant of the land involved in agricultural produc-*
21 *tion, for the offer to be acceptable, the producer shall*
22 *obtain the consent of the owner of the land with re-*
23 *spect to the offer.*

24 “(4) *BIDDING DOWN.*—*If the Secretary deter-*
25 *mines that the environmental values of 2 or more ap-*

1 *plications for technical assistance, cost-share pay-*
2 *ments, or incentive payments are comparable, the*
3 *Secretary shall not assign a higher priority to the ap-*
4 *plication only because it would present the least cost*
5 *to the program established under the program.*

6 *“(d) COST-SHARE PAYMENTS.—*

7 *“(1) IN GENERAL.—Except as provided in para-*
8 *graph (2), the cost-share payments provided to a pro-*
9 *ducer proposing to implement 1 or more practices*
10 *under the program shall be not more than 75 percent*
11 *of the cost of the practice, as determined by the Sec-*
12 *retary.*

13 *“(2) EXCEPTIONS.—*

14 *“(A) LIMITED RESOURCE AND BEGINNING*
15 *FARMERS.—The Secretary may increase the*
16 *amount provided to a producer under paragraph*
17 *(1) to not more than 90 percent if the producer*
18 *is a limited resource or beginning farmer or*
19 *rancher, as determined by the Secretary.*

20 *“(B) COST-SHARE ASSISTANCE FROM*
21 *OTHER SOURCES.—Except as provided in para-*
22 *graph (3), any cost-share payments received by*
23 *a producer from a State or private organization*
24 *or person for the implementation of 1 or more*
25 *practices on eligible land of the producer shall be*

1 *in addition to the payments provided to the pro-*
2 *ducer under paragraph (1).*

3 “(3) *OTHER PAYMENTS.*—*A producer shall not*
4 *be eligible for cost-share payments for practices on eli-*
5 *gible land under the program if the producer receives*
6 *cost-share payments or other benefits for the same*
7 *practice on the same land under chapter 1 and the*
8 *program.*

9 “(e) *INCENTIVE PAYMENTS.*—*The Secretary shall make*
10 *incentive payments in an amount and at a rate determined*
11 *by the Secretary to be necessary to encourage a producer*
12 *to perform 1 or more practices.*

13 “(f) *TECHNICAL ASSISTANCE.*—

14 “(1) *IN GENERAL.*—*The Secretary shall allocate*
15 *funding under the program for the provision of tech-*
16 *nical assistance according to the purpose and pro-*
17 *jected cost for which the technical assistance is pro-*
18 *vided for a fiscal year.*

19 “(2) *AMOUNT.*—*The allocated amount may vary*
20 *according to—*

21 “(A) *the type of expertise required;*

22 “(B) *the quantity of time involved; and*

23 “(C) *other factors as determined appro-*
24 *priate by the Secretary.*

1 “(3) *LIMITATION.*—*Funding for technical assist-*
2 *ance under the program shall not exceed the projected*
3 *cost to the Secretary of the technical assistance pro-*
4 *vided for a fiscal year.*

5 “(4) *OTHER AUTHORITIES.*—*The receipt of tech-*
6 *nical assistance under the program shall not affect the*
7 *eligibility of the producer to receive technical assist-*
8 *ance under other authorities of law available to the*
9 *Secretary.*

10 “(5) *INCENTIVE PAYMENTS FOR TECHNICAL AS-*
11 *SISTANCE.*—

12 “(A) *IN GENERAL.*—*A producer that is eli-*
13 *gible to receive technical assistance for a practice*
14 *involving the development of a comprehensive*
15 *nutrient management plan may obtain an in-*
16 *centive payment that can be used to obtain tech-*
17 *nical assistance associated with the development*
18 *of any component of the comprehensive nutrient*
19 *management plan.*

20 “(B) *PURPOSE.*—*The purpose of the pay-*
21 *ment shall be to provide a producer the option*
22 *of obtaining technical assistance for developing*
23 *any component of a comprehensive nutrient*
24 *management plan from a certified provider.*

1 “(C) *PAYMENT.*—*The incentive payment*
2 *shall be—*

3 “(i) *in addition to cost-share or incen-*
4 *tive payments that a producer would other-*
5 *wise receive for structural practices and*
6 *land management practices;*

7 “(ii) *used only to procure technical as-*
8 *sistance from a certified provider that is*
9 *necessary to develop any component of a*
10 *comprehensive nutrient management plan;*
11 *and*

12 “(iii) *in an amount determined appro-*
13 *priate by the Secretary, taking into*
14 *account—*

15 “(I) *the extent and complexity of*
16 *the technical assistance provided;*

17 “(II) *the costs that the Secretary*
18 *would have incurred in providing the*
19 *technical assistance; and*

20 “(III) *the costs incurred by the*
21 *private provider in providing the tech-*
22 *nical assistance.*

23 “(D) *ELIGIBLE PRACTICES.*—*The Secretary*
24 *may determine, on a case by case basis, whether*
25 *the development of a comprehensive nutrient*

1 *management plan is eligible for an incentive*
2 *payment under this paragraph.*

3 “(E) *CERTIFICATION BY SECRETARY.*—

4 “(i) *IN GENERAL.*—*Only persons that*
5 *have been certified by the Secretary under*
6 *section 1244(f)(3) shall be eligible to provide*
7 *technical assistance under this subsection.*

8 “(ii) *QUALITY ASSURANCE.*—*The Sec-*
9 *retary shall ensure that certified providers*
10 *are capable of providing technical assist-*
11 *ance regarding comprehensive nutrient*
12 *management in a manner that meets the*
13 *specifications and guidelines of the Sec-*
14 *retary and that meets the needs of producers*
15 *under the program.*

16 “(F) *ADVANCE PAYMENT.*—*On the deter-*
17 *mination of the Secretary that the proposed com-*
18 *prehensive nutrient management of a producer is*
19 *eligible for an incentive payment, the producer*
20 *may receive a partial advance of the incentive*
21 *payment in order to procure the services of a cer-*
22 *tified provider.*

23 “(G) *FINAL PAYMENT.*—*The final install-*
24 *ment of the incentive payment shall be payable*
25 *to a producer on presentation to the Secretary of*

1 *documentation that is satisfactory to the Sec-*
2 *retary and that demonstrates—*

3 “(i) *completion of the technical assist-*
4 *ance; and*

5 “(ii) *the actual cost of the technical as-*
6 *sistance.*

7 “(g) *MODIFICATION OR TERMINATION OF CON-*
8 *TRACTS.—*

9 “(1) *VOLUNTARY MODIFICATION OR TERMI-*
10 *NATION.—The Secretary may modify or terminate a*
11 *contract entered into with a producer under this*
12 *chapter if—*

13 “(A) *the producer agrees to the modification*
14 *or termination; and*

15 “(B) *the Secretary determines that the*
16 *modification or termination is in the public in-*
17 *terest.*

18 “(2) *INVOLUNTARY TERMINATION.—The Sec-*
19 *retary may terminate a contract under this chapter*
20 *if the Secretary determines that the producer violated*
21 *the contract.*

22 **“SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.**

23 “(a) *IN GENERAL.—In evaluating applications for*
24 *technical assistance, cost-share payments, and incentive*

1 *payments, the Secretary shall accord a higher priority to*
2 *assistance and payments that—*

3 “(1) *maximize environmental benefits per dollar*
4 *expended; and*

5 “(2)(A) *address national conservation priorities,*
6 *including—*

7 “(i) *meeting Federal, State, and local envi-*
8 *ronmental purposes focused on protecting air*
9 *and water quality, including assistance to pro-*
10 *duction systems and practices that avoid sub-*
11 *jecting an operation to Federal, State, or local*
12 *environmental regulatory systems;*

13 “(ii) *applications from livestock producers*
14 *using managed grazing systems and other pas-*
15 *ture and forage based systems;*

16 “(iii) *comprehensive nutrient management;*

17 “(iv) *water quality, particularly in im-*
18 *paired watersheds;*

19 “(v) *soil erosion;*

20 “(vi) *air quality; or*

21 “(vii) *pesticide and herbicide management*
22 *or reduction;*

23 “(B) *are provided in conservation priority areas*
24 *established under section 1230(c);*

1 “(C) are provided in special projects under sec-
2 tion 1243(f)(4) with respect to which State or local
3 governments have provided, or will provide, financial
4 or technical assistance to producers for the same con-
5 servation or environmental purposes; or

6 “(D) an innovative technology in connection
7 with a structural practice or land management prac-
8 tice.

9 **“SEC. 1240D. DUTIES OF PRODUCERS.**

10 “To receive technical assistance, cost-share payments,
11 or incentive payments under the program, a producer shall
12 agree—

13 “(1) to implement an environmental quality in-
14 centives program plan that describes conservation and
15 environmental purposes to be achieved through 1 or
16 more practices that are approved by the Secretary;

17 “(2) not to conduct any practices on the farm or
18 ranch that would tend to defeat the purposes of the
19 program;

20 “(3) on the violation of a term or condition of
21 the contract at anytime the producer has control of
22 the land—

23 “(A) if the Secretary determines that the
24 violation warrants termination of the contract—

1 “(i) to forfeit all rights to receive pay-
2 ments under the contract; and

3 “(ii) to refund to the Secretary all or
4 a portion of the payments received by the
5 owner or operator under the contract, in-
6 cluding any interest on the payments, as
7 determined by the Secretary; or

8 “(B) if the Secretary determines that the
9 violation does not warrant termination of the
10 contract, to refund to the Secretary, or accept
11 adjustments to, the payments provided to the
12 owner or operator, as the Secretary determines to
13 be appropriate;

14 “(4) on the transfer of the right and interest of
15 the producer in land subject to the contract, unless the
16 transferee of the right and interest agrees with the
17 Secretary to assume all obligations of the contract, to
18 refund all cost-share payments and incentive pay-
19 ments received under the program, as determined by
20 the Secretary;

21 “(5) to supply information as required by the
22 Secretary to determine compliance with the program
23 plan and requirements of the program;

1 “(6) to comply with such additional provisions
2 as the Secretary determines are necessary to carry out
3 the program plan; and

4 “(7) to submit a list of all confined livestock
5 feeding operations wholly or partially owned or oper-
6 ated by the applicant.

7 **“SEC. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PRO-**
8 **GRAM PLAN.**

9 “(a) *IN GENERAL.*—To be eligible to receive technical
10 assistance, cost-share payments, or incentive payments
11 under the program, a producer of a livestock or agricultural
12 operation shall submit to the Secretary for approval a plan
13 of operations that specifies practices covered under the pro-
14 gram, and is based on such terms and conditions, as the
15 Secretary considers necessary to carry out the program, in-
16 cluding a description of the practices to be implemented and
17 the purposes to be met by the implementation of the plan,
18 and in the case of confined livestock feeding operations, de-
19 velopment and implementation of a comprehensive nutrient
20 management plan, and in the case of confined livestock feed-
21 ing operations, development and implementation of a com-
22 prehensive nutrient management plan.

23 “(b) *AVOIDANCE OF DUPLICATION.*—The Secretary
24 shall, to the maximum extent practicable, eliminate dupli-

1 *cation of planning activities under the program and com-*
2 *parable conservation programs.*

3 **“SEC. 1240F. DUTIES OF THE SECRETARY.**

4 *“To the extent appropriate, the Secretary shall assist*
5 *a producer in achieving the conservation and environ-*
6 *mental goals of a program plan by—*

7 *“(1) providing technical assistance in developing*
8 *and implementing the plan;*

9 *“(2) providing technical assistance, cost-share*
10 *payments, or incentive payments for developing and*
11 *implementing 1 or more practices, as appropriate;*

12 *“(3) providing the producer with information,*
13 *education, and training to aid in implementation of*
14 *the plan; and*

15 *“(4) encouraging the producer to obtain tech-*
16 *nical assistance, cost-share payments, or grants from*
17 *other Federal, State, local, or private sources.*

18 **“SEC. 1240G. LIMITATION ON PAYMENTS.**

19 *“(a) IN GENERAL.—Subject to subsection (b), the total*
20 *amount of cost-share and incentive payments paid to a pro-*
21 *ducer under this chapter shall not exceed—*

22 *“(1) \$30,000 for any fiscal year, regardless of*
23 *whether the producer has more than 1 contract under*
24 *this chapter for the fiscal year;*

1 “(2) \$90,000 for a contract with a term of 3
2 years;

3 “(3) \$120,000 for a contract with a term of 4
4 years; or

5 “(4) \$150,000 for a contract with a term of more
6 than 4 years.

7 “(b) *ATTRIBUTION*.—An individual or entity shall not
8 receive, directly or indirectly, total payments from single
9 or multiple contracts under this chapter that exceed \$30,000
10 for any fiscal year.

11 “(c) *EXCEPTION TO ANNUAL LIMIT*.—The Secretary
12 may exceed the limitation on the annual amount of a pay-
13 ment to a producer under subsection (a)(1) if the Secretary
14 determines that a larger payment is—

15 “(1) essential to accomplish the land manage-
16 ment practice or structural practice for which the
17 payment is made to the producer; and

18 “(2) consistent with the maximization of envi-
19 ronmental benefits per dollar expended and the pur-
20 poses of this chapter.

21 “(d) *VERIFICATION*.—The Secretary shall identify in-
22 dividuals and entities that are eligible for a payment under
23 the program using social security numbers and taxpayer
24 identification numbers, respectively.

1 **“SEC. 1240H. CONSERVATION INNOVATION GRANTS.**

2 “(a) *IN GENERAL.*—*From funds made available to*
3 *carry out the program, for each of the 2003 through 2006*
4 *fiscal years, the Secretary shall use not more than*
5 *\$100,000,000 for each fiscal year to pay the cost of competi-*
6 *tive grants that are intended to stimulate innovative ap-*
7 *proaches to leveraging Federal investment in environmental*
8 *enhancement and protection, in conjunction with agricul-*
9 *tural production, through the program.*

10 “(b) *USE.*—*The Secretary may award grants under*
11 *this section to governmental and nongovernmental organi-*
12 *zations and persons, on a competitive basis, to carry out*
13 *projects that—*

14 “(1) *involve producers that are eligible for pay-*
15 *ments or technical assistance under the program;*

16 “(2) *implement innovative projects, such as—*

17 “(A) *market systems for pollution reduction;*

18 “(B) *promoting agricultural best manage-*
19 *ment practices, including the storing of carbon*
20 *in the soil;*

21 “(C) *protection of source water for human*
22 *consumption; and*

23 “(D) *reducing negative effects on water-*
24 *sheds, including through the significant reduc-*
25 *tion in nutrient applications, as determined by*
26 *the Secretary; and*

1 “(3) leverage funds made available to carry out
2 the program with matching funds provided by State
3 and local governments and private organizations to
4 promote environmental enhancement and protection
5 in conjunction with agricultural production.

6 “(c) *COST SHARE*.—The amount of a grant made
7 under this section to carry out a project shall not exceed
8 50 percent of the cost of the project.

9 “(d) *UNUSED FUNDING*.—Any funds made available
10 for a fiscal year under this section that are not obligated
11 by April 1 of the fiscal year may be used to carry out other
12 activities under this chapter during the fiscal year in which
13 the funding becomes available.

14 **“SEC. 1240I. SOUTHERN HIGH PLAINS AQUIFER GROUND-**
15 **WATER CONSERVATION.**

16 “(a) *DEFINITIONS*.—In this section:

17 “(1) *ELIGIBLE ACTIVITY*.—

18 “(A) *IN GENERAL*.—The term ‘eligible activ-
19 ity’ means an activity carried out to conserve
20 groundwater.

21 “(B) *INCLUSIONS*.—The term ‘eligible activ-
22 ity’ includes an activity to—

23 “(i) improve an irrigation system;

24 “(ii) reduce the use of water for irriga-
25 tion (including changing from high-water

1 *intensity crops to low-water intensity*
2 *crops); or*

3 *“(iii) convert from farming that uses*
4 *irrigation to dryland farming.*

5 *“(2) SOUTHERN HIGH PLAINS AQUIFER.—The*
6 *term ‘Southern High Plains Aquifer’ means the por-*
7 *tion of the groundwater reserve under Kansas, New*
8 *Mexico, Oklahoma, and Texas depicted as Figure 1 in*
9 *the United States Geological Survey Professional*
10 *Paper 1400–B, entitled ‘Geohydrology of the High*
11 *Plains Aquifer in Parts of Colorado, Kansas, Ne-*
12 *braska, New Mexico, Oklahoma, South Dakota, Texas,*
13 *and Wyoming’.*

14 *“(b) CONSERVATION MEASURES.—*

15 *“(1) IN GENERAL.—Subject to paragraph (2), the*
16 *Secretary shall provide cost-share payments, incentive*
17 *payments, and groundwater education assistance to*
18 *producers that draw water from the Southern High*
19 *Plains Aquifer to carry out eligible activities.*

20 *“(2) LIMITATIONS.—The Secretary shall provide*
21 *a payment to a producer under this section only if*
22 *the Secretary determines that the payment will result*
23 *in a net savings in groundwater resources on the land*
24 *of the producer.*

1 “(3) *COOPERATION.*—*In accordance with this*
2 *subtitle, in providing groundwater education under*
3 *this subsection, the Secretary shall cooperate with—*

4 “(A) *States;*

5 “(B) *land-grant colleges and universities;*

6 “(C) *other educational institutions;*

7 “(D) *State cooperative extension services;*

8 *and*

9 “(E) *private organizations.*

10 “(c) *FUNDING.*—

11 “(1) *IN GENERAL.*—*Of the funds made available*
12 *under section 1241(b) to carry out the program, the*
13 *Secretary shall use to carry out this section—*

14 “(A) *\$15,000,000 for fiscal year 2003;*

15 “(B) *\$25,000,000 for each of fiscal years*
16 *2004 and 2005;*

17 “(C) *\$35,000,000 for fiscal year 2006; and*

18 “(D) *\$0 for fiscal year 2007.*

19 “(2) *OTHER FUNDS.*—*Subject to paragraph (3),*
20 *the funds made available under this subsection shall*
21 *be in addition to any other funds provided under the*
22 *program.*

23 “(3) *UNUSED FUNDING.*—*Any funds made avail-*
24 *able for a fiscal year under paragraph (1) that are*
25 *not obligated by April 1 of the fiscal year shall be*

1 *used to carry out other activities in other States*
2 *under the program.*

3 **“SEC. 1240J. PILOT PROGRAMS.**

4 “(a) *DRINKING WATER SUPPLIERS PILOT PRO-*
5 *GRAM.—*

6 “(1) *IN GENERAL.—For each fiscal year, the Sec-*
7 *retary may carry out, in watersheds selected by the*
8 *Secretary, in cooperation with local water utilities, a*
9 *pilot program to improve water quality.*

10 “(2) *IMPLEMENTATION.—The Secretary may se-*
11 *lect the watersheds referred to in paragraph (1), and*
12 *make available funds (including funds for the provi-*
13 *sion of incentive payments) to be allocated to pro-*
14 *ducers in partnership with drinking water utilities in*
15 *the watersheds, if the drinking water utilities agree to*
16 *measure water quality at such intervals and in such*
17 *a manner as may be determined by the Secretary.*

18 “(b) *NUTRIENT REDUCTION PILOT PROGRAM.—*

19 “(1) *DEFINITION OF CHESAPEAKE EXECUTIVE*
20 *COUNCIL.—In this subsection, the term ‘Chesapeake*
21 *Executive Council’ means the Federal-State council—*

22 “(A) *comprised of—*

23 “(i) *the mayor of the District of Co-*
24 *lumbia;*

1 “(ii) the Governors of the States of
2 Maryland, Pennsylvania, and Virginia;

3 “(iii) the Administrator of the Envi-
4 ronmental Protection Agency; and

5 “(iv) the Chair of the Chesapeake Bay
6 Commission; and

7 “(B) charged with the policy leadership, co-
8 ordination, and implementation of the region-
9 wide Chesapeake Bay Program restoration effort.

10 “(2) PROGRAM.—For each of fiscal years 2003
11 through 2006, the Secretary shall use funds made
12 available to carry out the program, in the amounts
13 specified in paragraph (5), in the Chesapeake Bay
14 watershed to provide incentive payments to producers
15 to—

16 “(A) reduce nutrient loads to the Chesa-
17 peake Bay; and

18 “(B) achieve the goals of the Chesapeake Ex-
19 ecutive Council.

20 “(3) PRIORITY; MEASUREMENT; PAYMENTS.—In
21 carrying out paragraph (2), the Secretary shall—

22 “(A) give priority to nutrient reduction
23 techniques that reduce nutrient applications
24 rates to a level that is substantially below the

1 *level recommended in a best management prac-*
2 *tice (as identified by the Secretary);*

3 *“(B) measure any reduction in nutrient ap-*
4 *plication rates by an appropriate indicator of*
5 *actual performance (such as the level of nutrients*
6 *applied or fixed in excess of crop removal); and*

7 *“(C) increase the amount of an incentive*
8 *payment to a producer to reflect superior per-*
9 *formance by the producer.*

10 *“(4) PARTNERSHIPS.—The Secretary shall carry*
11 *out this subsection in partnership with—*

12 *“(A) State governments;*

13 *“(B) nonprofit organizations approved by*
14 *the Secretary; and*

15 *“(C) State colleges and universities.*

16 *“(5) FUNDING.—*

17 *“(A) IN GENERAL.—Of the amounts made*
18 *available under section 1241(b) to carry out the*
19 *program, the Secretary shall use to carry out*
20 *this subsection—*

21 *“(i) \$10,000,000 for fiscal year 2003;*

22 *“(ii) \$15,000,000 for fiscal year 2004;*

23 *“(iii) \$20,000,000 for fiscal year 2005;*

24 *“(iv) \$25,000,000 for fiscal year 2006;*

25 *and*

1 “(v) \$0 for fiscal year 2007.

2 “(B) *UNEXPENDED FUNDS.*—Any funds
3 made available for a fiscal year under subpara-
4 graph (A) that are not obligated by April 1 of
5 the fiscal year shall be used to carry out other
6 activities under this chapter.

7 “(c) *CONSISTENCY WITH WATERSHED PLAN.*—In allo-
8 cating funds for the pilot programs under subsections (a)
9 and (b) and any other pilot programs carried out under
10 the program, the Secretary shall take into consideration the
11 extent to which an application for the funds is consistent
12 with—

13 “(1) any applicable locally developed watershed
14 plan; and

15 “(2) the factors established by section 1240C.

16 “(d) *CONTRACTS.*—

17 “(1) *IN GENERAL.*—In carrying out this section,
18 in addition to other requirements under the program,
19 the Secretary shall enter into contracts in accordance
20 with this section with producers the activities of
21 which affect water quality (including the quality of
22 public drinking water supplies) to implement and
23 maintain—

24 “(A) nutrient management;

25 “(B) pest management;

1 “(C) soil erosion practices; and

2 “(D) other conservation activities that pro-
3 tect water quality and human health.

4 “(2) REQUIREMENTS.—A contract described in
5 paragraph (1) shall—

6 “(A) describe the specific nutrient manage-
7 ment, pest management, soil erosion, or other
8 practices to be implemented, maintained, or im-
9 proved;

10 “(B) contain a schedule of implementation
11 for those practices;

12 “(C) to the maximum extent practicable,
13 address water quality priorities of the watershed
14 in which the operation is located; and

15 “(D) contain such other terms as the Sec-
16 retary determines to be appropriate.”.

17 (b) FUNDING.—Section 1241 of the Food Security Act
18 of 1985 (16 U.S.C. 3841) is amended by striking subsection
19 (b) and inserting the following:

20 “(b) ENVIRONMENTAL QUALITY INCENTIVES PRO-
21 GRAM.—Subject to section 241 of the Agriculture, Conserva-
22 tion, and Rural Enhancement Act of 2002, of the funds of
23 the Commodity Credit Corporation, the Secretary shall
24 make available to provide technical assistance, cost-share
25 payments, incentive payments, bonus payments, grants,

1 *and education under the environmental quality incentives*
2 *program under chapter 4 of subtitle D, to remain available*
3 *until expended—*

4 “(1) \$500,000,000 for fiscal year 2002;

5 “(2) \$1,300,000,000 for fiscal year 2003;

6 “(3) \$1,450,000,000 for each of fiscal years 2004
7 *and 2005;*

8 “(4) \$1,500,000,000 for fiscal year 2006; *and*

9 “(5) \$850,000,000 for fiscal year 2007.”.

10 (c) *REIMBURSEMENTS.—Section 11 of the Commodity*
11 *Credit Corporation Charter Act (15 U.S.C. 714i) is amend-*
12 *ed in the last sentence by inserting “but excluding transfers*
13 *and allotments for conservation technical assistance” after*
14 *“activities”.*

15 **SEC. 214. WETLANDS RESERVE PROGRAM.**

16 (a) *TECHNICAL ASSISTANCE.—Section 1237(a) of the*
17 *Food Security Act of 1985 (16 U.S.C. 3837(a)) is amended*
18 *by inserting “(including the provision of technical assist-*
19 *ance)” before the period at the end.*

20 (b) *MAXIMUM ENROLLMENT.—Section 1237(b) of the*
21 *Food Security Act of 1985 (16 U.S.C. 3837(b)) is amended*
22 *by striking paragraph (1) and inserting the following:*

23 “(1) *MAXIMUM ENROLLMENT.—*

24 “(A) *IN GENERAL.—The total number of*
25 *acres enrolled in the wetlands reserve program*

1 *shall not exceed 2,225,000 acres, of which, to the*
2 *maximum extent practicable subject to subpara-*
3 *graph (B), the Secretary shall enroll 250,000*
4 *acres in each calendar year.*

5 “(B) *WETLANDS RESERVE ENHANCEMENT*
6 *ACREAGE.—Of the acreage enrolled under sub-*
7 *paragraph (A) for a calendar year, not more*
8 *than 25,000 acres may be enrolled in the wet-*
9 *lands reserve enhancement program described in*
10 *subsection (h).”.*

11 *(c) REAUTHORIZATION.—Section 1237(c) of the Food*
12 *Security Act of 1985 (16 U.S.C. 3837(c)) is amended by*
13 *striking “2002” and inserting “2006”.*

14 *(d) WETLANDS RESERVE ENHANCEMENT PROGRAM.—*
15 *Section 1237 of the Food Security Act of 1985 (16 U.S.C.*
16 *3837) is amended by adding at the end the following:*

17 “(h) *WETLANDS RESERVE ENHANCEMENT PRO-*
18 *GRAM.—*

19 *“(1) IN GENERAL.—Notwithstanding the Federal*
20 *Grant and Cooperative Agreement Act of 1977 (41*
21 *U.S.C. 501 et seq.), the Secretary may enter into co-*
22 *operative agreements with State or local governments,*
23 *and with private organizations, to develop, on land*
24 *that is enrolled, or is eligible to be enrolled, in the*

1 *wetland reserve established under this subchapter,*
2 *wetland restoration activities in watershed areas.*

3 “(2) *PURPOSE.*—*The purpose of the agreements*
4 *shall be to address critical environmental issues.*

5 “(3) *RELATIONSHIP TO OTHER AUTHORITIES.*—
6 *Nothing in this subsection limits the authority of the*
7 *Secretary to enter into a cooperative agreement with*
8 *a party under which agreement the Secretary and the*
9 *party—*

10 “(A) *share a mutual interest in the pro-*
11 *gram under this subchapter; and*

12 “(B) *contribute resources to accomplish the*
13 *purposes of that program.”.*

14 (e) *MONITORING AND MAINTENANCE.*—*Section*
15 *1237C(a)(2) of the Food Security Act of 1985 (16 U.S.C.*
16 *3837c(a)(2)) is amended by striking “assistance” and in-*
17 *serting “assistance (including monitoring and mainte-*
18 *nance)”.*

19 **SEC. 215. WATER CONSERVATION.**

20 (a) *IN GENERAL.*—*Section 1231(d) of the Food Secu-*
21 *rity Act of 1985 (16 U.S.C. 3831(d)) (as amended by sec-*
22 *tion 212(c)) is amended by striking “41,100,000” and in-*
23 *serting “40,000,000”.*

24 (b) *ADDITIONAL WATER CONSERVATION ACREAGE*
25 *UNDER CONSERVATION RESERVE ENHANCEMENT PRO-*

1 *GRAM.—Section 1231 of the Food Security Act of 1985 (16*
2 *U.S.C. 3831) (as amended by section 212(f)) is amended*
3 *by adding at the end the following:*

4 “(j) *ADDITIONAL WATER CONSERVATION ACREAGE*
5 *UNDER CONSERVATION RESERVE ENHANCEMENT PRO-*
6 *GRAM.—*

7 “(1) *DEFINITIONS.—In this subsection:*

8 “(A) *ELIGIBLE ENTITY.—*

9 “(i) *IN GENERAL.—The term ‘eligible*
10 *entity’ means—*

11 “(I)(aa) *an owner or operator of*
12 *agricultural land; or*

13 “(bb) *a person or entity that holds*
14 *water rights in accordance with or rec-*
15 *ognized by State law (including a ben-*
16 *eficial owner of water rights in accord-*
17 *ance with State law through direct*
18 *contract with the individual or entity*
19 *having legal title to the water rights);*
20 *and*

21 “(II) *any other landowner.*

22 “(ii) *INCLUSIONS.—The term ‘eligible*
23 *entity’ includes an irrigation district, water*
24 *district, or similar governmental entity in*
25 *the State of California.*

1 “(B) PROGRAM.—The term ‘program’
2 means the conservation reserve enhancement pro-
3 gram described in a notice issued on May 27,
4 1998 (63 Fed. Reg. 28965).

5 “(2) PROTECTION OF PRIVATE PROPERTY
6 RIGHTS.—

7 “(A) WILLING SELLERS AND LESSORS.—An
8 agreement may be executed under this subsection
9 only if each eligible entity that is a party to the
10 agreement is a willing seller or willing lessor.

11 “(B) PROPERTY RIGHTS.—Nothing in this
12 subsection authorizes the Federal Government or
13 any State government to condemn private prop-
14 erty.

15 “(3) ENROLLMENT.—In addition to the acreage
16 authorized to be enrolled under subsection (d), in car-
17 rying out the program, the Secretary, in consultation
18 with eligible States, shall enroll not more than
19 500,000 acres in eligible States to promote water con-
20 servation.

21 “(4) ELIGIBLE STATES.—To be eligible to par-
22 ticipate in the program, a State—

23 “(A) shall submit to the Secretary, for re-
24 view and approval, a proposal that meets the re-
25 quirements of the program; and

1 “(B) shall—

2 “(i) have established a program or sys-
3 tem to protect in-stream flows or uses; and

4 “(ii) agree to hold water rights leased
5 or purchased under a proposal submitted
6 under subparagraph (A).

7 “(5) *ELIGIBLE ACREAGE*.—An eligible entity
8 may enroll in the program land in an eligible State
9 that is adjacent to a watercourse or lake, or land that
10 would contribute to the restoration of a watercourse
11 or lake (as determined by the Secretary), if—

12 “(A)(i) the land can be restored as a wet-
13 land, grassland, or other habitat, as determined
14 by the Secretary in accordance with the field of-
15 fice technical guides and handbooks of the Nat-
16 ural Resources Conservation Service; and

17 “(ii) the restoration would significantly im-
18 prove riparian functions, as determined by the
19 Secretary; or

20 “(B) water or water rights appurtenant to
21 the land are leased or sold to an appropriate
22 State agency or State-designated water trust, as
23 determined by the Secretary.

1 “(6) *RELATIONSHIP TO OTHER ACREAGE.*—For
2 any fiscal year, acreage enrolled under this subsection
3 shall not affect the quantity of—

4 “(A) acreage enrolled to establish conserva-
5 tion buffers as part of the program described in
6 a notice issued on March 24, 1998 (63 Fed. Reg.
7 14109);

8 “(B) acreage enrolled in the program before
9 the date of enactment of this subsection; or

10 “(C) acreage that, as of the date of enact-
11 ment of this subsection, is committed by the Sec-
12 retary for enrollment in the program in any
13 State.

14 “(7) *DUTIES OF ELIGIBLE ENTITIES.*—Under a
15 contract entered into with respect to enrolled land
16 under the program, during the term of the contract,
17 an eligible entity shall agree—

18 “(A)(i) to restore the hydrology of the en-
19 rolled land to the maximum extent practicable,
20 as determined by the Secretary; and

21 “(ii) to establish on the enrolled land wet-
22 land, grassland, vegetative cover, or other habi-
23 tat, as determined by the Secretary; or

1 “(B) to transfer to the State, or a designee
2 of the State, water rights appurtenant to the en-
3 rolled land.

4 “(8) RENTAL RATES.—

5 “(A) IRRIGATED LAND.—With respect to ir-
6 rigated land enrolled in the program, the rental
7 rate shall be established by the Secretary—

8 “(i) on a watershed basis;

9 “(ii) using data available as of the
10 date on which the rental rate is established;
11 and

12 “(iii) at a level sufficient to ensure, to
13 the maximum extent practicable, that the el-
14 igible entity is fairly compensated for the
15 irrigated land value of the enrolled land.

16 “(B) NONIRRIGATED LAND.—With respect
17 to nonirrigated land enrolled in the program, the
18 rental rate shall be calculated by the Secretary,
19 in accordance with the conservation reserve pro-
20 gram manual of the Department.

21 “(C) APPLICABILITY.—An eligible entity
22 that enters into a contract to enroll land into the
23 program shall receive, in exchange for the enroll-
24 ment, payments that are based on—

1 “(i) the irrigated rental rate described
2 in subparagraph (A), if the owner or oper-
3 ator agrees to enter into an agreement with
4 the State and approved by the Secretary
5 under which the State leases, for in-stream
6 flow purposes or uses, surface water appur-
7 tenant to the enrolled land; or

8 “(ii) the nonirrigated rental rate de-
9 scribed in subparagraph (B), if an owner or
10 operator does not enter into an agreement
11 described in clause (i).

12 “(9) *PRIORITY.*—In carrying out this subsection,
13 the Secretary shall give priority consideration to any
14 State proposal that—

15 “(A) provides a State or non-Federal share
16 of 20 percent or more of the cost of the proposal;
17 and

18 “(B) significantly advances the goals of
19 Federal, State, tribal, and local fish, wildlife,
20 and plant conservation plans, including—

21 “(i) plans that address—

22 “(I) multiple endangered species
23 or threatened species (as defined in sec-
24 tion 3 of the Endangered Species Act
25 of 1973 (16 U.S.C. 1532)); or

1 “(II) species that may become
2 threatened or endangered if conserva-
3 tion measures are not carried out;

4 “(ii) agreements entered into, or con-
5 servation plans submitted, under section 6
6 or 10(a)(2)(A), respectively, of the Endan-
7 gered Species Act of 1973 (16 U.S.C. 1535,
8 1539(a)(2)(A)); or

9 “(iii) plans that provide benefits to the
10 fish, wildlife, or plants located in 1 or
11 more—

12 “(I) refuges within the National
13 Wildlife Refuge System; or

14 “(II) State wildlife management
15 areas.

16 “(10) CONSULTATION.—In carrying out this sub-
17 section, the Secretary shall consult with—

18 “(A) the Secretary of the Interior;

19 “(B) eligible States;

20 “(C) affected Indian tribes; and

21 “(D) any affected irrigation districts estab-
22 lished or recognized under State law.

23 “(11) STATE WATER LAW.—Nothing in this
24 subsection—

25 “(A) preempts any State water law;

1 “(B) affects any litigation concerning the
2 right or entitlement to, or lack of right or entitle-
3 ment to, water that is pending as of the date of
4 enactment of this subsection;

5 “(C) expands, alters, or otherwise affects the
6 existence or scope of any water right of any indi-
7 vidual (except to the extent that the individual
8 agrees otherwise under the program); or

9 “(D) authorizes or entitles the Federal Gov-
10 ernment to hold or purchase any water right.

11 “(12) IMPLEMENTATION.—In carrying out this
12 subsection, the Secretary shall comply with—

13 “(A) all interstate compacts, court decrees,
14 and Federal and State laws (including regula-
15 tions) that may affect water or water rights; and

16 “(B) all procedural and substantive State
17 water law.

18 “(13) CALIFORNIA WATER LAW.—

19 “(A) IN GENERAL.—Nothing in this sub-
20 section authorizes the Secretary to enter into an
21 agreement, in accordance with this subsection,
22 with a landowner for water obtained from an ir-
23 rigation district, water district, or other similar
24 governmental entity in the State of California.

1 “(B) *DISTRICT PROGRAMS.*—All landowners
2 participating in the program through member-
3 ship in a district or entity described in subpara-
4 graph (A) shall be willing participants in the
5 program.

6 “(14) *GROUNDWATER.*—A right to groundwater
7 shall not be subject to any provision of this subsection
8 unless the right is granted—

9 “(A) under applicable State law; and

10 “(B) through a groundwater water rights
11 process that is fully integrated with the surface
12 water rights process of the applicable affected
13 State.

14 “(15) *PROHIBITION ON FEDERAL PURCHASE,*
15 *LEASE, AND RETENTION OF WATER RIGHTS.*—No
16 water rights under this subsection shall be purchased,
17 leased, or held by the Secretary or any other officer
18 or agent of the Federal Government.

19 “(16) *STATE FLEXIBILITY.*—With respect to
20 State participation in the program—

21 “(A) nothing in this subsection limits any
22 State application to participate in the program;
23 and

1 “(B) the Secretary shall accord States full
2 flexibility to carry out projects and activities
3 under the program.

4 “(17) *ELIGIBLE STATES.*—Eligible States under
5 this program shall include only Nevada, California,
6 New Mexico, Washington, Oregon, Maine and New
7 Hampshire.”.

8 (c) *WATER BENEFITS PROGRAM.*—Subtitle D of title
9 XII of the Food Security Act of 1985 (16 U.S.C. 3831 et
10 seq.) is amended by adding at the end the following:

11 **“CHAPTER 6—WATER CONSERVATION**

12 **“SEC. 1240R. WATER BENEFITS PROGRAM.**

13 “(a) *DEFINITIONS.*—In this section:

14 “(1) *ELIGIBLE ENTITY.*—

15 “(A) *IN GENERAL.*—The term ‘eligible enti-
16 ty’ means—

17 “(i)(I) an owner or operator of agri-
18 cultural land; or

19 “(II) a person or entity that holds
20 water rights in accordance with or recog-
21 nized by State law (including a beneficial
22 owner of water rights in accordance with
23 State law through direct contract with the
24 individual or entity having legal title to the
25 water rights); and

1 “(ii) any other landowner.

2 “(B) INCLUSIONS.—The term ‘eligible enti-
3 ty’ includes an irrigation district, water district,
4 or similar governmental entity in the State of
5 California.

6 “(2) PROGRAM.—The term ‘program’ means the
7 water benefits program established under subsection
8 (b).

9 “(b) ESTABLISHMENT.—The Secretary, in consulta-
10 tion with eligible States, shall establish a program to pro-
11 mote water conservation, to be known as the ‘water benefits
12 program’, under which the Secretary shall, through the Nat-
13 ural Resources Conservation Service, in consultation with
14 eligible States, provide cost-share payments to willing eligi-
15 ble entities for—

16 “(1) in accordance with subsection (f), irrigation
17 efficiency infrastructure or measures that provide in-
18 stream flows for fish and wildlife and other environ-
19 mental purposes or uses;

20 “(2) converting from production of a water-in-
21 tensive crop to a crop that requires less water; or

22 “(3)(A) the lease, purchase, dry-year optioning,
23 transfer, or dedication of water or water rights to
24 provide, directly or indirectly through mechanisms
25 consistent with State water law, in-stream flows for

1 *fish and wildlife and other environmental purposes or*
2 *uses (including wetland restoration); or*

3 *“(B) the conservation, provision, and protection*
4 *of water to benefit fish and wildlife under a State*
5 *plan approved by the Secretary for those purposes.*

6 *“(c) PROTECTION OF PRIVATE PROPERTY RIGHTS.—*

7 *“(1) WILLING SELLERS AND LESSORS.—An*
8 *agreement may be executed under this section only if*
9 *each eligible entity that is a party to the agreement*
10 *is a willing seller or willing lessor.*

11 *“(2) PROPERTY RIGHTS.—Nothing in this sec-*
12 *tion authorizes the Federal Government or any State*
13 *government to condemn private property.*

14 *“(d) ELIGIBLE STATES.—An eligible entity may re-*
15 *ceive a payment under the program if the State in which*
16 *the eligible entity is located—*

17 *“(1)(A) submits to the Secretary a State plan*
18 *under which the State holds and enforces water rights*
19 *leased, purchased, dry-year optioned, transferred, or*
20 *dedicated to provide for in-stream flows or other uses*
21 *that benefit fish and wildlife; or*

22 *“(B) otherwise establishes a State program to*
23 *conserve, provide, and protect water to benefit fish*
24 *and wildlife approved by the Secretary;*

1 “(2)(A) submits to the Secretary a State plan to
2 protect in-stream flows or uses; and

3 “(B) obtains approval of the State programs and
4 plans by the Secretary;

5 “(3) designates a State agency to administer the
6 State programs and plans;

7 “(4) subjects each lease, purchase, dry-year
8 optioning, transfer, and dedication of water and
9 water rights to any review and approval required
10 under State law, such as review and approval by a
11 water board, water court, or water engineer of the
12 State; and

13 “(5) ensure that each lease, purchase, dry-year
14 optioning, transfer, and dedication of water and
15 water rights is consistent with State water law.

16 “(e) *ROLE OF SECRETARY.*—In carrying out this sec-
17 tion, the Secretary shall—

18 “(1) establish guidelines for participating States
19 to pay a portion of the cost of assisting the conversion
20 from production of water-intensive crops to crops that
21 require less water;

22 “(2) establish guidelines, in accordance with the
23 field office and technical guides and handbooks of the
24 Natural Resources Conservation Service, for assisting
25 with the cost of on-farm and off-farm irrigation effi-

1 *ciency infrastructure and measures described in sub-*
2 *section (f)(2);*

3 *“(3) establish guidelines for participating States*
4 *for—*

5 *“(A) the lease, purchase, dry-year*
6 *optioning, transfer, and dedication of water and*
7 *water rights under State plans; or*

8 *“(B) the conservation, provision, and pro-*
9 *tection of water to benefit fish and wildlife under*
10 *a program described in subsection (b)(3)(B);*

11 *“(4) establish a program within the Agricultural*
12 *Research Service, in collaboration with the United*
13 *States Geological Survey, to monitor State efforts*
14 *under the program, including the construction and*
15 *maintenance of stream gauging stations; and*

16 *“(5) consult with eligible States, the Secretary of*
17 *the Interior, affected Indian tribes, and each affected*
18 *irrigation district established under or recognized by*
19 *State law that makes water available to a partici-*
20 *pating eligible entity, particularly with respect to the*
21 *establishment and implementation of the program.*

22 *“(f) IRRIGATION EFFICIENCY INFRASTRUCTURE AND*
23 *MEASURES.—*

24 *“(1) IN GENERAL.—The Secretary may pay—*

1 “(A) not more than 75 percent of the cost
2 of converting from production of a water-inten-
3 sive crop to a crop that requires less water, as
4 described in subsection (e)(2); and

5 “(B) the share determined under subsection
6 (g) of the cost of on-farm and, in cases in which
7 an irrigation ditch crosses more than 1 farm,
8 off-farm irrigation efficiency infrastructure and
9 measures described in paragraph (2) if not less
10 than 75 percent of the water conserved as a re-
11 sult of the infrastructure and measures is perma-
12 nently allocated, directly or indirectly, to in-
13 stream flows or uses.

14 “(2) *ELIGIBLE IRRIGATION EFFICIENCY INFRA-*
15 *STRUCTURE AND MEASURES.—Eligible irrigation effi-*
16 *ciency land-based and fixed infrastructure and meas-*
17 *ures referred to in paragraph (1) are—*

18 “(A) lining of ditches, insulation or instal-
19 lation of piping, and installation of ditch portals
20 or gates;

21 “(B) tail water return systems;

22 “(C) low-energy precision applications;

23 “(D) low-flow irrigation systems, including
24 drip and trickle systems and micro-sprinkler
25 systems;

1 “(E) surge valves;

2 “(F) off-stream storage ponds inundating
3 less than 5 acres that the Secretary, in consulta-
4 tion with the State, the Secretary of the Interior,
5 and the Secretary of Commerce, determines to be
6 appropriate to carry out the program;

7 “(G) conversion from gravity or flood irri-
8 gation to low-flow sprinkler or drip irrigation
9 systems;

10 “(H) intake screens, fish passages, and con-
11 version of diversions to pumps;

12 “(I) alternate furrow wetting, irrigation
13 scheduling, and similar measures; and

14 “(J) such other land-based irrigation effi-
15 ciency infrastructure and measures as the Sec-
16 retary determines to be appropriate to carry out
17 the program.

18 “(g) COST SHARING.—

19 “(1) IN GENERAL.—The share of the cost of con-
20 verting from production of a water-intensive crop to
21 a crop that requires less water, or of an irrigation ef-
22 ficiency infrastructure or measure assisted under sub-
23 section (f), that is not provided by this section—

24 “(A) shall be not less than 25 percent; and

25 “(B) shall be paid by—

1 “(i) a State;

2 “(ii) an owner or operator of a farm
3 or ranch (including an Indian tribe); or

4 “(iii) a nonprofit organization;

5 except that at least 10 percent of the share shall
6 be paid by the eligible entity.

7 “(2) *INCREASED SHARE*.—If an owner or oper-
8 ator of a farm or ranch pays 50 percent or more of
9 the cost of converting from production of a water-in-
10 tensive crop to a crop that requires less water, or of
11 an irrigation efficiency infrastructure or measure, the
12 owner or operator shall retain the right to use 50 per-
13 cent of the water conserved by the conversion, infra-
14 structure, or measure.

15 “(3) *LEASING OF CONSERVED WATER*.—A State
16 shall give an eligible entity with respect to land en-
17 rolled in the program the option of leasing, or pro-
18 viding a dry-year option on, conserved water for 30
19 years.

20 “(4) *WATER LEASE AND PURCHASE*.—The cost of
21 water or water rights that are directly leased, pur-
22 chased, subject to a dry-year option, or dedicated
23 under this section shall not be subject to the cost-shar-
24 ing requirement of this subsection.

1 “(h) *STATE PLAN APPROVAL.*—*In determining wheth-*
2 *er to approve a State plan under subsection (d)(3), the Sec-*
3 *retary shall consider the extent to which the State plan sig-*
4 *nificantly advances the goals of Federal, State, tribal, and*
5 *local fish, wildlife, and plant conservation plans,*
6 *including—*

7 “(1) *plans that address—*

8 “(A) *multiple endangered species or threat-*
9 *ened species (as defined in section 3 of the En-*
10 *dangered Species Act of 1973 (16 U.S.C. 1532));*

11 *or*

12 “(B) *species that may become threatened or*
13 *endangered if conservation measures are not car-*
14 *ried out;*

15 “(2) *agreements entered into, or conservation*
16 *plans submitted, under section 6 or 10(a)(2)(A), re-*
17 *spectively, of the Endangered Species Act of 1973 (16*
18 *U.S.C. 1535, 1539(a)(2)(A)); and*

19 “(3) *plans that provide benefits to the fish, wild-*
20 *life, or plants located in 1 or more—*

21 “(A) *refuges within the National Wildlife*
22 *Refuge System; or*

23 “(B) *State wildlife management areas.*

24 “(i) *STATE WATER LAW.*—*Nothing in this section—*

25 “(1) *preempts any State water law;*

1 “(2) affects any litigation concerning the right
2 or entitlement to, or lack of right or entitlement to,
3 water that is pending as of the date of enactment of
4 this section;

5 “(3) expands, alters, or otherwise affects the ex-
6 istence or scope of any water right of any individual
7 (except to the extent that the individual agrees other-
8 wise under the program); or

9 “(4) authorizes or entitles the Federal Govern-
10 ment to hold or purchase any water right.

11 “(j) IMPLEMENTATION.—In carrying out this section,
12 the Secretary shall comply with—

13 “(1) all interstate compacts, court decrees, and
14 Federal and State laws (including regulations) that
15 may affect water or water rights; and

16 “(2) all procedural and substantive State water
17 law.

18 “(k) CALIFORNIA WATER LAW.—

19 “(1) IN GENERAL.—Nothing in this section au-
20 thorizes the Secretary to enter into an agreement, in
21 accordance with this section, with a landowner for
22 water obtained from an irrigation district, water dis-
23 trict, or other similar governmental entity in the
24 State of California.

1 “(2) *DISTRICT PROGRAMS.*—All landowners par-
2 *ticipating in the program through membership in a*
3 *district or entity described in paragraph (1) shall be*
4 *willing participants in the program.*

5 “(l) *GROUNDWATER.*—A right to groundwater shall
6 *not be subject to any provision of this section unless the*
7 *right is granted—*

8 “(1) *under applicable State law; and*

9 “(2) *through a groundwater water rights process*
10 *that is fully integrated with the surface water rights*
11 *process of the applicable affected State.*

12 “(m) *PROHIBITION ON FEDERAL PURCHASE, LEASE,*
13 *AND RETENTION OF WATER RIGHTS.*—No water rights
14 *under this section shall be purchased, leased, or held by the*
15 *Secretary or any other officer or agent of the Federal Gov-*
16 *ernment.*

17 “(n) *EXEMPTION FOR CERTAIN STATES.*—This section
18 *shall not apply to the States of Nebraska and North Dakota.*

19 “(o) *FUNDING.*—

20 “(1) *IN GENERAL.*—Of the funds of the Com-
21 *modity Credit Corporation, the Secretary shall make*
22 *available to carry out this section—*

23 “(A) *\$25,000,000 for fiscal year 2002;*

24 “(B) *\$52,000,000 for fiscal year 2003; and*

1 “(C) \$100,000,000 for each of fiscal years
2 2004 through 2006.

3 “(2) *LIMITATION ON EXPENDITURES.*—For any
4 fiscal year, a State may expend not more than 75
5 percent of the funds made available to the State under
6 the program to pay—

7 “(A) the cost of converting from production
8 of a water-intensive crop to a crop that requires
9 less water; or

10 “(B) the cost of irrigation efficiency infra-
11 structure and measures under subsection (f)(1).

12 “(3) *MONITORING PROGRAM.*—For each fiscal
13 year, of the funds made available under paragraph
14 (1), the Secretary shall use not more than \$5,000,000
15 to carry out the monitoring program under subsection
16 (e)(5).

17 “(4) *ADMINISTRATION.*—

18 “(A) *FEDERAL.*—For each fiscal year, of the
19 funds made available under paragraph (1), the
20 Secretary shall such sums as are necessary for
21 administration and technical assistance.

22 “(B) *STATE.*—For each fiscal year, of the
23 funds made available under paragraph (1), not
24 more than 3 percent shall be made available to
25 States for administration of the program.

1 “(5) *ELIGIBLE STATES.*—*Eligible States under*
2 *this program shall include only Nevada, California,*
3 *New Mexico, Oregon, Washington, Maine and New*
4 *Hampshire.*”.

5 (d) *CONFORMING AMENDMENT.*—*Section 1231(b)(6) of*
6 *the Food Security Act of 1985 (16 U.S.C. 3831(b)(6)) (as*
7 *amended by section 212(b)(1)) is amended by striking sub-*
8 *paragraph (B) and inserting the following:*

9 “(B)(i) *into the conservation reserve en-*
10 *hancement program described in a notice issued*
11 *on May 27, 1998 (63 Fed. Reg. 28965) (or a suc-*
12 *cessor program); or*

13 “(i) *under subsection (j).*”.

14 **SEC. 216. RESOURCE CONSERVATION AND DEVELOPMENT**
15 **PROGRAM.**

16 *Subtitle H of title XV of the Agriculture and Food Act*
17 *of 1981 (16 U.S.C. 3451 et seq.) is amended to read as fol-*
18 *lows:*

19 **“Subtitle H—Resource Conservation**
20 **and Development Program**

21 **“SEC. 1528. DEFINITIONS.**

22 *“In this subtitle:*

23 “(1) *AREA PLAN.*—*The term ‘area plan’ means*
24 *a resource conservation and use plan developed*
25 *through a planning process by a council for a des-*

1 *ignated area of 1 or more States, or of land under the*
2 *jurisdiction of an Indian tribe, that includes 1 or*
3 *more of the following elements:*

4 *“(A) A land conservation element, the pur-*
5 *pose of which is to control erosion and sedi-*
6 *mentation.*

7 *“(B) A water management element that*
8 *provides 1 or more clear environmental or con-*
9 *servation benefits, the purpose of which is to pro-*
10 *vide for—*

11 *“(i) the conservation, use, and quality*
12 *of water, including irrigation and rural*
13 *water supplies;*

14 *“(ii) the mitigation of floods and high*
15 *water tables;*

16 *“(iii) the repair and improvement of*
17 *reservoirs;*

18 *“(iv) the improvement of agricultural*
19 *water management; and*

20 *“(v) the improvement of water quality.*

21 *“(C) A community development element, the*
22 *purpose of which is to improve—*

23 *“(i) the development of resources-based*
24 *industries;*

1 “(ii) the protection of rural industries
2 from natural resource hazards;

3 “(iii) the development of adequate
4 rural water and waste disposal systems;

5 “(iv) the improvement of recreation fa-
6 cilities;

7 “(v) the improvement in the quality of
8 rural housing;

9 “(vi) the provision of adequate health
10 and education facilities;

11 “(vii) the satisfaction of essential
12 transportation and communication needs;
13 and

14 “(viii) the promotion of food security,
15 economic development, and education.

16 “(D) A land management element, the pur-
17 pose of which is—

18 “(i) energy conservation, including the
19 production of energy crops;

20 “(ii) the protection of agricultural
21 land, as appropriate, from conversion to
22 other uses;

23 “(iii) farmland protection; and

24 “(iv) the protection of fish and wildlife
25 habitats.

1 “(2) *BOARD.*—*The term ‘Board’ means the Re-*
2 *source Conservation and Development Policy Advi-*
3 *sory Board established under section 1533(a).*

4 “(3) *COUNCIL.*—*The term ‘council’ means a non-*
5 *profit entity (including an affiliate of the entity) op-*
6 *erating in a State that is—*

7 “(A) *established by volunteers or representa-*
8 *tives of States, local units of government, Indian*
9 *tribes, or local nonprofit organizations to carry*
10 *out an area plan in a designated area; and*

11 “(B) *designated by the chief executive officer*
12 *or legislature of the State to receive technical as-*
13 *sistance and financial assistance under this sub-*
14 *title.*

15 “(4) *DESIGNATED AREA.*—*The term ‘designated*
16 *area’ means a geographic area designated by the Sec-*
17 *retary to receive technical assistance and financial*
18 *assistance under this subtitle.*

19 “(5) *FINANCIAL ASSISTANCE.*—*The term ‘finan-*
20 *cial assistance’ means a grant or loan provided by the*
21 *Secretary (or the Secretary and other Federal agen-*
22 *cies) to, or a cooperative agreement entered into by*
23 *the Secretary (or the Secretary and other Federal*
24 *agencies) with, a council, or association of councils,*
25 *to carry out an area plan in a designated area, in-*

1 *cluding assistance provided for planning, analysis,*
2 *feasibility studies, training, education, and other ac-*
3 *tivities necessary to carry out the area plan.*

4 “(6) *INDIAN TRIBE.*—*The term ‘Indian tribe’ has*
5 *the meaning given the term by section 4 of the Indian*
6 *Self-Determination and Education Assistance Act (25*
7 *U.S.C. 450b).*

8 “(7) *LOCAL UNIT OF GOVERNMENT.*—*The term*
9 *‘local unit of government’ means—*

10 “(A) *any county, city, town, township, par-*
11 *ish, village, or other general-purpose subdivision*
12 *of a State; and*

13 “(B) *any local or regional special district*
14 *or other limited political subdivision of a State,*
15 *including any soil conservation district, school*
16 *district, park authority, and water or sanitary*
17 *district.*

18 “(8) *NONPROFIT ORGANIZATION.*—*The term*
19 *‘nonprofit organization’ means any organization that*
20 *is—*

21 “(A) *described in section 501(c) of the In-*
22 *ternal Revenue Code of 1986; and*

23 “(B) *exempt from taxation under section*
24 *501(a) of the Internal Revenue Code of 1986.*

1 “(9) *PLANNING PROCESS*.—The term ‘*planning*
2 *process*’ means actions taken by a council to develop
3 and carry out an effective area plan in a designated
4 area, including development of the area plan, goals,
5 purposes, policies, implementation activities, evalua-
6 tions and reviews, and the opportunity for public
7 participation in the actions.

8 “(10) *PROJECT*.—The term ‘*project*’ means a
9 project that is carried out by a council to achieve any
10 of the elements of an area plan.

11 “(11) *SECRETARY*.—The term ‘*Secretary*’ means
12 the Secretary of Agriculture.

13 “(12) *STATE*.—The term ‘*State*’ means—

14 “(A) any State;

15 “(B) the District of Columbia; or

16 “(C) any territory or possession of the
17 United States.

18 “(13) *TECHNICAL ASSISTANCE*.—The term ‘*tech-*
19 *nical assistance*’ means any service provided by the
20 Secretary or agent of the Secretary, including—

21 “(A) inventorying, evaluating, planning,
22 designing, supervising, laying out, and inspect-
23 ing projects;

24 “(B) providing maps, reports, and other
25 documents associated with the services provided;

1 “(C) providing assistance for the long-term
2 implementation of area plans; and

3 “(D) providing services of an agency of the
4 Department of Agriculture to assist councils in
5 developing and carrying out area plans.

6 **“SEC. 1529. RESOURCE CONSERVATION AND DEVELOPMENT**
7 **PROGRAM.**

8 *“The Secretary shall establish a resource conservation*
9 *and development program under which the Secretary shall*
10 *provide technical assistance and financial assistance to*
11 *councils to develop and carry out area plans and projects*
12 *in designated areas—*

13 *“(1) to conserve and improve the use of land, de-*
14 *velop natural resources, and improve and enhance the*
15 *social, economic, and environmental conditions in*
16 *primarily rural areas of the United States; and*

17 *“(2) to encourage and improve the capability of*
18 *State, units of government, Indian tribes, nonprofit*
19 *organizations, and councils to carry out the purposes*
20 *described in paragraph (1).*

21 **“SEC. 1530. SELECTION OF DESIGNATED AREAS.**

22 *“The Secretary shall select designated areas for assist-*
23 *ance under this subtitle on the basis of the elements of area*
24 *plans.*

1 **“SEC. 1531. POWERS OF THE SECRETARY.**

2 *“In carrying out this subtitle, the Secretary may—*

3 *“(1) provide technical assistance to any council*
4 *to assist in developing and implementing an area*
5 *plan for a designated area;*

6 *“(2) cooperate with other departments and agen-*
7 *cies of the Federal Government, States, local units of*
8 *government, local Indian tribes, and local nonprofit*
9 *organizations in conducting surveys and inventories,*
10 *disseminating information, and developing area*
11 *plans;*

12 *“(3) assist in carrying out an area plan ap-*
13 *proved by the Secretary for any designated area by*
14 *providing technical assistance and financial assist-*
15 *ance to any council; and*

16 *“(4) enter into agreements with councils in ac-*
17 *cordance with section 1532.*

18 **“SEC. 1532. ELIGIBILITY; TERMS AND CONDITIONS.**

19 *“(a) ELIGIBILITY.—Technical assistance and financial*
20 *assistance may be provided by the Secretary under this sub-*
21 *title to any council to assist in carrying out a project speci-*
22 *fied in an area plan approved by the Secretary only if—*

23 *“(1) the council agrees in writing—*

24 *“(A) to carry out the project; and*

25 *“(B) to finance or arrange for financing of*
26 *any portion of the cost of carrying out the*

1 *project for which financial assistance is not pro-*
2 *vided by the Secretary under this subtitle;*

3 “(2) *the project is included in an area plan and*
4 *is approved by the council;*

5 “(3) *the Secretary determines that assistance is*
6 *necessary to carry out the area plan;*

7 “(4) *the project provided for in the area plan is*
8 *consistent with any comprehensive plan for the area;*

9 “(5) *the cost of the land or an interest in the*
10 *land acquired or to be acquired under the plan by*
11 *any State, local unit of government, Indian tribe, or*
12 *local nonprofit organization is borne by the State,*
13 *local unit of government, Indian tribe, or local non-*
14 *profit organization, respectively; and*

15 “(6) *the State, local unit of government, Indian*
16 *tribe, or local nonprofit organization participating in*
17 *the area plan agrees to maintain and operate the*
18 *project.*

19 “(b) *LOANS.—*

20 “(1) *IN GENERAL.—Subject to paragraphs (2)*
21 *and (3), a loan made under this subtitle shall be*
22 *made on such terms and conditions as the Secretary*
23 *may prescribe.*

1 “(2) *TERM.*—A loan for a project made under
2 this subtitle shall have a term of not more than 30
3 years after the date of completion of the project.

4 “(3) *INTEREST RATE.*—A loan made under this
5 subtitle shall bear interest at the average rate of inter-
6 est paid by the United States on obligations of a com-
7 parable term, as determined by the Secretary of the
8 Treasury.

9 “(c) *APPROVAL BY SECRETARY.*—Technical assistance
10 and financial assistance under this subtitle may not be
11 made available to a council to carry out an area plan un-
12 less the area plan has been submitted to and approved by
13 the Secretary.

14 “(d) *WITHDRAWAL.*—The Secretary may withdraw
15 technical assistance and financial assistance with respect
16 to any area plan if the Secretary determines that the assist-
17 ance is no longer necessary or that sufficient progress has
18 not been made toward developing or implementing the ele-
19 ments of the area plan.

20 “(e) *USE OF OTHER ENTITIES AND PERSONS.*—A
21 council may use another person or entity to assist in devel-
22 oping and implementing an area plan and otherwise car-
23 rying out this subtitle.

1 **“SEC. 1533. RESOURCE CONSERVATION AND DEVELOPMENT**
2 **POLICY ADVISORY BOARD.**

3 “(a) *ESTABLISHMENT.*—*The Secretary shall establish*
4 *within the Department of Agriculture a Resource Conserva-*
5 *tion and Development Policy Advisory Board.*

6 “(b) *COMPOSITION.*—

7 “(1) *IN GENERAL.*—*The Board shall be composed*
8 *of at least 7 employees of the Department of Agri-*
9 *culture selected by the Secretary.*

10 “(2) *CHAIRPERSON.*—*A member of the Board*
11 *shall be designated by the Secretary to serve as chair-*
12 *person of the Board.*

13 “(c) *DUTIES.*—*The Board shall advise the Secretary*
14 *regarding the administration of this subtitle, including the*
15 *formulation of policies for carrying out this subtitle.*

16 **“SEC. 1534. EVALUATION OF PROGRAM.**

17 “(a) *IN GENERAL.*—*The Secretary, in consultation*
18 *with councils, shall evaluate the program established under*
19 *this subtitle to determine whether the program is effectively*
20 *meeting the needs of, and the purposes identified by, States,*
21 *units of government, Indian tribes, nonprofit organizations,*
22 *and councils participating in, or served by, the program.*

23 “(b) *REPORT.*—*Not later than June 30, 2005, the Sec-*
24 *retary shall submit to the Committee on Agriculture of the*
25 *House of Representatives and the Committee on Agri-*
26 *culture, Nutrition, and Forestry of the Senate a report de-*

1 *scribing the results of the evaluation, together with any rec-*
2 *ommendations of the Secretary for continuing, terminating,*
3 *or modifying the program.*

4 **“SEC. 1535. LIMITATION ON ASSISTANCE.**

5 *“In carrying out this subtitle, the Secretary shall pro-*
6 *vide technical assistance and financial assistance with re-*
7 *spect to not more than 450 active designated areas.*

8 **“SEC. 1536. SUPPLEMENTAL AUTHORITY OF THE SEC-**
9 **RETARY.**

10 *“The authority of the Secretary under this subtitle to*
11 *assist councils in the development and implementation of*
12 *area plans shall be supplemental to, and not in lieu of, any*
13 *authority of the Secretary under any other provision of law.*

14 **“SEC. 1537. AUTHORIZATION OF APPROPRIATIONS.**

15 *“(a) IN GENERAL.—There are authorized to be such*
16 *sums as are necessary to carry out this subtitle.*

17 *“(b) LOANS.—The Secretary shall not use more than*
18 *\$15,000,000 of any funds made available for a fiscal year*
19 *to make loans under this subtitle.*

20 *“(c) AVAILABILITY.—Funds appropriated to carry out*
21 *this subtitle shall remain available until expended.”.*

22 **SEC. 217. WILDLIFE HABITAT INCENTIVE PROGRAM.**

23 *(a) IN GENERAL.—Chapter 5 of subtitle D of title XII*
24 *of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.)*
25 *is amended to read as follows:*

1 **“CHAPTER 5—OTHER CONSERVATION**
2 **PROGRAMS**

3 **“SEC. 1240M. WILDLIFE HABITAT INCENTIVE PROGRAM.**

4 “(a) *DEFINITIONS.*—*In this section:*

5 “(1) *ENDANGERED SPECIES.*—*The term ‘endan-*
6 *gered species’ has the meaning given the term in sec-*
7 *tion 3 of the Endangered Species Act of 1973 (16*
8 *U.S.C. 1532).*

9 “(2) *PROGRAM.*—*The term ‘program’ means the*
10 *wildlife habitat incentive program established under*
11 *subsection (b).*

12 “(3) *SENSITIVE SPECIES.*—*The term ‘sensitive*
13 *species’ has the meaning given the term ‘candidate*
14 *species’ within the meaning of section 424.02(b) of*
15 *title 50, Code of Federal Regulations (or a successor*
16 *regulation) or a species which may become threatened*
17 *or endangered if conservation actions are not taken to*
18 *conserve that species.*

19 “(4) *THREATENED SPECIES.*—*The term ‘threat-*
20 *ened species’ has the meaning given the term in sec-*
21 *tion 3 of the Endangered Species Act of 1973 (16*
22 *U.S.C. 1532).*

23 “(b) *ESTABLISHMENT.*—*In consultation with the State*
24 *technical committees established under section 1261 of the*

1 *Food Security Act of 1985 (16 U.S.C. 3861), the Secretary*
2 *shall establish the wildlife habitat incentive program.*

3 “(c) *COST-SHARE PAYMENTS.*—

4 “(1) *IN GENERAL.*—*Under the program, the Sec-*
5 *retary shall make cost-share payments, and provide*
6 *technical assistance, to landowners of eligible land to*
7 *develop and enhance wildlife habitat (including*
8 *aquatic habitat) approved by the Secretary.*

9 “(2) *ENDANGERED AND THREATENED SPE-*
10 *CIES.*—*Of the funds made available to carry out this*
11 *subsection, the Secretary shall use at least 15 percent*
12 *to make cost-share payments to carry out projects and*
13 *activities relating to endangered species, threatened*
14 *species, and sensitive species.*

15 “(d) *PILOT PROGRAM FOR ESSENTIAL PLANT AND*
16 *ANIMAL HABITAT.*—*Under the program, the Secretary may*
17 *establish procedures to use not more than 15 percent of*
18 *funds made available to acquire and enroll eligible land for*
19 *periods of at least 15 years to protect and restore essential*
20 *(as determined by the Secretary) plant and animal habitat.*

21 “(e) *ELIGIBLE PARTIES.*—*After consulting, to the*
22 *maximum extent practicable, with State wildlife officials,*
23 *the Secretary may provide grants under this section to indi-*
24 *viduals and nonprofit organizations that lease public land.*

1 “(f) *NEXUS TO PRIVATE LAND.*—Funds from a grant
2 provided under subsection (e) may be used, as determined
3 by the Secretary, for a purpose on public land if the purpose
4 benefits private land.

5 “(g) *FUNDING.*—Of the funds of the Commodity Credit
6 Corporation, the Secretary shall use to carry out this sec-
7 tion (including the provision of technical assistance), to re-
8 main available until expended—

9 “(1) \$50,000,000 for fiscal year 2002;

10 “(2) \$225,000,000 for fiscal year 2003;

11 “(3) \$275,000,000 for fiscal year 2004;

12 “(4) \$325,000,000 for fiscal years 2005;

13 “(5) \$355,000,000 for fiscal year 2006; and

14 “(6) \$50,000,000 for fiscal year 2007.”.

15 **“SEC. 1240N. WATERSHED RISK REDUCTION.**

16 “(a) *IN GENERAL.*—The Secretary, acting through the
17 Natural Resources Conservation Service (referred to in this
18 section as the ‘Secretary’), in cooperation with landowners
19 and land users, may carry out such projects and activities
20 (including the purchase of floodplain easements for runoff
21 retardation and soil erosion prevention) as the Secretary
22 determines to be necessary to safeguard lives and property
23 from floods, drought, and the products of erosion on any
24 watershed in any case in which fire, flood, or any other

1 *natural occurrence has caused, is causing, or may cause*
2 *a sudden impairment of that watershed.*

3 “(b) *PRIORITY.*—*In carrying out this section, the Sec-*
4 *retary shall give priority to any project or activity de-*
5 *scribed in subsection (a) that is carried out on a floodplain*
6 *adjacent to a major river, as determined by the Secretary.*

7 “(c) *PROHIBITION ON DUPLICATIVE FUNDS.*—*No*
8 *project or activity under subsection (a) that is carried out*
9 *using funds made available under this section may be car-*
10 *ried out using funds made available under any Federal dis-*
11 *aster relief program administered by the Secretary relating*
12 *to floods.*

13 “(d) *FUNDING.*—*There is authorized to be appro-*
14 *priated to carry out this section \$15,000,000 for each of*
15 *fiscal years 2002 through 2006.*

16 **“SEC. 12400. GREAT LAKES BASIN PROGRAM FOR SOIL ERO-**
17 **SION AND SEDIMENT CONTROL.**

18 “(a) *IN GENERAL.*—*The Secretary, in consultation*
19 *with the Great Lakes Commission created by Article IV of*
20 *the Great Lakes Basin Compact (82 Stat. 415) and in co-*
21 *operation with the Administrator of the Environmental*
22 *Protection Agency and the Secretary of the Army, may*
23 *carry out the Great Lakes basin program for soil erosion*
24 *and sediment control (referred to in this section as the ‘pro-*
25 *gram’).*

1 “(b) *ASSISTANCE.*—*In carrying out the program, the*
2 *Secretary may—*

3 “(1) *provide project demonstration grants, pro-*
4 *vide technical assistance, and carry out information*
5 *and education programs to improve water quality in*
6 *the Great Lakes basin by reducing soil erosion and*
7 *improving sediment control; and*

8 “(2) *provide a priority for projects and activities*
9 *that directly reduce soil erosion or improve sediment*
10 *control.*

11 “(c) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
12 *authorized to be appropriated to carry out this section*
13 *\$5,000,000 for each of fiscal years 2002 through 2006.*

14 “**SEC. 1240P. CONSERVATION OF PRIVATE GRAZING LAND.**

15 “(a) *FINDINGS.*—*Congress finds that—*

16 “(1) *private grazing land constitutes nearly 1/2*
17 *of the non-Federal land of the United States and is*
18 *basic to the environmental, social, and economic sta-*
19 *bility of rural communities;*

20 “(2) *private grazing land contains a complex set*
21 *of interactions among soil, water, air, plants, and*
22 *animals;*

23 “(3) *grazing land constitutes the single largest*
24 *watershed cover type in the United States and con-*

1 *tributes significantly to the quality and quantity of*
2 *water available for all of the many uses of the land;*

3 *“(4) private grazing land constitutes the most*
4 *extensive wildlife habitat in the United States;*

5 *“(5) private grazing land can provide opportu-*
6 *nities for improved nutrient management from land*
7 *application of animal manures and other by-product*
8 *nutrient resources;*

9 *“(6) landowners and managers of private graz-*
10 *ing land need to continue to recognize conservation*
11 *problems when the problems arise and receive sound*
12 *technical assistance to improve or conserve grazing*
13 *land resources to meet ecological and economic de-*
14 *mands;*

15 *“(7) new science and technology must contin-*
16 *ually be made available in a practical manner so*
17 *owners and managers of private grazing land may*
18 *make informed decisions concerning vital grazing*
19 *land resources;*

20 *“(8) agencies of the Department with private*
21 *grazing land responsibilities are the agencies that*
22 *have the expertise and experience to provide technical*
23 *assistance, education, and research to owners and*
24 *managers of private grazing land for the long-term*
25 *productivity and ecological health of grazing land;*

1 “(9) *although competing demands on private*
2 *grazing land resources are greater than ever before,*
3 *assistance to private owners and managers of private*
4 *grazing land is limited and does not meet the demand*
5 *and basic need for adequately sustaining or enhanc-*
6 *ing the private grazing land resources; and*

7 “(10) *private grazing land can be enhanced to*
8 *provide many benefits to all citizens of the United*
9 *States through voluntary cooperation among owners*
10 *and managers of the land, local conservation districts,*
11 *and the agencies of the Department responsible for*
12 *providing assistance to owners and managers of land*
13 *and to conservation districts.*

14 “(b) *PURPOSE.—The purpose of this section is to au-*
15 *thorize the Secretary to provide a coordinated technical,*
16 *educational, and related assistance program to conserve and*
17 *enhance private grazing land resources and provide related*
18 *benefits to all citizens of the United States by—*

19 “(1) *establishing a coordinated and cooperative*
20 *Federal, State, tribal, and local grazing conservation*
21 *program for management of private grazing land;*

22 “(2) *strengthening technical, educational, and re-*
23 *lated assistance programs that provide assistance to*
24 *owners and managers of private grazing land;*

1 “(3) conserving and improving wildlife habitat
2 on private grazing land;

3 “(4) conserving and improving fish habitat and
4 aquatic systems through grazing land conservation
5 treatment;

6 “(5) protecting and improving water quality;

7 “(6) improving the dependability and consist-
8 ency of water supplies;

9 “(7) identifying and managing weed, noxious
10 weed, and brush encroachment problems on private
11 grazing land; and

12 “(8) integrating conservation planning and
13 management decisions by owners and managers of
14 private grazing land, on a voluntary basis.

15 “(c) *DEFINITION OF PRIVATE GRAZING LAND.*—In
16 this section, the term ‘private grazing land land’ means
17 rangeland, pastureland, grazed forest land, hay land, and
18 any other non-federally owned land that is—

19 “(1) private;

20 “(2) owned by a State; or

21 “(3) under the jurisdiction of an Indian tribe .

22 “(d) *PRIVATE GRAZING LAND CONSERVATION ASSIST-*
23 *ANCE.*—

24 “(1) *IN GENERAL.*—Subject to the availability of
25 appropriations for this section, the Secretary shall es-

1 *tablish a voluntary program to provide technical,*
2 *educational, and related assistance to owners and*
3 *managers of private grazing land and public agen-*
4 *cies, through local conservation districts, to enable the*
5 *landowners, managers, and public agencies to volun-*
6 *tarily carry out activities that are consistent with*
7 *this section, including—*

8 *“(A) maintaining and improving private*
9 *grazing land and the multiple values and uses*
10 *that depend on private grazing land;*

11 *“(B) implementing grazing land manage-*
12 *ment technologies;*

13 *“(C) managing resources on private grazing*
14 *land, including—*

15 *“(i) planning, managing, and treating*
16 *private grazing land resources;*

17 *“(ii) ensuring the long-term sustain-*
18 *ability of private grazing land resources;*

19 *“(iii) harvesting, processing, and mar-*
20 *keting private grazing land resources; and*

21 *“(iv) identifying and managing weed,*
22 *noxious weed, and brush encroachment*
23 *problems;*

1 “(D) protecting and improving the quality
2 and quantity of water yields from private graz-
3 ing land;

4 “(E) maintaining and improving wildlife
5 and fish habitat on private grazing land;

6 “(F) enhancing recreational opportunities
7 on private grazing land;

8 “(G) maintaining and improving the aes-
9 thetic character of private grazing land; and

10 “(H) identifying the opportunities and en-
11 couraging the diversification of private grazing
12 land enterprises.

13 “(2) PROGRAM ELEMENTS.—

14 “(A) FUNDING.—Funds may be used to
15 carry out this section only if the funds are pro-
16 vided through a specific line-item in the annual
17 appropriations for the Natural Resources Con-
18 servation Service.

19 “(B) TECHNICAL ASSISTANCE AND EDU-
20 CATION.—Personnel of the Department of Agri-
21 culture trained in pasture and range manage-
22 ment shall be made available under the program
23 to deliver and coordinate technical assistance
24 and education to owners and managers of pri-

1 *vate grazing land, at the request of the owners*
2 *and managers.*

3 “(e) *GRAZING TECHNICAL ASSISTANCE SELF-HELP.*—

4 “(1) *FINDINGS.*—*Congress finds that—*

5 “(A) *there is a severe lack of technical as-*
6 *sistance for farmers and ranchers that graze live-*
7 *stock;*

8 “(B) *Federal budgetary constraints preclude*
9 *any significant expansion, and may force a re-*
10 *duction of, levels of technical support; and*

11 “(C) *farmers and ranchers have a history of*
12 *cooperatively working together to address com-*
13 *mon needs in the promotion of their products*
14 *and in the drainage of wet areas through drain-*
15 *age districts.*

16 “(2) *ESTABLISHMENT OF GRAZING DEMONSTRA-*
17 *TION DISTRICTS.*—*In accordance with paragraph (3),*
18 *the Secretary may establish 2 grazing management*
19 *demonstration districts on the recommendation of the*
20 *grazing land conservation initiative steering com-*
21 *mittee.*

22 “(3) *PROCEDURE.*—

23 “(A) *PROPOSAL.*—*Within a reasonable time*
24 *after the submission of a proposal of an organi-*
25 *zation of farmers or ranchers engaged in grazing*

1 *in a district, subject to subparagraphs (B)*
2 *through (F), the Secretary establish a grazing*
3 *management district in accordance with the pro-*
4 *posal.*

5 “(B) *FUNDING.*—*The terms and conditions*
6 *of the funding and operation of the grazing man-*
7 *agement district shall be proposed by the farmers*
8 *and ranchers engaged in grazing in the district.*

9 “(C) *APPROVAL.*—*The Secretary shall ap-*
10 *prove the proposal if the Secretary determines*
11 *that the proposal—*

12 “(i) *is reasonable;*

13 “(ii) *will promote sound grazing prac-*
14 *tices; and*

15 “(iii) *contains provisions similar to*
16 *the provisions contained in the beef pro-*
17 *motion and research order issued under sec-*
18 *tion 4 of the Beef Research and Information*
19 *Act (7 U.S.C. 2903) in effect on April 4,*
20 *1996.*

21 “(D) *AREA INCLUDED.*—*The area proposed*
22 *to be included in a grazing management district*
23 *shall be determined by the Secretary on the basis*
24 *of the proposal submitted by farmers or ranchers*
25 *under subparagraph (A).*

1 “(E) *AUTHORIZATION.*—*The Secretary may*
2 *use authority under the Agricultural Adjustment*
3 *Act (7 U.S.C. 601 et seq.), reenacted with*
4 *amendments by the Agricultural Marketing*
5 *Agreement Act of 1937, to operate, on a dem-*
6 *onstration basis, a grazing management district.*

7 “(F) *ACTIVITIES.*—*The activities of a graz-*
8 *ing management district shall be scientifically*
9 *sound activities, as determined by the Secretary*
10 *in consultation with a technical advisory com-*
11 *mittee composed of farmers, ranchers, and tech-*
12 *nical experts.*

13 “(f) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
14 *authorized to be appropriated to carry out this section*
15 *\$60,000,000 for each of fiscal years 2002 through 2006.*

16 “**SEC. 1240Q. GRASSROOTS SOURCE WATER PROTECTION**
17 **PROGRAM.**

18 “(a) *IN GENERAL.*—*The Secretary shall establish a na-*
19 *tional grassroots water protection program to more effec-*
20 *tively use onsite technical assistance capabilities of each*
21 *State rural water association that, as of the date of enact-*
22 *ment of this section, operates a wellhead or groundwater*
23 *protection program in the State.*

1 “(b) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 2 *authorized to be appropriated to carry out this section*
 3 *\$5,000,000 for each of fiscal years 2002 through 2006.*”.

4 (b) *CONFORMING AMENDMENT.*—*Section 386 of the*
 5 *Federal Agriculture Improvement and Reform Act of 1996*
 6 *(16 U.S.C. 2005b) is repealed.*

7 **SEC. 218. FARMLAND PROTECTION PROGRAM.**

8 (a) *IN GENERAL.*—*Chapter 2 of the Food Security Act*
 9 *of 1985 (as added by section 201) is amended by adding*
 10 *at the end the following:*

11 **“Subchapter B—Farmland Protection**
 12 **Program**

13 **“SEC. 1238H. DEFINITIONS.**

14 *“In this subchapter:*

15 “(1) *ELIGIBLE ENTITY.*—*The term ‘eligible enti-*
 16 *ty’ means—*

17 “(A) *any agency of any State or local gov-*
 18 *ernment or an Indian tribe (including a farm-*
 19 *land protection board or land resource council*
 20 *established under State law); or*

21 “(B) *any organization that—*

22 “(i) *is organized for, and at all times*
 23 *since the formation of the organization has*
 24 *been operated principally for, 1 or more of*
 25 *the conservation purposes specified in clause*

1 *(i), (ii), or (iii) of section 170(h)(4)(A) of*
2 *the Internal Revenue Code of 1986;*

3 *“(ii) is an organization described in*
4 *section 501(c)(3) of that Code that is ex-*
5 *empt from taxation under section 501(a) of*
6 *that Code;*

7 *“(iii) is described in section 509(a)(2)*
8 *of that Code; or*

9 *“(iv) is described in section 509(a)(3),*
10 *and is controlled by an organization de-*
11 *scribed in section 509(a)(2), of that Code.*

12 “(2) *ELIGIBLE LAND.—*

13 “(A) *IN GENERAL.—The term ‘eligible land’*
14 *means land on a farm or ranch that—*

15 *“(i)(I) has prime, unique, or other pro-*
16 *ductive soil; or*

17 *“(II) contains historical or archae-*
18 *ological resources; and*

19 *“(ii) is subject to a pending offer for*
20 *purchase from an eligible entity.*

21 “(B) *INCLUSIONS.—The term ‘eligible land’*
22 *includes, on a farm or ranch—*

23 *“(i) cropland;*

24 *“(ii) rangeland;*

25 *“(iii) grassland;*

1 “(iv) pasture land; and

2 “(v) forest land that is part of an agri-
3 cultural operation, as determined by the
4 Secretary.

5 “(3) INDIAN TRIBE.—The term ‘Indian tribe’ has
6 the meaning given the term in section 4 of the Indian
7 Self-Determination and Education Assistance Act (25
8 U.S.C. 450b).

9 “(4) PROGRAM.—The term ‘program’ means the
10 farmland protection program established under sec-
11 tion 1238I(a).

12 **“SEC. 1238I. FARMLAND PROTECTION.**

13 “(a) IN GENERAL.—The Secretary, acting through the
14 Natural Resources Conservation Service, shall establish and
15 carry out a farmland protection program under which the
16 Secretary shall purchase conservation easements or other
17 interests in eligible land that is subject to a pending offer
18 from an eligible entity for the purpose of protecting topsoil
19 by limiting nonagricultural uses of the land.

20 “(b) CONSERVATION PLAN.—Any highly erodible crop-
21 land for which a conservation easement or other interest
22 is purchased under this subchapter shall be subject to the
23 requirements of a conservation plan that requires, at the
24 option of the Secretary, the conversion of the cropland to
25 less intensive uses.

1 **“SEC. 1238J. MARKET VIABILITY PROGRAM.**

2 *“For each year for which funds are made available to*
3 *carry out this subchapter, the Secretary may use not more*
4 *than \$10,000,000 to provide matching market viability*
5 *grants and technical assistance to farm and ranch operators*
6 *that participate in the program.”.*

7 **(b) FUNDING.**—*Section 1241 of the Food Security Act*
8 *of 1985 (16 U.S.C. 3841) (as amended by section 202) is*
9 *amended by adding at the end the following:*

10 **“(d) FARMLAND PROTECTION PROGRAM.**—

11 **“(1) IN GENERAL.**—*Of the funds of the Com-*
12 *modity Credit Corporation, the Secretary shall use to*
13 *carry out subchapter B of chapter 2 (including the*
14 *provision of technical assistance), to remain available*
15 *until expended—*

16 **“(A)** *\$150,000,000 in fiscal year 2002;*

17 **“(B)** *\$250,000,000 in fiscal year 2003;*

18 **“(C)** *\$400,000,000 in fiscal year 2004;*

19 **“(D)** *\$450,000,000 in fiscal year 2005;*

20 **“(E)** *\$500,000,000 in fiscal year 2006; and*

21 **“(F)** *\$100,000,000 in fiscal year 2007.*

22 **“(2) COST SHARING.**—

23 **“(A) FARMLAND PROTECTION.**—

24 **“(i) SHARE PROVIDED UNDER THIS**
25 *SUBSECTION.—The share of the cost of pur-*
26 *chasing a conservation easement or other*

1 *interest in eligible land described in section*
2 *1238I(a) provided under this subsection*
3 *shall not exceed 50 percent of the appraised*
4 *fair market value of the conservation ease-*
5 *ment or other interest in eligible land.*

6 “(ii) *SHARE NOT PROVIDED UNDER*
7 *THIS SUBSECTION.—As part of the share of*
8 *the cost of purchasing a conservation ease-*
9 *ment or other interest in eligible land de-*
10 *scribed in section 1238I(a) that is not pro-*
11 *vided under this subsection, an eligible enti-*
12 *ty may include a charitable donation by the*
13 *private landowner from which the eligible*
14 *land is to be purchased of not more than 25*
15 *percent of the fair market value of the con-*
16 *servation easement or other interest in eligi-*
17 *ble land.*

18 “(iii) *BIDDING DOWN.—If the Sec-*
19 *retary determines that 2 or more applica-*
20 *tions for the purchase of a conservation*
21 *easement or other interest in eligible land*
22 *described in section 1238I(a) are com-*
23 *parable in achieving the purposes of section*
24 *1238I, the Secretary shall not assign a*
25 *higher priority to any 1 of those applica-*

1 *tions solely on the basis of lesser cost to the*
2 *farmland protection program established*
3 *under section 1238I(a).*

4 “(B) *MARKET VIABILITY CONTRIBUTIONS.*—
5 *As a condition of receiving a grant under section*
6 *1238J, a grantee shall provide funds in an*
7 *amount equal to the amount of the grant.”.*

8 (c) *CONFORMING AMENDMENT.*—

9 (1) *IN GENERAL.*—*Section 388 of the Federal*
10 *Agriculture Improvement and Reform Act of 1996 (16*
11 *U.S.C. 3830 note) is repealed.*

12 (2) *EFFECT ON CONTRACTS.*—*The amendment*
13 *made by paragraph (1) shall have no effect on any*
14 *contract entered into under section 388 of the Federal*
15 *Agriculture Improvement and Reform Act of 1996 (16*
16 *U.S.C. 3830 note) that is in effect as of the date of*
17 *enactment of this Act.*

18 **SEC. 219. GRASSLAND RESERVE PROGRAM.**

19 *Chapter 2 of the Food Security Act of 1985 (as amend-*
20 *ed by section 218) is amended by adding at the end the*
21 *following:*

22 **“Subchapter C—Grassland Reserve Program**

23 **“SEC. 1238N. GRASSLAND RESERVE PROGRAM.**

24 “(a) *ESTABLISHMENT.*—*The Secretary, acting through*
25 *the Natural Resource Conservation Service, shall establish*

1 a grassland reserve program (referred to in this subchapter
2 as the ‘program’) to assist owners in restoring and pro-
3 tecting eligible land described in subsection (c).

4 “(b) *ENROLLMENT CONDITIONS.*—

5 “(1) *IN GENERAL.*—The Secretary shall enroll in
6 the program, from willing owners, not less than—

7 “(A) 100 contiguous acres of land west of
8 the 98th meridian; or

9 “(B) except as provided in paragraph (2),
10 40 contiguous acres of land east of the 98th me-
11 ridian.

12 “(2) *MAXIMUM ENROLLMENT.*—The total number
13 of acres enrolled in the program shall not exceed
14 2,000,000 acres, of which not more than 500,000 acres
15 shall be available for enrollment of tracts of native
16 grassland of 40 acres or less that are located east of
17 the 98th meridian.

18 “(3) *METHODS OF ENROLLMENT.*—The Secretary
19 shall enroll land in the program through—

20 “(A) permanent easements or 30-year ease-
21 ments;

22 “(B) in a State that imposes a maximum
23 duration for such an easement, an easement for
24 the maximum duration allowed under State law;
25 or

1 “(C) a 30-year rental agreement.

2 “(c) *ELIGIBLE LAND.*—Land shall be eligible to be en-
3 rolled in the program if the Secretary determines that the
4 land is private land that is—

5 “(1) natural grassland (including prairie and
6 land that contains shrubs or forb) that is indigenous
7 to the locality;

8 “(2) land that—

9 “(A) is located in an area that has been his-
10 torically dominated by natural grassland; and

11 “(B) has potential to serve as habitat for
12 animal or plant populations of significant eco-
13 logical value if the land is restored to a natural
14 condition; or

15 “(3) land that is incidental to land described in
16 paragraph (1) or (2), if the incidental land is deter-
17 mined by the Secretary to be necessary for the effi-
18 cient administration of an easement.

19 **“SEC. 12380. EASEMENTS AND AGREEMENTS.**

20 “(a) *IN GENERAL.*—To be eligible to enroll land in the
21 program, the owner of the land shall enter into an agree-
22 ment with the Secretary—

23 “(1) if the agreement is for an easement—

24 “(A) to grant an easement that applies to
25 the land to the Secretary;

1 “(B) to create and record an appropriate deed
2 restriction in accordance with applicable State law to
3 reflect the easement;

4 “(C) to provide a written statement of con-
5 sent to the easement signed by persons holding a
6 security interest or any vested interest in the
7 land;

8 “(D) to provide proof of unencumbered title
9 to the underlying fee interest in the land that is
10 the subject of the easement; and

11 “(E) to comply with the terms of the ease-
12 ment and restoration agreement; and

13 “(2) if the agreement is for a rental agreement
14 described in section 1238N(b)(3)(C), that specifies the
15 terms and conditions applicable to—

16 “(A) the Secretary; and

17 “(B) the owner of the land.

18 “(b) *TERMS OF EASEMENT OF RENTAL AGREE-*
19 *MENT.—An easement or rental agreement under subsection*
20 *(a) shall—*

21 “(1) permit—

22 “(A) grazing on the land in a manner that
23 is consistent with maintaining the viability of
24 natural grass, shrub, forb, and wildlife species
25 indigenous to that locality;

1 “(B) haying (including haying for seed pro-
2 duction) or mowing, except during the nesting
3 and brood-rearing seasons for birds in the area
4 that are in significant decline, as determined by
5 the Natural Resources Conservation Service
6 State conservationist, or are protected Federal or
7 State law; and

8 “(C) fire rehabilitation, construction of fire
9 breaks, and fences (including placement of the
10 posts necessary for fences);

11 “(2) prohibit—

12 “(A) the production of row crops, fruit
13 trees, vineyards, or any other agricultural com-
14 modity that requires breaking the soil surface;
15 and

16 “(B) except as permitted under paragraph
17 (1)(C), the conduct of any other activities that
18 would disturb the surface of the land covered by
19 the easement, including—

20 “(i) plowing; and

21 “(ii) disking; and

22 “(3) include such additional provisions as the
23 Secretary determines are appropriate to carry out
24 this subchapter or to facilitate the administration of
25 this subchapter.

1 “(c) *EVALUATION AND RANKING OF EASEMENT AND*
2 *RENTAL AGREEMENT APPLICATIONS.*—

3 “(1) *IN GENERAL.*—*The Secretary, in conjunc-*
4 *tion with State technical committees, shall establish*
5 *criteria to evaluate and rank applications for ease-*
6 *ments and rental agreements under this subchapter.*

7 “(2) *CRITERIA.*—*In establishing the criteria, the*
8 *Secretary shall emphasize support for grazing oper-*
9 *ations, plant and animal biodiversity, and grassland*
10 *and land containing shrubs or forb under the greatest*
11 *threat of conversion.*

12 “(d) *RESTORATION AGREEMENTS.*—

13 “(1) *IN GENERAL.*—*The Secretary shall prescribe*
14 *the terms of a restoration agreement by which grass-*
15 *land and shrubland subject to an easement or rental*
16 *agreement entered into under the program shall be re-*
17 *stored.*

18 “(2) *REQUIREMENTS.*—*The restoration agree-*
19 *ment shall describe the respective duties of the owner*
20 *and the Secretary (including paying the share of the*
21 *cost of restoration provided by the Secretary and the*
22 *provision of technical assistance).*

23 “(e) *VIOLATIONS.*—

24 “(1) *IN GENERAL.*—*On the violation of the terms*
25 *or conditions of an easement, rental agreement, or*

1 *restoration agreement entered into under this*
2 *section—*

3 “(A) *the easement or rental agreement shall*
4 *remain in force; and*

5 “(B) *the Secretary may require the owner*
6 *to refund all or part of any payments received*
7 *by the owner under this subchapter, with interest*
8 *on the payments as determined appropriate by*
9 *the Secretary.*

10 “(2) *PERIODIC INSPECTIONS.—*

11 “(A) *IN GENERAL.—After providing notice*
12 *to the owner, the Secretary shall conduct peri-*
13 *odic inspections of land subject to easements and*
14 *rental agreements under this subchapter to en-*
15 *sure compliance with the terms of the easement,*
16 *rental agreement, and applicable restoration*
17 *agreement.*

18 “(B) *LIMITATION.—The Secretary may not*
19 *prohibit the owner, or a representative of the*
20 *owner, from being present during a periodic in-*
21 *spection.*

22 **“SEC. 1238P. DUTIES OF SECRETARY.**

23 “(a) *IN GENERAL.—In return for the granting of an*
24 *easement, or the execution of a rental agreement, by an*

1 *owner under this subchapter, the Secretary shall, in accord-*
2 *ance with this section—*

3 “(1) *make easement or rental agreement pay-*
4 *ments;*

5 “(2) *pay a share of the cost of restoration; and*

6 “(3) *provide technical assistance to the owner.*

7 “(b) *PAYMENT SCHEDULE.—*

8 “(1) *EASEMENT PAYMENTS.—*

9 “(A) *AMOUNT.—In return for the granting*
10 *of an easement by an owner under this sub-*
11 *chapter, the Secretary shall make easement pay-*
12 *ments to the owner in an amount equal to—*

13 “(i) *in the case of a permanent ease-*
14 *ment, the fair market value of the land less*
15 *the grazing value of the land encumbered by*
16 *the easement; and*

17 “(ii) *in the case of a 30-year easement*
18 *or an easement for the maximum duration*
19 *allowed under applicable State law, 30 per-*
20 *cent of the fair market value of the land less*
21 *the grazing value of the land for the period*
22 *during which the land is encumbered by the*
23 *easement.*

24 “(B) *SCHEDULE.—Easement payments*
25 *may be provided in not less than 1 payment nor*

1 *more than 10 annual payments of equal or un-*
2 *equal amount, as agreed to by the Secretary and*
3 *the owner.*

4 “(2) *RENTAL AGREEMENT PAYMENTS.*—

5 “(A) *AMOUNT.*—*If an owner enters into a*
6 *30-year rental agreement authorized under sec-*
7 *tion 1238N(b)(3)(C), the Secretary shall make 30*
8 *annual rental payments to the owner in an*
9 *amount that equals, to the maximum extent*
10 *practicable, the 30-year easement payment*
11 *amount under paragraph (1)(A)(ii).*

12 “(B) *ASSESSMENT.*—*Not less than once*
13 *every 5 years throughout the 30-year rental pe-*
14 *riod, the Secretary shall assess whether the value*
15 *of the rental payments under subparagraph (A)*
16 *equals, to the maximum extent practicable, the*
17 *total amount of 30-year easement payments as of*
18 *the date of the assessment.*

19 “(C) *ADJUSTMENT.*—*If on completion of the*
20 *assessment under subparagraph (B), the Sec-*
21 *retary determines that the rental payments do*
22 *not equal, to the maximum extent practicable,*
23 *the value of payments under a 30-year easement,*
24 *the Secretary shall adjust the amount of the re-*
25 *maining payments to equal, to the maximum ex-*

1 *tent practicable, the value of a 30-year easement*
2 *over the entire 30-year rental period.*

3 “(c) *COST OF RESTORATION.*—*The Secretary shall*
4 *make payments to the owner of not more than 75 percent*
5 *of the cost of carrying out measures and practices necessary*
6 *to restore grassland and shrubland functions and values.*

7 “(d) *TECHNICAL ASSISTANCE.*—*The Secretary shall*
8 *provide owners with technical assistance to execute ease-*
9 *ment documents and restore the grassland and shrubland.*

10 “(e) *PAYMENTS TO OTHERS.*—*If an owner that is enti-*
11 *tled to a payment under this subchapter dies, becomes in-*
12 *competent, is otherwise unable to receive the payment, or*
13 *is succeeded by another person who renders or completes the*
14 *required performance, the Secretary shall make the pay-*
15 *ment, in accordance with regulations promulgated by the*
16 *Secretary and without regard to any other provision of law,*
17 *in such manner as the Secretary determines is fair and rea-*
18 *sonable in light of all the circumstances.*

19 “(f) *OTHER PAYMENTS.*—*Easement or rental agree-*
20 *ment payments received by an owner under this subchapter*
21 *shall be in addition to, and not affect, the total amount*
22 *of payments that the owner is otherwise eligible to receive*
23 *under other Federal laws (except for funds provided to*
24 *achieve similar purposes).*

1 “(g) *REGULATIONS.*—Not later than 180 days after the
2 date of enactment of this subchapter, the Secretary shall
3 promulgate such regulations as are necessary to carry out
4 this subchapter.

5 “**SEC. 1238Q. DELEGATION TO PRIVATE ORGANIZATIONS.**

6 “(a) *IN GENERAL.*—The Secretary may permit a pri-
7 vate conservation or land trust organization (referred to in
8 this section as a ‘private organization’) or a State agency
9 to hold and enforce an easement under this subchapter, in
10 lieu of the Secretary, subject to the right of the Secretary
11 to conduct periodic inspections and enforce the easement,
12 if—

13 “(1) the Secretary determines that granting the
14 permission will promote grassland and shrubland
15 protection;

16 “(2) the owner authorizes the private organiza-
17 tion or State agency to hold and enforce the easement;
18 and

19 “(3) the private organization or State agency
20 agrees to assume the costs incurred in administering
21 and enforcing the easement, including the costs of res-
22 toration or rehabilitation of the land as specified by
23 the owner and the private organization or State agen-
24 cy.

1 “(b) *APPLICATION.*—A private organization or State
2 agency that seeks to hold and enforce an easement under
3 this subchapter shall apply to the Secretary for approval.

4 “(c) *APPROVAL BY SECRETARY.*—The Secretary may
5 approve a private organization to hold and enforce an ease-
6 ment under this subchapter if (as determined by the Sec-
7 retary) the private organization—

8 “(1)(A) is an organization described in section
9 501(c)(3) of the Internal Revenue Code of 1986 that
10 is exempt from taxation under section 501(a) of that
11 Code; or

12 “(B) is described in section 509(a)(3), and is
13 controlled by an organization described in section
14 509(a)(2), of that Code;

15 “(2) has the relevant experience necessary to ad-
16 minister grassland and shrubland easements;

17 “(3) has a charter that describes the commitment
18 of the private organization to conserving rangeland,
19 agricultural land, or grassland for grazing and con-
20 servation purposes; and

21 “(4) has the resources necessary to effectuate the
22 purposes of the charter.

23 “(d) *REASSIGNMENT.*—

24 “(1) *IN GENERAL.*—If a private organization
25 holding an easement on land under this subchapter

1 *terminates, not later than 30 days after termination*
2 *of the private organization, the owner of the land*
3 *shall reassign the easement to—*

4 *“(A) a new private organization that is ap-*
5 *proved by the Secretary; or*

6 *“(B) the Secretary.*

7 *“(2) NOTIFICATION OF SECRETARY.—*

8 *“(A) IN GENERAL.—If the easement is reas-*
9 *signed to a new private organization, not later*
10 *than 60 days after the date of reassignment, the*
11 *owner and the new organization shall notify the*
12 *Secretary in writing that a reassignment for ter-*
13 *mination has been made.*

14 *“(B) FAILURE TO NOTIFY.—If the owner*
15 *and the new organization fail to notify the Sec-*
16 *retary of the reassignment in accordance with*
17 *subparagraph (A), the easement shall revert to*
18 *the control of the Secretary.”.*

19 *(b) FUNDING.—Section 1241 of the Food Security Act*
20 *of 1985 (16 U.S.C. 3841) (as amended by section 218(b))*
21 *is amended by adding at the end the following:*

22 *“(e) GRASSLAND RESERVE PROGRAM.—The Secretary*
23 *shall use such sums of the Commodity Credit Corporation*
24 *as are necessary to carry out subchapter C of chapter 2*
25 *(including the provision of technical assistance).”.*

1 **SEC. 220. STATE TECHNICAL COMMITTEES.**

2 *Subtitle G of title XII of the Food Security Act of 1985*
3 *(16 U.S.C. 3861 et seq.) is amended to read as follows:*

4 **“Subtitle G—State Technical**
5 **Committees**

6 **“SEC. 1261. ESTABLISHMENT.**

7 *“(a) IN GENERAL.—The Secretary shall establish in*
8 *each State a technical committee to assist the Secretary in*
9 *the technical considerations relating to implementation of*
10 *any private land conservation program administered by the*
11 *Secretary.*

12 *“(b) STANDARDS.—Not later than 180 days after the*
13 *date of enactment of the Agriculture, Conservation, and*
14 *Rural Enhancement Act of 2002, the Secretary shall develop*
15 *standards to be used by each State technical committee in*
16 *the development of technical guidelines under section*
17 *1262(b) for the implementation of the conservation pro-*
18 *grams under this title.*

19 *“(c) COMPOSITION.—Each State technical committee*
20 *established under subsection (a) shall be composed of profes-*
21 *sional resource managers that represent a variety of dis-*
22 *ciplines in the soil, water, wetland, forest, and wildlife*
23 *sciences, including representatives from among—*

24 *“(1) the Natural Resources Conservation Service*
25 *(a representative of which shall serve as Chair of the*
26 *Committee);*

1 “(2) *the Farm Service Agency;*

2 “(3) *the Forest Service;*

3 “(4) *the Extension Service;*

4 “(5) *the Fish and Wildlife Service;*

5 “(6) *such State departments and agencies as the*
6 *Secretary determines to be appropriate, including—*

7 “(A) *a State fish and wildlife agency;*

8 “(B) *a State forester or equivalent State of-*
9 *ficial;*

10 “(C) *a State water resources agency;*

11 “(D) *a State department of agriculture;*

12 “(E) *a State soil conservation agency;*

13 “(F) *a State association of soil and water*
14 *conservation districts; and*

15 “(G) *land grant colleges and universities;*

16 “(7) *other individuals or agency personnel with*
17 *expertise in soil, water, wetland, and wildlife or forest*
18 *management as the Secretary determines to be appro-*
19 *priate;*

20 “(8) *agricultural producers with demonstrable*
21 *conservation expertise;*

22 “(9) *nonprofit organizations with demonstrable*
23 *conservation or forestry expertise;*

24 “(10) *persons knowledgeable about conservation*
25 *or forestry techniques; and*

1 “(11) *agribusinesses*.

2 **“SEC. 1262. RESPONSIBILITIES.**

3 “(a) *INFORMATION.—*

4 “(1) *PROVISION.—*

5 “(A) *IN GENERAL.—Each State technical*
6 *committee established under section 1261 shall*
7 *meet regularly to provide information, analyses,*
8 *and recommendations to the Secretary.*

9 “(B) *MANNER; FORM.—Information, anal-*
10 *yses, and recommendations described in subpara-*
11 *graph (A) shall—*

12 “(i) *be provided in writing, in a man-*
13 *ner that assists the Secretary in deter-*
14 *mining matters of fact, technical merit, or*
15 *scientific question; and*

16 “(ii) *reflect the best professional infor-*
17 *mation and judgment of the committee.*

18 “(2) *COORDINATION.—The Secretary shall co-*
19 *ordinate activities conducted under this section with*
20 *activities conducted under section 1628 of the Food,*
21 *Agriculture, Conservation, and Trade Act of 1990 (7*
22 *U.S.C. 5831).*

23 “(3) *PUBLIC PARTICIPATION.—Each State tech-*
24 *nical committee shall—*

1 “(A) provide public notice of, and permit
2 public attendance at, meetings considering issues
3 of concern related to any program under this
4 title; and

5 “(B) distribute meeting minutes to each
6 person attending a meeting described in sub-
7 paragraph (A).

8 “(4) COMMUNICATION.—Each State conserva-
9 tionist shall communicate regularly with members of
10 the State technical committee concerning status of ac-
11 tion on recommendations of the committee.

12 “(b) OTHER DUTIES.—Each State technical committee
13 shall provide assistance and offer recommendations with re-
14 spect to the technical aspects of—

15 “(1) wetland protection, restoration, and mitiga-
16 tion requirements;

17 “(2) criteria to be used in evaluating bids for en-
18 rollment of environmentally-sensitive land in the con-
19 servation reserve program established under sub-
20 chapter B of chapter 1;

21 “(3) guidelines for haying or grazing and the
22 control of weeds to protect nesting wildlife on des-
23 ignated acreage relating to—

24 “(A) highly erodible land conservation
25 under subtitle B;

1 “(B) wetland conservation under subtitle C;

2 or

3 “(C) other conservation requirements

4 “(4) addressing common weed and pest problems
5 and programs to control weeds and pests found on
6 acreage enrolled in the conservation reserve program;

7 “(5) guidelines for planting perennial cover for
8 water quality and wildlife habitat improvement on
9 designated land;

10 “(6) establishing criteria and priorities for State
11 initiatives under the environmental quality incentives
12 program under chapter 4 of subtitle D;

13 “(7) establishing State and local conservation
14 priorities under the conservation security program
15 under subchapter A of chapter 2 of subtitle D;

16 “(8) establishing and maintaining natural re-
17 source indicators and conservation program moni-
18 toring and evaluation systems;

19 “(9) developing conservation program education
20 and outreach activities;

21 “(10) evaluating innovative practices and sys-
22 tems under consideration for inclusion in the field of-
23 fice technical guides; and

24 “(11) other matters, as determined to be appro-
25 priate by the Secretary.

1 “(c) *AUTHORITY.*—

2 “(1) *IN GENERAL.*—*Each State technical com-*
3 *mittee established under section 1261 shall—*

4 “(A) *serve in an advisory capacity; and*

5 “(B) *have no implementation or enforce-*
6 *ment authority.*

7 “(2) *CONSIDERATION BY SECRETARY.*—*In car-*
8 *rying out any program under this title, the Secretary*
9 *shall give strong consideration to the recommenda-*
10 *tions of a State technical committee (including fac-*
11 *tual, technical, or scientific findings and rec-*
12 *ommendations relating to areas in which the State*
13 *technical committee bears responsibility).*

14 “(d) *FACA REQUIREMENTS.*—*A State technical com-*
15 *mittee established under section 1261 shall be exempt from*
16 *the Federal Advisory Committee Act (5 U.S.C. App.).*

17 “(e) *ADVISORY SUBCOMMITTEES.*—

18 “(1) *IN GENERAL.*—*Any State or local work*
19 *group, task force, or other advisory body authorized*
20 *by any Federal law (including a regulation) to advise*
21 *the Secretary on issues that are within the areas of*
22 *responsibility of a State technical committee estab-*
23 *lished under section 1261 shall be considered to be a*
24 *subcommittee of the State technical committee.*

1 “(2) *COMPOSITION.*—A person eligible to serve
2 on a State technical committee under section 1261(c)
3 shall also be eligible to serve on 1 or more subcommit-
4 tees of a State technical committee.

5 “(3) *LOCAL WORKING GROUPS.*—A local working
6 group shall be considered to be a subcommittee of a
7 State technical committee established under section
8 1261.”.

9 **SEC. 221. USE OF SYMBOLS, SLOGANS, AND LOGOS.**

10 Section 356 of the Federal Agriculture Improvement
11 Act of 1996 (16 U.S.C. 5801 et seq.) is amended—

12 (1) in subsection (c)—

13 (A) by redesignating paragraphs (4)
14 through (7) as paragraphs (5) through (8), re-
15 spectively; and

16 (B) by inserting after paragraph (3) the fol-
17 lowing:

18 “(4) on the written approval of the Secretary, to
19 use, license, or transfer symbols, slogans, and logos of
20 the Department;”; and

21 (2) in subsection (d), by adding at the end the
22 following:

23 “(3) *USE OF SYMBOLS, SLOGANS, AND LOGOS.*—

1 “(A) *IN GENERAL.*—*The Secretary may au-*
 2 *thorize the Foundation to use, license, or transfer*
 3 *symbols, slogans, and logos of the Department.*

4 “(B) *INCOME.*—

5 “(i) *IN GENERAL.*—*All revenue re-*
 6 *ceived by the Foundation from the use, li-*
 7 *censing, or transfer of symbols, slogans, and*
 8 *logos of the Department shall be transferred*
 9 *to the Secretary.*

10 “(ii) *CONSERVATION OPERATIONS.*—
 11 *The Secretary shall transfer all revenue re-*
 12 *ceived under clause (i) to the account with-*
 13 *in the Natural Resources Conservation*
 14 *Service that is used to carry out conserva-*
 15 *tion operations.”.*

16 ***Subtitle C—Organic Farming***

17 ***SEC. 231. ORGANIC AGRICULTURE RESEARCH TRUST FUND.***

18 “(a) *ESTABLISHMENT.*—*There is established in the*
 19 *Treasury of the United States a fund to be known as the*
 20 *“Organic Agriculture Research Trust Fund” (referred to in*
 21 *this section as the “Fund”), consisting of—*

22 (1) *such amounts as are transferred to the Fund*
 23 *under subsection (b); and*

24 (2) *any interest earned on investment of*
 25 *amounts in the Fund under subsection (d).*

1 (b) *TRANSFER TO FUND.*—During fiscal year 2003, the
2 *Commodity Credit Corporation shall transfer \$45,000,000*
3 *to the Fund, which shall remain available until expended.*

4 (c) *EXPENDITURES FROM FUND.*—On request by the
5 *Secretary of Agriculture, the Secretary of the Treasury shall*
6 *transfer from the Fund to the Secretary of Agriculture such*
7 *amounts as the Secretary of Agriculture determines are*
8 *necessary—*

9 (1) *to carry out section 1672B of the Food, Agri-*
10 *culture, Conservation, and Trade Act of 1990 (7*
11 *U.S.C. 5925b); and*

12 (2) *for the board of trustees of the National Or-*
13 *ganic Research Endowment Institute established*
14 *under section 232(a) (referred to in this subtitle as*
15 *the “Institute”)* *to implement a program of organic*
16 *products research designed by the Institute and ap-*
17 *proved by the Secretary.*

18 (d) *INVESTMENT OF AMOUNTS.*—

19 (1) *IN GENERAL.*—

20 (A) *INVESTMENT.*—*The Secretary of the*
21 *Treasury shall invest such portion of the Fund*
22 *as is not, in the judgment of the Secretary of the*
23 *Treasury, required to meet current withdrawals.*

24 (B) *TYPES OF INVESTMENTS.*—*Investments*
25 *may be made only in—*

1 (i) an obligation of the United States
2 or an agency of the United States;

3 (ii) a general obligation of a State or
4 a political subdivision of a State;

5 (iii) an interest-bearing account or cer-
6 tificate of deposit of a bank that is a mem-
7 ber of the Federal Reserve System; or

8 (iv) an obligation fully guaranteed as
9 to principal and interest by the United
10 States.

11 (2) *ACQUISITION OF OBLIGATIONS.*—For the pur-
12 pose of investments under paragraph (1), obligations
13 may be acquired—

14 (A) on original issue at the issue price; or

15 (B) by purchase of outstanding obligations
16 at the market price.

17 (3) *SALE OF OBLIGATIONS.*—Any obligation ac-
18 quired by the Fund may be sold by the Secretary of
19 the Treasury at the market price.

20 (4) *CREDITS TO FUND.*—The interest and divi-
21 dends on, and the proceeds from the sale or redemp-
22 tion of, any obligations, interest-bearing accounts, or
23 certificates of deposit held in the Fund shall be cred-
24 ited to and form a part of the Fund.

1 **SEC. 232. ESTABLISHMENT OF NATIONAL ORGANIC RE-**
2 **SEARCH ENDOWMENT INSTITUTE.**

3 (a) *IN GENERAL.*—*The Secretary of Agriculture, in*
4 *consultation with the National Organic Standards Board,*
5 *shall establish in the Department of Agriculture an institute*
6 *to be known as the “National Organic Research Endowment*
7 *Institute” (referred to in this section as the “Institute”).*

8 (b) *BOARD OF TRUSTEES.*—

9 (1) *IN GENERAL.*—*The Institute shall be headed*
10 *by a board of trustees composed of producers and han-*
11 *dlers of organically grown and processed agricultural*
12 *commodities appointed by the Secretary.*

13 (2) *GEOGRAPHIC REPRESENTATION.*—*The mem-*
14 *bership of the Board of Trustees shall reflect equally*
15 *each of the various regions in the United States in*
16 *which organically grown and processed agricultural*
17 *commodities are produced.*

18 (c) *DUTIES.*—*The duties of the Institute shall be to aid*
19 *the organically grown and processed agricultural commod-*
20 *ities industry through the development and implementation*
21 *of a plan for organic products research described in sub-*
22 *section (d)(1).*

23 (d) *IMPLEMENTATION OF PLAN.*—

24 (1) *IN GENERAL.*—*The board of trustees of the*
25 *Institute shall implement a plan for organic products*
26 *research, to be carried out using funds made available*

1 to the board of trustees of the Institute from the Or-
2 ganic Agriculture Research Trust Fund established by
3 section 231.

4 (2) *EXPANSION OF MARKETS.*—In implementing
5 the plan described in paragraph (1), the board of
6 trustees of the Institute shall provide a permanent
7 system for funding research activities (as defined in
8 section 1672B of the Food, Agriculture, Conservation,
9 and Trade Act of 1990 (7 U.S.C. 5925b)).

10 (e) *COMPENSATION OF MEMBERS.*—A member of the
11 board of trustees of the Institute shall serve without com-
12 pensation.

13 (f) *TRAVEL EXPENSES.*—To the extent recommended
14 by the board of trustees of the Institute and approved by
15 the Secretary of Agriculture, a member of the board shall
16 be allowed travel expenses, including per diem in lieu of
17 subsistence, at rates authorized for an employee of an agen-
18 cy under subchapter I of chapter 57 of title 5, United States
19 Code, while away from the home or regular place of business
20 of the member in the performance of the duties of the Insti-
21 tute.

22 ***Subtitle D—Regional Equity***

23 **SEC. 241. ALLOCATION OF CONSERVATION FUNDS BY** 24 **STATE.**

25 (a) *STATE ALLOCATION.*—

1 (1) *IN GENERAL.*—*To the maximum extent prac-*
2 *ticable, in each of fiscal years 2002 through 2006, the*
3 *Secretary of Agriculture (referred to in this section as*
4 *the “Secretary”), subject to requirements of the con-*
5 *servation programs administered by the Secretary,*
6 *shall ensure that each State receives, at a minimum,*
7 *the share of the funds made available under this title*
8 *(and amendments made by this title) that equals, at*
9 *a minimum, \$12,000,000 for each State, for use in*
10 *accordance with paragraph (2), for purposes con-*
11 *sistent with this title.*

12 (2) *USE OF FUNDS.*—*Of the minimum amount*
13 *made available to each State under paragraph (1)—*

14 (A) *\$5,000,000 shall be used in accordance*
15 *with the environmental quality incentives pro-*
16 *gram under chapter 4 of subtitle D of title XII*
17 *of the Food Security Act of 1985 (16 U.S.C.*
18 *3839aa et seq.); and*

19 (B) *\$7,000,000 shall be used in accordance*
20 *with other conservation programs administered*
21 *by the Secretary.*

22 (3) *UNUSED FUNDING.*—*Any funds made avail-*
23 *able for a fiscal year under paragraph (1) that are*
24 *not obligated by April 1 of the fiscal year may be*
25 *used to carry out other activities under subtitle D of*

1 *title XII of the Food Security Act of 1985 (16 U.S.C.*
2 *3801 et seq.).*

3 ***Subtitle E—Miscellaneous***

4 ***SEC. 261. CRANBERRY ACREAGE RESERVE PROGRAM.***

5 *(a) DEFINITIONS.—In this section:*

6 *(1) ELIGIBLE AREA.—The term “eligible area”*
7 *means a wetland or buffer strip adjacent to a wetland*
8 *that, as determined by the Secretary—*

9 *(A)(i) is used, and has a history of being*
10 *used, for the cultivation of cranberries; or*

11 *(ii) is an integral component of a cran-*
12 *berry-growing operation;*

13 *(B) is located in an environmentally sen-*
14 *sitive area.*

15 *(2) SECRETARY.—The term “Secretary” means*
16 *the Secretary of Agriculture.*

17 *(b) PROGRAM.—The Secretary shall establish a pro-*
18 *gram to purchase permanent easements in eligible areas*
19 *from willing sellers.*

20 *(c) PURCHASE PRICE.—The Secretary shall ensure, to*
21 *the maximum extent practicable, that each easement pur-*
22 *chased under this section is for an amount that appro-*
23 *priately reflects the range of values for agricultural and*
24 *nonagricultural land in the region in which the eligible*
25 *area subject to the easement is located (including whether*

1 *that land is located in 1 or more environmentally sensitive*
2 *areas, as determined by the Secretary).*

3 (d) *AUTHORIZATION OF APPROPRIATIONS.—There is*
4 *authorized to be appropriated to carry out this section*
5 *\$10,000,000.*

6 **SEC. 262. KLAMATH BASIN.**

7 (a) *DEFINITIONS.—In this section:*

8 (1) *SECRETARY.—The term “Secretary” means*
9 *the Secretary of Agriculture.*

10 (2) *TASK FORCE.—The term “Task Force”*
11 *means the Klamath Basin Interagency Task Force es-*
12 *tablished under subsection (b).*

13 (b) *INTERAGENCY TASK FORCE.—*

14 (1) *ESTABLISHMENT.—*

15 (A) *IN GENERAL.—The Secretary of Agri-*
16 *culture, in conjunction with the Secretary of the*
17 *Interior, shall establish the Klamath Basin*
18 *Interagency Task Force.*

19 (B) *APPROVAL OF MEMBER.—A decision of*
20 *the Task Force that affects any area under the*
21 *jurisdiction of a member of the Task Force de-*
22 *scribed in paragraph (2) shall not be imple-*
23 *mented without the consent of the member.*

24 (2) *MEMBERSHIP.—The Task Force shall include*
25 *representatives of—*

1 (A) *the Department of Agriculture,*
2 *including—*

3 (i) *the Natural Resources Conservation*
4 *Service; and*

5 (ii) *the Farm Service Agency;*

6 (B) *the Department of the Interior,*
7 *including—*

8 (i) *the United States Fish and Wildlife*
9 *Service;*

10 (ii) *the Bureau of Reclamation; and*

11 (iii) *the Bureau of Indian Affairs;*

12 (C) *the Department of Commerce, including*
13 *the National Marine Fisheries Service;*

14 (D) *the Council on Environmental Quality;*

15 (E) *the Federal Energy Regulatory Com-*
16 *mission;*

17 (F) *the Environmental Protection Agency;*

18 *and*

19 (G) *the United States Geological Survey.*

20 (3) *DUTIES.—The Task Force shall use conserva-*
21 *tion programs of the Department of Agriculture and*
22 *other Federal programs in the Klamath Basin in Or-*
23 *egon and California for the purposes of—*

1 (A) promoting agricultural production and
2 environmental quality as compatible Klamath
3 Basin goals;

4 (B) water conservation and improved agri-
5 cultural practices;

6 (C) aquatic ecosystem restoration;

7 (D) improvement of water quality and
8 quantity;

9 (E) recovery and enhancement of endan-
10 gered species, including anadromous fish species
11 and resident fish species; and

12 (F) restoration of the national wildlife ref-
13 uges.

14 (4) *COOPERATIVE AGREEMENT.*—*The Secretary*
15 *of Agriculture, Secretary of the Interior, and Sec-*
16 *retary of Commerce shall enter into a cooperative*
17 *agreement to—*

18 (A) provide funding to the Task Force; and

19 (B) use conservation programs administered
20 by the Secretary of Agriculture and other Fed-
21 eral programs administered by the Secretary of
22 the Interior and Secretary of Commerce in car-
23 rying out the purposes described in paragraph
24 (3).

25 (5) *GRANT PROGRAM.*—

1 (A) *IN GENERAL.*—*The Task Force shall es-*
2 *tablish a grant program (including appropriate*
3 *cost-sharing, monitoring, and enforcement re-*
4 *quirements) under which the Secretary of Agri-*
5 *culture, the Secretary of the Interior, or the Sec-*
6 *retary of Commerce may enter into 1 or more*
7 *agreements or contracts with non-Federal enti-*
8 *ties, Indian tribes (as defined in section 4 of the*
9 *Indian Self-Determination and Education As-*
10 *istance Act (25 U.S.C. 450b)), environmental*
11 *organizations, and water districts in the Klam-*
12 *ath Basin to carry out the purposes described in*
13 *paragraph (3).*

14 (B) *CONTRACT TERMS.*—*An agreement or*
15 *contract under subparagraph (A) shall—*

16 (i) *specify the responsibilities of the en-*
17 *tity and the Secretary under the agreement*
18 *or contract;*

19 (ii) *provide for such cost-sharing as the*
20 *Secretary considers appropriate; and*

21 (iii) *include mechanisms for moni-*
22 *toring and enforcement requirements.*

23 (c) *REPORT AND PLAN.*—

24 (1) *DEVELOPMENT.*—

1 (A) *REPORT.*—Not later than 180 days
2 after the date of enactment of this Act, the Task
3 Force, after soliciting input from the States of
4 California and Oregon, local public agencies, In-
5 dian tribes, Klamath Project districts, environ-
6 mental organizations, and the stakeholder com-
7 munity, shall issue a report that—

8 (i) considers the impacts of the biologi-
9 cal assessment, the biological opinion, ac-
10 tivities of the Upper Klamath Basin Work-
11 ing Group, activities of the Pacific Fisheries
12 Restoration Task Force, State water adju-
13 dications, and the resolution of tribal rights,
14 that may affect actions of the Task Force;
15 and

16 (ii) includes a description of Federal
17 spending in the Klamath Basin for fiscal
18 years 2000, 2001, and 2002.

19 (B) *DRAFT PLAN.*—Not later than 60 days
20 after completion of the report under subpara-
21 graph (A), the Task Force shall develop, and pro-
22 vide public notice of and an opportunity for
23 comment on, a draft 5-year plan to perform the
24 duties of the Task Force under subsection (b)(3).

1 (C) *FINAL PLAN*.—Not later than 1 year
2 after the date of enactment of this Act, the Task
3 Force shall finalize the plan described in sub-
4 paragraph (B).

5 (2) *MATTERS TO BE CONSIDERED*.—In devel-
6 oping the plan under paragraph (1), the Task Force
7 shall consider—

8 (A) *the use of water conservation easements*
9 by voluntary participants;

10 (B) *purchase of agricultural land from will-*
11 *ing sellers, with priority given to land that will*
12 *enhance natural water storage capabilities;*

13 (C) *benefits to the agricultural economy*
14 *through incentives for the use of irrigation effi-*
15 *ciency, water conservation, or other agricultural*
16 *practices;*

17 (D) *wetland restoration;*

18 (E) *feasibility studies for alternative water*
19 *storage, water conservation, demand reduction,*
20 *and restoration of endangered species;*

21 (F) *improvement of upper Klamath Basin*
22 *watershed and water quality;*

23 (G) *improvement of habitat in the Tule*
24 *Lake National Wildlife Refuge, the Lower Klam-*

1 *ath National Wildlife Refuge, and the Upper*
2 *Klamath Lake National Wildlife Refuge; and*
3 *(H) fish screening and water metering.*

4 *(d) COOPERATION WITH NON-FEDERAL ENTITIES.—*
5 *In carrying out the duties of the Task Force under this sec-*
6 *tion, the Task Force shall—*

7 *(1) consult with—*

8 *(A) environmental, fishing, and agricul-*
9 *tural interests; and*

10 *(B) on a government-to-government basis,*
11 *the Klamath, Hoopa, Yurok, and Karuk Tribes;*

12 *(2) provide appropriate opportunities for public*
13 *participation; and*

14 *(3) hold meetings at least once every 3 months*
15 *in the Klamath Basin with opportunities for stake-*
16 *holder participation.*

17 *(e) FUNDING.—*

18 *(1) IN GENERAL.—To carry out the purposes de-*
19 *scribed in subsection (b)(3), the Secretary shall use*
20 *\$175,000,000 of the funds of the Commodity Credit*
21 *Corporation for the period of fiscal years 2003*
22 *through 2006, of which—*

23 *(A) \$15,000,000 shall be made available to*
24 *the Klamath, Hoopa, Yurok, and Karuk Tribes*
25 *for use in the State of California; and*

1 (B) \$15,000,000 shall be made available to
2 those Tribes for use in the State of Oregon.

3 (2) FUNDS MADE AVAILABLE TO THE TRIBES.—

4 (A) IN GENERAL.—The funds made avail-
5 able to the Tribes under paragraph (1) shall be
6 for projects for specific habitat improvement re-
7 lated to the recovery of threatened and endan-
8 gered species to be carried out by the appropriate
9 tribal natural resources department, consistent
10 with the purposes of this section.

11 (B) REPORTS.—The Tribes shall provide a
12 biennial report to the Task Force on expendi-
13 tures of funds during the period covered by the
14 report.

15 (3) OTHER FUNDS.—The funds made available
16 under paragraph (1) shall be in addition to funds
17 available to the States of California and Oregon
18 under other provisions of this Act (including amend-
19 ments made by this Act).

20 (4) UNUSED FUNDING.—Any funds made avail-
21 able for a fiscal year under paragraph (1) that are
22 not obligated by April 1, 2006, may be used to carry
23 out other activities under subtitle D of title XII of the
24 Food Security Act of 1985 (16 U.S.C. 3801 et seq.).

1 (5) *EXPIRATION OF AUTHORITY TO OBLIGATE*
2 *FUNDS.*—*The Secretary may not obligate funds made*
3 *available under this subsection after September 30,*
4 *2006.*

5 (f) *SAVINGS PROVISION.*—*Nothing in this section re-*
6 *garding the Klamath Basin affects any right or obligation*
7 *of any party under any treaty or any other provision of*
8 *Federal or State law.*

9 (g) *COOPERATIVE AGREEMENTS.*—*Notwithstanding*
10 *the Federal Grant and Cooperative Agreement Act of 1977*
11 *(41 U.S.C. 501 et seq.), the Secretary may enter into cooper-*
12 *ative agreements under this section.*

13 ***TITLE III—TRADE***
14 ***Subtitle A—Agricultural Trade De-***
15 ***velopment and Assistance Act of***
16 ***1954 and Related Statutes***

17 ***SEC. 301. UNITED STATES POLICY.***

18 *Section 2(2) of the Agricultural Trade Development*
19 *and Assistance Act of 1954 (7 U.S.C. 1691(2)) is amended*
20 *by inserting before the semicolon at the end the following:*
21 *“and conflict prevention”.*

22 ***SEC. 302. PROVISION OF AGRICULTURAL COMMODITIES.***

23 *Section 202 of the Agricultural Trade Development*
24 *and Assistance Act of 1954 (7 U.S.C. 1722) is amended—*

1 (1) *in subsection (b), by adding at the end the*
2 *following:*

3 “(3) *PROGRAM DIVERSITY.—The Administrator*
4 *shall—*

5 “(A) *encourage eligible organizations to*
6 *propose and implement program plans to ad-*
7 *dress 1 or more aspects of the program under*
8 *section 201; and*

9 “(B) *consider proposals that incorporate a*
10 *variety of program objectives and strategic plans*
11 *based on the identification by eligible organiza-*
12 *tions of appropriate activities to assist develop-*
13 *ment in foreign countries.”;*

14 (2) *in subsection (e)(1), by striking “not less*
15 *than \$10,000,000, and not more than \$28,000,000,”*
16 *and inserting “not less than 5 percent nor more than*
17 *10 percent of the funds”;* and

18 (3) *by adding at the end the following:*

19 “(h) *CERTIFIED INSTITUTIONAL PARTNERS.—*

20 “(1) *IN GENERAL.—The Administrator or the*
21 *Secretary, as applicable, shall promulgate regulations*
22 *and issue guidelines to permit private voluntary or-*
23 *ganizations and cooperatives to be certified as institu-*
24 *tional partners.*

1 “(2) *REQUIREMENTS.*—*To become a certified in-*
 2 *stitutional partner, a private voluntary organization*
 3 *or cooperative shall submit to the Administrator evi-*
 4 *dence of organizational capacity that describes—*

5 “(A) *the financial, programmatic, com-*
 6 *modity management, and auditing abilities and*
 7 *practices of the organization or cooperative; and*

8 “(B) *the capacity of the organization or co-*
 9 *operative to carry out projects in particular*
 10 *countries.*

11 “(3) *MULTI-COUNTRY PROPOSALS.*—*A certified*
 12 *institutional partner shall be eligible to—*

13 “(A) *submit a single proposal for 1 or more*
 14 *countries in which the certified institutional*
 15 *partner has already demonstrated organizational*
 16 *capacity; and*

17 “(B) *receive expedited review of the pro-*
 18 *posal.*”.

19 **SEC. 303. GENERATION AND USE OF CURRENCIES BY PRI-**
 20 **VATE VOLUNTARY ORGANIZATIONS AND CO-**
 21 **OPERATIVES.**

22 *Section 203 of the Agricultural Trade Development*
 23 *and Assistance Act of 1954 (7 U.S.C. 1723) is amended—*

24 (1) *in the section heading, by striking “FOR-*
 25 **EIGN”;**

1 (2) *in subsection (a), by striking “the recipient*
2 *country, or in a country” and inserting “1 or more*
3 *recipient countries, or 1 or more countries”;*

4 (3) *in subsection (b)—*

5 (A) *by striking “in recipient countries, or*
6 *in countries” and inserting “1 or more recipient*
7 *countries, or in 1 or more countries”;* and

8 (B) *by striking “foreign currency”;*

9 (4) *in subsection (c)—*

10 (A) *by striking “foreign currency”;* and

11 (B) *by striking “the recipient country, or in*
12 *a country” and inserting “1 or more recipient*
13 *countries, or in 1 or more countries”;* and

14 (5) *in subsection (d)—*

15 (A) *by striking “Foreign currencies” and*
16 *inserting “Proceeds”;*

17 (B) *in paragraph (2)—*

18 (i) *by striking “income generating”*
19 *and inserting “income-generating”;* and

20 (ii) *by striking “the recipient country*
21 *or within a country” and inserting “1 or*
22 *more recipient countries or within 1 or*
23 *more countries”;* and

24 (C) *in paragraph (3)—*

1 (i) by inserting a comma after “in-
2 vested”; and

3 (ii) by inserting a comma after “used”.

4 **SEC. 304. LEVELS OF ASSISTANCE.**

5 Section 204 of the Agricultural Trade Development
6 and Assistance Act of 1954 (7 U.S.C. 1724) is amended—

7 (1) in subsection (a)—

8 (A) in paragraph (1), by striking “that for
9 each of fiscal years 1996 through 2002 is not less
10 than 2,025,000 metric tons.” and inserting “that
11 is not less than—

12 “(A) 2,100,000 metric tons for fiscal year
13 2002;

14 “(B) 2,200,000 metric tons for fiscal year
15 2003;

16 “(C) 2,300,000 metric tons for fiscal year
17 2004;

18 “(D) 2,400,000 metric tons for fiscal year
19 2005; and

20 “(E) 2,500,000 metric tons for fiscal year
21 2006.”; and

22 (B) in paragraph (2), by striking “1996
23 through 2002” and inserting “2002 through
24 2006”; and

1 (2) in subsection (b)(1), by inserting “(including
2 *crude degummed soybean oil*)” after “*bagged commod-*
3 *ities*”.

4 **SEC. 305. FOOD AID CONSULTATIVE GROUP.**

5 *Section 205(f) of the Agricultural Trade Development*
6 *and Assistance Act of 1954 (7 U.S.C. 1725(f)) is amended*
7 *by striking “2002” and inserting “2006”.*

8 **SEC. 306. MAXIMUM LEVEL OF EXPENDITURES.**

9 *Section 206(a) of the Agricultural Trade Development*
10 *and Assistance Act of 1954 (7 U.S.C. 1726(a)) is amended*
11 *by striking “\$1,000,000,000” and inserting*
12 *“\$2,000,000,000”.*

13 **SEC. 307. ADMINISTRATION.**

14 *Section 207 of the Agricultural Trade Development*
15 *and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—*

16 (1) in subsection (a)—

17 (A) by redesignating paragraph (2) as
18 *paragraph (3); and*

19 (B) by striking paragraph (1) and inserting
20 *the following:*

21 “(1) *RECIPIENT COUNTRIES.*—*A proposal to*
22 *enter into a nonemergency food assistance agreement*
23 *under this title shall identify the recipient country or*
24 *countries that are the subject of the agreement.*

1 “(2) *TIMING.*—Not later than 120 days after the
2 date of submission to the Administrator of a proposal
3 submitted by an eligible organization under this title,
4 the Administrator shall determine whether to accept
5 the proposal.”;

6 (2) in subsection (b), by striking “guideline”
7 each place it appears and inserting “guideline or pol-
8 icy determination”; and

9 (3) by adding at the end the following:

10 “(e) *TIMELY APPROVAL.*—

11 “(1) *IN GENERAL.*—The Administrator shall fi-
12 nalize program agreements and resource requests for
13 programs under this section before the beginning of
14 each fiscal year.

15 “(2) *REPORT.*—Not later than December 1 of
16 each year, the Administrator shall submit to the Com-
17 mittee on Agriculture and the Committee on Inter-
18 national Relations of the House of Representatives
19 and the Committee on Agriculture, Nutrition, and
20 Forestry of the Senate a report that contains—

21 “(A) a list of programs, countries, and com-
22 modities approved to date for assistance under
23 this section; and

1 “(B) a statement of the total amount of
2 funds approved to date for transportation and
3 administrative costs under this section.

4 “(f) *DIRECT DELIVERY*.—In addition to practices in
5 effect on the date of enactment of this subsection, the Sec-
6 retary may approve an agreement that provides for direct
7 delivery of agricultural commodities to milling or proc-
8 essing facilities more than 50 percent of the interest in
9 which is owned by United States citizens in foreign coun-
10 tries, with the proceeds of transactions transferred in cash
11 to eligible organizations described in section 202(d) to carry
12 out approved projects.”.

13 **SEC. 308. ASSISTANCE FOR STOCKPILING AND RAPID**
14 **TRANSPORTATION, DELIVERY, AND DIS-**
15 **TRIBUTION OF SHELF-STABLE PREPACKAGED**
16 **FOODS.**

17 Section 208(f) of the Agricultural Trade Development
18 and Assistance Act of 1954 (7 U.S.C. 1726b(f)) is amended
19 by striking “and 2002” and inserting “through 2006”.

20 **SEC. 309. PILOT EMERGENCY RELIEF PROGRAM TO PRO-**
21 **VIDE LIVE LAMB TO AFGHANISTAN.**

22 Title II of the Agricultural Trade Development and
23 Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended
24 by adding at the end the following:

1 **“SEC. 209. PILOT EMERGENCY RELIEF PROGRAM TO PRO-**
2 **VIDE LIVE LAMB TO AFGHANISTAN.**

3 “(a) *IN GENERAL.*—*The President may establish a*
4 *pilot emergency relief program under this title to provide*
5 *live lamb to Afghanistan on behalf of the people of the*
6 *United States.*

7 “(b) *REPORT.*—*Not later than January 1, 2004, the*
8 *Secretary shall submit to Congress a report that—*

9 “(1)(A) *evaluates the success of the program*
10 *under subsection (a); or*

11 “(B) *if the program has not succeeded or has not*
12 *been implemented, explains in detail why the pro-*
13 *gram has not succeeded or has not been implemented;*
14 *and*

15 “(2) *discusses the feasibility and desirability of*
16 *providing assistance in the form of live animals.”.*

17 **SEC. 310. SALE PROCEDURE.**

18 *Section 403 of the Agricultural Trade Development*
19 *and Assistance Act of 1954 (7 U.S.C. 1733) is amended—*

20 (1) *in subsection (b)—*

21 (A) *by striking “The Secretary” and insert-*
22 *ing the following:*

23 “(1) *IN GENERAL.*—*In carrying out this Act, the*
24 *Secretary”; and*

25 (B) *by adding at the end the following:*

1 “(2) *CURRENCIES.*—*Sales of commodities de-*
2 *scribed in paragraph (1) may be in United States*
3 *dollars or in a different currency.*”;

4 (2) *in subsection (e)*—

5 (A) *by striking “In carrying” and inserting*
6 *the following:*

7 “(1) *IN GENERAL.*—*In carrying*”; and

8 (B) *by adding at the end the following:*

9 “(2) *SALE PRICE.*—*Sales of commodities de-*
10 *scribed in paragraph (1) shall be made at a reason-*
11 *able market price in the economy where the com-*
12 *modity is to be sold, as determined by the Secretary*
13 *or the Administrator, as appropriate.*”; and

14 (3) *by adding at the end the following:*

15 “(1) *SALE PROCEDURE.*—*Subsections (b)(2) and (e)(2)*
16 *shall apply to sales of commodities in recipient countries*
17 *to generate proceeds to carry out projects under—*

18 “(1) *section 416(b) of the Agricultural Act of*
19 *1949 (7 U.S.C. 1431(b)); and*

20 “(2) *title VIII of the Agricultural Trade Act of*
21 *1978.*”.

22 **SEC. 311. PREPOSITIONING.**

23 *Section 407(c)(4) of the Agricultural Trade Develop-*
24 *ment and Assistance Act of 1954 (7 U.S.C. 1736a(c)(4))*

1 *is amended by striking “and 2002” and inserting “through*
2 *2006”.*

3 **SEC. 312. EXPIRATION DATE.**

4 *Section 408 of the Agricultural Trade Development*
5 *and Assistance Act of 1954 (7 U.S.C. 1736b) is amended*
6 *by striking “2002” and inserting “2006”.*

7 **SEC. 313. MICRONUTRIENT FORTIFICATION PROGRAM.**

8 *Section 415 of the Agricultural Trade Development*
9 *and Assistance Act of 1954 (7 U.S.C. 1736g–2) is*
10 *amended—*

11 *(1) in subsection (a)—*

12 *(A) in the first sentence, by striking “a*
13 *micronutrient fortification pilot program” and*
14 *inserting “micronutrient fortification pro-*
15 *grams”; and*

16 *(B) in the second sentence—*

17 *(i) by striking “the program” and in-*
18 *serting “a program”;*

19 *(ii) in paragraph (1), by striking*
20 *“and” at the end;*

21 *(iii) in paragraph (2)—*

22 *(I) by striking “whole”; and*

23 *(II) by striking the period at the*
24 *end and inserting “; and”; and*

25 *(iv) by adding at the end the following:*

1 “(3) encourage technologies and systems for the
2 improved quality and safety of fortified grains and
3 other commodities that are readily transferable to de-
4 veloping countries.”;

5 (2) in the first sentence of subsection (c)—

6 (A) by striking “the pilot program, whole”
7 and inserting “a program,”;

8 (B) by striking “the pilot program may”
9 and inserting “a program may”; and

10 (C) by striking “including” and inserting
11 “such as”; and

12 (3) in subsection (d), by striking “2002” and in-
13 serting “2006”.

14 **SEC. 314. JOHN OGWONOWSKI FARMER-TO-FARMER PRO-**
15 **GRAM.**

16 Section 501(c) of the Agricultural Trade Development
17 and Assistance Act of 1954 (7 U.S.C. 1737(c)) is
18 amended—

19 (1) by striking “0.4” and inserting “0.5,”; and

20 (2) by striking “2002” and inserting “2006”.

21 **Subtitle B—Agricultural Trade Act**
22 **of 1978**

23 **SEC. 321. EXPORT CREDIT GUARANTEE PROGRAM.**

24 (a) **TERM OF SUPPLIER CREDIT PROGRAM.**—Section
25 202(a)(2) of the Agricultural Trade Act of 1978 (7 U.S.C.

1 5622(a)(2)) is amended by striking “180 days” and insert-
2 ing “12 months”.

3 (b) PROCESSED AND HIGH-VALUE PRODUCTS.—Sec-
4 tion 202(k)(1) of the Agricultural Trade Act of 1978 (7
5 U.S.C. 5622(k)(1)) is amended by striking “, 2001, and
6 2002” and inserting “through 2006”.

7 (c) REPORT.—Section 202 of the Agricultural Trade
8 Act of 1978 (7 U.S.C. 5622) is amended by adding at the
9 end the following:

10 “(l) REPORT ON AGRICULTURAL EXPORT CREDIT
11 PROGRAMS.—

12 “(1) IN GENERAL.—Not later than 1 year after
13 the date of enactment of this subsection, and annually
14 thereafter, the Secretary shall submit to the Com-
15 mittee on Agriculture and the Committee on Inter-
16 national Relations of the House of Representatives
17 and the Committee on Agriculture, Nutrition and
18 Forestry of the Senate a report on the status of multi-
19 lateral negotiations regarding agricultural export
20 credit programs at the World Trade Organization
21 and the Organization of Economic Cooperation and
22 Development in fulfillment of Article 10.2 of the
23 Agreement on Agriculture (as described in section
24 101(d)(2) of the Uruguay Round Agreements Act (19
25 U.S.C. 3511(d)(2))).

1 “(2) *CLASSIFIED INFORMATION.*—*The report*
2 *under paragraph (1) shall be submitted in unclassi-*
3 *fied form, but may contain a classified annex.*”.

4 (d) *REAUTHORIZATION.*—*Section 211(b)(1) of the Ag-*
5 *ricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is*
6 *amended by striking “2002” and inserting “2006”.*

7 **SEC. 322. MARKET ACCESS PROGRAM.**

8 (a) *IN GENERAL.*—*Section 211(c) of the Agricultural*
9 *Trade Act of 1978 (7 U.S.C. 5641(c)) is amended—*

10 (1) *by redesignating paragraphs (1) and (2) as*
11 *subparagraphs (A) and (B), respectively, and indent-*
12 *ing appropriately;*

13 (2) *by striking “The Commodity” and inserting*
14 *the following:*

15 “(1) *IN GENERAL.*—*The Commodity*”;

16 (3) *by striking subparagraph (A) (as so redesign-*
17 *ated) and inserting the following:*

18 “(A) *in addition to any funds that may be*
19 *specifically appropriated to implement a market*
20 *access program, not more than \$100,000,000 for*
21 *fiscal year 2002, \$120,000,000 for fiscal year*
22 *2003, \$140,000,000 for fiscal year 2004,*
23 *\$180,000,000 for fiscal year 2005, and*
24 *\$200,000,000 for fiscal year 2006, of the funds*
25 *of, or an equal value of commodities owned by,*

1 *the Commodity Credit Corporation, except that*
2 *this paragraph shall not apply to section 203(h);*
3 *and”;* and

4 *(4) by adding at the end the following:*

5 “(2) *PROGRAM PRIORITIES.—Of funds made*
6 *available under paragraph (1)(A) in excess of*
7 *\$90,000,000 for any fiscal year, priority shall be*
8 *given to proposals—*

9 “(A) *made by eligible trade organizations*
10 *that have never participated in the market access*
11 *program under this title; or*

12 “(B) *for market access programs in emerg-*
13 *ing markets.”.*

14 **(b) UNITED STATES QUALITY EXPORT INITIATIVE.—**

15 **(1) FINDINGS.—Congress finds that—**

16 **(A) the market access program established**
17 **under section 203 of the Agricultural Trade Act**
18 **of 1978 (7 U.S.C. 5623) and foreign market de-**
19 **velopment cooperator program established under**
20 **title VII of that Act (7 U.S.C. 5721 et seq.) tar-**
21 **get generic and value-added agricultural prod-**
22 **ucts, with little emphasis on the high quality of**
23 **United States agricultural products; and**

24 **(B) new promotional tools are needed to en-**
25 **able United States agricultural products to com-**

1 *pete in higher margin, international markets on*
2 *the basis of quality.*

3 (2) *INITIATIVE.—Section 203 of the Agricultural*
4 *Trade Act of 1978 (7 U.S.C. 5623) is amended by*
5 *adding at the end the following:*

6 “(h) *UNITED STATES QUALITY EXPORT INITIATIVE.—*

7 “(1) *IN GENERAL.—Subject to the availability of*
8 *appropriations, using the authorities under this sec-*
9 *tion, the Secretary shall establish a program under*
10 *which, on a competitive basis, using practical and ob-*
11 *jective criteria, several agricultural products are se-*
12 *lected to carry the ‘U.S. Quality’ seal.*

13 “(2) *PROMOTIONAL ACTIVITIES.—Agricultural*
14 *products selected under paragraph (1) shall be pro-*
15 *moted using the ‘U.S. Quality’ seal at trade fairs in*
16 *key markets through electronic and print media.*

17 “(3) *AUTHORIZATION OF APPROPRIATIONS.—*
18 *There are authorized to be appropriated such sums as*
19 *are necessary to carry out this subsection.”.*

20 **SEC. 323. EXPORT ENHANCEMENT PROGRAM.**

21 (a) *IN GENERAL.—Section 301(e)(1)(G) of the Agricul-*
22 *tural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is amend-*
23 *ed by striking “fiscal year 2002” and inserting “each of*
24 *fiscal years 2002 through 2006”.*

1 (b) *UNFAIR TRADE PRACTICES*.—Section 102(5)(A) of
 2 *the Agricultural Trade Act of 1978 (7 U.S.C. 5602(5)(A))*
 3 *is amended—*

4 (1) *in clause (i), by striking “or” at the end;*

5 (2) *in clause (ii), by striking the period at the*
 6 *end and inserting “, including, in the case of a state*
 7 *trading enterprise engaged in the export of an agri-*
 8 *cultural commodity, pricing practices that are not*
 9 *consistent with sound commercial practices conducted*
 10 *in the ordinary course of trade; or”;* and

11 (3) *by adding at the end the following:*

12 “(iii) *changes United States export*
 13 *terms of trade through a deliberate change*
 14 *in the dollar exchange rate of a competing*
 15 *exporter.”.*

16 **SEC. 324. FOREIGN MARKET DEVELOPMENT COOPERATOR**
 17 **PROGRAM.**

18 Section 703 of the *Agricultural Trade Act of 1978 (7*
 19 *U.S.C. 5723)* is amended to read as follows:

20 **“SEC. 703. FUNDING.**

21 “(a) *IN GENERAL*.—*To carry out this title, the Sec-*
 22 *retary shall use funds of the Commodity Credit Corpora-*
 23 *tion, or commodities of the Commodity Credit Corporation*
 24 *of a comparable value, in the following amounts:*

25 “(1) *For fiscal year 2002, \$37,500,000.*

1 “(2) For fiscal year 2003, \$40,000,000.

2 “(3) For fiscal year 2004 and each subsequent
3 fiscal year, \$42,500,000.

4 “(b) PROGRAM PRIORITIES.—Of funds or commodities
5 provided under subsection (a) in excess of \$35,000,000 for
6 any fiscal year, priority shall be given to proposals—

7 “(1) made by eligible trade organizations that
8 have never participated in the program established
9 under this title; or

10 “(2) for programs established under this title in
11 emerging markets.”.

12 **SEC. 325. FOOD FOR PROGRESS AND EDUCATION PRO-**
13 **GRAMS.**

14 (a) IN GENERAL.—The Agricultural Trade Act of 1978
15 (7 U.S.C. 5601 et seq.) is amended by adding at the end
16 the following:

17 **“TITLE VIII—FOOD FOR**
18 **PROGRESS AND EDUCATION**
19 **PROGRAMS**

20 **“SEC. 801. DEFINITIONS.**

21 *“In this title:*

22 “(1) COOPERATIVE.—The term ‘cooperative’
23 means a private sector organization the members of
24 which—

25 “(A) own and control the organization;

1 “(B) share in the profits of the organiza-
2 tion; and

3 “(C) are provided services (such as business
4 services and outreach in cooperative develop-
5 ment) by the organization.

6 “(2) CORPORATION.—The term ‘Corporation’
7 means the Commodity Credit Corporation.

8 “(3) DEVELOPING COUNTRY.—The term ‘devel-
9 oping country’ means a foreign country that has—

10 “(A) a shortage of foreign exchange earn-
11 ings; and

12 “(B) difficulty meeting all of the food needs
13 of the country through commercial channels and
14 domestic production.

15 “(4) ELIGIBLE COMMODITY.—The term ‘eligible
16 commodity’ means an agricultural commodity (in-
17 cluding vitamins and minerals) acquired by the Sec-
18 retary or the Corporation for disposition in a pro-
19 gram authorized under this title through—

20 “(A) commercial purchases; or

21 “(B) inventories of the Corporation.

22 “(5) ELIGIBLE ORGANIZATION.—The term ‘eligi-
23 ble organization’ means a private voluntary organiza-
24 tion, cooperative, nongovernmental organization, or
25 foreign country, as determined by the Secretary.

1 “(6) *EMERGING AGRICULTURAL COUNTRY.*—*The*
2 *term ‘emerging agricultural country’ means a foreign*
3 *country that—*

4 “(A) *is an emerging democracy; and*

5 “(B) *has made a commitment to introduce*
6 *or expand free enterprise elements in the agricul-*
7 *tural economy of the country.*

8 “(7) *FOOD SECURITY.*—*The term ‘food security’*
9 *means access by all people at all times to sufficient*
10 *food and nutrition for a healthy and productive life.*

11 “(8) *NONGOVERNMENTAL ORGANIZATION.*—

12 “(A) *IN GENERAL.*—*The term ‘nongovern-*
13 *mental organization’ means an organization that*
14 *operates on a local level to solve development*
15 *problems in a foreign country in which the orga-*
16 *nization is located.*

17 “(B) *EXCLUSION.*—*The term ‘nongovern-*
18 *mental organization’ does not include an organi-*
19 *zation that is primarily an agency or instru-*
20 *mentality of the government of a foreign country.*

21 “(9) *PRIVATE VOLUNTARY ORGANIZATION.*—*The*
22 *term ‘private voluntary organization’ means a non-*
23 *profit, nongovernmental organization that—*

24 “(A) *receives—*

25 “(i) *funds from private sources; and*

1 “(i) *voluntary contributions of funds,*
2 *staff time, or in-kind support from the pub-*
3 *lic;*

4 “(B) *is engaged in or is planning to engage*
5 *in nonreligious voluntary, charitable, or develop-*
6 *ment assistance activities; and*

7 “(C) *in the case of an organization that is*
8 *organized under the laws of the United States or*
9 *a State, is an organization described in section*
10 *501(c)(3) of the Internal Revenue Code of 1986*
11 *that is exempt from taxation under section*
12 *501(a) of that Code.*

13 “(10) *PROGRAM.—The term ‘program’ means a*
14 *food or nutrition assistance or development initiative*
15 *proposed by an eligible organization and approved by*
16 *the Secretary under this title.*

17 “(11) *RECIPIENT COUNTRY.—The term ‘recipient*
18 *country’ means an emerging agricultural country*
19 *that receives assistance under a program.*

20 “**SEC. 802. FOOD FOR PROGRESS AND EDUCATION PRO-**
21 **GRAMS.**

22 “(a) *IN GENERAL.—There are established the Food for*
23 *Progress Program and the International Food for Edu-*
24 *cation and Nutrition Program through which eligible com-*

1 *modities are made available to eligible organizations to*
2 *carry out programs of assistance in developing countries.*

3 “(b) *FOOD FOR PROGRESS PROGRAM.*—

4 “(1) *IN GENERAL.*—*To provide agricultural com-*
5 *modities to support the introduction or expansion of*
6 *free trade enterprises in national economies and to*
7 *promote food security in recipient countries, the Sec-*
8 *retary shall establish the Food for Progress Program,*
9 *under which the Secretary may enter into agreements*
10 *(including multiyear agreements and agreements for*
11 *programs in more than 1 country) with entities de-*
12 *scribed in paragraph (2).*

13 “(2) *ENTITIES.*—*The Secretary may enter into*
14 *agreements under paragraph (1) with—*

15 “(A) *the governments of emerging agricul-*
16 *tural countries;*

17 “(B) *private voluntary organizations;*

18 “(C) *nonprofit agricultural organizations*
19 *and cooperatives;*

20 “(D) *nongovernmental organizations; and*

21 “(E) *other private entities.*

22 “(3) *CONSIDERATIONS.*—*In determining whether*
23 *to enter into an agreement to establish a program*
24 *under paragraph (1), the Secretary shall take into*
25 *consideration whether an emerging agricultural coun-*

1 *try is committed to carrying out, or is carrying out,*
2 *policies that promote—*

3 *“(A) economic freedom;*

4 *“(B) private production of food commodities*
5 *for domestic consumption; and*

6 *“(C) the creation and expansion of efficient*
7 *domestic markets for the purchase and sale of*
8 *those commodities.*

9 *“(c) INTERNATIONAL FOOD FOR EDUCATION AND NU-*
10 *TRITION PROGRAM.—*

11 *“(1) IN GENERAL.—In cooperation with other*
12 *countries, the Secretary shall establish an initiative*
13 *under this title to be known as the ‘International*
14 *Food for Education and Nutrition Program’, through*
15 *which the Secretary may provide to eligible organiza-*
16 *tions agricultural commodities and technical and nu-*
17 *tritional assistance in connection with education pro-*
18 *grams to improve food security and enhance edu-*
19 *cational opportunities for preschool age and primary*
20 *school age children in recipient countries.*

21 *“(2) AGREEMENTS.—In carrying out this sub-*
22 *section, the Secretary—*

23 *“(A) shall administer the programs under*
24 *this subsection in manner that is consistent with*
25 *this title; and*

1 “(B) may enter into agreements with eligi-
2 ble organizations—

3 “(i) to purchase, acquire, and donate
4 eligible commodities to eligible organiza-
5 tions to carry out agreements in recipient
6 countries; and

7 “(ii) to provide technical and nutri-
8 tional assistance to carry out agreements in
9 recipient countries.

10 “(3) OTHER DONOR COUNTRIES.—The Secretary
11 shall encourage other donor countries, directly or
12 through eligible organizations—

13 “(A) to donate goods and funds to recipient
14 countries; and

15 “(B) to provide technical and nutritional
16 assistance to recipient countries.

17 “(4) PRIVATE SECTOR.—The President and the
18 Secretary are urged to encourage the support and ac-
19 tive involvement of the private sector, foundations,
20 and other individuals and organizations in programs
21 and activities assisted under this subsection.

22 “(5) GRADUATION.—An agreement with an eligi-
23 ble organization under this subsection shall include
24 provisions—

1 “(A)(i) to sustain the benefits to the edu-
2 cation, enrollment, and attendance of children in
3 schools in the targeted communities when the
4 provision of commodities and assistance to a re-
5 cipient country under the program under this
6 subsection terminates; and

7 “(ii) to estimate the period of time required
8 until the recipient country or eligible organiza-
9 tion is able to provide sufficient assistance with-
10 out additional assistance under this subsection;
11 or

12 “(B) to provide other long-term benefits to
13 targeted populations of the recipient country.

14 “(6) *ELIGIBLE COSTS*.—Subject to paragraphs
15 (2) and (7), the Secretary shall pay all or part of—

16 “(A) the costs and charges described in
17 paragraphs (1) through (5) and (7) of section
18 406(b) of the Agricultural Trade Development
19 and Assistance Act of 1954 (7 U.S.C. 1736(b))
20 with respect to an eligible commodity;

21 “(B) the internal transportation, storage,
22 and handling costs incurred in moving the eligi-
23 ble commodity, if the Secretary determines
24 that—

1 “(i) payment of the costs is appro-
2 priate; and

3 “(ii) the recipient country is a low in-
4 come, net food-importing country that—

5 “(I) meets the poverty criteria es-
6 tablished by the International Bank for
7 Reconstruction and Development for
8 Civil Works Preference; and

9 “(II) has a national government
10 that is committed to or is working to-
11 ward, through a national action plan,
12 the World Declaration on Education
13 for All convened in 1990 in Jomtien,
14 Thailand, and the followup Dakar
15 Framework for Action of the World
16 Education Forum in 2000; and

17 “(C) the projected costs of an eligible orga-
18 nization for administration, sales, monitoring,
19 and technical assistance under an agreement
20 under paragraph (2) (including an itemized
21 budget), taking into consideration, as determined
22 by the Secretary—

23 “(i) the projected amount of such costs
24 itemized by category; and

1 “(ii) *the projected amount of assistance*
2 *to be received from other donors.*

3 “(7) *FUNDING.—*

4 “(A) *COMMODITY CREDIT CORPORATION.—*

5 “(i) *IN GENERAL.—Subject to clause*
6 *(ii), the Secretary may use the funds, facili-*
7 *ties, and authorities of the Corporation to*
8 *carry out this subsection.*

9 “(ii) *LIMITATION.—Not more than*
10 *\$150,000,000 for each of fiscal years 2002*
11 *through 2005 shall be used to carry out this*
12 *subsection.*

13 “(B) *USE LIMITATIONS.—Of the funds made*
14 *available under subparagraph (A), the Secretary*
15 *may use to carry out paragraph (6)(C) not more*
16 *than \$20,000,000 for each of fiscal years 2002*
17 *through 2005.*

18 “(C) *REALLOCATION.—Funds not allocated*
19 *under this subsection by April 30 of a fiscal year*
20 *shall be made available for proposals submitted*
21 *under the Food for Progress Program under sub-*
22 *section (b).*

23 “(8) *ANNUAL REPORT.—The Secretary shall sub-*
24 *mit to the Committee on Agriculture of the House of*
25 *Representatives and the Committee on Agriculture,*

1 *Nutrition, and Forestry of the Senate an annual re-*
2 *port that describes—*

3 “(A) *the results of the implementation of*
4 *this subsection during the year covered by the re-*
5 *port, including the impact on the enrollment, at-*
6 *tendance, and performance of children in*
7 *preschools and primary schools targeted under*
8 *the program under this subsection; and*

9 “(B) *the level of commitments by, and the*
10 *potential for obtaining additional goods and as-*
11 *sistance from, other countries for subsequent*
12 *years.*

13 “(d) *TERMS.—*

14 “(1) *IN GENERAL.—The Secretary may provide*
15 *agricultural commodities under this title on—*

16 “(A) *a grant basis; or*

17 “(B) *subject to paragraph (2), credit terms.*

18 “(2) *CREDIT TERMS.—Payment for agricultural*
19 *commodities made available under this title that are*
20 *purchased on credit terms shall be made on the same*
21 *basis as payments made under section 103 of the Ag-*
22 *ricultural Trade Development and Assistance Act of*
23 *1954 (7 U.S.C. 1703).*

24 “(3) *NO EFFECT ON DOMESTIC PROGRAMS.—The*
25 *Secretary shall not make an agricultural commodity*

1 *available for disposition under this section in any*
2 *amount that will reduce the amount of the commodity*
3 *that is traditionally made available through dona-*
4 *tions to domestic feeding programs or agencies, as de-*
5 *termined by the Secretary.*

6 “(4) *MULTIYEAR AGREEMENTS.*—*In carrying out*
7 *this title, on request and subject to the availability of*
8 *commodities, the Secretary is encouraged to approve*
9 *agreements that provide for commodities to be made*
10 *available for distribution on a multiyear basis, if the*
11 *agreements otherwise meet the requirements of this*
12 *title.*

13 “(e) *REPORTS.*—*Each eligible organization that enters*
14 *into an agreement under this title shall submit to the Sec-*
15 *retary, at such time as the Secretary may request, a report*
16 *containing such information as the Secretary may request*
17 *relating to the use of agricultural commodities and funds*
18 *provided to the eligible organization under this title.*

19 “(f) *COORDINATION.*—*To ensure that the provision of*
20 *commodities under this section is coordinated with and*
21 *complements other foreign assistance provided by the*
22 *United States, assistance under this section shall be coordi-*
23 *nated through the mechanism designated by the President*
24 *to coordinate assistance under the Agricultural Trade De-*

1 *velopment and Assistance Act of 1954 (7 U.S.C. 1691 et*
2 *seq.).*

3 “(g) *QUALITY ASSURANCE.*—

4 “(1) *IN GENERAL.*—*The Secretary shall ensure,*
5 *to the maximum extent practicable, that each eligible*
6 *organization participating in 1 or more programs*
7 *under this section—*

8 “(A) *uses eligible commodities made avail-*
9 *able under this title—*

10 “(i) *in an effective manner;*

11 “(ii) *in the areas of greatest need; and*

12 “(iii) *in a manner that promotes the*
13 *purposes of this title;*

14 “(B) *in using eligible commodities, assesses*
15 *and takes into account the needs of recipient*
16 *countries and the target populations of the re-*
17 *ipient countries;*

18 “(C) *works with recipient countries, and in-*
19 *igenous institutions or groups in recipient*
20 *countries, to design and carry out mutually ac-*
21 *ceptable programs authorized under this title;*

22 “(D) *monitors and reports on the distribu-*
23 *tion or sale of eligible commodities provided*
24 *under this title using methods that, as deter-*

1 *mined by the Secretary, facilitate accurate and*
2 *timely reporting;*

3 “(E) *periodically evaluates the effectiveness*
4 *of the program of the eligible organization, in-*
5 *cluding, as applicable, an evaluation of whether*
6 *the development or food and nutrition purposes*
7 *of the program can be sustained in a recipient*
8 *country if the assistance provided to the recipi-*
9 *ent country is reduced and eventually termi-*
10 *nated; and*

11 “(F) *considers means of improving the oper-*
12 *ation of the program of the eligible organization.*

13 “(2) *CERTIFIED INSTITUTIONAL PARTNERS.—*

14 “(A) *IN GENERAL.—The Secretary shall*
15 *promulgate regulations and guidelines to permit*
16 *private voluntary organizations and cooperatives*
17 *to be certified as institutional partners.*

18 “(B) *REQUIREMENTS.—To become a cer-*
19 *tified institutional partner, a private voluntary*
20 *organization or cooperative shall submit to the*
21 *Secretary evidence of organizational capacity*
22 *that describes—*

23 “(i) *the financial, programmatic, com-*
24 *modity management, and auditing abilities*

1 *and practices of the organization or cooper-*
2 *ative; and*

3 “*(ii) the capacity of the organization*
4 *or cooperative to carry out projects in par-*
5 *ticular countries.*

6 “(C) *MULTICOUNTRY PROPOSALS.—A cer-*
7 *tified institutional partner shall be eligible to—*

8 “*(i) submit a single proposal for 1 or*
9 *more countries in which the certified insti-*
10 *tutional partner has already demonstrated*
11 *organizational capacity; and*

12 “*(ii) receive expedited review of the*
13 *proposal.*

14 “(h) *TRANSSHIPMENT AND RESALE.—*

15 “*(1) IN GENERAL.—The transshipment or resale*
16 *of an eligible commodity to a country other than a*
17 *recipient country shall be prohibited unless the trans-*
18 *shipment or resale is approved by the Secretary.*

19 “(2) *MONETIZATION.—*

20 “*(A) IN GENERAL.—Subject to subpara-*
21 *graphs (B) through (D), an eligible commodity*
22 *provided under this section may be sold for for-*
23 *ign currency or United States dollars or*
24 *bartered, with the approval of the Secretary.*

1 “(B) *SALE OR BARTER OF FOOD ASSIST-*
2 *ANCE.—The sale or barter of eligible commodities*
3 *under this title may be conducted only within*
4 *(as determined by the Secretary)—*

5 “(i) *a recipient country or country*
6 *near the recipient country; or*

7 “(ii) *another country, if—*

8 “(I) *the sale or barter within the*
9 *recipient country or nearby country is*
10 *not practicable; and*

11 “(II) *the sale or barter within*
12 *countries other than the recipient coun-*
13 *try or nearby country will not disrupt*
14 *commercial markets for the agricul-*
15 *tural commodity involved.*

16 “(C) *HUMANITARIAN OR DEVELOPMENT*
17 *PURPOSES.—The Secretary may authorize the*
18 *use of proceeds or exchanges to pay the costs in-*
19 *curring by an eligible organization under this*
20 *title for—*

21 “(i)(I) *programs targeted at hunger*
22 *and malnutrition; or*

23 “(II) *development programs involving*
24 *food security or education;*

1 “(ii) transportation, storage, and dis-
2 tribution of eligible commodities provided
3 under this title; and

4 “(iii) administration, sales, moni-
5 toring, and technical assistance.

6 “(D) *EXCEPTION.*—The Secretary shall not
7 approve the use of proceeds described in subpara-
8 graph (C) to fund any administrative expenses
9 of a foreign government.

10 “(E) *PRIVATE SECTOR ENHANCEMENT.*—As
11 appropriate, the Secretary may provide eligible
12 commodities under this title in a manner that
13 uses commodity transactions as a means of de-
14 veloping in the recipient countries a competitive
15 private sector that can provide for the importa-
16 tion, transportation, storage, marketing, and dis-
17 tribution of commodities.

18 “(i) *DISPLACEMENT OF COMMERCIAL SALES.*—In car-
19 rying out this title, the Secretary shall, to the maximum
20 extent practicable consistent with the purposes of this title,
21 avoid—

22 “(1) displacing any commercial export sale of
23 United States agricultural commodities that would
24 otherwise be made;

1 “(2) *disrupting world prices of agricultural com-*
2 *modities; or*

3 “(3) *disrupting normal patterns of commercial*
4 *trade of agricultural commodities with foreign coun-*
5 *tries.*

6 “(j) *DEADLINE FOR PROGRAM ANNOUNCEMENTS.—*

7 “(1) *IN GENERAL.—Before the beginning of the*
8 *applicable fiscal year, the Secretary shall, to the max-*
9 *imum extent practicable—*

10 “(A) *make all determinations concerning*
11 *program agreements and resource requests for*
12 *programs under this title; and*

13 “(B) *announce those determinations.*

14 “(2) *REPORT.—Not later than November 1 of the*
15 *applicable fiscal year, the Secretary shall submit to*
16 *the Committee on Agriculture of the House of Rep-*
17 *resentatives and the Committee on Agriculture, Nutri-*
18 *tion, and Forestry of the Senate a list of programs,*
19 *countries, and commodities, and the total amount of*
20 *funds for transportation and administrative costs,*
21 *approved to date under this title.*

22 “(k) *MILITARY DISTRIBUTION OF ASSISTANCE.—*

23 “(1) *IN GENERAL.—The Secretary shall ensure,*
24 *to the maximum extent practicable, that agricultural*

1 *commodities made available under this title are pro-*
2 *vided without regard to—*

3 *“(A) the political affiliation, geographic lo-*
4 *cation, ethnic, tribal, or religious identity of the*
5 *recipient; or*

6 *“(B) any other extraneous factors, as deter-*
7 *mined by the Secretary.*

8 *“(2) PROHIBITION ON HANDLING OF COMMOD-*
9 *ITIES BY THE MILITARY.—*

10 *“(A) IN GENERAL.—Except as provided in*
11 *subparagraph (B), the Secretary shall not enter*
12 *into an agreement under this title to provide ag-*
13 *ricultural commodities if the agreement requires*
14 *or permits the distribution, handling, or alloca-*
15 *tion of agricultural commodities by the military*
16 *forces of any foreign government or insurgent*
17 *group.*

18 *“(B) EXCEPTION.—The Secretary may au-*
19 *thorize the distribution, handling, or allocation*
20 *of commodities by the military forces of a coun-*
21 *try in exceptional circumstances in which—*

22 *“(i) nonmilitary channels are not*
23 *available for distribution, handling, or allo-*
24 *cation;*

1 “(ii) the distribution, handling, or al-
2 location is consistent with paragraph (1);
3 and

4 “(iii) the Secretary determines that the
5 distribution, handling, or allocation is nec-
6 essary to meet the emergency health, safety,
7 or nutritional requirements of the popu-
8 lation of a recipient country.

9 “(3) ENCOURAGEMENT OF SAFE PASSAGE.—In
10 entering into an agreement under this title that in-
11 volves 1 or more areas within a recipient country
12 that is experiencing protracted warfare or civil un-
13 rest, the Secretary shall, to the maximum extent prac-
14 ticable, encourage all parties to the conflict to—

15 “(A) permit safe passage of the commodities
16 and other relief supplies; and

17 “(B) establish safe zones for—

18 “(i) medical and humanitarian treat-
19 ment; and

20 “(ii) evacuation of injured persons.

21 “(l) LEVEL OF ASSISTANCE.—The cost of commodities
22 made available under this title, and the expenses incurred
23 in connection with the provision of those commodities shall
24 be in addition to the level of assistance provided under the

1 *Agricultural Trade Development and Assistance Act of 1954*
2 *(7 U.S.C. 1691 et seq.)*.

3 “(m) *COMMODITY CREDIT CORPORATION*.—

4 “(1) *IN GENERAL*.—Subject to paragraphs (5)
5 *through (7)*, the Secretary may use the funds, facili-
6 *ties, and authorities of the Corporation to carry out*
7 *this title*.

8 “(2) *MINIMUM TONNAGE*.—Subject to paragraph
9 *(6)(B)*, not less than 400,000 metric tons of commod-
10 *ities may be provided under this title for the program*
11 *established under subsection (b) for each of fiscal*
12 *years 2002 through 2006*.

13 “(3) *AUTHORIZATION OF APPROPRIATIONS*.—In
14 *addition to tonnage authorized under paragraph (2)*,
15 *there are authorized to be appropriated such sums as*
16 *are necessary to carry out the program established*
17 *under subsection (b)*.

18 “(4) *TITLE I FUNDS*.—In addition to tonnage
19 *and funds authorized under paragraphs (2), (3), and*
20 *(6)(B)*, the Corporation may use funds appropriated
21 *to carry out title I of the Agricultural Trade Develop-*
22 *ment and Assistance Act of 1954 (7 U.S.C. 1701 et*
23 *seq.)) in carrying out the program established under*
24 *subsection (b)*.

1 “(5) *LIMITATION ON PURCHASES OF COMMOD-*
2 *ITIES.—The Corporation may purchase agricultural*
3 *commodities for disposition under this title only if*
4 *Corporation inventories are insufficient to satisfy*
5 *commitments made in agreements entered into under*
6 *this title.*

7 “(6) *ELIGIBLE COSTS AND EXPENSES.—*

8 “(A) *IN GENERAL.—Subject to subpara-*
9 *graph (B), with respect to an eligible commodity*
10 *made available under the program established*
11 *under subsection (b), the Corporation may*
12 *pay—*

13 “(i) *the costs of acquiring the eligible*
14 *commodity;*

15 “(ii) *the costs associated with pack-*
16 *aging, enriching, preserving, and fortifying*
17 *of the eligible commodity;*

18 “(iii) *the processing, transportation,*
19 *handling, and other incidental costs in-*
20 *curring before the date on which the com-*
21 *modity is delivered free on board vessels in*
22 *United States ports;*

23 “(iv) *the vessel freight charges from*
24 *United States ports or designated Canadian*
25 *transshipment ports, as determined by the*

1 *Secretary, to designated ports of entry*
2 *abroad;*

3 *“(v) the costs associated with trans-*
4 *porting the eligible commodity from United*
5 *States ports to designated points of entry*
6 *abroad in a case in which—*

7 *“(I) a recipient country is land-*
8 *locked;*

9 *“(II) ports of a recipient country*
10 *cannot be used effectively because of*
11 *natural or other disturbances;*

12 *“(III) carriers to a specific coun-*
13 *try are unavailable; or*

14 *“(IV) substantial savings in costs*
15 *or time may be gained by the use of*
16 *points of entry other than ports;*

17 *“(vi) the charges for general average*
18 *contributions arising out of the ocean trans-*
19 *port of commodities transferred; and*

20 *“(vii) the costs, in addition to costs au-*
21 *thorized by clauses (i) through (vi), of*
22 *providing—*

23 *“(I) assistance in the administra-*
24 *tion, sale, and monitoring of food as-*
25 *stance activities under this title; and*

1 “(II) *technical assistance for*
2 *monetization programs.*”

3 “(B) *FUNDING.—Except for costs described*
4 *in clauses (i) through (iii) of subparagraph (A),*
5 *unless authorized in advance in an appropria-*
6 *tions Act or reallocated under subsection*
7 *(c)(7)(C)—*

8 “*(i) not more than \$55,000,000 of*
9 *funds that would be available to carry out*
10 *paragraph (2) may be used to cover costs*
11 *under clauses (iv) through (vii) of subpara-*
12 *graph (A); and*

13 “*(ii) of the amount provided under*
14 *clause (i), not more than \$12,000,000 shall*
15 *be made available to cover costs under*
16 *clauses (vi) and (vii) of subparagraph (A).*”

17 “(7) *PAYMENT OF ADMINISTRATIVE COSTS.—An*
18 *eligible organization that receives payment for ad-*
19 *ministrative costs through monetization of the eligible*
20 *commodity under subsection (h)(2) shall not be eligi-*
21 *ble to receive payment for the same administrative*
22 *costs through direct payments under paragraph*
23 *(6)(A)(vii)(I).”.*

24 “(b) *CONFORMING AMENDMENTS.—*

1 (1) *Section 416(b)(7)(D)(iii) of the Agricultural*
2 *Act of 1949 (7 U.S.C. 1431(b)(7)(D)(iii)) is amended*
3 *by striking “the Food for Progress Act of 1985” and*
4 *inserting “title VIII of the Agricultural Trade Act of*
5 *1978”.*

6 (2) *The Act of August 19, 1958 (7 U.S.C. 1431*
7 *note; Public Law 85–683) is amended by striking*
8 *“the Food for Progress Act of 1985” and inserting*
9 *“title VIII of the Agricultural Trade Act of 1978”.*

10 (3) *Section 1110 of the Food Security Act of*
11 *1985 (7 U.S.C. 1736o) is repealed.*

12 **SEC. 326. EXPORTER ASSISTANCE INITIATIVE.**

13 (a) *FINDINGS.—Congress find that—*

14 (1) *information in the possession of Federal*
15 *agencies other than the Department of Agriculture*
16 *that is necessary for the export of agricultural com-*
17 *modities and products is available only from multiple*
18 *disparate sources; and*

19 (2) *because exporters often need access to infor-*
20 *mation quickly, exporters lack the time to search mul-*
21 *tiple sources to access necessary information, and ex-*
22 *porters often are unaware of where the necessary in-*
23 *formation can be located.*

1 **(b) INITIATIVE.**—*Title I of the Agricultural Trade Act*
 2 *of 1978 (7 U.S.C. 5601 et seq.) is amended by adding at*
 3 *the end the following:*

4 **“SEC. 107. EXPORTER ASSISTANCE INITIATIVE.**

5 **“(a) IN GENERAL.**—*In order to create a single source*
 6 *of information for exports of United States agricultural*
 7 *commodities, the Secretary shall develop a website on the*
 8 *Internet that collates onto a single website all information*
 9 *from all agencies of the Federal Government that is relevant*
 10 *to the export of United States agricultural commodities.*

11 **“(b) AUTHORIZATION OF APPROPRIATIONS.**—*There*
 12 *are authorized to be appropriated to carry out subsection*
 13 *(a)—*

14 **“(1) \$1,000,000 for each of fiscal years 2002**
 15 **through 2004; and**

16 **“(2) \$500,000 for each of fiscal years 2005 and**
 17 **2006.”.**

18 **Subtitle C—Miscellaneous**
 19 **Agricultural Trade Provisions**

20 **SEC. 331. BILL EMERSON HUMANITARIAN TRUST.**

21 *Section 302 of the Bill Emerson Humanitarian Trust*
 22 *Act (7 U.S.C. 1736f–1) is amended by striking “2002” each*
 23 *place it appears in subsection (b)(2)(B)(i) and paragraphs*
 24 *(1) and (2) of subsection (h) and inserting “2006”.*

1 **SEC. 332. EMERGING MARKETS.**

2 *Section 1542 of the Food, Agriculture, Conservation,*
3 *and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law*
4 *101–624) is amended by striking “2002” each place it ap-*
5 *pears in subsections (a) and (d)(1)(A)(i) and inserting*
6 *“2006”.*

7 **SEC. 333. BIOTECHNOLOGY AND AGRICULTURAL TRADE**
8 **PROGRAM.**

9 *Section 1542 of the Food, Agriculture, Conservation,*
10 *and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law*
11 *101–624) is amended by adding at the end the following:*

12 *“(g) BIOTECHNOLOGY AND AGRICULTURAL TRADE*
13 *PROGRAM.—*

14 *“(1) IN GENERAL.—The Secretary of Agriculture*
15 *shall establish a program to enhance foreign accept-*
16 *ance of agricultural biotechnology and United States*
17 *agricultural products developed through biotechnology.*

18 *“(2) FOCUS.—The program shall address the*
19 *continuing and increasing market access, regulatory,*
20 *and marketing issues relating to export commerce of*
21 *United States agricultural biotechnology products.*

22 *“(3) EDUCATION AND OUTREACH.—*

23 *“(A) FOREIGN MARKETS.—Support for*
24 *United States agricultural market development*
25 *organizations to carry out education and other*
26 *outreach efforts concerning biotechnology shall*

1 *target such educational initiatives directed*
2 *toward—*

3 “(i) *producers, buyers, consumers, and*
4 *media in foreign markets through initia-*
5 *tives in foreign markets; and*

6 “(ii) *government officials, scientists,*
7 *and trade officials from foreign countries*
8 *through exchange programs.*

9 “(B) *FUNDING FOR EDUCATION AND OUT-*
10 *REACH.—Funding for activities under subpara-*
11 *graph (A) may be—*

12 “(i) *used through—*

13 “(I) *the emerging markets pro-*
14 *gram under this section; or*

15 “(II) *the Cochran Fellowship Pro-*
16 *gram under section 1543; or*

17 “(ii) *applied directly to foreign market*
18 *development cooperators through the foreign*
19 *market development cooperator program es-*
20 *tablished under section 702.*

21 “(4) *RAPID RESPONSE.—*

22 “(A) *IN GENERAL.—The Secretary shall as-*
23 *sist exporters of United States agricultural com-*
24 *modities in cases in which the exporters are*

1 *harmed by unwarranted and arbitrary barriers*
2 *to trade due to—*

3 “(i) *marketing of biotechnology prod-*
4 *ucts;*

5 “(ii) *food safety;*

6 “(iii) *disease; or*

7 “(iv) *other sanitary or phytosanitary*
8 *concerns.*

9 “(B) *AUTHORIZATION OF APPROPRIA-*
10 *TIONS.—There is authorized to be appropriated*
11 *to carry out this paragraph \$1,000,000 for each*
12 *of fiscal years 2002 through 2006.*

13 “(5) *FUNDING.—*

14 “(A) *COMMODITY CREDIT CORPORATION.—*
15 *The Secretary shall use the funds, facilities, and*
16 *authorities of the Commodity Credit Corporation*
17 *to carry out this subsection (other than para-*
18 *graph (4)).*

19 “(B) *FUNDING AMOUNT.—Of the funds of*
20 *the Commodity Credit Corporation, the Sec-*
21 *retary shall make available to carry out this sub-*
22 *section (other than paragraph (4)) \$15,000,000*
23 *for each of fiscal years 2002 through 2006.”.*

1 **SEC. 334. SURPLUS COMMODITIES FOR DEVELOPING OR**
2 **FRIENDLY COUNTRIES.**

3 (a) *USE OF CURRENCIES.*—Section 416(b)(7)(D) of the
4 *Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D))* is
5 *amended—*

6 (1) *in clauses (i) and (iii), by striking “foreign*
7 *currency” each place it appears;*

8 (2) *in clause (ii)—*

9 (A) *in the first sentence, by striking “For-*
10 *ign currencies” and inserting “Proceeds”; and*

11 (B) *in the second sentence, by striking “for-*
12 *ign currency”; and*

13 (3) *in clause (iv)—*

14 (A) *by striking “Foreign currency proceeds”*
15 *and inserting “Proceeds”; and*

16 (B) *by striking “other than the country of*
17 *origin—” and all that follows and inserting*
18 *“other than the country of origin, for the purpose*
19 *of carrying out programs under this subsection.”.*

20 (b) *IMPLEMENTATION OF AGREEMENTS.*—Section
21 *416(b)(8) of the Agricultural Act of 1949 (7 U.S.C.*
22 *1431(b)(8))* is amended by striking “(8)(A)” and all that
23 *follows through “(B) The Secretary” and inserting the fol-*
24 *lowing:*

25 “(8) *ADMINISTRATIVE PROVISIONS.*—

1 “(A) *DIRECT DELIVERY.*—*In addition to*
2 *practices in effect on the date of enactment of*
3 *this subparagraph, the Secretary may approve*
4 *an agreement that provides for direct delivery of*
5 *eligible commodities to milling or processing fa-*
6 *cilities more than 50 percent of the interest in*
7 *which is owned by United States citizens in re-*
8 *cipient countries, with the proceeds of trans-*
9 *actions transferred in cash to eligible organiza-*
10 *tions to carry out approved projects.*

11 “(B) *REGULATIONS.*—*The Secretary*”.

12 (c) *CERTIFIED INSTITUTIONAL PARTNERS.*—*Section*
13 *416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is*
14 *amended by adding at the end the following:*

15 “(c) *CERTIFIED INSTITUTIONAL PARTNERS.*—

16 “(1) *IN GENERAL.*—*The Secretary shall promul-*
17 *gate regulations and guidelines to permit private vol-*
18 *untary organizations and cooperatives to be certified*
19 *as institutional partners.*

20 “(2) *REQUIREMENTS.*—*To become a certified in-*
21 *stitutional partner, a private voluntary organization*
22 *or cooperative shall submit to the Secretary evidence*
23 *of organizational capacity that describes—*

1 “(A) *the financial, programmatic, com-*
2 *modity management, and auditing abilities and*
3 *practices of the organization or cooperative; and*

4 “(B) *the capacity of the organization or co-*
5 *operative to carry out projects in particular*
6 *countries.*

7 “(3) *MULTI-COUNTRY PROPOSALS.—A certified*
8 *institutional partner shall be eligible to—*

9 “(A) *submit a single proposal for 1 or more*
10 *countries in which the certified institutional*
11 *partner has already demonstrated organizational*
12 *capacity; and*

13 “(B) *receive expedited review of the pro-*
14 *posal.”.*

15 **SEC. 335. AGRICULTURAL TRADE WITH CUBA.**

16 (a) *IN GENERAL.—Section 908 of the Agriculture,*
17 *Rural Development, Food and Drug Administration and*
18 *Related Agencies Appropriations Act, 2001 (22 U.S.C.*
19 *7207), is amended by striking subsection (b).*

20 (b) *CONFORMING AMENDMENTS.—Section 908(a) of*
21 *the Agriculture, Rural Development, Food and Drug Ad-*
22 *ministration and Related Agencies Appropriations Act,*
23 *2001 (22 U.S.C. 7207(a)) (as amended by subsection (a)),*
24 *is amended—*

1 (1) by striking “(a)” and all that follows through
2 “Notwithstanding” and inserting the following:

3 “(a) *IN GENERAL.*—Notwithstanding”;

4 (2) by striking “(2) *RULE OF CONSTRUCTION.*—
5 *Nothing in paragraph (1)*” and inserting the fol-
6 *lowing:*

7 “(b) *RULE OF CONSTRUCTION.*—Nothing in subsection
8 (i)” and

9 (3) by striking “(3) *WAIVER.*—The President
10 may waive the application of paragraph (1)” and in-
11 *serting the following:*

12 “(c) *WAIVER.*—The President may waive the applica-
13 *tion of subsection (a)*”.

14 **SEC. 336. SENSE OF CONGRESS CONCERNING AGRICUL-**
15 **TURAL TRADE.**

16 (a) *AGRICULTURE TRADE NEGOTIATING OBJEC-*
17 *TIVES.*—It is the sense of Congress that the principal negoti-
18 *ating objective of the United States with respect to agricul-*
19 *tural trade in all multilateral, regional, and bilateral nego-*
20 *tiations is to obtain competitive opportunities for the export*
21 *of United States agricultural commodities in foreign mar-*
22 *kets substantially equivalent to the competitive opportuni-*
23 *ties afforded foreign exports in United States markets and*
24 *to achieve fairer and more open conditions of agricultural*
25 *trade in bulk and value-added commodities by—*

1 (1) *reducing or eliminating, by a date certain,*
2 *tariffs or other charges that decrease market opportu-*
3 *nities for the export of United States agricultural*
4 *commodities, giving priority to United States agricul-*
5 *tural commodities that are subject to significantly*
6 *higher tariffs or subsidy regimes of major producing*
7 *countries;*

8 (2) *immediately eliminating all export subsidies*
9 *on agricultural commodities worldwide while main-*
10 *taining bona fide food aid and preserving United*
11 *States agricultural market development and export*
12 *credit programs that allow the United States to com-*
13 *pete with other foreign export promotion efforts;*

14 (3) *leveling the playing field for United States*
15 *agricultural producers by disciplining domestic sup-*
16 *ports such that no other country can provide greater*
17 *support, measured as a percentage of total agricul-*
18 *tural production value, than the United States does*
19 *while preserving existing green box category to sup-*
20 *port conservation activities, family farms, and rural*
21 *communities;*

22 (4) *developing, strengthening, and clarifying*
23 *rules and effective dispute settlement mechanisms to*
24 *eliminate practices that unfairly decrease United*
25 *States market access opportunities for United States*

1 *agricultural commodities or distort agricultural mar-*
2 *kets to the detriment of the United States,*
3 *including—*

4 *(A) unfair or trade-distorting activities of*
5 *state trading enterprises and other administra-*
6 *tive mechanisms, with emphasis on—*

7 *(i) requiring price transparency in the*
8 *operation of state trading enterprises and*
9 *such other mechanisms; and*

10 *(ii) ending discriminatory pricing*
11 *practices for agricultural commodities that*
12 *amount to de facto export subsidies so that*
13 *the enterprises or other mechanisms do not*
14 *(except in cases of bona fide food aid) sell*
15 *agricultural commodities in foreign markets*
16 *at prices below domestic market prices or*
17 *prices below the full costs of acquiring and*
18 *delivering agricultural commodities to the*
19 *foreign markets;*

20 *(B) unjustified trade restrictions or com-*
21 *mercial requirements affecting new agricultural*
22 *technologies, including biotechnology;*

23 *(C) unjustified sanitary or phytosanitary*
24 *restrictions, including restrictions that are not*
25 *based on scientific principles, in contravention of*

1 *the Agreement on the Application of Sanitary*
2 *and Phytosanitary Measures (as described in sec-*
3 *tion 101(d)(3) of the Uruguay Round Agree-*
4 *ments Act (19 U.S.C. 3511(d)(3))*);

5 *(D) other unjustified technical barriers to*
6 *agricultural trade; and*

7 *(E) restrictive and nontransparent rules in*
8 *the administration of tariff rate quotas;*

9 *(5) improving import relief mechanisms to recog-*
10 *nize the unique characteristics of perishable agricul-*
11 *tural commodities;*

12 *(6) taking into account whether a party to nego-*
13 *tiations with respect to trading in an agricultural*
14 *commodity has—*

15 *(A) failed to adhere to the provisions of an*
16 *existing bilateral trade agreement with the*
17 *United States;*

18 *(B) circumvented obligations under a multi-*
19 *lateral trade agreement to which the United*
20 *States is a signatory; or*

21 *(C) manipulated its currency value to the*
22 *detriment of United States agricultural pro-*
23 *ducers or exporters; and*

24 *(7) otherwise ensuring that countries that accede*
25 *to the World Trade Organization—*

1 (A) have made meaningful market liberal-
2 ization commitments in agriculture; and

3 (B) make progress in fulfilling those com-
4 mitments over time.

5 (b) *PRIORITY FOR AGRICULTURE TRADE.*—It is the
6 sense of Congress that—

7 (1) reaching a successful agreement on agri-
8 culture should be the top priority of United States ne-
9 gotiators in World Trade Organization talks; and

10 (2) if the primary export competitors of the
11 United States fail to reduce their trade distorting do-
12 mestic supports and eliminate export subsidies in ac-
13 cordance with the negotiating objectives expressed in
14 this section, the United States should take steps to in-
15 crease the leverage of United States negotiators and
16 level the playing field for United States producers,
17 within existing World Trade Organization commit-
18 ments.

19 (c) *CONSULTATION WITH CONGRESSIONAL COMMIT-*
20 *TEES.*—It is the sense of Congress that—

21 (1) before the United States Trade Representa-
22 tive negotiates a trade agreement that would reduce
23 tariffs on agricultural commodities or require a
24 change in United States agricultural law, the United
25 States Trade Representative should consult with the

1 *Committee on Agriculture and the Committee on*
2 *Ways and Means of the House of Representatives and*
3 *the Committee on Agriculture, Nutrition, and For-*
4 *estry and the Committee on Finance of the Senate;*

5 *(2) not less than 48 hours before initialing an*
6 *agreement relating to agricultural trade negotiated*
7 *under the auspices of the World Trade Organization,*
8 *the United States Trade Representative should consult*
9 *closely with the committees referred to in paragraph*
10 *(1) regarding—*

11 *(A) the details of the agreement;*

12 *(B) the potential impact of the agreement*
13 *on United States agricultural producers; and*

14 *(C) any changes in United States law nec-*
15 *essary to implement the agreement; and*

16 *(3) any agreement or other understanding*
17 *(whether verbal or in writing) that relates to agricul-*
18 *tural trade that is not disclosed to Congress before leg-*
19 *islation implementing a trade agreement is intro-*
20 *duced in either the Senate or the House of Represent-*
21 *atives should not be considered to be part of the agree-*
22 *ment approved by Congress and should have no force*
23 *and effect under United States law or in any dispute*
24 *settlement body.*

1 **SEC. 337. REPORT ON USE OF PERISHABLE COMMODITIES.**

2 *Not later than 120 days after the date of enactment*
3 *of this Act, the Secretary of Agriculture shall develop and*
4 *submit to the Committee on Agriculture of the House of*
5 *Representatives and the Committee on Agriculture, Nutri-*
6 *tion, and Forestry of the Senate a report on deficiencies*
7 *in transportation and storage infrastructure and defi-*
8 *ciencies in funding that have limited the use, and expansion*
9 *of use, of highly perishable and semiperishable commodities*
10 *in international food aid programs of the Department of*
11 *Agriculture.*

12 **SEC. 338. SENSE OF SENATE CONCERNING FOREIGN AS-**
13 **SISTANCE PROGRAMS.**

14 *(a) FINDINGS.—Congress finds that—*

15 *(1) the international community faces a con-*
16 *tinuing epidemic of ethnic, sectarian, and criminal*
17 *violence;*

18 *(2) poverty, hunger, political uncertainty, and*
19 *social instability are the principal causes of violence*
20 *and conflict around the world;*

21 *(3) broad-based, equitable economic growth and*
22 *agriculture development facilitates political stability,*
23 *food security, democracy, and the rule of law;*

24 *(4) democratic governments are more likely to*
25 *advocate and observe international laws, protect civil*

1 *and human rights, pursue free market economies, and*
2 *avoid external conflicts;*

3 *(5) the United States Agency for International*
4 *Development has provided critical democracy and*
5 *governance assistance to a majority of the nations*
6 *that successfully made the transition to democratic*
7 *governments during the past 2 decades;*

8 *(6) 43 of the top 50 consumer nations of Amer-*
9 *ican agricultural products were once United States*
10 *foreign aid recipients;*

11 *(7) in the past 50 years, infant child death rates*
12 *in the developing world have been reduced by 50 per-*
13 *cent, and health conditions around the world have*
14 *improved more during this period than in any other*
15 *period;*

16 *(8) the United States Agency for International*
17 *Development child survival programs have signifi-*
18 *cantly contributed to a 10 percent reduction in infant*
19 *mortality rates worldwide in just the past 8 years;*

20 *(9) in providing assistance by the United States*
21 *and other donors in better seeds and teaching more ef-*
22 *fective agricultural techniques over the past 2 decades*
23 *have helped make it possible to feed an additional*
24 *1,000,000,000 people in the world;*

1 (10) *despite this progress, approximately*
2 *1,200,000,000 people, one-quarter of the world's popu-*
3 *lation, live on less than \$1 per day, and approxi-*
4 *mately 3,000,000,000 people live on only \$2 per day;*

5 (11) *95 percent of new births occur in developing*
6 *countries, including the world's poorest countries; and*

7 (12) *only 1/2 percent of the Federal budget is*
8 *dedicated to international economic and humani-*
9 *tarian assistance.*

10 (b) *SENSE OF THE SENATE.—It is the sense of the Sen-*
11 *ate that—*

12 (1) *United States foreign assistance programs*
13 *should play an increased role in the global fight*
14 *against terrorism to complement the national security*
15 *objectives of the United States;*

16 (2) *the United States should lead coordinated*
17 *international efforts to provide increased financial as-*
18 *sistance to countries with impoverished and dis-*
19 *advantaged populations that are the breeding grounds*
20 *for terrorism; and*

21 (3) *the United States Agency for International*
22 *Development and the Department of Agriculture*
23 *should substantially increase humanitarian, economic*
24 *development, and agricultural assistance to foster*

1 *international peace and stability and the promotion*
2 *of human rights.*

3 **TITLE IV—NUTRITION**
4 **PROGRAMS**

5 **SEC. 401. SHORT TITLE.**

6 *This title may be cited as the “Food Stamp Reauthor-*
7 *ization Act of 2002”.*

8 **Subtitle A—Food Stamp Program**

9 **SEC. 411. ENCOURAGEMENT OF PAYMENT OF CHILD SUP-**
10 **PORT.**

11 *(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp*
12 *Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding*
13 *at the end the following: “and child support payments made*
14 *by a household member to or for an individual who is not*
15 *a member of the household if the household member is le-*
16 *gally obligated to make the payments,”.*

17 *(b) SIMPLIFIED PROCEDURE.—Section 5 of the Food*
18 *Stamp Act of 1977 (7 U.S.C. 2014) is amended—*

19 *(1) in subsection (e), by striking paragraph (4)*
20 *and inserting the following:*

21 *“(4) DEDUCTION FOR CHILD SUPPORT PAY-*
22 *MENTS.—*

23 *“(A) IN GENERAL.—In lieu of providing an*
24 *exclusion for legally obligated child support pay-*
25 *ments made by a household member under sub-*

1 *section (d)(6), a State agency may elect to pro-*
2 *vide a deduction for the amount of the payments.*

3 “(B) *ORDER OF DETERMINING DEDUC-*
4 *TIONS.—A deduction under this paragraph shall*
5 *be determined before the computation of the ex-*
6 *cess shelter expense deduction under paragraph*
7 *(6).”;* and

8 *(2) by adding at the end the following:*

9 “(n) *STATE OPTIONS TO SIMPLIFY DETERMINATION*
10 *OF CHILD SUPPORT PAYMENTS MADE BY HOUSEHOLD*
11 *MEMBERS.—*

12 “(1) *IN GENERAL.—Regardless of whether a*
13 *State agency elects to provide a deduction under sub-*
14 *section (e)(4), the Secretary shall establish simplified*
15 *procedures to allow State agencies, at the option of*
16 *the State agencies, to determine the amount of the le-*
17 *gally obligated child support payments made, includ-*
18 *ing procedures to allow the State agency to rely on*
19 *information from the agency responsible for imple-*
20 *menting the program under part D of title IV of the*
21 *Social Security Act (42 U.S.C. 661 et seq.) con-*
22 *cerning payments made in prior months in lieu of ob-*
23 *taining current information from the household.*

24 “(2) *DURATION OF DETERMINATION OF AMOUNT*
25 *OF SUPPORT PAYMENTS.—If a State agency makes a*

1 *determination of the amount of support payments of*
2 *a household under paragraph (1), the State agency*
3 *may provide that the amount of the exclusion or de-*
4 *duction for the household shall not change until the*
5 *eligibility of the household is next redetermined under*
6 *section 11(e)(4).”.*

7 **SEC. 412. SIMPLIFIED DEFINITION OF INCOME.**

8 *Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C.*
9 *2014(d)) is amended—*

10 *(1) by striking “and (15)” and inserting “(15)”;*

11 *and*

12 *(2) by inserting before the period at the end the*
13 *following: “, (16) at the option of the State agency,*
14 *any educational loans on which payment is deferred,*
15 *grants, scholarships, fellowships, veterans’ educational*
16 *benefits, and the like (other than loans, grants, schol-*
17 *arships, fellowships, veterans’ educational benefits,*
18 *and the like excluded under paragraph (3)), to the ex-*
19 *tent that they are required to be excluded under title*
20 *XIX of the Social Security Act (42 U.S.C. 1396 et*
21 *seq.), (17) at the option of the State agency, any*
22 *State complementary assistance program payments*
23 *that are excluded for the purpose of determining eligi-*
24 *bility for medical assistance under section 1931 of the*
25 *Social Security Act (42 U.S.C. 1396u–1), and (18) at*

1 *the option of the State agency, any types of income*
2 *that the State agency does not consider when deter-*
3 *mining eligibility for (A) cash assistance under a*
4 *program funded under part A of title IV of the Social*
5 *Security Act (42 U.S.C. 601 et seq.) or the amount*
6 *of such assistance, or (B) medical assistance under*
7 *section 1931 of the Social Security Act (42 U.S.C.*
8 *1396u-1), except that this paragraph does not author-*
9 *ize a State agency to exclude wages or salaries, bene-*
10 *fits under title I, II, IV, X, XIV, or XVI of the Social*
11 *Security Act (42 U.S.C. 1381 et seq.), regular pay-*
12 *ments from a government source (such as unemploy-*
13 *ment benefits and general assistance), worker's com-*
14 *ensation, child support payments made to a house-*
15 *hold member by an individual who is legally obli-*
16 *gated to make the payments, or such other types of in-*
17 *come the consideration of which the Secretary deter-*
18 *mines by regulation to be essential to equitable deter-*
19 *minations of eligibility and benefit levels”.*

20 **SEC. 413. INCREASE IN BENEFITS TO HOUSEHOLDS WITH**
21 **CHILDREN.**

22 *Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C.*
23 *2014(e)) is amended by striking paragraph (1) and insert-*
24 *ing the following:*

25 “(1) *STANDARD DEDUCTION.—*

1 “(A) *IN GENERAL.*—Subject to the other
2 provisions of this paragraph, the Secretary shall
3 allow for each household a standard deduction
4 that is equal to the greater of—

5 “(i) the applicable percentage specified
6 in subparagraph (D) of the applicable in-
7 come standard of eligibility established
8 under subsection (c)(1); or

9 “(ii) the minimum deduction specified
10 in subparagraph (E).

11 “(B) *GUAM.*—The Secretary shall allow for
12 each household in Guam a standard deduction
13 that is—

14 “(i) equal to the applicable percentage
15 specified in subparagraph (D) of twice the
16 income standard of eligibility established
17 under subsection (c)(1) for the 48 contig-
18 uous States and the District of Columbia;
19 but

20 “(ii) not less than the minimum de-
21 duction for Guam specified in subpara-
22 graph (E).

23 “(C) *HOUSEHOLDS OF 6 OR MORE MEM-*
24 *BERS.*—The income standard of eligibility estab-
25 lished under subsection (c)(1) for a household of

1 6 members shall be used to calculate the standard
2 deduction for each household of 6 or more mem-
3 bers.

4 “(D) *APPLICABLE PERCENTAGE.*—For the
5 purpose of subparagraph (A), the applicable per-
6 centage shall be—

7 “(i) 8 percent for each of fiscal years
8 2002 through 2007;

9 “(ii) 8.25 percent for fiscal year 2008;

10 “(iii) 8.5 percent for each of fiscal
11 years 2009 and 2010; and

12 “(iv) 9 percent for fiscal year 2011
13 and each fiscal year thereafter.

14 “(E) *MINIMUM DEDUCTION.*—The minimum
15 deduction shall be \$134, \$229, \$189, \$269, and
16 \$118 for the 48 contiguous States and the Dis-
17 trict of Columbia, Alaska, Hawaii, Guam, and
18 the Virgin Islands of the United States, respec-
19 tively.”.

20 **SEC. 414. SIMPLIFIED DETERMINATION OF HOUSING**
21 **COSTS.**

22 (a) *IN GENERAL.*—Section 5(e)(7) of the Food Stamp
23 Act of 1977 (7 U.S.C. 2014(e)(7)) is amended—

24 (1) in subparagraph (A)—

1 (A) by striking “A household” and inserting
2 the following:

3 “(i) *IN GENERAL.—A household*”; and

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

5 “(ii) *INCLUSION OF CERTAIN PAY-*
6 *MENTS.—In determining the shelter ex-*
7 *penses of a household under this paragraph,*
8 *the State agency shall include any required*
9 *payment to the landlord of the household*
10 *without regard to whether the required pay-*
11 *ment is designated to pay specific charges.”;*
12 and

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

14 “(D) *HOMELESS HOUSEHOLDS.—*

15 “(i) *ALTERNATIVE DEDUCTION.—In*
16 *lieu of the deduction provided under sub-*
17 *paragraph (A), a State agency may elect to*
18 *allow a household in which all members are*
19 *homeless individuals, but that is not receiv-*
20 *ing free shelter throughout the month, to re-*
21 *ceive a deduction of \$143 per month.*

22 “(ii) *INELIGIBILITY.—The State agen-*
23 *cy may make a household with extremely*
24 *low shelter costs ineligible for the alternative*
25 *deduction under clause (i).”.*

1 (b) *CONFORMING AMENDMENTS.*—Section 5 of the
2 *Food Stamp Act of 1977 (7 U.S.C. 2014)* is amended—

3 (1) *in subsection (e)*—

4 (A) *by striking paragraph (5); and*

5 (B) *by redesignating paragraphs (6) and*
6 *(7) as paragraphs (5) and (6), respectively; and*

7 (2) *in subsection (k)(4)(B), by striking “sub-*
8 *section (e)(7)” and inserting “subsection (e)(6)”.*

9 **SEC. 415. SIMPLIFIED UTILITY ALLOWANCE.**

10 Section 5(e)(6)(C)(iii) of the *Food Stamp Act of 1977*
11 *(as amended by section 414(b)(1)(B))* is amended—

12 (1) *in subclause (I)(bb), by inserting “(without*
13 *regard to subclause (III))” after “Secretary finds”;*
14 *and*

15 (2) *by adding at the end the following:*

16 “(III) *INAPPLICABILITY OF CER-*
17 *TAIN RESTRICTIONS.*—Clauses (i)(II)
18 *and (ii)(III) shall not apply in the*
19 *case of a State agency that has made*
20 *the use of a standard utility allowance*
21 *mandatory under subclause (I).”.*

1 **SEC. 416. SIMPLIFIED PROCEDURE FOR DETERMINATION**
 2 **OF EARNED INCOME.**

3 *Section 5(f)(1) of the Food Stamp Act of 1977 (7*
 4 *U.S.C. 2014(f)(1)) is amended by adding at the end the fol-*
 5 *lowing:*

6 “(C) *SIMPLIFIED DETERMINATION OF*
 7 *EARNED INCOME.—*

8 “(i) *IN GENERAL.—A State agency*
 9 *may elect to determine monthly earned in-*
 10 *come by multiplying weekly income by 4*
 11 *and biweekly income by 2.*

12 “(ii) *ADJUSTMENT OF EARNED INCOME*
 13 *DEDUCTION.—A State agency that makes*
 14 *an election described in clause (i) shall ad-*
 15 *just the earned income deduction under sub-*
 16 *section (e)(2)(B) to the extent necessary to*
 17 *prevent the election from resulting in in-*
 18 *creased costs to the food stamp program, as*
 19 *determined consistent with standards pro-*
 20 *mulgated by the Secretary.”.*

21 **SEC. 417. SIMPLIFIED DETERMINATION OF DEDUCTIONS.**

22 *Section 5(f)(1) of the Food Stamp Act of 1977 (7*
 23 *U.S.C. 2014(f)(1)) (as amended by section 416) is amended*
 24 *by adding at the end the following:*

25 “(D) *SIMPLIFIED DETERMINATION OF DE-*
 26 *DUCTIONS.—*

1 “(i) *IN GENERAL.*—*Except as provided*
 2 *in clause (ii), for the purposes of subsection*
 3 *(e), a State agency may elect to disregard*
 4 *until the next redetermination of eligibility*
 5 *under section 11(e)(4) 1 or more types of*
 6 *changes in the circumstances of a household*
 7 *that affect the amount of deductions the*
 8 *household may claim under subsection (e).*

9 “(ii) *CHANGES THAT MAY NOT BE DIS-*
 10 *REGARDED.*—*Under clause (i), a State*
 11 *agency may not disregard—*

12 “(I) *any reported change of resi-*
 13 *dence; or*

14 “(II) *under standards prescribed*
 15 *by the Secretary, any change in earned*
 16 *income.”.*

17 **SEC. 418. SIMPLIFIED DEFINITION OF RESOURCES.**

18 *Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C.*
 19 *2014(g)) is amended by adding at the end the following:*

20 “(6) *EXCLUSION OF TYPES OF FINANCIAL RE-*
 21 *SOURCES NOT CONSIDERED UNDER CERTAIN OTHER*
 22 *FEDERAL PROGRAMS.—*

23 “(A) *IN GENERAL.*—*Subject to subpara-*
 24 *graph (B), the Secretary shall promulgate regu-*
 25 *lations under which a State agency may, at the*

1 *option of the State agency, exclude from finan-*
2 *cial resources under this subsection any types of*
3 *financial resources that the State agency does*
4 *not consider when determining eligibility for—*

5 “(i) *cash assistance under a program*
6 *funded under part A of title IV of the Social*
7 *Security Act (42 U.S.C. 601 et seq.); or*

8 “(ii) *medical assistance under section*
9 *1931 of the Social Security Act (42 U.S.C.*
10 *1396u-1).*

11 “(B) *LIMITATIONS.—Subparagraph (A)*
12 *does not authorize a State agency to exclude—*

13 “(i) *cash;*

14 “(ii) *licensed vehicles;*

15 “(iii) *amounts in any account in a fi-*
16 *ancial institution that are readily avail-*
17 *able to the household; or*

18 “(iv) *any other similar type of resource*
19 *the inclusion in financial resources of which*
20 *the Secretary determines by regulation to be*
21 *essential to equitable determinations of eli-*
22 *gibility under the food stamp program, ex-*
23 *cept to the extent that any of those types of*
24 *resources are excluded under another para-*
25 *graph of this subsection.”.*

1 **SEC. 419. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.**

2 *Section 5(h)(3)(B) of the Food Stamp Act of 1977 (7*
3 *U.S.C. 2014(h)(3)(B)) is amended—*

4 *(1) in the first sentence, by inserting “issuance*
5 *methods and” after “shall adjust”; and*

6 *(2) in the second sentence, by inserting “, any*
7 *conditions that make reliance on electronic benefit*
8 *transfer systems described in section 7(i) impracti-*
9 *cable,” after “personnel”.*

10 **SEC. 420. STATE OPTION TO REDUCE REPORTING REQUIRE-**
11 **MENTS.**

12 *Section 6(c)(1) of the Food Stamp Act of 1977 (7*
13 *U.S.C. 2015(c)(1)) is amended—*

14 *(1) in subparagraph (B), by striking “on a*
15 *monthly basis”; and*

16 *(2) by adding at the end the following:*

17 *“(D) FREQUENCY OF REPORTING.—*

18 *“(i) IN GENERAL.—Except as provided*
19 *in subparagraphs (A) and (C), a State*
20 *agency may require households that report*
21 *on a periodic basis to submit reports—*

22 *“(I) not less often than once each*
23 *6 months; but*

24 *“(II) not more often than once*
25 *each month.*

1 “(i) *REPORTING BY HOUSEHOLDS*
 2 *WITH EXCESS INCOME.*—A household re-
 3 quired to report less often than once each 3
 4 months shall, notwithstanding subpara-
 5 graph (B), report in a manner prescribed
 6 by the Secretary if the income of the house-
 7 hold for any month exceeds the standard es-
 8 tablished under section 5(c)(2).”.

9 **SEC. 421. BENEFITS FOR ADULTS WITHOUT DEPENDENTS.**

10 (a) *IN GENERAL.*—Section 6(o) of the Food Stamp Act
 11 of 1977 (7 U.S.C. 2015(o)) is amended—

12 (1) in paragraph (1)—

13 (A) in subparagraph (B), by striking “and”
 14 at the end;

15 (B) in subparagraph (C)—

16 (i) by striking “subsection (d)(4),” and
 17 inserting “subsection (d)(4)”; and

18 (ii) by striking the period at the end
 19 and inserting “; and”; and

20 (C) by adding at the end the following:

21 “(D) a job search program or job search
 22 training program if—

23 “(i) the program meets standards es-
 24 tablished by the Secretary to ensure that the
 25 participant is continuously and actively

1 *seeking employment in the private sector;*

2 *and*

3 “(ii) *no position is currently available*

4 *for the participant in an employment or*

5 *training program that meets the require-*

6 *ments of subparagraph (C).”;*

7 (2) *in paragraph (2)—*

8 (A) *by striking “36-month” and inserting*

9 *“24-month”; and*

10 (B) *by striking “3” and inserting “6”;*

11 (3) *by striking paragraph (5) and inserting the*

12 *following:*

13 “(5) *ELIGIBILITY OF INDIVIDUALS WHILE MEET-*

14 *ING WORK REQUIREMENT.—Notwithstanding para-*

15 *graph (2), an individual who would otherwise be in-*

16 *eligible under that paragraph shall be eligible to par-*

17 *ticipate in the food stamp program during any pe-*

18 *riod in which the individual meets the work require-*

19 *ment of subparagraph (A), (B), or (C) of that para-*

20 *graph.”; and*

21 (4) *in paragraph (6)(A)(i)—*

22 (A) *in subclause (III), by adding “and” at*

23 *the end;*

24 (B) *in subclause (IV)—*

1 (i) by striking “3” and inserting “6”;

2 and

3 (ii) by striking “; and” and inserting

4 a period; and

5 (C) by striking subclause (V).

6 (b) *IMPLEMENTATION OF AMENDMENTS.*—For the pur-
7 pose of implementing the amendments made by subsection
8 (a), a State agency shall disregard any period during which
9 an individual received food stamp benefits before the effec-
10 tive date of this title.

11 **SEC. 422. PRESERVATION OF ACCESS TO ELECTRONIC BEN-**
12 **EFITS.**

13 (a) *IN GENERAL.*—Section 7(i)(1) of the Food Stamp
14 Act of 1977 (7 U.S.C. 2016(i)(1)) is amended by adding
15 at the end the following:

16 “(E) *ACCESS TO EBT SYSTEMS.*—

17 “(i) *IN GENERAL.*—No benefits shall be
18 taken off-line or otherwise made inaccessible
19 because of inactivity until at least 180 days
20 have elapsed since a household last accessed
21 the account of the household.

22 “(ii) *NOTICE TO HOUSEHOLD.*—In a
23 case in which benefits are taken off-line or
24 otherwise made inaccessible, the household
25 shall be sent a notice that—

1 “(I) explains how to reactivate the
2 benefits; and

3 “(II) offers assistance if the house-
4 hold is having difficulty accessing the
5 benefits of the household.”.

6 (b) *APPLICABILITY.*—The amendment made by sub-
7 section (a) shall apply with respect to each State agency
8 beginning on the date on which the State agency, after the
9 date of enactment of this Act, enters into a contract to oper-
10 ate an electronic benefit transfer system.

11 **SEC. 423. COST NEUTRALITY FOR ELECTRONIC BENEFIT**
12 **TRANSFER SYSTEMS.**

13 Section 7(i)(2) of the Food Stamp Act of 1977 (7
14 U.S.C. 2016(i)(2)) is amended—

15 (1) by striking subparagraph (A); and

16 (2) by redesignating subparagraphs (B) through
17 (I) as subparagraphs (A) through (H), respectively.

18 **SEC. 424. ALTERNATIVE PROCEDURES FOR RESIDENTS OF**
19 **CERTAIN GROUP FACILITIES.**

20 (a) *IN GENERAL.*—Section 8 of the Food Stamp Act
21 of 1977 (7 U.S.C. 2017) is amended by adding at the end
22 the following:

23 “(f) *SIMPLIFIED PROCEDURES FOR RESIDENTS OF*
24 *CERTAIN GROUP FACILITIES.*—

1 “(1) *IN GENERAL.*—*At the option of the State*
2 *agency, allotments for residents of facilities described*
3 *in subparagraph (B), (C), (D), or (E) of section*
4 *3(i)(5) may be determined and issued under this sub-*
5 *section in lieu of subsection (a).*

6 “(2) *AMOUNT OF ALLOTMENT.*—*The allotment*
7 *for each eligible resident described in paragraph (1)*
8 *shall be calculated in accordance with standardized*
9 *procedures established by the Secretary that take into*
10 *account the allotments typically received by residents*
11 *of facilities described in paragraph (1).*

12 “(3) *ISSUANCE OF ALLOTMENT.*—

13 “(A) *IN GENERAL.*—*The State agency shall*
14 *issue an allotment determined under this sub-*
15 *section to the administration of a facility de-*
16 *scribed in paragraph (1) as the authorized rep-*
17 *resentative of the residents of the facility.*

18 “(B) *ADJUSTMENT.*—*The Secretary shall es-*
19 *tablish procedures to ensure that a facility de-*
20 *scribed in paragraph (1) does not receive a*
21 *greater proportion of a resident’s monthly allot-*
22 *ment than the proportion of the month during*
23 *which the resident lived in the facility.*

24 “(4) *DEPARTURES OF COVERED RESIDENTS.*—

1 “(A) *NOTIFICATION.*—*Any facility described*
2 *in paragraph (1) that receives an allotment for*
3 *a resident under this subsection shall—*

4 “(i) *notify the State agency promptly*
5 *on the departure of the resident; and*

6 “(ii) *notify the resident, before the de-*
7 *parture of the resident, that the resident—*

8 “(I) *is eligible for continued bene-*
9 *fits under the food stamp program;*
10 *and*

11 “(II) *should contact the State*
12 *agency concerning continuation of the*
13 *benefits.*

14 “(B) *ISSUANCE TO DEPARTED RESI-*
15 *DENTS.*—*On receiving a notification under sub-*
16 *paragraph (A)(i) concerning the departure of a*
17 *resident, the State agency—*

18 “(i) *shall promptly issue the departed*
19 *resident an allotment for the days of the*
20 *month after the departure of the resident*
21 *(calculated in a manner prescribed by the*
22 *Secretary) unless the departed resident re-*
23 *applies to participate in the food stamp*
24 *program; and*

1 “(i) may issue an allotment for the
2 month following the month of the departure
3 (but not any subsequent month) based on
4 this subsection unless the departed resident
5 reapplies to participate in the food stamp
6 program.

7 “(C) STATE OPTION.—The State agency
8 may elect not to issue an allotment under sub-
9 paragraph (B)(i) if the State agency lacks suffi-
10 cient information on the location of the departed
11 resident to provide the allotment.

12 “(D) EFFECT OF REAPPLICATION.—If the
13 departed resident reapplies to participate in the
14 food stamp program, the allotment of the de-
15 parted resident shall be determined without re-
16 gard to this subsection.”.

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 3(i) of the Food Stamp Act of 1977
19 (7 U.S.C. 2012(i)) is amended—

20 (A) by striking “(i) ‘Household’ means (1)
21 an” and inserting the following:

22 “(i)(1) ‘Household’ means—

23 “(A) an”;

1 (B) in the first sentence, by striking “others,
2 or (2) a group” and inserting the following:

3 “others; or
4 “(B) a group”;

5 (C) in the second sentence, by striking
6 “Spouses” and inserting the following:

7 “(2) Spouses”;

8 (D) in the third sentence, by striking “Not-
9 withstanding” and inserting the following:

10 “(3) Notwithstanding”;

11 (E) in paragraph (3) (as designated by sub-
12 paragraph (D)), by striking “the preceding sen-
13 tences” and inserting “paragraphs (1) and (2)”;

14 (F) in the fourth sentence, by striking “In
15 no event” and inserting the following:

16 “(4) In no event”;

17 (G) in the fifth sentence, by striking “For
18 the purposes of this subsection, residents” and
19 inserting the following:

20 “(5) For the purposes of this subsection, the following
21 persons shall not be considered to be residents of institutions
22 and shall be considered to be individual households:

23 “(A) Residents”; and

24 (H) in paragraph (5) (as designated by
25 subparagraph (G))—

1 (i) by striking “Act, or are individ-
2 uals” and inserting the following: “Act.

3 “(B) Individuals”;

4 (ii) by striking “such section, tem-
5 porary” and inserting the following: “that
6 section.

7 “(C) Temporary”;

8 (iii) by striking “children, residents”
9 and inserting the following: “children.

10 “(D) Residents”;

11 (iv) by striking “coupons, and nar-
12 cotics” and inserting the following: “cou-
13 pons.

14 “(E) Narcotics”; and

15 (v) by striking “shall not” and all that
16 follows and inserting a period.

17 (2) Section 5(a) of the Food Stamp Act of 1977
18 (7 U.S.C. 2014(a)) is amended by striking “the third
19 sentence of section 3(i)” each place it appears and in-
20 serting “section 3(i)(4)”.

21 (3) Section 8(e)(1) of the Food Stamp Act of
22 1977 (7 U.S.C. 2017(e)(1)) is amended by striking
23 “the last sentence of section 3(i)” and inserting “sec-
24 tion 3(i)(5)”.

1 (4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food
2 Stamp Act of 1977 (7 U.S.C.
3 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking
4 “the last 2 sentences of section 3(i)” and inserting
5 “paragraphs (4) and (5) of section 3(i)”.

6 **SEC. 425. REDEMPTION OF BENEFITS THROUGH GROUP LIV-**
7 **ING ARRANGEMENTS.**

8 Section 10 of the Food Stamp Act of 1977 (7 U.S.C.
9 2019) is amended by inserting after the first sentence the
10 following: “Notwithstanding the preceding sentence, a cen-
11 ter, organization, institution, shelter, group living arrange-
12 ment, or establishment described in that sentence may be
13 authorized to redeem coupons through a financial institu-
14 tion described in that sentence if the center, organization,
15 institution, shelter, group living arrangement, or establish-
16 ment is equipped with 1 or more point-of-sale devices and
17 is operating in an area in which an electronic benefit trans-
18 fer system described in section 7(i) has been implemented.”.

19 **SEC. 426. AVAILABILITY OF FOOD STAMP PROGRAM APPLI-**
20 **CATIONS ON THE INTERNET.**

21 Section 11(e)(2)(B)(ii) of the Food Stamp Act of 1977
22 (7 U.S.C. 2020(e)(2)(B)(ii)) is amended—
23 (1) by inserting “(I)” after “(ii)”;
24 (2) in subclause (I) (as designated by paragraph
25 (1)), by adding “and” at the end; and

1 (3) *by adding at the end the following:*

2 “(II) *if the State agency maintains a*
3 *website for the State agency, shall make the ap-*
4 *plication available on the website in each lan-*
5 *guage in which the State agency makes a printed*
6 *application available;”.*

7 **SEC. 427. SIMPLIFIED DETERMINATIONS OF CONTINUING**
8 **ELIGIBILITY.**

9 (a) *IN GENERAL.*—*Section 11(e) of the Food Stamp*
10 *Act of 1977 (7 U.S.C. 2020(e)) is amended—*

11 (1) *by striking paragraph (4) and inserting the*
12 *following:*

13 “(4)(A) *that the State agency shall periodically*
14 *require each household to cooperate in a redetermina-*
15 *tion of the eligibility of the household.*

16 “(B) *A redetermination under subparagraph (A)*
17 *shall—*

18 “(i) *be based on information supplied by*
19 *the household; and*

20 “(ii) *conform to standards established by*
21 *the Secretary.*

22 “(C) *The interval between redeterminations of*
23 *eligibility under subparagraph (A) shall not exceed*
24 *the eligibility review period;” and*

25 (2) *in paragraph (10)—*

1 (A) by striking “within the household’s cer-
2 tification period”; and

3 (B) by striking “or until” and all that fol-
4 lows through “occurs earlier”.

5 (b) CONFORMING AMENDMENTS.—

6 (1) Section 3(c) of the Food Stamp Act of 1977
7 (7 U.S.C. 2012(c)) is amended—

8 (A) by striking “Certification period” and
9 inserting “Eligibility review period”; and

10 (B) by striking “certification period” each
11 place it appears and inserting “eligibility review
12 period”.

13 (2) Section 5 of the Food Stamp Act of 1977 (7
14 U.S.C. 2014) is amended—

15 (A) in subsection (d)(2), by striking “in the
16 certification period which” and inserting “that”;
17 and

18 (B) in subsection (e) (as amended by section
19 414(b)(1)(B))—

20 (i) in paragraph (5)(B)(i)—

21 (I) in subclause (II), by striking
22 “certification period” and inserting
23 “eligibility review period”; and

24 (II) in subclause (III), by striking
25 “has been anticipated for the certifi-

1 *certification period” and inserting “was an-*
2 *anticipated when the household applied*
3 *or at the most recent redetermination*
4 *of eligibility for the household”;* and

5 *(ii) in paragraph (6)(C)(iii)(II), by*
6 *striking “the end of a certification period”*
7 *and inserting “each redetermination of the*
8 *eligibility of the household”.*

9 *(3) Section 6 of the Food Stamp Act of 1977 (7*
10 *U.S.C. 2015) is amended—*

11 *(A) in subsection (c)(1)(C)(iv), by striking*
12 *“certification period” each place it appears and*
13 *inserting “interval between required redeter-*
14 *minations of eligibility”;* and

15 *(B) in subsection (d)(1)(D)(v)(II), by strik-*
16 *ing “a certification period” and inserting “an*
17 *eligibility review period”.*

18 *(4) Section 8(c) of the Food Stamp Act of 1977*
19 *(7 U.S.C. 2017(c)) is amended—*

20 *(A) in the second sentence of paragraph (1),*
21 *by striking “within a certification period”;* and

22 *(B) in paragraph (2)(B), by striking “expi-*
23 *ration of” and all that follows through “during*
24 *a certification period,” and inserting “termi-*
25 *nation of benefits to the household.”.*

1 (5) *Section 11(e)(16) of the Food Stamp Act of*
2 *1977 (7 U.S.C. 2020(e)(16)) is amended by striking*
3 *“the certification or recertification” and inserting*
4 *“determining the eligibility”.*

5 **SEC. 428. CLEARINGHOUSE FOR SUCCESSFUL NUTRITION**
6 **EDUCATION EFFORTS.**

7 *Section 11(f) of the Food Stamp Act of 1977 (7 U.S.C.*
8 *2020(f)) is amended by striking paragraph (2) and insert-*
9 *ing the following:*

10 “(2) *NUTRITION EDUCATION CLEARINGHOUSE.—*

11 *The Secretary shall—*

12 “(A) *request State agencies to submit to the*
13 *Secretary descriptions of successful nutrition*
14 *education programs designed for use in the food*
15 *stamp program and other nutrition assistance*
16 *programs;*

17 “(B) *make the descriptions submitted under*
18 *subparagraph (A) available on the website of the*
19 *Department of Agriculture; and*

20 “(C) *inform State agencies of the avail-*
21 *ability of the descriptions on the website.”.*

1 **SEC. 429. TRANSITIONAL FOOD STAMPS FOR FAMILIES**
2 **MOVING FROM WELFARE.**

3 (a) *IN GENERAL.*—Section 11 of the Food Stamp Act
4 of 1977 (7 U.S.C. 2020) is amended by adding at the end
5 the following:

6 “(s) *TRANSITIONAL BENEFITS OPTION.*—

7 “(1) *IN GENERAL.*—A State agency may provide
8 transitional food stamp benefits to a household that
9 ceases to receive cash assistance under a State pro-
10 gram funded under part A of title IV of the Social
11 Security Act (42 U.S.C. 601 et seq.).

12 “(2) *TRANSITIONAL BENEFITS PERIOD.*—Under
13 paragraph (1), a household may continue to receive
14 food stamp benefits for a period of not more than 6
15 months after the date on which cash assistance is ter-
16 minated.

17 “(3) *AMOUNT OF BENEFITS.*—During the transi-
18 tional benefits period under paragraph (2), a house-
19 hold shall receive an amount of food stamp benefits
20 equal to the allotment received in the month imme-
21 diately preceding the date on which cash assistance
22 was terminated, adjusted for—

23 “(A) the change in household income as a
24 result of the termination of cash assistance; and

25 “(B) any changes in circumstances that
26 may result in an increase in the food stamp al-

1 *lotment of the household and that the household*
2 *elects to report.*

3 “(4) *DETERMINATION OF FUTURE ELIGI-*
4 *BILITY.—In the final month of the transitional bene-*
5 *fits period under paragraph (2), the State agency*
6 *may—*

7 *“(A) require the household to cooperate in a*
8 *redetermination of eligibility; and*

9 *“(B) initiate a new eligibility review period*
10 *for the household without regard to whether the*
11 *preceding eligibility review period has expired.*

12 “(5) *LIMITATION.—A household shall not be eli-*
13 *gible for transitional benefits under this subsection if*
14 *the household—*

15 *“(A) loses eligibility under section 6;*

16 *“(B) is sanctioned for a failure to perform*
17 *an action required by Federal, State, or local*
18 *law relating to a cash assistance program de-*
19 *scribed in paragraph (1); or*

20 *“(C) is a member of any other category of*
21 *households designated by the State agency as in-*
22 *eligible for transitional benefits.”.*

23 (b) *CONFORMING AMENDMENTS.—*

24 (1) *Section 3(c) of the Food Stamp Act of 1977*
25 *(7 U.S.C. 2012(c)) is amended by adding at the end*

1 *the following: “The limits specified in this section*
2 *may be extended until the end of any transitional*
3 *benefit period established under section 11(s).”.*

4 (2) *Section 6(c) of the Food Stamp Act of 1977*
5 *(7 U.S.C. 2015(c)) is amended by striking “No house-*
6 *hold” and inserting “Except in a case in which a*
7 *household is receiving transitional benefits during the*
8 *transitional benefits period under section 11(s), no*
9 *household”.*

10 **SEC. 430. DELIVERY TO RETAILERS OF NOTICES OF AD-**
11 **VERSE ACTION.**

12 *Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C.*
13 *2023(a)) is amended by striking paragraph (2) and insert-*
14 *ing the following:*

15 “(2) *DELIVERY OF NOTICES.—A notice under*
16 *paragraph (1) shall be delivered by any form of deliv-*
17 *ery that the Secretary determines will provide evi-*
18 *dence of the delivery.”.*

19 **SEC. 431. REFORM OF QUALITY CONTROL SYSTEM.**

20 (a) *IN GENERAL.—Section 16(c) of the Food Stamp*
21 *Act of 1977 (7 U.S.C. 2025(c)) is amended—*

22 (1) *in paragraph (1)—*

23 (A) *by striking “enhances payment accu-*
24 *racy” and all that follows through “(A) the Sec-*
25 *retary” and inserting the following: “enhances*

1 *payment accuracy and that has the following ele-*
2 *ments:*

3 “(A) *ENHANCED ADMINISTRATIVE FUND-*
4 *ING.—With respect to fiscal year 2001, the Sec-*
5 *retary*”;

6 (B) *in subparagraph (A)—*

7 (i) *by striking “one percentage point to*
8 *a maximum of 60” and inserting “ $\frac{1}{2}$ of 1*
9 *percentage point to a maximum of 55”;* and

10 (ii) *by striking the semicolon at the*
11 *end and inserting a period; and*

12 (C) *by striking subparagraph (B) and all*
13 *that follows and inserting the following:*

14 “(B) *INVESTIGATION AND INITIAL SANC-*
15 *TIONS.—*

16 “(i) *INVESTIGATION.—Except as pro-*
17 *vided under subparagraph (C), for any fis-*
18 *cal year in which the Secretary determines*
19 *that a 95 percent statistical probability ex-*
20 *ists that the payment error rate of a State*
21 *agency exceeds the national performance*
22 *measure for payment error rates announced*
23 *under paragraph (6) by more than 1 per-*
24 *centage point, other than for good cause*
25 *shown, the Secretary shall investigate the*

1 *administration by the State agency of the*
2 *food stamp program unless the Secretary*
3 *determines that sufficient information is al-*
4 *ready available to review the administra-*
5 *tion by the State agency.*

6 “(ii) *INITIAL SANCTIONS.—If an inves-*
7 *tigation under clause (i) results in a deter-*
8 *mination that the State agency has been se-*
9 *riously negligent (as determined under*
10 *standards promulgated by the Secretary),*
11 *the State agency shall pay the Secretary an*
12 *amount that reflects the extent of such neg-*
13 *ligence (as determined under standards pro-*
14 *mulgated by the Secretary), not to exceed 5*
15 *percent of the amount provided to the State*
16 *agency under subsection (a) for the fiscal*
17 *year.*

18 “(C) *ADDITIONAL SANCTIONS.—If, for any*
19 *fiscal year, the Secretary determines that a 95*
20 *percent statistical probability exists that the*
21 *payment error rate of a State agency exceeds the*
22 *national performance measure for payment error*
23 *rates announced under paragraph (6) by more*
24 *than 1 percentage point, other than for good*
25 *cause shown, and that the State agency was*

1 *sanctioned under this paragraph or was the sub-*
2 *ject of an investigation or review under subpara-*
3 *graph (B)(i) for each of the 2 immediately pre-*
4 *ceding fiscal years, the State agency shall pay to*
5 *the Secretary an amount equal to the product ob-*
6 *tained by multiplying—*

7 *“(i) the value of all allotments issued*
8 *by the State agency in the fiscal year;*

9 *“(ii) the lesser of—*

10 *“(I) the ratio that—*

11 *“(aa) the amount by which*
12 *the payment error rate of the*
13 *State agency for the fiscal year*
14 *exceeds by more than 1 percentage*
15 *point the national performance*
16 *measure for the fiscal year; bears*
17 *to*

18 *“(bb) 10 percent; or*

19 *“(II) 1; and*

20 *“(iii) the amount by which the pay-*
21 *ment error rate of the State agency for the*
22 *fiscal year exceeds by more than 1 percent-*
23 *age point the national performance measure*
24 *for the fiscal year.*

1 “(D) *CORRECTIVE ACTION PLANS.*—*The*
2 *Secretary shall foster management improvements*
3 *by the States by requiring State agencies to de-*
4 *velop and implement corrective action plans to*
5 *reduce payment errors.”;*

6 (2) *in paragraph (2)(A), by inserting before the*
7 *semicolon the following: “, as adjusted downward as*
8 *appropriate under paragraph (10)”;*

9 (3) *in paragraph (4), by striking “(4)” and all*
10 *that follows through the end of the first sentence and*
11 *inserting the following:*

12 “(4) *REPORTING REQUIREMENTS.*—*The Sec-*
13 *retary may require a State agency to report any fac-*
14 *tors that the Secretary considers necessary to deter-*
15 *mine a State agency’s payment error rate, enhanced*
16 *administrative funding, claim for payment error*
17 *under paragraph (1), or performance under the per-*
18 *formance measures under paragraph (11).”;*

19 (4) *in paragraph (5), by striking “(5)” and all*
20 *that follows through the end of the second sentence*
21 *and inserting the following:*

22 “(5) *PROCEDURES.*—*To facilitate the implemen-*
23 *tation of this subsection, each State agency shall expe-*
24 *ditiously submit to the Secretary data concerning the*
25 *operations of the State agency in each fiscal year suf-*

1 *efficient for the Secretary to establish the payment*
2 *error rate for the State agency for the fiscal year, to*
3 *comply with paragraph (10), and to determine the*
4 *amount of enhanced administrative funding under*
5 *paragraph (1)(A), high performance bonus payments*
6 *under paragraph (11), or claims under subparagraph*
7 *(B) or (C) of paragraph (1).”;*

8 *(5) in paragraph (6)—*

9 *(A) in the first and third sentences, by*
10 *striking “paragraph (5)” each place it appears*
11 *and inserting “paragraph (8)”;* and

12 *(B) in the first sentence, by inserting “(but*
13 *determined without regard to paragraph (10))”*
14 *before “times that”;* and

15 *(6) by adding at the end the following:*

16 *“(10) ADJUSTMENTS OF PAYMENT ERROR*
17 *RATE.—*

18 *“(A) IN GENERAL.—*

19 *“(i) ADJUSTMENT FOR HIGHER PER-*
20 *CENTAGE OF HOUSEHOLDS WITH EARNED*
21 *INCOME.—With respect to fiscal year 2002*
22 *and each fiscal year thereafter, in applying*
23 *paragraph (1), the Secretary shall adjust*
24 *the payment error rate determined under*
25 *paragraph (2)(A) as necessary to take into*

1 *account any increases in errors that result*
2 *from the State agency's having a higher*
3 *percentage of participating households that*
4 *have earned income than the lesser of—*

5 “(I) *the percentage of partici-*
6 *parting households in all States that*
7 *have earned income; or*

8 “(II) *the percentage of partici-*
9 *parting households in the State in fiscal*
10 *year 1992 that had earned income.*

11 “(ii) *ADJUSTMENT FOR HIGHER PER-*
12 *CENTAGE OF HOUSEHOLDS WITH NONCIT-*
13 *IZEN MEMBERS.—With respect to fiscal year*
14 *2002 and each fiscal year thereafter, in ap-*
15 *plying paragraph (1), the Secretary shall*
16 *adjust the payment error rate determined*
17 *under paragraph (2)(A) as necessary to*
18 *take into account any increases in errors*
19 *that result from the State agency's having a*
20 *higher percentage of participating house-*
21 *holds that have 1 or more members who are*
22 *not United States citizens than the lesser*
23 *of—*

24 “(I) *the percentage of partici-*
25 *parting households in all States that*

1 *have 1 or more members who are not*
2 *United States citizens; or*

3 “*(II) the percentage of partici-*
4 *parting households in the State in fiscal*
5 *year 1998 that had 1 or more members*
6 *who were not United States citizens.*”

7 “*(B) ADDITIONAL ADJUSTMENTS.—For fis-*
8 *cal year 2003 and each fiscal year thereafter, the*
9 *Secretary may make such additional adjust-*
10 *ments to the payment error rate determined*
11 *under paragraph (2)(A) as the Secretary deter-*
12 *mines to be consistent with achieving the pur-*
13 *poses of this Act.*”.

14 *(b) APPLICABILITY.—Except as otherwise provided in*
15 *the amendments made by subsection (a), the amendments*
16 *made by subsection (a) shall apply to fiscal year 2001 and*
17 *each fiscal year thereafter.*

18 **SEC. 432. IMPROVEMENT OF CALCULATION OF STATE PER-**
19 **FORMANCE MEASURES.**

20 *(a) IN GENERAL.—Section 16(c)(8) of the Food Stamp*
21 *Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—*

22 *(1) in subparagraph (B), by striking “180 days*
23 *after the end of the fiscal year” and inserting “the*
24 *first May 31 after the end of the fiscal year referred*
25 *to in subparagraph (A)”;* and

1 (2) *in subparagraph (C), by striking “30 days*
2 *thereafter” and inserting “the first June 30 after the*
3 *end of the fiscal year referred to in subparagraph*
4 *(A)”.*

5 (b) *EFFECTIVE DATE.—The amendments made by this*
6 *section take effect on the date of enactment of this Act.*

7 ***SEC. 433. BONUSES FOR STATES THAT DEMONSTRATE HIGH***
8 ***PERFORMANCE.***

9 (a) *IN GENERAL.—Section 16(c) of the Food Stamp*
10 *Act of 1977 (7 U.S.C. 2025(c)) (as amended by section*
11 *431(a)(6)) is amended by adding at the end the following:*

12 *“(11) HIGH PERFORMANCE BONUS PAYMENTS.—*

13 *“(A) IN GENERAL.—The Secretary shall—*

14 *“(i) with respect to fiscal year 2002*
15 *and each fiscal year thereafter, measure the*
16 *performance of each State agency with re-*
17 *spect to each of the performance measures*
18 *specified in subparagraph (B); and*

19 *“(ii) in fiscal year 2003 and each fis-*
20 *cal year thereafter, subject to subparagraphs*
21 *(C) and (D), make high performance bonus*
22 *payments to the State agencies with the*
23 *highest or most improved performance with*
24 *respect to those performance measures.*

1 “(B) *PERFORMANCE MEASURES.*—*The per-*
2 *formance measures specified in this subpara-*
3 *graph are—*

4 “(i) *the ratio, expressed as a percent-*
5 *age, that—*

6 “(I) *the number of households in*
7 *the State that—*

8 “(aa) *receive food stamps;*

9 “(bb) *have incomes less than*
10 *130 percent of the poverty line (as*
11 *defined in section 673 of the Com-*
12 *munity Services Block Grant Act*
13 *(42 U.S.C. 9902));*

14 “(cc) *have annual earnings*
15 *equal to at least 1000 times the*
16 *Federal minimum hourly rate*
17 *under the Fair Labor Standards*
18 *Act of 1938 (29 U.S.C. 201 et*
19 *seq.); and*

20 “(dd) *have children under*
21 *age 18; bears to*

22 “(II) *the number of households in*
23 *the State that meet the criteria speci-*
24 *fied in items (bb) through (dd) of sub-*
25 *clause (I); and*

1 “(ii) 4 additional performance meas-
2 ures, established by the Secretary in con-
3 sultation with the National Governors Asso-
4 ciation, the American Public Human Serv-
5 ices Association, and the National Con-
6 ference of State Legislatures not later than
7 180 days after the date of enactment of this
8 paragraph, of which not less than 1 per-
9 formance measure shall relate to provision
10 of timely and appropriate services to appli-
11 cants for and recipients of food stamp bene-
12 fits.

13 “(C) HIGH PERFORMANCE BONUS PAY-
14 MENTS.—

15 “(i) DEFINITION OF CASELOAD.—In
16 this subparagraph, the term ‘caseload’ has
17 the meaning given the term in section
18 6(o)(6)(A).

19 “(ii) AMOUNT OF PAYMENTS.—

20 “(I) IN GENERAL.—In fiscal year
21 2003 and each fiscal year thereafter,
22 the Secretary shall—

23 “(aa) make 1 high perform-
24 ance bonus payment of \$6,000,000
25 for each of the 5 performance

1 *measures under subparagraph*
2 *(B); and*

3 “*(bb) allocate the high per-*
4 *formance bonus payment with re-*
5 *spect to each performance measure*
6 *in accordance with subclauses (II)*
7 *and (III).*

8 “*(II) PAYMENTS FOR PERFORM-*
9 *ANCE MEASURES.—In fiscal year 2003*
10 *and each fiscal year thereafter, the Sec-*
11 *retary shall allocate, in accordance*
12 *with subclause (III), the high perform-*
13 *ance bonus payment made for each*
14 *performance measure under subpara-*
15 *graph (B) among the 6 State agencies*
16 *with, as determined by the Secretary*
17 *by regulation—*

18 “*(aa) the greatest improve-*
19 *ment in the level of performance*
20 *with respect to the performance*
21 *measure between the 2 most recent*
22 *years for which the Secretary de-*
23 *termines that reliable data are*
24 *available;*

1 “(bb) the highest performance
2 in the performance measure for
3 the most recent year for which the
4 Secretary determines that reliable
5 data are available; or

6 “(cc) a combination of the
7 greatest improvement described in
8 item (aa) and the highest per-
9 formance described in item (bb).

10 “(III) ALLOCATION AMONG STATE
11 AGENCIES ELIGIBLE FOR PAYMENTS.—
12 A high performance bonus payment
13 under subclause (II) made for a per-
14 formance measure shall be allocated
15 among the 6 State agencies eligible for
16 the payment in the ratio that—

17 “(aa) the caseload of each of
18 the 6 State agencies eligible for
19 the payment; bears to

20 “(bb) the caseloads of the 6
21 State agencies eligible for the pay-
22 ment.

23 “(D) PROHIBITION ON RECEIPT OF HIGH
24 PERFORMANCE BONUS PAYMENTS BY STATE
25 AGENCIES SUBJECT TO SANCTIONS.—If, for any

1 *fiscal year, a State agency is subject to a sanc-*
2 *tion under paragraph (1), the State agency shall*
3 *not be eligible for a high performance bonus pay-*
4 *ment for the fiscal year.*

5 “(E) *PAYMENTS NOT SUBJECT TO JUDICIAL*
6 *REVIEW.—A determination by the Secretary*
7 *whether, and in what amount, to make a high*
8 *performance bonus payment under this para-*
9 *graph shall not be subject to judicial review.”.*

10 (b) *APPLICABILITY.—The amendment made by sub-*
11 *section (a) takes effect on the date of enactment of this Act.*

12 **SEC. 434. EMPLOYMENT AND TRAINING PROGRAM.**

13 (a) *LEVELS OF FUNDING.—Section 16(h)(1) of the*
14 *Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is*
15 *amended—*

16 (1) *in subparagraph (A)—*

17 (A) *by striking “, to remain available until*
18 *expended,”; and*

19 (B) *by striking clause (vii) and inserting*
20 *the following:*

21 “(vii) *for each of fiscal years 2002*
22 *through 2006, \$90,000,000, to remain avail-*
23 *able until expended.”;*

24 (2) *by striking subparagraph (B) and inserting*
25 *the following:*

1 “(B) *ALLOCATION.*—*Funds made available*
2 *under subparagraph (A) shall be made available*
3 *to and reallocated among State agencies under a*
4 *reasonable formula that—*

5 “(i) *is determined and adjusted by the*
6 *Secretary; and*

7 “(ii) *takes into account the number of*
8 *individuals who are not exempt from the*
9 *work requirement under section 6(o).”;* and

10 (3) *by striking subparagraphs (E) through (G)*
11 *and inserting the following:*

12 “(E) *ADDITIONAL ALLOCATIONS FOR*
13 *STATES THAT ENSURE AVAILABILITY OF WORK*
14 *OPPORTUNITIES.—*

15 “(i) *IN GENERAL.*—*In addition to the*
16 *allocations under subparagraph (A), from*
17 *funds made available under section*
18 *18(a)(1), the Secretary shall allocate not*
19 *more than \$25,000,000 for each of fiscal*
20 *years 2002 through 2006 to reimburse a*
21 *State agency that is eligible under clause*
22 *(ii) for the costs incurred in serving food*
23 *stamp recipients who—*

24 “(I) *are not eligible for an excep-*
25 *tion under section 6(o)(3); and*

1 “(II) are placed in and comply
2 with a program described in subpara-
3 graph (B) or (C) of section 6(o)(2).

4 “(i) *ELIGIBILITY.*—To be eligible for
5 an additional allocation under clause (i), a
6 State agency shall—

7 “(I) exhaust the allocation to the
8 State agency under subparagraph (A)
9 (including any reallocation that has
10 been made available under subpara-
11 graph (C)); and

12 “(II) make and comply with a
13 commitment to offer a position in a
14 program described in subparagraph
15 (B) or (C) of section 6(o)(2) to each
16 applicant or recipient who—

17 “(aa) is in the last month of
18 the 6-month period described in
19 section 6(o)(2);

20 “(bb) is not eligible for an
21 exception under section 6(o)(3);

22 “(cc) is not eligible for a
23 waiver under section 6(o)(4); and

24 “(dd) is not eligible for an
25 exemption under section 6(o)(6).”.

1 (b) *RESCISSION OF CARRYOVER FUNDS.*—Notwith-
2 standing any other provision of law, funds provided under
3 section 16(h)(1)(A) of the Food Stamp Act of 1977 (7
4 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year
5 2002 shall cease to be available on the date of enactment
6 of this Act, unless obligated by a State agency before that
7 date.

8 (c) *PARTICIPANT EXPENSES.*—Section 6(d)(4)(I)(i)(I)
9 of the Food Stamp Act of 1977 (7 U.S.C.
10 2015(d)(4)(I)(i)(I)) is amended by striking “except that the
11 State agency may limit such reimbursement to each partici-
12 pant to \$25 per month” and inserting “except that, in the
13 case of each of fiscal years 2002 through 2009, the State
14 agency may limit such reimbursement to each participant
15 to \$50 per month”.

16 (d) *FEDERAL REIMBURSEMENT.*—Section 16(h)(3) of
17 the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is
18 amended by striking “except that such total amount shall
19 not exceed an amount representing \$25 per participant per
20 month” and inserting “except that, in the case of each of
21 fiscal years 2002 through 2009, such total amount shall not
22 exceed an amount representing \$50 per participant per
23 month”.

24 (e) *EFFECTIVE DATE.*—The amendments made by this
25 section take effect on the date of enactment of this Act.

1 **SEC. 435. REAUTHORIZATION OF FOOD STAMP PROGRAM**
2 **AND FOOD DISTRIBUTION PROGRAM ON IN-**
3 **DIAN RESERVATIONS.**

4 (a) *REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE*
5 *COSTS.*—Section 16(k)(3) of the Food Stamp Act of 1977
6 (7 U.S.C. 2025(k)(3)) is amended—

7 (1) in the first sentence of subparagraph (A), by
8 striking “2002” and inserting “2006”; and

9 (2) in subparagraph (B)(ii), by striking “2002”
10 and inserting “2006”.

11 (b) *CASH PAYMENT PILOT PROJECTS.*—Section
12 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C.
13 2026(b)(1)(B)(vi)) is amended by striking “2002” and in-
14 serting “2006”.

15 (c) *GRANTS TO IMPROVE FOOD STAMP PARTICIPA-*
16 *TION.*—Section 17(i)(1)(A) of the Food Stamp Act of 1977
17 (7 U.S.C. 2026(i)(1)(A)) is amended in the first sentence
18 by striking “2002” and inserting “2006”.

19 (d) *AUTHORIZATION OF APPROPRIATIONS.*—Section
20 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C.
21 2027(a)(1)) is amended in the first sentence by striking
22 “2002” and inserting “2006”.

23 **SEC. 436. COORDINATION OF PROGRAM INFORMATION EF-**
24 **FORTS.**

25 Section 16(k)(5) of the Food Stamp Act of 1977 (7
26 U.S.C. 2025(k)(5)) is amended—

1 (1) *in subparagraph (A), by striking “No funds”*
2 *and inserting “Except as provided in subparagraph*
3 *(C), no funds”;* and

4 (2) *by adding at the end the following:*

5 “(C) *FOOD STAMP INFORMATIONAL ACTIVITIES.—Subparagraph (A) shall not apply to any*
6 *funds or expenditures described in clause (i) or*
7 *(ii) of subparagraph (B) used to pay the costs of*
8 *any activity that is eligible for reimbursement*
9 *under subsection (a)(4).”.*

11 **SEC. 437. EXPANDED GRANT AUTHORITY.**

12 *Section 17(a)(1) of the Food Stamp Act of 1977 (7*
13 *U.S.C. 2026(a)(1)) is amended—*

14 (1) *by striking “, by way of making contracts*
15 *with or grants to public or private organizations or*
16 *agencies,” and inserting “enter into contracts with or*
17 *make grants to public or private organizations or*
18 *agencies under this section to”;* and

19 (2) *by adding at the end the following: “The*
20 *waiver authority of the Secretary under subsection (b)*
21 *shall extend to all contracts and grants under this*
22 *section.”.*

1 **SEC. 438. ACCESS AND OUTREACH PILOT PROJECTS.**

2 *Section 17 of the Food Stamp Act of 1977 (7 U.S.C.*
3 *2026) is amended by striking subsection (h) and inserting*
4 *the following:*

5 “(h) *ACCESS AND OUTREACH PILOT PROJECTS.*—

6 “(1) *IN GENERAL.*—*The Secretary shall make*
7 *grants to State agencies and other entities to pay the*
8 *Federal share of the eligible costs of projects to*
9 *improve—*

10 “(A) *access by eligible individuals to bene-*
11 *fits under the food stamp program; or*

12 “(B) *outreach to individuals eligible for*
13 *those benefits.*

14 “(2) *FEDERAL SHARE.*—*The Federal share shall*
15 *be 75 percent.*

16 “(3) *TYPES OF PROJECTS.*—*To be eligible for a*
17 *grant under this subsection, a project may consist*
18 *of—*

19 “(A) *establishing a single site at which in-*
20 *dividuals may apply for—*

21 “(i) *benefits under the food stamp pro-*
22 *gram; and*

23 “(ii)(I) *supplemental security income*
24 *benefits under title XVI of the Social Secu-*
25 *rity Act (42 U.S.C. 1381 et seq.);*

1 “(II) benefits under the medicaid pro-
2 gram under title XIX of the Social Security
3 Act (42 U.S.C. 1396 et seq.);

4 “(III) benefits under the State chil-
5 dren’s health insurance program under title
6 XXI of the Social Security Act (42 U.S.C.
7 1397aa et seq.);

8 “(IV) benefits under the special supple-
9 mental nutrition program for women, in-
10 fants, and children under section 17 of the
11 Child Nutrition Act of 1966 (42 U.S.C.
12 1786); or

13 “(V) benefits under such other pro-
14 grams as the Secretary determines to be ap-
15 propriate;

16 “(B) developing forms that allow an indi-
17 vidual to apply for more than 1 of the programs
18 referred to in subparagraph (A);

19 “(C) dispatching State agency personnel to
20 conduct outreach and enroll individuals in the
21 food stamp program and other programs in non-
22 traditional venues (such as shopping malls,
23 schools, community centers, county fairs, clinics,
24 food banks, and job training centers);

1 “(D) developing systems to enable increased
2 participation in the provision of benefits under
3 the food stamp program through farmers’ mar-
4 kets, roadside stands, and other community-sup-
5 ported agriculture programs, including wireless
6 electronic benefit transfer systems and other sys-
7 tems appropriate to open-air settings where
8 farmers and other vendors sell directly to con-
9 sumers;

10 “(E) allowing individuals to submit appli-
11 cations for the food stamp program by means of
12 the telephone or the Internet, in particular indi-
13 viduals who live in rural areas, elderly individ-
14 uals, and individuals with disabilities;

15 “(F) encouraging consumption of fruit and
16 vegetables by developing a cost-effective system
17 for providing discounts for purchases of fruit
18 and vegetables made through use of electronic
19 benefit transfer cards;

20 “(G) reducing barriers to participation by
21 individuals, with emphasis on working families,
22 eligible immigrants, elderly individuals, and in-
23 dividuals with disabilities;

1 “(H) developing training materials, guide-
2 books, and other resources to improve access and
3 outreach;

4 “(I) conforming verification practices under
5 the food stamp program with verification prac-
6 tices under other assistance programs; and

7 “(J) such other activities as the Secretary
8 determines to be appropriate.

9 “(4) SELECTION.—

10 “(A) IN GENERAL.—The Secretary shall de-
11 velop criteria for selecting recipients of grants
12 under this subsection that include the consider-
13 ation of—

14 “(i) the demonstrated record of a State
15 agency or other entity in serving low-in-
16 come individuals;

17 “(ii) the ability of a State agency or
18 other entity to reach hard-to-serve popu-
19 lations;

20 “(iii) the level of innovative proposals
21 in the application of a State agency or
22 other entity for a grant; and

23 “(iv) the development of partnerships
24 between public and private sector entities
25 and linkages with the community.

1 “(B) *PREFERENCE.*—*In selecting recipients*
2 *of grants under paragraph (1), the Secretary*
3 *shall provide a preference to any applicant that*
4 *consists of a partnership between a State and a*
5 *private entity, such as—*

6 “(i) *a food bank;*

7 “(ii) *a community-based organization;*

8 “(iii) *a public school;*

9 “(iv) *a publicly-funded health clinic;*

10 “(v) *a publicly-funded day care center;*

11 *and*

12 “(vi) *a nonprofit health or welfare*
13 *agency.*

14 “(C) *GEOGRAPHICAL DISTRIBUTION OF RE-*
15 *CIPIENTS.*—

16 “(i) *IN GENERAL.*—*Subject to clause*
17 *(ii), the Secretary shall select, from all eligi-*
18 *ble applications received, at least 1 recipi-*
19 *ent to receive a grant under this subsection*
20 *from—*

21 “(I) *each region of the Depart-*
22 *ment of Agriculture administering the*
23 *food stamp program; and*

1 “(II) *each additional rural or*
2 *urban area that the Secretary deter-*
3 *mines to be appropriate.*

4 “(i) *EXCEPTION.—The Secretary shall*
5 *not be required to select grant recipients*
6 *under clause (i) to the extent that the Sec-*
7 *retary determines that an insufficient num-*
8 *ber of eligible grant applications has been*
9 *received.*

10 “(5) *PROJECT EVALUATIONS.—*

11 “(A) *IN GENERAL.—The Secretary shall*
12 *conduct evaluations of projects funded by grants*
13 *under this subsection.*

14 “(B) *LIMITATION.—Not more than 10 per-*
15 *cent of funds made available to carry out this*
16 *subsection shall be used for project evaluations*
17 *described in subparagraph (A).*

18 “(6) *MAINTENANCE OF EFFORT.—A State agency*
19 *or other entity shall provide assurances to the Sec-*
20 *retary that funds provided to the State agency or*
21 *other entity under this subsection will be used only to*
22 *supplement, not to supplant, the amount of Federal,*
23 *State, and local funds otherwise expended to carry*
24 *out access and outreach activities in the State under*
25 *this Act.*

1 “(7) *FUNDING.*—*There is authorized to be appro-*
2 *priated to carry out this subsection \$3,000,000 for the*
3 *period of fiscal years 2003 through 2005.*”.

4 **SEC. 439. CONSOLIDATED BLOCK GRANTS AND ADMINIS-**
5 **TRATIVE FUNDS.**

6 (a) *CONSOLIDATED FUNDING.*—*Section 19(a)(1) of the*
7 *Food Stamp Act of 1977 (7 U.S.C. 2028(a)(1)) is*
8 *amended—*

9 (1) *in subparagraph (A)—*

10 (A) *by striking “the Commonwealth of*
11 *Puerto Rico” and inserting “governmental enti-*
12 *ties specified in subparagraph (D)”;*

13 (B) *in clause (ii), by striking “and” at the*
14 *end; and*

15 (C) *by striking clause (iii) and all that fol-*
16 *lows and inserting the following:*

17 “(iii) *for fiscal year 2002, \$1,356,000,000; and*

18 “(iv) *for each of fiscal years 2003 through 2006,*
19 *the amount provided in clause (iii), as adjusted by*
20 *the percentage by which the thrifty food plan has been*
21 *adjusted under section 3(o)(4) between June 30, 2001,*
22 *and June 30 of the immediately preceding fiscal year;*
23 *to pay the expenditures for nutrition assistance programs*
24 *for needy persons as described in subparagraphs (B) and*
25 *(C).”;*

1 (2) *in subparagraph (B)—*

2 (A) *by striking “(B) The” and inserting the*
3 *following:*

4 “(B) *MAXIMUM PAYMENTS TO COMMON-*
5 *WEALTH OF PUERTO RICO.—*

6 “(i) *IN GENERAL.—The*”;

7 (B) *by inserting “of Puerto Rico” after*
8 *“Commonwealth” each place it appears; and*

9 (C) *by adding at the end the following:*

10 “(i) *EXCEPTION FOR EXPENDITURES*
11 *FOR CERTAIN SYSTEMS.—Notwithstanding*
12 *subparagraph (A) and clause (i), the Com-*
13 *monwealth of Puerto Rico may spend not*
14 *more than \$6,000,000 of the amount re-*
15 *quired to be paid to the Commonwealth for*
16 *fiscal year 2002 under subparagraph (A) to*
17 *pay 100 percent of the costs of—*

18 “(I) *upgrading and modernizing*
19 *the electronic data processing system*
20 *used to carry out nutrition assistance*
21 *programs for needy persons;*

22 “(II) *implementing systems to*
23 *simplify the determination of eligi-*
24 *bility to receive that nutrition assist-*
25 *ance; and*

1 “(III) operating systems to deliver
2 benefits through electronic benefit
3 transfers.”; and

4 (3) by adding at the end the following:

5 “(C) AMERICAN SAMOA.—For each fiscal
6 year, the Secretary shall reserve 0.4 percent of
7 the funds made available under subparagraph
8 (A) for payment to American Samoa to pay 100
9 percent of the expenditures for a nutrition assist-
10 ance program extended under section 601(c) of
11 Public Law 96–597 (48 U.S.C. 1469d(c)).

12 “(D) GOVERNMENTAL ENTITY.—A govern-
13 mental entity specified in this subparagraph
14 is—

15 “(i) the Commonwealth of Puerto Rico;

16 and

17 “(ii) for fiscal year 2003 and each fis-
18 cal year thereafter, American Samoa.”.

19 (b) REPORT TO CONGRESS AND INCREASED AUTHOR-
20 IZATION.—

21 (1) IN GENERAL.—Not later than 270 days after
22 the date of enactment of this Act, the Comptroller
23 General of the United States shall develop and submit
24 to Congress a report that—

1 (A) describes the similarities and differences
2 (in terms of program administration, rules, ben-
3 efits, and requirements) between—

4 (i) the food stamp program under the
5 Food Stamp Act of 1977 (7 U.S.C. 2011 et
6 seq.), other than section 19 of that Act (7
7 U.S.C. 2028); and

8 (ii) the program to provide assistance
9 to Puerto Rico under section 19 of that Act
10 (as in effect on the day before the date of en-
11 actment of this Act);

12 (B) specifies the costs and savings associ-
13 ated with each similarity and difference; and

14 (C) states the recommendation of the Comp-
15 troller General as to whether additional funding
16 should be provided to carry out section 19 of that
17 Act.

18 (2) *INCREASED AUTHORIZATION.*—Effective on
19 the date of submission to Congress of the report under
20 paragraph (1), there is authorized to be appropriated
21 to carry out section 19 of the Food Stamp Act of 1977
22 (7 U.S.C. 2028) (in addition to amounts made avail-
23 able to carry out that section under law other than
24 this subsection) \$50,000,000 for each fiscal year.

1 (3) *LIMITATION.*—No amounts may be made
2 available to carry out paragraph (2) unless specifi-
3 cally provided by an appropriation Act.

4 (c) *CONFORMING AMENDMENT.*—Section 24 of the
5 *Food Stamp Act of 1977 (7 U.S.C. 2033)* is repealed.

6 (d) *EFFECTIVE DATE.*—

7 (1) *IN GENERAL.*—Except as provided in para-
8 graph (2), the amendments made by this section take
9 effect on October 1, 2002.

10 (2) *EXCEPTION FOR EXPENDITURES FOR CER-*
11 *TAIN SYSTEMS.*—The amendments made by subsection
12 (a)(2) take effect on the date of enactment of this Act.

13 **SEC. 440. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.**

14 Section 25 of the *Food Stamp Act of 1977 (7 U.S.C.*
15 *2034)* is amended—

16 (1) in subsection (b)(2)(B), by striking “2002”
17 and inserting “2006”;

18 (2) in subsection (d)—

19 (A) in paragraph (3), by striking “or” at
20 the end; and

21 (B) by striking paragraph (4) and inserting
22 the following:

23 “(4) encourage long-term planning activities,
24 and multisystem, interagency approaches with multi-
25 stakeholder collaborations, that build the long-term

1 *capacity of communities to address the food and agri-*
 2 *culture problems of the communities, such as food pol-*
 3 *icy councils and food planning associations; or*

4 *“(5) meet, as soon as practicable through the*
 5 *provision of grants of not to exceed \$25,000 each, spe-*
 6 *cific neighborhood, local, or State food and agri-*
 7 *culture needs, including needs for—*

8 *“(A) infrastructure improvement and devel-*
 9 *opment (including the purchase of equipment*
 10 *necessary for the production, handling, or mar-*
 11 *keting of locally produced food);*

12 *“(B) planning for long-term solutions; or*

13 *“(C) the creation of innovative marketing*
 14 *activities that mutually benefit farmers and low-*
 15 *income consumers.”; and*

16 *(3) in subsection (e)(1), by striking “50” and in-*
 17 *serting “75”.*

18 **SEC. 441. AVAILABILITY OF COMMODITIES FOR THE EMER-**

19 **GENCY FOOD ASSISTANCE PROGRAM.**

20 *(a) IN GENERAL.—Section 27 of the Food Stamp Act*
 21 *of 1977 (7 U.S.C. 2036) is amended—*

22 *(1) in subsection (a)—*

23 *(A) by striking “1997 through 2002” and*
 24 *inserting “2002 through 2006”; and*

1 (B) by striking “\$100,000,000” and insert-
2 ing “\$110,000,000”; and

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

4 “(c) *USE OF FUNDS FOR RELATED COSTS.*—

5 “(1) *IN GENERAL.*—For each of fiscal years 2002
6 through 2006, the Secretary shall use \$10,000,000 of
7 the funds made available under subsection (a) to pay
8 the direct and indirect costs of States relating to the
9 processing, storing, transporting, and distributing to
10 eligible recipient agencies of—

11 “(A) commodities purchased by the Sec-
12 retary under subsection (a); and

13 “(B) commodities acquired from other
14 sources, including commodities acquired by
15 gleaning (as defined in section 111(a) of the
16 Hunger Prevention Act of 1988 (7 U.S.C. 612c
17 note; Public Law 100–435)).

18 “(2) *ALLOCATION OF FUNDS.*—The amount re-
19 quired to be used in accordance with paragraph (1)
20 shall be allocated in accordance with section 204(a) of
21 the Emergency Food Assistance Act of 1983 (7 U.S.C.
22 7508(a)).”.

23 (b) *EFFECTIVE DATE.*—The amendments made by this
24 section take effect on the date of enactment of this Act.

1 **SEC. 442. USE OF APPROVED FOOD SAFETY TECHNOLOGY.**

2 (a) *IN GENERAL.*—Section 27 of the Food Stamp Act
3 of 1977 (7 U.S.C. 2036) (as amended by section 441) is
4 amended by adding at the end the following:

5 “(d) *USE OF APPROVED FOOD SAFETY TECH-*
6 *NOLOGY.*—

7 “(1) *IN GENERAL.*—In acquiring commodities
8 for distribution through a program specified in para-
9 graph (2), the Secretary shall not prohibit the use of
10 any technology to improve food safety that has been
11 approved by the Secretary or the Secretary of Health
12 and Human Services.

13 “(2) *PROGRAMS.*—A program referred to in
14 paragraph (1) is a program authorized under—

15 “(A) this Act;

16 “(B) the Agriculture and Consumer Protec-
17 tion Act of 1973 (7 U.S.C. 612c note; Public
18 Law 93–86);

19 “(C) the Emergency Food Assistance Act of
20 1983 (7 U.S.C. 7501 et seq.);

21 “(D) the Richard B. Russell National
22 School Lunch Act (42 U.S.C. 1751 et seq.); or

23 “(E) the Child Nutrition Act of 1966 (42
24 U.S.C. 1771 et seq.).”

25 (b) *EFFECTIVE DATE.*—The amendment made by this
26 section takes effect on the date of enactment of this Act.

1 **SEC. 443. INNOVATIVE PROGRAMS FOR ADDRESSING COM-**
2 **MON COMMUNITY PROBLEMS.**

3 (a) *IN GENERAL.*—*The Food Stamp Act of 1977 (7*
4 *U.S.C. 2011 et seq.) is amended by adding at the end the*
5 *following:*

6 **“SEC. 28. INNOVATIVE PROGRAMS FOR ADDRESSING COM-**
7 **MON COMMUNITY PROBLEMS.**

8 “(a) *IN GENERAL.*—*The Secretary shall offer to enter*
9 *into a contract with a nongovernmental organization de-*
10 *scribed in subsection (b) to coordinate with Federal agen-*
11 *cies, States, political subdivisions, and nongovernmental or-*
12 *ganizations (referred to in this section as ‘targeted entities’)*
13 *to develop, and recommend to the targeted entities, innova-*
14 *tive programs for addressing common community problems,*
15 *including loss of farms, rural poverty, welfare dependency,*
16 *hunger, the need for job training, juvenile crime prevention,*
17 *and the need for self-sufficiency by individuals and commu-*
18 *nities.*

19 “(b) *NONGOVERNMENTAL ORGANIZATION.*—*The non-*
20 *governmental organization referred to in subsection (a)—*

21 “(1) *shall be selected on a competitive basis; and*

22 “(2) *as a condition of entering into the*
23 *contract—*

24 “(A) *shall be experienced in working with*
25 *targeted entities, and in organizing workshops*
26 *that demonstrate programs to targeted entities;*

1 “(B) shall be experienced in identifying
2 programs that effectively address problems de-
3 scribed in subsection (a) that can be imple-
4 mented by other targeted entities;

5 “(C) shall agree—

6 “(i) to contribute in-kind resources to-
7 ward the establishment and maintenance of
8 programs described in subsection (a); and

9 “(ii) to provide to targeted entities,
10 free of charge, information on the programs;

11 “(D) shall be experienced in, and capable of,
12 receiving information from, and communicating
13 with, targeted entities throughout the United
14 States; and

15 “(E) shall be experienced in operating a na-
16 tional information clearinghouse that addresses 1
17 or more of the problems described in subsection
18 (a).

19 “(c) AUDITS.—The Secretary shall establish auditing
20 procedures and otherwise ensure the effective use of funds
21 made available under this section.

22 “(d) FUNDING.—

23 “(1) IN GENERAL.—Not later than 30 days after
24 the date of enactment of this section, and on October
25 1, 2002, out of any funds in the Treasury not other-

1 *wise appropriated, the Secretary of the Treasury shall*
 2 *transfer to the Secretary of Agriculture to carry out*
 3 *this section \$200,000, to remain available until ex-*
 4 *pended.*

5 “(2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
 6 *shall be entitled to receive, shall accept, and shall use*
 7 *to carry out this section the funds transferred under*
 8 *paragraph (1), without further appropriation.”*

9 (b) *EFFECTIVE DATE.*—*The amendment made by this*
 10 *section takes effect on the date of enactment of this Act.*

11 **SEC. 444. REPORT ON USE OF ELECTRONIC BENEFIT**
 12 **TRANSFER SYSTEMS.**

13 *Not later than 1 year after the date of enactment of*
 14 *this Act, the Secretary of Agriculture shall submit to Con-*
 15 *gress a report on—*

16 (1) *difficulties relating to use of electronic benefit*
 17 *transfer systems in issuance of food stamp benefits*
 18 *under the Food Stamp Act of 1977 (7 U.S.C. 2011 et*
 19 *seq.);*

20 (2) *the extent to which there exists fraud, and the*
 21 *types of fraud that exist, in use of the electronic ben-*
 22 *efit transfer systems; and*

23 (3) *the efforts being made by the Secretary of Ag-*
 24 *riculture, retailers, electronic benefit transfer system*

1 *contractors, and States to address the problems de-*
2 *scribed in paragraphs (1) and (2).*

3 **SEC. 445. VITAMIN AND MINERAL SUPPLEMENTS.**

4 *(a) IN GENERAL.—Section 3(g)(1) of the Food Stamp*
5 *Act of 1977 (7 U.S.C. 2012(g)(1)) is amended by striking*
6 *“or food product” and inserting “, food product, or dietary*
7 *supplement that provides exclusively 1 or more vitamins*
8 *or minerals”.*

9 *(b) IMPACT STUDY.—*

10 *(1) IN GENERAL.—Not later than April 1, 2003,*
11 *the Secretary of Agriculture shall enter into a con-*
12 *tract with a scientific research organization to study*
13 *and develop a report on the technical issues, economic*
14 *impacts, and health effects associated with allowing*
15 *individuals to use benefits under the Food Stamp Act*
16 *of 1977 (7 U.S.C. 2011 et seq.) to purchase dietary*
17 *supplements that provide exclusively 1 or more vita-*
18 *mins or minerals (referred to in this subsection as*
19 *“vitamin-mineral supplements”).*

20 *(2) REQUIRED ELEMENTS.—At a minimum, the*
21 *study shall examine—*

22 *(A) the extent to which problems arise in*
23 *the purchase of vitamin-mineral supplements*
24 *with electronic benefit transfer cards;*

1 (B) *the extent of any difficulties in distin-*
2 *guishing vitamin-mineral supplements from*
3 *herbal and botanical supplements for which food*
4 *stamp benefits may not be used;*

5 (C) *whether participants in the food stamp*
6 *program spend more on vitamin-mineral supple-*
7 *ments than nonparticipants;*

8 (D) *to what extent vitamin-mineral supple-*
9 *ments are substituted for other foods purchased*
10 *with use of food stamp benefits;*

11 (E) *the proportion of the average food*
12 *stamp allotment that is being used to purchase*
13 *vitamin-mineral supplements; and*

14 (F) *the extent to which the quality of the*
15 *diets of participants in the food stamp program*
16 *has changed as a result of allowing participants*
17 *to use food stamp benefits to purchase vitamin-*
18 *mineral supplements.*

19 (3) *REPORT.—The report required under para-*
20 *graph (1) shall be submitted to the Secretary of Agri-*
21 *culture not later than 2 years after the date on which*
22 *the contract referred to in that paragraph is entered*
23 *into.*

1 (4) *AUTHORIZATION OF APPROPRIATIONS.*—
2 *There is authorized to be appropriated \$3,000,000 to*
3 *carry out this subsection.*

4 ***Subtitle B—Miscellaneous***
5 ***Provisions***

6 **SEC. 451. REAUTHORIZATION OF COMMODITY PROGRAMS.**

7 (a) *COMMODITY DISTRIBUTION PROGRAM.*—*Section*
8 *4(a) of the Agriculture and Consumer Protection Act of*
9 *1973 (7 U.S.C. 612c note; Public Law 93–86) is amended*
10 *in the first sentence by striking “2002” and inserting*
11 *“2006”.*

12 (b) *COMMODITY SUPPLEMENTAL FOOD PROGRAM.*—
13 *Section 5 of the Agriculture and Consumer Protection Act*
14 *of 1973 (7 U.S.C. 612c note; Public Law 93–86) is*
15 *amended—*

16 (1) *by striking subsection (a) and inserting the*
17 *following:*

18 “(a) *GRANTS PER ASSIGNED CASELOAD SLOT.*—

19 “(1) *IN GENERAL.*—*In carrying out the program*
20 *under section 4 (referred to in this section as the*
21 *‘commodity supplemental food program’), for each of*
22 *fiscal years 2003 through 2006, the Secretary shall*
23 *provide to each State agency from funds made avail-*
24 *able to carry out that section (including any such*
25 *funds remaining available from the preceding fiscal*

1 year), a grant per assigned caseload slot for adminis-
2 trative costs incurred by the State agency and local
3 agencies in the State in operating the commodity sup-
4 plemental food program.

5 “(2) AMOUNT OF GRANTS.—

6 “(A) FISCAL YEAR 2003.—For fiscal year
7 2003, the amount of each grant per caseload slot
8 shall be equal to \$50, adjusted by the percentage
9 change between—

10 “(i) the value of the State and local
11 government price index, as published by the
12 Bureau of Economic Analysis of the De-
13 partment of Commerce, for the 12-month
14 period ending June 30, 2001; and

15 “(ii) the value of that index for the 12-
16 month period ending June 30, 2002.

17 “(B) FISCAL YEARS 2004 THROUGH 2006.—
18 For each of fiscal years 2004 through 2006, the
19 amount of each grant per caseload slot shall be
20 equal to the amount of the grant per caseload
21 slot for the preceding fiscal year, adjusted by the
22 percentage change between—

23 “(i) the value of the State and local
24 government price index, as published by the
25 Bureau of Economic Analysis of the De-

1 *partment of Commerce, for the 12-month*
2 *period ending June 30 of the second pre-*
3 *ceding fiscal year; and*

4 “(ii) *the value of that index for the 12-*
5 *month period ending June 30 of the pre-*
6 *ceding fiscal year.”;*

7 (2) *in subsection (d)(2), by striking “2002” each*
8 *place it appears and inserting “2006”; and*

9 (3) *by striking subsection (l).*

10 (c) *DISTRIBUTION OF SURPLUS COMMODITIES TO SPE-*
11 *CIAL NUTRITION PROJECTS.—Section 1114(a)(2)(A) of the*
12 *Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A))*
13 *is amended in the first sentence by striking “2002” and*
14 *inserting “2006”.*

15 (d) *EMERGENCY FOOD ASSISTANCE.—Section*
16 *204(a)(1) of the Emergency Food Assistance Act of 1983*
17 *(7 U.S.C. 7508(a)(1)) is amended in the first sentence—*

18 (1) *by striking “2002” and inserting “2006”;*

19 (2) *by striking “administrative”; and*

20 (3) *by inserting “storage,” after “processing.”*

21 **SEC. 452. PARTIAL RESTORATION OF BENEFITS TO LEGAL**
22 **IMMIGRANTS.**

23 (a) *RESTORATION OF BENEFITS TO ALL QUALIFIED*
24 *ALIEN CHILDREN.—*

1 (1) *IN GENERAL.*—Section 402(a)(2)(J) of the
2 *Personal Responsibility and Work Opportunity Rec-*
3 *onciliation Act of 1996 (8 U.S.C. 1612(a)(2)(J)) is*
4 *amended by striking “who” and all that follows*
5 *through “is under” and inserting “who is under”.*

6 (2) *CONFORMING AMENDMENTS.*—

7 (A) Section 403(c)(2) of the *Personal Re-*
8 *sponsibility and Work Opportunity Reconcili-*
9 *ation Act of 1996 (8 U.S.C. 1613(c)(2)) is*
10 *amended by adding at the end the following:*

11 “(L) Assistance or benefits under the *Food*
12 *Stamp Act of 1977 (7 U.S.C. 2011 et seq.)*.”

13 (B) Section 421(d) of the *Personal Respon-*
14 *sibility and Work Opportunity Reconciliation*
15 *Act of 1996 (8 U.S.C. 1631(d)) is amended by*
16 *adding at the end the following:*

17 “(3) This section shall not apply to assistance or
18 benefits under the *Food Stamp Act of 1977 (7 U.S.C.*
19 *2011 et seq.) to the extent that a qualified alien is eli-*
20 *gible under section 402(a)(2)(J)*.”

21 (C) Section 5(i)(2)(E) of the *Food Stamp*
22 *Act of 1977 (7 U.S.C. 2014(i)(2)(E)) is amended*
23 *by inserting before the period at the end the fol-*
24 *lowing: “, or to any alien who is under 18 years*
25 *of age”.*

1 (3) *APPLICABILITY.*—*The amendments made by*
2 *this subsection shall apply to fiscal year 2004 and*
3 *each fiscal year thereafter.*

4 (b) *WORK REQUIREMENT FOR LEGAL IMMIGRANTS.*—

5 (1) *WORKING IMMIGRANT FAMILIES.*—*Section*
6 *402(a)(2)(B)(ii)(I) of the Personal Responsibility and*
7 *Work Opportunity Reconciliation Act of 1996 (8*
8 *U.S.C. 1612(a)(2)(B)(ii)(I)) is amended by striking*
9 *“40” and inserting “40 (or 16, in the case of the spec-*
10 *ified Federal program described in paragraph*
11 *(3)(B))”.*

12 (2) *CONFORMING AMENDMENTS.*—

13 (A) *Section 213A(a)(3)(A) of the Immigra-*
14 *tion and Nationality Act (8 U.S.C.*
15 *1183a(a)(3)(A)) is amended by striking “40”*
16 *and inserting “40 (or 16, in the case of the speci-*
17 *fied Federal program described in section*
18 *402(a)(3)(B) of the Personal Responsibility and*
19 *Work Opportunity Reconciliation Act of 1996 (8*
20 *U.S.C. 1612(a)(3)(B))”.*

21 (B) *Section 421(b)(2)(A) of the Personal*
22 *Responsibility and Work Opportunity Reconcili-*
23 *ation Act of 1996 (8 U.S.C. 1631(b)(2)(A)) is*
24 *amended by striking “40” and inserting “40 (or*

1 16, in the case of the specified Federal program
2 described in section 402(a)(3)(B))”.

3 (c) *RESTORATION OF BENEFITS TO REFUGEES AND*
4 *ASYLEES.*—Section 402(a)(2) of the Personal Responsi-
5 bility and Work Opportunity Reconciliation Act of 1996
6 (8 U.S.C. 1612(a)(2)) is amended—

7 (1) in subparagraph (A), by striking “programs
8 described in paragraph (3)” and inserting “program
9 described in paragraph (3)(A)”; and

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

11 “(L) *FOOD STAMP EXCEPTION FOR REFU-*
12 *GEES AND ASYLEES.*—With respect to eligibility
13 for benefits for the specified Federal program de-
14 scribed in paragraph (3)(B), paragraph (1) shall
15 not apply to an alien with respect to which an
16 action described in subparagraph (A) was taken
17 and was not revoked.”.

18 (d) *RESTORATION OF BENEFITS TO DISABLED*
19 *ALIENS.*—Section 402(a)(2)(F) of the Personal Responsi-
20 bility and Work Opportunity Reconciliation Act of 1996
21 (8 U.S.C. 1612(a)(2)(F)) is amended by striking “(i) was”
22 and all that follows through “(II) in the case” and inserting
23 the following:

24 “(i) in the case of the specified Federal
25 program described in paragraph (3)(A)—

1 “(I) was lawfully residing in the
2 United States on August 22, 1996; and

3 “(II) is blind or disabled, as de-
4 fined in paragraph (2) or (3) of section
5 1614(a) of the Social Security Act (42
6 U.S.C. 1382c(a)); and

7 “(ii) in the case”.

8 **SEC. 453. COMMODITIES FOR SCHOOL LUNCH PROGRAMS.**

9 (a) *IN GENERAL.*—Section 6(e)(1)(B) of the Richard
10 B. Russell National School Lunch Act (42 U.S.C.
11 1755(e)(1)(B)) is amended by striking “2001” and insert-
12 ing “2003”.

13 (b) *EFFECTIVE DATE.*—The amendment made by this
14 section takes effect on the date of enactment of this Act.

15 **SEC. 454. ELIGIBILITY FOR FREE AND REDUCED PRICE**
16 **MEALS.**

17 (a) *IN GENERAL.*—Section 9(b) of the Richard B. Rus-
18 sell National School Lunch Act (42 U.S.C. 1758(b)) is
19 amended by adding at the end the following:

20 “(7) *EXCLUSION OF CERTAIN MILITARY HOUSING*
21 *ALLOWANCES.*—For each of fiscal years 2002 and
22 2003, the amount of a basic allowance provided under
23 section 403 of title 37, United States Code, on behalf
24 of a member of a uniformed service for housing that
25 is acquired or constructed under subchapter IV of

1 *chapter 169 of title 10, United States Code, or any*
2 *related provision of law, shall not be considered to be*
3 *income for the purpose of determining the eligibility*
4 *of a child who is a member of the household of the*
5 *member of a uniformed service for free or reduced*
6 *price lunches under this Act.”.*

7 *(b) EFFECTIVE DATE.—The amendment made by this*
8 *section takes effect on the date of enactment of this Act.*

9 **SEC. 455. ELIGIBILITY FOR ASSISTANCE UNDER THE SPE-**
10 **CIAL SUPPLEMENTAL NUTRITION PROGRAM**
11 **FOR WOMEN, INFANTS, AND CHILDREN.**

12 *(a) IN GENERAL.—Section 17(d)(2)(B)(i) of the Child*
13 *Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i)) is*
14 *amended—*

15 *(1) by striking “basic allowance for housing”*
16 *and inserting the following: “basic allowance—*

17 *“(I) for housing”;*

18 *(2) by striking “and” at the end and inserting*
19 *“or”; and*

20 *(3) by adding at the end the following:*

21 *“(II) provided under section 403*
22 *of title 37, United States Code, for*
23 *housing that is acquired or constructed*
24 *under subchapter IV of chapter 169 of*

1 *title 10, United States Code, or any re-*
2 *lated provision of law; and”.*

3 *(b) EFFECTIVE DATE.—The amendments made by this*
4 *section take effect on the date of enactment of this Act.*

5 **SEC. 456. REPORT ON CONVERSION OF WIC PROGRAM INTO**
6 **AN INDIVIDUAL ENTITLEMENT PROGRAM.**

7 *(a) FINDINGS.—Congress finds that the special supple-*
8 *mental nutrition program for woman, infants, and children*
9 *established by section 17 of the Child Nutrition Act of 1966*
10 *(42 U.S.C. 1786) (referred to in this section as the ‘WIC*
11 *program’)—*

12 *(1) safeguards the health of low-income pregnant,*
13 *postpartum, and breast-feeding women, infants, and*
14 *children up to 5 years of age who are at nutritional*
15 *risk through the delivery of individualized food pack-*
16 *ages, nutrition education, and health referrals;*

17 *(2) is associated with a variety of desirable out-*
18 *comes, including lower incidence of infant mortality,*
19 *reduced prevalence of very low birth weights, im-*
20 *proved nutrient intake among children, improved cog-*
21 *nitive development among children, and lower Med-*
22 *icaid costs for women who participate;*

23 *(3) is recognized generally as a leading national*
24 *health and nutrition program;*

1 (4) as a discretionary program, can have inap-
2 propriate funding because funding levels must be de-
3 termined early in the year by the President and the
4 Committees on Appropriations of the House of Rep-
5 resentatives and the Senate (referred to in this sub-
6 section as the “Committees”);

7 (5) can have funding shortfalls in some years be-
8 cause the economy worsens between the time that
9 funding levels are established and the fiscal year is
10 underway;

11 (6) may have to deny service or reduce benefits
12 to eligible women, infants, and children in some
13 States as a result of these funding shortfalls;

14 (7) may be provided with more funding than is
15 required in those years in which the economy im-
16 proves between the time that funding levels are estab-
17 lished and the fiscal year is underway, with the result
18 that the President and the Committees will have com-
19 mitted funds to the WIC program that could have
20 been devoted to other priorities; and

21 (8) would not have this funding uncertainty if
22 the WIC program were an entitlement program that
23 provided benefits to every eligible woman, infant, and
24 child seeking benefits.

1 (b) *REPORT.*—Not later than December 31, 2002, the
2 Secretary of Agriculture shall submit to the Committee on
3 Education and the Workforce of the House of Representa-
4 tives and the Committee on Agriculture, Nutrition and For-
5 estry of the Senate a report that analyzes the conversion
6 of the WIC program from a discretionary program into an
7 individual entitlement program.

8 (c) *CONTENTS.*—The report shall—

9 (1) analyze the conversion of the WIC program
10 into an individual entitlement program, rather than
11 a capped entitlement program for States;

12 (2) analyze the conversion using at least 3 sepa-
13 rate scenarios, including—

14 (A) 1 scenario under which the costs to the
15 Federal Government approximate current pro-
16 jected funding levels;

17 (B) 1 scenario under which the costs to the
18 Federal Government approximate current pro-
19 jected funding levels plus 5 percent; and

20 (C) 1 scenario under which the costs to the
21 Federal Government approximate current pro-
22 jected funding levels plus 7 percent; and

23 (3) address—

1 (A) *the levels at which, and manner by*
2 *which, States will be reimbursed for food package*
3 *costs and administrative costs;*

4 (B) *how current cost containment savings*
5 *will be preserved;*

6 (C) *how reimbursement rates will be ad-*
7 *justed annually to reflect inflation or other fac-*
8 *tors affecting food prices;*

9 (D) *how program benefits and services will*
10 *be affected by the conversion to an individual en-*
11 *titlement program; and*

12 (E) *any other issues that arise from con-*
13 *verting the WIC program to an individual enti-*
14 *tlement program, as determined by the Secretary*
15 *of Agriculture.*

16 (d) *CONSULTATION.—In preparing the report, the Sec-*
17 *retary of Agriculture shall consult with—*

18 (1) *the Committee on Education and the Work-*
19 *force of the House of Representatives;*

20 (2) *the Committee on Agriculture, Nutrition and*
21 *Forestry of the Senate;*

22 (3) *membership organizations representing State*
23 *directors and local agencies administering the WIC*
24 *program;*

25 (4) *Governors and other State officials;*

1 (5) *research and policy organizations that have*
2 *a history of carrying out activities on issues affecting*
3 *the WIC program; and*

4 (6) *advocacy organizations representing the*
5 *needs of the population that is eligible to participate*
6 *in the WIC program.*

7 (e) *FUNDING.*—*Notwithstanding any other provision*
8 *of law, the Secretary shall carry out this section using funds*
9 *made available for necessary expenses to carry out the WIC*
10 *program.*

11 **SEC. 457. COMMODITY DONATIONS.**

12 *The Commodity Distribution Reform Act and WIC*
13 *Amendments of 1987 (7 U.S.C. 612c note; Public Law 100–*
14 *237) is amended—*

15 (1) *by redesignating sections 17 and 18 as sec-*
16 *tions 18 and 19, respectively; and*

17 (2) *by inserting after section 16 the following:*

18 **“SEC. 17. COMMODITY DONATIONS.**

19 “(a) *IN GENERAL.*—*Notwithstanding any other provi-*
20 *sion of law concerning commodity donations, any commod-*
21 *ities acquired in the conduct of the operations of the Com-*
22 *modity Credit Corporation and any commodities acquired*
23 *under section 32 of the Act of August 24, 1935 (7 U.S.C.*
24 *612c), to the extent that the commodities are in excess of*
25 *the quantities of commodities needed to carry out other au-*

1 *thorized activities of the Commodity Credit Corporation*
2 *and the Secretary (including any quantity specifically re-*
3 *served for a specific purpose), may be used for any program*
4 *authorized to be carried out by the Secretary that involves*
5 *the acquisition of commodities for use in a domestic feeding*
6 *program, including any program conducted by the Sec-*
7 *retary that provides commodities to individuals in cases of*
8 *hardship.*

9 “(b) *PROGRAMS.*—*A program described in subsection*
10 *(a) includes a program authorized by—*

11 “(1) *the Emergency Food Assistance Act of 1983*
12 *(7 U.S.C. 7501 et seq.);*

13 “(2) *the Richard B. Russell National School*
14 *Lunch Act (42 U.S.C. 1751 et seq.);*

15 “(3) *the Child Nutrition Act of 1966 (42 U.S.C.*
16 *1771 et seq.);*

17 “(4) *the Older Americans Act of 1965 (42 U.S.C.*
18 *3001 et seq.); or*

19 “(5) *such other laws as the Secretary determines*
20 *to be appropriate.”.*

21 **SEC. 458. PURCHASES OF LOCALLY PRODUCED FOODS.**

22 (a) *IN GENERAL.*—*The Secretary of Agriculture*
23 *shall—*

24 (1) *encourage institutions participating in the*
25 *national school lunch program authorized under the*

1 *Richard B. Russell National School Lunch Act (42*
2 *U.S.C. 1751 et seq.) and the school breakfast program*
3 *established by section 4 of the Child Nutrition Act of*
4 *1966 (42 U.S.C. 1773) to purchase, in addition to*
5 *other food purchases, locally produced foods for school*
6 *meal programs to the maximum extent practicable*
7 *and appropriate;*

8 (2) *advise institutions participating in a pro-*
9 *gram described in paragraph (1) of the policy de-*
10 *scribed in that paragraph and post information con-*
11 *cerning the policy on the website maintained by the*
12 *Secretary; and*

13 (3) *in accordance with requirements established*
14 *by the Secretary, provide start-up grants to not more*
15 *than 200 institutions to defray the initial costs of*
16 *equipment, materials, and storage facilities, and*
17 *similar costs, incurred in carrying out the policy de-*
18 *scribed in paragraph (1).*

19 (b) *AUTHORIZATION OF APPROPRIATIONS.—*

20 (1) *IN GENERAL.—There is authorized to be ap-*
21 *propriated to carry out this section \$400,000 for each*
22 *of fiscal years 2002 through 2006.*

23 (2) *LIMITATION.—No amounts may be made*
24 *available to carry out this section unless specifically*
25 *provided by an appropriation Act.*

1 **SEC. 459. SENIORS FARMERS' MARKET NUTRITION PRO-**
2 **GRAM.**

3 (a) *ESTABLISHMENT.*—*The Secretary of Agriculture*
4 *shall carry out and expand a seniors farmers' market nutri-*
5 *tion program.*

6 (b) *PROGRAM PURPOSE.*—*The purpose of the seniors*
7 *farmers' market nutrition program is to provide to low-in-*
8 *come seniors resources in the form of fresh, nutritious, un-*
9 *prepared, locally grown fruits, vegetables, and herbs from*
10 *farmers' markets, roadside stands, and community-sup-*
11 *ported agriculture programs.*

12 (c) *REGULATIONS.*—*The Secretary of Agriculture may*
13 *promulgate such regulations as the Secretary considers nec-*
14 *essary to carry out the seniors farmers' market nutrition*
15 *program under this section.*

16 (d) *FUNDING.*—

17 (1) *IN GENERAL.*—*Not later than 30 days after*
18 *the date of enactment of this Act, and on October 1,*
19 *2002, and each October 1 thereafter through October*
20 *1, 2005, out of any funds in the Treasury not other-*
21 *wise appropriated, the Secretary of the Treasury shall*
22 *transfer to the Secretary of Agriculture to carry out*
23 *this section \$15,000,000.*

24 (2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
25 *of Agriculture shall be entitled to receive, shall accept,*
26 *and shall use to carry out this section the funds*

1 *transferred under paragraph (1), without further ap-*
2 *propriation.*

3 *(e) AUTHORITY.—The authority provided by this sec-*
4 *tion is in addition to, and not in lieu of, the authority*
5 *of the Secretary of Agriculture to carry out any similar*
6 *program under the Commodity Credit Corporation Charter*
7 *Act (15 U.S.C. 714 et seq.).*

8 **SEC. 460. FARMERS' MARKET NUTRITION PROGRAM.**

9 *Section 17(m)(9) of the Child Nutrition Act of 1966*
10 *(42 U.S.C. 1786(m)(9)) is amended—*

11 *(1) by striking “(9)(A) There” and inserting the*
12 *following:*

13 *“(9) FUNDING.—*

14 *“(A) IN GENERAL.—*

15 *“(i) AUTHORIZATION OF APPROPRIA-*
16 *TIONS.—There”; and*

17 *(2) in subparagraph (A), by adding at the end*
18 *the following:*

19 *“(ii) MANDATORY FUNDING.—*

20 *“(I) IN GENERAL.—Not later than*
21 *30 days after the date of enactment of*
22 *the Agriculture, Conservation, and*
23 *Rural Enhancement Act of 2001, out of*
24 *any funds in the Treasury not other-*
25 *wise appropriated, the Secretary of the*

1 *Treasury shall transfer to the Sec-*
2 *retary to carry out this subsection*
3 *\$15,000,000.*

4 “(II) *RECEIPT AND ACCEPT-*
5 *ANCE.—The Secretary shall be entitled*
6 *to receive, shall accept, and shall use to*
7 *carry out this subsection the funds*
8 *transferred under subclause (I), with-*
9 *out further appropriation.”.*

10 **SEC. 461. FRUIT AND VEGETABLE PILOT PROGRAM.**

11 *(a) IN GENERAL.—In the school year beginning July*
12 *2002, the Secretary of Agriculture shall use funds made*
13 *available under section 32 of the Act of August 24, 1935*
14 *(7 U.S.C. 612c), to conduct a pilot program to make avail-*
15 *able to students, in 25 elementary or secondary schools in*
16 *each of 4 States, and in elementary or secondary schools*
17 *on 1 Indian reservation, free fruits and vegetables through-*
18 *out the school day in—*

19 *(1) a cafeteria;*

20 *(2) a student lounge; or*

21 *(3) another designated room of the school.*

22 *(b) PUBLICITY.—A school that participates in the pilot*
23 *program shall widely publicize within the school the avail-*
24 *ability of free fruits and vegetables under the pilot program.*

25 *(c) EVALUATION OF PILOT PROGRAM.—*

1 (1) *IN GENERAL.*—Not later than 1 year after
2 the implementation of the pilot program required by
3 subsection (a), the Secretary (acting through the Eco-
4 nomic Research Service) shall submit to the Com-
5 mittee on Education and the Workforce of the House
6 of Representatives and the Committee on Agriculture,
7 Nutrition, and Forestry of the Senate an evaluation
8 of the results of the pilot program to determine—

9 (A) whether students took advantage of the
10 pilot program;

11 (B) whether interest in the pilot program
12 increased or lessened over time;

13 (C) what effect, if any, the pilot program
14 had on vending machine sales; and

15 (D) what effect, if any, the pilot program
16 had on the sale of meals served under the Child
17 Nutrition Act of 1966 (42 U.S.C. 1771 et seq.)
18 and the Richard B. Russell National School
19 Lunch Act (42 U.S.C. 1751 et seq.).

20 (2) *FUNDING.*—The Secretary shall use \$200,000
21 of the funds described in subsection (a) to carry out
22 the evaluation under this subsection.

23 **SEC. 462. CONGRESSIONAL HUNGER FELLOWS PROGRAM.**

24 (a) *SHORT TITLE.*—This section may be cited as the
25 “Congressional Hunger Fellows Act of 2002”.

1 **(b) FINDINGS.**—*Congress finds that—*

2 **(1) there are—**

3 **(A) a critical need for compassionate indi-**
4 *viduals who are committed to assisting people*
5 *who suffer from hunger; and*

6 **(B) a need for those individuals to initiate**
7 *and administer solutions to the hunger problem;*

8 **(2) Bill Emerson, the distinguished late Rep-**
9 *resentative from the 8th District of Missouri,*
10 *demonstrated—*

11 **(A) his commitment to solving the problem**
12 *of hunger in a bipartisan manner;*

13 **(B) his commitment to public service; and**

14 **(C) his great affection for the institution**
15 *and the ideals of Congress;*

16 **(3) George T. (Mickey) Leland, the distinguished**
17 *late Representative from the 18th District of Texas,*
18 *demonstrated—*

19 **(A) his compassion for individuals in need;**

20 **(B) his high regard for public service; and**

21 **(C) his lively exercise of political talents;**

22 **(4) the special concern that Mr. Emerson and**
23 *Mr. Leland demonstrated during their lives for the*
24 *hungry and poor was an inspiration for others to*

1 *work toward the goals of equality and justice for all;*
2 *and*

3 (5) *since those 2 outstanding leaders maintained*
4 *a special bond of friendship regardless of political af-*
5 *filiation and worked together to encourage future*
6 *leaders to recognize and provide service to others, it*
7 *is especially appropriate to honor the memory of Mr.*
8 *Emerson and Mr. Leland by establishing a fellowship*
9 *program to develop and train the future leaders of the*
10 *United States to pursue careers in humanitarian*
11 *service.*

12 (c) *DEFINITIONS.—In this section:*

13 (1) *APPROPRIATE CONGRESSIONAL COMMIT-*
14 *TEES.—The term “appropriate congressional commit-*
15 *tees” means—*

16 (A) *the Committee on Agriculture and the*
17 *Committee on International Relations of the*
18 *House of Representatives; and*

19 (B) *the Committee on Agriculture, Nutri-*
20 *tion, and Forestry and the Committee on For-*
21 *oreign Relations of the Senate.*

22 (2) *BOARD.—The term “Board” means the*
23 *Board of Trustees of the Program.*

1 (3) *FUND.*—*The term “Fund” means the Con-*
2 *gressional Hunger Fellows Trust Fund established by*
3 *subsection (g).*

4 (4) *PROGRAM.*—*The term “Program” means the*
5 *Congressional Hunger Fellows Program established by*
6 *subsection (d).*

7 (d) *ESTABLISHMENT.*—*There is established as an inde-*
8 *pendent entity of the legislative branch of the United States*
9 *Government an entity to be known as the “Congressional*
10 *Hunger Fellows Program”.*

11 (e) *BOARD OF TRUSTEES.*—

12 (1) *IN GENERAL.*—*The Program shall be subject*
13 *to the supervision and direction of a Board of Trust-*
14 *ees.*

15 (2) *MEMBERS OF THE BOARD.*—

16 (A) *APPOINTMENT.*—

17 (i) *IN GENERAL.*—*The Board shall be*
18 *composed of 6 voting members appointed*
19 *under clause (ii) and 1 nonvoting ex officio*
20 *member designated by clause (iii).*

21 (ii) *VOTING MEMBERS.*—*The voting*
22 *members of the Board shall be the following:*

23 (I) *2 members appointed by the*
24 *Speaker of the House of Representa-*
25 *tives.*

1 (II) 1 member appointed by the
2 minority leader of the House of Rep-
3 resentatives.

4 (III) 2 members appointed by the
5 majority leader of the Senate.

6 (IV) 1 member appointed by the
7 minority leader of the Senate.

8 (iii) *NONVOTING MEMBER.*—*The Exec-*
9 *utive Director of the Program shall serve as*
10 *a nonvoting ex officio member of the Board.*

11 (B) *TERMS.*—

12 (i) *IN GENERAL.*—*Each member of the*
13 *Board shall serve for a term of 4 years.*

14 (ii) *INCOMPLETE TERM.*—*If a member*
15 *of the Board does not serve the full term of*
16 *the member, the individual appointed to fill*
17 *the resulting vacancy shall be appointed for*
18 *the remainder of the term of the predecessor*
19 *of the individual.*

20 (C) *VACANCY.*—*A vacancy on the Board—*

21 (i) *shall not affect the powers of the*
22 *Board; and*

23 (ii) *shall be filled in the same manner*
24 *as the original appointment was made.*

1 (D) *CHAIRPERSON.*—*As the first order of*
2 *business of the first meeting of the Board, the*
3 *members shall elect a Chairperson.*

4 (E) *COMPENSATION.*—

5 (i) *IN GENERAL.*—*Subject to clause*
6 *(ii), a member of the Board shall not receive*
7 *compensation for service on the Board.*

8 (ii) *TRAVEL.*—*A member of the Board*
9 *shall be allowed travel expenses, including*
10 *per diem in lieu of subsistence, at rates au-*
11 *thorized for an employee of an agency under*
12 *subchapter I of chapter 57 of title 5, United*
13 *States Code, while away from the home or*
14 *regular place of business of the member in*
15 *the performance of the duties of the Board.*

16 (3) *DUTIES.*—

17 (A) *BYLAWS.*—

18 (i) *ESTABLISHMENT.*—*The Board shall*
19 *establish such bylaws and other regulations*
20 *as are appropriate to enable the Board to*
21 *carry out this section, including the duties*
22 *described in this paragraph.*

23 (ii) *CONTENTS.*—*Bylaws and other*
24 *regulations established under clause (i) shall*
25 *include provisions—*

1 (I) for appropriate fiscal control,
2 accountability for funds, and operating
3 principles;

4 (II) to prevent any conflict of in-
5 terest, or the appearance of any con-
6 flict of interest, in—

7 (aa) the procurement and
8 employment actions taken by the
9 Board or by any officer or em-
10 ployee of the Board; and

11 (bb) the selection and place-
12 ment of individuals in the fellow-
13 ships developed under the Pro-
14 gram;

15 (III) for the resolution of a tie
16 vote of the members of the Board; and

17 (IV) for authorization of travel for
18 members of the Board.

19 (iii) *SUBMISSION TO CONGRESS.*—Not
20 later than 90 days after the date of the first
21 meeting of the Board, the Chairperson of the
22 Board shall submit to the appropriate con-
23 gressional committees a copy of the bylaws
24 established by the Board.

1 (B) *BUDGET.*—*For each fiscal year in*
2 *which the Program is in operation—*

3 (i) *the Board shall determine a budget*
4 *for the Program for the fiscal year; and*

5 (ii) *all spending by the Program shall*
6 *be in accordance with the budget unless a*
7 *change is approved by the Board.*

8 (C) *PROCESS FOR SELECTION AND PLACE-*
9 *MENT OF FELLOWS.*—*The Board shall review*
10 *and approve the process established by the Exec-*
11 *utive Director for the selection and placement of*
12 *individuals in the fellowships developed under*
13 *the Program.*

14 (D) *ALLOCATION OF FUNDS TO FELLOW-*
15 *SHIPS.*—*The Board shall determine—*

16 (i) *the priority of the programs to be*
17 *carried out under this section; and*

18 (ii) *the amount of funds to be allocated*
19 *for the fellowships established under sub-*
20 *section (f)(3)(A).*

21 (f) *PURPOSES; AUTHORITY OF PROGRAM.*—

22 (1) *PURPOSES.*—*The purposes of the Program*
23 *are—*

1 (A) to encourage future leaders of the
2 United States to pursue careers in humanitarian
3 service;

4 (B) to recognize the needs of people who are
5 hungry and poor;

6 (C) to provide assistance and compassion
7 for people in need;

8 (D) to increase awareness of the importance
9 of public service; and

10 (E) to provide training and development
11 opportunities for the leaders through placement
12 in programs operated by appropriate entities.

13 (2) *AUTHORITY.*—The Program may develop fel-
14 lowships to carry out the purposes of the Program, in-
15 cluding the fellowships described in paragraph (3).

16 (3) *FELLOWSHIPS.*—

17 (A) *IN GENERAL.*—The Program shall es-
18 tablish and carry out the Bill Emerson Hunger
19 Fellowship and the Mickey Leland Hunger Fel-
20 lowship.

21 (B) *CURRICULUM.*—

22 (i) *IN GENERAL.*—The fellowships es-
23 tablished under subparagraph (A) shall pro-
24 vide experience and training to develop the
25 skills and understanding necessary to im-

1 *prove the humanitarian conditions and the*
2 *lives of individuals who suffer from hunger,*
3 *including—*

4 *(I) training in direct service to*
5 *the hungry in conjunction with com-*
6 *munity-based organizations through a*
7 *program of field placement; and*

8 *(II) experience in policy develop-*
9 *ment through placement in a govern-*
10 *mental entity or nonprofit organiza-*
11 *tion.*

12 *(ii) FOCUS.—*

13 *(I) BILL EMERSON HUNGER FEL-*
14 *LOWSHIP.—The Bill Emerson Hunger*
15 *Fellowship shall address hunger and*
16 *other humanitarian needs in the*
17 *United States.*

18 *(II) MICKEY LELAND HUNGER*
19 *FELLOWSHIP.—The Mickey Leland*
20 *Hunger Fellowship shall address inter-*
21 *national hunger and other humani-*
22 *tarian needs.*

23 *(iii) WORK PLAN.—To carry out clause*
24 *(i) and to assist in the evaluation of the fel-*
25 *lowships under paragraph (4), the Program*

1 *shall, for each fellow, approve a work plan*
2 *that identifies the target objectives for the*
3 *fellow in the fellowship, including the spe-*
4 *cific duties and responsibilities relating to*
5 *the objectives.*

6 (C) *PERIOD OF FELLOWSHIP.—*

7 (i) *EMERSON FELLOWSHIP.—A Bill*
8 *Emerson Hunger Fellowship awarded under*
9 *this paragraph shall be for a period of not*
10 *more than 1 year.*

11 (ii) *LELAND FELLOWSHIP.—A Mickey*
12 *Leland Hunger Fellowship awarded under*
13 *this paragraph shall be for a period of not*
14 *more than 2 years, of which not less than*
15 *1 year shall be dedicated to fulfilling the re-*
16 *quirement of subparagraph (B)(i)(I).*

17 (D) *SELECTION OF FELLOWS.—*

18 (i) *IN GENERAL.—A fellowship shall be*
19 *awarded through a nationwide competition*
20 *established by the Program.*

21 (ii) *QUALIFICATION.—A successful ap-*
22 *plicant shall be an individual who has*
23 *demonstrated—*

1 (I) *an intent to pursue a career*
2 *in humanitarian service and out-*
3 *standing potential for such a career;*

4 (II) *leadership potential or leader-*
5 *ship experience;*

6 (III) *diverse life experience;*

7 (IV) *proficient writing and speak-*
8 *ing skills;*

9 (V) *an ability to live in poor or*
10 *diverse communities; and*

11 (VI) *such other attributes as the*
12 *Board determines to be appropriate.*

13 (iii) *AMOUNT OF AWARD.—*

14 (I) *IN GENERAL.—Each indi-*
15 *vidual awarded a fellowship under this*
16 *paragraph shall receive a living allow-*
17 *ance and, subject to subclause (II), an*
18 *end-of-service award as determined by*
19 *the Program.*

20 (II) *REQUIREMENT FOR SUCCESS-*
21 *FUL COMPLETION OF FELLOWSHIP.—*

22 *Each individual awarded a fellowship*
23 *under this paragraph shall be entitled*
24 *to receive an end-of-service award at*
25 *an appropriate rate for each month of*

1 *satisfactory service as determined by*
2 *the Executive Director.*

3 *(iv) RECOGNITION OF FELLOWSHIP*
4 *AWARD.—*

5 *(I) EMERSON FELLOW.—An indi-*
6 *vidual awarded a Bill Emerson Hun-*
7 *ger Fellowship shall be known as an*
8 *“Emerson Fellow”.*

9 *(II) LELAND FELLOW.—An indi-*
10 *vidual awarded a Mickey Leland Hun-*
11 *ger Fellowship shall be known as a*
12 *“Leland Fellow”.*

13 *(4) EVALUATIONS.—*

14 *(A) IN GENERAL.—The Program shall con-*
15 *duct periodic evaluations of the Bill Emerson*
16 *and Mickey Leland Hunger Fellowships.*

17 *(B) REQUIRED ELEMENTS.—Each evalua-*
18 *tion shall include—*

19 *(i) an assessment of the successful com-*
20 *pletion of the work plan of each fellow;*

21 *(ii) an assessment of the impact of the*
22 *fellowship on the fellows;*

23 *(iii) an assessment of the accomplish-*
24 *ment of the purposes of the Program; and*

1 (iv) an assessment of the impact of
2 each fellow on the community.

3 (g) *TRUST FUND.*—

4 (1) *ESTABLISHMENT.*—*There is established in*
5 *the Treasury of the United States a fund to be known*
6 *as the “Congressional Hunger Fellows Trust Fund”,*
7 *consisting of—*

8 (A) *amounts appropriated to the Fund*
9 *under subsection (k);*

10 (B) *any amounts earned on investment of*
11 *amounts in the Fund under paragraph (2); and*

12 (C) *amounts received under subsection*
13 *(i)(3)(A).*

14 (2) *INVESTMENT OF AMOUNTS.*—

15 (A) *IN GENERAL.*—

16 (i) *AUTHORITY TO INVEST.*—*The Sec-*
17 *retary of the Treasury shall invest such por-*
18 *tion of the Fund as is not, in the judgment*
19 *of the Secretary of the Treasury, required to*
20 *meet current withdrawals.*

21 (ii) *TYPES OF INVESTMENTS.*—*Each*
22 *investment may be made only in an inter-*
23 *est-bearing obligation of the United States*
24 *or an obligation guaranteed as to principal*
25 *and interest by the United States that, as*

1 *determined by the Secretary of the Treasury*
2 *in consultation with the Board, has a matu-*
3 *rity suitable for the Fund.*

4 (B) *ACQUISITION OF OBLIGATIONS.*—*For*
5 *the purpose of investments under subparagraph*
6 *(A), obligations may be acquired—*

7 *(i) on original issue at the issue price;*

8 *or*

9 *(ii) by purchase of outstanding obliga-*
10 *tions at the market price.*

11 (C) *SALE OF OBLIGATIONS.*—*Any obligation*
12 *acquired by the Fund may be sold by the Sec-*
13 *retary of the Treasury at the market price.*

14 (D) *CREDITS TO FUND.*—*The interest on,*
15 *and the proceeds from the sale or redemption of,*
16 *any obligations held in the Fund shall be cred-*
17 *ited to and form a part of the Fund.*

18 (3) *TRANSFERS OF AMOUNTS.*—

19 (A) *IN GENERAL.*—*The amounts required to*
20 *be transferred to the Fund under this subsection*
21 *shall be transferred at least monthly from the*
22 *general fund of the Treasury to the Fund on the*
23 *basis of estimates made by the Secretary of the*
24 *Treasury.*

1 (B) *ADJUSTMENTS.*—*Proper adjustment*
2 *shall be made in amounts subsequently trans-*
3 *ferred to the extent prior estimates were in excess*
4 *of or less than the amounts required to be trans-*
5 *ferred.*

6 (h) *EXPENDITURES; AUDITS.*—

7 (1) *IN GENERAL.*—*The Secretary of the Treasury*
8 *shall transfer to the Program from the amounts de-*
9 *scribed in subsections (g)(2)(D) and (i)(3)(A) such*
10 *sums as the Board determines to be necessary to en-*
11 *able the Program to carry out this section.*

12 (2) *LIMITATION.*—*The Secretary may not trans-*
13 *fer to the Program the amounts appropriated to the*
14 *Fund under subsection (k).*

15 (3) *USE OF FUNDS.*—*Funds transferred to the*
16 *Program under paragraph (1) shall be used—*

17 (A) *to provide a living allowance for the fel-*
18 *lows;*

19 (B) *to defray the costs of transportation of*
20 *the fellows to the fellowship placement sites;*

21 (C) *to defray the costs of appropriate insur-*
22 *ance of the fellows, the Program, and the Board;*

23 (D) *to defray the costs of preservice and*
24 *midservice education and training of fellows;*

25 (E) *to pay staff described in subsection (i);*

1 (F) to make end-of-service awards under
2 subsection (f)(3)(D)(iii)(II); and

3 (G) for such other purposes as the Board de-
4 termines to be appropriate to carry out the Pro-
5 gram.

6 (4) *AUDIT BY COMPTROLLER GENERAL.*—

7 (A) *IN GENERAL.*—The Comptroller General
8 of the United States shall conduct an annual
9 audit of the accounts of the Program.

10 (B) *BOOKS.*—The Program shall make
11 available to the Comptroller General all books,
12 accounts, financial records, reports, files, and
13 other papers, things, or property belonging to or
14 in use by the Program and necessary to facilitate
15 the audit.

16 (C) *REPORT TO CONGRESS.*—The Comp-
17 troller General shall submit to the appropriate
18 congressional committees a copy of the results of
19 each audit under subparagraph (A).

20 (i) *STAFF; POWERS OF PROGRAM.*—

21 (1) *EXECUTIVE DIRECTOR.*—

22 (A) *IN GENERAL.*—The Board shall appoint
23 an Executive Director of the Program who
24 shall—

25 (i) administer the Program; and

1 (ii) carry out such other functions con-
2 sistent with this section as the Board shall
3 prescribe.

4 (B) *RESTRICTION.*—*The Executive Director*
5 *may not serve as Chairperson of the Board.*

6 (C) *COMPENSATION.*—*The Executive Direc-*
7 *tor shall be paid at a rate not to exceed the rate*
8 *payable for level V of the Executive Schedule*
9 *under section 5316 of title 5, United States Code.*

10 (2) *STAFF.*—

11 (A) *IN GENERAL.*—*With the approval of a*
12 *majority of the Board, the Executive Director*
13 *may appoint and fix the pay of such additional*
14 *personnel as the Executive Director considers*
15 *necessary to carry out this section.*

16 (B) *COMPENSATION.*—*An individual ap-*
17 *pointed under subparagraph (A) shall be paid at*
18 *a rate not to exceed the rate payable for level*
19 *GS–15 of the General Schedule.*

20 (3) *POWERS.*—

21 (A) *GIFTS.*—

22 (i) *IN GENERAL.*—*The Program may*
23 *solicit, accept, use, and dispose of gifts, be-*
24 *quests, or devises of services or property,*
25 *both real and personal, for the purpose of*

1 *aiding or facilitating the work of the Pro-*
2 *gram.*

3 (ii) *USE OF GIFTS.—Gifts, bequests, or*
4 *devises of money and proceeds from sales of*
5 *other property received as gifts, bequests, or*
6 *devises shall—*

7 (I) *be deposited in the Fund; and*

8 (II) *be available for disbursement*
9 *on order of the Board.*

10 (B) *PROCUREMENT OF TEMPORARY AND*
11 *INTERMITTENT SERVICES.—To carry out this*
12 *section, the Program may procure temporary*
13 *and intermittent services in accordance with sec-*
14 *tion 3109(b) of title 5, United States Code, at*
15 *rates for individuals that do not exceed the daily*
16 *equivalent of the annual rate of basic pay pay-*
17 *able for level GS–15 of the General Schedule.*

18 (C) *CONTRACT AUTHORITY.—To carry out*
19 *this section, the Program may, with the approval*
20 *of a majority of the members of the Board, con-*
21 *tract with and compensate Government and pri-*
22 *vate agencies or persons without regard to sec-*
23 *tion 3709 of the Revised Statutes (41 U.S.C. 5).*

24 (D) *OTHER NECESSARY EXPENDITURES.—*

1 (i) *IN GENERAL.*—Subject to clause
2 (ii), the Program may make such other ex-
3 penditures as the Program considers nec-
4 essary to carry out this section.

5 (ii) *PROHIBITION.*—The Program may
6 not expend funds to develop new or ex-
7 panded projects at which fellows may be
8 placed.

9 (j) *REPORT.*—Not later than December 31 of each year,
10 the Board shall submit to the appropriate congressional
11 committees a report on the activities of the Program carried
12 out during the preceding fiscal year that includes—

13 (1) an analysis of the evaluations conducted
14 under subsection (f)(4) during the fiscal year; and

15 (2) a statement of—

16 (A) the total amount of funds attributable
17 to gifts received by the Program in the fiscal
18 year under subsection (i)(3)(A); and

19 (B) the total amount of funds described in
20 subparagraph (A) that were expended to carry
21 out the Program in the fiscal year.

22 (k) *AUTHORIZATION OF APPROPRIATIONS.*—There is
23 authorized to be appropriated to carry out this section
24 \$18,000,000.

1 *(l) EFFECTIVE DATE.—This section takes effect on Oc-*
2 *tober 1, 2002.*

3 **SEC. 463. NUTRITION INFORMATION AND AWARENESS**
4 **PILOT PROGRAM.**

5 *(a) ESTABLISHMENT.—The Secretary of Agriculture*
6 *may establish, in not more than 15 States, a pilot program*
7 *to increase the domestic consumption of fresh fruits and*
8 *vegetables.*

9 *(b) PURPOSE.—The purpose of the program shall be*
10 *to provide funds to States to assist eligible public and pri-*
11 *vate sector entities with cost-share assistance to carry out*
12 *demonstration projects—*

13 *(1) to increase fruit and vegetable consumption;*
14 *and*

15 *(2) to convey related health promotion messages.*

16 *(c) PRIORITY.—To the maximum extent practicable,*
17 *the Secretary shall—*

18 *(1) establish the program in States in which the*
19 *production of fruits or vegetables is a significant in-*
20 *dustry, as determined by the Secretary; and*

21 *(2) base the program on strategic initiatives,*
22 *including—*

23 *(A) health promotion and education inter-*
24 *ventions;*

1 (B) public service and paid advertising or
2 marketing activities;

3 (C) health promotion campaigns relating to
4 locally grown fruits and vegetables; and

5 (D) social marketing campaigns.

6 (d) *PARTICIPANT ELIGIBILITY.*—In selecting States to
7 participate in the program, the Secretary shall take into
8 consideration, with respect to projects and activities pro-
9 posed to be carried out by the State under the program—

10 (1) experience in carrying out similar projects or
11 activities;

12 (2) innovation; and

13 (3) the ability of the State—

14 (A) to conduct marketing campaigns for,
15 promote, and track increases in levels of, produce
16 consumption; and

17 (B) to optimize the availability of produce
18 through distribution of produce.

19 (e) *FEDERAL SHARE.*—The Federal share of the cost
20 of any project or activity carried out using funds provided
21 under this section shall be 50 percent.

22 (f) *USE OF FUNDS.*—Funds made available to carry
23 out this section shall not be made available to any foreign
24 for-profit corporation.

1 (g) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
2 *authorized to be appropriated to carry out this section*
3 *\$25,000,000 for each of fiscal years 2002 through 2006.*

4 ***SEC. 464. EFFECTIVE DATE.***

5 *Except as otherwise provided in this title, the amend-*
6 *ments made by this title take effect on September 1, 2002,*
7 *except that a State agency may, at the option of the State*
8 *agency, elect not to implement any or all of the amendments*
9 *until October 1, 2002.*

10 ***TITLE V—CREDIT***
11 ***Subtitle A—Farm Ownership Loans***

12 ***SEC. 501. DIRECT LOANS.***

13 *Section 302(b)(1) of the Consolidated Farm and Rural*
14 *Development Act (7 U.S.C. 1922(b)(1)) is amended by strik-*
15 *ing “operated” and inserting “participated in the business*
16 *operations of”.*

17 ***SEC. 502. FINANCING OF BRIDGE LOANS.***

18 *Section 303(a)(1) of the Consolidated Farm and Rural*
19 *Development Act (7 U.S.C. 1923(a)(1)) is amended—*

20 (1) *in subparagraph (C), by striking “or” at the*
21 *end;*

22 (2) *in subparagraph (D), by striking the period*
23 *at the end and inserting “; or”; and*

24 (3) *by adding at the end the following:*

1 “(E) refinancing, during a fiscal year, a
2 short-term, temporary bridge loan made by a
3 commercial or cooperative lender to a beginning
4 farmer or rancher for the acquisition of land for
5 a farm or ranch, if—

6 “(i) the Secretary approved an appli-
7 cation for a direct farm ownership loan to
8 the beginning farmer or rancher for acquisi-
9 tion of the land; and

10 “(ii) funds for direct farm ownership
11 loans under section 346(b) were not avail-
12 able at the time at which the application
13 was approved.”.

14 **SEC. 503. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP**
15 **LOANS.**

16 Section 305 of the Consolidated Farm and Rural De-
17 velopment Act (7 U.S.C. 1925) is amended by striking sub-
18 section (a) and inserting the following:

19 “(a) *IN GENERAL.*—The Secretary shall not make or
20 insure a loan under section 302, 303, 304, 310D, or 310E
21 that would cause the unpaid indebtedness under those sec-
22 tions of any 1 borrower to exceed the lesser of—

23 “(1) the value of the farm or other security; or

24 “(2)(A) in the case of a loan made by the
25 Secretary—

1 “(i) to a beginning farmer or rancher,
2 \$250,000, as adjusted (beginning with fiscal year
3 2003) by the inflation percentage applicable to
4 the fiscal year in which the loan is made; or

5 “(ii) to a borrower other than a beginning
6 farmer or rancher, \$200,000; or

7 “(B) in the case of a loan guaranteed by the Sec-
8 retary, \$700,000, as—

9 “(i) adjusted (beginning with fiscal year
10 2000) by the inflation percentage applicable to
11 the fiscal year in which the loan is guaranteed;
12 and

13 “(ii) reduced by the amount of any unpaid
14 indebtedness of the borrower on loans under sub-
15 title B that are guaranteed by the Secretary.”.

16 **SEC. 504. JOINT FINANCING ARRANGEMENTS.**

17 Section 307(a)(3)(D) of the Consolidated Farm and
18 Rural Development Act (7 U.S.C. 1927(a)(3)(D)) is
19 amended—

20 (1) by striking “If” and inserting the following:

21 “(i) *IN GENERAL.*—Subject to clause
22 (ii), if”; and

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

24 “(ii) *BEGINNING FARMERS AND*
25 *RANCHERS.*—The interest rate charged a be-

1 *ginning farmer or rancher for a loan de-*
2 *scribed in clause (i) shall be 50 basis points*
3 *less than the rate charged farmers and*
4 *ranchers that are not beginning farmers or*
5 *ranchers.”.*

6 **SEC. 505. GUARANTEE PERCENTAGE FOR BEGINNING FARM-**
7 **ERS AND RANCHERS.**

8 *Section 309(h)(6) of the Consolidated Farm and Rural*
9 *Development Act (7 U.S.C. 1929(h)(6)) is amended by strik-*
10 *ing “GUARANTEED UP” and all that follows through “more*
11 *than” and inserting “GUARANTEED AT 95 PERCENT.—The*
12 *Secretary shall guarantee”.*

13 **SEC. 506. GUARANTEE OF LOANS MADE UNDER STATE BE-**
14 **GINNING FARMER OR RANCHER PROGRAMS.**

15 *Section 309 of the Consolidated Farm and Rural De-*
16 *velopment Act (7 U.S.C. 1929) is amended by adding at*
17 *the end the following:*

18 *“(j) GUARANTEE OF LOANS MADE UNDER STATE BE-*
19 *GINNING FARMER OR RANCHER PROGRAMS.—The Sec-*
20 *retary may guarantee under this title a loan made under*
21 *a State beginning farmer or rancher program, including*
22 *a loan financed by the net proceeds of a qualified small*
23 *issue agricultural bond for land or property described in*
24 *section 144(a)(12)(B)(ii) of the Internal Revenue Code of*
25 *1986.”.*

1 **SEC. 507. DOWN PAYMENT LOAN PROGRAM.**

2 *Section 310E of the Consolidated Farm and Rural De-*
3 *velopment Act (7 U.S.C. 1935) is amended—*

4 *(1) in subsection (b)—*

5 *(A) in paragraph (1), by striking “30 per-*
6 *cent” and inserting “40 percent”; and*

7 *(B) in paragraph (3), by striking “10*
8 *years” and inserting “20 years”; and*

9 *(2) in subsection (c)(3)(B), by striking “10-year”*
10 *and inserting “20-year”.*

11 **SEC. 508. BEGINNING FARMER AND RANCHER CONTRACT**
12 **LAND SALES PROGRAM.**

13 *Subtitle A of the Consolidated Farm and Rural Devel-*
14 *opment Act (7 U.S.C. 1922 et seq.) is amended by adding*
15 *at the end the following:*

16 **“SEC. 310F. BEGINNING FARMER AND RANCHER CONTRACT**
17 **LAND SALES PROGRAM.**

18 *“(a) IN GENERAL.—Not later than October 1, 2002,*
19 *the Secretary shall carry out a pilot program in not fewer*
20 *than 10 geographically dispersed States, as determined by*
21 *the Secretary, to guarantee up to 5 loans per State in each*
22 *of fiscal years 2003 through 2006 made by a private seller*
23 *of a farm or ranch to a qualified beginning farmer or*
24 *rancher on a contract land sale basis, if the loan meets ap-*
25 *plicable underwriting criteria and a commercial lending*
26 *institution agrees to serve as escrow agent.*

1 “(b) *DATE OF COMMENCEMENT OF PROGRAM.*—The
 2 *Secretary shall commence the pilot program on making a*
 3 *determination that guarantees of contract land sales present*
 4 *a risk that is comparable with the risk presented in the*
 5 *case of guarantees to commercial lenders.”.*

6 ***Subtitle B—Operating Loans***

7 ***SEC. 511. DIRECT LOANS.***

8 *Section 311(c)(1)(A) of the Consolidated Farm and*
 9 *Rural Development Act (7 U.S.C. 1941(c)(1)(A)) is amend-*
 10 *ed by striking “who has not” and all that follows through*
 11 *“5 years”.*

12 ***SEC. 512. AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL***
 13 ***FARM OPERATIONS; WAIVER OF LIMITATIONS***
 14 ***FOR TRIBAL OPERATIONS AND OTHER OPER-***
 15 ***ATIONS.***

16 *(a) AMOUNT OF GUARANTEE OF LOANS FOR TRIBAL*
 17 *OPERATIONS.*—*Section 309(h) of the Consolidated Farm*
 18 *and Rural Development Act (7 U.S.C. 1929(h)) is*
 19 *amended—*

20 *(1) in paragraph (4), by striking “paragraphs*
 21 *(5) and (6)” and inserting “paragraphs (5), (6), and*
 22 *(7)”;* and

23 *(2) by adding at the end the following:*

24 “(7) *AMOUNT OF GUARANTEE OF LOANS FOR*
 25 *TRIBAL OPERATIONS.*—*In the case of an operating*

1 *loan made to a farmer or rancher who is a member*
2 *of an Indian tribe and whose farm or ranch is within*
3 *an Indian reservation (as defined in section*
4 *335(e)(1)(A)(ii)), the Secretary shall guarantee 95*
5 *percent of the loan.”.*

6 (b) *WAIVER OF LIMITATIONS.—Section 311(c) of the*
7 *Consolidated Farm and Rural Development Act (7 U.S.C.*
8 *1941(c)) is amended—*

9 (1) *in paragraph (1), by striking “paragraph*
10 *(3)” and inserting “paragraphs (3) and (4)”;* and

11 (2) *by adding at the end the following:*

12 “(4) *WAIVERS.—*

13 “(A) *TRIBAL FARM AND RANCH OPER-*
14 *ATIONS.—The Secretary shall waive the limita-*
15 *tion under paragraph (1)(C) or (3) for a direct*
16 *loan made under this subtitle to a farmer or*
17 *rancher who is a member of an Indian tribe and*
18 *whose farm or ranch is within an Indian res-*
19 *ervation (as defined in section 335(e)(1)(A)(ii))*
20 *if the Secretary determines that commercial cred-*
21 *it is not generally available for such farm or*
22 *ranch operations.*

23 “(B) *OTHER FARM AND RANCH OPER-*
24 *ATIONS.—On a case-by-case determination not*
25 *subject to administrative appeal, the Secretary*

1 *may grant a borrower a waiver, 1 time only for*
 2 *a period of 2 years, of the limitation under*
 3 *paragraph (1)(C) or (3) for a direct operating*
 4 *loan if the borrower demonstrates to the satisfac-*
 5 *tion of the Secretary that—*

6 *“(i) the borrower has a viable farm or*
 7 *ranch operation;*

8 *“(ii) the borrower applied for commer-*
 9 *cial credit from at least 2 commercial lend-*
 10 *ers;*

11 *“(iii) the borrower was unable to ob-*
 12 *tain a commercial loan (including a loan*
 13 *guaranteed by the Secretary); and*

14 *“(iv) the borrower successfully has*
 15 *completed, or will complete within 1 year,*
 16 *borrower training under section 359 (from*
 17 *which requirement the Secretary shall not*
 18 *grant a waiver under section 359(f)).”.*

19 ***Subtitle C—Administrative***
 20 ***Provisions***

21 ***SEC. 521. ELIGIBILITY OF LIMITED LIABILITY COMPANIES***
 22 ***FOR FARM OWNERSHIP LOANS, FARM OPER-***
 23 ***ATING LOANS, AND EMERGENCY LOANS.***

24 *(a) IN GENERAL.—Sections 302(a), 311(a), and*
 25 *321(a) of the Consolidated Farm and Rural Development*

1 *Act (7 U.S.C. 1922(a), 1941(a), 1961(a)) are amended by*
2 *striking “and joint operations” each place it appears and*
3 *inserting “joint operations, and limited liability compa-*
4 *nies”.*

5 *(b) CONFORMING AMENDMENT.—Section 321(a) of the*
6 *Consolidated Farm and Rural Development Act (7 U.S.C.*
7 *1961(a)) is amended by striking “or joint operations” each*
8 *place it appears and inserting “joint operations, or limited*
9 *liability companies”.*

10 **SEC. 522. DEBT SETTLEMENT.**

11 *Section 331(b)(4) of the Consolidated Farm and Rural*
12 *Development Act (7 U.S.C. 1981(b)(4)) is amended by strik-*
13 *ing “carried out—” and all that follows through “(B) after”*
14 *and inserting “carried out after”.*

15 **SEC. 523. TEMPORARY AUTHORITY TO ENTER INTO CON-**
16 **TRACTS; PRIVATE COLLECTION AGENCIES.**

17 *(a) IN GENERAL.—Section 331 of the Consolidated*
18 *Farm and Rural Development Act (7 U.S.C. 1981) is*
19 *amended by striking subsections (d) and (e).*

20 *(b) APPLICATION.—The amendment made by sub-*
21 *section (a) shall not apply to a contract entered into before*
22 *the effective date of this Act.*

1 **SEC. 524. INTEREST RATE OPTIONS FOR LOANS IN SERV-**
2 **ICING.**

3 *Section 331B of the Consolidated Farm and Rural De-*
4 *velopment Act (7 U.S.C. 1981b) is amended—*

5 *(1) by striking “lower of (1) the” and inserting*
6 *the following: “lowest of—*

7 *“(1) the”; and*

8 *(2) by striking “original loan or (2) the” and in-*
9 *serting the following: “original loan;*

10 *“(2) the rate being charged by the Secretary for*
11 *loans, other than guaranteed loans, of the same type*
12 *at the time at which the borrower applies for a defer-*
13 *ral, consolidation, rescheduling, or reamortization; or*
14 *“(3) the”.*

15 **SEC. 525. ANNUAL REVIEW OF BORROWERS.**

16 *Section 333 of the Consolidated Farm and Rural De-*
17 *velopment Act (7 U.S.C. 1983) is amended by striking*
18 *paragraph (2) and inserting the following:*

19 *“(2) except with respect to a loan under section*
20 *306, 310B, or 314—*

21 *“(A) an annual review of the credit history*
22 *and business operation of the borrower; and*

23 *“(B) an annual review of the continued eli-*
24 *gibility of the borrower for the loan;”.*

1 **SEC. 526. SIMPLIFIED LOAN APPLICATIONS.**

2 *Section 333A(g)(1) of the Consolidated Farm and*
3 *Rural Development Act (7 U.S.C. 1983a(g)(1)) is amended*
4 *by striking “of loans the principal amount of which is*
5 *\$50,000 or less” and inserting “of farmer program loans*
6 *the principal amount of which is \$100,000 or less”.*

7 **SEC. 527. INVENTORY PROPERTY.**

8 *Section 335(c) of the Consolidated Farm and Rural*
9 *Development Act (7 U.S.C. 1985(c)) is amended—*

10 *(1) in paragraph (1)—*

11 *(A) in subparagraph (B)—*

12 *(i) in clause (i), by striking “75 days”*
13 *and inserting “135 days”; and*

14 *(ii) by adding at the end the following:*

15 *“(iv) COMBINING AND DIVIDING OF*
16 *PROPERTY.—To the maximum extent prac-*
17 *ticable, the Secretary shall maximize the op-*
18 *portunity for beginning farmers and ranch-*
19 *ers to purchase real property acquired by*
20 *the Secretary under this title by combining*
21 *or dividing inventory parcels of the prop-*
22 *erty in such manner as the Secretary deter-*
23 *mines to be appropriate.”; and*

24 *(B) in subparagraph (C)—*

25 *(i) by striking “75 days” and inserting*
26 *“135 days”; and*

1 (ii) by striking “75-day period” and
2 inserting “135-day period”;

3 (2) by striking paragraph (2) and inserting the
4 following:

5 “(2) *PREVIOUS LEASE*.—In the case of real prop-
6 erty acquired before April 4, 1996, that the Secretary
7 leased before April 4, 1996, not later than 60 days
8 after the lease expires, the Secretary shall offer to sell
9 the property in accordance with paragraph (1).”; and

10 (3) in paragraph (3)—

11 (A) in subparagraph (A), by striking “sub-
12 paragraph (B)” and inserting “subparagraphs
13 (B) and (C)”; and

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

15 “(C) *OFFER TO SELL OR GRANT FOR FARM-*
16 *LAND PRESERVATION*.—For the purpose of farm-
17 land preservation, the Secretary shall—

18 “(i) in consultation with the State
19 Conservationist of each State in which in-
20 ventory property is located, identify each
21 parcel of inventory property in the State
22 that should be preserved for agricultural
23 use; and

24 “(ii) offer to sell or grant an easement,
25 restriction, development right, or similar

1 *legal right to each parcel identified under*
2 *clause (i) to a State, a political subdivision*
3 *of a State, or a private nonprofit organiza-*
4 *tion separately from the underlying fee or*
5 *other rights to the property owned by the*
6 *United States.”.*

7 **SEC. 528. DEFINITIONS.**

8 *(a) QUALIFIED BEGINNING FARMER OR RANCHER.—*
9 *Section 343(a)(11)(F) of the Consolidated Farm and Rural*
10 *Development Act (7 U.S.C. 1991(a)(11)(F)) is amended by*
11 *striking “25 percent” and inserting “30 percent”.*

12 *(b) DEBT FORGIVENESS.—Section 343(a)(12) of the*
13 *Consolidated Farm and Rural Development Act (7 U.S.C.*
14 *1991(a)(12)) is amended by striking subparagraph (B) and*
15 *inserting the following:*

16 *“(B) EXCEPTIONS.—The term ‘debt forgive-*
17 *ness’ does not include—*

18 *“(i) consolidation, rescheduling, re-*
19 *amortization, or deferral of a loan; or*

20 *“(ii) any write-down provided as part*
21 *of a resolution of a discrimination com-*
22 *plaint against the Secretary.”.*

23 **SEC. 529. LOAN AUTHORIZATION LEVELS.**

24 *Section 346 of the Consolidated Farm and Rural De-*
25 *velopment Act (7 U.S.C. 1994) is amended—*

1 (1) *in subsection (b)—*

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

4 “(1) *IN GENERAL.—The Secretary may make or*
5 *guarantee loans under subtitles A and B from the Ag-*
6 *ricultural Credit Insurance Fund provided for in sec-*
7 *tion 309 for not more than \$3,750,000,000 for each of*
8 *fiscal years 2002 through 2006, of which, for each fis-*
9 *cal year—*

10 “(A) *\$750,000,000 shall be for direct loans,*
11 *of which—*

12 “(i) *\$200,000,000 shall be for farm*
13 *ownership loans under subtitle A; and*

14 “(ii) *\$550,000,000 shall be for oper-*
15 *ating loans under subtitle B; and*

16 “(B) *\$3,000,000,000 shall be for guaranteed*
17 *loans, of which—*

18 “(i) *\$1,000,000,000 shall be for guar-*
19 *antees of farm ownership loans under sub-*
20 *title A; and*

21 “(ii) *\$2,000,000,000 shall be for guar-*
22 *antees of operating loans under subtitle B.”;*
23 *and*

24 (B) *in paragraph (2)(A)(ii), by striking*
25 *“farmers and ranchers” and all that follows and*

1 inserting “farmers and ranchers 35 percent for
2 each of fiscal years 2002 through 2006.”; and
3 (2) in subsection (c), by striking the last sen-
4 tence.

5 **SEC. 530. INTEREST RATE REDUCTION PROGRAM.**

6 Section 351 of the Consolidated Farm and Rural De-
7 velopment Act (7 U.S.C. 1999) is amended—

8 (1) in subsection (a)—

9 (A) by striking “PROGRAM.—” and all that
10 follows through “The Secretary” and inserting
11 “PROGRAM.—The Secretary”; and

12 (B) by striking paragraph (2);

13 (2) by striking subsection (c) and inserting the
14 following:

15 “(c) **AMOUNT OF INTEREST RATE REDUCTION.**—

16 “(1) **IN GENERAL.**—In return for a contract en-
17 tered into by a lender under subsection (b) for the re-
18 duction of the interest rate paid on a loan, the Sec-
19 retary shall make payments to the lender in an
20 amount equal to not more than 100 percent of the cost
21 of reducing the annual rate of interest payable on the
22 loan, except that such payments shall not exceed the
23 cost of reducing the rate by more than—

24 “(A) in the case of a borrower other than a
25 beginning farmer or rancher, 3 percent; and

1 “(B) *in the case of a beginning farmer or*
2 *rancher, 4 percent.*

3 “(2) *BEGINNING FARMERS AND RANCHERS.—The*
4 *percentage reduction of the interest rate for which*
5 *payments are authorized to be made for a beginning*
6 *farmer or rancher under paragraph (1) shall be 1*
7 *percent more than the percentage reduction for farm-*
8 *ers and ranchers that are not beginning farmers or*
9 *ranchers.”; and*

10 (3) *in subsection (e), by striking paragraph (2)*
11 *and inserting the following:*

12 “(2) *MAXIMUM AMOUNT OF FUNDS.—*

13 “(A) *IN GENERAL.—The total amount of*
14 *funds used by the Secretary to carry out this sec-*
15 *tion for a fiscal year shall not exceed*
16 *\$750,000,000.*

17 “(B) *BEGINNING FARMERS AND RANCH-*
18 *ERS.—*

19 “(i) *IN GENERAL.—The Secretary shall*
20 *reserve not less than 25 percent of the funds*
21 *used by the Secretary under subparagraph*
22 *(A) to make payments for guaranteed loans*
23 *made to beginning farmers and ranchers.*

24 “(ii) *DURATION OF RESERVATION OF*
25 *FUNDS.—Funds reserved for beginning*

1 *farmers or ranchers under clause (i) for a*
 2 *fiscal year shall be reserved only until April*
 3 *1 of the fiscal year.”.*

4 **SEC. 531. OPTIONS FOR SATISFACTION OF OBLIGATION TO**
 5 **PAY RECAPTURE AMOUNT FOR SHARED AP-**
 6 **PRECIATION AGREEMENTS.**

7 *(a) IN GENERAL.—Section 353(e)(7) of the Consoli-*
 8 *dated Farm and Rural Development Act (7 U.S.C.*
 9 *2001(e)(7)) is amended—*

10 *(1) in subparagraph (C), by redesignating*
 11 *clauses (i) and (ii) as subclauses (I) and (II), respec-*
 12 *tively, and adjusting the margins appropriately;*

13 *(2) by redesignating subparagraphs (A) through*
 14 *(C) as clauses (i) through (iii), respectively, and ad-*
 15 *justing the margins appropriately;*

16 *(3) by striking the paragraph heading and in-*
 17 *serting the following:*

18 *“(7) OPTIONS FOR SATISFACTION OF OBLIGATION*
 19 *TO PAY RECAPTURE AMOUNT.—*

20 *“(A) IN GENERAL.—As an alternative to re-*
 21 *paying the full recapture amount at the end of*
 22 *the term of the shared appreciation agreement*
 23 *(as determined by the Secretary in accordance*
 24 *with this subsection), a borrower may satisfy the*
 25 *obligation to pay the amount of recapture by—*

1 “(i) *financing the recapture payment*
2 *in accordance with subparagraph (B); or*

3 “(ii) *granting the Secretary an agri-*
4 *cultural use protection and conservation*
5 *easement on the property subject to the*
6 *shared appreciation agreement in accord-*
7 *ance with subparagraph (C).*

8 “(B) *FINANCING OF RECAPTURE PAY-*
9 *MENT.—*”; and
10 (4) *by adding at the end the following:*

11 “(C) *AGRICULTURAL USE PROTECTION AND*
12 *CONSERVATION EASEMENT.—*

13 “(i) *IN GENERAL.—Subject to clause*
14 *(iii), the Secretary shall accept an agricul-*
15 *tural use protection and conservation ease-*
16 *ment from the borrower for all of the real*
17 *security property subject to the shared ap-*
18 *preciation agreement in lieu of payment of*
19 *the recapture amount.*

20 “(ii) *TERM.—The term of an easement*
21 *accepted by the Secretary under this sub-*
22 *paragraph shall be 25 years.*

23 “(iii) *CONDITIONS.—The easement*
24 *shall require that the property subject to the*
25 *easement shall continue to be used or con-*

1 *served for agricultural and conservation*
2 *uses in accordance with sound farming and*
3 *conservation practices, as determined by the*
4 *Secretary.*

5 “(iv) *REPLACEMENT OF METHOD OF*
6 *SATISFYING OBLIGATION.—A borrower that*
7 *has begun financing of a recapture payment*
8 *under subparagraph (B) may replace that*
9 *financing with an agricultural use protec-*
10 *tion and conservation easement under this*
11 *subparagraph.”.*

12 (b) *APPLICABILITY.—The amendments made by sub-*
13 *section (a) shall apply to a shared appreciation agreement*
14 *entered into under section 353(e) of the Consolidated Farm*
15 *and Rural Development Act (7 U.S.C. 2001(e)) that—*

16 (1) *matures on or after the date of enactment of*
17 *this Act; or*

18 (2) *matured before the date of enactment of this*
19 *Act, if—*

20 (A) *the recapture amount was reamortized*
21 *under section 353(e)(7) of the Consolidated Farm*
22 *and Rural Development Act (7 U.S.C.*
23 *2001(e)(7)) (as in effect on the day before the*
24 *date of enactment of this Act); or*

1 (B)(i) the recapture amount had not been
2 paid before the date of enactment of this Act be-
3 cause of circumstances beyond the control of the
4 borrower; and

5 (ii) the borrower acted in good faith (as de-
6 termined by the Secretary) in attempting to
7 repay the recapture amount.

8 **SEC. 532. WAIVER OF BORROWER TRAINING CERTIFICATION**
9 **REQUIREMENT.**

10 Section 359 of the Consolidated Farm and Rural De-
11 velopment Act (7 U.S.C. 2006a) is amended by striking sub-
12 section (f) and inserting the following:

13 “(f) **WAIVERS.**—

14 “(1) **IN GENERAL.**—The Secretary may waive
15 the requirements of this section for an individual bor-
16 rower if the Secretary determines that the borrower
17 demonstrates adequate knowledge in areas described
18 in this section.

19 “(2) **CRITERIA.**—The Secretary shall establish
20 criteria providing for the application of paragraph
21 (1) consistently in all counties nationwide.”.

22 **SEC. 533. ANNUAL REVIEW OF BORROWERS.**

23 Section 360(d)(1) of the Consolidated Farm and Rural
24 Development Act (7 U.S.C. 2006b(d)(1)) is amended by
25 striking “biannual” and inserting “annual”.

1 **Subtitle D—Farm Credit**

2 **SEC. 541. REPEAL OF BURDENSOME APPROVAL REQUIRE-**
 3 **MENTS.**

4 (a) *BANKS FOR COOPERATIVES.*—Section 3.1(11)(B)
 5 *of the Farm Credit Act of 1971 (12 U.S.C. 2122(11)(B))*
 6 *is amended—*

7 (1) *by striking clause (iii); and*

8 (2) *by redesignating clause (iv) as clause (iii).*

9 (b) *OTHER SYSTEM BANKS; ASSOCIATIONS.*—Section
 10 *4.18A of the Farm Credit Act of 1971 (12 U.S.C. 2206a)*
 11 *is amended—*

12 (1) *in subsection (a)(1), by striking*
 13 *“3.1(11)(B)(iv)” and inserting “3.1(11)(B)(iii)”;* and

14 (2) *by striking subsection (c).*

15 **SEC. 542. BANKS FOR COOPERATIVES.**

16 Section 3.7(b) of the Farm Credit Act of 1971 (12
 17 *U.S.C. 2128(b)) is amended—*

18 (1) *in paragraphs (1) and (2)(A)(i), by striking*
 19 *“farm supplies” each place it appears and inserting*

20 *“agricultural supplies”;* and

21 (2) *by adding at the end the following:*

22 “(4) *DEFINITION OF AGRICULTURAL SUPPLY.*—

23 *In this subsection, the term ‘agricultural supply’*
 24 *includes—*

25 “(A) *a farm supply; and*

1 “(B)(i) agriculture-related processing equip-
2 ment;

3 “(ii) agriculture-related machinery; and

4 “(iii) other capital goods related to the stor-
5 age or handling of agricultural commodities or
6 products.”.

7 **SEC. 543. INSURANCE CORPORATION PREMIUMS.**

8 (a) *REDUCTION IN PREMIUMS FOR GSE-GUARANTEED*
9 *LOANS.*—

10 (1) *IN GENERAL.*—Section 5.55 of the *Farm*
11 *Credit Act of 1971 (12 U.S.C. 2277a–4)* is amended—

12 (A) *in subsection (a)*—

13 (i) *in paragraph (1)*—

14 (I) *in subparagraph (A), by strik-*
15 *ing “government-guaranteed loans pro-*
16 *vided for in subparagraph (C)” and*
17 *inserting “loans provided for in sub-*
18 *paragraphs (C) and (D)”;*

19 (II) *in subparagraph (B), by*
20 *striking “and” at the end;*

21 (III) *in subparagraph (C), by*
22 *striking the period at the end and in-*
23 *serting “; and”;* and

24 (IV) *by adding at the end the fol-*
25 *lowing:*

1 “(D) the annual average principal out-
2 standing for such year on the guaranteed por-
3 tions of Government Sponsored Enterprise-guar-
4 anteed loans made by the bank that are in ac-
5 crual status, multiplied by a factor, not to exceed
6 0.0015, determined by the Corporation at the
7 sole discretion of the Corporation.”; and

8 (ii) by adding at the end the following:

9 “(4) *DEFINITION OF GOVERNMENT SPONSORED*
10 *ENTERPRISE-GUARANTEED LOAN.—In this section and*
11 *sections 1.12(b) and 5.56(a), the term ‘Government*
12 *Sponsored Enterprise-guaranteed loan’ means a loan*
13 *or credit, or portion of a loan or credit, that is guar-*
14 *anteed by an entity that is chartered by Congress to*
15 *serve a public purpose and the debt obligations of*
16 *which are not explicitly guaranteed by the United*
17 *States, including the Federal National Mortgage Asso-*
18 *ciation, the Federal Home Loan Mortgage Corpora-*
19 *tion, the Federal Home Loan Bank System, and the*
20 *Federal Agricultural Mortgage Corporation, but not*
21 *including any other institution of the Farm Credit*
22 *System.”; and*

23 (B) in subsection (e)(4)(B), by striking
24 “government-guaranteed loans described in sub-
25 section (a)(1)(C)” and inserting “loans described

1 in subparagraph (C) or (D) of subsection
2 (a)(1)”.

3 (2) *CONFORMING AMENDMENTS.*—

4 (A) *Section 1.12(b) of the Farm Credit Act*
5 *of 1971 (12 U.S.C. 2020(b)) is amended—*

6 (i) *in paragraph (1), by inserting*
7 *“and Government Sponsored Enterprise-*
8 *guaranteed loans (as defined in section*
9 *5.55(a)(4)) provided for in paragraph (4)”*
10 *after “government-guaranteed loans (as de-*
11 *defined in section 5.55(a)(3)) provided for in*
12 *paragraph (3)”;*

13 (ii) *in paragraph (2), by striking*
14 *“and” at the end;*

15 (iii) *in paragraph (3), by striking the*
16 *period at the end and inserting “; and”;*
17 *and*

18 (iv) *by adding at the end the following:*

19 “(4) *the annual average principal outstanding*
20 *for such year on the guaranteed portions of Govern-*
21 *ment Sponsored Enterprise-guaranteed loans (as so*
22 *defined) made by the association, or by the other fi-*
23 *nancing institution and funded by or discounted with*
24 *the Farm Credit Bank, that are in accrual status,*
25 *multiplied by a factor, not to exceed 0.0015, deter-*

1 *mined by the Corporation for the purpose of setting*
2 *the premium for such guaranteed portions of loans*
3 *under section 5.55(a)(1)(D).”.*

4 *(B) Section 5.56(a) of the Farm Credit Act*
5 *of 1971 (12 U.S.C. 2277a–5(a)) is amended—*

6 *(i) in paragraph (1), by inserting*
7 *“and Government Sponsored Enterprise-*
8 *guaranteed loans (as defined in section*
9 *5.55(a)(4))” after “government-guaranteed*
10 *loans”;*

11 *(ii) by redesignating paragraphs (4)*
12 *and (5) as paragraphs (5) and (6), respec-*
13 *tively; and*

14 *(iii) by inserting after paragraph (3)*
15 *the following:*

16 *“(4) the annual average principal outstanding*
17 *on the guaranteed portions of Government Sponsored*
18 *Enterprise-guaranteed loans (as defined in section*
19 *5.55(a)(4)) that are in accrual status;”.*

20 *(b) EFFECTIVE DATE.—The amendments made by sub-*
21 *section (a) take effect on the date on which Farm Credit*
22 *System Insurance Corporation premiums are due from in-*
23 *sured Farm Credit System banks under section 5.55 of the*
24 *Farm Credit Act of 1971 (12 U.S.C. 2277a–4) for calendar*
25 *year 2001.*

1 **SEC. 544. BOARD OF DIRECTORS OF THE FEDERAL AGRICULTURAL MORTGAGE CORPORATION.**
2

3 *Section 8.2(b) of the Farm Credit Act of 1971 (12*
4 *U.S.C. 2279aa-2(b)) is amended—*

5 *(1) in paragraph (2)—*

6 *(A) by striking “15” and inserting “17”;*

7 *(B) in subparagraph (A), by striking “com-*
8 *mon stock” and all that follows and inserting*
9 *“Class A voting common stock;”;*

10 *(C) in subparagraph (B), by striking “com-*
11 *mon stock” and all that follows and inserting*
12 *“Class B voting common stock;”;*

13 *(D) by redesignating subparagraph (C) as*
14 *subparagraph (D); and*

15 *(E) by inserting after subparagraph (B) the*
16 *following:*

17 *“(C) 2 members shall be elected by holders*
18 *of Class A voting common stock and Class B vot-*
19 *ing common stock, 1 of whom shall be the chief*
20 *executive officer of the Corporation and 1 of*
21 *whom shall be another executive officer of the*
22 *Corporation; and”;*

23 *(2) in paragraph (3), by striking “(2)(C)” and*
24 *inserting “(2)(D)”;*

25 *(3) in paragraph (4)—*

1 (A) in subparagraph (A), by striking “(A)
2 or (B)” and inserting “(A), (B), or (C)”; and

3 (B) in subparagraph (B), by striking
4 “(2)(C)” and inserting “(2)(D)”; and

5 (4) in paragraph (5)(A)—

6 (A) by inserting “executive officers of the
7 Corporation or” after “from among persons who
8 are”; and

9 (B) by striking “such a representative” and
10 inserting “such an executive officer or represent-
11 ative”;

12 (5) in paragraph (6)(B), by striking “(A) and
13 (B)” and inserting “(A), (B), and (C)”; and

14 (6) in paragraph (7), by striking “8 members”
15 and inserting “Nine members”;

16 (7) in paragraph (8)—

17 (A) in the paragraph heading, by inserting
18 “OR EXECUTIVE OFFICERS OF THE CORPORA-
19 TION” after “EMPLOYEES”; and

20 (B) by inserting “or executive officers of the
21 Corporation” after “United States”; and

22 (8) by striking paragraph (9) and inserting the
23 following:

24 “(9) CHAIRPERSON.—

1 “(A) *ELECTION.*—*The permanent board*
2 *shall annually elect a chairperson from among*
3 *the members of the permanent board.*

4 “(B) *TERM.*—*The term of the chairperson*
5 *shall coincide with the term served by elected*
6 *members of the permanent board under para-*
7 *graph (6)(B).”.*

8 ***Subtitle E—General Provisions***

9 ***SEC. 551. INAPPLICABILITY OF FINALITY RULE.***

10 *Section 281(a)(1) of the Department of Agriculture Re-*
11 *organization Act of 1994 (7 U.S.C. 7001(a)(1)) is*
12 *amended—*

13 (1) *by striking “This subsection” and inserting*
14 *the following:*

15 “(A) *IN GENERAL.*—*Except as provided in*
16 *subparagraph (B), this subsection”;* and

17 (2) *by adding at the end the following:*

18 “(B) *AGRICULTURAL CREDIT DECISIONS.*—
19 *This subsection shall not apply with respect to*
20 *an agricultural credit decision made by such a*
21 *State, county, or area committee, or employee of*
22 *such a committee, under the Consolidated Farm*
23 *and Rural Development Act (7 U.S.C. 1921 et*
24 *seq.).”.*

1 **SEC. 552. TECHNICAL AMENDMENTS.**

2 (a) Section 321(a) of the Consolidated Farm and
3 Rural Development Act (7 U.S.C. 1961(a)) is amended by
4 striking “Disaster Relief and Emergency Assistance Act”
5 each place it appears and inserting “Robert T. Stafford
6 Disaster Relief and Emergency Assistance Act (42 U.S.C.
7 5121 et seq.)”.

8 (b) Section 336(b) of the Consolidated Farm and Rural
9 Development Act (7 U.S.C. 1986(b)) is amended in the sec-
10 ond sentence by striking “provided for in section 332 of this
11 title”.

12 (c) Section 359(c)(1) of the Consolidated Farm and
13 Rural Development Act (7 U.S.C. 2006a(c)(1)) is amended
14 by striking “established pursuant to section 332,”.

15 (d) Section 360(a) of the Consolidated Farm and
16 Rural Development Act (7 U.S.C. 2006b(a)) is amended by
17 striking “established pursuant to section 332”.

18 **SEC. 553. EFFECTIVE DATE.**

19 (a) *IN GENERAL.*—Except as provided in subsection
20 (b) and section 543(b), this title and the amendments made
21 by this title take effect on October 1, 2001.

22 (b) *BOARD OF DIRECTORS OF THE FEDERAL AGRICUL-*
23 *TURAL MORTGAGE CORPORATION.*—The amendments made
24 by section 544 take effect on the date of enactment of this
25 Act.

1 **TITLE VI—RURAL DEVELOPMENT**
2 **Subtitle A—Empowerment of Rural**
3 **America**

4 **SEC. 601. NATIONAL RURAL COOPERATIVE AND BUSINESS**
5 **EQUITY FUND.**

6 *The Consolidated Farm and Rural Development Act*
7 *(7 U.S.C. 1921 et seq.) is amended by adding at the end*
8 *the following:*

9 **“Subtitle G—National Rural Coop-**
10 **erative and Business Equity**
11 **Fund**

12 **“SEC. 383A. SHORT TITLE.**

13 *“This subtitle may be cited as the ‘National Rural Co-*
14 *operative and Business Equity Fund Act’.*

15 **“SEC. 383B. PURPOSE.**

16 *“The purpose of this subtitle is to revitalize rural com-*
17 *munities and enhance farm income through sustainable*
18 *rural business development by providing Federal funds and*
19 *credit enhancements to a private equity fund in order to*
20 *encourage investments by institutional and noninstitu-*
21 *tional investors for the benefit of rural America.*

22 **“SEC. 383C. DEFINITIONS.**

23 *“In this subtitle:*

24 *“(1) AUTHORIZED PRIVATE INVESTOR.—The*
25 *term ‘authorized private investor’ means an indi-*

1 *vidual, legal entity, or affiliate or subsidiary of an*
2 *individual or legal entity that—*

3 *“(A) is eligible to receive a loan guarantee*
4 *under this title;*

5 *“(B) is eligible to receive a loan guarantee*
6 *under the Rural Electrification Act of 1936 (7*
7 *U.S.C. 901 et seq.);*

8 *“(C) is created under the National Con-*
9 *sumer Cooperative Bank Act (12 U.S.C. 3011 et*
10 *seq.);*

11 *“(D) is an insured depository institution*
12 *subject to section 383E(b)(2);*

13 *“(E) is a Farm Credit System institution*
14 *described in section 1.2(a) of the Farm Credit*
15 *Act of 1971 (12 U.S.C. 2002(a)); or*

16 *“(F) is determined by the Board to be an*
17 *appropriate investor in the Fund.*

18 *“(2) BOARD.—The term ‘Board’ means the board*
19 *of directors of the Fund established under section*
20 *383G.*

21 *“(3) FUND.—The term ‘Fund’ means the Na-*
22 *tional Rural Cooperative and Business Equity Fund*
23 *established under section 383D.*

1 “(4) *GROUP OF SIMILAR AUTHORIZED PRIVATE*
2 *INVESTORS.*—*The term ‘group of similar investors’*
3 *means any 1 of the following:*

4 “(A) *Insured depository institutions with*
5 *total assets of more than \$250,000,000.*

6 “(B) *Insured depository institutions with*
7 *total assets equal to or less than \$250,000,000.*

8 “(C) *Farm Credit System institutions de-*
9 *scribed in section 1.2(a) of the Farm Credit Act*
10 *of 1971 (12 U.S.C. 2002(a)).*

11 “(D) *Cooperative financial institutions*
12 *(other than Farm Credit System institutions).*

13 “(E) *Private investors, other than those de-*
14 *scribed in subparagraphs (A) through (D), au-*
15 *thorized by the Secretary.*

16 “(F) *Other nonprofit organizations, includ-*
17 *ing credit unions.*

18 “(5) *INSURED DEPOSITORY INSTITUTION.*—*The*
19 *term ‘insured depository institution’ means any bank*
20 *or savings association the deposits of which are in-*
21 *sured under the Federal Deposit Insurance Act (12*
22 *U.S.C. 1811 et seq.).*

23 “(6) *RURAL BUSINESS.*—*The term ‘rural busi-*
24 *ness’ means a rural cooperative, a value-added agri-*

1 *cultural enterprise, or any other business located or*
2 *locating in a rural area.*

3 **“SEC. 383D. ESTABLISHMENT.**

4 “(a) *AUTHORITY.—*

5 “(1) *IN GENERAL.—On certification by the Sec-*
6 *retary that, to the maximum extent practicable, the*
7 *parties proposing to establish a fund provide a broad*
8 *representation of all of the groups of similar author-*
9 *ized private investors described in subparagraphs (A)*
10 *through (F) of section 383C(4), the parties may estab-*
11 *lish a non-Federal entity under State law to purchase*
12 *shares of, and manage a fund to be known as the ‘Na-*
13 *tional Rural Cooperative and Business Equity Fund’,*
14 *to generate and provide equity capital to rural busi-*
15 *nesses.*

16 “(2) *OWNERSHIP.—*

17 “(A) *IN GENERAL.—To the maximum ex-*
18 *tent practicable, equity ownership of the Fund*
19 *shall be distributed among authorized private in-*
20 *vestors representing all of the groups of similar*
21 *authorized private investors described in sub-*
22 *paragraphs (A) through (F) of section 383C(4).*

23 “(B) *EXCLUSION OF GROUPS.—No group of*
24 *authorized private investors shall be excluded*
25 *from equity ownership of the Fund during any*

1 *period during which the Fund is in existence if*
2 *an authorized private investor representative of*
3 *the group is able and willing to invest in the*
4 *Fund.*

5 “(b) *PURPOSES.—The purposes of the Fund shall be—*

6 “(1) *to strengthen the economy of rural areas;*

7 “(2) *to further sustainable rural business devel-*
8 *opment;*

9 “(3) *to encourage—*

10 “(A) *start-up rural businesses;*

11 “(B) *increased opportunities for small and*
12 *minority-owned rural businesses; and*

13 “(C) *the formation of new rural businesses;*

14 “(4) *to enhance rural employment opportunities;*

15 “(5) *to provide equity capital to rural busi-*
16 *nesses, many of which have difficulty obtaining eq-*
17 *uity capital; and*

18 “(6) *to leverage non-Federal funds for rural busi-*
19 *nesses.*

20 “(c) *ARTICLES OF INCORPORATION AND BYLAWS.—The*
21 *articles of incorporation and bylaws of the Fund shall set*
22 *forth purposes of the Fund that are consistent with the pur-*
23 *poses described in subsection (b).*

1 **“SEC. 383E. INVESTMENT IN THE FUND.**

2 “(a) *IN GENERAL.*—*Of the funds made available under*
3 *section 383H, the Secretary shall—*

4 “(1) *subject to subsection (b)(1), make available*
5 *to the Fund \$150,000,000;*

6 “(2) *subject to subsection (c), guarantee 50 per-*
7 *cent of each investment made by an authorized pri-*
8 *ivate investor in the Fund; and*

9 “(3) *subject to subsection (d), guarantee the re-*
10 *payment of principal of, and accrued interest on, de-*
11 *bentures issued by the Fund to authorized private in-*
12 *vestors.*

13 “(b) *PRIVATE INVESTMENT.*—

14 “(1) *MATCHING REQUIREMENT.*—*Under sub-*
15 *section (a)(1), the Secretary shall make an amount*
16 *available to the Fund only after an equal amount has*
17 *been invested in the Fund by authorized private in-*
18 *vestors in accordance with this subtitle and the terms*
19 *and conditions set forth in the bylaws of the Fund.*

20 “(2) *INSURED DEPOSITORY INSTITUTIONS.*—

21 “(A) *IN GENERAL.*—*Subject to subpara-*
22 *graphs (B) and (C)—*

23 “(i) *an insured depository institution*
24 *may be an authorized private investor in*
25 *the Fund; and*

1 “(ii) *an investment in the Fund may*
2 *be considered to be part of the record of an*
3 *institution in meeting the credit needs of*
4 *the community in which the institution is*
5 *located under any applicable Federal law.*

6 “(B) *INVESTMENT LIMIT.—The total invest-*
7 *ment in the Fund of an insured depository insti-*
8 *tution shall not exceed 5 percent of the capital*
9 *and surplus of the institution.*

10 “(C) *REGULATORY AUTHORITY.—An appro-*
11 *priate Federal banking agency may, by regula-*
12 *tion or order, impose on any insured depository*
13 *institution investing in the Fund, any safeguard,*
14 *limitation, or condition (including an invest-*
15 *ment limit that is lower than the investment*
16 *limit under subparagraph (B)) that the Federal*
17 *banking agency considers to be appropriate to*
18 *ensure that the institution operates—*

19 “(i) *in a financially sound manner;*

20 *and*

21 “(ii) *in compliance with all applicable*
22 *law.*

23 “(c) *GUARANTEE OF PRIVATE INVESTMENTS.—*

24 “(1) *IN GENERAL.—The Secretary shall guar-*
25 *antee, under terms and conditions determined by the*

1 *Secretary, 50 percent of any loss of the principal of*
2 *an investment made in the Fund by an authorized*
3 *private investor.*

4 “(2) *MAXIMUM TOTAL GUARANTEE.*—*The aggregate potential liability of the Secretary with respect*
5 *to all guarantees under paragraph (1) shall not apply*
6 *to more than \$300,000,000 in private investments in*
7 *the Fund.*

9 “(3) *REDEMPTION OF GUARANTEE.*—

10 “(A) *DATE.*—*An authorized private investor in the Fund may redeem a guarantee under*
11 *paragraph (1), with respect to the total invest-*
12 *ments in the Fund and the total losses of the au-*
13 *thorized private investor as of the date of*
14 *redemption—*

15 “(i) *on the date that is 5 years after*
16 *the date of the initial investment by the au-*
17 *thorized private investor; or*

18 “(ii) *annually thereafter.*

19 “(B) *EFFECT OF REDEMPTION.*—*On re-*
20 *demption of a guarantee under subparagraph*
21 *(A)—*

22 “(i) *the shares in the Fund of the au-*
23 *thorized private investor shall be redeemed;*
24 *and*
25 *and*

1 “(ii) *the authorized private investor*
2 *shall be prohibited from making any future*
3 *investment in the Fund.*

4 “(d) *DEBT SECURITIES.—*

5 “(1) *IN GENERAL.—The Fund may, at the dis-*
6 *cretion of the Board, generate additional capital*
7 *through—*

8 “(A) *the issuance of debt securities; and*

9 “(B) *other means determined to be appro-*
10 *priate by the Board.*

11 “(2) *GUARANTEE OF DEBT BY SECRETARY.—*

12 “(A) *IN GENERAL.—The Secretary shall*
13 *guarantee 100 percent of the principal of, and*
14 *accrued interest on, debentures issued by the*
15 *Fund that are approved by the Secretary.*

16 “(B) *MAXIMUM DEBT GUARANTEED BY SEC-*
17 *RETARY.—The outstanding value of debentures*
18 *issued by the Fund and guaranteed by the Sec-*
19 *retary shall not exceed the lesser of—*

20 “(i) *the amount equal to twice the*
21 *value of the assets held by the Fund; or*

22 “(ii) *\$500,000,000.*

23 “(C) *RECAPTURE OF GUARANTEE PAY-*
24 *MENTS.—If the Secretary makes a payment on a*
25 *debt security issued by the Fund as a result of*

1 *a guarantee of the Secretary under this para-*
 2 *graph, the Secretary shall have priority over*
 3 *other creditors for repayment of the debt secu-*
 4 *rity.*

5 “(3) *AUTHORIZED PRIVATE INVESTORS.*—*An au-*
 6 *thorized private investor may purchase debt securities*
 7 *issued by the Fund.*

8 **“SEC. 383F. INVESTMENTS AND OTHER ACTIVITIES OF THE**
 9 **FUND.**

10 “(a) *INVESTMENTS.*—

11 “(1) *IN GENERAL.*—

12 “(A) *TYPES.*—*Subject to subparagraphs (B)*
 13 *and (C), the Fund may—*

14 “(i) *make equity investments in a*
 15 *rural business that meets—*

16 “(I) *the requirements of para-*
 17 *graph (6); and*

18 “(II) *such other requirements as*
 19 *the Board may establish; and*

20 “(ii) *extend credit to the rural business*
 21 *in—*

22 “(I) *the form of mezzanine debt or*
 23 *subordinated debt; or*

24 “(II) *any other form of quasi-eq-*
 25 *uity.*

1 “(B) *LIMITATIONS ON INVESTMENTS.*—

2 “*(i) TOTAL INVESTMENTS BY A SINGLE*
3 *RURAL BUSINESS.*—*Subject to clause (ii),*
4 *investment by the Fund in a single rural*
5 *business shall not exceed the greater of—*

6 “*(I) an amount equal to 7 percent*
7 *of the capital of the Fund; or*

8 “*(II) \$2,000,000.*

9 “*(ii) WAIVER.*—*The Secretary may*
10 *waive the limitation in clause (i) in any*
11 *case in which an investment exceeding the*
12 *limits specified in clause (i) is necessary to*
13 *preserve prior investments in the rural*
14 *business.*

15 “*(iii) TOTAL NONEQUITY INVEST-*
16 *MENTS.*—*Except in the case of a project to*
17 *assist a rural cooperative, the total amount*
18 *of nonequity investments described in sub-*
19 *paragraph (A)(ii) that may be provided by*
20 *the Fund shall not exceed 20 percent of the*
21 *total investments of the Fund in the project.*

22 “*(C) LIMITATION.*—*Notwithstanding sub-*
23 *paragraph (B), the amount of any investment by*
24 *the Fund in a rural business shall not exceed the*

1 *aggregate amount invested in like securities by*
2 *other private entities in that rural business.*

3 “(2) *PROCEDURES.—The Fund shall implement*
4 *procedures to ensure that—*

5 “(A) *the financing arrangements of the*
6 *Fund meet the Fund’s primary focus of pro-*
7 *viding equity capital; and*

8 “(B) *the Fund does not compete with con-*
9 *ventional sources of credit.*

10 “(3) *DIVERSITY OF PROJECTS.—The Fund—*

11 “(A) *shall seek to make equity investments*
12 *in a variety of viable projects, with a significant*
13 *share of investments—*

14 “(i) *in smaller enterprises (as defined*
15 *in section 384A) in rural communities of*
16 *diverse sizes; and*

17 “(ii) *in cooperative and noncooperative*
18 *enterprises; and*

19 “(B) *shall be managed in a manner that di-*
20 *versifies the risks to the Fund among a variety*
21 *of projects.*

22 “(4) *LIMITATION ON RURAL BUSINESSES AS-*
23 *SISTED.—The Fund shall not invest in any rural*
24 *business that is primarily retail in nature (as deter-*

1 *mined by the Board), other than a purchasing cooper-*
2 *ative.*

3 “(5) *INTEREST RATE LIMITATIONS.*—*Returns on*
4 *investments in and by the Fund and returns on the*
5 *extension of credit by participants in projects assisted*
6 *by the Fund, shall not be subject to any State or Fed-*
7 *eral law establishing a maximum allowable interest*
8 *rate.*

9 “(6) *REQUIREMENTS FOR RECIPIENTS.*—

10 “(A) *OTHER INVESTMENTS.*—*Any recipient*
11 *of amounts from the Fund shall make or obtain*
12 *a significant investment from a source of capital*
13 *other than the Fund.*

14 “(B) *SPONSORSHIP.*—*To be considered for*
15 *an equity investment from the Fund, a rural*
16 *business investment project shall be sponsored by*
17 *a regional, State, or local sponsoring or endors-*
18 *ing organization such as—*

19 “(i) *a financial institution;*

20 “(ii) *a development organization; or*

21 “(iii) *any other established entity en-*
22 *gaging or assisting in rural business devel-*
23 *opment, including a rural cooperative.*

24 “(b) *TECHNICAL ASSISTANCE.*—*The Fund, under*
25 *terms and conditions established by the Board, shall use not*

1 *less than 2 percent of capital provided by the Federal Gov-*
2 *ernment to provide technical assistance to rural businesses*
3 *seeking an equity investment from the Fund.*

4 “(c) *ANNUAL AUDIT.*—

5 “(1) *IN GENERAL.*—*The Board shall authorize*
6 *an annual audit of the financial statements of the*
7 *Fund by a nationally recognized auditing firm using*
8 *generally accepted accounting principles.*

9 “(2) *AVAILABILITY OF AUDIT RESULTS.*—*The re-*
10 *sults of the audit required by paragraph (1) shall be*
11 *made available to investors in the Fund.*

12 “(d) *ANNUAL REPORT.*—*The Board shall prepare and*
13 *make available to the public an annual report that—*

14 “(1) *describes the projects funded with amounts*
15 *from the Fund;*

16 “(2) *specifies the recipients of amounts from the*
17 *Fund;*

18 “(3) *specifies the coinvestors in all projects that*
19 *receive amounts from the Fund; and*

20 “(4) *meets the reporting requirements, if any, of*
21 *the State under the law of which the Fund is estab-*
22 *lished.*

23 “(e) *OTHER AUTHORITIES.*—

1 “(1) *IN GENERAL.*—*The Board may exercise such*
2 *other authorities as are necessary to carry out this*
3 *subtitle.*

4 “(2) *OVERSIGHT.*—*The Secretary shall enter in*
5 *to a contract with the Administrator of the Small*
6 *Business Administration under which the Adminis-*
7 *trator of the Small Business Administration shall be*
8 *responsible for the routine duties of the Secretary in*
9 *regard to the Fund.*

10 **“SEC. 383G. GOVERNANCE OF THE FUND.**

11 “(a) *IN GENERAL.*—*The Fund shall be governed by a*
12 *board of directors that represents all of the authorized pri-*
13 *vate investors in the Fund and the Federal Government and*
14 *that consists of—*

15 “(1) *a designee of the Secretary;*

16 “(2) *2 members who are appointed by the Sec-*
17 *retary and are not Federal employees, including—*

18 “(A) *1 member with expertise in venture*
19 *capital investment; and*

20 “(B) *1 member with expertise in coopera-*
21 *tive development;*

22 “(3) *8 members who are elected by the authorized*
23 *private investors with investments in the Fund; and*

1 “(4) 1 member who is appointed by the Board
2 and who is a community banker from an insured de-
3 pository institution that has—

4 “(A) total assets equal to or less than
5 \$250,000,000; and

6 “(B) an investment in the Fund.

7 “(b) *LIMITATION ON VOTING CONTROL.*—No indi-
8 vidual investor or group of authorized investors may control
9 more than 25 percent of the votes on the Board.

10 **“SEC. 383H. AUTHORIZATION OF APPROPRIATIONS.**

11 *“There are authorized to be appropriated such sums
12 as are necessary to carry out this subtitle.”.*

13 **SEC. 602. RURAL BUSINESS INVESTMENT PROGRAM.**

14 *The Consolidated Farm and Rural Development Act
15 (as amended by section 601) is amended by adding at the
16 end the following:*

17 **“Subtitle H—Rural Business
18 Investment Program**

19 **“SEC. 384A. DEFINITIONS.**

20 *“In this subtitle:*

21 “(1) *ARTICLES.*—The term ‘articles’ means arti-
22 cles of incorporation for an incorporated body or the
23 functional equivalent or other similar documents
24 specified by the Secretary for other business entities.

1 “(2) *DEVELOPMENTAL VENTURE CAPITAL.*—*The*
2 *term ‘developmental venture capital’ means capital in*
3 *the form of equity capital investments in Rural Busi-*
4 *ness Investment Companies with an objective of fos-*
5 *tering economic development in rural areas.*

6 “(3) *EMPLOYEE WELFARE BENEFIT PLAN; PEN-*
7 *SION PLAN.*—

8 “(A) *IN GENERAL.*—*The terms ‘employee*
9 *welfare benefit plan’ and ‘pension plan’ have the*
10 *meanings given the terms in section 3 of the Em-*
11 *ployee Retirement Income Security Act of 1974*
12 *(29 U.S.C. 1002).*

13 “(B) *INCLUSIONS.*—*The terms ‘employee*
14 *welfare benefit plan’ and ‘pension plan’*
15 *include—*

16 “(i) *public and private pension or re-*
17 *irement plans subject to this subtitle; and*

18 “(ii) *similar plans not covered by this*
19 *subtitle that have been established and that*
20 *are maintained by the Federal Government*
21 *or any State (including by a political sub-*
22 *division, agency, or instrumentality of the*
23 *Federal Government or a State) for the ben-*
24 *efit of employees.*

1 “(4) *EQUITY CAPITAL.*—*The term ‘equity cap-*
2 *ital’ means common or preferred stock or a similar*
3 *instrument, including subordinated debt with equity*
4 *features.*

5 “(5) *LEVERAGE.*—*The term ‘leverage’ includes—*

6 “(A) *debentures purchased or guaranteed by*
7 *the Secretary;*

8 “(B) *participating securities purchased or*
9 *guaranteed by the Secretary; and*

10 “(C) *preferred securities outstanding as of*
11 *the date of enactment of this subtitle.*

12 “(6) *LICENSE.*—*The term ‘license’ means a li-*
13 *cence issued by the Secretary as provided in section*
14 *384D(c).*

15 “(7) *LIMITED LIABILITY COMPANY.*—*The term*
16 *‘limited liability company’ means a business entity*
17 *that is organized and operating in accordance with a*
18 *State limited liability company law approved by the*
19 *Secretary.*

20 “(8) *MEMBER.*—*The term ‘member’ means, with*
21 *respect to a Rural Business Investment Company that*
22 *is a limited liability company, a holder of an owner-*
23 *ship interest or a person otherwise admitted to mem-*
24 *bership in the limited liability company.*

1 “(9) *OPERATIONAL ASSISTANCE.*—*The term*
2 *‘operational assistance’ means management, mar-*
3 *keting, and other technical assistance that assists a*
4 *rural business concern with business development.*

5 “(10) *PARTICIPATION AGREEMENT.*—*The term*
6 *‘participation agreement’ means an agreement, be-*
7 *tween the Secretary and a Rural Business Investment*
8 *Company granted final approval under section*
9 *384D(d), that requires the Rural Business Investment*
10 *Company to make investments in smaller enterprises*
11 *in rural areas.*

12 “(11) *PRIVATE CAPITAL.*—

13 “(A) *IN GENERAL.*—*The term ‘private cap-*
14 *ital’ means the total of—*

15 “(i) *the paid-in capital and paid-in*
16 *surplus of a corporate Rural Business In-*
17 *vestment Company, the contributed capital*
18 *of the partners of a partnership Rural*
19 *Business Investment Company, or the eq-*
20 *uity investment of the members of a limited*
21 *liability company Rural Business Invest-*
22 *ment Company; and*

23 “(ii) *unfunded binding commitments,*
24 *from investors that meet criteria established*
25 *by the Secretary to contribute capital to the*

1 *Rural Business Investment Company, ex-*
2 *cept that unfunded commitments may be*
3 *counted as private capital for purposes of*
4 *approval by the Secretary of any request for*
5 *leverage, but leverage shall not be funded*
6 *based on the commitments.*

7 “(B) *EXCLUSIONS.*—*The term ‘private cap-*
8 *ital’ does not include—*

9 “(i) *any funds borrowed by a Rural*
10 *Business Investment Company from any*
11 *source;*

12 “(ii) *any funds obtained through the*
13 *issuance of leverage; or*

14 “(iii) *any funds obtained directly or*
15 *indirectly from the Federal Government or*
16 *any State (including by a political subdivi-*
17 *sion, agency, or instrumentality of the Fed-*
18 *eral Government or a State), except for—*

19 “(I) *50 percent of funds from the*
20 *National Rural Cooperative and Busi-*
21 *ness Equity Fund;*

22 “(II) *funds obtained from the*
23 *business revenues (excluding any gov-*
24 *ernmental appropriation) of any feder-*
25 *ally chartered or government-sponsored*

1 *enterprise established prior to the date*
2 *of enactment of this subtitle;*

3 *“(III) funds invested by an em-*
4 *ployee welfare benefit plan or pension*
5 *plan; and*

6 *“(IV) any qualified nonprivate*
7 *funds (if the investors of the qualified*
8 *nonprivate funds do not control, di-*
9 *rectly or indirectly, the management,*
10 *board of directors, general partners, or*
11 *members of the Rural Business Invest-*
12 *ment Company).*

13 *“(12) QUALIFIED NONPRIVATE FUNDS.—The*
14 *term ‘qualified nonprivate funds’ means any—*

15 *“(A) funds directly or indirectly invested in*
16 *any applicant or Rural Business Investment*
17 *Company on or before the date of enactment of*
18 *this subtitle, by any Federal agency, other than*
19 *the Department of Agriculture, under a provi-*
20 *sion of law explicitly mandating the inclusion of*
21 *those funds in the definition of the term ‘private*
22 *capital’; and*

23 *“(B) funds invested in any applicant or*
24 *Rural Business Investment Company by 1 or*
25 *more entities of any State (including by a polit-*

1 ical subdivision, agency, or instrumentality of
2 the State and including any guarantee extended
3 by those entities) in an aggregate amount that
4 does not exceed 33 percent of the private capital
5 of the applicant or Rural Business Investment
6 Company.

7 “(13) *RURAL BUSINESS CONCERN*.—The term
8 ‘rural business concern’ means—

9 “(A) a public, private, or cooperative for-
10 profit or nonprofit organization;

11 “(B) a for-profit or nonprofit business con-
12 trolled by an Indian tribe on a Federal or State
13 reservation or other federally recognized Indian
14 tribal group; or

15 “(C) any other person or entity;
16 that primarily operates in a rural area, as deter-
17 mined by the Secretary.

18 “(14) *RURAL BUSINESS INVESTMENT COM-*
19 *PANY*.—The term ‘Rural Business Investment Com-
20 pany’ means a company that—

21 “(A) has been granted final approval by the
22 Secretary under section 384D(d); and

23 “(B) has entered into a participation agree-
24 ment with the Secretary.

1 “(15) *SMALLER ENTERPRISE.*—*The term ‘small-*
2 *er enterprise’ means any rural business concern that,*
3 *together with its affiliates—*

4 “(A) *has—*

5 “(i) *a net financial worth of not more*
6 *than \$6,000,000, as of the date on which as-*
7 *sistance is provided under this subtitle to*
8 *the rural business concern; and*

9 “(ii) *an average net income for the 2-*
10 *year period preceding the date on which as-*
11 *sistance is provided under this subtitle to*
12 *the rural business concern, of not more than*
13 *\$2,000,000, after Federal income taxes (ex-*
14 *cluding any carryover losses) except that,*
15 *for purposes of this clause, if the rural busi-*
16 *ness concern is not required by law to pay*
17 *Federal income taxes at the enterprise level,*
18 *but is required to pass income through to*
19 *the shareholders, partners, beneficiaries, or*
20 *other equitable owners of the business con-*
21 *cern, the net income of the business concern*
22 *shall be determined by allowing a deduction*
23 *in an amount equal to the total of—*

24 “(I) *if the rural business concern*
25 *is not required by law to pay State*

1 *(and local, if any) income taxes at the*
2 *enterprise level, the net income (deter-*
3 *mined without regard to this clause),*
4 *multiplied by the marginal State in-*
5 *come tax rate (or by the combined*
6 *State and local income tax rates, as*
7 *applicable) that would have applied if*
8 *the business concern were a corpora-*
9 *tion; and*

10 *“(II) the net income (so deter-*
11 *mined) less any deduction for State*
12 *(and local) income taxes calculated*
13 *under subclause (I), multiplied by the*
14 *marginal Federal income tax rate that*
15 *would have applied if the rural busi-*
16 *ness concern were a corporation; or*

17 *“(B) satisfies the standard industrial classi-*
18 *fication size standards established by the Admin-*
19 *istrator of the Small Business Administration*
20 *for the industry in which the rural business con-*
21 *cern is primarily engaged.*

22 **“SEC. 384B. PURPOSES.**

23 *“The purposes of the Rural Business Investment Pro-*
24 *gram established under this subtitle are—*

1 “(1) to promote economic development and the
2 creation of wealth and job opportunities in rural
3 areas and among individuals living in those areas by
4 encouraging developmental venture capital invest-
5 ments in smaller enterprises primarily located in
6 rural areas; and

7 “(2) to establish a developmental venture capital
8 program, with the mission of addressing the unmet
9 equity investment needs of small enterprises located
10 in rural areas, by authorizing the Secretary—

11 “(A) to enter into participation agreements
12 with Rural Business Investment Companies;

13 “(B) to guarantee debentures of Rural Busi-
14 ness Investment Companies to enable each Rural
15 Business Investment Company to make develop-
16 mental venture capital investments in smaller
17 enterprises in rural areas; and

18 “(C) to make grants to Rural Business In-
19 vestment Companies, and to other entities, for
20 the purpose of providing operational assistance
21 to smaller enterprises financed, or expected to be
22 financed, by Rural Business Investment Compa-
23 nies.

1 **“SEC. 384C. ESTABLISHMENT.**

2 *“In accordance with this subtitle, the Secretary shall*
3 *establish a Rural Business Investment Program, under*
4 *which the Secretary may—*

5 *“(1) enter into participation agreements with*
6 *companies granted final approval under section*
7 *384D(d) for the purposes set forth in section 384B;*

8 *“(2) guarantee the debentures issued by Rural*
9 *Business Investment Companies as provided in sec-*
10 *tion 384E; and*

11 *“(3) make grants to Rural Business Investment*
12 *Companies, and to other entities, under section 384H.*

13 **“SEC. 384D. SELECTION OF RURAL BUSINESS INVESTMENT**
14 **COMPANIES.**

15 *“(a) ELIGIBILITY.—A company shall be eligible to*
16 *apply to participate, as a Rural Business Investment Com-*
17 *pany, in the program established under this subtitle if—*

18 *“(1) the company is a newly formed for-profit*
19 *entity or a newly formed for-profit subsidiary of such*
20 *an entity;*

21 *“(2) the company has a management team with*
22 *experience in community development financing or*
23 *relevant venture capital financing; and*

24 *“(3) the company will invest in enterprises that*
25 *will create wealth and job opportunities in rural*
26 *areas, with an emphasis on smaller businesses.*

1 “(b) *APPLICATION.*—*To participate, as a Rural Busi-*
2 *ness Investment Company, in the program established*
3 *under this subtitle, a company meeting the eligibility re-*
4 *quirements of subsection (a) shall submit an application*
5 *to the Secretary that includes—*

6 “(1) *a business plan describing how the company*
7 *intends to make successful developmental venture cap-*
8 *ital investments in identified rural areas;*

9 “(2) *information regarding the community devel-*
10 *opment finance or relevant venture capital qualifica-*
11 *tions and general reputation of the management of*
12 *the company;*

13 “(3) *a description of how the company intends*
14 *to work with community-based organizations and*
15 *local entities (including local economic development*
16 *companies, local lenders, and local investors) and to*
17 *seek to address the unmet equity capital needs of the*
18 *communities served;*

19 “(4) *a proposal describing how the company in-*
20 *tends to use the grant funds provided under this sub-*
21 *title to provide operational assistance to smaller en-*
22 *terprises financed by the company, including infor-*
23 *mation regarding whether the company intends to use*
24 *licensed professionals, when necessary, on the staff of*
25 *the company or from an outside entity;*

1 “(5) *with respect to binding commitments to be*
2 *made to the company under this subtitle, an estimate*
3 *of the ratio of cash to in-kind contributions;*

4 “(6) *a description of the criteria to be used to*
5 *evaluate whether and to what extent the company*
6 *meets the purposes of the program established under*
7 *this subtitle;*

8 “(7) *information regarding the management and*
9 *financial strength of any parent firm, affiliated firm,*
10 *or any other firm essential to the success of the busi-*
11 *ness plan of the company; and*

12 “(8) *such other information as the Secretary*
13 *may require.*

14 “(c) *ISSUANCE OF LICENSE.—*

15 “(1) *SUBMISSION OF APPLICATION.—Each appli-*
16 *cant for a license to operate as a Rural Business In-*
17 *vestment Company under this subtitle shall submit to*
18 *the Secretary an application, in a form and includ-*
19 *ing such documentation as may be prescribed by the*
20 *Secretary.*

21 “(2) *PROCEDURES.—*

22 “(A) *STATUS.—Not later than 90 days after*
23 *the initial receipt by the Secretary of an appli-*
24 *cation under this subsection, the Secretary shall*
25 *provide the applicant with a written report de-*

1 *scribing the status of the application and any re-*
2 *quirements remaining for completion of the ap-*
3 *plication.*

4 “(B) *APPROVAL OR DISAPPROVAL.*—*Within*
5 *a reasonable time after receiving a completed ap-*
6 *plication submitted in accordance with this sub-*
7 *section and in accordance with such require-*
8 *ments as the Secretary may prescribe by regula-*
9 *tion, the Secretary shall—*

10 “(i) *approve the application and issue*
11 *a license for the operation to the applicant,*
12 *if the requirements of this section are satis-*
13 *fied; or*

14 “(ii) *disapprove the application and*
15 *notify the applicant in writing of the dis-*
16 *approval.*

17 “(3) *MATTERS CONSIDERED.*—*In reviewing and*
18 *processing any application under this subsection, the*
19 *Secretary—*

20 “(A) *shall determine whether—*

21 “(i) *the applicant meets the require-*
22 *ments of subsection (d); and*

23 “(ii) *the management of the applicant*
24 *is qualified and has the knowledge, experi-*

1 ence, and capability necessary to comply
2 with this subtitle;

3 “(B) shall take into consideration—

4 “(i) the need for and availability of fi-
5 nancing for rural business concerns in the
6 geographic area in which the applicant is to
7 commence business;

8 “(ii) the general business reputation of
9 the owners and management of the appli-
10 cant; and

11 “(iii) the probability of successful oper-
12 ations of the applicant, including adequate
13 profitability and financial soundness; and

14 “(C) shall not take into consideration any
15 projected shortage or unavailability of grant
16 funds or leverage.

17 “(d) APPROVAL; DESIGNATION.—

18 “(1) IN GENERAL.—Except as provided in para-
19 graph (2), the Secretary may approve an applicant
20 to operate as a Rural Business Investment Company
21 under this subtitle and designate the applicant as a
22 Rural Business Investment Company, if—

23 “(A) the Secretary determines that the ap-
24 plication satisfies the requirements of subsection
25 (b);

1 “(B) *the area in which the Rural Business*
2 *Investment Company is to conduct its oper-*
3 *ations, and establishment of branch offices or*
4 *agencies (if authorized by the articles), are ap-*
5 *proved by the Secretary; and*

6 “(C) *the applicant enters into a participa-*
7 *tion agreement with the Secretary.*

8 “(2) *CAPITAL REQUIREMENTS.—*

9 “(A) *IN GENERAL.—Notwithstanding any*
10 *other provision of this subtitle, the Secretary*
11 *may approve an applicant to operate as a Rural*
12 *Business Investment Company under this sub-*
13 *title and designate the applicant as a Rural*
14 *Business Investment Company, if the Secretary*
15 *determines that the applicant—*

16 “(i) *has private capital of less than*
17 *\$2,500,000;*

18 “(ii) *would otherwise be approved*
19 *under this subtitle, except that the applicant*
20 *does not satisfy the requirements of section*
21 *384I(c); and*

22 “(iii) *has a viable business plan that*
23 *reasonably projects profitable operations*
24 *and that has a reasonable timetable for*

1 *achieving a level of private capital that sat-*
2 *isfies the requirements of section 384I(c).*

3 “(B) *LEVERAGE.*—*An applicant approved*
4 *under subparagraph (A) shall not be eligible to*
5 *receive leverage under this subtitle until the ap-*
6 *plicant satisfies the requirements of section*
7 *384I(c).*

8 “(C) *GRANTS.*—*An applicant approved*
9 *under subparagraph (A) shall be eligible for*
10 *grants under section 384H in proportion to the*
11 *private capital of the applicant, as determined*
12 *by the Secretary.*

13 **“SEC. 384E. DEBENTURES.**

14 “(a) *IN GENERAL.*—*The Secretary may guarantee the*
15 *timely payment of principal and interest, as scheduled, on*
16 *debentures issued by any Rural Business Investment Com-*
17 *pany.*

18 “(b) *TERMS AND CONDITIONS.*—*The Secretary may*
19 *make guarantees under this section on such terms and con-*
20 *ditions as the Secretary considers appropriate, except that*
21 *the term of any debenture guaranteed under this section*
22 *shall not exceed 15 years.*

23 “(c) *FULL FAITH AND CREDIT OF THE UNITED*
24 *STATES.*—*Section 381H(i) shall apply to any guarantee*
25 *under this section.*

1 “(d) *MAXIMUM GUARANTEE.*—Under this section, the
2 Secretary may—

3 “(1) *guarantee the debentures issued by a Rural*
4 *Business Investment Company only to the extent that*
5 *the total face amount of outstanding guaranteed de-*
6 *betures of the Rural Business Investment Company*
7 *does not exceed the lesser of—*

8 “(A) *300 percent of the private capital of*
9 *the Rural Business Investment Company; or*

10 “(B) *\$105,000,000; and*

11 “(2) *provide for the use of discounted debentures.*

12 **“SEC. 384F. ISSUANCE AND GUARANTEE OF TRUST CERTIFI-**
13 **CATES.**

14 “(a) *ISSUANCE.*—The Secretary may issue trust cer-
15 tificates representing ownership of all or a fractional part
16 of debentures issued by a Rural Business Investment Com-
17 pany and guaranteed by the Secretary under this subtitle,
18 if the certificates are based on and backed by a trust or
19 pool approved by the Secretary and composed solely of
20 guaranteed debentures.

21 “(b) *GUARANTEE.*—

22 “(1) *IN GENERAL.*—The Secretary may, under
23 such terms and conditions as the Secretary considers
24 appropriate, guarantee the timely payment of the
25 principal of and interest on trust certificates issued

1 *by the Secretary or agents of the Secretary for pur-*
2 *poses of this section.*

3 “(2) *LIMITATION.*—*Each guarantee under this*
4 *subsection shall be limited to the extent of principal*
5 *and interest on the guaranteed debentures that com-*
6 *pose the trust or pool.*

7 “(3) *PREPAYMENT OR DEFAULT.*—

8 “(A) *IN GENERAL.*—*In the event a deben-*
9 *ture in a trust or pool is prepaid, or in the event*
10 *of default of such a debenture, the guarantee of*
11 *timely payment of principal and interest on the*
12 *trust certificates shall be reduced in proportion*
13 *to the amount of principal and interest the pre-*
14 *paid debenture represents in the trust or pool.*

15 “(B) *INTEREST.*—*Interest on prepaid or de-*
16 *faulted debentures shall accrue and be guaran-*
17 *teed by the Secretary only through the date of*
18 *payment of the guarantee.*

19 “(C) *REDEMPTION.*—*At any time during its*
20 *term, a trust certificate may be called for re-*
21 *demption due to prepayment or default of all de-*
22 *bentures.*

23 “(c) *FULL FAITH AND CREDIT OF THE UNITED*
24 *STATES.*—*Section 381H(i) shall apply to any guarantee of*
25 *a trust certificate issued by the Secretary under this section.*

1 “(d) *SUBROGATION AND OWNERSHIP RIGHTS.*—

2 “(1) *SUBROGATION.*—*If the Secretary pays a*
3 *claim under a guarantee issued under this section, the*
4 *claim shall be subrogated fully to the rights satisfied*
5 *by the payment.*

6 “(2) *OWNERSHIP RIGHTS.*—*No Federal, State, or*
7 *local law shall preclude or limit the exercise by the*
8 *Secretary of the ownership rights of the Secretary in*
9 *a debenture residing in a trust or pool against which*
10 *1 or more trust certificates are issued under this sec-*
11 *tion.*

12 “(e) *MANAGEMENT AND ADMINISTRATION.*—

13 “(1) *REGISTRATION.*—*The Secretary shall pro-*
14 *vide for a central registration of all trust certificates*
15 *issued under this section.*

16 “(2) *CREATION OF POOLS.*—*The Secretary*
17 *may—*

18 “(A) *maintain such commercial bank ac-*
19 *counts or investments in obligations of the*
20 *United States as may be necessary to facilitate*
21 *the creation of trusts or pools backed by deben-*
22 *tures guaranteed under this subtitle; and*

23 “(B) *issue trust certificates to facilitate the*
24 *creation of those trusts or pools.*

1 “(3) *FIDELITY BOND OR INSURANCE REQUIRE-*
2 *MENT.—Any agent performing functions on behalf of*
3 *the Secretary under this paragraph shall provide a fi-*
4 *delity bond or insurance in such amount as the Sec-*
5 *retary considers to be necessary to fully protect the*
6 *interests of the United States.*

7 “(4) *REGULATION OF BROKERS AND DEALERS.—*
8 *The Secretary may regulate brokers and dealers in*
9 *trust certificates issued under this section.*

10 “(5) *ELECTRONIC REGISTRATION.—Nothing in*
11 *this subsection prohibits the use of a book-entry or*
12 *other electronic form of registration for trust certifi-*
13 *cates issued under this section.*

14 **“SEC. 384G. FEES.**

15 “(a) *IN GENERAL.—The Secretary may charge such*
16 *fees as the Secretary considers appropriate with respect to*
17 *any guarantee or grant issued under this subtitle.*

18 “(b) *TRUST CERTIFICATE.—Notwithstanding sub-*
19 *section (a), the Secretary shall not collect a fee for any guar-*
20 *antee of a trust certificate under section 384F, except that*
21 *any agent of the Secretary may collect a fee approved by*
22 *the Secretary for the functions described in section*
23 *384F(e)(2).*

24 “(c) *LICENSE.—*

1 “(1) *IN GENERAL.*—*The Secretary may prescribe*
2 *fees to be paid by each applicant for a license to oper-*
3 *ate as a Rural Business Investment Company under*
4 *this subtitle.*

5 “(2) *USE OF AMOUNTS.*—*Fees collected under*
6 *this subsection—*

7 “(A) *shall be deposited in the account for*
8 *salaries and expenses of the Secretary; and*

9 “(B) *are authorized to be appropriated sole-*
10 *ly to cover the costs of licensing examinations.*

11 **“SEC. 384H. OPERATIONAL ASSISTANCE GRANTS.**

12 “(a) *IN GENERAL.*—*In accordance with this section,*
13 *the Secretary may make grants to Rural Business Invest-*
14 *ment Companies and to other entities, as authorized by this*
15 *subtitle, to provide operational assistance to smaller enter-*
16 *prises financed, or expected to be financed, by the entities.*

17 “(b) *TERMS.*—*Grants made under this section shall be*
18 *made over a multiyear period (not to exceed 10 years)*
19 *under such other terms as the Secretary may require.*

20 “(c) *USE OF FUNDS.*—*The proceeds of a grant made*
21 *under this section may be used by the Rural Business In-*
22 *vestment Company receiving the grant only to provide oper-*
23 *ational assistance in connection with an equity or prospec-*
24 *tive equity investment in a business located in a rural area.*

1 “(d) *SUBMISSION OF PLANS.*—A Rural Business In-
 2 vestment Company shall be eligible for a grant under this
 3 section only if the Rural Business Investment Company
 4 submits to the Secretary, in such form and manner as the
 5 Secretary may require, a plan for use of the grant.

6 “(e) *GRANT AMOUNT.*—

7 “(1) *RURAL BUSINESS INVESTMENT COMPA-*
 8 *NIES.*—The amount of a grant made under this sec-
 9 tion to a Rural Business Investment Company shall
 10 be equal to the lesser of—

11 “(A) 10 percent of the private capital raised
 12 by the Rural Business Investment Company; or

13 “(B) \$1,000,000.

14 “(2) *OTHER ENTITIES.*—The amount of a grant
 15 made under this section to any entity other than a
 16 Rural Business Investment Company shall be equal to
 17 the resources (in cash or in kind) raised by the entity
 18 in accordance with the requirements applicable to
 19 Rural Business Investment Companies under this
 20 subtitle.

21 **“SEC. 384I. RURAL BUSINESS INVESTMENT COMPANIES.**

22 “(a) *ORGANIZATION.*—For the purpose of this subtitle,
 23 a Rural Business Investment Company shall—

24 “(1) be an incorporated body, a limited liability
 25 company, or a limited partnership organized and

1 *chartered or otherwise existing under State law solely*
2 *for the purpose of performing the functions and con-*
3 *ducting the activities authorized by this subtitle;*

4 “(2)(A) *if incorporated, have succession for a pe-*
5 *riod of not less than 30 years unless earlier dissolved*
6 *by the shareholders of the Rural Business Investment*
7 *Company; and*

8 “(B) *if a limited partnership or a limited liabil-*
9 *ity company, have succession for a period of not less*
10 *than 10 years; and*

11 “(3) *possess the powers reasonably necessary to*
12 *perform the functions and conduct the activities.*

13 “(b) *ARTICLES.—The articles of any Rural Business*
14 *Investment Company—*

15 “(1) *shall specify in general terms—*

16 “(A) *the purposes for which the Rural Busi-*
17 *ness Investment Company is formed;*

18 “(B) *the name of the Rural Business Invest-*
19 *ment Company;*

20 “(C) *the area or areas in which the oper-*
21 *ations of the Rural Business Investment Com-*
22 *pany are to be carried out;*

23 “(D) *the place where the principal office of*
24 *the Rural Business Investment Company is to be*
25 *located; and*

1 “(E) the amount and classes of the shares of
2 capital stock of the Rural Business Investment
3 Company;

4 “(2) may contain any other provisions consistent
5 with this subtitle that the Rural Business Investment
6 Company may determine appropriate to adopt for the
7 regulation of the business of the Rural Business In-
8 vestment Company and the conduct of the affairs of
9 the Rural Business Investment Company; and

10 “(3) shall be subject to the approval of the Sec-
11 retary.

12 “(c) CAPITAL REQUIREMENTS.—

13 “(1) IN GENERAL.—Except as provided in para-
14 graph (2), the private capital of each Rural Business
15 Investment Company shall be not less than—

16 “(A) \$5,000,000; or

17 “(B) \$10,000,000, with respect to each
18 Rural Business Investment Company authorized
19 or seeking authority to issue participating secu-
20 rities to be purchased or guaranteed by the Sec-
21 retary under this subtitle.

22 “(2) EXCEPTION.—The Secretary may, in the
23 discretion of the Secretary and based on a showing of
24 special circumstances and good cause, permit the pri-
25 vate capital of a Rural Business Investment Com-

1 *pany described in paragraph (1)(B) to be less than*
2 *\$10,000,000, but not less than \$5,000,000, if the Sec-*
3 *retary determines that the action would not create or*
4 *otherwise contribute to an unreasonable risk of default*
5 *or loss to the Federal Government.*

6 *“(3) ADEQUACY.—In addition to the require-*
7 *ments of paragraph (1), the Secretary shall—*

8 *“(A) determine whether the private capital*
9 *of each Rural Business Investment Company is*
10 *adequate to ensure a reasonable prospect that the*
11 *Rural Business Investment Company will be op-*
12 *erated soundly and profitably, and managed ac-*
13 *tively and prudently in accordance with the ar-*
14 *ticles of the Rural Business Investment Com-*
15 *pany;*

16 *“(B) determine that the Rural Business In-*
17 *vestment Company will be able to comply with*
18 *the requirements of this subtitle;*

19 *“(C) require that at least 75 percent of the*
20 *capital of each Rural Business Investment Com-*
21 *pany is invested in rural business concerns and*
22 *not more than 10 percent of the investments shall*
23 *be made in an area containing a city of over*
24 *100,000 in the last decennial census and the*

1 *Census Bureau defined urbanized area con-*
2 *taining or adjacent to that city;*

3 “(D) ensure that the Rural Business Invest-

4 *ment Company is designed primarily to meet eq-*
5 *uity capital needs of the businesses in which the*
6 *Rural Business Investment Company invests and*
7 *not to compete with traditional small business fi-*
8 *nancing by commercial lenders; and*

9 “(E) require that the Rural Business In-

10 *vestment Company makes short-term non-equity*
11 *investments of less than 5 years only to the ex-*
12 *tent necessary to preserve an existing investment.*

13 “(d) *DIVERSIFICATION OF OWNERSHIP.*—The Sec-

14 *retary shall ensure that the management of each Rural*
15 *Business Investment Company licensed after the date of*
16 *enactment of this subtitle is sufficiently diversified from*
17 *and unaffiliated with the ownership of the Rural Business*
18 *Investment Company so as to ensure independence and ob-*
19 *jectivity in the financial management and oversight of the*
20 *investments and operations of the Rural Business Invest-*
21 *ment Company.*

22 **“SEC. 384J. FINANCIAL INSTITUTION INVESTMENTS.**

23 “(a) *IN GENERAL.*—Except as otherwise provided in

24 *this section and notwithstanding any other provision of*
25 *law, the following banks, associations, and institutions are*

1 *eligible both to establish and invest in any Rural Business*
2 *Investment Company or in any entity established to invest*
3 *solely in Rural Business Investment Companies:*

4 “(1) *Any bank or savings association the depos-*
5 *its of which are insured under the Federal Deposit*
6 *Insurance Act (12 U.S.C. 1811 et seq.)*

7 “(2) *Any Farm Credit System institution de-*
8 *scribed in section 1.2(a) of the Farm Credit Act of*
9 *1971 (12 U.S.C. 2002(a)).*

10 “(b) *LIMITATION.—No bank, association, or institu-*
11 *tion described in subsection (a) may make investments de-*
12 *scribed in subsection (a) that are greater than 5 percent*
13 *of the capital and surplus of the bank, association, or insti-*
14 *tution.*

15 “(c) *LIMITATION ON RURAL BUSINESS INVESTMENT*
16 *COMPANIES CONTROLLED BY FARM CREDIT SYSTEM INSTI-*
17 *TUTIONS.—If a Farm Credit System institution described*
18 *in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C.*
19 *2002(a)) holds more than 15 percent of the shares of a*
20 *Rural Business Investment Company, either alone or in*
21 *conjunction with other System institutions (or affiliates),*
22 *the Rural Business Investment Company shall not provide*
23 *equity investments in, or provide other financial assistance*
24 *to, entities that are not otherwise eligible to receive financ-*

1 *ing from the Farm Credit System under that Act (12 U.S.C.*
2 *2001 et seq.).*

3 **“SEC. 384K. REPORTING REQUIREMENTS.**

4 *“(a) RURAL BUSINESS INVESTMENT COMPANIES.—*
5 *Each Rural Business Investment Company that partici-*
6 *pates in the program established under this subtitle shall*
7 *provide to the Secretary such information as the Secretary*
8 *may require, including—*

9 *“(1) information relating to the measurement*
10 *criteria that the Rural Business Investment Company*
11 *proposed in the program application of the Rural*
12 *Business Investment Company; and*

13 *“(2) in each case in which the Rural Business*
14 *Investment Company under this subtitle makes an in-*
15 *vestment in, or a loan or grant to, a business that is*
16 *not located in a rural area, a report on the number*
17 *and percentage of employees of the business who reside*
18 *in those areas.*

19 *“(b) PUBLIC REPORTS.—*

20 *“(1) IN GENERAL.—The Secretary shall prepare*
21 *and make available to the public an annual report on*
22 *the program established under this subtitle, including*
23 *detailed information on—*

1 “(A) the number of Rural Business Invest-
2 ment Companies licensed by the Secretary dur-
3 ing the previous fiscal year;

4 “(B) the aggregate amount of leverage that
5 Rural Business Investment Companies have re-
6 ceived from the Federal Government during the
7 previous fiscal year;

8 “(C) the aggregate number of each type of
9 leveraged instruments used by Rural Business
10 Investment Companies during the previous fiscal
11 year and how each number compares to previous
12 fiscal years;

13 “(D) the number of Rural Business Invest-
14 ment Company licenses surrendered and the
15 number of Rural Business Investment Compa-
16 nies placed in liquidation during the previous
17 fiscal year, identifying the amount of leverage
18 each Rural Business Investment Company has
19 received from the Federal Government and the
20 type of leverage instruments each Rural Business
21 Investment Company has used;

22 “(E) the amount of losses sustained by the
23 Federal Government as a result of operations
24 under this subtitle during the previous fiscal
25 year and an estimate of the total losses that the

1 *Federal Government can reasonably expect to*
2 *incur as a result of the operations during the*
3 *current fiscal year;*

4 “(F) actions taken by the Secretary to
5 maximize recoupment of funds of the Federal
6 Government incurred to implement and admin-
7 ister the Rural Business Investment Program
8 under this subtitle during the previous fiscal
9 year and to ensure compliance with the require-
10 ments of this subtitle (including regulations);

11 “(G) the amount of Federal Government le-
12 verage that each licensee received in the previous
13 fiscal year and the types of leverage instruments
14 each licensee used;

15 “(H) for each type of financing instrument,
16 the sizes, types of geographic locations, and other
17 characteristics of the small business investment
18 companies using the instrument during the pre-
19 vious fiscal year, including the extent to which
20 the investment companies have used the leverage
21 from each instrument to make loans or equity
22 investments in rural areas; and

23 “(I) the actions of the Secretary to carry
24 out this subtitle.

1 “(2) *PROHIBITION.*—*In compiling the report re-*
2 *quired under paragraph (1), the Secretary may not—*

3 “(A) *compile the report in a manner that*
4 *permits identification of any particular type of*
5 *investment by an individual Rural Business In-*
6 *vestment Company or small business concern in*
7 *which a Rural Business Investment Company*
8 *invests; and*

9 “(B) *may not release any information that*
10 *is prohibited under section 1905 of title 18,*
11 *United States Code.*

12 **“SEC. 384L. EXAMINATIONS.**

13 “(a) *IN GENERAL.*—*Each Rural Business Investment*
14 *Company that participates in the program established*
15 *under this subtitle shall be subject to examinations made*
16 *at the direction of the Secretary in accordance with this*
17 *section.*

18 “(b) *ASSISTANCE OF PRIVATE SECTOR ENTITIES.*—*An*
19 *examination under this section may be conducted with the*
20 *assistance of a private sector entity that has the qualifica-*
21 *tions and the expertise necessary to conduct such an exam-*
22 *ination.*

23 “(c) *COSTS.*—

24 “(1) *IN GENERAL.*—*The Secretary may assess the*
25 *cost of an examination under this section, including*

1 *compensation of the examiners, against the Rural*
2 *Business Investment Company examined.*

3 “(2) *PAYMENT.*—*Any Rural Business Investment*
4 *Company against which the Secretary assesses costs*
5 *under this paragraph shall pay the costs.*

6 “(d) *DEPOSIT OF FUNDS.*—*Funds collected under this*
7 *section shall—*

8 “(1) *be deposited in the account that incurred*
9 *the costs for carrying out this section;*

10 “(2) *be made available to the Secretary to carry*
11 *out this section, without further appropriation; and*

12 “(3) *remain available until expended.*

13 **“SEC. 384M. INJUNCTIONS AND OTHER ORDERS.**

14 “(a) *IN GENERAL.*—

15 “(1) *APPLICATION BY SECRETARY.*—*Whenever,*
16 *in the judgment of the Secretary, a Rural Business*
17 *Investment Company or any other person has engaged*
18 *or is about to engage in any act or practice that con-*
19 *stitutes or will constitute a violation of a provision*
20 *of this subtitle (including any rule, regulation, order,*
21 *or participation agreement under this subtitle), the*
22 *Secretary may apply to the appropriate district court*
23 *of the United States for an order enjoining the act or*
24 *practice, or for an order enforcing compliance with*

1 *the provision, rule, regulation, order, or participation*
2 *agreement.*

3 “(2) *JURISDICTION; RELIEF.*—*The court shall*
4 *have jurisdiction over the action and, on a showing*
5 *by the Secretary that the Rural Business Investment*
6 *Company or other person has engaged or is about to*
7 *engage in an act or practice described in paragraph*
8 *(1), a permanent or temporary injunction, restrain-*
9 *ing order, or other order, shall be granted without*
10 *bond.*

11 “(b) *JURISDICTION.*—

12 “(1) *IN GENERAL.*—*In any proceeding under*
13 *subsection (a), the court as a court of equity may, to*
14 *such extent as the court considers necessary, take ex-*
15 *clusive jurisdiction over the Rural Business Invest-*
16 *ment Company and the assets of the Rural Business*
17 *Investment Company, wherever located.*

18 “(2) *TRUSTEE OR RECEIVER.*—*The court shall*
19 *have jurisdiction in any proceeding described in*
20 *paragraph (1) to appoint a trustee or receiver to hold*
21 *or administer the assets.*

22 “(c) *SECRETARY AS TRUSTEE OR RECEIVER.*—

23 “(1) *AUTHORITY.*—*The Secretary may act as*
24 *trustee or receiver of a Rural Business Investment*
25 *Company.*

1 “(2) *APPOINTMENT.*—*On the request of the Sec-*
2 *retary, the court shall appoint the Secretary to act as*
3 *a trustee or receiver of a Rural Business Investment*
4 *Company unless the court considers the appointment*
5 *inequitable or otherwise inappropriate by reason of*
6 *any special circumstances involved.*

7 **“SEC. 384N. ADDITIONAL PENALTIES FOR NONCOMPLI-**
8 **ANCE.**

9 “(a) *IN GENERAL.*—*With respect to any Rural Busi-*
10 *ness Investment Company that violates or fails to comply*
11 *with this subtitle (including any rule, regulation, order, or*
12 *participation agreement under this subtitle), the Secretary*
13 *may, in accordance with this section—*

14 “(1) *void the participation agreement between*
15 *the Secretary and the Rural Business Investment*
16 *Company; and*

17 “(2) *cause the Rural Business Investment Com-*
18 *pany to forfeit all of the rights and privileges derived*
19 *by the Rural Business Investment Company under*
20 *this subtitle.*

21 “(b) *ADJUDICATION OF NONCOMPLIANCE.*—

22 “(1) *IN GENERAL.*—*Before the Secretary may*
23 *cause a Rural Business Investment Company to for-*
24 *feit rights or privileges under subsection (a), a court*
25 *of the United States of competent jurisdiction must*

1 *find that the Rural Business Investment Company*
2 *committed a violation, or failed to comply, in a cause*
3 *of action brought for that purpose in the district, ter-*
4 *ritory, or other place subject to the jurisdiction of the*
5 *United States, in which the principal office of the*
6 *Rural Business Investment Company is located.*

7 “(2) *PARTIES AUTHORIZED TO FILE CAUSES OF*
8 *ACTION.—Each cause of action brought by the United*
9 *States under this subsection shall be brought by the*
10 *Secretary or by the Attorney General.*

11 **“SEC. 3840. UNLAWFUL ACTS AND OMISSIONS; BREACH OF**
12 **FIDUCIARY DUTY.**

13 “(a) *PARTIES DEEMED TO COMMIT A VIOLATION.—*
14 *Whenever any Rural Business Investment Company vio-*
15 *lates this subtitle (including any rule, regulation, order, or*
16 *participation agreement under this subtitle), by reason of*
17 *the failure of the Rural Business Investment Company to*
18 *comply with this subtitle or by reason of its engaging in*
19 *any act or practice that constitutes or will constitute a vio-*
20 *lation of this subtitle, the violation shall also be deemed to*
21 *be a violation and an unlawful act committed by any per-*
22 *son that, directly or indirectly, authorizes, orders, partici-*
23 *pates in, causes, brings about, counsels, aids, or abets in*
24 *the commission of any acts, practices, or transactions that*

1 *constitute or will constitute, in whole or in part, the viola-*
2 *tion.*

3 “(b) *FIDUCIARY DUTIES.*—*It shall be unlawful for any*
4 *officer, director, employee, agent, or other participant in*
5 *the management or conduct of the affairs of a Rural Busi-*
6 *ness Investment Company to engage in any act or practice,*
7 *or to omit any act or practice, in breach of the fiduciary*
8 *duty of the officer, director, employee, agent, or participant*
9 *if, as a result of the act or practice, the Rural Business*
10 *Investment Company suffers or is in imminent danger of*
11 *suffering financial loss or other damage.*

12 “(c) *UNLAWFUL ACTS.*—*Except with the written con-*
13 *sent of the Secretary, it shall be unlawful—*

14 “(1) *for any person to take office as an officer,*
15 *director, or employee of any Rural Business Invest-*
16 *ment Company, or to become an agent or participant*
17 *in the conduct of the affairs or management of a*
18 *Rural Business Investment Company, if the person—*

19 “(A) *has been convicted of a felony, or any*
20 *other criminal offense involving dishonesty or*
21 *breach of trust; or*

22 “(B) *has been found civilly liable in dam-*
23 *ages, or has been permanently or temporarily en-*
24 *joined by an order, judgment, or decree of a*
25 *court of competent jurisdiction, by reason of any*

1 *act or practice involving fraud, or breach of*
2 *trust; and*

3 “(2) *for any person to continue to serve in any*
4 *of the capacities described in paragraph (1), if—*

5 “(A) *the person is convicted of a felony, or*
6 *any other criminal offense involving dishonesty*
7 *or breach of trust; or*

8 “(B) *the person is found civilly liable in*
9 *damages, or is permanently or temporarily en-*
10 *joined by an order, judgment, or decree of a*
11 *court of competent jurisdiction, by reason of any*
12 *act or practice involving fraud or breach of*
13 *trust.*

14 **“SEC. 384P. REMOVAL OR SUSPENSION OF DIRECTORS OR**
15 **OFFICERS.**

16 *“Using the procedures established by the Secretary for*
17 *removing or suspending a director or an officer of a Rural*
18 *Business Investment Company, the Secretary may remove*
19 *or suspend any director or officer of any Rural Business*
20 *Investment Company.*

21 **“SEC. 384Q. CONTRACTING OF FUNCTIONS.**

22 *“Notwithstanding any other provision of law, the Sec-*
23 *retary shall enter into an interagency agreement with the*
24 *Administrator of the Small Business Administration to*
25 *carry out, on behalf of the Secretary, the day-to-day man-*

1 *agement and operation of the program authorized by this*
2 *subtitle.*

3 **“SEC. 384R. REGULATIONS.**

4 *“The Secretary may promulgate such regulations as*
5 *the Secretary considers necessary to carry out this subtitle.*

6 **“SEC. 384S. FUNDING.**

7 *“(a) IN GENERAL.—Not later than 30 days after the*
8 *date of enactment of this Act, out of any funds in the Treas-*
9 *ury not otherwise appropriated, the Secretary of the Treas-*
10 *ury shall transfer to the Secretary of Agriculture—*

11 *“(1) such sums as may be necessary for the cost*
12 *of guaranteeing \$350,000,000 of debentures under this*
13 *subtitle; and*

14 *“(2) \$50,000,000 to make grants under this sub-*
15 *title.*

16 *“(b) RECEIPT AND ACCEPTANCE.—The Secretary shall*
17 *be entitled to receive, shall accept, and shall use to carry*
18 *out this section the funds transferred under subsection (a),*
19 *without further appropriation.*

20 *“(c) AVAILABILITY OF FUNDS.—Funds transferred*
21 *under subsection (a) shall remain available until ex-*
22 *pended.”.*

1 **SEC. 603. FULL FUNDING OF PENDING RURAL DEVELOP-**
2 **MENT LOAN AND GRANT APPLICATIONS.**

3 (a) *DEFINITION OF APPLICATION.*—*In this section, the*
4 *term “application” does not include an application for a*
5 *loan, loan guarantee, or grant that, as of the date of enact-*
6 *ment of this Act, is in the preapplication phase of consider-*
7 *ation under regulations of the Secretary of Agriculture in*
8 *effect on the date of enactment of this Act.*

9 (b) *ACCOUNT.*—*There is established in the Treasury of*
10 *the United States an account to be known as the “Rural*
11 *America Infrastructure Development Account” (referred to*
12 *in this section as the “Account”) to fund rural development*
13 *loans, loan guarantees, and grants described in subsection*
14 *(d) that are pending on the date of enactment of this Act.*

15 (c) *FUNDING.*—

16 (1) *IN GENERAL.*—*Not later than 30 days after*
17 *the date of enactment of this Act, out of any funds in*
18 *the Treasury not otherwise appropriated, the Sec-*
19 *retary of the Treasury shall transfer to the Secretary*
20 *of Agriculture such sums as are necessary to carry*
21 *out this section, to remain available until expended.*

22 (2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
23 *shall be entitled to receive, shall accept, and shall use*
24 *to carry out this section the funds transferred under*
25 *paragraph (1), without further appropriation.*

26 (d) *USE OF FUNDS.*—

1 (1) *ELIGIBLE PROGRAMS.*—Subject to paragraph
2 (2), the Secretary shall use the funds in the Account
3 to provide funds for applications that are pending on
4 the date of enactment of this Act for—

5 (A) community facility direct loans under
6 section 306(a)(1) of the Consolidated Farm and
7 Rural Development Act (7 U.S.C. 1926(a)(1));

8 (B) community facility grants under para-
9 graph (19), (20), or (21) of section 306(a) of that
10 Act (7 U.S.C. 1926(a));

11 (C) water or waste disposal grants or direct
12 loans under paragraph (1) or (2) of section
13 306(a) of that Act (7 U.S.C. 1926(a));

14 (D) rural water or wastewater technical as-
15 sistance and training grants under section
16 306(a)(14) of that Act (7 U.S.C. 1926(a)(14));

17 (E) emergency community water assistance
18 grants under section 306A of that Act (7 U.S.C.
19 1926a);

20 (F) business and industry guaranteed loans
21 authorized under section 310B(a)(1)(A) of that
22 Act (7 U.S.C. 1932(a)(1)(A)); and

23 (G) solid waste management grants under
24 section 310B(b) of that Act (7 U.S.C. 1932(b)).

25 (2) *LIMITATIONS.*—

1 (A) *APPROPRIATED AMOUNTS.*—*Funds in*
2 *the Account shall be available to the Secretary to*
3 *provide funds for pending applications for loans,*
4 *loan guarantees, and grants described in para-*
5 *graph (1) only to the extent that funds for the*
6 *loans, loan guarantees, and grants appropriated*
7 *in the annual appropriations Act for fiscal year*
8 *2002 have been exhausted.*

9 (B) *PROGRAM REQUIREMENTS.*—*The Sec-*
10 *retary may use the Account to provide funds for*
11 *a pending application for a loan, loan guar-*
12 *antee, or grant described in paragraph (1) only*
13 *if the Secretary processes, reviews, and approves*
14 *the application in accordance with regulations*
15 *in effect on the date of enactment of this Act.*

16 **SEC. 604. RURAL ENDOWMENT PROGRAM.**

17 (a) *IN GENERAL.*—*The Consolidated Farm and Rural*
18 *Development Act (7 U.S.C. 1921 et seq.) (as amended by*
19 *section 602) is amended by adding at the end the following:*

20 **“Subtitle I—Rural Endowment**
21 **Program**

22 **“SEC. 385A. PURPOSE.**

23 *“The purpose of this subtitle is to provide rural com-*
24 *munities with technical and financial assistance to imple-*
25 *ment comprehensive community development strategies to*

1 *reduce the economic and social distress resulting from pov-*
2 *erty, high unemployment, outmigration, plant closings, ag-*
3 *ricultural downturn, declines in the natural resource-based*
4 *economy, or environmental degradation.*

5 **“SEC. 385B. DEFINITIONS.**

6 *“In this subtitle:*

7 *“(1) COMPREHENSIVE COMMUNITY DEVELOP-*
8 *MENT STRATEGY.—The term ‘comprehensive commu-*
9 *nity development strategy’ means a community devel-*
10 *opment strategy described in section 385C(e).*

11 *“(2) ELIGIBLE RURAL AREA.—*

12 *“(A) IN GENERAL.—The term ‘eligible rural*
13 *area’ means an area with a population of 25,000*
14 *inhabitants or less, as determined by the Sec-*
15 *retary using the most recent decennial census.*

16 *“(B) EXCLUSIONS.—The term ‘eligible rural*
17 *area’ does not include—*

18 *“(i) any area designated by the Sec-*
19 *retary as a rural empowerment zone or*
20 *rural enterprise community; or*

21 *“(ii) an urbanized area immediately*
22 *adjacent to an incorporated city or town*
23 *with a population of more than 25,000 in-*
24 *habitants.*

1 “(3) *ENDOWMENT FUND.*—*The term ‘endowment*
2 *fund’ means a long-term fund that an approved pro-*
3 *gram entity is required to establish under section*
4 *385C(f)(3).*

5 “(4) *PERFORMANCE-BASED BENCHMARKS.*—*The*
6 *term ‘performance-based benchmarks’ means a set of*
7 *annualized goals and tasks established by a recipient*
8 *of a grant under the Program, in collaboration with*
9 *the Secretary, for the purpose of measuring perform-*
10 *ance in meeting the comprehensive community devel-*
11 *opment strategy of the recipient.*

12 “(5) *PROGRAM.*—*The term ‘Program’ means the*
13 *Rural Endowment Program established under section*
14 *385C(a).*

15 “(6) *PROGRAM ENTITY.*—*The term ‘program en-*
16 *tity’ means—*

17 “(A) *a private nonprofit community-based*
18 *development organization;*

19 “(B) *a unit of local government (including*
20 *a multijurisdictional unit of local government);*

21 “(C) *an Indian tribe (as defined in section*
22 *4 of the Indian Self-Determination and Edu-*
23 *cation Assistance Act (25 U.S.C. 450b));*

1 “(D) a consortium comprised of an organi-
2 zation described in subparagraph (A) and a unit
3 of local government; or

4 “(E) a consortium of entities specified in
5 subparagraphs (A) through (D);
6 that serves an eligible rural area.

7 “(7) *PROGRAM-RELATED INVESTMENT*.—The
8 term ‘program-related investment’ means—

9 “(A) a loan, loan guarantee, grant, pay-
10 ment of a technical fee, or other expenditure pro-
11 vided for an affordable housing, community fa-
12 cility, small business, environmental improve-
13 ment, or other community development project
14 that is part of a comprehensive community de-
15 velopment strategy; and

16 “(B) support services relating to a project
17 described in subparagraph (A).

18 **“SEC. 385C. RURAL ENDOWMENT PROGRAM.**

19 “(a) *ESTABLISHMENT*.—

20 “(1) *IN GENERAL*.—The Secretary may establish
21 a program, to be known as the ‘Rural Endowment
22 Program’, to provide approved program entities with
23 assistance in developing and implementing com-
24 prehensive community development strategies for eli-
25 gible rural areas.

1 “(2) *PURPOSES.*—*The purposes of the Program*
2 *are—*

3 “(A) *to enhance the ability of an eligible*
4 *rural area to engage in comprehensive commu-*
5 *nity development;*

6 “(B) *to leverage private and public re-*
7 *sources for the benefit of community development*
8 *efforts in eligible rural areas;*

9 “(C) *to make available staff of Federal*
10 *agencies to directly assist the community devel-*
11 *opment efforts of an approved program entity or*
12 *eligible rural area; and*

13 “(D) *to strengthen the asset base of an eligi-*
14 *ble rural area to further long-term, ongoing com-*
15 *munity development.*

16 “(b) *APPLICATIONS.*—

17 “(1) *IN GENERAL.*—*To receive an endowment*
18 *grant under the Program, the eligible entity shall sub-*
19 *mit an application at such time, in such form, and*
20 *containing such information as the Secretary may re-*
21 *quire.*

22 “(2) *REGIONAL APPLICATIONS.*—

23 “(A) *IN GENERAL.*—*Where appropriate, the*
24 *Secretary shall encourage regional applications*

1 *from program entities serving more than 1 eligi-*
2 *ble rural area.*

3 “(B) *CRITERIA FOR APPLICATIONS.—To be*
4 *eligible for an endowment grant for a regional*
5 *application, the program entities that submit the*
6 *application shall demonstrate that—*

7 “(i) *a comprehensive community devel-*
8 *opment strategy for the eligible rural areas*
9 *is best accomplished through a regional ap-*
10 *proach; and*

11 “(ii) *the combined population of the el-*
12 *igible rural areas covered by the comprehen-*
13 *sive community development strategy is*
14 *75,000 inhabitants or less.*

15 “(C) *WAIVER FOR INDIAN TRIBES.—The*
16 *Secretary may, at the request of an Indian tribe,*
17 *waive the requirement under subparagraph*
18 *(B)(ii) with respect to an application submitted*
19 *by the Indian tribe for multiple eligible rural*
20 *areas under the jurisdiction of the Indian tribe.*

21 “(D) *AMOUNT OF ENDOWMENT GRANTS.—*
22 *For the purpose of subsection (f)(2), 2 or more*
23 *program entities that submit a regional applica-*
24 *tion shall be considered to be a single program*
25 *entity.*

1 “(3) *PREFERENCE.*—*The Secretary shall give*
2 *preference to a joint application submitted by a pri-*
3 *vate, nonprofit community development corporation*
4 *and a unit of local government or Indian tribe.*

5 “(c) *ENTITY APPROVAL.*—*The Secretary shall approve*
6 *a program entity to receive grants under the Program, if*
7 *the program entity meets criteria established by the Sec-*
8 *retary, including the following:*

9 “(1) *DISTRESSED RURAL AREA.*—*The program*
10 *entity shall serve a rural area that suffers from eco-*
11 *nomie or social distress resulting from poverty, high*
12 *unemployment, outmigration, plant closings, agricul-*
13 *tural downturn, declines in the natural resource-based*
14 *economy, or environmental degradation.*

15 “(2) *CAPACITY TO IMPLEMENT STRATEGY.*—*The*
16 *program entity shall demonstrate the capacity to im-*
17 *plement a comprehensive community development*
18 *strategy.*

19 “(3) *GOALS.*—*The goals described in the applica-*
20 *tion submitted under subsection (b) shall be consistent*
21 *with this section.*

22 “(4) *PARTICIPATION PROCESS.*—*The program*
23 *entity shall demonstrate the ability to convene and*
24 *maintain a multi-stakeholder, community-based par-*
25 *ticipation process.*

1 “(d) *PLANNING GRANTS TO CONDITIONALLY AP-*
2 *PROVED PROGRAM ENTITIES.*—

3 “(1) *IN GENERAL.*—*The Secretary may award*
4 *supplemental grants to approved program entities to*
5 *assist the approved program entities in the develop-*
6 *ment of a comprehensive community development*
7 *strategy under subsection (e).*

8 “(2) *ELIGIBILITY FOR SUPPLEMENTAL*
9 *GRANTS.*—*In determining whether to award a supple-*
10 *mental grant to an approved program entity, the Sec-*
11 *retary shall consider the economic need of the ap-*
12 *proved program entity.*

13 “(3) *LIMITATIONS ON AMOUNT OF GRANTS.*—
14 *Under this subsection, an approved program entity*
15 *may receive a supplemental grant in an amount of—*

16 “(A) *not more than \$100,000; or*

17 “(B) *in the case of a regional application*
18 *approved under a waiver by the Secretary under*
19 *subsection (b)(2)(C), not more than \$200,000.*

20 “(e) *ENDOWMENT GRANT AWARD.*—

21 “(1) *IN GENERAL.*—*To be eligible for an endow-*
22 *ment grant under the Program, an approved program*
23 *entity shall develop, and obtain the approval of the*
24 *Secretary for, a comprehensive community develop-*
25 *ment strategy that—*

1 “(A) is designed to reduce economic or so-
2 cial distress resulting from poverty, high unem-
3 ployment, outmigration, plant closings, agricul-
4 tural downturn, declines in the natural resource-
5 based economy, or environmental degradation;

6 “(B) addresses a broad range of the develop-
7 ment needs of a community, including economic,
8 social, and environmental needs, for a period of
9 not less than 10 years;

10 “(C) is developed with input from a broad
11 array of local governments and business, civic,
12 and community organizations;

13 “(D) specifies measurable performance-
14 based outcomes for all activities; and

15 “(E) includes a financial plan for achieving
16 the outcomes and activities of the comprehensive
17 community development strategy that identifies
18 sources for, or a plan to meet, the requirement
19 for a non-Federal share under subsection
20 (f)(4)(B).

21 “(2) FINAL APPROVAL.—

22 “(A) IN GENERAL.—An approved program
23 entity shall receive final approval if the Sec-
24 retary determines that—

1 “(i) the comprehensive community de-
2 velopment strategy of the approved program
3 entity meets the requirements of this section;

4 “(ii) the management and organiza-
5 tional structure of the approved program
6 entity is sufficient to oversee fund and de-
7 velopment activities;

8 “(iii) the approved program entity has
9 established an endowment fund; and

10 “(iv) the approved program entity will
11 be able to provide the non-Federal share re-
12 quired under subsection (f)(4)(B).

13 “(B) CONDITIONS.—As part of the final ap-
14 proval, the approved program entity shall agree
15 to—

16 “(i) achieve, to the maximum extent
17 practicable, performance-based benchmarks;
18 and

19 “(ii) comply with the terms of the com-
20 prehensive community development strategy
21 for a period of not less than 10 years.

22 “(f) ENDOWMENT GRANTS.—

23 “(1) IN GENERAL.—Under the Program, the Sec-
24 retary may make endowment grants to approved pro-
25 gram entities with final approval to implement an

1 *approved comprehensive community development*
2 *strategy.*

3 “(2) *AMOUNT OF GRANTS.*—*An endowment grant*
4 *to an approved program entity shall be in an amount*
5 *of not more than \$6,000,000, as determined by the*
6 *Secretary based on—*

7 “(A) *the size of the population of the eligible*
8 *rural area for which the endowment grant is to*
9 *be used;*

10 “(B) *the size of the eligible rural area for*
11 *which the endowment grant is to be used;*

12 “(C) *the extent of the comprehensive com-*
13 *munity development strategy to be implemented*
14 *using the endowment grant award; and*

15 “(D) *the extent to which the community suf-*
16 *fers from economic or social distress resulting*
17 *from—*

18 “(i) *poverty;*

19 “(ii) *high unemployment;*

20 “(iii) *outmigration;*

21 “(iv) *plant closings;*

22 “(v) *agricultural downturn;*

23 “(vi) *declines in the natural resource-*
24 *based economy; or*

25 “(vii) *environmental degradation.*

1 “(3) *ENDOWMENT FUNDS.*—

2 “(A) *ESTABLISHMENT.*—On notification
3 from the Secretary that the program entity has
4 been approved under subsection (c), the approved
5 program entity shall establish an endowment
6 fund.

7 “(B) *FUNDING OF ENDOWMENT.*—Federal
8 funds provided in the form of an endowment
9 grant under the Program shall—

10 “(i) be deposited in the endowment
11 fund;

12 “(ii) be the sole property of the ap-
13 proved program entity;

14 “(iii) be used in a manner consistent
15 with this subtitle; and

16 “(iv) be subject to oversight by the Sec-
17 retary for a period of not more than 10
18 years.

19 “(C) *INTEREST.*—Interest earned on Fed-
20 eral funds in the endowment fund shall be—

21 “(i) retained by the grantee; and

22 “(ii) treated as Federal funds are
23 treated under subparagraph (B).

24 “(D) *LIMITATION.*—The Secretary shall
25 promulgate regulations on matching funds and

1 *returns on program-related investments only to*
2 *the extent that such funds or proceeds are used*
3 *in a manner consistent with this subtitle.*

4 “(4) *CONDITIONS.—*

5 “(A) *DISBURSEMENT.—*

6 “(i) *IN GENERAL.—Each endowment*
7 *grant award shall be disbursed during a pe-*
8 *riod not to exceed 5 years beginning during*
9 *the fiscal year containing the date of final*
10 *approval of the approved program entity*
11 *under subsection (e)(3).*

12 “(ii) *MANNER OF DISBURSEMENT.—*
13 *Subject to subparagraph (B), the Secretary*
14 *may disburse a grant award in 1 lump sum*
15 *or in incremental disbursements made each*
16 *fiscal year.*

17 “(iii) *INCREMENTAL DISBURSE-*
18 *MENTS.—If the Secretary elects to make in-*
19 *cremental disbursements, for each fiscal*
20 *year after the initial disbursement, the Sec-*
21 *retary shall make a disbursement under*
22 *clause (i) only if the approved program*
23 *entity—*

24 “(I) *has met the performance-*
25 *based benchmarks of the approved pro-*

1 *gram entity for the preceding fiscal*
2 *year; and*

3 *“(II) has provided the non-Fed-*
4 *eral share required for the preceding*
5 *fiscal year under subparagraph (B).*

6 *“(iv) ADVANCE DISBURSEMENTS.—The*
7 *Secretary may make disbursements under*
8 *this paragraph notwithstanding any provi-*
9 *sion of law limiting grant disbursements to*
10 *amounts necessary to cover expected ex-*
11 *penses on a term basis.*

12 *“(B) NON-FEDERAL SHARE.—*

13 *“(i) IN GENERAL.—Except as provided*
14 *in clause (ii), for each disbursement under*
15 *subparagraph (A), the Secretary shall re-*
16 *quire the approved program entity to pro-*
17 *vide a non-Federal share in an amount*
18 *equal to 50 percent of the amount of funds*
19 *received by the approved program entity*
20 *under the disbursement.*

21 *“(ii) LOWER NON-FEDERAL SHARE.—*
22 *In the case of an approved program entity*
23 *that serves a small, poor rural area or poor*
24 *Indian tribe (as determined by the Sec-*
25 *retary), the Secretary may—*

1 “(I) reduce the non-Federal share
2 to not less than 20 percent; and

3 “(II) allow the non-Federal share
4 to be provided in the form of in-kind
5 contributions.

6 “(iii) *BINDING COMMITMENTS; PLAN.*—
7 *For the purpose of meeting the non-Federal*
8 *share requirement with respect to the first*
9 *disbursement of an endowment grant award*
10 *to the approved program entity under the*
11 *Program, an approved program entity*
12 *shall—*

13 “(I) have, at a minimum, binding
14 commitments to provide the non-Fed-
15 eral share required with respect to the
16 first disbursement of the endowment
17 grant award; and

18 “(II) if the Secretary is making
19 incremental disbursements of a grant,
20 develop a viable plan for providing the
21 remaining amount of the required non-
22 Federal share.

23 “(C) *LIMITATIONS.*—

1 “(i) *IN GENERAL.*—*Subject to clause*
2 *(ii), of each disbursement, an approved pro-*
3 *gram entity shall use—*

4 “(I) *not more than 10 percent for*
5 *administrative costs of carrying out*
6 *program-related investments;*

7 “(II) *not more than 20 percent for*
8 *the purpose of maintaining a loss re-*
9 *serve account; and*

10 “(III) *the remainder for program-*
11 *related investments contained in the*
12 *comprehensive community development*
13 *strategy.*

14 “(ii) *LOSS RESERVE ACCOUNT.*—*If all*
15 *disbursed funds available under a grant are*
16 *expended in accordance with clause (i) and*
17 *the grant recipient has no expected losses to*
18 *cover for a fiscal year, the recipient may*
19 *use funds in the loss reserve account de-*
20 *scribed in clause (i)(II) for program-related*
21 *investments described in clause (i)(III) for*
22 *which no reserve for losses is required.*

23 “(g) *FEDERAL AGENCY ASSISTANCE.*—*Under the Pro-*
24 *gram, the Secretary shall provide and coordinate technical*

1 *assistance for grant recipients by designated field staff of*
2 *Federal agencies.*

3 “(h) *PRIVATE TECHNICAL ASSISTANCE.*—

4 “(1) *IN GENERAL.*—*Under the Program, the Sec-*
5 *retary may make grants to qualified intermediaries*
6 *to provide technical assistance and capacity building*
7 *to approved program entities under the Program.*

8 “(2) *DUTIES.*—*A qualified intermediary that re-*
9 *ceives a grant under this subsection shall—*

10 “(A) *provide assistance to approved pro-*
11 *gram entities in developing, coordinating, and*
12 *overseeing investment strategy;*

13 “(B) *provide technical assistance in all as-*
14 *pects of planning, developing, and managing the*
15 *Program; and*

16 “(C) *facilitate Federal and private sector*
17 *involvement in rural community development.*

18 “(3) *ELIGIBILITY.*—*To be considered a qualified*
19 *intermediary under this subsection, an intermediary*
20 *shall—*

21 “(A) *be a private, nonprofit community de-*
22 *velopment organization;*

23 “(B) *have expertise in Federal or private*
24 *rural community development policy or pro-*
25 *grams; and*

1 “(C) *have experience in providing technical*
2 *assistance, planning, and capacity building as-*
3 *sistance to rural communities and nonprofit en-*
4 *tities in eligible rural areas.*

5 “(4) *MAXIMUM AMOUNT OF GRANTS.—A quali-*
6 *fied intermediary may receive a grant under this sub-*
7 *section of not more than \$100,000.*

8 “(5) *FUNDING.—Of the amounts made available*
9 *under section 385D, the Secretary may use to carry*
10 *out this subsection not more than \$2,000,000 for each*
11 *of not more than 2 fiscal years.*

12 **“SEC. 385D. FUNDING.**

13 “(a) *FISCAL YEARS 2002 AND 2003.—*

14 “(1) *IN GENERAL.—Not later than 30 days after*
15 *the date of enactment of this subtitle, out of any funds*
16 *in the Treasury not otherwise appropriated, the Sec-*
17 *retary of the Treasury shall transfer to the Secretary*
18 *of Agriculture to carry out this subtitle \$82,000,000*
19 *for the period of fiscal years 2002 and 2003, to re-*
20 *main available until expended.*

21 “(2) *SCHEDULE FOR OBLIGATIONS.—Of the*
22 *amounts made available under paragraph (1)—*

23 “(A) *not more than \$5,000,000 shall be obli-*
24 *gated to carry out section 385C(d);*

1 “(B) not less than \$75,000,000 shall be obli-
2 gated to carry out section 385C(f); and

3 “(C) not less than \$2,000,000 shall be obli-
4 gated to carry out section 385C(h).

5 “(3) RECEIPT AND ACCEPTANCE.—The Secretary
6 shall be entitled to receive, shall accept, and shall use
7 to carry out this subtitle the funds transferred under
8 paragraph (1), without further appropriation.

9 “(b) FISCAL YEARS 2004 THROUGH 2006.—There are
10 authorized to be appropriated such sums as are necessary
11 to carry out this subtitle for each of fiscal years 2004
12 through 2006.”.

13 **SEC. 605. ENHANCEMENT OF ACCESS TO BROADBAND SERV-**
14 **ICE IN RURAL AREAS.**

15 The Rural Electrification Act of 1936 (7 U.S.C. 901
16 *et seq.*) is amended by adding at the end the following:

17 **“TITLE VI—RURAL BROADBAND**
18 **ACCESS**

19 **“SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS**
20 **SERVICES IN RURAL AREAS.**

21 “(a) PURPOSE.—The purpose of this section is to pro-
22 vide grants, loans, and loan guarantees to provide funds
23 for the costs of the construction, improvement, and acquisi-
24 tion of facilities and equipment for broadband service in
25 eligible rural communities.

1 “(b) *DEFINITIONS.*—*In this section:*

2 “(1) *BROADBAND SERVICE.*—*The term*
3 *‘broadband service’ means any technology identified*
4 *by the Secretary as having the capacity to transmit*
5 *data to enable a subscriber to the service to originate*
6 *and receive high-quality voice, data, graphics, or*
7 *video.*

8 “(2) *ELIGIBLE RURAL COMMUNITY.*—*The term*
9 *‘eligible rural community’ means any incorporated or*
10 *unincorporated place that—*

11 “(A) *has not more than 20,000 inhabitants,*
12 *based on the most recent available population*
13 *statistics of the Bureau of the Census; and*

14 “(B) *is not located in an area designated as*
15 *a standard metropolitan statistical area.*

16 “(c) *GRANTS.*—*The Secretary shall make grants to eli-*
17 *gible entities described in subsection (e) to provide funds*
18 *for the construction, improvement, or acquisition of facili-*
19 *ties and equipment for the provision of broadband service*
20 *in eligible rural communities.*

21 “(d) *LOANS AND LOAN GUARANTEES.*—*The Secretary*
22 *shall make or guarantee loans to eligible entities described*
23 *in subsection (e) to provide funds for the construction, im-*
24 *provement, or acquisition of facilities and equipment for*

1 *the provision of broadband service in eligible rural commu-*
2 *nities.*

3 “(e) *ELIGIBLE ENTITIES.*—*To be eligible to obtain a*
4 *grant, loan, or loan guarantee under this section, an entity*
5 *must—*

6 “(1) *be able to furnish, improve, or extend a*
7 *broadband service to an eligible rural community;*
8 *and*

9 “(2) *submit to the Secretary a proposal for a*
10 *project that meets the requirements of this section.*

11 “(f) *BROADBAND SERVICE.*—*The Secretary shall, from*
12 *time to time as advances in technology warrant, review and*
13 *recommend modifications of rate-of-data transmission cri-*
14 *teria for purposes of the identification of broadband service*
15 *technologies under subsection (b)(1).*

16 “(g) *TECHNOLOGICAL NEUTRALITY.*—*For purposes of*
17 *determining whether or not to make a grant, loan, or loan*
18 *guarantee for a project under this section, the Secretary*
19 *shall not take into consideration the type of technology pro-*
20 *posed to be used under the project.*

21 “(h) *TERMS AND CONDITIONS FOR LOANS AND LOAN*
22 *GUARANTEES.*—*A loan or loan guarantee under subsection*
23 *(d) shall—*

1 “(1) be made available in accordance with the
2 requirements of the Federal Credit Reform Act of
3 1990 (2 U.S.C. 661 et seq.);

4 “(2) bear interest at an annual rate of, as deter-
5 mined by the Secretary—

6 “(A) 4 percent per annum; or

7 “(B) the current applicable market rate;

8 and

9 “(3) have a term not to exceed the useful life of
10 the assets constructed, improved, or acquired with the
11 proceeds of the loan or extension of credit.

12 “(i) *USE OF LOAN PROCEEDS TO REFINANCE LOANS*
13 *FOR DEPLOYMENT OF BROADBAND SERVICE.*—Notwith-
14 *standing any other provision of this Act, the proceeds of*
15 *any loan made by the Secretary under this Act may be used*
16 *by the recipient of the loan for the purpose of refinancing*
17 *an outstanding obligation of the recipient on another tele-*
18 *communications loan made under this Act if the use of the*
19 *proceeds for that purpose will further the construction, im-*
20 *provement, or acquisition of facilities and equipment for*
21 *the provision of broadband service in eligible rural commu-*
22 *nities.*

23 “(j) *FUNDING.*—

24 “(1) *IN GENERAL.*—Not later than 30 days after
25 the date of enactment of this Act, and on October 1,

1 2002, and each October 1 thereafter through October
2 1, 2005, out of any funds in the Treasury not other-
3 wise appropriated, the Secretary of the Treasury shall
4 transfer to the Secretary of Agriculture to carry out
5 this section \$100,000,000, to remain available until
6 expended.

7 “(2) RECEIPT AND ACCEPTANCE.—The Secretary
8 shall be entitled to receive, shall accept, and shall use
9 to carry out this section the funds transferred under
10 paragraph (1), without further appropriation.

11 “(3) ALLOCATION OF FUNDS.—

12 “(A) IN GENERAL.—From amounts made
13 available for each fiscal year under paragraph
14 (1), the Secretary shall—

15 “(i) establish a national reserve for
16 grants, loans, and loan guarantees to eligi-
17 ble entities in States under this section; and

18 “(ii) allocate amounts in the reserve to
19 each State for each fiscal year for grants,
20 loans, and loan guarantees to eligible enti-
21 ties in the State.

22 “(B) AMOUNT.—The amount of an alloca-
23 tion made to a State for a fiscal year under sub-
24 paragraph (A) shall bear the same ratio to the
25 amount of allocations made for all States for the

1 *fiscal year as the number of communities with a*
2 *population of 2,500 inhabitants or less in the*
3 *State bears to the number of communities with*
4 *a population of 2,500 inhabitants or less in all*
5 *States, as determined on the basis of the last*
6 *available census.*

7 “(C) UNOBLIGATED AMOUNTS.—*Any*
8 *amounts in the reserve established for a State for*
9 *a fiscal year under subparagraph (B) that are*
10 *not obligated by April 1 of the fiscal year shall*
11 *be available to the Secretary to make grants,*
12 *loans, and loan guarantees under this section to*
13 *eligible entities in any State, as determined by*
14 *the Secretary.*

15 “(k) GRANTS FOR PLANNING AND FEASIBILITY STUD-
16 *IES ON BROADBAND DEPLOYMENT.—*

17 “(1) IN GENERAL.—*In addition to any other*
18 *grants, loans, or loan guarantees made under this sec-*
19 *tion, the Secretary shall make grants to eligible enti-*
20 *ties specified in paragraph (2) for planning and fea-*
21 *sibility studies carried out by those entities on the de-*
22 *ployment of broadband services in the areas served by*
23 *those entities.*

24 “(2) ELIGIBLE ENTITIES.—*The entities eligible*
25 *for grants under this subsection are—*

1 “(A) *State governments;*

2 “(B) *local governments (including consortia*
3 *of local governments);*

4 “(C) *tribal governments;*

5 “(D) *telecommunications cooperatives; and*

6 “(E) *appropriate State and regional non-*
7 *profit entities (as determined by the Secretary).*

8 “(3) *ELIGIBILITY CRITERIA.—*

9 “(A) *IN GENERAL.—The Secretary shall es-*
10 *tablish criteria for eligibility for grants under*
11 *this subsection, including criteria for the scope of*
12 *the planning and feasibility studies to be carried*
13 *out with grants under this subsection.*

14 “(B) *CONTRIBUTION BY GRANTEE.—An en-*
15 *tity may not be awarded a grant under this sub-*
16 *section unless the entity agrees to contribute (out*
17 *of funds other than the grant amount) to the*
18 *planning and feasibility study to be funded by*
19 *the grant an amount equal to the amount of the*
20 *grant.*

21 “(4) *APPLICATION.—An entity seeking a grant*
22 *under this subsection shall submit to the Secretary an*
23 *application for the grant that is in such form, and*
24 *that contains such information, as the Secretary shall*
25 *require.*

1 “(5) *USE OF GRANT AMOUNTS.*—

2 “(A) *IN GENERAL.*—*Subject to subpara-*
3 *graph (B), an entity that receives a grant under*
4 *this subsection shall use the grant amount for*
5 *planning and feasibility studies on the deploy-*
6 *ment of broadband services in the area of—*

7 “(i) *an Indian tribe;*

8 “(ii) *a local government;*

9 “(iii) *a State;*

10 “(iv) *a region of a State; or*

11 “(v) *a region of States.*

12 “(B) *LIMITATION.*—*Grant amounts under*
13 *this subsection may not be used for the construc-*
14 *tion of buildings or other facilities, the acquisi-*
15 *tion or improvement of existing buildings or fa-*
16 *ilities, or the leasing of office space.*

17 “(6) *LIMITATION ON GRANT AMOUNTS.*—

18 “(A) *STATEWIDE GRANTS.*—*The amount of*
19 *the grants made under this subsection in or with*
20 *respect to any State in any fiscal year may not*
21 *exceed \$250,000.*

22 “(B) *LOCAL GOVERNMENT, REGIONAL, OR*
23 *TRIBAL GRANTS.*—*The amount of the grants*
24 *made under this subsection in or with respect to*
25 *any local government, region, or tribal govern-*

1 *ment in any fiscal year may not exceed*
2 *\$100,000.*

3 “(7) *RESERVATION OF FUNDS FOR GRANTS.—*

4 “(A) *IN GENERAL.—For each fiscal year, up*
5 *to 3 percent of the funds made available to carry*
6 *out this section for the fiscal year shall be re-*
7 *served for grants under this subsection.*

8 “(B) *RELEASE.—Funds reserved under sub-*
9 *paragraph (A) for a fiscal year shall be reserved*
10 *only until April 1 of the fiscal year.*

11 “(8) *SUPPLEMENT NOT SUPPLANT.—*

12 “(A) *IN GENERAL.—Eligibility for a grant*
13 *under this subsection shall not affect eligibility*
14 *for a grant, loan, or loan guarantee under an-*
15 *other subsection of this section.*

16 “(B) *CONSIDERATIONS.—The Secretary*
17 *shall not take into account the award of a grant*
18 *under this subsection, or the award of a grant,*
19 *loan, or loan guarantee under another subsection*
20 *of this section, in awarding a grant, loan, or*
21 *loan guarantee under this subsection or another*
22 *subsection of this section, as the case may be.*

23 “(l) *TERMINATION OF AUTHORITY.—*

1 “(1) *IN GENERAL.*—No grant, loan, or loan
2 *guarantee may be made under this section after Sep-*
3 *tember 30, 2006.*

4 “(2) *EFFECT ON VALIDITY OF GRANT, LOAN, OR*
5 *LOAN GUARANTEE.*—Notwithstanding paragraph (1),
6 *any grant, loan, or loan guarantee made under this*
7 *section before the date specified in paragraph (1)*
8 *shall be valid.”.*

9 **SEC. 606. VALUE-ADDED AGRICULTURAL PRODUCT MARKET**
10 **DEVELOPMENT GRANTS.**

11 *Section 231 of the Agricultural Risk Protection Act of*
12 *2000 (7 U.S.C. 1621 note; Public Law 106–224) is*
13 *amended—*

14 (1) *by redesignating subsections (b) through (d)*
15 *as subsections (c) through (e), respectively;*

16 (2) *by striking subsection (a) and inserting the*
17 *following:*

18 “(a) *DEFINITION OF VALUE-ADDED AGRICULTURAL*
19 *PRODUCT.*—The term ‘value-added agricultural product’
20 *means any agricultural commodity or product that—*

21 “(1)(A) *has undergone a change in physical*
22 *state; or*

23 “(B) *was produced in a manner that enhances*
24 *the value of the agricultural commodity or product, as*

1 *demonstrated through a business plan that shows the*
2 *enhanced value, as determined by the Secretary; and*

3 *“(2) as a result of the change in physical state*
4 *or the manner in which the agricultural commodity*
5 *or product was produced—*

6 *“(A) the customer base for the agricultural*
7 *commodity or product has been expanded; and*

8 *“(B) a greater portion of the revenue de-*
9 *derived from the processing of the agricultural*
10 *commodity or product is available to the pro-*
11 *ducer of the commodity or product.*

12 *“(b) GRANT PROGRAM.—*

13 *“(1) PURPOSES.—The purposes of this subsection*
14 *are—*

15 *“(A) to increase the share of the food and*
16 *agricultural system profit received by agricul-*
17 *tural producers;*

18 *“(B) to increase the number and quality of*
19 *rural self-employment opportunities in agri-*
20 *culture and agriculturally-related businesses and*
21 *the number and quality of jobs in agriculturally-*
22 *related businesses;*

23 *“(C) to help maintain a diversity of size in*
24 *farms and ranches by stabilizing the number of*
25 *small and mid-sized farms;*

1 “(D) to increase the diversity of food and
2 other agricultural products available to con-
3 sumers, including nontraditional crops and
4 products and products grown or raised in a
5 manner that enhances the value of the products
6 to the public; and

7 “(E) to conserve and enhance the quality of
8 land, water, and energy resources, wildlife habi-
9 tat, and other landscape values and amenities in
10 rural areas.

11 “(2) GRANTS.—From amounts made available
12 under paragraph (6), the Secretary shall make award
13 competitive grants—

14 “(A) to an eligible independent producer (as
15 determined by the Secretary) of a value-added
16 agricultural product to assist the producer—

17 “(i) to develop a business plan for via-
18 ble marketing opportunities for the value-
19 added agricultural product; or

20 “(ii) to develop strategies that are in-
21 tended to create marketing opportunities for
22 the producer; and

23 “(B) to an eligible nonprofit entity (as de-
24 termined by the Secretary) to assist the entity—

1 “(i) to develop a business plan for via-
2 ble marketing opportunities in emerging
3 markets for a value-added agricultural
4 product;

5 “(ii) to develop strategies that are in-
6 tended to create marketing opportunities in
7 emerging markets for the value-added agri-
8 cultural product; or

9 “(iii) to create, expand, or operate
10 value-added processing in an area described
11 in paragraph (3)(B)(ii) in connection with
12 production agriculture.

13 “(3) AMOUNT OF GRANT.—

14 “(A) IN GENERAL.—The total amount pro-
15 vided under this subsection to a grant recipient
16 may not exceed \$500,000.

17 “(B) PRIORITY.—The Secretary shall give
18 priority to—

19 “(i) grant proposals for less than
20 \$200,000 submitted under this subsection;
21 and

22 “(ii) grant proposals submitted by an
23 eligible nonprofit entity with a principal of-
24 fice that is located—

1 “(I) on land of an existing or
2 former Native American reservation;
3 and

4 “(II) in a city, town, or unincor-
5 porated area that has a population of
6 no more than 5,000 inhabitants.

7 “(4) *GRANTEE STRATEGIES.*—A grantee under
8 paragraph (2) shall use the grant—

9 “(A) to develop a business plan or perform
10 a feasibility study to establish a viable mar-
11 keting opportunity for a value-added agricul-
12 tural product; or

13 “(B) to provide capital to establish alliances
14 or business ventures that allow the producer of
15 the value-added agricultural product to better
16 compete in domestic or international markets.

17 “(5) *GRANTS FOR MARKETING OR PROCESSING*
18 *CERTIFIED ORGANIC AGRICULTURAL PRODUCTS.*—

19 “(A) *IN GENERAL.*—Out of any amount
20 that is made available to the Secretary for a fis-
21 cal year under paragraph (2), the Secretary
22 shall use not less than 5 percent of the amount
23 for grants to assist producers of certified organic
24 agricultural products in post-farm marketing or

1 *processing of the products through a business or*
2 *cooperative ventures that—*

3 “(i) *expand the customer base of the*
4 *certified organic agricultural products; and*

5 “(ii) *increase the portion of product*
6 *revenue available to the producers.*

7 “(B) *CERTIFIED ORGANIC AGRICULTURAL*
8 *PRODUCT.—For the purposes of this paragraph,*
9 *a certified organic agricultural product does not*
10 *have to meet the requirements of the definition of*
11 *‘value-added agricultural product’ under sub-*
12 *section (a).*

13 “(C) *INSUFFICIENT APPLICATIONS.—If, for*
14 *any fiscal year, the Secretary receives an insuffi-*
15 *cient quantity of applications for grants de-*
16 *scribed in subparagraph (A) to use the funds re-*
17 *served under subparagraph (A), the Secretary*
18 *may use the excess reserved funds to make grants*
19 *for any other purpose authorized under this sub-*
20 *section.*

21 “(6) *FUNDING.—*

22 “(A) *IN GENERAL.—Not later than 30 days*
23 *after the date of enactment of this paragraph,*
24 *and on October 1, 2002, and each October 1*
25 *thereafter through October 1, 2005, out of any*

1 *funds in the Treasury not otherwise appro-*
2 *priated, the Secretary of the Treasury shall*
3 *transfer to the Secretary of Agriculture to carry*
4 *out this subsection \$75,000,000, to remain avail-*
5 *able until expended.*

6 “(B) RECEIPT AND ACCEPTANCE.—The Sec-
7 *retary shall be entitled to receive, shall accept,*
8 *and shall use to carry out this subsection the*
9 *funds transferred under subparagraph (A), with-*
10 *out further appropriation.”;*

11 *(3) in subsection (c)(1) (as redesignated)—*

12 *(A) by striking “subsection (a)(2)” and in-*
13 *serting “subsection (b)(2)”;*

14 *(B) by striking “\$5,000,000” and inserting*
15 *“7.5 percent”; and*

16 *(C) by striking “subsection (a)” and insert-*
17 *ing “subsection (b)”;* and

18 *(4) in subsection (d) (as redesignated), by strik-*
19 *ing “subsections (a) and (b)” and inserting “sub-*
20 *sections (b) and (c)”.*

21 **SEC. 607. NATIONAL RURAL DEVELOPMENT INFORMATION**

22 **CLEARINGHOUSE.**

23 *Section 2381 of the Food, Agriculture, Conservation,*
24 *and Trade Act of 1990 (7 U.S.C. 3125b) is amended to read*
25 *as follows:*

1 **“SEC. 2381. NATIONAL RURAL DEVELOPMENT INFORMA-**
2 **TION CLEARINGHOUSE.**

3 “(a) *ESTABLISHMENT.*—*The Secretary shall establish*
4 *and maintain, within the rural development mission area*
5 *of the Department of Agriculture, a National Rural Devel-*
6 *opment Information Clearinghouse (referred to in this sec-*
7 *tion as the ‘Clearinghouse’) to perform the functions speci-*
8 *fied in subsection (b).*

9 “(b) *FUNCTIONS.*—*The Clearinghouse shall collect in-*
10 *formation and data from, and disseminate information and*
11 *data to, any person or public or private entity about pro-*
12 *grams and services provided by Federal, State, local, and*
13 *tribal agencies, institutions of higher education, and pri-*
14 *vate, for-profit, and nonprofit organizations and institu-*
15 *tions under which a person or public or private entity re-*
16 *siding or operating in a rural area may be eligible for any*
17 *kind of financial, technical, or other assistance, including*
18 *business, venture capital, economic, credit and community*
19 *development assistance, health care, job training, education,*
20 *and emotional and financial counseling.*

21 “(c) *MODES OF COLLECTION AND DISSEMINATION OF*
22 *INFORMATION.*—*In addition to other modes for the collec-*
23 *tion and dissemination of the types of information and data*
24 *specified under subsection (b), the Secretary shall ensure*
25 *that the Clearinghouse maintains an Internet website that*

1 *provides for dissemination and collection, through vol-*
2 *untary submission or posting, of the information and data.*

3 “(d) *FEDERAL AGENCIES.*—*On request of the Sec-*
4 *retary and to the extent permitted by law, the head of a*
5 *Federal agency shall provide to the Clearinghouse such in-*
6 *formation as the Secretary may request to enable the Clear-*
7 *inghouse to carry out this section.*

8 “(e) *STATE, LOCAL, AND TRIBAL AGENCIES, INSTITU-*
9 *TIONS OF HIGHER EDUCATION, AND NONPROFIT AND FOR-*
10 *PROFIT ORGANIZATIONS.*—*The Secretary shall request*
11 *State, local, and tribal agencies, institutions of higher edu-*
12 *cation, and private, for-profit, and nonprofit organizations*
13 *and institutions to provide to the Clearinghouse informa-*
14 *tion concerning applicable programs or services described*
15 *in subsection (b).*

16 “(f) *PROMOTION OF CLEARINGHOUSE.*—*The Secretary*
17 *prominently shall promote the existence and availability of*
18 *the Clearinghouse in all activities of the Department of Ag-*
19 *riculture relating to rural areas of the United States.*

20 “(g) *FUNDING.*—

21 “(1) *IN GENERAL.*—*Subject to paragraph (2), the*
22 *Secretary shall use to operate and maintain the*
23 *Clearinghouse not more than \$600,000 of the funds*
24 *available to the Rural Housing Service, the Rural*

1 *Utilities Service, and the Rural Business-Cooperative*
 2 *Service for each fiscal year.*

3 “(2) *LIMITATION.*—*Funds available to the Rural*
 4 *Housing Service, the Rural Utilities Service, and the*
 5 *Rural Business-Cooperative Service for the payment*
 6 *of loan costs (as defined in section 502 of Federal*
 7 *Credit Reform Act of 1990 (2 U.S.C. 661a)) shall not*
 8 *be used to operate and maintain the Clearinghouse.”.*

9 ***Subtitle B—National Rural***
 10 ***Development Partnership***

11 ***SEC. 611. SHORT TITLE.***

12 *This subtitle may be cited as the “National Rural De-*
 13 *velopment Partnership Act of 2002”.*

14 ***SEC. 612. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.***

15 *Subtitle D of the Consolidated Farm and Rural Devel-*
 16 *opment Act (7 U.S.C. 1981 et seq.) is amended by adding*
 17 *at the end the following:*

18 ***“SEC. 377. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.***

19 *“(a) DEFINITIONS.—In this section:*

20 *“(1) AGENCY WITH RURAL RESPONSIBILITIES.—*
 21 *The term ‘agency with rural responsibilities’ means*
 22 *any executive agency (as defined in section 105 of*
 23 *title 5, United States Code) that—*

24 *“(A) implements Federal law targeted at*
 25 *rural areas, including—*

1 “(i) the Act of April 24, 1950 (com-
2 monly known as the ‘Granger-Thye Act’)
3 (64 Stat. 82, chapter 9);

4 “(ii) the Intergovernmental Coopera-
5 tion Act of 1968 (82 Stat. 1098);

6 “(iii) section 41742 of title 49, United
7 States Code;

8 “(iv) the Rural Development Act of
9 1972 (86 Stat. 657);

10 “(v) the Rural Development Policy Act
11 of 1980 (94 Stat. 1171);

12 “(vi) the Rural Electrification Act of
13 1936 (7 U.S.C. 901 et seq.);

14 “(vii) amendments made to section 334
15 of the Public Health Service Act (42 U.S.C.
16 254g) by the Rural Health Clinics Act of
17 1983 (97 Stat. 1345); and

18 “(viii) the Rural Housing Amendments
19 of 1983 (97 Stat. 1240) and the amend-
20 ments made by the Rural Housing Amend-
21 ments of 1983 to title V of the Housing Act
22 of 1949 (42 U.S.C. 1471 et seq.); or

23 “(B) administers a program that has a sig-
24 nificant impact on rural areas, including—

- 1 “(i) the Appalachian Regional Com-
2 mission;
- 3 “(ii) the Department of Agriculture;
- 4 “(iii) the Department of Commerce;
- 5 “(iv) the Department of Defense;
- 6 “(v) the Department of Education;
- 7 “(vi) the Department of Energy;
- 8 “(vii) the Department of Health and
9 Human Services;
- 10 “(viii) the Department of Housing and
11 Urban Development;
- 12 “(ix) the Department of the Interior;
- 13 “(x) the Department of Justice;
- 14 “(xi) the Department of Labor;
- 15 “(xii) the Department of Transpor-
16 tation;
- 17 “(xiii) the Department of the Treasury;
- 18 “(xiv) the Department of Veterans Af-
19 fairs;
- 20 “(xv) the Environmental Protection
21 Agency;
- 22 “(xvi) the Federal Emergency Manage-
23 ment Administration;
- 24 “(xvii) the Small Business Adminis-
25 tration;

1 “(xviii) the Social Security Adminis-
2 tration;

3 “(xix) the Federal Reserve System;

4 “(xx) the United States Postal Service;

5 “(xxi) the Corporation for National
6 Service;

7 “(xxii) the National Endowment for
8 the Arts and the National Endowment for
9 the Humanities; and

10 “(xxiii) other agencies, commissions,
11 and corporations.

12 “(2) COORDINATING COMMITTEE.—The term ‘Co-
13 ordinating Committee’ means the National Rural De-
14 velopment Coordinating Committee established by
15 subsection (c).

16 “(3) PARTNERSHIP.—The term ‘Partnership’
17 means the National Rural Development Partnership
18 continued by subsection (b).

19 “(4) STATE RURAL DEVELOPMENT COUNCIL.—
20 The term ‘State rural development council’ means a
21 State rural development council that meets the re-
22 quirements of subsection (d).

23 “(b) PARTNERSHIP.—

1 “(1) *IN GENERAL.*—*The Secretary shall continue*
2 *the National Rural Development Partnership com-*
3 *posed of—*

4 “(A) *the Coordinating Committee; and*

5 “(B) *State rural development councils.*

6 “(2) *PURPOSES.*—*The purposes of the Partner-*
7 *ship are—*

8 “(A) *to empower and build the capacity of*
9 *States and rural communities within States to*
10 *design unique responses to their own special*
11 *rural development needs, with local determina-*
12 *tions of progress and selection of projects and ac-*
13 *tivities;*

14 “(B) *to encourage participants to be flexible*
15 *and innovative in establishing new partnerships*
16 *and trying fresh, new approaches to rural devel-*
17 *opment issues, with responses to rural develop-*
18 *ment that use different approaches to fit different*
19 *situations; and*

20 “(C) *to encourage all partners in the Part-*
21 *nership (Federal, State, local, and tribal govern-*
22 *ments, the private sector, and nonprofit organi-*
23 *zations) to be fully engaged and share equally in*
24 *decisions.*

25 “(3) *GOVERNING PANEL.*—

1 “(A) *IN GENERAL.*—A panel consisting of
2 representatives of the Coordinating Committee
3 and State rural development councils shall be es-
4 tablished to lead and coordinate the strategic op-
5 eration, policies, and practices of the Partner-
6 ship.

7 “(B) *ANNUAL REPORTS.*—In conjunction
8 with the Coordinating Committee and State
9 rural development councils, the panel shall pre-
10 pare and submit to Congress an annual report
11 on the activities of the Partnership.

12 “(4) *ROLE OF FEDERAL GOVERNMENT.*—The role
13 of the Federal Government in the Partnership shall be
14 that of a partner and facilitator, with Federal agen-
15 cies authorized—

16 “(A) to cooperate with States to implement
17 the Partnership;

18 “(B) to provide States with the technical
19 and administrative support necessary to plan
20 and implement tailored rural development strat-
21 egies to meet local needs;

22 “(C) to ensure that the head of each agency
23 referred to in subsection (a)(1)(B) designates a
24 senior-level agency official to represent the agen-
25 cy on the Coordinating Committee and directs

1 *appropriate field staff to participate fully with*
2 *the State rural development council within the*
3 *jurisdiction of the field staff; and*

4 “(D) *to enter into cooperative agreements*
5 *with, and to provide grants and other assistance*
6 *to, State rural development councils.*

7 “(5) *ROLE OF PRIVATE AND NONPROFIT SECTOR*
8 *ORGANIZATIONS.—Private and nonprofit sector orga-*
9 *nizations are encouraged—*

10 “(A) *to act as full partners in the Partner-*
11 *ship and State rural development councils; and*

12 “(B) *to cooperate with participating gov-*
13 *ernment organizations in developing innovative*
14 *approaches to the solution of rural development*
15 *problems.*

16 “(c) *NATIONAL RURAL DEVELOPMENT COORDINATING*
17 *COMMITTEE.—*

18 “(1) *ESTABLISHMENT.—The Secretary shall es-*
19 *tablish a National Rural Development Coordinating*
20 *Committee.*

21 “(2) *COMPOSITION.—The Coordinating Com-*
22 *mittee shall be composed of—*

23 “(A) *1 representative of each agency with*
24 *rural responsibilities that elects to participate in*
25 *the Coordinating Committee; and*

1 “(B) representatives, approved by the Sec-
2 retary, of—

3 “(i) national associations of State, re-
4 gional, local, and tribal governments and
5 intergovernmental and multijurisdictional
6 agencies and organizations;

7 “(ii) national public interest groups;

8 “(iii) other national nonprofit organi-
9 zations that elect to participate in the ac-
10 tivities of the Coordinating Committee; and

11 “(iv) the private sector.

12 “(3) DUTIES.—The Coordinating Committee
13 shall—

14 “(A) provide support for the work of the
15 State rural development councils;

16 “(B) facilitate coordination among Federal
17 programs and activities, and with State, local,
18 tribal, and private programs and activities, af-
19 fecting rural development;

20 “(C) enhance the effectiveness, responsive-
21 ness, and delivery of Federal programs in rural
22 areas;

23 “(D) gather and provide to Federal authori-
24 ties information and input for the development
25 and implementation of Federal programs im-

1 *pacting rural economic and community develop-*
2 *ment;*

3 “(E) *notwithstanding any other provision*
4 *of law, review and comment on policies, regula-*
5 *tions, and proposed legislation that affect or*
6 *would affect rural areas;*

7 “(F) *provide technical assistance to State*
8 *rural development councils for the implementa-*
9 *tion of Federal programs;*

10 “(G) *notwithstanding any other provision*
11 *of law, develop and facilitate strategies to reduce*
12 *or eliminate administrative and regulatory im-*
13 *pediments; and*

14 “(H) *require each State receiving funds*
15 *under this section to submit an annual report on*
16 *the use of the funds by the State, including a de-*
17 *scription of strategic plans, goals, performance*
18 *measures, and outcomes for the State rural devel-*
19 *opment council of the State.*

20 “(4) *ELECTION NOT TO PARTICIPATE.—An agen-*
21 *cy with rural responsibilities that elects not to par-*
22 *ticipate in the Partnership and the Coordinating*
23 *Committee shall submit to Congress a report that*
24 *describes—*

1 “(A) how the programmatic responsibilities
2 of the Federal agency that target or have an im-
3 pact on rural areas are better achieved without
4 participation by the agency in the Partnership;
5 and

6 “(B) a more effective means of partnership-
7 building and collaboration to achieve the pro-
8 grammatic responsibilities of the agency.

9 “(d) STATE RURAL DEVELOPMENT COUNCILS.—

10 “(1) ESTABLISHMENT.—Notwithstanding chap-
11 ter 63 of title 31, United States Code, each State may
12 elect to participate in the Partnership by entering
13 into an agreement with the Secretary to establish a
14 State rural development council.

15 “(2) STATE DIVERSITY.—Each State rural devel-
16 opment council shall—

17 “(A) have a nonpartisan membership that
18 is broad and representative of the economic, so-
19 cial, and political diversity of the State; and

20 “(B) carry out programs and activities in
21 a manner that reflects the diversity of the State.

22 “(3) DUTIES.—A State rural development coun-
23 cil shall—

24 “(A) facilitate collaboration among Federal,
25 State, local, and tribal governments and the pri-

1 *vate and nonprofit sectors in the planning and*
2 *implementation of programs and policies that*
3 *target or have an impact on rural areas of the*
4 *State;*

5 *“(B) enhance the effectiveness, responsive-*
6 *ness, and delivery of Federal and State programs*
7 *in rural areas of the State;*

8 *“(C) gather and provide to the Coordin-*
9 *ating Committee and other appropriate organi-*
10 *zations information on the condition of rural*
11 *areas in the State;*

12 *“(D) monitor and report on policies and*
13 *programs that address, or fail to address, the*
14 *needs of the rural areas of the State;*

15 *“(E) provide comments to the Coordinating*
16 *Committee and other appropriate organizations*
17 *on policies, regulations, and proposed legislation*
18 *that affect or would affect the rural areas of the*
19 *State;*

20 *“(F) notwithstanding any other provision of*
21 *law, in conjunction with the Coordinating Com-*
22 *mittee, facilitate the development of strategies to*
23 *reduce or eliminate conflicting or duplicative ad-*
24 *ministrative or regulatory requirements of Fed-*
25 *eral, State, local, and tribal governments;*

1 “(G) use grant or cooperative agreement
2 funds provided by the Partnership under an
3 agreement entered into under paragraph (1) to—

4 “(i) retain an Executive Director and
5 such support staff as are necessary to facili-
6 tate and implement the directives of the
7 State rural development council; and

8 “(ii) pay expenses associated with car-
9 rying out subparagraphs (A) through (F);
10 and

11 “(H)(i) provide to the Coordinating Com-
12 mittee an annual plan with goals and perform-
13 ance measures; and

14 “(ii) submit to the Coordinating Committee
15 an annual report on the progress of the State
16 rural development council in meeting the goals
17 and measures.

18 “(4) AUTHORITIES.—A State rural development
19 council may—

20 “(A) solicit funds to supplement and match
21 funds provided under paragraph (3)(G); and

22 “(B) engage in activities, in addition to
23 those specified in paragraph (3), appropriate to
24 accomplish the purposes for which the State
25 rural development council is established.

1 “(5) *COMMENTS OR RECOMMENDATIONS.*—A
2 *State rural development council may provide com-*
3 *ments and recommendations to an agency with rural*
4 *responsibilities related to the activities of the State*
5 *rural development council within the State.*

6 “(6) *ACTIONS OF STATE RURAL DEVELOPMENT*
7 *COUNCIL MEMBERS.*—When carrying out a program
8 *or activity authorized by a State rural development*
9 *council or this subtitle, a member of the council shall*
10 *be regarded as a full-time employee of the Federal*
11 *Government for purposes of chapter 171 of title 28,*
12 *United States Code, and the Federal Advisory Com-*
13 *mittee Act (5 U.S.C. App.).*

14 “(7) *FEDERAL PARTICIPATION IN STATE RURAL*
15 *DEVELOPMENT COUNCILS.*—

16 “(A) *IN GENERAL.*—The State Director for
17 *Rural Development of a State, other employees of*
18 *the Department of Agriculture, and employees of*
19 *other Federal agencies that elect to participate in*
20 *the Partnership shall fully participate in the*
21 *governance and operations of State rural devel-*
22 *opment councils on an equal basis with other*
23 *members of the State rural development councils.*

24 “(B) *CONFLICTS.*—A Federal employee who
25 *participates in a State rural development coun-*

1 *cil shall not participate in the making of any*
2 *council decision if the agency represented by the*
3 *Federal employee has any financial or other in-*
4 *terest in the outcome of the decision.*

5 “(C) *FEDERAL GUIDANCE.*—*The Office of*
6 *Government Ethics, in consultation with the At-*
7 *torney General, shall issue guidance to all Fed-*
8 *eral employees that participate in State rural*
9 *development councils that describes specific deci-*
10 *sions that—*

11 “(i) *would constitute a conflict of in-*
12 *terest for the Federal employee; and*

13 “(ii) *from which the Federal employee*
14 *must recuse himself or herself.*

15 “(e) *ADMINISTRATIVE SUPPORT OF THE PARTNER-*
16 *SHIP.*—

17 “(1) *DETAIL OF EMPLOYEES.*—

18 “(A) *IN GENERAL.*—*In order to provide ex-*
19 *perience in intergovernmental collaboration, the*
20 *head of an agency with rural responsibilities*
21 *that elects to participate in the Partnership*
22 *may, and is encouraged to, detail an employee of*
23 *the agency with rural responsibilities to the*
24 *Partnership without reimbursement for a period*
25 *of up to 12 months.*

1 “(B) *CIVIL SERVICE STATUS.*—*The detail*
2 *shall be without interruption or loss of civil serv-*
3 *ice status or privilege.*

4 “(2) *ADDITIONAL SUPPORT.*—*The Secretary shall*
5 *provide for any additional support staff to the Part-*
6 *nership as the Secretary determines to be necessary to*
7 *carry out the duties of the Partnership.*

8 “(f) *FUNDING.*—

9 “(1) *AUTHORIZATION OF APPROPRIATIONS.*—

10 “(A) *IN GENERAL.*—*There are authorized to*
11 *be appropriated such sums as are necessary to*
12 *carry out this section.*

13 “(B) *AMOUNT OF FINANCIAL ASSISTANCE.*—
14 *In providing financial assistance to State rural*
15 *development councils, the Secretary and heads of*
16 *other Federal agencies shall provide assistance*
17 *that, to the maximum extent practicable, is—*

18 “(i) *uniform in amount; and*

19 “(ii) *targeted to newly created State*
20 *rural development councils.*

21 “(C) *FEDERAL SHARE.*—*The Secretary*
22 *shall develop a plan to decrease, over time, the*
23 *Federal share of the cost of the core operations of*
24 *State rural development councils.*

25 “(2) *FEDERAL AGENCIES.*—

1 “(A) *IN GENERAL.*—*Notwithstanding any*
2 *other provision of law limiting the ability of an*
3 *agency to provide funds to the Partnership with*
4 *other agencies, in order to carry out the purposes*
5 *described in subsection (b)(2), the Partnership*
6 *shall be eligible to receive grants, gifts, contribu-*
7 *tions, or technical assistance from, or enter into*
8 *contracts with, any Federal agency.*

9 “(B) *ASSISTANCE.*—*Federal agencies are*
10 *encouraged to use funds made available for pro-*
11 *grams that target or have an impact on rural*
12 *areas to provide assistance to, and enter into*
13 *contracts with, the Partnership, as described in*
14 *subparagraph (A).*

15 “(3) *CONTRIBUTIONS.*—*The Partnership may ac-*
16 *cept private contributions.*

17 “(4) *FEDERAL FINANCIAL SUPPORT FOR STATE*
18 *RURAL DEVELOPMENT COUNCILS.*—*Notwithstanding*
19 *any other provision of law, a Federal agency may use*
20 *funds made available under paragraph (1) or (2) to*
21 *enter into a cooperative agreement, contract, or other*
22 *agreement with a State rural development council to*
23 *support the core operations of the State rural develop-*
24 *ment council, regardless of the legal form of organiza-*
25 *tion of the State rural development council.*

1 “(g) *MATCHING REQUIREMENTS FOR STATE RURAL*
2 *DEVELOPMENT COUNCILS.*—

3 “(1) *IN GENERAL.*—*Except as provided in para-*
4 *graph (2), a State rural development council shall*
5 *provide matching funds, or in-kind goods or services,*
6 *to support the activities of the State rural develop-*
7 *ment council in an amount that is not less than 33*
8 *percent of the amount of Federal funds received under*
9 *an agreement under subsection (d)(1).*

10 “(2) *EXCEPTIONS TO MATCHING REQUIREMENT*
11 *FOR CERTAIN FEDERAL FUNDS.*—*Paragraph (1) shall*
12 *not apply to funds, grants, funds provided under con-*
13 *tracts or cooperative agreements, gifts, contributions,*
14 *or technical assistance received by a State rural devel-*
15 *opment council from a Federal agency that are*
16 *used—*

17 “(A) *to support 1 or more specific program*
18 *or project activities; or*

19 “(B) *to reimburse the State rural develop-*
20 *ment council for services provided to the Federal*
21 *agency providing the funds, grants, funds pro-*
22 *vided under contracts or cooperative agreements,*
23 *gifts, contributions, or technical assistance.*

1 “(h) *TERMINATION.*—*The authority provided under*
 2 *this section shall terminate on the date that is 5 years after*
 3 *the date of enactment of this section.*”.

4 ***Subtitle C—Consolidated Farm and***
 5 ***Rural Development Act***

6 ***SEC. 621. WATER OR WASTE DISPOSAL GRANTS.***

7 *Section 306(a)(2) of the Consolidated Farm and Rural*
 8 *Development Act (7 U.S.C. 1926(a)(2)) is amended—*

9 (1) *by striking “(2) The” and inserting the fol-*
 10 *lowing:*

11 “(2) *WATER, WASTE DISPOSAL, AND WASTE-*
 12 *WATER FACILITY GRANTS.—*

13 “(A) *AUTHORITY.—*

14 “(i) *IN GENERAL.—The*”;

15 (2) *by striking “\$590,000,000” and inserting*
 16 *“\$1,500,000,000”;*

17 (3) *by striking “The amount” and inserting the*
 18 *following:*

19 “(ii) *AMOUNT.—The amount*”;

20 (4) *by striking “paragraph” and in-*
 21 *serting “subparagraph”;*

22 (5) *by striking “The Secretary shall”*
 23 *and inserting the following:*

24 “(iii) *GRANT RATE.—The Secretary*
 25 *shall*”; and

1 (6) by adding at the end the following:

2 “(B) *REVOLVING FUNDS FOR FINANCING*
3 *WATER AND WASTEWATER PROJECTS.*—

4 “(i) *IN GENERAL.*—*The Secretary may*
5 *make grants to qualified private, nonprofit*
6 *entities to capitalize revolving funds for the*
7 *purpose of providing financing to eligible*
8 *entities for—*

9 “(I) *predevelopment costs associ-*
10 *ated with proposed water and waste-*
11 *water projects or with existing water*
12 *and wastewater systems; and*

13 “(II) *short-term costs incurred for*
14 *replacement equipment, small-scale ex-*
15 *tension services, or other small capital*
16 *projects that are not part of the regular*
17 *operations and maintenance activities*
18 *of existing water and wastewater sys-*
19 *tems.*

20 “(ii) *ELIGIBLE ENTITIES.*—*To be eligi-*
21 *ble to obtain financing from a revolving*
22 *fund under clause (i), an eligible entity*
23 *shall be eligible to obtain a loan, loan guar-*
24 *antee, or grant under paragraph (1) or this*
25 *paragraph.*

1 “(iii) *MAXIMUM AMOUNT OF FINANC-*
2 *ING.—The amount of financing made to an*
3 *eligible entity under this subparagraph*
4 *shall not exceed—*

5 “(I) \$100,000 for costs described
6 *in clause (i)(I); and*

7 “(II) \$100,000 for costs described
8 *in clause (i)(II).*

9 “(iv) *TERM.—The term of financing*
10 *provided to an eligible entity under this*
11 *subparagraph shall not exceed 10 years.*

12 “(v) *ADMINISTRATION.—The Secretary*
13 *shall limit the amount of grant funds that*
14 *may be used by a grant recipient for ad-*
15 *ministrative costs incurred under this sub-*
16 *paragraph.*

17 “(vi) *ANNUAL REPORT.—A nonprofit*
18 *entity receiving a grant under this subpara-*
19 *graph shall submit an annual report to the*
20 *Secretary that describes the number and*
21 *size of communities served and the type of*
22 *financing provided.*

23 “(vii) *AUTHORIZATION OF APPROPRIA-*
24 *TIONS.—There is authorized to be appro-*
25 *priated to carry out this subparagraph*

1 \$30,000,000 for each of fiscal years 2002
2 through 2006.”.

3 **SEC. 622. RURAL BUSINESS OPPORTUNITY GRANTS.**

4 Section 306(a)(11)(D) of the Consolidated Farm and
5 Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is
6 amended—

7 (1) by striking “\$7,500,000” and inserting
8 “\$15,000,000”; and

9 (2) by striking “2002” and inserting “2006”.

10 **SEC. 623. RURAL WATER AND WASTEWATER CIRCUIT RIDER**
11 **PROGRAM.**

12 Section 306(a) of the Consolidated Farm and Rural
13 Development Act (7 U.S.C. 1926(a)) is amended by added
14 at the end the following:

15 “(22) RURAL WATER AND WASTEWATER CIRCUIT
16 RIDER PROGRAM.—

17 “(A) IN GENERAL.—The Secretary shall es-
18 tablish a national rural water and wastewater
19 circuit rider program that is based on the rural
20 water circuit rider program of the National
21 Rural Water Association that (as of the date of
22 enactment of this paragraph) receives funding
23 from the Secretary, acting through the Rural
24 Utilities Service.

1 “(B) *RELATIONSHIP TO EXISTING PRO-*
 2 *GRAM.—The program established under subpara-*
 3 *graph (A) shall not affect the authority of the*
 4 *Secretary to carry out the circuit rider program*
 5 *for which funds are made available under the*
 6 *heading “RURAL COMMUNITY ADVANCEMENT*
 7 *PROGRAM” of title III of the Agriculture, Rural*
 8 *Development, Food and Drug Administration,*
 9 *and Related Agencies Appropriations Act, 2002.*

10 “(C) *AUTHORIZATION OF APPROPRIA-*
 11 *TIONS.—There is authorized to be appropriated*
 12 *to carry out this paragraph \$15,000,000 for each*
 13 *of fiscal years 2003 through 2006.”.*

14 **SEC. 624. MULTIJURISDICTIONAL REGIONAL PLANNING OR-**
 15 **GANIZATIONS.**

16 *Section 306(a) of the Consolidated Farm and Rural*
 17 *Development Act (7 U.S.C. 1926(a)) (as amended by section*
 18 *623) is amended by added at the end the following:*

19 “(23) *MULTIJURISDICTIONAL REGIONAL PLAN-*
 20 *NING ORGANIZATIONS.—*

21 “(A) *GRANTS.—The Secretary shall provide*
 22 *grants to multijurisdictional regional planning*
 23 *and development organizations to pay the Fed-*
 24 *eral share of the cost of providing assistance to*
 25 *local governments to improve the infrastructure,*

1 *services, and business development capabilities of*
2 *local governments and local economic develop-*
3 *ment organizations.*

4 “(B) *PRIORITY.*—*In determining which or-*
5 *ganizations will receive a grant under this para-*
6 *graph, the Secretary shall provide a priority to*
7 *an organization that—*

8 “(i) *serves a rural area that, during*
9 *the most recent 5-year period—*

10 “(I) *had a net out-migration of*
11 *inhabitants, or other population loss,*
12 *from the rural area that equals or ex-*
13 *ceeds 5 percent of the population of the*
14 *rural area; or*

15 “(II) *had a median household in-*
16 *come that is less than the nonmetro-*
17 *politan median household income of*
18 *the applicable State; and*

19 “(ii) *has a history of providing sub-*
20 *stantive assistance to local governments and*
21 *economic development organizations.*

22 “(C) *FEDERAL SHARE.*—*A grant provided*
23 *under this paragraph shall be for not more than*
24 *75 percent of the cost of providing assistance de-*
25 *scribed in subparagraph (A).*

1 “(D) *MAXIMUM AMOUNT OF GRANTS.*—*The*
 2 *amount of a grant provided to an organization*
 3 *under this paragraph shall not exceed \$100,000.*

4 “(E) *AUTHORIZATION OF APPROPRIA-*
 5 *TIONS.*—*There is authorized to be appropriated*
 6 *to carry out this paragraph \$30,000,000 for each*
 7 *of fiscal years 2003 through 2006.”.*

8 **SEC. 625. CERTIFIED NONPROFIT ORGANIZATIONS SHAR-**
 9 **ING EXPERTISE.**

10 *Section 306(a) of the Consolidated Farm and Rural*
 11 *Development Act (7 U.S.C. 1926(a)) (as amended by section*
 12 *624) is amended by added at the end the following:*

13 “(24) *CERTIFIED NONPROFIT ORGANIZATIONS*
 14 *SHARING EXPERTISE.*—

15 “(A) *CERTIFIED ORGANIZATIONS.*—

16 “(i) *IN GENERAL.*—*To be certified by*
 17 *the Secretary to provide technical assistance*
 18 *in 1 or more rural development fields, an*
 19 *organization shall—*

20 “(I) *be a nonprofit organization*
 21 *(which may include an institution of*
 22 *higher education) with experience in*
 23 *providing technical assistance in the*
 24 *applicable rural development field;*

1 “(II) develop a plan, approved by
2 the Secretary, describing the manner
3 in which grant funds will be used and
4 the source of non-Federal funds; and

5 “(III) meet such other criteria as
6 the Secretary may establish, based on
7 the needs of eligible entities for the
8 technical assistance.

9 “(iii) LIST.—The Secretary shall make
10 available to the public a list of certified or-
11 ganizations in each area that the Secretary
12 determines have substantial experience in
13 providing the assistance described in sub-
14 paragraph (B).

15 “(B) GRANTS.—The Secretary may provide
16 grants to certified organizations to pay for costs
17 of providing technical assistance to local govern-
18 ments and nonprofit entities to improve the in-
19 frastructure, services, and business development
20 capabilities of local governments and local eco-
21 nomic development organizations.

22 “(C) AUTHORIZATION OF APPROPRIA-
23 TIONS.—There is authorized to be appropriated
24 to carry out this paragraph \$20,000,000 for each
25 of fiscal years 2003 through 2006.”.

1 **SEC. 626. LOAN GUARANTEES FOR CERTAIN RURAL DEVELOP-**
2 **MENT LOANS.**

3 (a) *LOAN GUARANTEES FOR WATER, WASTEWATER,*
4 *AND ESSENTIAL COMMUNITY FACILITIES LOANS.*—Section
5 *306(a) of the Consolidated Farm and Rural Development*
6 *Act (7 U.S.C. 1925(a)) (as amended by section 625) is*
7 *amended by adding at the end the following:*

8 “(25) *LOAN GUARANTEES FOR WATER, WASTE-*
9 *WATER, AND ESSENTIAL COMMUNITY FACILITIES*
10 *LOANS.*—

11 “(A) *IN GENERAL.*—*The Secretary may*
12 *guarantee under this title a loan made to finance*
13 *a community facility or water or waste facility*
14 *project, including a loan financed by the net*
15 *proceeds of a bond described in section*
16 *144(a)(12)(B)(ii) of the Internal Revenue Code*
17 *of 1986.*

18 “(B) *REQUIREMENTS.*—*To be eligible for a*
19 *loan guarantee under subparagraph (A), an in-*
20 *dividual or entity offering to purchase the loan*
21 *must demonstrate to the Secretary that the per-*
22 *son has—*

23 “(i) *the capabilities and resources nec-*
24 *essary to service the loan in a manner that*
25 *ensures the continued performance of the*
26 *loan, as determined by the Secretary; and*

1 “(ii) the ability to generate capital to
2 provide borrowers of the loan with the addi-
3 tional credit necessary to properly service
4 the loan.”.

5 (b) *LOAN GUARANTEES FOR CERTAIN LOANS.*—Sec-
6 tion 310B of the Consolidated Farm and Rural Develop-
7 ment Act (7 U.S.C. 1932) is amended by adding at the end
8 the following:

9 “(h) *LOAN GUARANTEE FOR CERTAIN LOANS.*—The
10 Secretary may guarantee loans made in subsection (a) to
11 finance the issuance of bonds for the projects described in
12 section 306(a)(25).”.

13 **SEC. 627. RURAL FIREFIGHTERS AND EMERGENCY PER-**
14 **SONNEL GRANT PROGRAM.**

15 Section 306(a) of the Consolidated Farm and Rural
16 Development Act (7 U.S.C. 1926(a)) (as amended by section
17 626(a)) is amended by adding at the end the following:

18 “(26) *RURAL FIREFIGHTERS AND EMERGENCY*
19 *MEDICAL PERSONNEL GRANT PROGRAM.*—

20 “(A) *IN GENERAL.*—The Secretary may
21 make grants to units of general local government
22 and Indian tribes (as defined in section 4 of the
23 *Indian Self-Determination and Education As-*
24 *sistance Act (25 U.S.C. 450b)) to pay the cost of*
25 *training firefighters and emergency medical per-*

1 *sonnel in firefighting, emergency medical prac-*
2 *tices, and responding to hazardous materials and*
3 *bioagents in rural areas.*

4 “(B) *USE OF FUNDS.—*

5 “(i) *SCHOLARSHIPS.—*

6 “(I) *IN GENERAL.—Not less than*
7 *60 percent of the amounts made avail-*
8 *able for competitively awarded grants*
9 *under this paragraph shall be used to*
10 *provide grants to fund partial scholar-*
11 *ships for training of individuals at*
12 *training centers approved by the Sec-*
13 *retary.*

14 “(II) *PRIORITY.—In awarding*
15 *grants under this clause, the Secretary*
16 *shall give priority to grant applicants*
17 *with relatively low transportation costs*
18 *considering the location of the grant*
19 *applicant and the proposed location of*
20 *the training.*

21 “(ii) *GRANTS FOR TRAINING CEN-*
22 *TERS.—*

23 “(I) *EXISTING CENTERS.—*

24 “(aa) *IN GENERAL.—A grant*
25 *under subparagraph (A) may be*

1 *used to provide financial assist-*
2 *ance to State and regional centers*
3 *that provide training for fire-*
4 *fighters and emergency medical*
5 *personnel for improvements to the*
6 *training facility, equipment, cur-*
7 *ricula, and personnel.*

8 “(bb) *LIMITATION.—Not*
9 *more than \$2,000,000 shall be*
10 *provided to any single training*
11 *center for any fiscal year under*
12 *this subclause.*

13 “(II) *ESTABLISHMENT OF NEW*
14 *CENTERS.—*

15 “(aa) *IN GENERAL.—A grant*
16 *under subparagraph (A) may be*
17 *used to provide the Federal share*
18 *of the costs of establishing a re-*
19 *gional training center for fire-*
20 *fighters and emergency medical*
21 *personnel.*

22 “(bb) *FEDERAL SHARE.—The*
23 *amount of a grant under this sub-*
24 *clause for a training center shall*

1 not exceed 50 percent of the cost of
2 establishing the training center.

3 “(C) *FUNDING.*—

4 “(i) *IN GENERAL.*—Out of any funds
5 in the Treasury not otherwise appropriated,
6 the Secretary of the Treasury shall transfer
7 to the Secretary of Agriculture to carry out
8 this paragraph—

9 “(I) not later than 30 days after
10 the date of enactment of this Act,
11 \$10,000,000; and

12 “(II) on October 1, 2002, and
13 each October 1 thereafter through Octo-
14 ber 1, 2005, \$30,000,000.

15 “(ii) *RECEIPT AND ACCEPTANCE.*—The
16 Secretary shall be entitled to receive, shall
17 accept, and shall use to carry out this sec-
18 tion the funds transferred under clause (i),
19 without further appropriation.

20 “(iii) *AVAILABILITY OF FUNDS.*—
21 Funds transferred under clause (i) shall re-
22 main available until expended.”.

1 **SEC. 628. TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL**
2 **COMMUNITY FACILITIES.**

3 *Section 306(a) of the Consolidated Farm and Rural*
4 *Development Act (7 U.S.C. 1926(a)) (as amended by section*
5 *627) is amended by adding at the end the following:*

6 *“(27) TRIBAL COLLEGE AND UNIVERSITY ESSEN-*
7 *TIAL COMMUNITY FACILITIES.—*

8 *“(A) IN GENERAL.—The Secretary may*
9 *make grants to tribal colleges and universities*
10 *(as defined in section 316 of the Higher Edu-*
11 *cation Act of 1965 (20 U.S.C. 1059c)) to provide*
12 *the Federal share of the cost of developing spe-*
13 *cific tribal college or university essential commu-*
14 *nity facilities in rural areas.*

15 *“(B) FEDERAL SHARE.—*

16 *“(i) IN GENERAL.—Except as provided*
17 *in clauses (ii) and (iii), the Secretary shall,*
18 *by regulation, establish the maximum per-*
19 *centage of the cost of the facility that may*
20 *be covered by a grant under this paragraph.*

21 *“(ii) MAXIMUM AMOUNT.—The amount*
22 *of a grant provided under this paragraph*
23 *for a facility shall not exceed 75 percent of*
24 *the cost of developing the facility.*

25 *“(iii) GRADUATED SCALE.—The Sec-*
26 *retary shall provide for a graduated scale of*

1 the percentages of the cost covered by a
 2 grant made under this paragraph, with
 3 higher percentages for facilities in commu-
 4 nities that have lower community popu-
 5 lation and income levels, as determined by
 6 the Secretary.

7 “(C) *AUTHORIZATION OF APPROPRIA-*
 8 *TIONS.—There is authorized to be appropriated*
 9 *to carry out this paragraph \$10,000,000 for each*
 10 *of fiscal years 2003 through 2006.”.*

11 **SEC. 629. EMERGENCY COMMUNITY WATER ASSISTANCE**
 12 **GRANT PROGRAM.**

13 *Section 306A(i) of the Consolidated Farm and Rural*
 14 *Development Act (7 U.S.C. 1926a(i)) is amended by strik-*
 15 *ing “2002” and inserting “2006”.*

16 **SEC. 630. WATER AND WASTE FACILITY GRANTS FOR NA-**
 17 **TIVE AMERICAN TRIBES.**

18 *Section 306C of the Consolidated Farm and Rural De-*
 19 *velopment Act (7 U.S.C. 1926c(e)) is amended by striking*
 20 *subsection (e) and inserting the following:*

21 “(e) *AUTHORIZATION OF APPROPRIATIONS.—*

22 “(1) *IN GENERAL.—Subject to paragraph (2),*
 23 *there is authorized to be appropriated—*

24 “(A) *for grants under this section,*
 25 *\$30,000,000 for each fiscal year;*

1 “(B) for loans under this section,
2 \$30,000,000 for each fiscal year; and

3 “(C) for grants under this section to benefit
4 Indian tribes (as defined in section 4 of the In-
5 dian Self-Determination and Education Assist-
6 ance Act (25 U.S.C. 450b)), \$20,000,000 for each
7 fiscal year.

8 “(2) *EXCEPTION.*—An entity eligible to receive
9 funding through a grant made under section 306D
10 shall not be eligible for a grant from funds made
11 available under subparagraph (1)(C).”.

12 **SEC. 631. WATER SYSTEMS FOR RURAL AND NATIVE VIL-**
13 **LAGES IN ALASKA.**

14 Section 306D(d)(1) of the Consolidated Farm and
15 Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended
16 by striking “and 2002” and inserting “through 2006”.

17 **SEC. 632. RURAL BUSINESS ENTERPRISE GRANTS.**

18 Section 310B(c)(1) of the Consolidated Farm and
19 Rural Development Act (7 U.S.C. 1932(c)(1)) is amended—

20 (1) by striking “The Secretary” and inserting
21 the following:

22 “(A) *GRANTS.*—The Secretary”; and

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

24 “(B) *SMALL AND EMERGING PRIVATE BUSI-*
25 *NESS ENTERPRISES.*—

1 “(i) *IN GENERAL.*—For the purpose of
2 subparagraph (A), a small and emerging
3 private business enterprise shall include (re-
4 gardless of the number of employees or oper-
5 ating capital of the enterprise) an eligible
6 nonprofit entity, or other tax exempt orga-
7 nization, with a principal office in an area
8 that is located—

9 “(I) on land of an existing or
10 former Native American reservation;
11 and

12 “(II) in a city, town, or unincor-
13 porated area that has a population of
14 no more than 5,000 inhabitants.

15 “(ii) *USE OF GRANT.*—An eligible non-
16 profit entity, or other tax exempt organiza-
17 tion, described in clause (i) may use assist-
18 ance provided under this paragraph to cre-
19 ate, expand, or operate value-added proc-
20 essing in an area described in clause (i) in
21 connection with production agriculture.

22 “(iii) *PRIORITY.*—In making grants
23 under this paragraph, the Secretary shall
24 give priority to grants that will be used to
25 provide assistance to eligible nonprofit enti-

1 *ties and other tax exempt organizations de-*
2 *scribed in clause (i).”.*

3 **SEC. 633. RURAL COOPERATIVE DEVELOPMENT GRANTS.**

4 *Section 310B(e) of the Consolidated Farm and Rural*
5 *Development Act (7 U.S.C. 1932(e)) is amended—*

6 (1) *in paragraph (5)(F), before the period at the*
7 *end the following: “, except that the Secretary shall*
8 *not require non-Federal financial support in an*
9 *amount that is greater than 5 percent in the case of*
10 *a 1994 institution (as defined in section 532 of the*
11 *Equity in Educational Land-Grant Status Act of*
12 *1994 (7 U.S.C. 301 note; Public Law 103–382))”;*
13 *and*

14 (2) *in paragraph (9), by striking “2002” and in-*
15 *serting “2006”.*

16 **SEC. 634. GRANTS TO BROADCASTING SYSTEMS.**

17 *Section 310B(f) of the Consolidated Farm and Rural*
18 *Development Act (7 U.S.C. 1932(f)) is amended by adding*
19 *at the end the following:*

20 “(3) *AUTHORIZATION OF APPROPRIATIONS.—*
21 *There is authorized to be appropriated to carry out*
22 *this subsection \$5,000,000 for each of fiscal years*
23 *2002 through 2006.”.*

1 **SEC. 635. BUSINESS AND INDUSTRY LOAN MODIFICATIONS.**

2 *Section 3l0B of the Consolidated Farm and Rural De-*
3 *velopment Act (7 U.S.C. 1932) is amended by striking sub-*
4 *section (g) and inserting the following:*

5 “(g) **BUSINESS AND INDUSTRY DIRECT AND GUARAN-**
6 **TEED LOANS.**—

7 “(1) **LOAN GUARANTEES FOR THE PURCHASE OF**
8 **COOPERATIVE STOCK.**—

9 “(A) **NEW AND EXPANDING COOPERA-**
10 **TIVES.**—

11 “(i) **IN GENERAL.**—*The Secretary may*
12 *guarantee a loan under subsection (a) to*
13 *farmers, ranchers, or cooperatives for the*
14 *purpose of purchasing start-up capital stock*
15 *for the expansion or creation of a coopera-*
16 *tive venture that will process agricultural*
17 *commodities or otherwise process value-*
18 *added agricultural products.*

19 “(ii) **FINANCIAL CONDITION.**—*In deter-*
20 *mining the appropriateness of a loan guar-*
21 *antee under this subparagraph, the*
22 *Secretary—*

23 “(I) *shall fully review the feasi-*
24 *bility and other relevant aspects of the*
25 *cooperative venture to be established;*

1 “(II) may not require a review of
2 the financial condition or statements of
3 any individual farmer or rancher in-
4 volved in the cooperative, other than
5 the applicant for a guarantee under
6 this subparagraph; and

7 “(III) shall base any guarantee, to
8 the maximum extent practicable, on
9 the merits of the cooperative venture to
10 be established.

11 “(iii) *COLLATERAL*.—As a condition of
12 making a loan guarantee under this sub-
13 paragraph, the Secretary may not require
14 additional collateral by a farmer or ranch-
15 er, other than stock purchased or issued
16 pursuant to the loan and guarantee of the
17 loan.

18 “(iv) *ELIGIBILITY*.—To be eligible for
19 a loan guarantee under this subparagraph,
20 a farmer or rancher must produce the agri-
21 cultural commodity that will be processed
22 by the cooperative.

23 “(v) *PROCESSING CONTRACTS DURING*
24 *INITIAL PERIOD*.—The cooperative, for
25 which a farmer or rancher receives a guar-

1 *antee to purchase stock under this subpara-*
2 *graph, may contract for services to process*
3 *agricultural commodities, or otherwise proc-*
4 *ess value-added agricultural products, dur-*
5 *ing the 5-year period beginning on the date*
6 *of the startup of the cooperative in order to*
7 *provide adequate time for the planning and*
8 *construction of the processing facility of the*
9 *cooperative.*

10 *“(B) EXISTING COOPERATIVES.—The Sec-*
11 *retary may guarantee a loan under subsection*
12 *(a) to a farmer or rancher to join a cooperative*
13 *in order to sell the agricultural commodities or*
14 *products produced by the farmer or rancher.*

15 *“(C) FINANCIAL INFORMATION.—Financial*
16 *information required by the Secretary from a*
17 *farmer or rancher as a condition of making a*
18 *loan guarantee under this paragraph shall be*
19 *provided in the manner generally required by*
20 *commercial agricultural lenders in the area.*

21 *“(2) LOANS TO COOPERATIVES.—*

22 *“(A) IN GENERAL.—The Secretary may*
23 *make or guarantee a loan under subsection (a)*
24 *to a cooperative that is headquartered in a met-*
25 *ropolitan area if the loan is used for a project*

1 or venture described in subsection (a) that is lo-
2 cated in a rural area.

3 “(B) *REFINANCING.*—A cooperative organi-
4 zation owned by farmers or ranchers that is eli-
5 gible for a business and industry loan under
6 made or guaranteed under subsection (a) shall be
7 eligible to refinance an existing loan with a
8 lender if—

9 “(i) the cooperative organization—

10 “(I) is current and performing
11 with respect to the existing loan; and

12 “(II) is not, and has not been, in
13 payment default, or the collateral has
14 not been converted, with respect to the
15 existing loan; and

16 “(ii) there is adequate security or full
17 collateral for the refinanced loan.

18 “(3) *BUSINESS AND INDUSTRY LOAN APPRAIS-*
19 *ALS.*—The Secretary may require that any appraisal
20 made in connection with a business and industry
21 loan made or guaranteed under subsection (a) be con-
22 ducted by a specialized appraiser that uses standards
23 that are similar to standards used for similar pur-
24 poses in the private sector, as determined by the Sec-
25 retary.

1 “(4) *FEEES.*—*The Secretary may assess a 1-time*
2 *fee for any loan guaranteed under subsection (a) in*
3 *an amount that does not exceed 2 percent of the guar-*
4 *anteed principal portion of the loan.*”.

5 **SEC. 636. VALUE-ADDED INTERMEDIARY RELENDING PRO-**
6 **GRAM.**

7 *Section 310B of the Consolidated Farm and Rural De-*
8 *velopment Act (7 U.S.C. 1932) (as amended by section*
9 *626(b)) is amended by adding at the end the following:*

10 “(i) *VALUE-ADDED INTERMEDIARY RELENDING PRO-*
11 *GRAM.*—

12 “(1) *IN GENERAL.*—*In accordance with this sub-*
13 *section, the Secretary shall make loans under the*
14 *terms and conditions of the intermediary relending*
15 *program established under section 1323(b)(2)(C) of*
16 *the Food Security Act of 1985 (7 U.S.C. 1932 note;*
17 *Public Law 99–198).*

18 “(2) *LOANS.*—*Using funds made available to*
19 *carry out this subsection, the Secretary shall make*
20 *loans to eligible intermediaries to make loans to ulti-*
21 *mate recipients, under the terms and conditions of the*
22 *intermediary relending program, for projects to estab-*
23 *lish, enlarge, and operate enterprises that add value*
24 *to agricultural commodities and products of agricul-*
25 *tural commodities.*

1 “(3) *ELIGIBLE INTERMEDIARIES.*—*Inter-*
2 *mediaries that are eligible to receive loans under*
3 *paragraph (2) shall include State agencies.*

4 “(4) *PREFERENCE FOR BIOENERGY PROJECTS.*—
5 *In making loans using loan funds made available*
6 *under paragraph (2), an eligible intermediary shall*
7 *give preference to bioenergy projects in accordance*
8 *with regulations promulgated by the Secretary.*

9 “(5) *COMPOSITION OF CAPITAL.*—*The capital for*
10 *a project carried out by an ultimate recipient and as-*
11 *sisted with loan funds made available under para-*
12 *graph (2) shall be comprised of—*

13 “(A) *not more than 15 percent of the total*
14 *cost of a project; and*

15 “(B) *not less than 50 percent of the equity*
16 *funds provided by agricultural producers.*

17 “(6) *LOAN CONDITIONS.*—

18 “(A) *TERMS OF LOANS.*—*A loan made to an*
19 *intermediary using loan funds made available*
20 *under paragraph (2) shall have a term of not to*
21 *exceed 30 years.*

22 “(B) *INTEREST.*—*The interest rate on such*
23 *a loan shall be—*

24 “(i) *in the case of each of the first 2*
25 *years of the loan period, 0 percent; and*

1 “(ii) in the case of each of the remain-
2 ing years of the loan period, 2 percent.

3 “(7) *LIMITATIONS ON AMOUNT OF LOAN FUNDS*
4 *PROVIDED.*—

5 “(A) *IN GENERAL.*—*Except as provided in*
6 *subparagraph (B), an intermediary or ultimate*
7 *recipient shall be eligible to receive not more*
8 *than \$2,000,000 of the loan funds made available*
9 *under paragraph (2).*

10 “(B) *STATE AGENCIES.*—*Subparagraph (A)*
11 *shall not apply in the case of a State agency*
12 *with respect to loan funds provided to the State*
13 *agency as an intermediary.*

14 “(8) *AUTHORIZATION OF APPROPRIATIONS.*—
15 *There is authorized to be appropriated to carry out*
16 *this subsection \$15,000,000 for each of fiscal years*
17 *2003 through 2006.”.*

18 **SEC. 637. USE OF RURAL DEVELOPMENT LOANS AND**
19 **GRANTS FOR OTHER PURPOSES.**

20 *Subtitle A of the Consolidated Farm and Rural Devel-*
21 *opment Act (7 U.S.C. 1921 et seq.) (as amended by section*
22 *508) is amended by adding at the end the following:*

1 **“SEC. 310G. USE OF RURAL DEVELOPMENT LOANS AND**
2 **GRANTS FOR OTHER PURPOSES.**

3 *“If, after making a loan or a grant described in section*
4 *381E(d), the Secretary determines that the circumstances*
5 *under which the loan or grant was made have sufficiently*
6 *changed to make the project or activity for which the loan*
7 *or grant was made available no longer appropriate, the Sec-*
8 *retary may allow the loan borrower or grant recipient to*
9 *use property (real and personal) purchased or improved*
10 *with the loan or grant funds, or proceeds from the sale of*
11 *property (real and personal) purchased with such funds, for*
12 *another project or activity that (as determined by the Sec-*
13 *retary)—*

14 *“(1) will be carried out in the same area as the*
15 *original project or activity;*

16 *“(2) meets the criteria for a loan or a grant de-*
17 *scribed in section 381E(d); and*

18 *“(3) satisfies such additional requirements as are*
19 *established by the Secretary.”.*

20 **SEC. 638. SIMPLIFIED APPLICATION FORMS FOR LOAN**
21 **GUARANTEES.**

22 *Section 333A of the Consolidated Farm and Rural De-*
23 *velopment Act (7 U.S.C. 1983a) (as amended by section*
24 *526) is amended by striking subsection (g) and inserting*
25 *the following:*

1 “(g) *SIMPLIFIED APPLICATION FORMS FOR LOAN*
2 *GUARANTEES.*—

3 “(1) *IN GENERAL.*—*The Secretary shall provide*
4 *to lenders a short, simplified application form for*
5 *guarantees under this title of—*

6 “(A) *farmer program loans the principal*
7 *amount of which is \$100,000 or less; and*

8 “(B) *business and industry guaranteed*
9 *loans under section 310B(a)(1) the principal*
10 *amount of which is—*

11 “(i) *in the case of a loan guarantee*
12 *made during fiscal year 2002 or 2003,*
13 *\$400,000 or less; and*

14 “(ii) *in the case of a loan guarantee*
15 *made during any subsequent fiscal year—*

16 “(I) *\$400,000 or less; or*

17 “(II) *if the Secretary determines*
18 *that there is not a significant increased*
19 *risk of a default on the loan, \$600,000*
20 *or less.*

21 “(2) *WATER AND WASTE DISPOSAL GRANTS AND*
22 *LOANS.*—*The Secretary shall develop an application*
23 *process that accelerates, to the maximum extent prac-*
24 *ticable, the processing of applications for water and*
25 *waste disposal grants or direct or guaranteed loans*

1 *under paragraph (1) or (2) of section 306(a) the*
 2 *grant award amount or principal loan amount, re-*
 3 *spectively, of which is \$300,000 or less.*

4 *“(3) ADMINISTRATION.—In developing an appli-*
 5 *cation under this subsection, the Secretary shall—*

6 *“(A) consult with commercial and coopera-*
 7 *tive lenders; and*

8 *“(B) ensure that—*

9 *“(i) the form can be completed manu-*
 10 *ally or electronically, at the option of the*
 11 *lender;*

12 *“(ii) the form minimizes the docu-*
 13 *mentation required to accompany the form;*

14 *“(iii) the cost of completing and proc-*
 15 *essing the form is minimal; and*

16 *“(iv) the form can be completed and*
 17 *processed in an expeditious manner.”.*

18 **SEC. 639. DEFINITION OF RURAL AND RURAL AREA.**

19 *(a) IN GENERAL.—Section 343(a) of the Consolidated*
 20 *Farm and Rural Development Act (7 U.S.C. 1991(a)) is*
 21 *amended by adding at the end the following:*

22 *“(13) RURAL AND RURAL AREA.—*

23 *“(A) IN GENERAL.—Except as otherwise*
 24 *provided in this paragraph, the terms ‘rural’*
 25 *and ‘rural area’ mean a city, town, or unincor-*

1 *porated area that has a population of 50,000 in-*
2 *habitants or less, other than an urbanized area*
3 *immediately adjacent to a city, town, or unin-*
4 *corporated area that has a population in excess*
5 *of 50,000 inhabitants.*

6 *“(B) WATER AND WASTE DISPOSAL GRANTS*
7 *AND DIRECT AND GUARANTEED LOANS.—For the*
8 *purpose of water and waste disposal grants and*
9 *direct and guaranteed loans provided under*
10 *paragraphs (1) and (2) of section 306(a), the*
11 *terms ‘rural’ and ‘rural area’ mean a city, town,*
12 *or unincorporated area that has a population of*
13 *no more than 10,000 inhabitants.*

14 *“(C) COMMUNITY FACILITY LOANS AND*
15 *GRANTS.—For the purpose of community facility*
16 *direct and guaranteed loans and grants under*
17 *paragraphs (1), (19), (20), and (21) of section*
18 *306(a), the terms ‘rural’ and ‘rural area’ mean*
19 *a city, town, or unincorporated area that has a*
20 *population of no more than 50,000 inhabitants.*

21 *“(D) BUSINESS AND INDUSTRY DIRECT AND*
22 *GUARANTEED LOANS.—For the purpose of busi-*
23 *ness and industry direct and guaranteed loans*
24 *under section 310B(a)(1), the terms ‘rural’ and*
25 *‘rural area’ mean any area other than a city or*

1 town that has a population of greater than
2 50,000 inhabitants and the immediately adjacent
3 urbanized area of such city or town.

4 “(E) *MULTIJURISDICTIONAL REGIONAL*
5 *PLANNING ORGANIZATIONS; NATIONAL RURAL DE-*
6 *VELOPMENT PARTNERSHIP.*—*In sections*
7 *306(a)(23) and 377, the term ‘rural area’*
8 *means—*

9 “(i) *all the territory of a State that is*
10 *not within the boundary of any standard*
11 *metropolitan statistical area; and*

12 “(ii) *all territory within any standard*
13 *metropolitan statistical area within a cen-*
14 *sus tract having a population density of less*
15 *than 20 persons per square mile, as deter-*
16 *mined by the Secretary according to the*
17 *most recent census of the United States as*
18 *of any date.*

19 “(F) *RURAL ENTREPRENEURS AND MICRO-*
20 *ENTERPRISE ASSISTANCE PROGRAM; NATIONAL*
21 *RURAL COOPERATIVE AND BUSINESS EQUITY*
22 *FUND; RURAL BUSINESS INVESTMENT PRO-*
23 *GRAM.*—*In section 378 and subtitles G and H,*
24 *the term ‘rural area’ means an area that is*
25 *located—*

1 “(i) outside a standard metropolitan
2 statistical area; or

3 “(ii) within a community that has a
4 population of 50,000 inhabitants or less.”.

5 **(b) CONFORMING AMENDMENTS.—**

6 (1) Section 306(a) of the Consolidated Farm and
7 Rural Development Act (7 U.S.C. 1926(a)) is amend-
8 ed by striking paragraph (7).

9 (2) Section 381A of the Consolidated Farm and
10 Rural Development Act (7 U.S.C. 2009) is
11 amended—

12 (A) by striking paragraph (1); and

13 (B) by redesignating paragraphs (2) and
14 (3) as paragraphs (1) and (2), respectively.

15 (3) Section 735 of the Agriculture, Rural Devel-
16 opment, Food and Drug Administration, and Related
17 Agencies Appropriations Act, 1999 (112 Stat. 2681–
18 29) is repealed.

19 **SEC. 640. RURAL ENTREPRENEURS AND MICROENTERPRISE**
20 **ASSISTANCE PROGRAM.**

21 Subtitle D of the Consolidated Farm and Rural Devel-
22 opment Act (as amended by section 612) is amended by
23 adding at the end the following:

1 **“SEC. 378. RURAL ENTREPRENEURS AND MICROENTER-**
2 **PRISE ASSISTANCE PROGRAM.**

3 “(a) *DEFINITIONS.—In this section:*

4 “(1) *ECONOMICALLY DISADVANTAGED MICRO-*
5 *ENTREPRENEUR.—The term ‘economically disadvan-*
6 *taged microentrepreneur’ means an owner, majority*
7 *owner, or developer of a microenterprise that has the*
8 *ability to compete in the private sector but has been*
9 *impaired due to diminished capital and credit oppor-*
10 *tunities, as compared to other microentrepreneurs in*
11 *the industry.*

12 “(2) *INDIAN TRIBE.—The term ‘Indian tribe’ has*
13 *the meaning given the term in section 4 of the Indian*
14 *Self-Determination and Education Assistance Act (25*
15 *U.S.C. 450b).*

16 “(3) *INTERMEDIARY.—The term ‘intermediary’*
17 *means a private, nonprofit entity that provides*
18 *assistance—*

19 “(A) *to a microenterprise development orga-*
20 *nization; or*

21 “(B) *for a microenterprise development pro-*
22 *gram.*

23 “(4) *LOW-INCOME INDIVIDUAL.—The term ‘low-*
24 *income individual’ means an individual with an in-*
25 *come (adjusted for family size) of not more than the*
26 *greater of—*

1 “(A) 80 percent of median income of an
2 area; or

3 “(B) 80 percent of the statewide nonmetro-
4 politan area median income.

5 “(5) *MICROCREDIT*.—The term ‘microcredit’
6 means a business loan or loan guarantee of not more
7 than \$35,000 provided to a rural entrepreneur.

8 “(6) *MICROENTERPRISE*.—The term ‘microenter-
9 prise’ means a sole proprietorship, joint enterprise,
10 limited liability company, partnership, corporation,
11 or cooperative that—

12 “(A) has 5 or fewer employees; and

13 “(B) is unable to obtain sufficient credit,
14 equity, or banking services elsewhere, as deter-
15 mined by the Secretary.

16 “(7) *MICROENTERPRISE DEVELOPMENT ORGANI-
17 ZATION*.—

18 “(A) *IN GENERAL*.—The term ‘microenter-
19 prise development organization’ means a non-
20 profit entity that provides training and tech-
21 nical assistance to rural entrepreneurs and ac-
22 cess to capital or another service described in
23 subsection (c) to rural entrepreneurs.

24 “(B) *INCLUSIONS*.—The term ‘microenter-
25 prise development organization’ includes an or-

1 *ganization described in subparagraph (A) with a*
2 *demonstrated record of delivering services to eco-*
3 *nomically disadvantaged microentrepreneurs.*

4 “(8) *MICROENTERPRISE DEVELOPMENT PRO-*
5 *GRAM.—The term ‘microenterprise development orga-*
6 *nization’ means a program administered by a organi-*
7 *zation serving a rural area.*

8 “(9) *MICROENTREPRENEUR.—The term ‘micro-*
9 *entrepreneur’ means the owner, operator, or developer*
10 *of a microenterprise.*

11 “(10) *PROGRAM.—The term ‘program’ means the*
12 *rural entrepreneur and microenterprise program es-*
13 *tablished under subsection (b)(1).*

14 “(11) *QUALIFIED ORGANIZATION.—The term*
15 *‘qualified organization’ means—*

16 “(A) *a microenterprise development organi-*
17 *zation or microenterprise development program*
18 *that has a demonstrated record of delivering*
19 *microenterprise services to rural entrepreneurs,*
20 *as demonstrated by the development of an effec-*
21 *tive plan of action and the possession of nec-*
22 *essary resources to deliver microenterprise serv-*
23 *ices to rural entrepreneurs effectively, as deter-*
24 *mined by the Secretary;*

1 “(B) an intermediary that has a dem-
2 onstrated record of delivery assistance to micro-
3 enterprise development organizations or micro-
4 enterprise development programs;

5 “(C) a microenterprise development organi-
6 zation or microenterprise development program
7 that—

8 “(i) serves rural entrepreneurs; and

9 “(ii) enters into an agreement with a
10 local community, in conjunction with a
11 State or local government or Indian tribe,
12 to provide assistance described in subsection
13 (c);

14 “(D) an Indian tribe, the tribal government
15 of which certifies to the Secretary that no micro-
16 enterprise development organization or micro-
17 enterprise development program exists under the
18 jurisdiction of the Indian tribe; or

19 “(E) a group of 2 or more organizations or
20 Indian tribes described in subparagraph (A),
21 (B), (C), or (D) that agree to act jointly as a
22 qualified organization under this section.

23 “(12) RURAL CAPACITY BUILDING SERVICE.—The
24 term ‘rural capacity building service’ means a service
25 provided to an organization that—

1 “(A) is, or is in the process of becoming, a
2 *microenterprise development organization or*
3 *microenterprise development program; and*

4 “(B) serves rural areas for the purpose of
5 *enhancing the ability of the organization to pro-*
6 *vide training, technical assistance, and other re-*
7 *lated services to rural entrepreneurs.*

8 “(13) *RURAL ENTREPRENEUR.*—The term ‘rural
9 *entrepreneur*’ means a *microentrepreneur, or prospec-*
10 *tive microentrepreneur—*

11 “(A) *the principal place of business of*
12 *which is in a rural area; and*

13 “(B) *that is unable to obtain sufficient*
14 *training, technical assistance, or microcredit*
15 *elsewhere, as determined by the Secretary.*

16 “(14) *SECRETARY.*—The term ‘Secretary’ means
17 *the Secretary of Agriculture, acting through the Rural*
18 *Business-Cooperative Service.*

19 “(15) *TRAINING AND TECHNICAL ASSISTANCE.*—

20 “(A) *IN GENERAL.*—The term ‘training and
21 *technical assistance*’ means *assistance provided*
22 *to rural entrepreneurs to develop the skills the*
23 *rural entrepreneurs need to plan, market, and*
24 *manage their own business.*

1 “(B) *INCLUSIONS.*—*The term ‘training and*
2 *technical assistance’ includes assistance provided*
3 *for the purpose of—*

4 “(i) *enhancing business planning,*
5 *marketing, management, or financial man-*
6 *agement skills; and*

7 “(ii) *obtaining microcredit.*

8 “(16) *TRIBAL GOVERNMENT.*—*The term ‘tribal*
9 *government’ means the governing body of an Indian*
10 *tribe.*

11 “(b) *ESTABLISHMENT.*—

12 “(1) *IN GENERAL.*—*From amounts made avail-*
13 *able under subsection (h), the Secretary shall establish*
14 *a rural entrepreneur and microenterprise program.*

15 “(2) *PURPOSE.*—*The purpose of the program*
16 *shall be to provide low- and moderate-income individ-*
17 *uals with—*

18 “(A) *the skills necessary to establish new*
19 *small businesses in rural areas; and*

20 “(B) *continuing technical assistance as the*
21 *individuals begin operating the small businesses.*

22 “(c) *ASSISTANCE.*—

23 “(1) *IN GENERAL.*—*The Secretary may make a*
24 *grant under this section to a qualified organization*
25 *to—*

1 “(A) provide training, technical assistance,
2 or microcredit to a rural entrepreneur;

3 “(B) provide training, operational support,
4 or a rural capacity building service to a quali-
5 fied organization to assist the qualified organiza-
6 tion in developing microenterprise training,
7 technical assistance, and other related services;

8 “(C) assist in researching and developing
9 the best practices in delivering training, tech-
10 nical assistance, and microcredit to rural entre-
11 preneurs; and

12 “(D) to carry out such other projects and
13 activities as the Secretary determines are con-
14 sistent with the purposes of this section.

15 “(2) ALLOCATION.—

16 “(A) IN GENERAL.—Subject to subpara-
17 graphs (B) and (C), of the amount of funds
18 made available for a fiscal year to make grants
19 under this section, the Secretary shall ensure
20 that—

21 “(i) not less than 75 percent of funds
22 are used to carry out activities described in
23 paragraph (1)(A); and

24 “(ii) not more than 25 percent of the
25 funds are used to carry out activities de-

1 *scribed in subparagraphs (B) through (D)*
2 *of paragraph (1).*

3 “(B) *LIMITATION ON GRANT AMOUNT.*—*No*
4 *single qualified organization may receive more*
5 *than 10 percent of the total funds that are made*
6 *available for a fiscal year to carry out this sec-*
7 *tion.*

8 “(C) *ADMINISTRATIVE EXPENSES.*—*Not*
9 *more than 15 percent of assistance received by a*
10 *qualified organization for a fiscal year under*
11 *this section may be used for administrative ex-*
12 *penses.*

13 “(d) *SUBGRANTS.*—*Subject to such regulations as the*
14 *Secretary may promulgate, a qualified organization that*
15 *receives a grant under this section may use the grant to*
16 *provide assistance to other qualified organizations, such as*
17 *small or emerging qualified organizations.*

18 “(e) *LOW-INCOME INDIVIDUALS.*—*The Secretary shall*
19 *ensure that not less than 50 percent of the grants made*
20 *under this section is used to benefit low-income individuals*
21 *identified by the Secretary, including individuals residing*
22 *on Indian reservations.*

23 “(f) *DIVERSITY.*—*In making grants under this section,*
24 *the Secretary shall ensure, to the maximum extent prac-*

1 *ticable, that grant recipients include qualified*
2 *organizations—*

3 “(1) *of varying sizes; and*

4 “(2) *that serve racially and ethnically diverse*
5 *populations.*

6 “(g) *COST SHARING.—*

7 “(1) *FEDERAL SHARE.—The Federal share of the*
8 *cost of a project carried out using funds from a grant*
9 *under this section shall be 75 percent.*

10 “(2) *FORM OF NON-FEDERAL SHARE.—The non-*
11 *Federal share of the cost of a project described in*
12 *paragraph (1) may be provided—*

13 “(A) *in cash (including through fees, grants*
14 *(including community development block*
15 *grants), and gifts); or*

16 “(B) *in kind.*

17 “(h) *FUNDING.—*

18 “(1) *IN GENERAL.—Not later than 30 days after*
19 *the date of enactment of this Act, and on October 1,*
20 *2002, and each October 1 thereafter through October*
21 *1, 2005, out of any funds in the Treasury not other-*
22 *wise appropriated, the Secretary of the Treasury shall*
23 *transfer to the Secretary of Agriculture to carry out*
24 *this section \$10,000,000, to remain available until ex-*
25 *pended.*

1 “(2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
2 *shall be entitled to receive, shall accept, and shall use*
3 *to carry out this section the funds transferred under*
4 *paragraph (1), without further appropriation.”.*

5 **SEC. 641. RURAL SENIORS.**

6 (a) *INTERAGENCY COORDINATING COMMITTEE FOR*
7 *RURAL SENIORS.*—*Subtitle D of the Consolidated Farm*
8 *and Rural Development Act (7 U.S.C. 1981 et seq.) (as*
9 *amended by section 640) is amended by adding at the end*
10 *the following:*

11 **“SEC. 379. INTERAGENCY COORDINATING COMMITTEE FOR**
12 **RURAL SENIORS.**

13 “(a) *IN GENERAL.*—*The Secretary shall establish an*
14 *interagency coordinating committee (referred to in this sec-*
15 *tion as the ‘Committee’) to examine the special problems*
16 *of rural seniors.*

17 “(b) *MEMBERSHIP.*—*The Committee shall be com-*
18 *prised of—*

19 “(1) *the Undersecretary of Agriculture for Rural*
20 *Development, who shall serve as chairperson of the*
21 *Committee;*

22 “(2) *2 representatives of the Secretary of Health*
23 *and Human Services, of whom—*

24 “(A) *1 shall have expertise in the field of*
25 *health care; and*

1 “(B) 1 shall have expertise in the field of
2 programs under the Older Americans Act of 1965
3 (42 U.S.C. 3001 et seq.);

4 “(3) 1 representative of the Secretary of Housing
5 and Urban Development;

6 “(4) 1 representative of the Secretary of the Inte-
7 rior;

8 “(5) 1 representative of the Secretary of Trans-
9 portation; and

10 “(6) representatives of such other Federal agen-
11 cies as the Secretary may designate.

12 “(c) DUTIES.—The Committee shall—

13 “(1) study health care, transportation, tech-
14 nology, housing, accessibility, and other areas of need
15 of rural seniors;

16 “(2) identify successful examples of senior care
17 programs in rural communities that could serve as
18 models for other rural communities; and

19 “(3) not later than 1 year after the date of enact-
20 ment of this section, submit to the Secretary, the
21 Committee on Agriculture of the House of Representa-
22 tives, and the Committee on Agriculture, Nutrition,
23 and Forestry of the Senate recommendations for legis-
24 lative and administrative action.

1 “(d) *FUNDING.*—*Funds available to any Federal agen-*
2 *cy may be used to carry out interagency activities under*
3 *this section.*”.

4 (b) *GRANTS FOR PROGRAMS FOR RURAL SENIORS.*—
5 *Subtitle D of the Consolidated Farm and Rural Develop-*
6 *ment Act (7 U.S.C. 1981 et seq.) (as amended by subsection*
7 *(a)) is amended by adding at the end the following:*

8 “**SEC. 379A. GRANTS FOR PROGRAMS FOR RURAL SENIORS.**

9 “(a) *IN GENERAL.*—*The Secretary shall make grants*
10 *to nonprofit organizations (including cooperatives) to pay*
11 *the Federal share of the cost of programs that—*

12 “(1) *provide facilities, equipment, and tech-*
13 *nology for seniors in a rural area; and*

14 “(2) *may be replicated in other rural areas.*

15 “(b) *FEDERAL SHARE.*—*The Federal share of a grant*
16 *under this section shall be not more than 20 percent of the*
17 *cost of a program described in subsection (a).*

18 “(c) *LEVERAGING.*—*In selecting programs to receive*
19 *grants under section, the Secretary shall give priority to*
20 *proposals that leverage resources to meet multiple rural*
21 *community goals.*

22 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
23 *authorized to be appropriated to carry out this section*
24 *\$25,000,000 for each of fiscal years 2003 through 2006.*”.

1 (c) *RESERVATION OF COMMUNITY FACILITIES PRO-*
 2 *GRAM FUNDS FOR SENIOR FACILITIES.*—Section
 3 *306(a)(19) of the Consolidated Farm and Rural Develop-*
 4 *ment Act (7 U.S.C. 1926(a)(19)) is amended by adding at*
 5 *the end the following:*

6 “(C) *RESERVATION OF FUNDS FOR SENIOR*
 7 *FACILITIES.*—

8 “(i) *IN GENERAL.*—For each fiscal
 9 year, not less than 12.5 percent of the funds
 10 made available to carry out this paragraph
 11 shall be reserved for grants to pay the Fed-
 12 eral share of the cost of developing and con-
 13 structing senior facilities, or carrying out
 14 other projects that mainly benefit seniors, in
 15 rural areas.

16 “(ii) *RELEASE.*—Funds reserved under
 17 clause (i) for a fiscal year shall be reserved
 18 only until April 1 of the fiscal year.”.

19 **SEC. 642. CHILDREN’S DAY CARE FACILITIES.**

20 Section *306(a)(19) of the Consolidated Farm and*
 21 *Rural Development Act (7 U.S.C. 1926(a)(19)) (as amend-*
 22 *ed by section 641(c)) is amended by adding at the end the*
 23 *following:*

24 “(D) *RESERVATION OF FUNDS FOR CHIL-*
 25 *DREN’S DAY CARE FACILITIES.*—

1 “(i) *IN GENERAL.*—For each fiscal
2 year, not less than 10 percent of the funds
3 made available to carry out this paragraph
4 shall be reserved for grants to pay the Fed-
5 eral share of the cost of developing and con-
6 structing day care facilities for children in
7 rural areas.

8 “(ii) *RELEASE.*—Funds reserved under
9 clause (i) for a fiscal year shall be reserved
10 only until April 1 of the fiscal year.”.

11 **SEC. 643. RURAL TELEWORK.**

12 *Subtitle D of the Consolidated Farm and Rural Devel-*
13 *opment Act (7 U.S.C. 1981 et seq.) (as amended by section*
14 *641(b)) is amended by adding at the end the following:*

15 **“SEC. 379B. RURAL TELEWORK.**

16 “(a) *DEFINITIONS.*—In this section:

17 “(1) *ELIGIBLE ORGANIZATION.*—The term ‘*eligi-*
18 *ble organization*’ means a nonprofit entity, an edu-
19 *cational institution, an Indian tribe (as defined in*
20 *section 4 of the Indian Self-Determination and Edu-*
21 *cation Assistance Act (25 U.S.C. 450b)), or any other*
22 *organization that meets the requirements of this sec-*
23 *tion and such other requirements as are established by*
24 *the Secretary.*

1 “(2) *INSTITUTE.*—*The term ‘institute’ means a*
2 *regional rural telework institute established using a*
3 *grant under subsection (b).*

4 “(3) *TELEWORK.*—*The term ‘telework’ means the*
5 *use of telecommunications to perform work functions*
6 *at a rural work center located outside the place of*
7 *business of an employer.*

8 “(b) *RURAL TELEWORK INSTITUTE.*—

9 “(1) *IN GENERAL.*—*The Secretary shall make a*
10 *grant to an eligible organization to pay the Federal*
11 *share of the cost of establishing and operating a na-*
12 *tional rural telework institute to carry out projects*
13 *described in paragraph (4).*

14 “(2) *ELIGIBLE ORGANIZATIONS.*—*The Secretary*
15 *shall establish criteria that an organization shall*
16 *meet to be eligible to receive a grant under this sub-*
17 *section.*

18 “(3) *DEADLINE FOR INITIAL GRANT.*—*Not later*
19 *than 1 year after the date on which funds are first*
20 *made available to carry out this subsection, the Sec-*
21 *retary shall make the initial grant under this sub-*
22 *section.*

23 “(4) *PROJECTS.*—*The institute shall use grant*
24 *funds obtained under this subsection to carry out a*
25 *5-year project—*

1 “(A) to serve as a clearinghouse for telework
2 research and development;

3 “(B) to conduct outreach to rural commu-
4 nities and rural workers;

5 “(C) to develop and share best practices in
6 rural telework throughout the United States;

7 “(D) to develop innovative, market-driven
8 telework projects and joint ventures with the pri-
9 vate sector that employ workers in rural areas in
10 jobs that promote economic self-sufficiency;

11 “(E) to share information about the design
12 and implementation of telework arrangements;

13 “(F) to support private sector businesses
14 that are transitioning to telework;

15 “(G) to support and assist telework projects
16 and individuals at the State and local level; and

17 “(H) to perform such other functions as the
18 Secretary considers appropriate.

19 “(5) NON-FEDERAL SHARE.—

20 “(A) IN GENERAL.—As a condition of re-
21 ceiving a grant under this subsection, an eligible
22 organization shall agree to obtain, after the ap-
23 plication of the eligible organization has been
24 approved and notice of award has been issued,

1 *contributions from non-Federal sources that are*
2 *equal to—*

3 “(i) *during each of the first, second,*
4 *and third years of a project, 50 percent of*
5 *the amount of the grant; and*

6 “(ii) *during each of the fourth and*
7 *fifth years of the project, 100 percent of the*
8 *amount of the grant.*

9 “(B) *INDIAN TRIBES.—Notwithstanding*
10 *subparagraph (A), an Indian tribe may use Fed-*
11 *eral funds made available to the tribe for self-*
12 *governance to pay the non-Federal contributions*
13 *required under subparagraph (A).*

14 “(C) *FORM.—The non-Federal contributions*
15 *required under subparagraph (A) may be in the*
16 *form of in-kind contributions, including office*
17 *equipment, office space, and services.*

18 “(c) *TELEWORK GRANTS.—*

19 “(1) *IN GENERAL.—Subject to paragraphs (2)*
20 *through (5), the Secretary shall make grants to eligi-*
21 *ble entities to pay the Federal share of the cost of—*

22 “(A) *obtaining equipment and facilities to*
23 *establish or expand telework locations in rural*
24 *areas; and*

1 “(B) *operating telework locations in rural*
2 *areas.*

3 “(2) *ELIGIBLE ORGANIZATIONS.—To be eligible*
4 *to receive a grant under this subsection, an eligible*
5 *entity shall—*

6 “(A) *be a nonprofit organization or edu-*
7 *cational institution in a rural area; and*

8 “(B) *submit to, and receive the approval of,*
9 *the Secretary of an application for the grant*
10 *that demonstrates that the eligible entity has*
11 *adequate resources and capabilities to establish*
12 *or expand a telework location in a rural area.*

13 “(3) *NON-FEDERAL SHARE.—*

14 “(A) *IN GENERAL.—As a condition of re-*
15 *ceiving a grant under this subsection, an eligible*
16 *organization shall agree to obtain, after the ap-*
17 *plication of the eligible organization has been*
18 *approved and notice of award has been issued,*
19 *contributions from non-Federal sources that are*
20 *equal to 50 percent of the amount of the grant.*

21 “(B) *INDIAN TRIBES.—Notwithstanding*
22 *subparagraph (A), an Indian tribe may use Fed-*
23 *eral funds made available to the tribe for self-*
24 *governance to pay the non-Federal contributions*
25 *required under subparagraph (A).*

1 “(C) *SOURCES.*—*The non-Federal contribu-*
2 *tions required under subparagraph (A)—*

3 “(i) *may be in the form of in-kind con-*
4 *tributions, including office equipment, office*
5 *space, and services; and*

6 “(ii) *may not be made from funds*
7 *made available for community development*
8 *block grants under title I of the Housing*
9 *and Community Development Act of 1974*
10 *(42 U.S.C. 5301 et seq.).*

11 “(4) *DURATION.*—*The Secretary may not pro-*
12 *vide a grant under this subsection to establish, ex-*
13 *pend, or operate a telework location in a rural area*
14 *after the date that is 2 years after the establishment*
15 *of the telework location.*

16 “(5) *MAXIMUM AMOUNT OF GRANT.*—*The amount*
17 *of a grant provided to an eligible entity under this*
18 *subsection shall not exceed \$500,000.*

19 “(d) *APPLICABILITY OF CERTAIN FEDERAL LAW.*—*An*
20 *entity that receives funds under this section shall be subject*
21 *to the provisions of Federal law (including regulations), ad-*
22 *ministered by the Secretary of Labor or the Equal Employ-*
23 *ment Opportunity Commission, that govern the responsibil-*
24 *ities of employers to employees.*

1 “(e) *REGULATIONS.*—Not later than 180 days after the
2 date of enactment of this section, the Secretary shall pro-
3 mulgate regulations to carry out this section.

4 “(f) *AUTHORIZATION OF APPROPRIATION.*—There is
5 authorized to be appropriated to carry out this section
6 \$30,000,000 for each of fiscal years 2002 through 2006, of
7 which \$5,000,000 shall be provided to establish an institute
8 under subsection (b).”.

9 **SEC. 644. HISTORIC BARN PRESERVATION.**

10 *Subtitle D of the Consolidated Farm and Rural Devel-*
11 *opment Act (7 U.S.C. 1981 et seq.) (as amended by section*
12 *643) is amended by adding at the end the following:*

13 **“SEC. 379C. HISTORIC BARN PRESERVATION.**

14 “(a) *DEFINITIONS.*—In this section:

15 “(1) *BARN.*—The term ‘barn’ means a building
16 (other than a dwelling) on a farm, ranch, or other ag-
17 ricultural operation for—

18 “(A) housing animals;

19 “(B) storing or processing crops;

20 “(C) storing and maintaining agricultural
21 equipment; or

22 “(D) serving an essential or useful purpose
23 related to agriculture on the adjacent land.

24 “(2) *ELIGIBLE APPLICANT.*—The term ‘eligible
25 applicant’ means—

1 “(A) a State department of agriculture (or
2 a designee);

3 “(B) a national or State nonprofit organi-
4 zation that—

5 “(i) is exempt from tax under section
6 501(c)(3) of the Internal Revenue Code of
7 1986; and

8 “(ii) has experience or expertise, as de-
9 termined by the Secretary, in the identifica-
10 tion, evaluation, rehabilitation, preserva-
11 tion, or protection of historic barns; and

12 “(C) a State historic preservation office.

13 “(3) *HISTORIC BARN*.—The term ‘historic barn’
14 means a barn that—

15 “(A) is at least 50 years old;

16 “(B) retains sufficient integrity of design,
17 materials, and construction to clearly identify
18 the barn as an agricultural building; and

19 “(C) meets the criteria for listing on Na-
20 tional, State, or local registers or inventories of
21 historic structures.

22 “(4) *SECRETARY*.—The term ‘Secretary’ means
23 the Secretary, acting through the Undersecretary of
24 Rural Development.

1 “(b) *PROGRAM.*—*The Secretary shall establish a his-*
2 *toric barn preservation program—*

3 “(1) *to assist States in developing a listing of*
4 *historic barns;*

5 “(2) *to collect and disseminate information on*
6 *historic barns;*

7 “(3) *to foster educational programs relating to*
8 *the history, construction techniques, rehabilitation,*
9 *and contribution to society of historic barns; and*

10 “(4) *to sponsor and conduct research on—*

11 “(A) *the history of barns; and*

12 “(B) *best practices to protect and rehabili-*
13 *tate historic barns from the effects of decay, fire,*
14 *arson, and natural disasters.*

15 “(c) *GRANTS.*—

16 “(1) *IN GENERAL.*—*The Secretary may make*
17 *grants to, or enter into contracts or cooperative agree-*
18 *ments with, eligible applicants to carry out an eligi-*
19 *ble project under paragraph (2).*

20 “(2) *ELIGIBLE PROJECTS.*—*A grant under this*
21 *subsection may be made to an eligible entity for a*
22 *project—*

23 “(A) *to rehabilitate or repair a historic*
24 *barn;*

25 “(B) *to preserve a historic barn through—*

1 “(i) the installation of a fire protection
2 system, including fireproofing or fire detec-
3 tion system and sprinklers; and

4 “(ii) the installation of a system to
5 prevent vandalism; and

6 “(C) to identify, document, and conduct re-
7 search on a historic barn to develop and evaluate
8 appropriate techniques or best practices for pro-
9 tecting historic barns.

10 “(3) **REQUIREMENTS.**—An eligible applicant
11 that receives a grant for a project under this sub-
12 section shall comply with any standards established
13 by the Secretary of the Interior for historic preserva-
14 tion projects.

15 “(d) **FUNDING.**—There is authorized to be appro-
16 priated to carry out this section, \$25,000,000 for the period
17 of fiscal years 2002 through 2006, to remain available until
18 expended.”.

19 **SEC. 645. GRANTS FOR EMERGENCY WEATHER RADIO**
20 **TRANSMITTERS.**

21 Subtitle D of the Consolidated Farm and Rural Devel-
22 opment Act (7 U.S.C. 1981 et seq.) (as amended by section
23 644)) is amended by adding at the end the following:

1 **“SEC. 379D. GRANTS FOR EMERGENCY WEATHER RADIO**
2 **TRANSMITTERS.**

3 “(a) *IN GENERAL.*—*The Secretary, acting through the*
4 *Administrator of the Rural Utilities Service, may make*
5 *grants to public and nonprofit entities for the Federal share*
6 *of the cost of acquiring radio transmitters to increase cov-*
7 *erage of rural areas by the emergency weather radio broad-*
8 *cast system of the National Oceanic and Atmospheric Ad-*
9 *ministration.*

10 “(b) *ELIGIBILITY.*—*To be eligible for a grant under*
11 *this section, an applicant shall provide to the Secretary—*

12 “(1) *a binding commitment from a tower owner*
13 *to place the transmitter on a tower; and*

14 “(2) *a description of how the tower placement*
15 *will increase coverage of a rural area by the emer-*
16 *gency weather radio broadcast system of the National*
17 *Oceanic and Atmospheric Administration.*

18 “(c) *FEDERAL SHARE.*—*A grant provided under this*
19 *section shall be not more than 75 percent of the cost of ac-*
20 *quiring a radio transmitter described in subsection (a).*

21 “(d) *AUTHORIZATION.*—*There is authorized to be ap-*
22 *propriated to carry out this section \$2,000,000 for each of*
23 *fiscal years 2002 through 2006.”.*

1 **SEC. 646. GRANTS FOR TRAINING FARM WORKERS.**

2 *Subtitle D of the Consolidated Farm and Rural Devel-*
3 *opment Act (7 U.S.C. 1981 et seq.) (as amended by section*
4 *645) is amended by adding at the end the following:*

5 **“SEC. 379E. GRANTS FOR TRAINING FARM WORKERS.**

6 *“(a) DEFINITION OF ELIGIBLE ORGANIZATION.—In*
7 *this section, the term ‘eligible organization’ means—*

8 *“(1) a nonprofit organization; or*

9 *“(2) a consortium of nonprofit organizations, ag-*
10 *ribusinesses, State and local governments, agricul-*
11 *tural labor organizations, farmer cooperatives, or*
12 *community-based organizations;*

13 *that has the ability to train farm workers.*

14 *“(b) GRANTS.—The Secretary shall make grants to eli-*
15 *gible organizations to provide training to farm workers—*

16 *“(1) on the use of technology in agriculture; and*

17 *“(2) to develop the specialized skills necessary to*
18 *produce higher value crops.*

19 *“(c) AUTHORIZATION OF APPROPRIATIONS.—There is*
20 *authorized to be appropriated to carry out this section*
21 *\$10,000,000 for each of fiscal years 2002 through 2006.”.*

22 **SEC. 647. DELTA REGIONAL AUTHORITY.**

23 *(a) SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.—*

24 *Section 382D of the Consolidated Farm and Rural Develop-*
25 *ment Act (7 U.S.C. 2009aa–3) is amended to read as fol-*
26 *lows:*

1 **“SEC. 382D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.**

2 “(a) *FINDING.*—Congress finds that certain States and
3 local communities of the region, including local develop-
4 ment districts, may be unable to take maximum advantage
5 of Federal grant programs for which the States and commu-
6 nities are eligible because—

7 “(1) they lack the economic resources to provide
8 the required matching share; or

9 “(2) there are insufficient funds available under
10 the applicable Federal law authorizing the Federal
11 grant program to meet pressing needs of the region.

12 “(b) *FEDERAL GRANT PROGRAM FUNDING.*—Notwith-
13 standing any provision of law limiting the Federal share,
14 the areas eligible for assistance, or the authorizations of ap-
15 propriations, under any Federal grant program, and in ac-
16 cordance with subsection (c), the Authority, with the ap-
17 proval of the Federal cochairperson and with respect to a
18 project to be carried out in the region, may—

19 “(1) increase the Federal share of the costs of a
20 project under any Federal grant program to not more
21 than 90 percent (except as provided in section
22 382F(b)); and

23 “(2) use amounts made available to carry out
24 this subtitle to pay all or a portion of the increased
25 Federal share.

26 “(c) *CERTIFICATIONS.*—

1 “(1) *IN GENERAL.*—*In the case of any project for*
2 *which all or any portion of the basic Federal share*
3 *of the costs of the project is proposed to be paid under*
4 *this section, no Federal contribution shall be made*
5 *until the Federal official administering the Federal*
6 *law that authorizes the Federal grant program cer-*
7 *tifies that the project—*

8 “(A) *meets (except as provided in subsection*
9 *(b)) the applicable requirements of the applicable*
10 *Federal grant program; and*

11 “(B) *could be approved for Federal con-*
12 *tribution under the Federal grant program if*
13 *funds were available under the law for the*
14 *project.*

15 “(2) *CERTIFICATION BY AUTHORITY.*—

16 “(A) *IN GENERAL.*—*The certifications and*
17 *determinations required to be made by the Au-*
18 *thority for approval of projects under this Act in*
19 *accordance with section 382I—*

20 “(i) *shall be controlling; and*

21 “(ii) *shall be accepted by the Federal*
22 *agencies.*

23 “(B) *ACCEPTANCE BY FEDERAL COCHAIR-*
24 *PERSON.*—*In the case of any project described in*
25 *paragraph (1), any finding, report, certification,*

1 or documentation required to be submitted with
2 respect to the project to the head of the depart-
3 ment, agency, or instrumentality of the Federal
4 Government responsible for the administration of
5 the Federal grant program under which the
6 project is carried out shall be accepted by the
7 Federal cochairperson.”.

8 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
9 382M(a) of the Consolidated Farm and Rural Development
10 Act (7 U.S.C. 2009aa–12(a)) is amended by striking
11 “2002” and inserting “2006”.

12 (c) *TERMINATION OF AUTHORITY.*—Section 382N of
13 the Consolidated Farm and Rural Development Act (7
14 U.S.C. 2009aa–13) is amended by striking “2002” and in-
15 serting “2006”.

16 (d) *DELTA REGION AGRICULTURAL ECONOMIC DEVEL-*
17 *OPMENT.*—Subtitle D of the Consolidated Farm and Rural
18 Development Act (7 U.S.C. 1981 et seq.) (as amended by
19 section 646) is amended by adding at the end the following:
20 “**SEC. 379F. DELTA REGION AGRICULTURAL ECONOMIC DE-**
21 **VELOPMENT.**

22 “(a) *IN GENERAL.*—The Secretary may make grants
23 to assist in the development of state-of-the-art technology
24 in animal nutrition (including research and development
25 of the technology) and value-added manufacturing to pro-

1 *mote an economic platform for the Delta region (as defined*
 2 *in section 382A) to relieve severe economic conditions.*

3 “(b) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
 4 *are authorized to be appropriated to carry out this section*
 5 *\$7,000,000 for each of fiscal years 2002 through 2006.”.*

6 (e) *DEFINITION OF LOWER MISSISSIPPI.*—*Section*
 7 *4(2)(I) of the Delta Development Act (42 U.S.C. 3121 note;*
 8 *Public Law 100–460) is amended by inserting “Butler,*
 9 *Conecuh, Escambia, Monroe,” after “Russell,”.*

10 **SEC. 648. SEARCH GRANTS FOR SMALL COMMUNITIES.**

11 *The Consolidated Farm and Rural Development Act*
 12 *(as amended by section 604) is amended by adding at the*
 13 *end the following:*

14 **“Subtitle J—SEARCH Grants for**
 15 **Small Communities**

16 **“SEC. 386A. DEFINITIONS.**

17 *“In this subtitle:*

18 *“(1) COUNCIL.—The term ‘council’ means an*
 19 *independent citizens’ council established by section*
 20 *386B(d).*

21 *“(2) ENVIRONMENTAL PROJECT.—*

22 *“(A) IN GENERAL.—The term ‘environ-*
 23 *mental project’ means a project that—*

24 *“(i) improves environmental quality;*

25 *and*

1 “(ii) is necessary to comply with an
2 environmental law (including a regulation).

3 “(B) *INCLUSION.*—The term ‘environmental
4 project’ includes an initial feasibility study of a
5 project.

6 “(3) *REGION.*—The term ‘region’ means a geo-
7 graphic area of a State, as determined by the Gov-
8 ernor of the State.

9 “(4) *SEARCH GRANT.*—The term ‘SEARCH
10 grant’ means a grant for special environmental as-
11 sistance for the regulation of communities and habitat
12 awarded under section 386B(e)(3).

13 “(5) *SMALL COMMUNITY.*—The term ‘small com-
14 munity’ means an incorporated or unincorporated
15 rural community with a population of 2,500 inhab-
16 itants or less.

17 “(6) *STATE.*—The term ‘State’ has the meaning
18 given the term in section 381A(1).

19 **“SEC. 386B. SEARCH GRANT PROGRAM.**

20 “(a) *IN GENERAL.*—There is established the SEARCH
21 Grant Program.

22 “(b) *APPLICATION.*—

23 “(1) *IN GENERAL.*—Not later than October 1 of
24 each fiscal year, a State may submit to the Secretary

1 *an application to receive a grant under subsection (c)*
2 *for the fiscal year.*

3 “(2) *REQUIREMENTS.—An application under*
4 *paragraph (1) shall contain—*

5 “(A) *a certification by the State that the*
6 *State has appointed members to the council of*
7 *the State under subsection (c)(2)(C); and*

8 “(B) *such information as the Secretary may*
9 *reasonably require.*

10 “(c) *GRANTS TO STATES.—*

11 “(1) *IN GENERAL.—Not later than 60 days after*
12 *the date on which the Office of Management and*
13 *Budget apportions any amounts made available*
14 *under this subtitle, for each fiscal year after the date*
15 *of enactment of this subtitle, the Secretary shall, on*
16 *request by a State—*

17 “(A) *determine whether any application*
18 *submitted by the State under subsection (b)*
19 *meets the requirements of subsection (b)(2); and*

20 “(B) *subject to paragraph (2), subsection*
21 *(e)(4)(B)(ii), and section 386D(b), if the Sec-*
22 *retary determines that the application meets the*
23 *requirements of subsection (b)(2), award a grant*
24 *of not to exceed \$1,000,000 to the State, to be*

1 *used by the council of the State to award*
2 *SEARCH grants under subsection (e).*

3 “(2) *GRANTS TO CERTAIN STATES.*—*The aggregate*
4 *amount of grants awarded to States other than*
5 *Alaska, Hawaii, or 1 of the 48 contiguous States,*
6 *under this subsection shall not exceed \$1,000,000 for*
7 *any fiscal year.*

8 “(d) *INDEPENDENT CITIZENS’ COUNCIL.*—

9 “(1) *ESTABLISHMENT.*—*There is established in*
10 *each State an independent citizens’ council to carry*
11 *out the duties described in this section.*

12 “(2) *COMPOSITION.*—

13 “(A) *IN GENERAL.*—*Each council shall be*
14 *composed of 9 members, appointed by the Gov-*
15 *ernor of the State.*

16 “(B) *REPRESENTATION; RESIDENCE.*—*Each*
17 *member of a council shall—*

18 “(i) *represent an individual region of*
19 *the State, as determined by the Governor of*
20 *the State in which the council is established;*

21 “(ii) *reside in a small community of*
22 *the State; and*

23 “(iii) *be representative of the popu-*
24 *lations of the State.*

1 “(C) *APPOINTMENT.*—*Before a State re-*
2 *ceives funds under this subtitle, the State shall*
3 *appoint members to the council for the fiscal*
4 *year, except that not more than 1 member shall*
5 *be an agent, employee, or official of the State*
6 *government.*

7 “(D) *CHAIRPERSON.*—*Each council shall se-*
8 *lect a chairperson from among the members of*
9 *the council, except that a member who is an*
10 *agent, employee, or official of the State govern-*
11 *ment shall not serve as chairperson.*

12 “(E) *FEDERAL REPRESENTATION.*—

13 “(i) *IN GENERAL.*—*An officer, em-*
14 *ployee, or agent of the Federal Government*
15 *may participate in the activities of the*
16 *council—*

17 “(I) *in an advisory capacity; and*

18 “(II) *at the invitation of the*
19 *council.*

20 “(ii) *RURAL DEVELOPMENT STATE DI-*
21 *RECTORS.*—*On the request of the council of*
22 *a State, the State Director for Rural Devel-*
23 *opment of the State shall provide advice*
24 *and consultation to the council.*

25 “(3) *SEARCH GRANTS.*—

1 “(A) *IN GENERAL.*—*Each council shall re-*
2 *view applications for, and recommend awards of,*
3 *SEARCH grants to small communities that meet*
4 *the eligibility criteria under subsection (c).*

5 “(B) *RECOMMENDATIONS.*—*In awarding a*
6 *SEARCH grant, a State—*

7 “(i) *shall follow the recommendations*
8 *of the council of the State;*

9 “(ii) *shall award the funds for any rec-*
10 *ommended environmental project in a time-*
11 *ly and expeditious manner; and*

12 “(iii) *shall not award a SEARCH*
13 *grant to a grantee or project in violation of*
14 *any law of the State (including a regula-*
15 *tion).*

16 “(C) *NO MATCHING REQUIREMENT.*—*A*
17 *small community that receives a SEARCH grant*
18 *under this section shall not be required to pro-*
19 *vide matching funds.*

20 “(e) *SEARCH GRANTS FOR SMALL COMMUNITIES.*—

21 “(1) *ELIGIBILITY.*—*A SEARCH grant shall be*
22 *awarded under this section only to a small commu-*
23 *nity for 1 or more environmental projects for which*
24 *the small community—*

1 “(A) needs funds to carry out initial feasi-
2 bility or environmental studies before applying
3 to traditional funding sources; or

4 “(B) demonstrates, to the satisfaction of the
5 council, that the small community has been un-
6 able to obtain sufficient funding from traditional
7 funding sources.

8 “(2) APPLICATION.—

9 “(A) DATE.—The council shall establish
10 such deadline by which small communities shall
11 submit applications for grants under this section
12 as will permit the council adequate time to re-
13 view and make recommendations relating to the
14 applications.

15 “(B) LOCATION OF APPLICATION.—A small
16 community shall submit an application de-
17 scribed in subparagraph (A) to the council in the
18 State in which the small community is located.

19 “(C) CONTENT OF APPLICATION.—An appli-
20 cation described in subparagraph (A) shall
21 include—

22 “(i) a description of the proposed envi-
23 ronmental project (including an expla-
24 nation of how the project would assist the

1 *small community in complying with an en-*
2 *vironmental law (including a regulation));*

3 “*(ii) an explanation of why the project*
4 *is important to the small community;*

5 “*(iii) a description of all actions taken*
6 *with respect to the project, including a de-*
7 *scription of any attempt to secure funding*
8 *and a description of demonstrated need for*
9 *funding for the project, as of the date of the*
10 *application; and*

11 “*(iv) a SEARCH grant application*
12 *form provided by the council, completed and*
13 *with all required supporting documentation.*

14 “(3) *REVIEW AND RECOMMENDATION.—*

15 “*(A) IN GENERAL.—Except as provided in*
16 *subparagraph (B), not later than March 5 of*
17 *each fiscal year, each council shall—*

18 “*(i) review all applications received*
19 *under paragraph (2); and*

20 “*(ii) recommend for award SEARCH*
21 *grants to small communities based on—*

22 “*(I) an evaluation of the eligi-*
23 *bility criteria under paragraph (1);*
24 *and*

1 “(II) *the content of the applica-*
2 *tion.*

3 “(B) *EXTENSION OF DEADLINE.—The State*
4 *may extend the deadline described in subpara-*
5 *graph (A) by not more than 10 days in a case*
6 *in which the receipt of recommendations from a*
7 *council under subparagraph (A)(ii) is delayed*
8 *because of circumstances beyond the control of*
9 *the council, as determined by the State.*

10 “(4) *UNEXPENDED FUNDS.—*

11 “(A) *IN GENERAL.—If, for any fiscal year,*
12 *any unexpended funds remain after SEARCH*
13 *grants are awarded under subsection (d)(3)(B),*
14 *the council may repeat the application and re-*
15 *view process so that any remaining funds may*
16 *be recommended for award, and awarded, not*
17 *later than July 30 of the fiscal year.*

18 “(B) *RETENTION OF FUNDS.—*

19 “(i) *IN GENERAL.—Any unexpended*
20 *funds that are not awarded under sub-*
21 *section (d)(3)(B) or subparagraph (A) shall*
22 *be retained by the State for award during*
23 *the following fiscal year.*

24 “(ii) *LIMITATION.—A State that accu-*
25 *mulates a balance of unexpended funds de-*

1 scribed in clause (i) of more than
2 \$3,000,000 shall be ineligible to apply for
3 additional funds for SEARCH grants until
4 such time as the State expends the portion
5 of the balance that exceeds \$3,000,000.

6 **“SEC. 386C. REPORT.**

7 “Not later than September 1 of the first fiscal year
8 for which a SEARCH grant is awarded by a council, and
9 annually thereafter, the council shall submit to the Sec-
10 retary a report that—

11 “(1) describes the number of SEARCH grants
12 awarded during the fiscal year;

13 “(2) identifies each small community that re-
14 ceived a SEARCH grant during the fiscal year;

15 “(3) describes the project or purpose for which
16 each SEARCH grant was awarded, including a state-
17 ment of the benefit to public health or the environ-
18 ment of the environmental project receiving the grant
19 funds; and

20 “(4) describes the status of each project or por-
21 tion of a project for which a SEARCH grant was
22 awarded, including a project or portion of a project
23 for which a SEARCH grant was awarded for any fis-
24 cal year before the fiscal year in which the report is
25 submitted.

1 **“SEC. 386D. FUNDING.**

2 “(a) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
3 *authorized to be appropriated to carry out section 386B(c)*
4 *\$51,000,000, of which not to exceed \$1,000,000 shall be used*
5 *to make grants under section 386B(c)(2).*

6 “(b) *ACTUAL APPROPRIATION.*—*If funds to carry out*
7 *section 386B(c) are made available for a fiscal year in an*
8 *amount that is less than the amount authorized under sub-*
9 *section (a) for the fiscal year, the appropriated funds shall*
10 *be divided equally among the 50 States.*

11 “(c) *UNUSED FUNDS.*—*If, for any fiscal year, a State*
12 *does not apply, or does not qualify, to receive funds under*
13 *section 386B(b), the funds that would have been made avail-*
14 *able to the State under section 386B(c) on submission by*
15 *the State of a successful application under section 386B(b)*
16 *shall be redistributed for award under this subtitle among*
17 *States, the councils of which awarded 1 or more SEARCH*
18 *grants during the preceding fiscal year.*

19 “(d) *OTHER EXPENSES.*—*There are authorized to be*
20 *appropriated such sums as are necessary to carry out the*
21 *provisions of this subtitle (other than section 386B(c)).”.*

22 **SEC. 649. NORTHERN GREAT PLAINS REGIONAL AUTHOR-**
23 **ITY.**

24 *The Consolidated Farm and Rural Development Act*
25 *(as amended by section 648) is amended by adding at the*
26 *end the following:*

1 **“Subtitle K—Northern Great Plains**
2 **Regional Authority**

3 **“SEC. 387A. DEFINITIONS.**

4 *“In this subtitle:*

5 *“(1) AUTHORITY.—The term ‘Authority’ means*
6 *the Northern Great Plains Regional Authority estab-*
7 *lished by section 387B.*

8 *“(2) FEDERAL GRANT PROGRAM.—The term*
9 *‘Federal grant program’ means a Federal grant pro-*
10 *gram to provide assistance in—*

11 *“(A) implementing the recommendations of*
12 *the Northern Great Plains Rural Development*
13 *Commission established by the Northern Great*
14 *Plains Rural Development Act (7 U.S.C. 2661*
15 *note; Public Law 103–318);*

16 *“(B) acquiring or developing land;*

17 *“(C) constructing or equipping a highway,*
18 *road, bridge, or facility;*

19 *“(D) carrying out other economic develop-*
20 *ment activities; or*

21 *“(E) conducting research activities related*
22 *to the activities described in subparagraphs (A)*
23 *through (D).*

24 *“(3) INDIAN TRIBE.—The term ‘Indian tribe’ has*
25 *the meaning given the term in section 4 of the Indian*

1 *Self-Determination and Education Assistance Act (25*
2 *U.S.C. 450b).*

3 “(4) *REGION.*—*The term ‘region’ means the*
4 *States of Iowa, Minnesota, Nebraska, North Dakota,*
5 *and South Dakota.*

6 **“SEC. 387B. NORTHERN GREAT PLAINS REGIONAL AUTHOR-**
7 ***ITY.***

8 “(a) *ESTABLISHMENT.*—

9 “(1) *IN GENERAL.*—*There is established the*
10 *Northern Great Plains Regional Authority.*

11 “(2) *COMPOSITION.*—*The Authority shall be com-*
12 *posed of—*

13 “(A) *a Federal member, to be appointed by*
14 *the President, by and with the advice and con-*
15 *sent of the Senate;*

16 “(B) *the Governor (or a designee of the Gov-*
17 *ernor) of each State in the region that elects to*
18 *participate in the Authority; and*

19 “(C) *a member of an Indian tribe, who*
20 *shall be a chairperson of an Indian tribe in the*
21 *region or a designee of such a chairperson, to be*
22 *appointed by the President, by and with the ad-*
23 *vice and consent of the Senate.*

24 “(3) *COCHAIRPERSONS.*—*The Authority shall be*
25 *headed by—*

1 “(A) *the Federal member, who shall serve—*

2 “(i) *as the Federal cochairperson; and*

3 “(ii) *as a liaison between the Federal*

4 *Government and the Authority;*

5 “(B) *a State cochairperson, who—*

6 “(i) *shall be a Governor of a partici-*

7 *parting State in the region; and*

8 “(ii) *shall be elected by the State mem-*

9 *bers for a term of not less than 1 year; and*

10 “(C) *the member of an Indian tribe, who*

11 *shall serve—*

12 “(i) *as the tribal cochairperson; and*

13 “(ii) *as a liaison between the govern-*

14 *ments of Indian tribes in the region and the*

15 *Authority.*

16 “(b) *ALTERNATE MEMBERS.—*

17 “(1) *ALTERNATE FEDERAL COCHAIRPERSON.—*

18 *The President shall appoint an alternate Federal co-*

19 *chairperson.*

20 “(2) *STATE ALTERNATES.—*

21 “(A) *IN GENERAL.—The State member of a*

22 *participating State may have a single alternate,*

23 *who shall be—*

24 “(i) *a resident of that State; and*

1 “(ii) appointed by the Governor of the
2 State.

3 “(B) QUORUM.—A State alternate member
4 shall not be counted toward the establishment of
5 a quorum of the members of the Authority in
6 any case in which a quorum of the State mem-
7 bers is required to be present.

8 “(3) ALTERNATE TRIBAL COCHAIRPERSON.—The
9 President shall appoint an alternate tribal cochair-
10 person, by and with the advice and consent of the
11 Senate.

12 “(4) DELEGATION OF POWER.—No power or re-
13 sponsibility of the Authority specified in paragraphs
14 (2) and (3) of subsection (c), and no voting right of
15 any member of the Authority, shall be delegated to
16 any person who is not—

17 “(A) a member of the Authority; or

18 “(B) entitled to vote in Authority meetings.

19 “(c) VOTING.—

20 “(1) IN GENERAL.—A decision by the Authority
21 shall require a majority vote of the Authority (not in-
22 cluding any member representing a State that is de-
23 linquent under subsection (g)(2)(D)) to be effective.

1 “(2) *QUORUM.*—A quorum of State members
2 shall be required to be present for the Authority to
3 make any policy decision, including—

4 “(A) a modification or revision of an Au-
5 thority policy decision;

6 “(B) approval of a State or regional devel-
7 opment plan; and

8 “(C) any allocation of funds among the
9 States.

10 “(3) *PROJECT AND GRANT PROPOSALS.*—The ap-
11 proval of project and grant proposals shall be—

12 “(A) a responsibility of the Authority; and

13 “(B) conducted in accordance with section
14 387I.

15 “(4) *VOTING BY ALTERNATE MEMBERS.*—An al-
16 ternate member shall vote in the case of the absence,
17 death, disability, removal, or resignation of the Fed-
18 eral, State, or Indian tribe member for whom the al-
19 ternate member is an alternate.

20 “(d) *DUTIES.*—The Authority shall—

21 “(1) develop, on a continuing basis, comprehen-
22 sive and coordinated plans and programs to establish
23 priorities and approve grants for the economic devel-
24 opment of the region, giving due consideration to

1 *other Federal, State, tribal, and local planning and*
2 *development activities in the region;*

3 *“(2) not later than 220 days after the date of en-*
4 *actment of this subtitle, establish priorities in a devel-*
5 *opment plan for the region (including 5-year regional*
6 *outcome targets);*

7 *“(3) assess the needs and assets of the region*
8 *based on available research, demonstrations, inves-*
9 *tigations, assessments, and evaluations of the region*
10 *prepared by Federal, State, tribal, and local agencies,*
11 *universities, local development districts, and other*
12 *nonprofit groups;*

13 *“(4) formulate and recommend to the Governors*
14 *and legislatures of States that participate in the Au-*
15 *thority forms of interstate cooperation;*

16 *“(5) work with State, tribal, and local agencies*
17 *in developing appropriate model legislation;*

18 *“(6)(A) enhance the capacity of, and provide*
19 *support for, local development districts in the region;*
20 *or*

21 *“(B) if no local development district exists in an*
22 *area in a participating State in the region, foster the*
23 *creation of a local development district;*

1 “(7) encourage private investment in industrial,
2 commercial, and other economic development projects
3 in the region; and

4 “(8) cooperate with and assist State governments
5 with economic development programs of participating
6 States.

7 “(e) ADMINISTRATION.—In carrying out subsection
8 (d), the Authority may—

9 “(1) hold such hearings, sit and act at such
10 times and places, take such testimony, receive such
11 evidence, and print or otherwise reproduce and dis-
12 tribute a description of the proceedings and reports
13 on actions by the Authority as the Authority con-
14 siders appropriate;

15 “(2) authorize, through the Federal, State, or
16 tribal cochairperson or any other member of the Au-
17 thority designated by the Authority, the administra-
18 tion of oaths if the Authority determines that testi-
19 mony should be taken or evidence received under oath;

20 “(3) request from any Federal, State, tribal, or
21 local agency such information as may be available to
22 or procurable by the agency that may be of use to the
23 Authority in carrying out the duties of the Authority;

1 “(4) adopt, amend, and repeal bylaws and rules
2 governing the conduct of business and the perform-
3 ance of duties of the Authority;

4 “(5) request the head of any Federal agency to
5 detail to the Authority such personnel as the Author-
6 ity requires to carry out duties of the Authority, each
7 such detail to be without loss of seniority, pay, or
8 other employee status;

9 “(6) request the head of any State agency, tribal
10 government, or local government to detail to the Au-
11 thority such personnel as the Authority requires to
12 carry out duties of the Authority, each such detail to
13 be without loss of seniority, pay, or other employee
14 status;

15 “(7) provide for coverage of Authority employees
16 in a suitable retirement and employee benefit system
17 by—

18 “(A) making arrangements or entering into
19 contracts with any participating State govern-
20 ment or tribal government; or

21 “(B) otherwise providing retirement and
22 other employee benefit coverage;

23 “(8) accept, use, and dispose of gifts or donations
24 of services or real, personal, tangible, or intangible
25 property;

1 “(9) enter into and perform such contracts,
2 leases, cooperative agreements, or other transactions
3 as are necessary to carry out Authority duties, in-
4 cluding any contracts, leases, or cooperative agree-
5 ments with—

6 “(A) any department, agency, or instru-
7 mentality of the United States;

8 “(B) any State (including a political sub-
9 division, agency, or instrumentality of the
10 State);

11 “(C) any Indian tribe in the region; or

12 “(D) any person, firm, association, or cor-
13 poration; and

14 “(10) establish and maintain a central office
15 and field offices at such locations as the Authority
16 may select.

17 “(f) *FEDERAL AGENCY COOPERATION.*—A Federal
18 agency shall—

19 “(1) cooperate with the Authority; and

20 “(2) provide, on request of the Federal cochair-
21 person, appropriate assistance in carrying out this
22 subtitle, in accordance with applicable Federal laws
23 (including regulations).

24 “(g) *ADMINISTRATIVE EXPENSES.*—

1 “(1) *FEDERAL SHARE.*—*The Federal share of the*
2 *administrative expenses of the Authority shall be—*

3 “(A) *for fiscal year 2002, 100 percent;*

4 “(B) *for fiscal year 2003, 75 percent; and*

5 “(C) *for fiscal year 2004 and each fiscal*
6 *year thereafter, 50 percent.*

7 “(2) *NON-FEDERAL SHARE.*—

8 “(A) *IN GENERAL.*—*The non-Federal share*
9 *of the administrative expenses of the Authority*
10 *shall be paid by non-Federal sources in the*
11 *States that participate in the Authority.*

12 “(B) *SHARE PAID BY EACH STATE.*—*The*
13 *share of administrative expenses of the Authority*
14 *to be paid by non-Federal sources in each State*
15 *shall be determined by the Authority.*

16 “(C) *NO FEDERAL PARTICIPATION.*—*The*
17 *Federal cochairperson shall not participate or*
18 *vote in any decision under subparagraph (B).*

19 “(D) *DELINQUENT STATES.*—*If a State is*
20 *delinquent in payment of the State’s share of ad-*
21 *ministrative expenses of the Authority under this*
22 *subsection—*

23 “(i) *no assistance under this subtitle*
24 *shall be provided to the State (including as-*

1 *sistance to a political subdivision or a resi-*
2 *dent of the State); and*

3 *“(ii) no member of the Authority from*
4 *the State shall participate or vote in any*
5 *action by the Authority.*

6 *“(h) COMPENSATION.—*

7 *“(1) FEDERAL AND TRIBAL COCHAIRPERSONS.—*
8 *The Federal cochairperson and the tribal cochair-*
9 *person shall be compensated by the Federal Govern-*
10 *ment at the annual rate of basic pay prescribed for*
11 *level III of the Executive Schedule in subchapter II of*
12 *chapter 53 of title 5, United States Code.*

13 *“(2) ALTERNATE FEDERAL AND TRIBAL CO-*
14 *CHAIRPERSONS.—The alternate Federal cochairperson*
15 *and the alternate tribal cochairperson—*

16 *“(A) shall be compensated by the Federal*
17 *Government at the annual rate of basic pay pre-*
18 *scribed for level V of the Executive Schedule de-*
19 *scribed in paragraph (1); and*

20 *“(B) when not actively serving as an alter-*
21 *nate, shall perform such functions and duties as*
22 *are delegated by the Federal cochairperson or the*
23 *tribal cochairperson, respectively.*

24 *“(3) STATE MEMBERS AND ALTERNATES.—*

1 “(A) *IN GENERAL.*—*A State shall com-*
2 *pensate each member and alternate representing*
3 *the State on the Authority at the rate established*
4 *by State law.*

5 “(B) *NO ADDITIONAL COMPENSATION.*—*No*
6 *State member or alternate member shall receive*
7 *any salary, or any contribution to or sup-*
8 *plementation of salary from any source other*
9 *than the State for services provided by the mem-*
10 *ber or alternate member to the Authority.*

11 “(4) *DETAILED EMPLOYEES.*—

12 “(A) *IN GENERAL.*—*No person detailed to*
13 *serve the Authority under subsection (e)(6) shall*
14 *receive any salary or any contribution to or sup-*
15 *plementation of salary for services provided to*
16 *the Authority from—*

17 “(i) *any source other than the State,*
18 *tribal, local, or intergovernmental agency*
19 *from which the person was detailed; or*

20 “(ii) *the Authority.*

21 “(B) *VIOLATION.*—*Any person that violates*
22 *this paragraph shall be fined not more than*
23 *\$5,000, imprisoned not more than 1 year, or*
24 *both.*

1 “(C) *APPLICABLE LAW.*—*The Federal co-*
2 *chairperson, the alternate Federal cochairperson,*
3 *and any Federal officer or employee detailed to*
4 *duty on the Authority under subsection (e)(5)*
5 *shall not be subject to subparagraph (A), but*
6 *shall remain subject to sections 202 through 209*
7 *of title 18, United States Code.*

8 “(5) *ADDITIONAL PERSONNEL.*—

9 “(A) *COMPENSATION.*—

10 “(i) *IN GENERAL.*—*The Authority may*
11 *appoint and fix the compensation of an ex-*
12 *ecutive director and such other personnel as*
13 *are necessary to enable the Authority to*
14 *carry out the duties of the Authority.*

15 “(ii) *EXCEPTION.*—*Compensation*
16 *under clause (i) shall not exceed the max-*
17 *imum rate for the Senior Executive Service*
18 *under section 5382 of title 5, United States*
19 *Code, including any applicable locality-*
20 *based comparability payment that may be*
21 *authorized under section 5304(h)(2)(C) of*
22 *that title.*

23 “(B) *EXECUTIVE DIRECTOR.*—*The executive*
24 *director shall be responsible for—*

1 “(i) the carrying out of the adminis-
2 trative duties of the Authority;

3 “(ii) direction of the Authority staff;
4 and

5 “(iii) such other duties as the Author-
6 ity may assign.

7 “(C) NO FEDERAL EMPLOYEE STATUS.—No
8 member, alternate, officer, or employee of the Au-
9 thority (except the Federal cochairperson of the
10 Authority, the alternate and staff for the Federal
11 cochairperson, and any Federal employee de-
12 tailed to the Authority under subsection (e)(5))
13 shall be considered to be a Federal employee for
14 any purpose.

15 “(i) CONFLICTS OF INTEREST.—

16 “(1) IN GENERAL.—Except as provided under
17 paragraph (2), no State member, Indian tribe mem-
18 ber, State alternate, officer, or employee of the Au-
19 thority shall participate personally and substantially
20 as a member, alternate, officer, or employee of the Au-
21 thority, through decision, approval, disapproval, rec-
22 ommendation, the rendering of advice, investigation,
23 or otherwise, in any proceeding, application, request
24 for a ruling or other determination, contract, claim,

1 *controversy, or other matter in which, to knowledge of*
2 *the member, alternate, officer, or employee—*

3 *“(A) the member, alternate, officer, or em-*
4 *ployee;*

5 *“(B) the spouse, minor child, partner, or or-*
6 *ganization (other than a State or political sub-*
7 *division of the State or the Indian tribe) of the*
8 *member, alternate, officer, or employee, in which*
9 *the member, alternate, officer, or employee is*
10 *serving as officer, director, trustee, partner, or*
11 *employee; or*

12 *“(C) any person or organization with whom*
13 *the member, alternate, officer, or employee is ne-*
14 *gotiating or has any arrangement concerning*
15 *prospective employment;*

16 *has a financial interest.*

17 *“(2) DISCLOSURE.—Paragraph (1) shall not*
18 *apply if the State member, Indian tribe member, al-*
19 *ternate, officer, or employee—*

20 *“(A) immediately advises the Authority of*
21 *the nature and circumstances of the proceeding,*
22 *application, request for a ruling or other deter-*
23 *mination, contract, claim, controversy, or other*
24 *particular matter presenting a potential conflict*
25 *of interest;*

1 “(B) makes full disclosure of the financial
2 interest; and

3 “(C) before the proceeding concerning the
4 matter presenting the conflict of interest, receives
5 a written determination by the Authority that
6 the interest is not so substantial as to be likely
7 to affect the integrity of the services that the Au-
8 thority may expect from the State member, In-
9 dian tribe member, alternate, officer, or em-
10 ployee.

11 “(3) VIOLATION.—Any person that violates this
12 subsection shall be fined not more than \$10,000, im-
13 prisoned not more than 2 years, or both.

14 “(j) VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—
15 The Authority may declare void any contract, loan, or
16 grant of or by the Authority in relation to which the Au-
17 thority determines that there has been a violation of any
18 provision under subsection (h)(4) or subsection (i) of this
19 subtitle, or sections 202 through 209 of title 18, United
20 States Code.

21 **“SEC. 387C. ECONOMIC AND COMMUNITY DEVELOPMENT**
22 **GRANTS.**

23 “(a) IN GENERAL.—The Authority may approve
24 grants to States, Indian tribes, local governments, and pub-

1 *lic and nonprofit organizations for projects, approved in*
2 *accordance with section 387I—*

3 “(1) *to develop the transportation and tele-*
4 *communication infrastructure of the region for the*
5 *purpose of facilitating economic development in the*
6 *region (except that grants for this purpose may be*
7 *made only to States, Indian tribes, local governments,*
8 *and nonprofit organizations);*

9 “(2) *to assist the region in obtaining the job*
10 *training, employment-related education, and business*
11 *development (with an emphasis on entrepreneurship)*
12 *that are needed to build and maintain strong local*
13 *economies;*

14 “(3) *to provide assistance to severely distressed*
15 *and underdeveloped areas that lack financial re-*
16 *sources for improving basic public services;*

17 “(4) *to provide assistance to severely distressed*
18 *and underdeveloped areas that lack financial re-*
19 *sources for equipping industrial parks and related fa-*
20 *cilities; and*

21 “(5) *to otherwise achieve the purposes of this*
22 *subtitle.*

23 “(b) *FUNDING.—*

24 “(1) *IN GENERAL.—Funds for grants under sub-*
25 *section (a) may be provided—*

1 “(A) entirely from appropriations to carry
2 out this section;

3 “(B) in combination with funds available
4 under another Federal grant program; or

5 “(C) from any other source.

6 “(2) *PRIORITY OF FUNDING.*—To best build the
7 foundations for long-term economic development and
8 to complement other Federal, State, and tribal re-
9 sources in the region, Federal funds available under
10 this subtitle shall be focused on the activities in the
11 following order or priority:

12 “(A) Basic public infrastructure in dis-
13 tressed counties and isolated areas of distress.

14 “(B) Transportation and telecommuni-
15 cation infrastructure for the purpose of facili-
16 tating economic development in the region.

17 “(C) Business development, with emphasis
18 on entrepreneurship.

19 “(D) Job training or employment-related
20 education, with emphasis on use of existing pub-
21 lic educational institutions located in the region.

22 “(3) *FEDERAL SHARE IN GRANT PROGRAMS.*—
23 Notwithstanding any provision of law limiting the
24 Federal share in any grant program, funds appro-
25 priated to carry out this section may be used to in-

1 crease a Federal share in a grant program, as the Au-
2 thority determines appropriate.

3 **“SEC. 387D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.**

4 “(a) *FINDING.*—Congress finds that certain States and
5 local communities of the region, including local develop-
6 ment districts, may be unable to take maximum advantage
7 of Federal grant programs for which the States and commu-
8 nities are eligible because—

9 “(1) they lack the economic resources to provide
10 the required matching share; or

11 “(2) there are insufficient funds available under
12 the applicable Federal law authorizing the Federal
13 grant program to meet pressing needs of the region.

14 “(b) *FEDERAL GRANT PROGRAM FUNDING.*—Notwith-
15 standing any provision of law limiting the Federal share,
16 the areas eligible for assistance, or the authorizations of ap-
17 propriations, under any Federal grant program, and in ac-
18 cordance with subsection (c), the Authority, with the ap-
19 proval of the Federal cochairperson and with respect to a
20 project to be carried out in the region, may—

21 “(1) increase the Federal share of the costs of a
22 project under any Federal grant program to not more
23 than 90 percent (except as provided in section
24 387F(b)); and

1 “(2) use amounts made available to carry out
2 this subtitle to pay all or a portion of the increased
3 Federal share.

4 “(c) CERTIFICATIONS.—

5 “(1) IN GENERAL.—In the case of any project for
6 which all or any portion of the basic Federal share
7 of the costs of the project is proposed to be paid under
8 this section, no Federal contribution shall be made
9 until the Federal official administering the Federal
10 law that authorizes the Federal grant program cer-
11 tifies that the project—

12 “(A) meets (except as provided in subsection
13 (b)) the applicable requirements of the applicable
14 Federal grant program; and

15 “(B) could be approved for Federal con-
16 tribution under the Federal grant program if
17 funds were available under the law for the
18 project.

19 “(2) CERTIFICATION BY AUTHORITY.—

20 “(A) IN GENERAL.—The certifications and
21 determinations required to be made by the Au-
22 thority for approval of projects under this Act in
23 accordance with section 387I—

24 “(i) shall be controlling; and

1 “(ii) shall be accepted by the Federal
2 agencies.

3 “(B) ACCEPTANCE BY FEDERAL COCHAIR-
4 PERSON.—In the case of any project described in
5 paragraph (1), any finding, report, certification,
6 or documentation required to be submitted with
7 respect to the project to the head of the depart-
8 ment, agency, or instrumentality of the Federal
9 Government responsible for the administration of
10 the Federal grant program under which the
11 project is carried out shall be accepted by the
12 Federal cochairperson.

13 **“SEC. 387E. LOCAL DEVELOPMENT DISTRICTS AND ORGANI-**
14 **ZATIONS AND NORTHERN GREAT PLAINS INC.**

15 “(a) DEFINITION OF LOCAL DEVELOPMENT DIS-
16 TRICT.—In this section, the term ‘local development district’
17 means an entity—

18 “(1) that—

19 “(A) is a planning district in existence on
20 the date of enactment of this subtitle that is rec-
21 ognized by the Economic Development Adminis-
22 tration of the Department of Commerce; or

23 “(B) is—

24 “(i) organized and operated in a man-
25 ner that ensures broad-based community

1 *participation and an effective opportunity*
2 *for other nonprofit groups to contribute to*
3 *the development and implementation of pro-*
4 *grams in the region;*

5 *“(ii) governed by a policy board with*
6 *at least a simple majority of members con-*
7 *sisting of—*

8 *“(I) elected officials or employees*
9 *of a general purpose unit of local gov-*
10 *ernment who have been appointed to*
11 *represent the government; or*

12 *“(II) individuals appointed by the*
13 *general purpose unit of local govern-*
14 *ment to represent the government;*

15 *“(iii) certified to the Authority as hav-*
16 *ing a charter or authority that includes the*
17 *economic development of counties or parts*
18 *of counties or other political subdivisions*
19 *within the region—*

20 *“(I) by the Governor of each State*
21 *in which the entity is located; or*

22 *“(II) by the State officer des-*
23 *ignated by the appropriate State law*
24 *to make the certification; and*

1 “(iv)(I) a nonprofit incorporated body
2 organized or chartered under the law of the
3 State in which the entity is located;

4 “(II) a nonprofit agency or instrumen-
5 tality of a State or local government;

6 “(III) a public organization established
7 before the date of enactment of this subtitle
8 under State law for creation of multi-juris-
9 dictional, area-wide planning organiza-
10 tions; or

11 “(IV) a nonprofit association or com-
12 bination of bodies, agencies, and instrumen-
13 talities described in subclauses (I) through
14 (III); and

15 “(2) that has not, as certified by the Federal
16 cochairperson—

17 “(A) inappropriately used Federal grant
18 funds from any Federal source; or

19 “(B) appointed an officer who, during the
20 period in which another entity inappropriately
21 used Federal grant funds from any Federal
22 source, was an officer of the other entity.

23 “(b) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—

24 “(1) IN GENERAL.—The Authority may make
25 grants for administrative expenses under this section.

1 “(2) *CONDITIONS FOR GRANTS.*—

2 “(A) *MAXIMUM AMOUNT.*—*The amount of*
3 *any grant awarded under paragraph (1) shall*
4 *not exceed 80 percent of the administrative ex-*
5 *penditures of the local development district receiving*
6 *the grant.*

7 “(B) *MAXIMUM PERIOD.*—*No grant de-*
8 *scribed in paragraph (1) shall be awarded to a*
9 *State agency certified as a local development dis-*
10 *trict for a period greater than 3 years.*

11 “(C) *LOCAL SHARE.*—*The contributions of a*
12 *local development district for administrative ex-*
13 *penditures may be in cash or in kind, fairly evalu-*
14 *ated, including space, equipment, and services.*

15 “(c) *DUTIES OF LOCAL DEVELOPMENT DISTRICTS.*—
16 *A local development district shall—*

17 “(1) *operate as a lead organization serving*
18 *multicounty areas in the region at the local level; and*

19 “(2) *serve as a liaison between State, tribal, and*
20 *local governments, nonprofit organizations (including*
21 *community-based groups and educational institu-*
22 *tions), the business community, and citizens that—*

23 “(A) *are involved in multijurisdictional*
24 *planning;*

1 “(B) provide technical assistance to local
2 jurisdictions and potential grantees; and

3 “(C) provide leadership and civic develop-
4 ment assistance.

5 “(d) *NORTHERN GREAT PLAINS INC.*—Northern Great
6 *Plains Inc., a nonprofit corporation incorporated in the*
7 *State of Minnesota to implement the recommendations of*
8 *the Northern Great Plains Rural Development Commission*
9 *established by the Northern Great Plains Rural Develop-*
10 *ment Act (7 U.S.C. 2661 note; Public Law 103–318)—*

11 “(1) shall serve as an independent, primary re-
12 source for the Authority on issues of concern to the re-
13 gion;

14 “(2) shall advise the Authority on development of
15 international trade;

16 “(3) may provide research, education, training,
17 and other support to the Authority; and

18 “(4) may carry out other activities on its own
19 behalf or on behalf of other entities.

20 **“SEC. 387F. DISTRESSED COUNTIES AND AREAS AND NON-**
21 **DISTRESSED COUNTIES.**

22 “(a) *DESIGNATIONS.*—Not later than 90 days after the
23 *date of enactment of this subtitle, and annually thereafter,*
24 *the Authority, in accordance with such criteria as the Au-*
25 *thority may establish, shall designate—*

1 “(1) as distressed counties, counties in the region
2 that are the most severely and persistently distressed
3 and underdeveloped and have high rates of poverty,
4 unemployment, or outmigration;

5 “(2) as nondistressed counties, counties in the re-
6 gion that are not designated as distressed counties
7 under paragraph (1); and

8 “(3) as isolated areas of distress, areas located in
9 nondistressed counties (as designated under para-
10 graph (2)) that have high rates of poverty, unemploy-
11 ment, or outmigration.

12 “(b) *DISTRESSED COUNTIES.*—

13 “(1) *IN GENERAL.*—The Authority shall allocate
14 at least 75 percent of the appropriations made avail-
15 able under section 387M for programs and projects
16 designed to serve the needs of distressed counties and
17 isolated areas of distress in the region.

18 “(2) *FUNDING LIMITATIONS.*—The funding limi-
19 tations under section 387D(b) shall not apply to a
20 project to provide transportation or telecommuni-
21 cation or basic public services to residents of 1 or
22 more distressed counties or isolated areas of distress
23 in the region.

24 “(c) *NONDISTRESSED COUNTIES.*—

1 “(1) *IN GENERAL.*—*Except as provided in this*
2 *subsection, no funds shall be provided under this sub-*
3 *title for a project located in a county designated as*
4 *a nondistressed county under subsection (a)(2).*

5 “(2) *EXCEPTIONS.*—

6 “(A) *IN GENERAL.*—*The funding prohibi-*
7 *tion under paragraph (1) shall not apply to*
8 *grants to fund the administrative expenses of*
9 *local development districts under section*
10 *387E(b).*

11 “(B) *MULTICOUNTY PROJECTS.*—*The Au-*
12 *thority may waive the application of the funding*
13 *prohibition under paragraph (1) to—*

14 “(i) *a multicounty project that in-*
15 *cludes participation by a nondistressed*
16 *county; or*

17 “(ii) *any other type of project;*
18 *if the Authority determines that the project could*
19 *bring significant benefits to areas of the region*
20 *outside a nondistressed county.*

21 “(C) *ISOLATED AREAS OF DISTRESS.*—*For*
22 *a designation of an isolated area of distress for*
23 *assistance to be effective, the designation shall be*
24 *supported—*

1 “(i) by the most recent Federal data
2 available; or

3 “(ii) if no recent Federal data are
4 available, by the most recent data available
5 through the government of the State in
6 which the isolated area of distress is located.

7 “(d) *TRANSPORTATION, TELECOMMUNICATION, AND*
8 *BASIC PUBLIC INFRASTRUCTURE.*—The Authority shall al-
9 locate at least 50 percent of any funds made available under
10 section 387M for transportation, telecommunication, and
11 basic public infrastructure projects authorized under para-
12 graphs (1) and (3) of section 387C(a).

13 **“SEC. 387G. DEVELOPMENT PLANNING PROCESS.**

14 “(a) *STATE DEVELOPMENT PLAN.*—In accordance
15 with policies established by the Authority, each State mem-
16 ber shall submit a development plan for the area of the re-
17 gion represented by the State member.

18 “(b) *CONTENT OF PLAN.*—A State development plan
19 submitted under subsection (a) shall reflect the goals, objec-
20 tives, and priorities identified in the regional development
21 plan developed under section 387B(d)(2).

22 “(c) *CONSULTATION WITH INTERESTED LOCAL PAR-*
23 *TIES.*—In carrying out the development planning process
24 (including the selection of programs and projects for assist-
25 ance), a State may—

1 “(1) *consult with—*

2 “(A) *local development districts; and*

3 “(B) *local units of government; and*

4 “(2) *take into consideration the goals, objectives,*
5 *priorities, and recommendations of the entities de-*
6 *scribed in paragraph (1).*

7 “(d) **PUBLIC PARTICIPATION.—**

8 “(1) **IN GENERAL.—***The Authority and applica-*
9 *ble State and local development districts shall encour-*
10 *age and assist, to the maximum extent practicable,*
11 *public participation in the development, revision, and*
12 *implementation of all plans and programs under this*
13 *subtitle.*

14 “(2) **REGULATIONS.—***The Authority shall de-*
15 *velop guidelines for providing public participation*
16 *described in paragraph (1), including public hear-*
17 *ings.*

18 **“SEC. 387H. PROGRAM DEVELOPMENT CRITERIA.**

19 “(a) **IN GENERAL.—***In considering programs and*
20 *projects to be provided assistance under this subtitle, and*
21 *in establishing a priority ranking of the requests for assist-*
22 *ance provided to the Authority, the Authority shall follow*
23 *procedures that ensure, to the maximum extent practicable,*
24 *consideration of—*

1 “(1) the relationship of the project or class of
2 projects to overall regional development;

3 “(2) the per capita income and poverty and un-
4 employment and outmigration rates in an area;

5 “(3) the financial resources available to the ap-
6 plicants for assistance seeking to carry out the
7 project, with emphasis on ensuring that projects are
8 adequately financed to maximize the probability of
9 successful economic development;

10 “(4) the importance of the project or class of
11 projects in relation to other projects or classes of
12 projects that may be in competition for the same
13 funds;

14 “(5) the prospects that the project for which as-
15 sistance is sought will improve, on a continuing rath-
16 er than a temporary basis, the opportunities for em-
17 ployment, the average level of income, or the economic
18 development of the area to be served by the project;
19 and

20 “(6) the extent to which the project design pro-
21 vides for detailed outcome measurements by which
22 grant expenditures and the results of the expenditures
23 may be evaluated.

24 “(b) *NO RELOCATION ASSISTANCE*.—No financial as-
25 sistance authorized by this subtitle shall be used to assist

1 *a person or entity in relocating from one area to another,*
2 *except that financial assistance may be used as otherwise*
3 *authorized by this title to attract businesses from outside*
4 *the region to the region.*

5 “(c) *MAINTENANCE OF EFFORT.*—*Funds may be pro-*
6 *vided for a program or project in a State under this subtitle*
7 *only if the Authority determines that the level of Federal*
8 *or State financial assistance provided under a law other*
9 *than this subtitle, for the same type of program or project*
10 *in the same area of the State within the region, will not*
11 *be reduced as a result of funds made available by this sub-*
12 *title.*

13 **“SEC. 387I. APPROVAL OF DEVELOPMENT PLANS AND**
14 **PROJECTS.**

15 “(a) *IN GENERAL.*—*A State or regional development*
16 *plan or any multistate subregional plan that is proposed*
17 *for development under this subtitle shall be reviewed by the*
18 *Authority.*

19 “(b) *EVALUATION BY STATE MEMBER.*—*An applica-*
20 *tion for a grant or any other assistance for a project under*
21 *this subtitle shall be made through and evaluated for ap-*
22 *proval by the State member of the Authority representing*
23 *the applicant.*

24 “(c) *CERTIFICATION.*—*An application for a grant or*
25 *other assistance for a project shall be approved only on cer-*

1 *tification by the State member that the application for the*
2 *project—*

3 “(1) *describes ways in which the project complies*
4 *with any applicable State development plan;*

5 “(2) *meets applicable criteria under section*
6 *387H;*

7 “(3) *provides adequate assurance that the pro-*
8 *posed project will be properly administered, operated,*
9 *and maintained; and*

10 “(4) *otherwise meets the requirements of this sub-*
11 *title.*

12 “(d) *VOTES FOR DECISIONS.—On certification by a*
13 *State member of the Authority of an application for a grant*
14 *or other assistance for a specific project under this section,*
15 *an affirmative vote of the Authority under section 387B(c)*
16 *shall be required for approval of the application.*

17 **“SEC. 387J. CONSENT OF STATES.**

18 “*Nothing in this subtitle requires any State to engage*
19 *in or accept any program under this subtitle without the*
20 *consent of the State.*

21 **“SEC. 387K. RECORDS.**

22 “(a) *RECORDS OF THE AUTHORITY.—*

23 “(1) *IN GENERAL.—The Authority shall main-*
24 *tain accurate and complete records of all transactions*
25 *and activities of the Authority.*

1 “(2) *AVAILABILITY.*—All records of the Authority
2 shall be available for audit and examination by the
3 Comptroller General of the United States and the In-
4 spector General of the Department of Agriculture (in-
5 cluding authorized representatives of the Comptroller
6 General and the Inspector General of the Department
7 of Agriculture).

8 “(b) *RECORDS OF RECIPIENTS OF FEDERAL ASSIST-*
9 *ANCE.*—

10 “(1) *IN GENERAL.*—A recipient of Federal funds
11 under this subtitle shall, as required by the Authority,
12 maintain accurate and complete records of trans-
13 actions and activities financed with Federal funds
14 and report to the Authority on the transactions and
15 activities to the Authority.

16 “(2) *AVAILABILITY.*—All records required under
17 paragraph (1) shall be available for audit by the
18 Comptroller General of the United States, the Inspec-
19 tor General of the Department of Agriculture, and the
20 Authority (including authorized representatives of the
21 Comptroller General, the Inspector General of the De-
22 partment of Agriculture, and the Authority).

23 “(c) *ANNUAL AUDIT.*—The Inspector General of the
24 Department of Agriculture shall audit the activities, trans-
25 actions, and records of the Authority on an annual basis.

1 **“SEC. 387L. ANNUAL REPORT.**

2 *“Not later than 180 days after the end of each fiscal*
3 *year, the Authority shall submit to the President and to*
4 *Congress a report describing the activities carried out under*
5 *this subtitle.*

6 **“SEC. 387M. AUTHORIZATION OF APPROPRIATIONS.**

7 *“(a) IN GENERAL.—There is authorized to be appro-*
8 *priated to the Authority to carry out this subtitle*
9 *\$30,000,000 for each of fiscal years 2002 through 2006, to*
10 *remain available until expended.*

11 *“(b) ADMINISTRATIVE EXPENSES.—Not more than 5*
12 *percent of the amount appropriated under subsection (a)*
13 *for a fiscal year shall be used for administrative expenses*
14 *of the Authority.*

15 *“(c) MINIMUM STATE SHARE OF GRANTS.—Notwith-*
16 *standing any other provision of this subtitle, for any fiscal*
17 *year, the aggregate amount of grants received by a State*
18 *and all persons or entities in the State under this subtitle*
19 *shall be not less than $\frac{1}{3}$ of the product obtained by*
20 *multiplying—*

21 *“(1) the aggregate amount of grants under this*
22 *subtitle for the fiscal year; and*

23 *“(2) the ratio that—*

24 *“(A) the population of the State (as deter-*
25 *mined by the Secretary of Commerce based on*

1 *the most recent decennial census for which data*
2 *are available); bears to*

3 “(B) *the population of the region (as so de-*
4 *termined).*”

5 **“SEC. 387N. TERMINATION OF AUTHORITY.**

6 *“The authority provided by this subtitle terminates ef-*
7 *fective October 1, 2006.”.*

8 ***Subtitle D—Food, Agriculture, Con-***
9 ***servation, and Trade Act of 1990***

10 **SEC. 651. ALTERNATIVE AGRICULTURAL RESEARCH AND**
11 **COMMERCIALIZATION CORPORATION.**

12 (a) **REPEAL OF CORPORATION AUTHORIZATION.**—
13 *Subtitle G of title XVI of the Food, Agriculture, Conserva-*
14 *tion, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is re-*
15 *pealed.*

16 (b) **DISPOSITION OF ASSETS.**—*On the date of enact-*
17 *ment of this Act—*

18 (1) *the assets, both tangible and intangible, of the*
19 *Alternative Agricultural Research and Commer-*
20 *cialization Corporation (referred to in this section as*
21 *the “Corporation”), including the funds in the Alter-*
22 *native Agricultural Research and Commercialization*
23 *Revolving Fund as of the date of enactment of this*
24 *Act, are transferred to the Secretary of Agriculture;*
25 *and*

1 (2) *notwithstanding the Federal Property and*
2 *Administrative Services Act of 1949 (40 U.S.C. 471*
3 *et seq.), the Secretary shall have authority to manage*
4 *and dispose of the assets transferred under paragraph*
5 *(1) in a manner that, to the maximum extent prac-*
6 *ticable, provides the greatest return on investment.*

7 (c) *USE OF ASSETS.—*

8 (1) *IN GENERAL.—Funds transferred under sub-*
9 *section (b), and any income from assets or proceeds*
10 *from the sale of assets transferred under subsection*
11 *(b), shall be deposited into an account in the Treas-*
12 *ury, and shall remain available to the Secretary until*
13 *expended, without further appropriation, to pay—*

14 (A) *any outstanding claims or obligations*
15 *of the Corporation; and*

16 (B) *the costs incurred by the Secretary in*
17 *carrying out this section.*

18 (2) *FINAL DISPOSITION.—On final disposition of*
19 *all assets transferred under subsection (b), any funds*
20 *remaining in the account described in paragraph (1)*
21 *shall be transferred into miscellaneous receipts in the*
22 *Treasury.*

23 (d) *CONFORMING AMENDMENTS.—*

24 (1) *The following provisions are repealed:*

1 (A) *Section 730 of the Federal Agriculture*
2 *Improvement and Reform Act of 1996 (7 U.S.C.*
3 *5902 note; Public Law 104–127).*

4 (B) *Section 9101(3)(Q) of title 31, United*
5 *States Code.*

6 (2) *Section 401(c) of the Agricultural Research,*
7 *Education, and Extension Reform Act of 1998 (7*
8 *U.S.C. 7621(c)) is amended by striking paragraph (1)*
9 *and inserting the following:*

10 “(1) *CRITICAL EMERGING ISSUES.—Subject to*
11 *paragraph (2), the Secretary shall use the funds in*
12 *the Account for research, extension, and education*
13 *grants (referred to in this section as ‘grants’) to ad-*
14 *dress critical emerging agricultural issues related*
15 *to—*

16 “(A) *future food production;*

17 “(B) *environmental quality and natural re-*
18 *source management; or*

19 “(C) *farm income.”.*

20 (3) *Section 793(c)(1)(A)(ii)(II) of the Federal*
21 *Agriculture Improvement and Reform Act of 1996 (7*
22 *U.S.C. 2204f(c)(1)(A)(ii)(II)) is amended by striking*
23 *“subtitle G of title XVI and”.*

1 **SEC. 652. TELEMEDICINE AND DISTANCE LEARNING SERV-**
2 **ICES IN RURAL AREAS.**

3 (a) *IN GENERAL.*—Section 2335A of the Food, Agri-
4 culture, Conservation, and Trade Act of 1990 (7 U.S.C.
5 950aaa–5) is amended by striking “2002” and inserting
6 “2006”.

7 (b) *CONFORMING AMENDMENT.*—Section 1(b) of Public
8 Law 102–551 (7 U.S.C. 950aaa note) is amended by strik-
9 ing “1997” and inserting “2006”.

10 ***Subtitle E—Rural Electrification***
11 ***Act of 1936***

12 **SEC. 661. GUARANTEES FOR BONDS AND NOTES ISSUED**
13 **FOR ELECTRIFICATION OR TELEPHONE PUR-**
14 **POSES.**

15 (a) *IN GENERAL.*—The Rural Electrification Act of
16 1936 is amended by inserting after section 313 (7 U.S.C.
17 940c) the following:

18 **“SEC. 313A. GUARANTEES FOR BONDS AND NOTES ISSUED**
19 **FOR ELECTRIFICATION OR TELEPHONE PUR-**
20 **POSES.**

21 “(a) *IN GENERAL.*—Subject to subsection (b), the Sec-
22 retary shall guarantee payments on bonds or notes issued
23 by cooperative or other lenders organized on a not-for-profit
24 basis if the proceeds of the bonds or notes are used for elec-
25 trification or telephone projects eligible for assistance under

1 *this Act, including the refinancing of bonds or notes issued*
2 *for such projects.*

3 “(b) *LIMITATIONS.*—

4 “(1) *OUTSTANDING LOANS.*—*A lender shall not*
5 *receive a guarantee under this section for a bond or*
6 *note if, at the time of the guarantee, the total prin-*
7 *cipal amount of such guaranteed bonds or notes out-*
8 *standing of the lender would exceed the principal*
9 *amount of outstanding loans of the lender for elec-*
10 *trification or telephone purposes that have been made*
11 *concurrently with loans approved for such purposes*
12 *under this Act.*

13 “(2) *GENERATION OF ELECTRICITY.*—*The Sec-*
14 *retary shall not guarantee payment on a bond or note*
15 *issued by a lender, the proceeds of which are used for*
16 *the generation of electricity.*

17 “(3) *QUALIFICATIONS.*—*The Secretary may deny*
18 *the request of a lender for the guarantee of a bond or*
19 *note under this section if the Secretary determines*
20 *that—*

21 “(A) *the lender does not have appropriate*
22 *expertise or experience or is otherwise not quali-*
23 *fied to make loans for electrification or telephone*
24 *purposes;*

1 “(B) the bond or note issued by the lender
2 is not of reasonable and sufficient quality; or

3 “(C) the lender has not provided sufficient
4 evidence that the proceeds of the bond or note are
5 used for eligible projects described in subsection
6 (a).

7 “(4) INTEREST RATE REDUCTION.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraph (B), a lender may not use any
10 amount obtained from the reduction in funding
11 costs as a result of the guarantee of a bond or
12 note under this section to reduce the interest rate
13 on a new or outstanding loan.

14 “(B) CONCURRENT LOANS.—A lender may
15 use any amount described in subparagraph (A)
16 to reduce the interest rate on a loan if the loan
17 is—

18 “(i) made by the lender for electrifica-
19 tion or telephone projects that are eligible
20 for assistance under this Act; and

21 “(ii) made concurrently with a loan
22 approved by the Secretary under this Act
23 for such a project, as provided in section
24 307.

25 “(c) FEES.—

1 “(1) *IN GENERAL.*—A lender that receives a
2 *guarantee issued under this section on a bond or note*
3 *shall pay a fee to the Secretary.*

4 “(2) *AMOUNT.*—The amount of an annual fee
5 *paid for the guarantee of a bond or note under this*
6 *section shall be equal to 30 basis points of the amount*
7 *of the unpaid principal of the bond or note guaran-*
8 *teed under this section.*

9 “(3) *PAYMENT.*—A lender shall pay the fees re-
10 *quired under this subsection on a semiannual basis.*

11 “(4) *RURAL ECONOMIC DEVELOPMENT SUB-*
12 *ACCOUNT.*—Subject to subsection (e)(2), fees collected
13 *under this subsection shall be—*

14 “(A) *deposited into the rural economic de-*
15 *velopment subaccount maintained under section*
16 *313(b)(2)(A), to remain available until ex-*
17 *pended; and*

18 “(B) *used for the purposes described in sec-*
19 *tion 313(b)(2)(B).*

20 “(d) *GUARANTEES.*—

21 “(1) *IN GENERAL.*—A guarantee issued under
22 *this section shall—*

23 “(A) *be for the full amount of a bond or*
24 *note, including the amount of principal, interest,*
25 *and call premiums;*

1 “(B) be fully assignable and transferable;
2 and

3 “(C) represent the full faith and credit of
4 the United States.

5 “(2) *LIMITATION.*—To ensure that the Secretary
6 has the resources necessary to properly examine the
7 proposed guarantees, the Secretary may limit the
8 number of guarantees issued under this section if the
9 number of such guarantees exceeds 5 per year.

10 “(3) *DEPARTMENT OPINION.*—On the timely re-
11 quest of an eligible lender, the General Counsel of the
12 Department of Agriculture shall provide the Secretary
13 with an opinion regarding the validity and authority
14 of a guarantee issued to the lender under this section.

15 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—

16 “(1) *IN GENERAL.*—There are authorized to be
17 appropriated such sums as are necessary to carry out
18 this section.

19 “(2) *FEEES.*—To the extent that the amount of
20 funds appropriated for a fiscal year under paragraph
21 (1) are not sufficient to carry out this section, the
22 Secretary may use up to $\frac{1}{3}$ of the fees collected under
23 subsection (c) for the cost of providing guarantees of
24 bonds and notes under this section before depositing
25 the remainder of the fees into the rural economic de-

1 *velopment subaccount maintained under section*
2 *313(b)(2)(A).*

3 “(f) *TERMINATION.*—*The authority provided under*
4 *this section shall terminate on September 30, 2006.*”.

5 (b) *ADMINISTRATION.*—

6 (1) *REGULATIONS.*—*Not later than 180 days*
7 *after the date of enactment of this Act, the Secretary*
8 *of Agriculture shall promulgate regulations to carry*
9 *out the amendments made by this section.*

10 (2) *IMPLEMENTATION.*—*Not later than 240 days*
11 *after the date of enactment of this Act, the Secretary*
12 *shall implement the amendment made by this section.*

13 **SEC. 662. EXPANSION OF 911 ACCESS.**

14 *Title III of the Rural Electrification Act of 1936 (7*
15 *U.S.C. 931 et seq.) is amended by adding the following:*

16 **“SEC. 315. EXPANSION OF 911 ACCESS.**

17 “(a) *IN GENERAL.*—*Subject to such terms and condi-*
18 *tions as the Secretary may prescribe, the Secretary may*
19 *make telephone loans under this title to State or local gov-*
20 *ernments, Indian tribes (as defined in section 4 of the In-*
21 *dian Self-Determination and Education Assistance Act (25*
22 *U.S.C. 450b)), or other public entities for facilities and*
23 *equipment to expand 911 access in underserved rural areas.*

1 “(b) *AUTHORIZATION OF APPROPRIATIONS.*—There
 2 are authorized to be appropriated such sums as are nec-
 3 essary to carry out this section.”.

4 **TITLE VII—AGRICULTURAL RE-**
 5 **SEARCH, EDUCATION, AND**
 6 **EXTENSION AND RELATED**
 7 **MATTERS**

8 **Subtitle A—National Agricultural**
 9 **Research, Extension, and Teach-**
 10 **ing Policy Act of 1977**

11 **SEC. 701. DEFINITIONS.**

12 (a) *IN GENERAL.*—Section 1404 of the National Agri-
 13 cultural Research, Extension, and Teaching Policy Act of
 14 1977 (7 U.S.C. 3103) is amended—

15 (1) by redesignating paragraphs (10) through
 16 (17) as paragraphs (11) through (18), respectively;

17 (2) by inserting after paragraph (9) the fol-
 18 lowing:

19 “(10) *INSULAR AREA.*—The term ‘insular area’
 20 means—

21 “(A) the Commonwealth of Puerto Rico;

22 “(B) Guam;

23 “(C) American Samoa;

24 “(D) the Commonwealth of the Northern
 25 Mariana Islands;

1 “(E) the Federated States of Micronesia;
 2 “(F) the Republic of the Marshall Islands;
 3 “(G) the Republic of Palau; and
 4 “(H) the Virgin Islands of the United
 5 States.”; and

6 (3) by striking paragraph (13) (as so redesignated) and inserting the following:

8 “(13) STATE.—The term ‘State’ means—
 9 “(A) a State;
 10 “(B) the District of Columbia; and
 11 “(C) any insular area.”.

12 (b) EFFECT OF AMENDMENTS.—The amendments
 13 made by subsection (a) shall not affect any basis for dis-
 14 tribution of funds by formula (in effect on the date of enact-
 15 ment of this Act) to—

16 (1) the Federated States of Micronesia;
 17 (2) the Republic of the Marshall Islands; or
 18 (3) the Republic of Palau.

19 **SEC. 702. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**
 20 **SION, EDUCATION, AND ECONOMICS ADVI-**
 21 **SORY BOARD.**

22 Section 1408(h) of the National Agricultural Research,
 23 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
 24 3123(h)) is amended by striking “2002” and inserting
 25 “2006”.

1 **SEC. 703. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRI-**
2 **CULTURAL SCIENCES EDUCATION.**

3 *Section 1417 of the National Agricultural Research,*
4 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
5 *3152) is amended—*

6 *(1) in subsection (a)—*

7 *(A) by striking “and” after “economics,”;*
8 *and*

9 *(B) by inserting “, and rural economic,*
10 *community, and business development” before*
11 *the period;*

12 *(2) in subsection (b)—*

13 *(A) in paragraph (1), by inserting “, or in*
14 *rural economic, community, and business devel-*
15 *opment” before the semicolon;*

16 *(B) in paragraph (2), by inserting “, or in*
17 *rural economic, community, and business devel-*
18 *opment” before the semicolon;*

19 *(C) in paragraph (3), by inserting “, or*
20 *teaching programs emphasizing rural economic,*
21 *community, and business development” before*
22 *the semicolon;*

23 *(D) in paragraph (4), by inserting “, or*
24 *programs emphasizing rural economic, commu-*
25 *nity, and business development,” after “pro-*
26 *grams”;* and

1 (E) in paragraph (5), by inserting “, or
2 professionals in rural economic, community, and
3 business development” before the semicolon;

4 (3) in subsection (d)—

5 (A) in paragraph (1), by inserting “, or in
6 rural economic, community, and business devel-
7 opment,” after “sciences”; and

8 (B) in paragraph (2), by inserting “, or in
9 the rural economic, community, and business de-
10 velopment workforce,” after “workforce”; and

11 (4) in subsection (l), by striking “2002” and in-
12 serting “2006”.

13 **SEC. 704. COMPETITIVE RESEARCH FACILITIES GRANT PRO-**
14 **GRAM.**

15 The National Agricultural Research, Extension, and
16 Teaching Policy Act of 1977 is amended by inserting after
17 section 1417 (7 U.S.C. 3152) the following:

18 **“SEC. 1417A. COMPETITIVE RESEARCH FACILITIES GRANT**
19 **PROGRAM.**

20 “(a) *AUTHORITY.*—The Secretary may award grants
21 to eligible institutions on a competitive basis for the con-
22 struction, acquisition, modernization, renovation, alter-
23 ation, and remodeling of food and agricultural research fa-
24 cilities such as buildings, laboratories, and other capital fa-

1 *cilities (including acquisition of fixtures and equipment)*
2 *in accordance with this section.*

3 “(b) *ELIGIBLE INSTITUTIONS.*—*The following institu-*
4 *tions are eligible to compete for grants under subsection (a):*

5 “(1) *A State cooperative institution.*

6 “(2) *A Hispanic-serving institution.*

7 “(c) *CRITERIA FOR AWARD.*—*The Secretary shall*
8 *award grants to support the national research purposes*
9 *specified in section 1402 in a manner determined by the*
10 *Secretary.*

11 “(d) *MATCHING.*—

12 “(1) *IN GENERAL.*—*The Secretary may establish*
13 *such matching requirements for grants under sub-*
14 *section (a) as the Secretary considers appropriate.*

15 “(2) *FORM OF MATCH.*—*Matching requirements*
16 *established by the Secretary may be met with unreim-*
17 *bursed indirect costs and in-kind contributions.*

18 “(3) *EVALUATION PREFERENCE.*—*The Secretary*
19 *may include an evaluation preference for projects for*
20 *which the applicant proposes funds for the direct costs*
21 *of a project to meet the required match.*

22 “(e) *TARGETED INSTITUTIONS.*—*The Secretary may*
23 *determine that a portion of funds made available to carry*
24 *out this section shall be targeted to particular eligible insti-*

1 *tutions to enhance the capacity of the eligible institutions*
2 *to carry out research.*

3 “(f) *ADMINISTRATION.*—

4 “(1) *REGULATIONS.*—*The Secretary shall pro-*
5 *mulgate such regulations as are necessary to carry*
6 *out this section.*

7 “(2) *STATES WITH MORE THAN 1 ELIGIBLE IN-*
8 *STITUTION.*—*In a State having more than 1 eligible*
9 *institution, the Secretary shall establish procedures in*
10 *accordance with the purposes specified in section 1402*
11 *to ensure that the facility proposals of the eligible in-*
12 *stitutions in the State provide for a coordinated food*
13 *and agricultural research program among eligible in-*
14 *stitutions in the State.*

15 “(g) *APPLICABILITY OF THE FEDERAL ADVISORY COM-*
16 *MITTEE ACT.*—*The Federal Advisory Committee Act (5*
17 *U.S.C. App.) and title XVIII of the Food and Agriculture*
18 *Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a*
19 *panel or board created solely for the purpose of reviewing*
20 *applications or proposals submitted under this section.*

21 “(h) *ADVISORY BOARD.*—*In carrying out this section,*
22 *the Secretary shall consult with the Advisory Board.*

23 “(i) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
24 *authorized to be appropriated such sums as are necessary*

1 *to carry out this section for each of fiscal years 2002*
2 *through 2006.”.*

3 **SEC. 705. GRANTS FOR RESEARCH ON THE PRODUCTION**
4 **AND MARKETING OF ALCOHOLS AND INDUS-**
5 **TRIAL HYDROCARBONS FROM AGRICUL-**
6 **TURAL COMMODITIES AND FOREST PROD-**
7 **UCTS.**

8 *Section 1419(d) of the National Agricultural Research,*
9 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
10 *3154(d)) is amended by striking “2002” and inserting*
11 *“2006”.*

12 **SEC. 706. POLICY RESEARCH CENTERS.**

13 *Section 1419A of the National Agricultural Research,*
14 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
15 *3155) is amended—*

16 *(1) in subsection (c)(3), by striking “collect and*
17 *analyze” and inserting “collect, analyze, and dissemi-*
18 *nate”; and*

19 *(2) in subsection (d), by striking “2002” and in-*
20 *serting “2006”.*

21 **SEC. 707. HUMAN NUTRITION INTERVENTION AND HEALTH**
22 **PROMOTION RESEARCH PROGRAM.**

23 *Section 1424(d) of the National Agricultural Research,*
24 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*

1 3174(d)) is amended by striking “2002” and inserting
2 “2006”.

3 **SEC. 708. PILOT RESEARCH PROGRAM TO COMBINE MED-**
4 **ICAL AND AGRICULTURAL RESEARCH.**

5 *Section 1424A(d) of the National Agricultural Re-*
6 *search, Extension, and Teaching Policy Act of 1977 (7*
7 *U.S.C. 3174a(d)) is amended by striking “2002” and in-*
8 *serting “2006”.*

9 **SEC. 709. NUTRITION EDUCATION PROGRAM.**

10 *Section 1425(c)(3) of the National Agricultural Re-*
11 *search, Extension, and Teaching Policy Act of 1977 (7*
12 *U.S.C. 3175(c)(3)) is amended by striking “2002” and in-*
13 *serting “2006”.*

14 **SEC. 710. ANIMAL HEALTH AND DISEASE RESEARCH PRO-**
15 **GRAMS.**

16 *Section 1433(a) of the National Agricultural Research,*
17 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
18 *3195(a)) is amended in the first sentence by striking*
19 *“2002” and inserting “2006”.*

20 **SEC. 711. RESEARCH ON NATIONAL OR REGIONAL PROB-**
21 **LEMS.**

22 *Section 1434(a) of the National Agricultural Research,*
23 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
24 *3196(a)) is amended by striking “2002” and inserting*
25 *“2006”.*

1 **SEC. 712. EDUCATION GRANTS PROGRAMS FOR HISPANIC-**
2 **SERVING INSTITUTIONS.**

3 *Section 1455(c) of the National Agricultural Research,*
4 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
5 *3241(c)) is amended by striking “2002” and inserting*
6 *“2006”.*

7 **SEC. 713. COMPETITIVE GRANTS FOR INTERNATIONAL AG-**
8 **RICULTURAL SCIENCE AND EDUCATION PRO-**
9 **GRAMS.**

10 *Section 1459A(c) of the National Agricultural Re-*
11 *search, Extension, and Teaching Policy Act of 1977 (7*
12 *U.S.C. 3292b(c)) is amended by striking “2002” and insert-*
13 *ing “2006”.*

14 **SEC. 714. INDIRECT COSTS.**

15 *Section 1462 of the National Agricultural Research,*
16 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
17 *3310) is amended—*

18 *(1) by inserting “(a) IN GENERAL.—” before*
19 *“Except”;*

20 *(2) by striking “19 percent” and all that follows*
21 *and inserting “the negotiated indirect cost rate estab-*
22 *lished for an institution by the cognizant Federal*
23 *audit agency for the institution.”; and*

24 *(3) by adding at the end the following:*

1 “(b) *EXCEPTION.*—Subsection (a) shall not apply to
2 a grant awarded competitively under section 9 of the Small
3 Business Act (15 U.S.C. 638).”.

4 **SEC. 715. RESEARCH EQUIPMENT GRANTS.**

5 *The National Agricultural Research, Extension, and*
6 *Teaching Policy Act of 1977 is amended by inserting after*
7 *section 1462 (7 U.S.C. 3310) the following:*

8 **“SEC. 1462A. RESEARCH EQUIPMENT GRANTS.**

9 “(a) *IN GENERAL.*—The Secretary may make competi-
10 tive grants for the acquisition of special purpose scientific
11 research equipment for use in the food and agricultural
12 sciences programs of eligible institutions described in sub-
13 section (b).

14 “(b) *ELIGIBLE INSTITUTIONS.*—The Secretary may
15 make a grant under this section to—

16 “(1) a college or university; or

17 “(2) a State cooperative institution.

18 “(c) *MAXIMUM AMOUNT.*—The amount of a grant
19 made to an eligible institution under this section may not
20 exceed \$500,000.

21 “(d) *PROHIBITION ON CHARGE OF EQUIPMENT AS IN-*
22 *DIRECT COSTS.*—The cost of acquisition or depreciation of
23 equipment purchased with a grant under this section shall
24 not be—

1 “(1) charged as an indirect cost against another
2 *Federal grant; or*

3 “(2) included as part of the indirect cost pool for
4 *purposes of calculating the indirect cost rate of an eli-*
5 *gible institution.*

6 “(e) *AUTHORIZATION OF APPROPRIATIONS.—There is*
7 *authorized to be appropriated to carry out this section*
8 *\$50,000,000 for each of fiscal years 2002 through 2006.”.*

9 **SEC. 716. AGRICULTURAL RESEARCH PROGRAMS.**

10 *Section 1463 of the National Agricultural Research,*
11 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
12 *3311) is amended—*

13 (1) *in subsection (a), by striking “\$850,000,000*
14 *for each of the fiscal years 1991 through 2002” and*
15 *inserting “\$1,500,000,000 for each of fiscal years*
16 *2002 through 2006”; and*

17 (2) *in subsection (b), by striking “2002” and in-*
18 *serting “2006”.*

19 **SEC. 717. EXTENSION EDUCATION.**

20 *Section 1464 of the National Agricultural Research,*
21 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
22 *3312) is amended by striking “\$420,000,000” and all that*
23 *follows and inserting the following: “\$500,000,000 for each*
24 *of fiscal years 2002 through 2006.”.*

1 **SEC. 718. AVAILABILITY OF COMPETITIVE GRANT FUNDS.**

2 *The National Agricultural Research, Extension, and*
3 *Teaching Policy Act of 1977 is amended by inserting after*
4 *section 1469 (7 U.S.C. 3315) the following:*

5 **“SEC. 1469A. AVAILABILITY OF COMPETITIVE GRANT**
6 **FUNDS.**

7 *“Except as otherwise provided by law, funds made*
8 *available to the Secretary to carry out a competitive agri-*
9 *cultural research, education, or extension grant program*
10 *under this or any other Act shall be available for obligation*
11 *for a 2-year period beginning on October 1 of the fiscal year*
12 *for which the funds are made available.”.*

13 **SEC. 719. JOINT REQUESTS FOR PROPOSALS.**

14 *(a) PURPOSES.—The purposes of this section are—*

15 *(1) to reduce the duplication of administrative*
16 *functions relating to grant awards and administra-*
17 *tion among Federal agencies conducting similar types*
18 *of research, education, and extension programs;*

19 *(2) to maximize the use of peer review resources*
20 *in research, education, and extension programs; and*

21 *(3) to reduce the burden on potential recipients*
22 *that may offer similar proposals to receive competi-*
23 *tive grants under different Federal programs in over-*
24 *lapping subject areas.*

25 *(b) AUTHORITY.—The National Agricultural Research,*
26 *Extension, and Teaching Policy Act of 1977 is amended*

1 *by inserting after section 1473A (7 U.S.C. 3319a) the fol-*
2 *lowing:*

3 **“SEC. 1473B. JOINT REQUESTS FOR PROPOSALS.**

4 “(a) *IN GENERAL.*—*In carrying out any competitive*
5 *agricultural research, education, or extension grant pro-*
6 *gram authorized under this or any other Act, the Secretary*
7 *may cooperate with 1 or more other Federal agencies (in-*
8 *cluding the National Science Foundation) in issuing joint*
9 *requests for proposals, awarding grants, and administering*
10 *grants, for similar or related research, education, or exten-*
11 *sion projects or activities.*

12 “(b) *TRANSFER OF FUNDS.*—

13 “(1) *SECRETARY.*—*The Secretary may transfer*
14 *funds to, or receive funds from, a cooperating Federal*
15 *agency for the purpose of carrying out the joint re-*
16 *quest for proposals, making awards, or administering*
17 *grants.*

18 “(2) *COOPERATING AGENCY.*—*The cooperating*
19 *Federal agency may transfer funds to, or receive*
20 *funds from, the Secretary for the purpose of carrying*
21 *out the joint request for proposals, making awards, or*
22 *administering grants.*

23 “(3) *LIMITATIONS.*—*Funds transferred or re-*
24 *ceived under this subsection shall be—*

1 “(A) *used only in accordance with the laws*
2 *authorizing the appropriation of the funds; and*

3 “(B) *made available by grant only to re-*
4 *ipients that are eligible to receive the grant*
5 *under the laws.*

6 “(c) *ADMINISTRATION.—*

7 “(1) *SECRETARY.—The Secretary may delegate*
8 *authority to issue requests for proposals, make grant*
9 *awards, or administer grants, in whole or in part, to*
10 *a cooperating Federal agency.*

11 “(2) *COOPERATING FEDERAL AGENCY.—The co-*
12 *operating Federal agency may delegate to the Sec-*
13 *retary authority to issue requests for proposals, make*
14 *grant awards, or administer grants, in whole or in*
15 *part.*

16 “(d) *REGULATIONS; RATES.—The Secretary and a co-*
17 *operating Federal agency may agree to make applicable to*
18 *recipients of grants—*

19 “(1) *the post-award grant administration regu-*
20 *lations and indirect cost rates applicable to recipients*
21 *of grants from the Secretary; or*

22 “(2) *the post-award grant administration regu-*
23 *lations and indirect cost rates applicable to recipients*
24 *of grants from the cooperating Federal agency.*

1 “(e) *JOINT PEER REVIEW PANELS.*—Subject to section
2 1413B, the Secretary and a cooperating Federal agency
3 may establish joint peer review panels for the purpose of
4 evaluating grant proposals.”.

5 **SEC. 720. SUPPLEMENTAL AND ALTERNATIVE CROPS.**

6 Section 1473D(a) of the National Agricultural Re-
7 search, Extension, and Teaching Policy Act of 1977 (7
8 U.S.C. 3319d(a)) is amended by striking “2002” and in-
9 serting “2006”.

10 **SEC. 721. AQUACULTURE.**

11 Section 1477 of the National Agricultural Research,
12 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
13 3324) is amended in the first sentence by striking “2002”
14 and inserting “2006”.

15 **SEC. 722. RANGELAND RESEARCH.**

16 Section 1483(a) of the National Agricultural Research,
17 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
18 3336(a)) is amended by striking “2002” and inserting
19 “2006”.

20 **SEC. 723. BIOSECURITY PLANNING AND RESPONSE PRO-**
21 **GRAMS.**

22 (a) *IN GENERAL.*—The National Agricultural Re-
23 search, Extension, and Teaching Policy Act of 1977 (7
24 U.S.C. 3101 et seq.) is amended by adding at the end the
25 following:

1 **“Subtitle N—Biosecurity**

2 **“CHAPTER 1—AGRICULTURE**

3 **INFRASTRUCTURE SECURITY**

4 **“SEC. 1484. DEFINITIONS.**

5 *“In this chapter:*

6 *“(1) AGRICULTURAL RESEARCH FACILITY.—The*
7 *term ‘agricultural research facility’ means a*
8 *facility—*

9 *“(A) at which agricultural research is regu-*
10 *larly carried out or proposed to be carried out;*
11 *and*

12 *“(B) that is—*

13 *“(i)(I) an Agricultural Research Serv-*
14 *ice facility;*

15 *“(II) a Forest Service facility; or*

16 *“(III) an Animal and Plant Health*
17 *Inspection Service facility;*

18 *“(ii) a Federal agricultural facility in*
19 *the process of being planned or being con-*
20 *structed; or*

21 *“(iii) any other facility under the full*
22 *control of the Secretary.*

23 *“(2) COMMISSION.—The term ‘Commission’*
24 *means the Agriculture Infrastructure Security Com-*
25 *mission established under section 1486.*

1 “(2) *FUND.*—*The term ‘Fund’ means the Agri-*
2 *culture Infrastructure Security Fund Account estab-*
3 *lished by section 1485.*

4 **“SEC. 1485. AGRICULTURE INFRASTRUCTURE SECURITY**
5 **FUND.**

6 “(a) *ESTABLISHMENT.*—*There is established in the*
7 *Treasury of the United States an account, to be known as*
8 *the ‘Agriculture Infrastructure Security Fund Account’,*
9 *consisting of funds appropriated to, or deposited into, the*
10 *Fund under subsection (c).*

11 “(b) *PURPOSES.*—*The purposes of the Fund are to pro-*
12 *vide funding to protect and strengthen the Federal food safe-*
13 *ty and agricultural infrastructure that—*

14 “(1) *safeguards against animal and plant dis-*
15 *eases and pests;*

16 “(2) *ensures the safety of the food supply; and*

17 “(3) *ensures sound science in support of food and*
18 *agricultural policy.*

19 “(c) *DEPOSITS INTO FUND.*—

20 “(1) *IN GENERAL.*—*There are authorized to be*
21 *appropriated to the Fund such sums as are necessary*
22 *for each of fiscal years 2002 through 2006.*

23 “(2) *CONTRIBUTIONS AND OTHER PROCEEDS.*—
24 *The Secretary shall deposit into the Fund any funds*
25 *received—*

1 “(A) as proceeds from the sale of assets
2 under subsection (e); or

3 “(B) as gifts under subsection (f).

4 “(3) AVAILABILITY OF FUNDS.—Amounts in the
5 Fund shall remain available until expended without
6 further Act of appropriation.

7 “(4) ADDITIONAL FUNDS.—Funds made avail-
8 able under paragraph (1) shall be in addition to
9 funds otherwise available to the Secretary to receive
10 gifts and bequests or dispose of property (real, per-
11 sonal, or intangible).

12 “(d) EXPENDITURES FROM FUND.—

13 “(1) IN GENERAL.—Subject to paragraph (2), on
14 request by the Secretary, the Secretary of the Treas-
15 ury shall transfer from the Fund to the Secretary,
16 and the Secretary shall accept and use without fur-
17 ther appropriation, such amounts as the Secretary de-
18 termines to be necessary to pay—

19 “(A) the costs of planning, design, develop-
20 ment, construction, acquisition, modernization,
21 leasing, and disposal of facilities, equipment,
22 and technology used by the Department in car-
23 rying out programs relating to the purposes
24 specified in subsection (b), notwithstanding the
25 Federal Property and Administrative Services

1 *Act of 1949 (40 U.S.C. 471 et seq.) or any other*
2 *law that prescribes procedures for the procure-*
3 *ment, use, or disposal of property or services by*
4 *a Federal agency;*

5 “(B) *the costs of specialized services relating*
6 *to the purposes specified in subsection (b);*

7 “(C) *the costs of cooperative arrangements*
8 *authorized to be entered into (notwithstanding*
9 *chapter 63 of title 31, United States Code) with*
10 *State, local and tribal governments, and other*
11 *public and private entities, to carry out pro-*
12 *grams relating to the purposes specified in sub-*
13 *section (b); and*

14 “(D) *administrative costs incurred in car-*
15 *rying out subparagraphs (A) through (C).*

16 “(2) *LIMITATIONS.—*

17 “(A) *FEDERAL EMPLOYEES.—Amounts in*
18 *the Fund shall not be used to create any new full*
19 *or part-time permanent Federal employee posi-*
20 *tion.*

21 “(B) *ADMINISTRATIVE EXPENSES.—Begin-*
22 *ning in fiscal year 2003, not more than 1 per-*
23 *cent of the amounts in the Fund on October 1 of*
24 *a fiscal year may be used in the fiscal year for*
25 *administrative expenses of the Secretary in car-*

1 *rying out the activities described in paragraph*
2 *(1).*

3 “(e) *SALE OF ASSETS.*—

4 “(1) *DISPOSAL AUTHORITY.*—*Notwithstanding*
5 *the Federal Property and Administrative Services Act*
6 *of 1949 (40 U.S.C. 471 et seq.), the Secretary by sale*
7 *may dispose of all or any part of any right or title*
8 *in land (excluding National Forest System land), fa-*
9 *ilities, or equipment in the full control of the Depart-*
10 *ment used for the purposes specified in subsection (b).*

11 “(2) *DISPOSITION OF PROCEEDS.*—*Proceeds from*
12 *any sale conducted by the Secretary under paragraph*
13 *(1) shall be deposited into the Fund in accordance*
14 *with subsection (c)(2)(A).*

15 “(f) *GIFTS.*—

16 “(1) *IN GENERAL.*—*To carry out the purposes*
17 *specified in subsection (b), the Secretary may accept*
18 *gifts and bequests of funds, property (real, personal,*
19 *and intangible), equipment, services, and other in-*
20 *kind contributions from State, local, and tribal gov-*
21 *ernments, colleges and universities, individuals, and*
22 *other public and private entities.*

23 “(2) *PROHIBITED SOURCE.*—

24 “(A) *IN GENERAL.*—*For the purposes of this*
25 *subsection, the Secretary shall not consider a*

1 *State or local government, Indian tribe (as de-*
2 *defined in section 4 of the Indian Self-Determina-*
3 *tion and Education Assistance Act (25 U.S.C.*
4 *450b)), other public entity, or college or univer-*
5 *sity, to be a prohibited source under any Depart-*
6 *ment rule or policy that prohibits the acceptance*
7 *of gifts from individuals and entities that do*
8 *business with the Department.*

9 “(B) *EXCEPTION.—Notwithstanding any*
10 *Department rule or policy that prohibits the ac-*
11 *ceptance of gifts by the Department from indi-*
12 *viduals or private entities that do business with*
13 *the Department or that, for any other reason, are*
14 *considered to be prohibited sources, the Secretary*
15 *may accept gifts under this subsection if the Sec-*
16 *retary determines that it is in the public interest*
17 *to accept the gift.*

18 “(3) *DISPOSITION OF GIFTS.—The Secretary*
19 *shall deposit any gift of funds under this subsection*
20 *into the Fund in accordance with subsection*
21 *(c)(2)(B).*

22 **“SEC. 1486. AGRICULTURE INFRASTRUCTURE SECURITY**
23 **COMMISSION.**

24 “(a) *ESTABLISHMENT.—The Secretary shall establish*
25 *a commission to be known as the ‘Agriculture Infrastruc-*

1 *ture Security Commission' to carry out the duties described*
2 *in subsection (f).*

3 “(b) *MEMBERSHIP.*—

4 “(1) *APPOINTMENT.*—

5 “(A) *VOTING MEMBERS.*—

6 “(i) *IN GENERAL.*—*The Commission*
7 *shall be composed of 15 voting members, ap-*
8 *pointed by the Secretary in accordance with*
9 *clause (ii), based on nominations solicited*
10 *from the public.*

11 “(ii) *QUALIFICATIONS.*—*The Secretary*
12 *shall appoint members that—*

13 “(I) *represent a balance of the*
14 *public and private sectors; and*

15 “(II) *have combined expertise*
16 *in—*

17 “(aa) *facilities development,*
18 *modernization, construction, secu-*
19 *rity, consolidation, and closure;*

20 “(bb) *plant diseases and*
21 *pests;*

22 “(cc) *animal diseases and*
23 *pests;*

24 “(dd) *food safety;*

25 “(ee) *biosecurity;*

1 “(ff) *the needs of farmers and*
2 *ranchers;*

3 “(gg) *public health;*

4 “(hh) *State, local, and tribal*
5 *government; and*

6 “(ii) *any other area related*
7 *to agriculture infrastructure secu-*
8 *rity, as determined by the Sec-*
9 *retary.*

10 “(B) *NONVOTING MEMBERS.—The Commis-*
11 *sion shall be composed of the following nonvoting*
12 *members:*

13 “(i) *The Secretary.*

14 “(ii) *4 representatives appointed by the*
15 *Secretary of Health and Human Services, 1*
16 *each from—*

17 “(I) *the Public Health Service;*

18 “(II) *the National Institutes of*
19 *Health;*

20 “(III) *the Centers for Disease*
21 *Control and Prevention; and*

22 “(IV) *the Food and Drug Admin-*
23 *istration.*

24 “(iii) *1 representative appointed by the*
25 *Attorney General.*

1 “(iv) 1 representative appointed by the
2 Director of Homeland Security.

3 “(v) Not more than 4 representatives of
4 the Department appointed by the Secretary.

5 “(2) DATE OF APPOINTMENT.—The appointment
6 of each member of the Commission shall be made not
7 later than 90 days after the date of enactment of this
8 subtitle.

9 “(c) TERM; VACANCIES.—

10 “(1) TERM.—The term of office of a member of
11 the Commission shall be 4 years, except that the mem-
12 bers initially appointed shall be appointed to serve
13 staggered terms (as determined by the Secretary).

14 “(2) VACANCIES.—A vacancy on the Commission
15 shall be filled in the same manner as the original ap-
16 pointment was made.

17 “(d) MEETINGS.—

18 “(1) IN GENERAL.—The Commission shall meet
19 at the call of—

20 “(A) the Chairperson;

21 “(B) a majority of the voting members of
22 the Commission; or

23 “(C) the Secretary.

24 “(2) FEDERAL ADVISORY COMMITTEE ACT.—

1 “(A) *IN GENERAL.*—*The Federal Advisory*
2 *Committee Act (5 U.S.C. App.) and title XVIII*
3 *of the Food and Agriculture Act of 1977 (7*
4 *U.S.C. 2281 et seq.) shall not apply to the Com-*
5 *mission.*

6 “(B) *OPEN MEETINGS; RECORDS.*—*Subject*
7 *to subparagraph (C)—*

8 “(i) *a meeting of the Commission shall*
9 *be—*

10 “(I) *publicly announced in ad-*
11 *vance; and*

12 “(II) *open to the public; and*

13 “(ii) *the Commission shall—*

14 “(I) *keep detailed minutes of each*
15 *meeting and other appropriate records*
16 *of the activities of the Commission;*
17 *and*

18 “(II) *make the minutes and*
19 *records available to the public on re-*
20 *quest.*

21 “(C) *EXCEPTION.*—*When required in the*
22 *interest of national security—*

23 “(i) *the Chairperson may choose not to*
24 *give public notice of a meeting;*

1 “(ii) the Chairperson may close all or
2 a portion of any meeting to the public, and
3 the minutes of the meeting, or portion of a
4 meeting, shall not be made available to the
5 public; and

6 “(iii) by majority vote, the Commis-
7 sion may redact the minutes of a meeting
8 that was open to the public.

9 “(e) CHAIRPERSON.—The Secretary shall select a
10 Chairperson from among the voting members of the Com-
11 mission.

12 “(f) DUTIES.—

13 “(1) IN GENERAL.—The Commission shall—

14 “(A) advise the Secretary on the uses of the
15 Fund;

16 “(B) review all agricultural research facili-
17 ties for—

18 “(i) research importance; and

19 “(ii) importance to agriculture infra-
20 structure security;

21 “(C) identify any agricultural research fa-
22 cility that should be closed, realigned, consoli-
23 dated, or modernized to carry out the research
24 agenda of the Secretary and protect agriculture
25 infrastructure security;

1 “(D) develop recommendations concerning
2 agricultural research facilities; and

3 “(E)(i) evaluate the agricultural research
4 facilities acquisition and modernization system
5 (including acquisitions by gift, grant, or any
6 other form of agreement) used by the Depart-
7 ment; and

8 “(i) based on the evaluation, recommend
9 improvements to the system.

10 “(2) STRATEGIC PLAN.—To assist the Commis-
11 sion in carrying out the duties described in para-
12 graph (1), the Commission shall use the 10-year stra-
13 tegic plan prepared by the Strategic Planning Task
14 Force established under section 4 of the Research Fa-
15 cilities Act (7 U.S.C. 390b).

16 “(3) REPORT.—

17 “(A) IN GENERAL.—Not later than 240
18 days after the date of enactment of this subtitle,
19 and each June 1 thereafter, the Commission shall
20 prepare and submit to the Secretary, the Com-
21 mittee on Agriculture and the Committee on Ap-
22 propriations of the House of Representatives,
23 and the Committee on Agriculture, Nutrition,
24 and Forestry and the Committee on Appropria-

1 *tions of the Senate, a report on the findings and*
2 *recommendations under paragraph (1).*

3 *“(B) WRITTEN RESPONSE.—Not later than*
4 *90 days after the date of receipt of a report from*
5 *the Commission under subparagraph (A), the*
6 *Secretary shall provide to the Commission a*
7 *written response concerning the manner and ex-*
8 *tent to which the Secretary will implement the*
9 *recommendations in the report.*

10 *“(C) PUBLIC AVAILABILITY.—*

11 *“(i) IN GENERAL.—Subject to clause*
12 *(ii), the report submitted by the Commis-*
13 *sion, and any response made by the Sec-*
14 *retary, under this subsection shall be avail-*
15 *able to the public.*

16 *“(ii) EXCEPTION.—*

17 *“(I) NATIONAL SECURITY.—The*
18 *Commission or the Secretary may de-*
19 *termine that any report or response, or*
20 *any portion of a report or response,*
21 *shall not be publicly released in the in-*
22 *terest of national security.*

23 *“(II) FREEDOM OF INFORMATION*
24 *ACT.—On such a determination, the re-*
25 *port or response, a portion of the re-*

1 *port or response, or any records relat-*
2 *ing to the report or response, shall not*
3 *be released under section 552 of title 5,*
4 *United States Code.*

5 “(g) *COMMISSION PERSONNEL MATTERS.*—

6 “(1) *COMPENSATION OF MEMBERS.*—

7 “(A) *NON-FEDERAL EMPLOYEES.*—*A voting*
8 *member of the Commission who is not a regular*
9 *full-time employee of the Federal Government*
10 *shall, while attending meetings of the Commis-*
11 *sion or otherwise engaged in the business of the*
12 *Commission (including travel time), be entitled*
13 *to receive compensation at a rate fixed by the*
14 *Secretary, but not exceeding the daily equivalent*
15 *of the annual rate specified at the time of such*
16 *service under GS–15 of the General Schedule es-*
17 *tablished under section 5332 of title 5, United*
18 *States Code.*

19 “(B) *TRAVEL EXPENSES.*—*A voting member*
20 *of the Commission shall be allowed travel ex-*
21 *penses, including per diem in lieu of subsistence,*
22 *at rates authorized for an employee of an agency*
23 *under subchapter I of chapter 57 of title 5,*
24 *United States Code, while away from the home*

1 or regular place of business of the member in the
2 performance of the duties of the Commission.

3 “(2) *STAFF.*—The Secretary shall provide the
4 Commission with any personnel and other resources
5 as the Secretary determines appropriate.

6 “(h) *FUNDING.*—

7 “(1) *AUTHORIZATION OF APPROPRIATIONS.*—
8 There are authorized to be appropriated to carry out
9 this section such sums as are necessary for each of fis-
10 cal years 2002 through 2006.

11 “(2) *AGRICULTURE INFRASTRUCTURE SECURITY*
12 *FUND.*—For the purpose of establishing the Commis-
13 sion, the Secretary shall use such sums from the Fund
14 as the Secretary determines to be appropriate.

15 **“CHAPTER 2—OTHER BIOSECURITY**
16 **PROGRAMS**

17 **“SEC. 1487. SPECIAL AUTHORIZATION FOR BIOSECURITY**
18 **PLANNING AND RESPONSE.**

19 “(a) *AUTHORIZATION OF APPROPRIATIONS.*—In addi-
20 tion to amounts for agricultural research, extension, and
21 education under this Act, there are authorized to be appro-
22 priated for agricultural research, education, and extension
23 activities for biosecurity planning and response such sums
24 as are necessary for each of fiscal years 2002 through 2006.

1 “(b) *USE OF FUNDS.*—Using any authority available
2 to the Secretary, the Secretary shall use funds made avail-
3 able under this section to carry out agricultural research,
4 education, and extension activities (including through com-
5 petitive grants) necessary—

6 “(1) to reduce the vulnerability of the United
7 States food and agricultural system to chemical or bi-
8 ological attack;

9 “(2) to continue joint research initiatives be-
10 tween the Agricultural Research Service, universities,
11 and industry on counterbioterrorism efforts (includ-
12 ing continued funding of a consortium in existence on
13 the date of enactment of this subtitle of which the Ag-
14 ricultural Research Service and universities are mem-
15 bers);

16 “(3) to make competitive grants to universities
17 and qualified research institutions for research on
18 counterbioterrorism; and

19 “(4) to counter or otherwise respond to chemical
20 or biological attack.

21 **“SEC. 1488. AGRICULTURE BIOTERRORISM RESEARCH FA-**
22 **CILITIES.**

23 “(a) *DEFINITIONS.*—In this section:

24 “(1) *CONSTRUCTION.*—The term ‘construction’
25 includes—

1 “(A) *the construction of new buildings; and*

2 “(B) *the expansion, renovation, remodeling,*

3 *and alteration of existing buildings.*

4 “(2) *COST.—*

5 “(A) *IN GENERAL.—The term ‘cost’ means*
6 *any construction cost, including architects’ fees.*

7 “(B) *EXCLUSIONS.—The term ‘cost’ does*
8 *not include the cost of—*

9 “(i) *acquiring land or an interest in*
10 *land; or*

11 “(ii) *constructing any offsite improve-*
12 *ment.*

13 “(3) *ELIGIBLE ENTITY.—The term ‘eligible enti-*
14 *ty’ means a college or university that—*

15 “(A) *is a land grant college or university*
16 *(as defined in section 1404 of the National Agri-*
17 *cultural Research, Extension, and Teaching Pol-*
18 *icy Act of 1977 (7 U.S.C. 3103)); and*

19 “(B) *as determined by the Secretary, has—*

20 “(i) *demonstrated expertise in the area*
21 *of animal and plant diseases;*

22 “(ii) *substantial animal and plant di-*
23 *agnostic laboratories; and*

24 “(iii) *well-established working relation-*
25 *ships with—*

1 “(I) *the agricultural industry;*
2 *and*
3 “(II) *farm and commodity orga-*
4 *nizations.*

5 “(b) *MODERNIZATION AND CONSTRUCTION OF FACILI-*
6 *TIES.—*

7 “(1) *IN GENERAL.—To enhance the security of*
8 *agriculture in the United States against threats posed*
9 *by bioterrorism, the Secretary shall make construction*
10 *grants, on a competitive basis, to eligible entities.*

11 “(2) *LIMITATION ON GRANTS.—An eligible entity*
12 *shall not receive grant funds under this section that,*
13 *in any fiscal year, exceed \$10,000,000.*

14 “(c) *REQUIREMENTS FOR GRANTS.—*

15 “(1) *IN GENERAL.—The Secretary shall make a*
16 *grant to an eligible entity under this section only if,*
17 *with respect to any facility constructed using grant*
18 *funds, the eligible entity—*

19 “(A) *submits to the Secretary, in such form,*
20 *in such manner, and containing such agree-*
21 *ments, assurances, and information as the Sec-*
22 *retary may require, an application for the grant;*

23 “(B) *is determined by the Secretary to be*
24 *competent to engage in the type of research for*
25 *which the facility is proposed to be constructed;*

1 “(C) provides such assurances as the Sec-
2 retary determines to be satisfactory that—

3 “(i) for not less than 20 years after the
4 date of completion of the facility, the facil-
5 ity shall be used for the purposes of the re-
6 search for which the facility was con-
7 structed, as described in the grant applica-
8 tion;

9 “(ii) sufficient funds are available to
10 pay the non-Federal share of the cost of con-
11 structing the facility;

12 “(iii) sufficient funds will be available,
13 as of the date of completion of the construc-
14 tion, for the effective use of the facility for
15 the purposes of the research for which the
16 facility was constructed; and

17 “(iv) the proposed construction—

18 “(I) will increase the capability of
19 the eligible entity to conduct research
20 for which the facility was constructed;
21 or

22 “(II) is necessary to improve or
23 maintain the quality of the research of
24 the eligible entity;

1 “(D) meets such reasonable qualifications as
2 may be established by the Secretary with respect
3 to—

4 “(i) the relative scientific and technical
5 merit of the applications, and the relative
6 effectiveness of facilities proposed to be con-
7 structed, in expanding the quality of, and
8 the capacity of eligible entities to carry out,
9 biosecurity research;

10 “(ii) the quality of the research to be
11 carried out in each facility constructed;

12 “(iii) the need for the research activi-
13 ties to be carried out within the facility as
14 those activities relate to research needs of
15 the United States in securing, and ensuring
16 the safety of, the food supply of the United
17 States;

18 “(iv) the age and condition of existing
19 research facilities of the eligible entity; and

20 “(v) biosafety and biosecurity require-
21 ments necessary to protect facility staff,
22 members of the public, and the food supply;
23 and

1 “(E) has demonstrated a commitment to en-
2 hancing and expanding the research productivity
3 of the eligible entity.

4 “(2) *PRIORITY*.—In providing grants under this
5 section, the Secretary shall give priority to an eligible
6 entity that, as determined by the Secretary, has dem-
7 onstrated expertise in—

8 “(A) animal and plant disease prevention;

9 “(B) pathogen and toxin mitigation;

10 “(C) cereal disease resistance;

11 “(D) grain milling and processing;

12 “(E) livestock production practices;

13 “(F) vaccine development;

14 “(G) meat processing;

15 “(H) pathogen detection and control; or

16 “(I) food safety.

17 “(d) *AMOUNT OF GRANT*.—The amount of a grant
18 awarded under this section shall be determined by the Sec-
19 retary.

20 “(e) *FEDERAL SHARE*.—The Federal share of the cost
21 of any construction carried out using funds from a grant
22 provided under this section shall not exceed 50 percent.

23 “(f) *GUIDELINES*.—Not later than 180 days after the
24 date of enactment of this subtitle, the Secretary shall issue

1 *guidelines with respect to the provision of grants under this*
2 *section.*

3 “(g) *AUTHORIZATION OF APPROPRIATIONS.—There is*
4 *authorized to be appropriated to carry out this section*
5 *\$100,000,000 for each of fiscal years 2003 through 2005.”.*

6 (b) *SENSE OF CONGRESS ON INCREASING CAPACITY*
7 *FOR RESEARCH ON BIOSECURITY AND ANIMAL AND PLANT*
8 *HEALTH DISEASES.—It is the sense of Congress that fund-*
9 *ing for the Agricultural Research Service, the Animal and*
10 *Plant Health Inspection Service, and other agencies of the*
11 *Department of Agriculture with responsibilities for biosecu-*
12 *rity should be increased as necessary to improve the capac-*
13 *ity of the agencies to conduct research and analysis of, and*
14 *respond to, bioterrorism and animal and plant diseases.*

15 ***Subtitle B—Food, Agriculture, Con-***
16 ***servation, and Trade Act of 1990***

17 ***SEC. 731. NATIONAL GENETIC RESOURCES PROGRAM.***

18 *Section 1635(b) of the Food, Agriculture, Conservation,*
19 *and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by*
20 *striking “2002” and inserting “2006”.*

21 ***SEC. 732. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.***

22 *Section 1668 of the Food, Agriculture, Conservation,*
23 *and Trade Act of 1990 (7 U.S.C. 5921) is amended—*

24 (1) *by redesignating subsections (e) through (g)*
25 *as subsections (f) through (h), respectively;*

1 (2) *by inserting after subsection (d) the fol-*
2 *lowing:*

3 “(e) *GRANT PRIORITY.—In selecting projects for which*
4 *grants shall be made under this section, the Secretary shall*
5 *give priority to public and private research or educational*
6 *institutions and organizations the goals of which include—*

7 “(1) *formation of interdisciplinary teams to re-*
8 *view or conduct research on the environmental effects*
9 *of the release of new genetically modified agricultural*
10 *products;*

11 “(2) *conduct of studies relating to biosafety of ge-*
12 *netically modified agricultural products;*

13 “(3) *evaluation of the cost and benefit for devel-*
14 *opment of an identity preservation system for geneti-*
15 *cally modified agricultural products;*

16 “(4) *establishment of international partnerships*
17 *for research and education on biosafety issues; or*

18 “(5) *formation of interdisciplinary teams to*
19 *renew and conduct research on the nutritional en-*
20 *hancement and environmental benefits of genetically*
21 *modified agricultural products.”; and*

22 (3) *in subsection (h) (as redesignated by para-*
23 *graph (1)), by striking paragraph (2) and inserting*
24 *the following:*

1 “(2) *WITHHOLDING OF OUTLAYS FOR RESEARCH*
2 *ON BIOTECHNOLOGY RISK ASSESSMENT.*—Of the
3 *amounts of outlays made under this section or any*
4 *other provision of law to carry out research on bio-*
5 *technology (as defined and determined by the Sec-*
6 *retary of Agriculture) for any fiscal year, the Sec-*
7 *retary of Agriculture shall withhold at least 3 percent*
8 *for grants for research on biotechnology risk assess-*
9 *ment on all categories identified by the Secretary of*
10 *Agriculture as biotechnology.”.*

11 **SEC. 733. RURAL ELECTRONIC COMMERCE EXTENSION PRO-**
12 **GRAM.**

13 (a) *FINDINGS.*—Congress finds that—

14 (1) *electronic commerce sales in 1998 were ap-*
15 *proximately \$100,000,000,000 and are expected to*
16 *reach \$1,300,000,000,000 by 2003;*

17 (2) *electronic commerce presents an enormous*
18 *opportunity and challenge for small businesses, espe-*
19 *cially businesses in rural areas;*

20 (3) *while infrastructure for electronic commerce*
21 *is growing rapidly in rural areas, small businesses*
22 *will not be able to take advantage of the new tech-*
23 *nology without assistance;*

24 (4) *while electronic commerce will give businesses*
25 *new markets and new ways of doing business, many*

1 *small businesses in rural areas will have difficulty*
2 *adopting appropriate electronic commerce business*
3 *practices and technologies;*

4 *(5) the United States has an interest in ensuring*
5 *that small businesses in rural areas participate in*
6 *electronic commerce, to encourage success of the busi-*
7 *nesses, and to promote productivity and economic*
8 *growth throughout the economy of the United States;*
9 *and*

10 *(6) an electronic commerce extension program*
11 *should be established using the nationwide county-*
12 *based infrastructure within the Cooperative Extension*
13 *Service to help small businesses throughout the United*
14 *States to identify, adapt, adopt, and use electronic*
15 *commerce business practices and technologies.*

16 *(b) PURPOSE.—The purpose of this section is to estab-*
17 *lish within the Cooperative State Research, Education, and*
18 *Extension Service of the Department of Agriculture a rural*
19 *electronic commerce extension program for small businesses*
20 *and microenterprises in rural areas of the United States.*

21 *(c) PROGRAM.—Subtitle H of title XVI of the Food,*
22 *Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.*
23 *5921 et seq.) is amended by adding after section 1669 the*
24 *following:*

1 **“SEC. 1670. RURAL ELECTRONIC COMMERCE EXTENSION**
2 **PROGRAM.**

3 “(a) *DEFINITIONS.—In this section:*

4 “(1) *DEVELOPMENT CENTER.—The term ‘devel-*
5 *opment center’ means—*

6 “(A) *the North Central Regional Center for*
7 *Rural Development;*

8 “(B) *the Northeast Regional Center for*
9 *Rural Development or its designee;*

10 “(C) *the Southern Rural Development Cen-*
11 *ter; and*

12 “(D) *the Western Rural Development Center*
13 *or its designee.*

14 “(2) *EXTENSION PROGRAM.—The term ‘extension*
15 *program’ means the rural electronic commerce exten-*
16 *sion program established under subsection (b).*

17 “(3) *MICROENTERPRISE.—The term ‘microenter-*
18 *prise’ means a commercial enterprise that has 5 or*
19 *fewer employees, 1 or more of whom owns the enter-*
20 *prise.*

21 “(4) *SECRETARY.—The term ‘Secretary’ means*
22 *the Secretary of Agriculture, acting through the Ad-*
23 *ministrator of the Cooperative State Research, Edu-*
24 *cation, and Extension Service.*

25 “(5) *SMALL BUSINESS.—The term ‘small busi-*
26 *ness’ has the meaning given the term ‘small-business*

1 concern' by section 3(a) of the Small Business Act (15
2 U.S.C. 632(a)).

3 “(b) *ESTABLISHMENT.*—The Secretary shall establish
4 a rural electronic commerce extension program to—

5 “(1) *expand and enhance electronic commerce*
6 *practices and technology to be used by small busi-*
7 *nesses and microenterprises in rural areas;*

8 “(2) *disseminate information and expertise*
9 *through a cooperative extension service clearinghouse*
10 *system in rural areas;*

11 “(3) *disseminate management, scientific, engi-*
12 *neering, and technical information to small businesses*
13 *in rural areas through the extension program; and*

14 “(4) *use, when appropriate, the expertise, tech-*
15 *nology, and capabilities of other institutions and or-*
16 *ganizations, including—*

17 “(A) *State and local governments;*

18 “(B) *Federal departments and agencies;*

19 “(C) *institutions of higher education;*

20 “(D) *nonprofit organizations;*

21 “(E) *small businesses and microenterprises*
22 *that have experience in electronic commerce*
23 *practice and technology; and*

24 “(F) *the development centers.*

25 “(c) *ADMINISTRATION.*—

1 “(1) *IN GENERAL.*—*In carrying out this section,*
2 *the Secretary shall—*

3 “(A) *provide leadership, support, and co-*
4 *ordination for the extension programs;*

5 “(B) *establish policies, practices, and proce-*
6 *dures to assist rural communities in the adop-*
7 *tion and use of electronic commerce techniques;*

8 “(C) *identify and strengthen existing mech-*
9 *anisms designed to assist rural areas in the*
10 *adoption and use of electronic commerce tech-*
11 *niques;*

12 “(D) *provide grants to fund projects and*
13 *activities under the extension program; and*

14 “(E) *establish a clearinghouse system for*
15 *States, communities, and businesses to obtain in-*
16 *formation on best practices, technology transfer,*
17 *training, education, adoption, and use of elec-*
18 *tronic commerce in rural areas.*

19 “(2) *OFFICE OF RURAL ELECTRONIC COM-*
20 *MERCE.*—*The Secretary shall establish, in the Cooper-*
21 *ative State Research, Education, and Extension Serv-*
22 *ice, an Office of Rural Electronic Commerce to assist*
23 *in carrying out this section.*

24 “(d) *GRANTS.*—

1 “(1) *IN GENERAL.*—*The Secretary shall carry*
2 *out a program under which—*

3 “(A) *funds are distributed to each of the de-*
4 *velopment centers to—*

5 “(i) *assemble regional expertise, and*
6 *develop innovative education programs, that*
7 *may be adapted and refined by State exten-*
8 *sion programs;*

9 “(ii) *train State-based cooperative ex-*
10 *tension agents to deliver rural electronic*
11 *commerce education programs; and*

12 “(iii) *establish networks among univer-*
13 *sities, local governments, and private indus-*
14 *tries to focus on regional economic issues;*
15 *and*

16 “(B) *competitive grants are made to cooper-*
17 *ative extension service programs at land-grant*
18 *colleges and universities (or consortia of land-*
19 *grant colleges and universities)—*

20 “(i) *to develop and facilitate nation-*
21 *ally innovative rural electronic commerce*
22 *business strategies; and*

23 “(ii) *to assist small businesses and*
24 *microenterprises in identifying, adapting,*

1 *implementing, and using electronic com-*
2 *merce business practices and technologies.*

3 “(2) *ELIGIBILITY.*—

4 “(A) *CRITERIA.*—

5 “(i) *IN GENERAL.*—*The Secretary,*
6 *shall—*

7 “(I) *establish criteria for the sub-*
8 *mission, evaluation, and funding of*
9 *applications for grants to carry out*
10 *projects and activities under the exten-*
11 *sion program; and*

12 “(II) *evaluate, rank, and select*
13 *grant applications described in sub-*
14 *clause (I) on the basis of the selection*
15 *criteria.*

16 “(ii) *FACTORS.*—*The selection criteria*
17 *established under clause (i) shall include—*

18 “(I) *the ability of an applicant to*
19 *provide training and education on best*
20 *practices, technology transfer, adop-*
21 *tion, and use of electronic commerce in*
22 *rural communities by small business*
23 *and microenterprise;*

1 “(II) *the quality of the service to*
2 *be provided by a proposed project or*
3 *activity under the extension program;*

4 “(III) *the extent and geographic*
5 *diversity of the area served by the pro-*
6 *posed project or activity under the ex-*
7 *tension program;*

8 “(IV) *the extent of participation*
9 *of land-grant colleges and universities*
10 *in the extension program (including*
11 *any economic benefits that would result*
12 *from that participation);*

13 “(V) *the percentage of funding*
14 *and in-kind commitments from non-*
15 *Federal sources that would be needed*
16 *by and available for a proposed project*
17 *or activity under the extension pro-*
18 *gram; and*

19 “(VI) *the extent of participation*
20 *of low-income and minority businesses*
21 *or microenterprises in a proposed*
22 *project or activity under the extension*
23 *program.*

24 “(B) *APPLICATION.—As a condition of*
25 *being considered for the receipt of funds under*

1 *this section, an applicant shall submit to the*
2 *Secretary an application that meets the criteria*
3 *established under subparagraph (A)(i)(I).*

4 “(C) *NON-FEDERAL SHARE.*—

5 “(i) *IN GENERAL.*—*As a condition of*
6 *the receipt of funds under this section, an*
7 *applicant shall agree to obtain from non-*
8 *Federal sources (including State, local, non-*
9 *profit, or private sector sources) contribu-*
10 *tions of—*

11 “(I) *except as provided in clause*
12 *(iii), during each of the years in which*
13 *the extension program receives funding*
14 *under subsection (g), 50 percent of the*
15 *estimated capital and annual oper-*
16 *ating and maintenance costs of the ex-*
17 *tension program; and*

18 “(II) *after expiration of the ini-*
19 *tial funding period specified in sub-*
20 *clause (I), 100 percent of the estimated*
21 *capital and annual operating and*
22 *maintenance costs of the extension pro-*
23 *gram.*

1 “(ii) *FORM.*—*The non-Federal share*
2 *required under clause (i)(I) may be pro-*
3 *vided in the form of in-kind contributions.*

4 “(iii) *EXCEPTION.*—*The non-Federal*
5 *share required under clause (i)(I) may be*
6 *reduced to 25 percent of the estimated cap-*
7 *ital and annual operating and maintenance*
8 *costs of the extension program if the grant*
9 *recipient serves low-income or minority-*
10 *owned businesses or microenterprises, as de-*
11 *termined by the Secretary.*

12 “(3) *LIMITATION ON AMOUNT OF FUNDS AWARD-*
13 *ED.*—

14 “(A) *INDIVIDUAL LAND-GRANT COLLEGES*
15 *AND UNIVERSITIES.*—*A land-grant college or*
16 *university shall not receive funds under this sec-*
17 *tion in an amount that exceeds \$900,000.*

18 “(B) *CONSORTIA OF LAND-GRANT COLLEGES*
19 *AND UNIVERSITIES.*—*With respect to a consor-*
20 *tium of land-grant colleges and universities that*
21 *receives funds under this section—*

22 “(i) *the total amount of the funds*
23 *awarded to the consortium shall not exceed*
24 *the product obtained by multiplying—*

25 “(I) *\$900,000; by*

1 “(II) the number of land-grant
2 colleges and universities comprising the
3 consortium; and

4 “(ii) each land-grant college or univer-
5 sity that is a member of the consortium
6 shall receive an equal percentage of the total
7 amount of funds awarded.

8 “(4) SELECTION.—At least once every 180 days,
9 the Secretary shall evaluate, prioritize, and fund ap-
10 plications for proposed projects and activities under
11 the extension program using the criteria established
12 under paragraph (2)(A)(i)(I).

13 “(e) EVALUATION.—

14 “(1) IN GENERAL.—Not later than 1 year after
15 a project or activity under the extension program is
16 funded by a grant under this section, the evaluation
17 panel established under paragraph (2)(A) shall evalu-
18 ate the project or activity.

19 “(2) EVALUATION PANEL.—

20 “(A) IN GENERAL.—Not later than 30 days
21 after the date of enactment of this section, the
22 Secretary shall establish an evaluation panel
23 to—

1 “(i) establish criteria for evaluating
2 projects and activities under the extension
3 program; and

4 “(ii) using the criteria established
5 under clause (i), evaluate the projects and
6 activities.

7 “(B) COMPOSITION.—The evaluation panel
8 shall be composed of—

9 “(i) appropriate Federal, State, local
10 government, and land-grant college or uni-
11 versity officials, as determined by the Sec-
12 retary; and

13 “(ii) private individuals with expertise
14 in electronic commerce, technology, or small
15 business, as determined by the Secretary.

16 “(3) CRITERIA.—The evaluation panel shall
17 evaluate projects and activities under the extension
18 program using criteria established by the Secretary
19 that assess the efficiency and efficacy of the extension
20 program.

21 “(4) ASSISTANCE FROM GRANT RECIPIENTS.—A
22 recipient of a grant under this section shall, to the
23 maximum extent practicable, provide to the evalua-
24 tion panel such materials as the evaluation panel
25 may request to assist in the evaluation of any project

1 or activity carried out by the recipient under the ex-
2 tension program.

3 “(f) *REPORT.*—Not later than 2 years after the date
4 of enactment of this section, the Secretary shall submit to
5 the Committee on Agriculture of the House of Representa-
6 tives and the Committee on Agriculture, Nutrition, and
7 Forestry of the Senate a report that describes—

8 “(1) the policies, practices, and procedures used
9 to assist rural communities in efforts to adopt and
10 use electronic commerce techniques;

11 “(2) the clearinghouse system for States, commu-
12 nities, small businesses, and individuals established to
13 obtain information regarding best practices, tech-
14 nology transfer, training, education, adoption, and
15 use of electronic commerce in rural areas; and

16 “(3) the criteria used for the submission, evalua-
17 tion, and funding of projects and activities under the
18 extension program.

19 “(g) *AUTHORIZATION OF APPROPRIATIONS.*—

20 “(1) *IN GENERAL.*—There is authorized to be ap-
21 propriated to carry out this section \$60,000,000 for
22 each of fiscal years 2002 through 2006, of which
23 \$20,000,000 for each fiscal year shall be made avail-
24 able to carry out activities under subsection (d)(1)(A).

1 “(2) *ADMINISTRATIVE COSTS.*—*The Secretary*
2 *may use not more than 2 percent of the funds made*
3 *available under paragraph (1) to pay administrative*
4 *costs incurred in carrying out this section.*”.

5 **SEC. 734. HIGH-PRIORITY RESEARCH AND EXTENSION INI-**
6 **TIATIVES.**

7 *Section 1672 of the Food, Agriculture, Conservation,*
8 *and Trade Act of 1990 (7 U.S.C. 5925) is amended*

9 *(1) in subsection (e), by adding at the end the*
10 *following:*

11 “(25) *ANIMAL INFECTIOUS DISEASES RESEARCH*
12 *AND EXTENSION.*—

13 “(A) *IN GENERAL.*—*Research and extension*
14 *grants may be made under this section for the*
15 *purpose of developing—*

16 “(i) *prevention and control methodolo-*
17 *gies for animal infectious diseases that im-*
18 *pect trade, including vesicular stomatitis,*
19 *bovine tuberculosis, transmissible*
20 *spongiform encephalopathy, brucellosis, and*
21 *E. coli 0157:H7 infection;*

22 “(ii) *laboratory tests for quicker detec-*
23 *tion of infected animals and presence of dis-*
24 *eases among herds;*

1 “(iii) prevention strategies, including
2 vaccination programs; and

3 “(iv) rapid diagnostic techniques for
4 animal disease agents considered to be risks
5 for agricultural bioterrorism attack, includ-
6 ing evaluation of the techniques.

7 “(B) COLLABORATION.—Research under
8 subparagraph (A) may be conducted in collabo-
9 ration with scientists from the Department, other
10 Federal agencies, universities, and industry.

11 “(C) EVALUATION OF DIAGNOSTIC TECH-
12 NIQUES AND VACCINES.—Any research on or
13 evaluation of diagnostic techniques and vaccines
14 under subparagraph (A) shall include evaluation
15 of diagnostic techniques and vaccines under field
16 conditions in countries in which the animal dis-
17 ease occurs.

18 “(26) PROGRAM TO COMBAT CHILDHOOD OBE-
19 SITY.—Research and extension grants may be made
20 under this section to institutions of higher education
21 with demonstrated capacity in basic and clinical obe-
22 sity research, nutrition research, and community
23 health education research to develop and evaluate
24 community-wide strategies that catalyze partnerships
25 between families and health care, education, recre-

1 *ation, mass media, and other community resources to*
2 *reduce the incidence of childhood obesity.*

3 “(27) *INTEGRATED PEST MANAGEMENT.*—*Re-*
4 *search and extension grants may be made under this*
5 *section to land grant colleges and universities, other*
6 *Federal agencies, and other interested persons to co-*
7 *ordinate and improve research, education, and out-*
8 *reach on, and implementation on farms of, integrated*
9 *pest management.*

10 “(28) *BEEF CATTLE GENETICS.*—

11 “(A) *IN GENERAL.*—*Research and extension*
12 *grants for beef cattle genetics evaluation research*
13 *may be made under this section to institutions*
14 *of higher education, or consortia of institutions*
15 *of higher education, that—*

16 “(i) *have expertise in beef cattle genetic*
17 *evaluation research and technology; and*

18 “(ii) *have been actively involved, for at*
19 *least 20 years, in the estimation and pre-*
20 *diction of progeny differences for publica-*
21 *tion and use by seed stock producer breed*
22 *associations.*

23 “(B) *PRIORITY.*—*In making grants under*
24 *subparagraph (A), the Secretary shall give pri-*
25 *ority to proposals to—*

1 “(i) establish and coordinate priorities
2 for genetic evaluation of domestic beef cattle;

3 “(ii) consolidate research efforts to re-
4 duce duplication of effort and maximize the
5 return to beef industry;

6 “(iii) streamline the process between
7 the development and adoption of new ge-
8 netic evaluation methodologies by the indus-
9 try;

10 “(iv) identify new traits and tech-
11 nologies for inclusion in genetic programs
12 in order to—

13 “(I) reduce the costs of beef pro-
14 duction; and

15 “(II) provide consumers with a
16 high nutritional value, healthy, and af-
17 fordable protein source; or

18 “(v) create decisionmaking tools that
19 incorporate the increasing number of traits
20 being evaluated and the increasing amount
21 of information from DNA technology into
22 genetic improvement programs, with the
23 goal of optimizing the overall efficiency,
24 product quality and safety, and health of
25 the domestic beef cattle herd resource.

1 “(29) *DAIRY PIPELINE CLEANERS.*—*Research*
2 *and extension grants may be made under this section*
3 *for the purpose of preventing and eliminating the*
4 *dangers of dairy pipeline cleaner, including—*

5 “(A) *developing safer packaging mecha-*
6 *nisms and a new transfer mechanism, including*
7 *a new pumping mechanism for dairy pipeline*
8 *cleaner;*

9 “(B) *outlining—*

10 “(i) *the accident history for dairy*
11 *pipeline cleaner;*

12 “(ii) *the causes of accidents involving*
13 *dairy pipeline cleaner; and*

14 “(iii) *potential means of prevention of*
15 *such accidents, including improved labeling*
16 *and pump structure; and*

17 “(C) *other means of improving efforts to*
18 *prevent ingestion of dairy pipeline cleaner.*

19 “(30) *DEVELOPMENT OF PUBLICLY HELD PLANTS*
20 *AND ANIMAL VARIETIES; GENETIC RESOURCE CON-*
21 *SERVATION ACTIVITIES.*—*Research and extension*
22 *grants may be made under this section to colleges and*
23 *universities, other Federal agencies, plant breeders,*
24 *and other interested persons for the purpose of—*

1 “(A) development of publicly held plants
2 and animal varieties (including germplasm for
3 identity-preserved markets); and

4 “(B) genetic resource conservation activi-
5 ties.”; and

6 (2) in subsection (h), by striking “2002” and in-
7 serting “2006”, of which not less than \$100,000 for
8 each of fiscal years 2002 through 2006 shall be used
9 to carry out subsection (e)(29).

10 **SEC. 735. NUTRIENT MANAGEMENT RESEARCH AND EXTEN-**
11 **SION INITIATIVE.**

12 Section 1672A(g) of the Food, Agriculture, Conserva-
13 tion, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is amend-
14 ed by striking “2002” and inserting “2006”.

15 **SEC. 736. ORGANIC AGRICULTURE RESEARCH AND EXTEN-**
16 **SION INITIATIVE.**

17 Section 1672B of the Food, Agriculture, Conservation,
18 and Trade Act of 1990 (7 U.S.C. 5925b) is amended—

19 (1) in subsection (a)—

20 (A) by inserting after “Board,” the fol-
21 lowing: “and the National Organic Standards
22 Board,”;

23 (B) in paragraph (2), by striking “and” at
24 the end;

1 (C) in paragraph (3), by striking the period
2 at the end and inserting a semicolon; and

3 (D) by adding at the end the following:

4 “(4) determining desirable traits for organic
5 commodities using advanced genomics, field trials,
6 and other methods;

7 “(5) pursuing classical and marker-assisted
8 breeding for publicly held varieties of crops and ani-
9 mals optimized for organic systems;

10 “(6) identifying marketing and policy con-
11 straints on the expansion of organic agriculture; and

12 “(7) conducting advanced on-farm research and
13 development that emphasizes observation of, experi-
14 mentation with, and innovation for working organic
15 farms, including research relating to production and
16 marketing and to socioeconomic conditions.”; and

17 (2) in subsection (e), by striking “2002” and in-
18 serting “2006”.

19 **SEC. 737. AGRICULTURAL TELECOMMUNICATIONS PRO-**
20 **GRAM.**

21 Section 1673(h) of the Food, Agriculture, Conserva-
22 tion, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended
23 by striking “2002” and inserting “2006”.

1 **SEC. 738. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS**
2 **WITH DISABILITIES.**

3 *Section 1680(c)(1) of the Food, Agriculture, Conserva-*
4 *tion, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is*
5 *amended by striking “2002” and inserting “2006”.*

6 **Subtitle C—Agricultural Research,**
7 **Extension, and Education Re-**
8 **form Act of 1998**

9 **SEC. 741. INITIATIVE FOR FUTURE AGRICULTURE AND**
10 **FOOD SYSTEMS.**

11 *Section 401 of the Agricultural Research, Extension,*
12 *and Education Reform Act of 1998 (7 U.S.C. 7621) is*
13 *amended—*

14 *(1) by striking subsection (b) and inserting the*
15 *following:*

16 *“(b) FUNDING.—*

17 *“(1) IN GENERAL.—Out of any funds in the*
18 *Treasury not otherwise appropriated, the Secretary of*
19 *the Treasury shall transfer to the Account to carry*
20 *out this section—*

21 *“(A) on October 1, 1998 and each October*
22 *1 thereafter through October 1, 2001,*
23 *\$120,000,000; and*

24 *“(B) on October 1, 2002, and each October*
25 *1 thereafter through October 1, 2005,*
26 *\$145,000,000.*

1 “(2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
 2 *shall be entitled to receive, shall accept, and shall use*
 3 *to carry out this section the funds transferred under*
 4 *paragraph (1), without further appropriation.”; and*
 5 (2) *in subsection (e), by adding at the end the*
 6 *following:*

7 “(3) *MINORITY-SERVING INSTITUTIONS.*—*The*
 8 *Secretary shall consider reserving, to the maximum*
 9 *extent practicable, 10 percent of the funds made*
 10 *available to carry out this section for a fiscal year for*
 11 *grants to minority-serving institutions.”.*

12 **SEC. 742. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL**
 13 **PRODUCT QUALITY RESEARCH.**

14 *Section 402(g) of the Agricultural Research, Exten-*
 15 *sion, and Education Reform Act of 1998 (7 U.S.C. 7622(g))*
 16 *is amended by striking “2002” and inserting “2006”.*

17 **SEC. 743. PRECISION AGRICULTURE.**

18 *Section 403 of the Agricultural Research, Extension,*
 19 *and Education Reform Act of 1998 (7 U.S.C. 7623) is*
 20 *amended—*

21 (1) *in subsection (a)—*

22 (A) *in paragraph (3)—*

23 (i) *in subparagraph (A), inserting “or*
 24 *horticultural” following “agronomic”; and*

1 (ii) in subparagraph (C), by striking
2 “or” at the end;

3 (iii) in subparagraph (D), by striking
4 the period at the end and inserting “; or”;
5 and

6 (iv) by adding at the end the following:
7 “(E) using such information to enable intel-
8 ligent mechanized harvesting and sorting systems
9 for horticultural crops.”;

10 (B) in paragraph (4)—

11 (i) in subparagraph (C), by striking
12 “or” at the end;

13 (ii) in subparagraph (D), by striking
14 the period at the end and inserting “; or”;
15 and

16 (iii) by adding at the end the fol-
17 lowing:

18 “(E) robotic and other intelligent machines
19 for use in horticultural cropping systems.”; and

20 (C) in paragraph (5)(F), by inserting “(in-
21 cluding improved use of energy inputs)” after
22 “farm production efficiencies”;

23 (2) in subsection (c)(2)—

24 (A) by inserting “or horticultural” after
25 “agronomic”; and

1 (B) by striking “and meteorological varia-
2 bility” and inserting “product variability, and
3 meteorological variability”;

4 (3) in subsection (d)—

5 (A) by redesignating paragraphs (4) and
6 (5) as paragraphs (5) and (6), respectively; and

7 (B) by inserting after paragraph (3) the fol-
8 lowing:

9 “(4) Improve farm energy use efficiencies.”; and

10 (4) in subsection (i)(1), by striking “2002” and
11 inserting “2006”.

12 **SEC. 744. BIOBASED PRODUCTS.**

13 Section 404 of the Agricultural Research, Extension,
14 and Education Reform Act of 1998 (7 U.S.C. 7624) is
15 amended—

16 (1) in subsection (e)(2), by striking “2001” and
17 inserting “2006”; and

18 (2) in subsection (h), by striking “2002” and in-
19 serting “2006”.

20 **SEC. 745. THOMAS JEFFERSON INITIATIVE FOR CROP DI-**
21 **VERSIFICATION.**

22 Section 405(h) of the Agricultural Research, Exten-
23 sion, and Education Reform Act of 1998 (7 U.S.C. 7625(h))
24 is amended by striking “2002” and inserting “2006”.

1 **SEC. 746. INTEGRATED RESEARCH, EDUCATION, AND EX-**
2 **TENSION COMPETITIVE GRANTS PROGRAM.**

3 *Section 406 of the Agricultural Research, Extension,*
4 *and Education Reform Act of 1998 (7 U.S.C. 7626) is*
5 *amended—*

6 (1) *by redesignating subsection (e) as subsection*
7 *(f);*

8 (2) *by inserting after subsection (d) the fol-*
9 *lowing:*

10 “(e) *TERM OF GRANT.*—*A grant under this section*
11 *shall have a term of not more than 5 years.”; and*

12 (3) *in subsection (f) (as so redesignated), by*
13 *striking “2002” and inserting “2006”.*

14 **SEC. 747. SUPPORT FOR RESEARCH REGARDING DISEASES**
15 **OF WHEAT AND BARLEY CAUSED BY FUSAR-**
16 **IUM GRAMINEARUM.**

17 *Section 408(e) of the Agricultural Research, Extension,*
18 *and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is*
19 *amended by striking “2002” and inserting “2006”.*

20 **SEC. 748. BOVINE JOHNE’S DISEASE CONTROL PROGRAM.**

21 *Title IV of the Agricultural Research, Extension, and*
22 *Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is*
23 *amended by adding at the end the following:*

24 **“SEC. 409. BOVINE JOHNE’S DISEASE CONTROL PROGRAM.**

25 *“(a) ESTABLISHMENT.*—*The Secretary, in coordina-*
26 *tion with State veterinarians and other appropriate State*

1 *animal health professionals, may establish a program to*
2 *conduct research, testing, and evaluation of programs for*
3 *the control and management of Johne's disease in livestock.*

4 “(b) *AUTHORIZATION OF APPROPRIATIONS.—There*
5 *are authorized to be appropriated to carry out this section*
6 *such sums as are necessary for each of fiscal years 2002*
7 *through 2006.”.*

8 **SEC. 749. GRANTS FOR YOUTH ORGANIZATIONS.**

9 *Title IV of the Agricultural Research, Extension, and*
10 *Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) (as*
11 *amended by section 748) is amended by adding at the end*
12 *the following:*

13 **“SEC. 410. GRANTS FOR YOUTH ORGANIZATIONS.**

14 “(a) *IN GENERAL.—The Secretary, acting through the*
15 *Administrator of the Cooperative State Research, Edu-*
16 *cation, and Extension Service, shall make grants to the Girl*
17 *Scouts of the United States of America, the Boy Scouts of*
18 *America, the National 4-H Council, and the National FFA*
19 *Organization to establish pilot projects to expand the pro-*
20 *grams carried out by the organizations in rural areas and*
21 *small towns (including, with respect to the National 4-H*
22 *Council, activities provided for in Public Law 107-19 (115*
23 *Stat. 153)).*

24 “(b) *FUNDING.—Of the funds of the Commodity Credit*
25 *Corporation, the Secretary shall make available \$8,000,000*

1 *for fiscal year 2002, which shall remain available until ex-*
 2 *pended.*

3 “(c) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 4 *authorized to be appropriated to carry out this section such*
 5 *sums as are necessary for each of fiscal years 2003 through*
 6 *2006.”.*

7 ***SEC. 750. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND***
 8 ***DEVELOPMENT FOR DEVELOPING COUN-***
 9 ***TRIES.***

10 *Title IV of the Agricultural Research, Extension, and*
 11 *Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) (as*
 12 *amended by section 749) is amended by adding at the end*
 13 *the following:*

14 ***“SEC. 411. AGRICULTURAL BIOTECHNOLOGY RESEARCH***
 15 ***AND DEVELOPMENT FOR DEVELOPING COUN-***
 16 ***TRIES.***

17 “(a) *DEFINITIONS.*—*In this section:*

18 “(1) *ELIGIBLE ENTITY.*—*The term ‘eligible enti-*
 19 *ty’ means—*

20 “(A) *an institution of higher education;*

21 “(B) *a nonprofit organization; or*

22 “(C) *a consortium of for-profit institutions*
 23 *and agricultural research institutions.*

24 “(2) *INSTITUTION OF HIGHER EDUCATION.*—*The*
 25 *term ‘institution of higher education’ means—*

1 “(A) a historically black land-grant college
2 or university;

3 “(B) a Hispanic-serving institution (as de-
4 fined in section 1404 of the National, Agricul-
5 tural Research, Extension, and Teaching Policy
6 Act of 1977 (7 U.S.C. 3103)); or

7 “(C) a tribal college or university that offers
8 a curriculum in agriculture or the biosciences.

9 “(b) GRANT PROGRAM.—

10 “(1) IN GENERAL.—The Secretary (acting
11 through the Foreign Agricultural Service) shall estab-
12 lish and administer a program to make competitive
13 grants to eligible entities to develop agricultural bio-
14 technology for developing countries.

15 “(2) USE OF FUNDS.—Funds provided to an eli-
16 gible entity under this section may be used for
17 projects that use biotechnology to—

18 “(A) enhance the nutritional content of ag-
19 ricultural products that can be grown in devel-
20 oping countries;

21 “(B) increase the yield and safety of agri-
22 cultural products that can be grown in devel-
23 oping countries;

1 “(C) increase the yield of agricultural prod-
2 ucts that are drought- and stress-resistant and
3 that can be grown in developing countries;

4 “(D) extend the growing range of crops that
5 can be grown in developing countries;

6 “(E) enhance the shelf-life of fruits and
7 vegetables grown in developing countries;

8 “(F) develop environmentally sustainable
9 agricultural products that can be grown in devel-
10 oping countries; and

11 “(G) develop vaccines to immunize against
12 life-threatening illnesses and other medications
13 that can be administered by consuming geneti-
14 cally-engineered agricultural products.

15 “(c) *AUTHORIZATION OF APPROPRIATIONS.*—There is
16 authorized to be appropriated to carry out this section
17 \$5,000,000 for each of fiscal years 2002 through 2006.”.

18 **SEC. 750A. OFFICE OF PEST MANAGEMENT POLICY.**

19 Section 614(f) of the *Agricultural Research, Extension,*
20 and *Education Reform Act of 1998 (7 U.S.C. 7653(f))* is
21 amended by striking “2002” and inserting “2006”.

22 **SEC. 750B. SENIOR SCIENTIFIC RESEARCH SERVICE.**

23 Subtitle B of title VI of the *Agricultural Research, Ex-*
24 *tension, and Education Reform Act of 1998 (7 U.S.C. 7651*
25 *et seq.)* is amended by adding at the end the following:

1 **“SEC. 620. SENIOR SCIENTIFIC RESEARCH SERVICE.**

2 “(a) *IN GENERAL.*—*There is established in the Depart-*
3 *ment of Agriculture the Senior Scientific Research Service*
4 *(referred to in this section as the ‘Service’).*

5 “(b) *MEMBERS.*—

6 “(1) *IN GENERAL.*—*Subject to paragraphs (2)*
7 *through (4), the Secretary shall appoint the members*
8 *of the Service.*

9 “(2) *QUALIFICATIONS.*—*To be eligible for ap-*
10 *pointment to the Service, an individual shall—*

11 “(A) *have conducted outstanding research*
12 *in the field of agriculture or forestry;*

13 “(B) *have earned a doctoral level degree at*
14 *an institution of higher education (as defined in*
15 *section 101 of the Higher Education Act of 1965*
16 *(20 U.S.C. 1001)); and*

17 “(C) *meet qualification standards pre-*
18 *scribed by the Director of the Office of Personnel*
19 *Management for appointment to a position at*
20 *level GS–15 of the General Schedule.*

21 “(3) *NUMBER.*—*Not more than 100 individuals*
22 *may serve as members of the Service at any 1 time.*

23 “(4) *OTHER REQUIREMENTS.*—

24 “(A) *IN GENERAL.*—*Subject to subpara-*
25 *graph (B) and subsection (d)(2), the Secretary*

1 *may appoint and employ a member of the Serv-*
2 *ice without regard to—*

3 “(i) *the provisions of title 5, United*
4 *States Code, governing appointments in the*
5 *competitive service;*

6 “(ii) *the provisions of subchapter I of*
7 *chapter 35 of title 5, United States Code,*
8 *relating to retention preference;*

9 “(iii) *the provisions of chapter 43 of*
10 *title 5, United States Code, relating to per-*
11 *formance appraisal and performance ac-*
12 *tions;*

13 “(iv) *the provisions of chapter 51 and*
14 *subchapter III of chapter 53 of title 5,*
15 *United States Code, relating to classifica-*
16 *tion and General Schedule pay rates; and*

17 “(v) *the provisions of chapter 75 of*
18 *title 5, United States Code, relating to ad-*
19 *verse actions.*

20 “(B) *EXCEPTION.—A member of the Service*
21 *appointed and employed by the Secretary under*
22 *subparagraph (A) shall have the same right of*
23 *appeal to the Merit Systems Protection Board*
24 *and the same right to file a complaint with the*
25 *Office of Special Counsel as an employee ap-*

1 *pointed to a position at level GS–15 of the Gen-*
2 *eral Schedule.*

3 “(c) *PERFORMANCE APPRAISAL SYSTEM.—The Sec-*
4 *retary shall develop a performance appraisal system for*
5 *members of the Service that is designed to—*

6 “(1) *provide for the systematic appraisal of the*
7 *employment performance of the members; and*

8 “(2) *encourage excellence in employment per-*
9 *formance by the members.*

10 “(d) *COMPENSATION.—*

11 “(1) *IN GENERAL.—Subject to paragraph (2), the*
12 *Secretary shall determine the compensation of mem-*
13 *bers of the Service.*

14 “(2) *LIMITATIONS.—The rate of pay for a mem-*
15 *ber of the Service shall—*

16 “(A) *not be less than the minimum rate*
17 *payable for a position at level GS–15 of the Gen-*
18 *eral Schedule; and*

19 “(B) *not be more than the rate payable for*
20 *a position at level I of the Executive Schedule,*
21 *unless the rate is approved by the President*
22 *under section 5377(d)(2) of title 5, United States*
23 *Code.*

24 “(e) *RETIREMENT CONTRIBUTIONS.—*

1 “(1) *IN GENERAL.*—*On the request of a member*
2 *of the Service who was an employee of an institution*
3 *of higher education (as defined in section 101 of the*
4 *Higher Education Act of 1965 (20 U.S.C. 1001)) im-*
5 *mediately prior to appointment as a member of the*
6 *Service and who retains the right to continue to make*
7 *contributions to the retirement system of the institu-*
8 *tion, the Secretary may contribute an amount not to*
9 *exceed 10 percent of the basic pay of the member to*
10 *the retirement system of the institution on behalf of*
11 *the member.*

12 “(2) *FEDERAL RETIREMENT SYSTEM.*—

13 “(A) *IN GENERAL.*—*Subject to subpara-*
14 *graph (B), a member for whom a contribution is*
15 *made under paragraph (1) shall not, as a result*
16 *of serving as a member of the Service, be covered*
17 *by, or earn service credit under, chapter 83 or 84*
18 *of title 5, United States Code.*

19 “(B) *ANNUAL LEAVE.*—*Service of a member*
20 *of the Service described in subparagraph (A)*
21 *shall be creditable for determining years of serv-*
22 *ice under section 6303(a) of title 5, United*
23 *States Code.*

24 “(f) *INVOLUNTARY SEPARATION.*—

1 “(1) *IN GENERAL.*—Subject to paragraph (2)
2 and notwithstanding the provisions of title 5, United
3 States Code, governing appointment in the competi-
4 tive service, in the case of an individual who is sepa-
5 rated from the Service involuntarily and without
6 cause—

7 “(A) the Secretary may appoint the indi-
8 vidual to a position in the competitive civil serv-
9 ice at level GS-15 of the General Schedule; and

10 “(B) the appointment shall be a career ap-
11 pointment.

12 “(2) *EXCEPTED CIVIL SERVICE.*—In the case of
13 an individual described in paragraph (1) who imme-
14 diately prior to appointment as a member of the
15 Service was not a career appointee in the civil service
16 or the Senior Executive Service, the appointment of
17 the individual under paragraph (1)—

18 “(A) shall be to the excepted civil service;

19 and

20 “(B) may not exceed a period of 2 years.”.

1 **Subtitle D—Land-Grant Funding**

2 **CHAPTER 1—1862 INSTITUTIONS**

3 **SEC. 751. CARRYOVER.**

4 *Section 7 of the Hatch Act of 1887 (7 U.S.C. 361g)*
5 *is amended by striking subsection (c) and inserting the fol-*
6 *lowing:*

7 “(c) *CARRYOVER.*—

8 “(1) *IN GENERAL.*—*The balance of any annual*
9 *funds provided under this Act to a State agricultural*
10 *experiment station for a fiscal year that remains un-*
11 *expended at the end of the fiscal year may be carried*
12 *over for use during the following fiscal year.*

13 “(2) *FAILURE TO EXPEND FULL ALLOTMENT.*—

14 *If any unexpended balance carried over by a State is*
15 *not expended by the end of the second fiscal year, an*
16 *amount equal to the unexpended balance shall be de-*
17 *ducted from the next succeeding annual allotment to*
18 *the State.”.*

19 **SEC. 752. REPORTING OF TECHNOLOGY TRANSFER ACTIVI-**
20 **TIES.**

21 *Section 7(e) of the Hatch Act of 1887 (7 U.S.C.*
22 *361g(e)) is amended by adding at the end the following:*

23 “(5) *The technology transfer activities conducted*
24 *with respect to federally-funded agricultural re-*
25 *search.”.*

1 **SEC. 753. COMPLIANCE WITH MULTISTATE AND INTEGRA-**
2 **TION REQUIREMENTS.**

3 (a) *MULTISTATE COOPERATIVE EXTENSION ACTIVI-*
4 *TIES.*—Section 3 of the Smith-Lever Act (7 U.S.C. 343) is
5 amended by striking subsection (h) and inserting the fol-
6 lowing:

7 “(h) *MULTISTATE COOPERATIVE EXTENSION ACTIVI-*
8 *TIES.*—

9 “(1) *DEFINITION OF MULTISTATE ACTIVITY.*—In
10 this subsection, the term ‘multistate activity’ means a
11 cooperative extension activity in which 2 or more
12 States cooperate to resolve problems that concern more
13 than 1 State.

14 “(2) *REQUIREMENT.*—

15 “(A) *IN GENERAL.*—To receive funding
16 under subsections (b) and (c) for a fiscal year,
17 a State must have expended on multistate activi-
18 ties, in the preceding fiscal year, an amount
19 equivalent to not less than 25 percent of the
20 funds paid to the State under subsections (b)
21 and (c) for the preceding fiscal year.

22 “(B) *DETERMINATION OF AMOUNT.*—In de-
23 termining compliance with subparagraph (A),
24 the Secretary shall include all cooperative exten-
25 sion funds expended by the State in the pre-

1 ceding fiscal year, including Federal, State, and
2 local funds.

3 “(3) *REDUCTION OF PERCENTAGE.*—The Sec-
4 retary may reduce the minimum percentage required
5 to be expended for multistate activities under para-
6 graph (2) by a State in a case of hardship,
7 unfeasibility, or other similar circumstances beyond
8 the control of the State, as determined by the Sec-
9 retary.

10 “(4) *PLAN OF WORK.*—The State shall include in
11 the plan of work of the State required under section
12 4 a description of the manner in which the State will
13 meet the requirements of this subsection.

14 “(5) *APPLICABILITY.*—This subsection does not
15 apply to funds provided—

16 “(A) to a 1994 Institution (as defined in
17 section 532 of the Equity in Educational Land-
18 Grant Status Act of 1994 (7 U.S.C. 301 note;
19 Public Law 103–382)); or

20 “(B) to the Commonwealth of Puerto Rico,
21 the Virgin Islands, or Guam.”.

22 (b) *INTEGRATED RESEARCH AND EXTENSION ACTIVI-*
23 *TIES.*—Section 3 of the Hatch Act of 1887 (7 U.S.C. 361c)
24 is amended by striking subsection (i) and inserting the fol-
25 lowing:

1 “(i) *INTEGRATED RESEARCH AND EXTENSION ACTIVI-*
2 *TIES.*—

3 “(1) *IN GENERAL.*—

4 “(A) *REQUIREMENT.*—*To receive funding*
5 *under this Act and subsections (b) and (c) of sec-*
6 *tion 3 of the Smith-Lever Act (7 U.S.C. 343) for*
7 *a fiscal year, a State must have expended on ac-*
8 *tivities that integrate cooperative research and*
9 *extension (referred to in this section as ‘inte-*
10 *grated activities’), in the preceding fiscal year,*
11 *an amount equivalent to not less than 25 percent*
12 *of the funds paid to the State under this section*
13 *and subsections (b) and (c) of section 3 of the*
14 *Smith-Lever Act (7 U.S.C. 343) for the preceding*
15 *fiscal year.*

16 “(B) *DETERMINATION OF AMOUNT.*—*In de-*
17 *termining compliance with subparagraph (A),*
18 *the Secretary shall include all cooperative re-*
19 *search and extension funds expended by the State*
20 *in the prior fiscal year, including Federal, State,*
21 *and local funds.*

22 “(2) *REDUCTION OF PERCENTAGE.*—*The Sec-*
23 *retary may reduce the minimum percentage required*
24 *to be expended for integrated activities under para-*
25 *graph (1) by a State in a case of hardship,*

1 *unfeasibility, or other similar circumstances beyond*
2 *the control of the State, as determined by the Sec-*
3 *retary.*

4 “(3) *PLAN OF WORK.*—*The State shall include in*
5 *the plan of work of the State required under section*
6 *7 of this Act and under section 4 of the Smith-Lever*
7 *Act (7 U.S.C. 344), as applicable, a description of the*
8 *manner in which the State will meet the requirements*
9 *of this subsection.*

10 “(4) *APPLICABILITY.*—*This subsection does not*
11 *apply to funds provided—*

12 “(A) *to a 1994 Institution (as defined in*
13 *section 532 of the Equity in Educational Land-*
14 *Grant Status Act of 1994 (7 U.S.C. 301 note;*
15 *Public Law 103–382)); or*

16 “(B) *to the Commonwealth of Puerto Rico,*
17 *the Virgin Islands, or Guam.*

18 “(5) *RELATIONSHIP TO OTHER REQUIRE-*
19 *MENTS.*—*Funds described in paragraph (1)(B) that a*
20 *State uses to calculate the required amount of expend-*
21 *itures for integrated activities under paragraph*
22 *(1)(A) may also be used in the same fiscal year to*
23 *calculate the amount of expenditures for multistate*
24 *activities required under subsection (c)(3) of this sec-*

1 *tion and section 3(h) of the Smith-Lever Act (7*
 2 *U.S.C. 343(h)).”.*

3 *(c) EFFECTIVE DATE.—The amendments made by this*
 4 *section take effect on October 1, 2002.*

5 **CHAPTER 2—1994 INSTITUTIONS**

6 **SEC. 754. EXTENSION AT 1994 INSTITUTIONS.**

7 *Section 3(b) of the Smith-Lever Act (7 U.S.C. 343(b))*
 8 *is amended by striking paragraph (3) and inserting the fol-*
 9 *lowing:*

10 *“(3) EXTENSION AT 1994 INSTITUTIONS.—*

11 *“(A) IN GENERAL.—There are authorized to*
 12 *be appropriated for fiscal year 2002 and each*
 13 *subsequent fiscal year, for payment to 1994 In-*
 14 *stitutions (as defined in section 532 of the Eq-*
 15 *uity in Educational Land-Grant Status Act of*
 16 *1994 (7 U.S.C. 301 note; Public Law 103–382)),*
 17 *such sums as are necessary for the purposes set*
 18 *forth in section 2, to remain available until ex-*
 19 *pended.*

20 *“(B) DISTRIBUTION.—Amounts made avail-*
 21 *able under subparagraph (A)—*

22 *“(i) shall be distributed on the basis of*
 23 *a formula to be developed and implemented*
 24 *by the Secretary, in consultation with the*
 25 *1994 Institutions; and*

1 “(ii) may include payments for exten-
2 sion activities carried out during 1 or more
3 fiscal years.

4 “(C) COOPERATIVE AGREEMENT.—In ac-
5 cordance with such regulations as the Secretary
6 may promulgate, a 1994 Institution may admin-
7 ister funds received under this paragraph
8 through a cooperative agreement with an 1862
9 Institution or an 1890 Institution (as those
10 terms are defined in section 2 of the Agricultural
11 Research, Extension, and Education Reform Act
12 of 1998 (7 U.S.C. 7601)).”.

13 **SEC. 755. EQUITY IN EDUCATIONAL LAND-GRANT STATUS**
14 **ACT OF 1994.**

15 (a) **TECHNICAL AMENDMENT TO REFLECT NAME**
16 **CHANGES.**—Section 532 of the Equity in Educational
17 Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public
18 Law 103–382) is amended by striking paragraphs (1)
19 through (30) and inserting the following:

20 “(1) Bay Mills Community College.

21 “(2) Blackfeet Community College.

22 “(3) Cankdeska Cikana Community College.

23 “(4) College of Menominee Nation.

24 “(5) Crownpoint Institute of Technology.

25 “(6) D-Q University.

- 1 “(7) *Diné College*.
- 2 “(8) *Chief Dull Knife Memorial College*.
- 3 “(9) *Fond du Lac Tribal and Community Col-*
4 *lege*.
- 5 “(10) *Fort Belknap College*.
- 6 “(11) *Fort Berthold Community College*.
- 7 “(12) *Fort Peck Community College*.
- 8 “(13) *Haskell Indian Nations University*.
- 9 “(14) *Institute of American Indian and Alaska*
10 *Native Culture and Arts Development*.
- 11 “(15) *Lac Courte Oreilles Ojibwa Community*
12 *College*.
- 13 “(16) *Leech Lake Tribal College*.
- 14 “(17) *Little Big Horn College*.
- 15 “(18) *Little Priest Tribal College*.
- 16 “(19) *Nebraska Indian Community College*.
- 17 “(20) *Northwest Indian College*.
- 18 “(21) *Oglala Lakota College*.
- 19 “(22) *Salish Kootenai College*.
- 20 “(23) *Sinte Gleska University*.
- 21 “(24) *Sisseton Wahpeton Community College*.
- 22 “(25) *Si Tanka/Huron University*.
- 23 “(26) *Sitting Bull College*.
- 24 “(27) *Southwestern Indian Polytechnic Institute*.
- 25 “(28) *Stone Child College*.

1 “(29) *Turtle Mountain Community College.*

2 “(30) *United Tribes Technical College.*

3 “(31) *White Earth Tribal and Community Col-*
4 *lege.*”.

5 (b) *ACCREDITATION REQUIREMENT FOR RESEARCH*
6 *GRANTS.*—*Section 533(a)(3) of the Equity in Educational*
7 *Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public*
8 *Law 103–382) is amended by striking “sections 534 and*
9 *535” and inserting “sections 534, 535, and 536”.*

10 (c) *LAND-GRANT STATUS FOR 1994 INSTITUTIONS.*—
11 *Section 533(b) of the Equity in Educational Land-Grant*
12 *Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–*
13 *382) is amended by striking “\$4,600,000 for each of fiscal*
14 *years 1996 through 2002” and inserting “such sums as are*
15 *necessary for each of fiscal years 2002 through 2006”.*

16 (d) *CHANGE OF INDIAN STUDENT COUNT FORMULA.*—
17 *Section 533(c)(4)(A) of the Equity in Educational Land-*
18 *Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law*
19 *103–382) is amended by striking “(as defined in section*
20 *390(3) of the Carl D. Perkins Vocational and Applied Tech-*
21 *nology Education Act (20 U.S.C. 2397h(3)) for each 1994*
22 *Institution for the fiscal year” and inserting “(as defined*
23 *in section 2(a) of the Tribally Controlled College or Univer-*
24 *sity Assistance Act of 1978 (25 U.S.C. 1801(a))”.*

1 (e) *INCREASE IN INSTITUTIONAL PAYMENTS.*—Section
2 534(a)(1)(A) of the *Equity in Educational Land-Grant*
3 *Status Act of 1994* (7 U.S.C. 301 note; Public Law 103–
4 382) is amended by striking “\$50,000” and inserting
5 “\$100,000”.

6 (f) *INSTITUTIONAL CAPACITY BUILDING GRANTS.*—
7 Section 535 of the *Equity in Educational Land-Grant Sta-*
8 *tus Act of 1994* (7 U.S.C. 301 note; Public Law 103–382)
9 is amended—

10 (1) in subsection (b)(1), by striking “2002” and
11 inserting “2006”; and

12 (2) in subsection (c), by striking “\$1,700,000 for
13 each of fiscal years 1996 through 2002” and inserting
14 “such sums as are necessary for each of fiscal years
15 2002 through 2006”.

16 (g) *RESEARCH GRANTS.*—Section 536(c) of the *Equity*
17 *in Educational Land-Grant Status Act of 1994* (7 U.S.C.
18 301 note; Public Law 103–382) is amended by striking
19 “2002” and inserting “2006”.

20 **SEC. 756. ELIGIBILITY FOR INTEGRATED GRANTS PRO-**
21 **GRAM.**

22 Section 406(b) of the *Agricultural Research, Exten-*
23 *sion, and Education Reform Act of 1998* (7 U.S.C. 7626(b))
24 is amended by inserting “and 1994 Institutions” before “on
25 a competitive basis”.

CHAPTER 3—1890 INSTITUTIONS**SEC. 757. AUTHORIZATION PERCENTAGES FOR RESEARCH****AND EXTENSION FORMULA FUNDS.**

(a) *EXTENSION.*—Section 1444(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended—

(1) by striking “(a) There” and inserting the following:

“(a) *AUTHORIZATION OF APPROPRIATIONS.*—

“(1) *IN GENERAL.*—There”;

(2) by striking the second sentence; and

(3) in the third sentence, by striking “Beginning” through “6 per centum” and inserting the following:

“(2) *MINIMUM AMOUNT.*—Beginning with fiscal year 2002, there shall be appropriated under this section for each fiscal year an amount that is not less than 15 percent”;

(3) by striking “Funds appropriated” and inserting the following:

“(3) *USES.*—Funds appropriated”; and

(4) by striking “No more” and inserting the following:

“(4) *CARRYOVER.*—No more”.

1 (b) *RESEARCH.*—Section 1445(a) of the National Agri-
2 *cultural Research, Extension, and Teaching Policy Act of*
3 *1977 (7 U.S.C. 3222(a)) is amended—*

4 (1) *by striking “(a) There” and inserting the fol-*
5 *lowing:*

6 “(a) *AUTHORIZATION OF APPROPRIATIONS.*—

7 “(1) *IN GENERAL.*—*There*”;

8 (2) *by striking the second sentence and inserting*
9 *the following:*

10 “(2) *MINIMUM AMOUNT.*—*Beginning with fiscal*
11 *year 2002, there shall be appropriated under this sec-*
12 *tion for each fiscal year an amount that is not less*
13 *than 25 percent of the total appropriations for the fis-*
14 *cal year under section 3 of the Hatch Act of 1887 (7*
15 *U.S.C. 361c).”;*

16 (3) *by striking “Funds appropriated” and in-*
17 *serting the following:*

18 “(3) *USES.*—*Funds appropriated*”;

19 (4) *by striking “The eligible” and inserting the*
20 *following:*

21 “(4) *COORDINATION.*—*The eligible*”; and

22 (5) *by striking “No more” and inserting the fol-*
23 *lowing:*

24 “(5) *CARRYOVER.*—*No more*”.

1 **SEC. 758. CARRYOVER.**

2 *Section 1445(a) of the National Agricultural Research,*
3 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
4 *3222(a) (as amended by section 757(b)) is amended by*
5 *striking paragraph (5) and inserting the following:*

6 “(5) *CARRYOVER.*—

7 “(A) *IN GENERAL.*—*The balance of any an-*
8 *nual funds provided to an eligible institution for*
9 *a fiscal year under this section that remains un-*
10 *expended at the end of the fiscal year may be*
11 *carried over for use during the following fiscal*
12 *year.*

13 “(B) *FAILURE TO EXPEND FULL AMOUNT.*—
14 *If any unexpended balance carried over by an el-*
15 *igible institution is not expended by the end of*
16 *the second fiscal year, an amount equal to the*
17 *unexpended balance shall be deducted from the*
18 *next succeeding annual allotment to the eligible*
19 *institution.”.*

20 **SEC. 759. REPORTING OF TECHNOLOGY TRANSFER ACTIVI-**
21 **TIES.**

22 *Section 1445(c)(3) of the National Agricultural Re-*
23 *search, Extension, and Teaching Policy Act of 1977 (7*
24 *U.S.C. 3222(c)(3)) is amended by adding at the end the*
25 *following:*

1 “(F) The technology transfer activities con-
2 ducted with respect to federally-funded agricul-
3 tural research.”.

4 **SEC. 760. GRANTS TO UPGRADE AGRICULTURAL AND FOOD**
5 **SCIENCES FACILITIES AT 1890 LAND-GRANT**
6 **COLLEGES, INCLUDING TUSKEGEE UNIVER-**
7 **SITY.**

8 Section 1447(b) of the National Agricultural Research,
9 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
10 3222b(b)) is amended by striking “\$15,000,000 for each of
11 fiscal years 1996 through 2002” and inserting “\$25,000,000
12 for each of fiscal years 2002 through 2006”.

13 **SEC. 761. NATIONAL RESEARCH AND TRAINING VIRTUAL**
14 **CENTERS.**

15 (a) *AUTHORIZATION*.—Section 1448 of the National
16 Agricultural Research, Extension, and Teaching Policy Act
17 of 1977 (7 U.S.C. 3222c) is amended by striking “2002”
18 each place it appears in subsections (a)(1) and (f) and in-
19 serting “2006”.

20 (b) *REDESIGNATION*.—Section 1448 of the National
21 Agricultural Research, Extension, and Teaching Policy Act
22 of 1977 (7 U.S.C. 3222c) is amended—

23 (1) in the section heading, by striking “**CEN-**
24 **TENNIAL**” and inserting “**VIRTUAL**”; and

1 (2) by striking “centennial” each place it ap-
2 pears and inserting “virtual”.

3 **SEC. 762. MATCHING FUNDS REQUIREMENT FOR RESEARCH**
4 **AND EXTENSION ACTIVITIES.**

5 Section 1449 of the National Agricultural Research,
6 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
7 3222d) is amended by striking subsections (c) and (d) and
8 inserting the following:

9 “(c) **MATCHING FORMULA.**—

10 “(1) **IN GENERAL.**—For each of fiscal years 2003
11 through 2006, the State shall provide matching funds
12 from non-Federal sources.

13 “(2) **AMOUNT.**—The amount of the matching
14 funds shall be equal to not less than—

15 “(A) for fiscal year 2003, 60 percent of the
16 formula funds to be distributed to the eligible in-
17 stitution; and

18 “(B) for each of fiscal years 2004 through
19 2006, 110 percent of the amount required under
20 this paragraph for the preceding fiscal year.

21 “(d) **WAIVERS.**—Notwithstanding subsection (f), for
22 any of fiscal years 2003 through 2006, the Secretary may
23 waive the matching funds requirement under subsection (c)
24 for any amount above the level of 50 percent for an eligible

1 *institution of a State if the Secretary determines that the*
 2 *State will be unlikely to meet the matching requirement.”.*

3 **CHAPTER 4—LAND-GRANT INSTITUTIONS**

4 **Subchapter A—General**

5 **SEC. 771. PRIORITY-SETTING PROCESS.**

6 *Section 102(c)(1) of the Agricultural Research, Exten-*
 7 *sion, and Education Reform Act of 1998 (7 U.S.C.*
 8 *7612(c)(1)) is amended—*

9 *(1) by striking “establish and implement a proc-*
 10 *ess for obtaining” and inserting “obtain public”; and*

11 *(2) by striking the period at the end and insert-*
 12 *ing the following: “through a process that reflects*
 13 *transparency and opportunity for input from pro-*
 14 *ducers of diverse agricultural crops and diverse geo-*
 15 *graphic and cultural communities.”.*

16 **SEC. 772. TERMINATION OF CERTAIN SCHEDULE A AP-** 17 **POINTMENTS.**

18 *(a) TERMINATION.—Not later than 60 days after the*
 19 *date of enactment of this Act, the Secretary of Agriculture*
 20 *shall terminate each appointment listed as an excepted po-*
 21 *sition under schedule A of the General Schedule made by*
 22 *the Secretary to the Federal civil service of an individual*
 23 *who holds dual government appointments, and who carries*
 24 *out agricultural extension work in a program at a college*
 25 *or university eligible to receive funds, under—*

1 (1) *the Smith-Lever Act (7 U.S.C. 341 et seq.);*

2 (2) *section 1444 of the National Agricultural Re-*
3 *search, Extension, and Teaching Policy Act of 1977*
4 *(7 U.S.C. 3221); or*

5 (3) *section 208(e) of the District of Columbia*
6 *Public Postsecondary Education Reorganization Act*
7 *(88 Stat. 1428).*

8 (b) *CONTINUATION OF CERTAIN FEDERAL BENE-*
9 *FITS.—*

10 (1) *IN GENERAL.—Notwithstanding title 5,*
11 *United States Code, and subject to paragraph (2), an*
12 *individual described in subsection (a), during the pe-*
13 *riod the individual is employed in an agricultural ex-*
14 *tension program described in subsection (a) without*
15 *a break in service, shall continue to—*

16 (A) *be eligible to participate, to the same*
17 *extent that the individual was eligible to partici-*
18 *pate (on the day before the date of enactment of*
19 *this Act), in—*

20 (i) *the Federal Employee Health Bene-*
21 *fits Program;*

22 (ii) *the Federal Employee Group Life*
23 *Insurance Program;*

24 (iii) *the Civil Service Retirement Sys-*
25 *tem;*

1 (iv) the Federal Employee Retirement
2 System; and

3 (v) the Thrift Savings Plan; and

4 (B) receive Federal Civil Service employ-
5 ment credit to the same extent that the indi-
6 vidual was receiving such credit on the day be-
7 fore the date of enactment of this Act.

8 (2) LIMITATIONS.—An individual may continue
9 to be eligible for the benefits described in paragraph
10 (1) if—

11 (A) in the case of an individual who re-
12 mains employed in the agricultural extension
13 program described in subsection (a) on the date
14 of the enactment of this Act, the employing col-
15 lege or university continues to fulfill the admin-
16 istrative and financial responsibilities (including
17 making agency contributions) associated with
18 providing those benefits, as determined by the
19 Secretary of Agriculture; and

20 (B) in the case of an individual who
21 changes employment to a second college or uni-
22 versity described in subsection (a)—

23 (i) the individual continues to work in
24 an agricultural extension program described

1 *in subsection (a), as determined by the Sec-*
2 *retary of Agriculture;*

3 *(ii) the second college or university—*

4 *(I) fulfills the administrative and*
5 *financial responsibilities (including*
6 *making agency contributions) associ-*
7 *ated with providing those benefits, as*
8 *determined by the Secretary of Agri-*
9 *culture; and*

10 *(II) within 120 days before the*
11 *date of the employment of the indi-*
12 *vidual, had employed a different indi-*
13 *vidual described in subsection (a) who*
14 *had performed the same duties of em-*
15 *ployment; and*

16 *(iii) the individual was eligible for*
17 *those benefits on the day before the date of*
18 *enactment of this Act.*

19 ***Subchapter B—Land-Grant Institutions in***
20 ***Insular Areas***

21 ***SEC. 775. DISTANCE EDUCATION GRANTS PROGRAM FOR IN-***
22 ***SULAR AREA LAND-GRANT INSTITUTIONS.***

23 *The National Agricultural Research, Extension, and*
24 *Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) (as*

1 amended by section 723) is amended by adding at the end
2 the following:

3 **“Subtitle O—Land Grant**
4 **Institutions in Insular Areas**

5 **“SEC. 1489. DISTANCE EDUCATION GRANTS FOR INSULAR**
6 **AREAS.**

7 “(a) *IN GENERAL.*—The Secretary may make competi-
8 tive or noncompetitive grants to State cooperative institu-
9 tions in insular areas to strengthen the capacity of State
10 cooperative institutions to carry out distance food and agri-
11 cultural education programs using digital network tech-
12 nologies.

13 “(b) *USE.*—Grants made under this section shall be
14 used—

15 “(1) to acquire the equipment, instrumentation,
16 networking capability, hardware and software, digital
17 network technology, and infrastructure necessary to
18 teach students and teachers about technology in the
19 classroom;

20 “(2) to develop and provide educational services
21 (including faculty development) to prepare students
22 or faculty seeking a degree or certificate that is ap-
23 proved by the State or a regional accrediting body
24 recognized by the Secretary of Education;

1 “(3) to provide teacher education, library and
2 media specialist training, and preschool and teacher
3 aid certification to individuals who seek to acquire or
4 enhance technology skills in order to use technology in
5 the classroom or instructional process;

6 “(4) to implement a joint project to provide edu-
7 cation regarding technology in the classroom with a
8 local educational agency, community-based organiza-
9 tion, national nonprofit organization, or business, in-
10 cluding a minority business or a business located in
11 a HUBZone established under section 31 of the Small
12 Business Act (15 U.S.C. 657a); or

13 “(5) to provide leadership development to admin-
14 istrators, board members, and faculty of eligible insti-
15 tutions with institutional responsibility for technology
16 education.

17 “(c) *LIMITATION ON USE OF GRANT FUNDS.*—Funds
18 provided under this section shall not be used for the plan-
19 ning, acquisition, construction, rehabilitation, or repair of
20 a building or facility.

21 “(d) *ADMINISTRATION OF PROGRAM.*—The Secretary
22 may carry out this section in a manner that recognizes the
23 different needs and opportunities for State cooperative in-
24 stitutions in the Atlantic and Pacific Oceans.

25 “(e) *MATCHING REQUIREMENT.*—

1 “(1) *IN GENERAL.*—*The Secretary may establish-*
 2 *ment a requirement that a State cooperative institu-*
 3 *tion receiving a grant under this section shall provide*
 4 *matching funds from non-Federal sources in an*
 5 *amount equal to not less than 50 percent of the grant.*

6 “(2) *WAIVERS.*—*If the Secretary establishes a*
 7 *matching requirement under paragraph (1), the re-*
 8 *quirement shall include an option for the Secretary to*
 9 *waive the requirement for an insular area State coop-*
 10 *erative institution for any fiscal year if the Secretary*
 11 *determines that the institution will be unlikely to*
 12 *meet the matching requirement for the fiscal year.*

13 “(f) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 14 *authorized to be appropriated to carry out this section*
 15 *\$4,000,000 for each of fiscal years 2002 through 2006.”.*

16 ***SEC. 776. MATCHING REQUIREMENTS FOR RESEARCH AND***
 17 ***EXTENSION FORMULA FUNDS FOR INSULAR***
 18 ***AREA LAND-GRANT INSTITUTIONS.***

19 (a) *EXPERIMENT STATIONS.*—*Section 3(d) of the*
 20 *Hatch Act of 1887 (7 U.S.C. 361c(d)) is amended by strik-*
 21 *ing paragraph (4) and inserting the following:*

22 “(4) *EXCEPTION FOR INSULAR AREAS.*—

23 “(A) *IN GENERAL.*—*Effective beginning for*
 24 *fiscal year 2003, in lieu of the matching funds*
 25 *requirement of paragraph (1), the insular areas*

1 *of the Commonwealth of Puerto Rico, Guam, and*
2 *the Virgin Islands of the United States shall pro-*
3 *vide matching funds from non-Federal sources in*
4 *an amount equal to not less than 50 percent of*
5 *the formula funds distributed by the Secretary to*
6 *each of the insular areas, respectively, under this*
7 *section.*

8 “(B) *WAIVERS.*—*The Secretary may waive*
9 *the matching fund requirement of subparagraph*
10 *(A) for any fiscal year if the Secretary deter-*
11 *mines that the government of the insular area*
12 *will be unlikely to meet the matching require-*
13 *ment for the fiscal year.”.*

14 (b) *COOPERATIVE AGRICULTURAL EXTENSION.*—*Sec-*
15 *tion 3(e) of the Smith-Lever Act (7 U.S.C. 343(e)) is*
16 *amended by striking paragraph (4) and inserting the fol-*
17 *lowing:*

18 “(4) *EXCEPTION FOR INSULAR AREAS.*—

19 “(A) *IN GENERAL.*—*Effective beginning for*
20 *fiscal year 2003, in lieu of the matching funds*
21 *requirement of paragraph (1), the insular areas*
22 *of the Commonwealth of Puerto Rico, Guam, and*
23 *the Virgin Islands of the United States shall pro-*
24 *vide matching funds from non-Federal sources in*
25 *an amount equal to not less than 50 percent of*

1 *the formula funds distributed by the Secretary to*
2 *each of the insular areas, respectively, under this*
3 *section.*

4 “(B) *WAIVERS.—The Secretary may waive*
5 *the matching fund requirement of subparagraph*
6 *(A) for any fiscal year if the Secretary deter-*
7 *mines that the government of the insular area*
8 *will be unlikely to meet the matching require-*
9 *ment for the fiscal year.”.*

10 ***Subtitle E—Other Laws***

11 ***SEC. 781. CRITICAL AGRICULTURAL MATERIALS.***

12 *Section 16(a) of the Critical Agricultural Materials*
13 *Act (7 U.S.C. 178n(a)) is amended by striking “2002” and*
14 *inserting “2006”.*

15 ***SEC. 782. RESEARCH FACILITIES.***

16 *Section 6(a) of the Research Facilities Act (7 U.S.C.*
17 *390d(a)) is amended by striking “2002” and inserting*
18 *“2006”.*

19 ***SEC. 783. FEDERAL AGRICULTURAL RESEARCH FACILITIES.***

20 *Section 1431 of the National Agricultural Research,*
21 *Extension, and Teaching Policy Act Amendments of 1985*
22 *(Public Law 99–198; 99 Stat. 1556) is amended by striking*
23 *“2002” and inserting “2006”.*

1 **SEC. 784. COMPETITIVE, SPECIAL, AND FACILITIES RE-**
2 **SEARCH GRANTS.**

3 *The Competitive, Special, and Facilities Research*
4 *Grant Act (7 U.S.C. 450i) is amended in subsection (b)—*

5 *(1) in paragraph (2), by striking “in—” and all*
6 *that follows and inserting “, as those needs are deter-*
7 *mined by the Secretary, in consultation with the Na-*
8 *tional Agricultural Research, Extension, Education,*
9 *and Economics Advisory Board, not later than July*
10 *1 of each fiscal year for the purposes of the following*
11 *fiscal year.”; and*

12 *(2) in paragraph (10), by striking “2002” and*
13 *inserting “2006”.*

14 **SEC. 785. RISK MANAGEMENT EDUCATION FOR BEGINNING**
15 **FARMERS AND RANCHERS.**

16 *(a) IN GENERAL.—Section 524(a)(3) of the Federal*
17 *Crop Insurance Act (7 U.S.C. 1524(a)(3)) is amended by*
18 *striking subparagraph (A) and inserting the following:*

19 *“(A) AUTHORITY.—The Secretary, acting*
20 *through the Cooperative State Research, Edu-*
21 *cation, and Extension Service, shall establish a*
22 *program under which competitive grants are*
23 *made to qualified public and private entities (in-*
24 *cluding land-grant colleges and universities, co-*
25 *operative extension services, colleges or univer-*

1 *sities, and community colleges), as determined*
2 *by the Secretary, for the purpose of—*

3 *“(i) educating producers generally*
4 *about the full range of risk management ac-*
5 *tivities, including futures, options, agricul-*
6 *tural trade options, crop insurance, cash*
7 *forward contracting, debt reduction, produc-*
8 *tion diversification, farm resources risk re-*
9 *duction, and other risk management strate-*
10 *gies; or*

11 *“(ii) educating beginning farmers and*
12 *ranchers—*

13 *“(I) in the areas described in*
14 *clause (i); and*

15 *“(II) in risk management strate-*
16 *gies, as part of programs that are spe-*
17 *cifically targeted at beginning farmers*
18 *and ranchers.”.*

19 *(b) TECHNICAL CORRECTION.—Section 524(b) of the*
20 *Federal Crop Insurance Act (7 U.S.C. 1524(b)) is amended*
21 *by redesignating the second paragraph (2) and paragraph*
22 *(3) as paragraphs (3) and (4), respectively.*

1 **SEC. 786. AQUACULTURE.**

2 *Section 10 of the National Aquaculture Act of 1980*
 3 *(16 U.S.C. 2809) is amended by striking “2002” each place*
 4 *it appears and inserting “2006”.*

5 **SEC. 787. CARBON CYCLE RESEARCH.**

6 *Section 221 of the Agricultural Risk Protection Act of*
 7 *2000 (114 Stat. 407) is amended—*

8 *(1) in subsection (a), by striking “Of the*
 9 *amount” and all that follows through “to provide”*
 10 *and inserting “To the extent that funds are made*
 11 *available for the purpose, the Secretary shall pro-*
 12 *vide”;*

13 *(2) in subsection (d), by striking “under sub-*
 14 *section (a)” and inserting “to carry out this section”;*
 15 *and*

16 *(3) by adding at the end the following:*

17 *“(e) AUTHORIZATION OF APPROPRIATIONS.—There are*
 18 *authorized to be appropriated for fiscal years 2002 through*
 19 *2006 such sums as are necessary to carry out this section.”.*

20 ***Subtitle F—New Authorities***

21 **SEC. 791. DEFINITIONS.**

22 *In this subtitle:*

23 *(1) DEPARTMENT.—The term “Department”*
 24 *means the Department of Agriculture.*

25 *(2) SECRETARY.—The term “Secretary” means*
 26 *the Secretary of Agriculture.*

1 **SEC. 792. REGULATORY AND INSPECTION RESEARCH.**

2 (a) *DEFINITIONS.—In this section:*

3 (1) *INSPECTION OR REGULATORY AGENCY OF*
4 *THE DEPARTMENT.—The term “inspection or regu-*
5 *latory agency of the Department” includes—*

6 (A) *the Animal and Plant Health Inspec-*
7 *tion Service;*

8 (B) *the Food Safety and Inspection Service;*

9 (C) *the Grain Inspection, Packers, and*
10 *Stockyards Administration; and*

11 (D) *the Agricultural Marketing Service.*

12 (2) *URGENT APPLIED RESEARCH NEEDS.—The*
13 *term “urgent applied research needs” includes re-*
14 *search necessary to carry out—*

15 (A) *agricultural marketing programs;*

16 (B) *programs to protect the animal and*
17 *plant resources of the United States; and*

18 (C) *educational programs or special studies*
19 *to improve the safety of the food supply of the*
20 *United States.*

21 (b) *TIMELY, COST-EFFECTIVE RESEARCH.—To meet*
22 *the urgent applied research needs of inspection or regu-*
23 *latory agencies of the Department, the Secretary—*

24 (1) *may use a public or private source; and*

1 (2) *shall use the most practicable source to pro-*
2 *vide timely, cost-effective means of providing the re-*
3 *search.*

4 (c) *CONFLICTS OF INTEREST.—The Secretary shall es-*
5 *tablish guidelines to prevent any conflict of interest that*
6 *may arise if an inspection or regulatory agency of the De-*
7 *partment obtains research from any Federal agency the*
8 *work or technology transfer efforts of which are funded in*
9 *part by an industry subject to the jurisdiction of the inspec-*
10 *tion or regulatory agency of the Department.*

11 (d) *REGULATIONS.—The Secretary may promulgate*
12 *such regulations as are necessary to carry out this section.*

13 **SEC. 793. EMERGENCY RESEARCH TRANSFER AUTHORITY.**

14 (a) *IN GENERAL.—Subject to subsection (b), in addi-*
15 *tion to any other authority that the Secretary may have*
16 *to transfer appropriated funds, the Secretary may transfer*
17 *up to 2 percent of any appropriation made available to*
18 *an office or agency of the Department for a fiscal year for*
19 *agricultural research, extension, marketing, animal and*
20 *plant health, nutrition, food safety, nutrition education, or*
21 *forestry programs to any other appropriation for an office*
22 *or agency of the Department for emergency research, exten-*
23 *sion, or education activities needed to address imminent*
24 *threats to animal and plant health, food safety, or human*
25 *nutrition, including bioterrorism.*

1 (b) *LIMITATIONS.*—*The Secretary may transfer funds*
2 *under subsection (a) only—*

3 (1) *on a determination by the Secretary that the*
4 *need is so imminent that the need will not be timely*
5 *met by annual, supplemental, or emergency appro-*
6 *priations;*

7 (2) *in an aggregate amount that does not exceed*
8 *\$5,000,000 for any fiscal year; and*

9 (3) *with the approval of the Director of the Of-*
10 *fice of Management and Budget.*

11 **SEC. 794. REVIEW OF AGRICULTURAL RESEARCH SERVICE.**

12 (a) *IN GENERAL.*—*The Secretary shall conduct a re-*
13 *view of the purpose, efficiency, effectiveness, and impact on*
14 *agricultural research of the Agricultural Research Service.*

15 (b) *ADMINISTRATION.*—*In conducting the review, the*
16 *Secretary shall use persons outside the Department,*
17 *including—*

18 (1) *Federal scientists;*

19 (2) *college and university faculty;*

20 (3) *private and nonprofit scientists; or*

21 (4) *other persons familiar with the role of the*
22 *Agricultural Research Service in conducting agricul-*
23 *tural research in the United States.*

24 (c) *REPORT.*—*Not later than September 30, 2004, the*
25 *Secretary shall submit to the Committee on Agriculture of*

1 *the House of Representatives and the Committee on Agri-*
2 *culture, Nutrition, and Forestry of the Senate a report on*
3 *the results of the review.*

4 (d) *FUNDING.*—*The Secretary shall use to carry out*
5 *this section not more than 0.1 percent of the amount of ap-*
6 *propriations made available to the Agricultural Research*
7 *Service for each of fiscal years 2002 through 2004.*

8 **SEC. 795. TECHNOLOGY TRANSFER FOR RURAL DEVELOP-**
9 **MENT.**

10 (a) *IN GENERAL.*—*The Secretary, acting through the*
11 *Rural Business-Cooperative Service and the Agricultural*
12 *Research Service, shall establish a program to promote the*
13 *availability of technology transfer opportunities of the De-*
14 *partment to rural businesses and residents.*

15 (b) *COMPONENTS OF PROGRAM.*—*The program shall,*
16 *to the maximum extent practicable, include—*

17 (1) *a website featuring information about the*
18 *program and technology transfer opportunities of the*
19 *Department;*

20 (2) *an annual joint program for State economic*
21 *development directors and Department rural develop-*
22 *ment directors regarding technology transfer opportu-*
23 *nities of the Agricultural Research Service and other*
24 *offices and agencies of the Department; and*

1 (3) *technology transfer opportunity programs at*
2 *each Agricultural Research Service laboratory, con-*
3 *ducted at least biennially, which may include partici-*
4 *ipation by other local Federal laboratories, as appro-*
5 *priate.*

6 (c) *FUNDING.—The Secretary shall use to carry out*
7 *this section—*

8 (1) *amounts made available to the Agricultural*
9 *Research Service; and*

10 (2) *amounts made available to the Rural Busi-*
11 *ness-Cooperative Service for salaries and expenses.*

12 **SEC. 796. BEGINNING FARMER AND RANCHER DEVELOP-**
13 **MENT PROGRAM.**

14 (a) *DEFINITION OF BEGINNING FARMER OR RANCH-*
15 *ER.—In this section, the term “beginning farmer or ranch-*
16 *er” means a person that—*

17 (1)(A) *has not operated a farm or ranch; or*

18 (B) *has operated a farm or ranch for not more*
19 *than 10 years; and*

20 (2) *meets such other criteria as the Secretary*
21 *may establish.*

22 (b) *PROGRAM.—The Secretary shall establish a begin-*
23 *ning farmer and rancher development program to provide*
24 *training, education, outreach, and technical assistance ini-*
25 *tiatives for beginning farmers or ranchers.*

1 (c) *GRANTS.*—

2 (1) *IN GENERAL.*—*In carrying out this section,*
3 *the Secretary shall make competitive grants to sup-*
4 *port new and established local and regional training,*
5 *education, outreach, and technical assistance initia-*
6 *tives for beginning farmers or ranchers, including*
7 *programs and services (as appropriate) relating to—*

8 (A) *mentoring, apprenticeships, and intern-*
9 *ships;*

10 (B) *resources and referral;*

11 (C) *assisting beginning farmers or ranchers*
12 *in acquiring land from retiring farmers and*
13 *ranchers;*

14 (D) *innovative farm and ranch transfer*
15 *strategies;*

16 (E) *entrepreneurship and business training;*

17 (F) *model land leasing contracts;*

18 (G) *financial management training;*

19 (H) *whole farm planning;*

20 (I) *conservation assistance;*

21 (J) *risk management education;*

22 (K) *diversification and marketing strate-*
23 *gies;*

24 (L) *curriculum development;*

1 (M) understanding the impact of concentra-
2 tion and globalization;

3 (N) basic livestock and crop farming prac-
4 tices;

5 (O) the acquisition and management of ag-
6 ricultural credit;

7 (P) environmental compliance;

8 (Q) information processing; and

9 (R) other similar subject areas of use to be-
10 ginning farmers or ranchers.

11 (2) *ELIGIBILITY.*—To be eligible to receive a
12 grant under this subsection, the recipient shall be a
13 collaborative State, tribal, local, or regionally-based
14 network or partnership of public or private entities,
15 which may include—

16 (A) a State cooperative extension service;

17 (B) a Federal, State, or tribal agency;

18 (C) a community-based and nongovern-
19 mental organization;

20 (D) a college or university (including an
21 institution awarding an associate's degree) or
22 foundation maintained by a college or univer-
23 sity; or

24 (E) any other appropriate partner, as de-
25 termined by the Secretary.

1 (3) *TERM OF GRANT.*—*The term of a grant*
2 *under this subsection shall not exceed 3 years.*

3 (4) *MATCHING REQUIREMENT.*—*To be eligible to*
4 *receive a grant under this subsection, a recipient shall*
5 *provide a match in the form of cash or in-kind con-*
6 *tributions in an amount equal to 25 percent of the*
7 *funds provided by the grant.*

8 (5) *SET-ASIDE.*—*Not less than 25 percent of*
9 *funds used to carry out this subsection for a fiscal*
10 *year shall be used to support programs and services*
11 *that address the needs of—*

12 (A) *limited resource beginning farmers or*
13 *ranchers (as defined by the Secretary);*

14 (B) *socially disadvantaged beginning farm-*
15 *ers or ranchers (as defined in section 355(e) of*
16 *the Consolidated Farm and Rural Development*
17 *Act (7 U.S.C. 2003(e)); and*

18 (C) *farmworkers desiring to become farmers*
19 *or ranchers.*

20 (6) *PROHIBITION.*—*A grant made under this*
21 *subsection may not be used for the planning, repair,*
22 *rehabilitation, acquisition, or construction of a build-*
23 *ing or facility.*

24 (7) *ADMINISTRATIVE COSTS.*—*The Secretary*
25 *shall use not more than 4 percent of the funds made*

1 *available to carry out this section for administrative*
2 *costs incurred by the Secretary in carrying out this*
3 *section.*

4 *(d) EDUCATION TEAMS.—*

5 *(1) IN GENERAL.—In carrying out this section,*
6 *the Secretary shall establish beginning farmer and*
7 *rancher education teams to develop curricula and*
8 *conduct educational programs and workshops for be-*
9 *ginning farmers or ranchers in diverse geographical*
10 *areas of the United States.*

11 *(2) CURRICULUM.—In promoting the develop-*
12 *ment of curricula, the Secretary shall, to the max-*
13 *imum extent practicable, include modules tailored to*
14 *specific audiences of beginning farmers or ranchers,*
15 *based on crop or regional diversity.*

16 *(3) COMPOSITION.—In establishing an education*
17 *team for a specific program or workshop, the Sec-*
18 *retary shall, to the maximum extent practicable—*

19 *(A) obtain the short-term services of special-*
20 *ists with knowledge and expertise in programs*
21 *servicing beginning farmers or ranchers; and*

22 *(B) use officers and employees of the De-*
23 *partment with direct experience in programs of*
24 *the Department that may be taught as part of*
25 *the curriculum for the program or workshop.*

1 (4) *COOPERATION.*—

2 (A) *IN GENERAL.*—*In carrying out this sub-*
3 *section, the Secretary shall cooperate, to the max-*
4 *imum extent practicable, with—*

5 (i) *State cooperative extension services;*

6 (ii) *Federal and State agencies;*

7 (iii) *community-based and nongovern-*
8 *mental organizations;*

9 (iv) *colleges and universities (including*
10 *an institution awarding an associate's de-*
11 *gree) or foundations maintained by a col-*
12 *lege or university; and*

13 (v) *other appropriate partners, as de-*
14 *termined by the Secretary.*

15 (B) *COOPERATIVE AGREEMENT.*—*Notwith-*
16 *standing chapter 63 of title 31, United States*
17 *Code, the Secretary may enter into a cooperative*
18 *agreement to reflect the terms of any cooperation*
19 *under subparagraph (A).*

20 (e) *CURRICULUM AND TRAINING CLEARINGHOUSE.*—

21 *The Secretary shall establish an online clearinghouse that*
22 *makes available to beginning farmers or ranchers education*
23 *curricula and training materials and programs, which may*
24 *include online courses for direct use by beginning farmers*
25 *or ranchers.*

1 (f) *STAKEHOLDER INPUT.*—*In carrying out this sec-*
2 *tion, the Secretary shall seek stakeholder input from—*

3 (1) *beginning farmers and ranchers;*

4 (2) *national, State, tribal, and local organiza-*
5 *tions and other persons with expertise in operating*
6 *beginning farmer and rancher programs; and*

7 (3) *the Advisory Committee on Beginning Farm-*
8 *ers and Ranchers established under section 5 of the*
9 *Agricultural Credit Improvement Act of 1992 (7*
10 *U.S.C. 1929 note; Public Law 102–554).*

11 (g) *PARTICIPATION BY OTHER FARMERS AND RANCH-*
12 *ERS.*—*Nothing in this section prohibits the Secretary from*
13 *allowing farmers and ranchers who are not beginning farm-*
14 *ers or ranchers from participating in programs authorized*
15 *under this section to the extent that the Secretary deter-*
16 *mines that such participation is appropriate and will not*
17 *detract from the primary purpose of educating beginning*
18 *farmers and ranchers.*

19 (h) *FUNDING.*—

20 (1) *FEEES AND CONTRIBUTIONS.*—

21 (A) *IN GENERAL.*—*The Secretary may—*

22 (i) *charge a fee to cover all or part of*
23 *the costs of curriculum development and the*
24 *delivery of programs or workshops provided*
25 *by—*

1 (I) a beginning farmer and
2 rancher education team established
3 under subsection (d); or

4 (II) the online clearinghouse es-
5 tablished under subsection (e); and

6 (ii) accept contributions from cooper-
7 ating entities under a cooperative agree-
8 ment entered into under subsection
9 (d)(4)(B) to cover all or part of the costs for
10 the delivery of programs or workshops by
11 the beginning farmer and rancher education
12 teams.

13 (B) AVAILABILITY.—Fees and contributions
14 received by the Secretary under subparagraph
15 (A) shall—

16 (i) be deposited in the account that in-
17 curred the costs to carry out this section;

18 (ii) be available to the Secretary to
19 carry out the purposes of the account, with-
20 out further appropriation;

21 (iii) remain available until expended;

22 and

23 (iv) be in addition to any funds made
24 available under paragraph (2).

25 (2) TRANSFERS.—

1 (A) *IN GENERAL.*—Not later than 30 days
2 after the date of enactment of this Act, and on
3 October 1, 2002, and each October 1 thereafter
4 through October 1, 2005, out of any funds in the
5 Treasury not otherwise appropriated, the Sec-
6 retary of the Treasury shall transfer to the Sec-
7 retary to carry out this section \$15,000,000, to
8 remain available for 2 fiscal years.

9 (B) *RECEIPT AND ACCEPTANCE.*—The Sec-
10 retary shall be entitled to receive, shall accept,
11 and shall use to carry out this section the funds
12 transferred under subparagraph (A), without
13 further appropriation.

14 **SEC. 797. SENSE OF CONGRESS REGARDING DOUBLING OF**
15 **FUNDING FOR AGRICULTURAL RESEARCH.**

16 *It is the sense of Congress that—*

17 (1) *Federal funding for food and agricultural re-*
18 *search has been essentially constant for 2 decades,*
19 *putting at risk the scientific base on which food and*
20 *agricultural advances have been made;*

21 (2) *the resulting increase in the relative propor-*
22 *tion of private sector, industry investments in food*
23 *and agricultural research has led to questions about*
24 *the independence and objectivity of research and out-*

1 reach conducted by the Federal and university re-
2 search sectors; and

3 (3) funding for food and agricultural research
4 should be at least doubled over the next 5 fiscal
5 years—

6 (A) to restore the balance between public
7 and private sector funding for food and agricul-
8 tural research; and

9 (B) to maintain the scientific base on which
10 food and agricultural advances are made.

11 **SEC. 798. RURAL POLICY RESEARCH.**

12 (a) *IN GENERAL.*—There is established in the Treasury
13 of the United States an account to be known as the “Rural
14 Research Fund Account” (referred to in this section as the
15 “Account”) to provide funds for activities described in sub-
16 section (c).

17 (b) *FUNDING.*—

18 (1) *IN GENERAL.*—Not later than 30 days after
19 the date of enactment of this Act, and on October 1,
20 2002, and each October 1 thereafter through October
21 1, 2005, out of any funds in the Treasury not other-
22 wise appropriated, the Secretary of the Treasury shall
23 transfer to the Account to carry out this section
24 \$15,000,000, to remain available for 2 fiscal years.

1 (2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
2 *shall be entitled to receive, shall accept, and shall use*
3 *to carry out this section the funds transferred under*
4 *paragraph (1), without further appropriation.*

5 (c) *PURPOSES.*—*The Secretary shall use the funds in*
6 *the Account to make competitive research grants for applied*
7 *and outcome oriented research and policy research and*
8 *analysis of rural issues relating to—*

9 (1) *rural sociology;*

10 (2) *effects of demographic change, including*
11 *aging population, outmigration, and labor resources;*

12 (3) *needs of groups of rural citizens, including*
13 *senior citizens, families, youth, children, and socially*
14 *disadvantaged individuals;*

15 (4) *rural community development;*

16 (5) *rural infrastructure, including water and*
17 *waste, community facilities, telecommunications, elec-*
18 *tricity, and high-speed broadband services;*

19 (6) *rural business development, including credit,*
20 *venture capital, cooperatives, value-added enterprises,*
21 *new and alternative markets, farm and rural enter-*
22 *prise formation, and entrepreneurship;*

23 (7) *farm management, including strategic plan-*
24 *ning, business and marketing opportunities, risk*
25 *management, natural resources and environmental*

1 *management, organic and sustainable farming sys-*
2 *tems, public sector development of new crops and crop*
3 *varieties, and intergenerational transfer strategies;*

4 (8) *rural education and extension programs, in-*
5 *cluding methods of delivery, availability of resources,*
6 *and use of distance learning; and*

7 (9) *rural health, including mental health, on-*
8 *farm safety, and food safety.*

9 (d) *REQUIREMENTS.—In making grants under this*
10 *section, the Secretary shall—*

11 (1) *solicit and consider public input from per-*
12 *sons who conduct or use agricultural research, exten-*
13 *sion, education, or rural development programs; and*

14 (2) *ensure that funded proposals will provide*
15 *high-quality research that may be of use to public pol-*
16 *icymakers and private entities in making decisions*
17 *that affect development in rural areas.*

18 (e) *ELIGIBLE GRANTEES.—The Secretary may make*
19 *a grant under this section to—*

20 (1) *an individual;*

21 (2) *a college or university or a foundation main-*
22 *tained by a college or university;*

23 (3) *a State cooperative institution (as defined in*
24 *section 1404 of the National Agricultural Research,*

1 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
2 *3103));*

3 (4) *a community college;*

4 (5) *a nonprofit organization, institution, or as-*
5 *sociation;*

6 (6) *a business association;*

7 (7) *an agency of a State, local, or tribal govern-*
8 *ment; or*

9 (8) *a regional partnership of public and private*
10 *agencies.*

11 (f) *TERM.*—*A grant under this section shall have a*
12 *term that does not exceed 5 years.*

13 (g) *MATCHING FUNDS.*—

14 (1) *IN GENERAL.*—*Subject to paragraph (2), the*
15 *Secretary may require as a condition of the grant*
16 *that the grant funding be matched, in whole or in*
17 *part, with matching funds from a non-Federal source.*

18 (2) *BUSINESS ASSOCIATIONS.*—*The Secretary*
19 *shall require that a grant to a business association be*
20 *matched with equal matching funds from a non-Fed-*
21 *eral source.*

22 (h) *ADMINISTRATIVE COSTS.*—*The Secretary may use*
23 *not more than 4 percent of the funds made available for*
24 *grants under this section to pay administrative costs in-*
25 *curred by the Secretary in carrying out this section.*

1 **SEC. 798A. PRIORITY FOR FARMERS AND RANCHERS PAR-**
2 **TICIPATING IN CONSERVATION PROGRAMS.**

3 *In carrying out new on-farm research or extension*
4 *programs or projects authorized by this Act, an amendment*
5 *made by this Act, or any Act enacted after the date of enact-*
6 *ment of this Act, the Secretary shall give priority in car-*
7 *rying out the programs or projects to using farms or*
8 *ranches of farmers or ranchers that participate in Federal*
9 *agricultural conservation programs.*

10 **SEC. 798B. ORGANIC PRODUCTION AND MARKET DATA INI-**
11 **TIATIVES.**

12 *The Secretary shall ensure that segregated data on the*
13 *production and marketing of organic agricultural products*
14 *is included in the ongoing baseline of data collection regard-*
15 *ing agricultural production and marketing.*

16 **SEC. 798C. ORGANICALLY PRODUCED PRODUCT RESEARCH**
17 **AND EDUCATION.**

18 *Not later than December 1, 2004, the Secretary, acting*
19 *through the Administrator of the Economic Research Serv-*
20 *ice, shall prepare, in consultation with the Advisory Com-*
21 *mittee on Small Farms, and submit to the Committee on*
22 *Agriculture of the House of Representatives and the Com-*
23 *mittee on Agriculture, Nutrition, and Forestry of the Sen-*
24 *ate, a report on—*

1 (1) *the impact on small farms of the implemen-*
2 *tation of the national organic program under part*
3 *205 of title 7, Code of Federal Regulations; and*

4 (2) *the production and marketing costs to pro-*
5 *ducers and handlers associated with transitioning to*
6 *organic production.*

7 **SEC. 798D. INTERNATIONAL ORGANIC RESEARCH COLLABO-**
8 **RATION.**

9 *The Secretary, acting through the Agricultural Re-*
10 *search Service (including the National Agriculture Library)*
11 *and the Economic Research Service, shall facilitate access*
12 *by research and extension professionals, farmers, and other*
13 *interested persons in the United States to, and the use by*
14 *those persons of, organic research conducted outside the*
15 *United States.*

16 **SEC. 798E. REPORT ON PRODUCERS AND HANDLERS OF OR-**
17 **GANIC AGRICULTURAL PRODUCTS.**

18 *Not later than 1 year after funds are made available*
19 *to carry out this section, the Secretary of Agriculture shall*
20 *submit to Congress a report that—*

21 (1) *describes—*

22 (A) *the extent to which producers and han-*
23 *dlers of organic agricultural products are con-*
24 *tributing to research and promotion programs of*
25 *the Department of Agriculture;*

1 (B) the extent to which producers and han-
2 dlers of organic agricultural products are sur-
3 veyed for ideas for research and promotion;

4 (C) ways in which the programs reflect the
5 contributions made by producers and handlers of
6 organic agricultural products and directly ben-
7 efit the producers and handlers; and

8 (D) the implementation of initiatives that
9 directly benefit organic producers and handlers;
10 and

11 (2) evaluates industry and other proposals for
12 improving the treatment of certified organic agricul-
13 tural products under Federal marketing orders, in-
14 cluding proposals to target additional resources for
15 research and promotion of organic products and to
16 differentiate between certified organic and other prod-
17 ucts in new or existing volume limitations or other
18 orderly marketing requirements.

19 **TITLE VIII—FORESTRY**

20 **SEC. 801. OFFICE OF INTERNATIONAL FORESTRY.**

21 Section 2405(d) of the Food, Agriculture, Conserva-
22 tion, and Trade Act of 1990 (7 U.S.C. 6704(d)) is amended
23 by striking “2002” and inserting “2006”.

1 **SEC. 802. MCINTIRE-STENNIS COOPERATIVE FORESTRY RE-**
2 **SEARCH PROGRAM.**

3 *It is the sense of Congress to reaffirm the importance*
4 *of Public Law 87–88 (16 U.S.C. 582a et seq.), commonly*
5 *known as the “McIntire-Stennis Cooperative Forestry Act”.*

6 **SEC. 803. SUSTAINABLE FORESTRY OUTREACH INITIATIVE;**
7 **RENEWABLE RESOURCES EXTENSION ACTIVI-**
8 **TIES.**

9 (a) *SUSTAINABLE FORESTRY OUTREACH INITIA-*
10 *TIVE.—The Renewable Resources Extension Act of 1978 is*
11 *amended by inserting after section 5A (16 U.S.C. 1674a)*
12 *the following:*

13 **“SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.**

14 *“The Secretary shall establish a program, to be known*
15 *as the ‘Sustainable Forestry Outreach Initiative’, to educate*
16 *landowners concerning—*

17 *“(1) the value and benefits of practicing sustain-*
18 *able forestry;*

19 *“(2) the importance of professional forestry ad-*
20 *vice in achieving sustainable forestry objectives; and*

21 *“(3) the variety of public and private sector re-*
22 *sources available to assist the landowners in planning*
23 *for and practicing sustainable forestry.”.*

24 (b) *RENEWABLE RESOURCES EXTENSION ACTIVI-*
25 *TIES.—*

1 (1) *AUTHORIZATION OF APPROPRIATIONS.*—Section
2 *tion 6 of the Renewable Resources Extension Act of*
3 *1978 (16 U.S.C. 1675) is amended by striking the*
4 *first sentence and inserting the following: “There is*
5 *authorized to be appropriated to carry out this Act*
6 *\$30,000,000 for each of fiscal years 2002 through*
7 *2006.”.*

8 (2) *TERMINATION DATE.*—Section 8 of the Re-
9 *newable Resources Extension Act of 1978 (16 U.S.C.*
10 *1671 note; Public Law 95–306) is amended by strik-*
11 *ing “2000” and inserting “2006”.*

12 **SEC. 804. FORESTRY INCENTIVES PROGRAM.**

13 *Section 4(j) of the Cooperative Forestry Assistance Act*
14 *of 1978 (16 U.S.C. 2103(j)) is amended by striking “2002”*
15 *and inserting “2006”.*

16 **SEC. 805. SUSTAINABLE FORESTRY COOPERATIVE PRO-**
17 **GRAM.**

18 *The Cooperative Forestry Assistance Act of 1978 is*
19 *amended by inserting after section 5 (16 U.S.C. 2103a) the*
20 *following:*

21 **“SEC. 5A. SUSTAINABLE FORESTRY COOPERATIVE PRO-**
22 **GRAM.**

23 *“(a) DEFINITIONS.—In this section:*

1 “(1) *FARMER OR RANCHER.*—The term ‘farmer
2 or rancher’ means a person engaged in the production
3 of an agricultural commodity (including livestock).

4 “(2) *FORESTRY COOPERATIVE.*—The term ‘for-
5 estry cooperative’ means an association that is—

6 “(A) owned and operated by nonindustrial
7 private forest landowners; and

8 “(B) comprised of members—

9 “(i) of which at least 51 percent are
10 farmers or ranchers; and

11 “(ii) that use sustainable forestry prac-
12 tices on nonindustrial private forest land to
13 create a long-term, sustainable income
14 stream.

15 “(3) *NONINDUSTRIAL PRIVATE FOREST LAND.*—
16 The term ‘nonindustrial private forest land’ has the
17 meaning given the term ‘nonindustrial private forest
18 lands’ in section 5(c).

19 “(b) *ESTABLISHMENT.*—The Secretary shall establish
20 a program, to be known as the ‘sustainable forestry coopera-
21 tive program’, under which the Secretary shall provide, to
22 nonprofit organizations on a competitive basis, grants to
23 establish, and develop and support, sustainable forestry
24 practices carried out by members of, forestry cooperatives.

25 “(c) *USE OF FUNDS.*—

1 “(1) *IN GENERAL.*—Subject to paragraph (2),
2 funds from a grant provided under this section shall
3 be used for—

4 “(A) *predevelopment, development, start-up,*
5 *capital acquisition, and marketing costs associ-*
6 *ated with a forestry cooperative; or*

7 “(B) *the development or support of a sus-*
8 *tainable forestry practice of a member of a for-*
9 *estry cooperative.*

10 “(2) *CONDITIONS*

11 “(A) *DEVELOPMENT.*—The Secretary shall
12 provide funds under paragraph (1)(A) only to a
13 nonprofit organization with demonstrated exper-
14 tise in cooperative development, as determined
15 by the Secretary.

16 “(B) *COMPLIANCE WITH PLAN.*—A sustain-
17 able forestry practice developed or supported
18 through the use of funds from a grant under this
19 section shall comply with any applicable stand-
20 ards for sustainable forestry contained in a man-
21 agement plan that—

22 “(i) *meets the requirements of section*
23 *6A(g); and*

24 “(ii) *is approved by the State forester*
25 *(or equivalent State official).*

1 “(d) *FUNDING.*—

2 “(1) *IN GENERAL.*—Not later than 30 days after
3 the date of enactment of this section, and on October
4 1, 2002, and each October 1 thereafter through Octo-
5 ber 1, 2005, out of any funds in the Treasury not oth-
6 erwise appropriated, the Secretary of the Treasury
7 shall transfer to the Secretary of Agriculture to carry
8 out this section \$2,000,000, to remain available until
9 expended.

10 “(2) *RECEIPT AND ACCEPTANCE.*—The Secretary
11 shall be entitled to receive, shall accept, and shall use
12 to carry out this section the funds transferred under
13 paragraph (1), without further appropriation.”.

14 **SEC. 806. SUSTAINABLE FOREST MANAGEMENT PROGRAM.**

15 (a) *FINDINGS AND PURPOSES.*—

16 (1) *FINDINGS.*—Congress finds that—

17 (A) the United States is becoming increas-
18 ingly dependent on nonindustrial private forest
19 land to supply necessary market commodities
20 and nonmarket conservation values;

21 (B) there is a strong demand for expanded
22 assistance programs for owners of nonindustrial
23 private forest land because the majority of the
24 wood supply of the United States comes from
25 nonindustrial private forest land;

1 (C) soil, water, and air quality, fish and
2 wildlife habitat, aesthetic values, and opportuni-
3 ties for outdoor recreation in the United States
4 would be maintained and improved through good
5 stewardship of nonindustrial private forest land;

6 (D) the products and services resulting from
7 stewardship of nonindustrial private forest land
8 contribute to the economic, social, and ecological
9 health and diversity of rural communities;

10 (E) catastrophic wildfires threaten human
11 lives, property, forests, and other resources;

12 (F) Federal and State cooperation in forest
13 fire prevention and control has proven effective
14 and valuable because properly managed forest
15 stands are less susceptible to catastrophic fire, as
16 demonstrated by the catastrophic fire seasons of
17 1998 and 2000;

18 (G) owners of nonindustrial private forest
19 land face increased pressure to make that land
20 available for development and other uses, result-
21 ing in forest land loss and fragmentation that
22 reduces the ability of private forest land to pro-
23 vide a full range of societal benefits;

24 (H) complex investments in the manage-
25 ment of long-rotation forest stands, including

1 *sustainable hardwood management, are often the*
2 *most difficult commitments for owners of non-*
3 *industrial private forest land;*

4 *(I) the investment of a single Federal dollar*
5 *in State and private forestry programs is esti-*
6 *mated to leverage, on the average, \$9 from State,*
7 *local, and private sources; and*

8 *(J) comprehensive, multiresource planning*
9 *assistance made available to each landowner be-*
10 *fore the provision of technical assistance would*
11 *provide an opportunity to ensure that the land-*
12 *owner is aware of the many projects and activi-*
13 *ties eligible for cost-share assistance.*

14 (2) *PURPOSES.*—*The purposes of this section*
15 *are—*

16 *(A) to strengthen the commitment of the*
17 *Secretary to sustainable forest management to*
18 *enhance the productivity of timber, fish and*
19 *wildlife habitat, soil and water quality, wetland,*
20 *recreational resources, and aesthetic values of*
21 *forest land; and*

22 *(B) to establish a coordinated and coopera-*
23 *tive Federal, State, and local sustainable forestry*
24 *program for the establishment, management,*

1 *maintenance, enhancement, and restoration of*
2 *forests on nonindustrial private forest land.*

3 **(b) PROGRAM.**—*The Cooperative Forestry Assistance*
4 *Act of 1978 is amended by inserting after section 6 (16*
5 *U.S.C. 2103b) the following:*

6 **“SEC. 6A. SUSTAINABLE FOREST MANAGEMENT PROGRAM.**

7 **“(a) DEFINITIONS.**—*In this section:*

8 **“(1) COMMITTEE.**—*The term ‘Committee’ means*
9 *a State Forest Stewardship Coordinating Committee*
10 *established under section 19(b).*

11 **“(2) INDIAN TRIBE.**—*The term ‘Indian tribe’ has*
12 *the meaning given the term in section 4 of the Indian*
13 *Self-Determination and Education Assistance Act (25*
14 *U.S.C. 450b).*

15 **“(3) PROGRAM.**—*The term ‘program’ means the*
16 *sustainable forest management program established*
17 *under subsection (b)(1).*

18 **“(4) NONINDUSTRIAL PRIVATE FOREST LAND.**—
19 *The term ‘nonindustrial private forest land’ has the*
20 *meaning given the term ‘nonindustrial private forest*
21 *lands’ in section 5(c).*

22 **“(5) OWNER.**—*The term ‘owner’ means an owner*
23 *of nonindustrial private forest land.*

1 “(6) *STATE FORESTER*.—The term ‘State for-
2 ester’ means the director or other head of a State for-
3 estry agency (or an equivalent State official).

4 “(b) *ESTABLISHMENT*.—

5 “(1) *IN GENERAL*.—The Secretary shall establish
6 a sustainable forest management program to—

7 “(A) provide financial assistance to State
8 foresters; and

9 “(B) encourage the long-term sustainability
10 of nonindustrial private forest land in the
11 United States by assisting the owners of non-
12 industrial private forest land, through State for-
13 esters, in more actively managing the nonindus-
14 trial private forest land and related resources of
15 those owners through the use of State, Federal,
16 and private sector resource management exper-
17 tise, financial assistance, and educational pro-
18 grams.

19 “(2) *COORDINATION*.—The Secretary, acting
20 through State foresters, shall implement the
21 program—

22 “(A) in coordination with the Committees;

23 and

24 “(B) in consultation with—

1 “(i) *other Federal, State, and local*
2 *natural resource management agencies;*

3 “(ii) *institutions of higher education;*
4 *and*

5 “(iii) *a broad range of private sector*
6 *interests.*

7 “(c) *STATE PRIORITY PLAN.—*

8 “(1) *IN GENERAL.—Subject to paragraph (3), as*
9 *a condition of receipt of funding under the program,*
10 *a State Forester and the Committee of the State shall*
11 *jointly develop and submit to the Secretary a 5-year*
12 *plan that describes the funding priorities of the State*
13 *in meeting the purposes of the program.*

14 “(2) *PUBLIC PARTICIPATION.—The plan sub-*
15 *mitted to the Secretary under paragraph (1) shall in-*
16 *clude documentation of the efforts of the State to pro-*
17 *vide for public participation in the development of*
18 *the plan.*

19 “(3) *STATE PRIORITIES.—The Secretary shall*
20 *ensure, to the maximum extent practicable, that the*
21 *need for expanded technical assistance programs for*
22 *owners is met in the annual funding priorities of*
23 *each State described in paragraph (1).*

24 “(d) *PURPOSES.—The Secretary shall allocate re-*
25 *sources of the Secretary among States in accordance with*

1 subsection (j) to encourage, in accordance with the plan of
2 each State described in subsection (c)—

3 “(1) the investment in practices to establish, re-
4 store, protect, manage, maintain, and enhance the
5 health and productivity of the nonindustrial private
6 forest land in the United States;

7 “(2) the occurrence of afforestation, reforestation,
8 improvement of poorly stocked stands, timber stand
9 improvement, practices necessary to improve seedling
10 growth and survival, and growth enhancement prac-
11 tices as needed to enhance and sustain the long-term
12 productivity of timber and nontimber forest resources
13 to—

14 “(A) meet projected public demand for for-
15 est resources; and

16 “(B) provide environmental benefits;

17 “(3) the protection of riparian buffers and forest
18 wetland;

19 “(4) the maintenance and enhancement of fish
20 and wildlife habitat;

21 “(5) the enhancement of soil, air, and water
22 quality;

23 “(6) through the use of agroforestry practices, the
24 reduction of soil erosion and maintenance of soil
25 quality;

1 “(7) *the maintenance and enhancement of the*
2 *forest landbase;*

3 “(8) *the reduction of the threat of catastrophic*
4 *wildfires; and*

5 “(9) *the preservation of aesthetic quality and op-*
6 *portunities for outdoor recreation.*

7 “(e) *ELIGIBILITY.—*

8 “(1) *COST-SHARE ASSISTANCE.—*

9 “(A) *IN GENERAL.—Except as provided in*
10 *paragraph (2), an owner shall be eligible to re-*
11 *ceive cost-share assistance from a State forester*
12 *under the program if the owner—*

13 “(i) *develops a management plan in*
14 *accordance with subsection (f) that—*

15 “(I) *addresses site-specific activi-*
16 *ties and practices; and*

17 “(II) *is approved by the State for-*
18 *ester;*

19 “(ii) *agrees to implement approved ac-*
20 *tivities in accordance with the management*
21 *plan for a period of not less than 10 years,*
22 *unless the State forester approves a modi-*
23 *fication to the management plan; and*

1 “(iii) *except as provided in subpara-*
2 *graph (B), owns not more than 1,000 acres*
3 *of nonindustrial private forest land.*

4 “(B) *EXCEPTION FOR SIGNIFICANT PUBLIC*
5 *BENEFITS.—The Secretary may approve the pro-*
6 *vision of cost-share assistance to an owner that*
7 *owns more than 1,000 but less than 5,000 acres*
8 *of nonindustrial private forest land if the Sec-*
9 *retary, in consultation with the State forester,*
10 *determines that significant public benefits will*
11 *accrue as a result of the approval.*

12 “(2) *PAYMENT FOR PLAN DEVELOPMENT.—The*
13 *Secretary, acting through a State forester, may pro-*
14 *vide cost-share assistance to an owner to develop a*
15 *management plan.*

16 “(3) *LIMITATIONS.—An owner shall receive no*
17 *cost-share assistance for management of nonindustrial*
18 *private forest land under this section if the owner re-*
19 *ceives cost-share assistance for that land under—*

20 “(A) *the forestry incentives program under*
21 *section 4;*

22 “(B) *the stewardship incentives program*
23 *under section 6; or*

24 “(C) *any conservation program adminis-*
25 *tered by the Secretary.*

1 “(4) *RATE; SCHEDULE.*—Subject to paragraph
2 (5), the Secretary, in consultation with the State for-
3 ester, shall determine the rate and timing of cost-
4 share payments.

5 “(5) *AMOUNT.*—

6 “(A) *PERCENTAGE OF COST.*—Subject to
7 subparagraph (B), a cost-share payment shall
8 not exceed the lesser of an amount equal to—

9 “(i) 75 percent of the total cost of im-
10 plementing the project or activity; or

11 “(ii) such lesser percentage of the total
12 cost of implementing the project or activity
13 as is determined by the appropriate State
14 forester.

15 “(B) *AGGREGATE PAYMENT LIMIT.*—The
16 Secretary shall determine the maximum aggre-
17 gate amount of cost-share payments that an
18 owner may receive under this section.

19 “(f) *MANAGEMENT PLAN.*—An owner that seeks to par-
20 ticipate in the program shall—

21 “(1) submit to the State forester a management
22 plan that—

23 “(A) meets the requirements of this section;

24 and

1 “(B)(i) is prepared by, or in consultation
2 with, a professional resource manager;

3 “(ii) identifies and describes projects and
4 activities to be carried out by the owner to pro-
5 tect soil, water, air, range, and aesthetic quality,
6 recreation, timber, water, wetland, and fish and
7 wildlife resources on the land in a manner that
8 is compatible with the objectives of the owner;

9 “(iii) addresses any criteria established by
10 the applicable State and the applicable Com-
11 mittee; and

12 “(iv)(I) at a minimum, applies to the por-
13 tion of the land on which any project or activity
14 funded under the program will be carried out; or

15 “(II) in a case in which a project or activ-
16 ity described in subclause (I) may affect acreage
17 outside the portion of the land on which the
18 project or activity is carried out, applies to all
19 land of the owner that is in forest cover and that
20 may be affected by the project or activity; and

21 “(2) agree that all projects and activities con-
22 ducted on the land shall be consistent with the man-
23 agement plan.

24 “(g) APPROVED ACTIVITIES.—

1 “(1) *IN GENERAL.*—*The Secretary, in consulta-*
2 *tion with the State forester and the appropriate Com-*
3 *mittee, shall develop for each State a list of approved*
4 *forest activities and practices eligible for cost-share*
5 *assistance that meets the purposes of the program de-*
6 *scribed in subsection (d).*

7 “(2) *TYPES OF ACTIVITIES.*—*Approved activities*
8 *and practices under paragraph (1) may consist of ac-*
9 *tivities and practices for—*

10 “(A) *the establishment, management, main-*
11 *tenance, and restoration of forests for shelterbelts,*
12 *windbreaks, aesthetic quality, and other con-*
13 *servation purposes;*

14 “(B) *the sustainable growth and manage-*
15 *ment of forests for timber production;*

16 “(C) *the restoration, use, and enhancement*
17 *of forest wetland and riparian areas;*

18 “(D) *the protection of water quality and*
19 *watersheds through—*

20 “(i) *the planting of trees in riparian*
21 *areas; and*

22 “(ii) *the enhanced management and*
23 *maintenance of native vegetation on land*
24 *vital to water quality;*

1 “(E) the preservation, restoration, or devel-
2 opment of habitat for plants, fish, and wildlife;

3 “(F)(i) the control, detection, monitoring,
4 and prevention of the spread of invasive species
5 and pests on nonindustrial private forest land;
6 and

7 “(ii) the restoration of nonindustrial pri-
8 vate forest land affected by invasive species and
9 pests;

10 “(G) the conduct of other management ac-
11 tivities, such as the reduction of hazardous fuel
12 use, that reduce the risks to forests posed by, and
13 that restore, recover, and mitigate the damage to
14 forests caused by, fire or any other catastrophic
15 event, as determined by the Secretary;

16 “(H) the development of management plans;

17 “(I) the acquisition by the State of perma-
18 nent easements to maintain forest cover and pro-
19 tect important forest values; and

20 “(J) the conduct of other activities approved
21 by the Secretary, in consultation with the State
22 forester and the appropriate Committees.

23 “(h) FAILURE TO COMPLY.—

24 “(1) IN GENERAL.—The Secretary shall establish
25 a procedure to recover cost-share payments made

1 *under this section in any case in which the recipient*
2 *of the payment fails—*

3 *“(A) to implement a project or activity in*
4 *accordance with the management plan; or*

5 *“(B) comply with any requirement of this*
6 *section.*

7 *“(2) ADDITIONAL AUTHORITY.—The authority*
8 *under paragraph (1) shall be in addition to, and not*
9 *in lieu of, any other authority available to the Sec-*
10 *retary.*

11 *“(i) REPORTS.—*

12 *“(1) INTERIM REPORT.—Not later than 2½*
13 *years after the date on which funds are made avail-*
14 *able to implement a State priority plan under sub-*
15 *section (c), the State implementing the plan shall sub-*
16 *mit to the Secretary an interim report describing the*
17 *status of projects and activities funded under the plan*
18 *as of that date.*

19 *“(2) FINAL REPORT.—Not later than 5 years*
20 *after the date on which funds are made available to*
21 *implement a State priority plan under subsection (c),*
22 *the State implementing the plan shall submit to the*
23 *Secretary a final report describing the status of all*
24 *projects and activities funded under the plan as of*
25 *that date.*

1 “(j) *DISTRIBUTION.*—

2 “(1) *IN GENERAL.*—*The Secretary, acting*
3 *through State foresters, shall distribute funds avail-*
4 *able for cost sharing under the program based on a*
5 *nationwide funding formula developed under para-*
6 *graph (2).*

7 “(2) *FORMULA.*—*In developing the formula re-*
8 *ferred to in paragraph (1), the Secretary shall—*

9 “(A) *assess public benefits that would result*
10 *from the distribution; and*

11 “(B) *consider—*

12 “(i) *the total acreage of nonindustrial*
13 *private forest land in each State;*

14 “(ii) *the potential productivity of that*
15 *land, as determined by the Secretary;*

16 “(iii) *the number of owners eligible for*
17 *cost sharing in each State;*

18 “(iv) *the opportunities to enhance non-*
19 *timber resources on that land, including—*

20 “(I) *the protection of riparian*
21 *buffers and forest wetland;*

22 “(II) *the preservation of fish and*
23 *wildlife habitat;*

24 “(III) *the enhancement of soil,*
25 *air, and water quality; and*

1 “(IV) the preservation of aesthetic
2 quality and opportunities for outdoor
3 recreation;

4 “(v) the anticipated demand for timber
5 and nontimber resources in each State;

6 “(vi) the need to improve forest health
7 to minimize the damaging effects of cata-
8 strophic fire, insects, disease, or weather;

9 “(vii) the need and demand for agro-
10 forestry practices in each State;

11 “(viii) the need to maintain and en-
12 hance the forest landbase; and

13 “(ix) the need for afforestation, refor-
14 estation, and timber stand improvement.

15 “(k) FUNDING.—

16 “(1) IN GENERAL.—Not later than 30 days after
17 the date of enactment of this section, and on October
18 1, 2002, and each October 1 thereafter through Octo-
19 ber 1, 2005, out of any funds in the Treasury not oth-
20 erwise appropriated, the Secretary of the Treasury
21 shall transfer to the Secretary of Agriculture to carry
22 out this section \$48,000,000, to remain available
23 until expended.

24 “(2) RECEIPT AND ACCEPTANCE.—The Secretary
25 shall be entitled to receive, shall accept, and shall use

1 to carry out this section the funds transferred under
2 paragraph (1), without further appropriation.”.

3 **SEC. 807. FOREST LEGACY PROGRAM.**

4 Section 7(l) of the Cooperative Forestry Management
5 Act of 1978 (16 U.S.C. 2103c(l)) is amended by adding at
6 the end the following:

7 “(3) STATE AUTHORIZATION.—Notwithstanding
8 any other provision of this Act, a State may author-
9 ize any local government, or any qualified organiza-
10 tion that is defined in section 170(h)(3) of the Inter-
11 nal Revenue Code of 1986 and organized for at least
12 1 of the purposes described in clause (i), (ii), or (iii)
13 of section 170(h)(4)(A) of that Code, to acquire in
14 land in the State, in accordance with this section, 1
15 or more interests in conservation easements to carry
16 out the Forest Legacy Program in the State.”.

17 **SEC. 808. FOREST FIRE RESEARCH CENTERS.**

18 (a) FINDINGS.—Congress finds that—

19 (1) there is an increasing threat of fire to mil-
20 lions of acres of forest land and rangeland throughout
21 the United States;

22 (2) this threat is especially great in the interior
23 States of the western United States, where the Forest
24 Service estimates that 39,000,000 acres of National

1 *Forest System land are at high risk of catastrophic*
2 *wildfire;*

3 (3)(A) *the degraded condition of forest land and*
4 *rangeland is often the consequence of land manage-*
5 *ment practices that emphasize the control and preven-*
6 *tion of fires; and*

7 (B) *the land management practices disrupted the*
8 *occurrence of frequent low-intensity fires that periodi-*
9 *cally remove flammable undergrowth;*

10 (4) *as a result of the land management*
11 *practices—*

12 (A) *some forest land and rangeland in the*
13 *United States no longer function naturally as*
14 *ecosystems; and*

15 (B) *drought cycles and the invasion of in-*
16 *sects and disease have resulted in vast areas of*
17 *dead or dying trees, overstocked stands, and the*
18 *invasion of undesirable species;*

19 (5)(A) *population movement into wildland-*
20 *urban interface areas exacerbate the fire danger;*

21 (B) *the increasing number of larger, more in-*
22 *tense fires pose grave hazards to human health, safety,*
23 *property, and infrastructure in the areas; and*

24 (C) *smoke from wildfires, which contain fine*
25 *particulate matter and other hazardous pollutants,*

1 *pose substantial health risks to people living in the*
2 *areas;*

3 *(6)(A) the budgets and resources of Federal,*
4 *State, and local entities supporting firefighting efforts*
5 *have been stretched to their limits;*

6 *(B) according to the Comptroller General, the av-*
7 *erage cost of attempting to put out fires in the inte-*
8 *rior West grew by 150 percent, from \$134,000,000 in*
9 *fiscal year 1986 to \$335,000,000 in fiscal year 1994;*
10 *and*

11 *(C) the costs of preparedness, including the costs*
12 *of maintaining a readiness force to fight fires, rose*
13 *about 70 percent, from \$189,000,000 in fiscal year*
14 *1992 to \$326,000,000 in fiscal year 1997;*

15 *(7) diminishing Federal resources (including the*
16 *availability of personnel) have limited the ability of*
17 *Federal fire researchers—*

18 *(A) to respond to management needs; and*

19 *(B) to use technological advancements for*
20 *analyzing fire management costs;*

21 *(8) the Federal fire research program is funded*
22 *at approximately $\frac{1}{3}$ of the amount that is required*
23 *to address emerging fire problems, resulting in the*
24 *lack of a cohesive strategy to address the threat of cat-*
25 *astrophic wildfires; and*

1 (9) *there is a critical need for cost-effective in-*
2 *vestments in improved fire management technologies.*

3 **(b) FOREST FIRE RESEARCH CENTERS.**—*The Forest*
4 *and Rangeland Renewable Resources Research Act of 1978*
5 *(16 U.S.C. 1641 et seq.) is amended by adding at the end*
6 *the following:*

7 **“SEC. 11. FOREST FIRE RESEARCH CENTERS.**

8 **“(a) IN GENERAL.**—*Subject to the availability of ap-*
9 *propriations, the Secretary of Agriculture, acting through*
10 *the Chief of the Forest Service (referred to in this section*
11 *as the ‘Secretary’) shall establish at least 2 forest fire re-*
12 *search centers at institutions of higher education (which*
13 *may include research centers in existence on the date of en-*
14 *actment of this section) that—*

15 **“(1) have expertise in natural resource develop-**
16 *ment; and*

17 **“(2) are located in close proximity to other Fed-**
18 *eral natural resource, forest management, and land*
19 *management agencies.*

20 **“(b) LOCATIONS.**—*Of the forest fire research centers es-*
21 *tablished under subsection (a)—*

22 **“(1) at least 1 center shall be located in Cali-**
23 *fornia, Idaho, Montana, Oregon, or Washington; and*

24 **“(2) at least 1 center shall be located in Arizona,**
25 *Colorado, Nevada, New Mexico, or Wyoming.*

1 “(c) *DUTIES.*—*At each of the forest fire research cen-*
2 *ters established under subsection (a), the Secretary shall*
3 *provide for—*

4 “(1) *the conduct of integrative, interdisciplinary*
5 *research into the ecological, socioeconomic, and envi-*
6 *ronmental impact of fire control and the use of man-*
7 *agement of ecosystems and landscapes to facilitate fire*
8 *control; and*

9 “(2) *the development of mechanisms to rapidly*
10 *transfer new fire control and management tech-*
11 *nologies to fire and land managers.*

12 “(d) *ADVISORY COMMITTEE.*—

13 “(1) *IN GENERAL.*—*The Secretary, in consulta-*
14 *tion with the Secretary of the Interior, shall establish*
15 *a committee composed of fire and land managers and*
16 *fire researchers to determine the areas of emphasis*
17 *and establish priorities for research projects conducted*
18 *at forest fire research centers established under sub-*
19 *section (a).*

20 “(2) *ADMINISTRATION.*—*The Federal Advisory*
21 *Committee Act (5 U.S.C. App.) and section 102 of the*
22 *Agricultural Research, Extension, and Education Re-*
23 *form Act of 1998 (7 U.S.C. 7612) shall not apply to*
24 *the committee established under paragraph (1).*

1 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
2 *authorized to be appropriated such sums as are necessary*
3 *to carry out this section.*”.

4 **SEC. 809. WILDFIRE PREVENTION AND HAZARDOUS FUEL**
5 **PURCHASE PILOT PROGRAM.**

6 (a) *FINDINGS.*—*Congress finds that—*

7 (1) *the damage caused by wildfire disasters has*
8 *been equivalent in magnitude to the damage resulting*
9 *from the Northridge earthquake, Hurricane Andrew,*
10 *and the recent flooding of the Mississippi River and*
11 *the Red River;*

12 (2) *more than 20,000 communities in the United*
13 *States are at risk from wildfire and approximately*
14 *11,000 of those communities are located near Federal*
15 *land;*

16 (3) *the accumulation of heavy forest fuel loads*
17 *continues to increase as a result of disease, insect in-*
18 *festations, and drought, further increasing the risk of*
19 *fire each year;*

20 (4) *modification of forest fuel load conditions*
21 *through the removal of hazardous fuels would—*

22 (A) *minimize catastrophic damage from*
23 *wildfires;*

24 (B) *reduce the need for emergency funding*
25 *to respond to wildfires; and*

1 (C) protect lives, communities, watersheds,
2 and wildlife habitat;

3 (5) the hazardous fuels removed from forest land
4 represent an abundant renewable resource, as well as
5 a significant supply of biomass for biomass-to-energy
6 facilities;

7 (6) the United States should invest in tech-
8 nologies that promote economic and entrepreneurial
9 opportunities in processing forest products removed
10 through hazardous fuel reduction activities; and

11 (7) the United States should—

12 (A) develop and expand markets for tradi-
13 tionally underused wood and other biomass as
14 an outlet for value-added excessive forest fuels;
15 and

16 (B) commit resources to support planning,
17 assessments, and project reviews to ensure that
18 hazardous fuels management is accomplished ex-
19 peditiously and in an environmentally sound
20 manner.

21 (b) DEFINITIONS.—In this section:

22 (1) BIOMASS-TO-ENERGY FACILITY.—The term
23 “biomass-to-energy facility” means a facility that
24 uses forest biomass or other biomass as a raw mate-

1 *rial to produce electric energy, useful heat, or a trans-*
2 *portation fuel.*

3 (2) *ELIGIBLE COMMUNITY.*—*The term “eligible*
4 *community” means—*

5 (A) *any town, township, municipality, or*
6 *other similar unit of local government (as deter-*
7 *mined by the Secretary), or any area represented*
8 *by a nonprofit corporation or institution orga-*
9 *nized under Federal or State law to promote*
10 *broad-based economic development, that—*

11 (i) *has a population of not more than*
12 *10,000 individuals;*

13 (ii) *is located within a county in*
14 *which at least 15 percent of the total pri-*
15 *mary and secondary labor and proprietor*
16 *income is derived from forestry, wood prod-*
17 *ucts, and forest-related industries, such as*
18 *recreation, forage production, and tourism;*
19 *and*

20 (iii) *is located near forest land, the*
21 *condition of which land the Secretary deter-*
22 *mines poses a substantial present or poten-*
23 *tial hazard to—*

24 (I) *the safety of a forest ecosystem;*

25 (II) *the safety of wildlife; or*

1 (III) *in the case of a wildfire, the*
2 *safety of firefighters, other individuals,*
3 *and communities; and*

4 (B) *any county that is not contained within*
5 *a metropolitan statistical area that meets the*
6 *conditions described in clauses (ii) and (iii) of*
7 *subparagraph (A).*

8 (3) *FOREST BIOMASS.—The term “forest bio-*
9 *mass” means fuel and biomass accumulation from*
10 *precommercial thinnings, slash, and brush on forest*
11 *land.*

12 (4) *HAZARDOUS FUEL.—The term “hazardous*
13 *fuel” means any excessive accumulation of forest bio-*
14 *mass or other biomass on public or private forest land*
15 *in the wildland-urban interface (as defined by the*
16 *Secretary) that—*

17 (A) *is located near an eligible community;*

18 (B) *is designated as condition class 2 or 3*
19 *under the report of the Forest Service entitled*
20 *“Protecting People and Sustainable Resources in*
21 *Fire-Adapted Ecosystems”, dated October 13,*
22 *2000) (including any related maps); and*

23 (C) *the Secretary determines poses a sub-*
24 *stantial present or potential hazard to—*

25 (i) *the safety of a forest ecosystem;*

- 1 (ii) *the safety of wildlife; or*
2 (iii) *in the case of wildfire, the safety*
3 *of firefighters, other individuals, and com-*
4 *munities.*

5 (5) *INDIAN TRIBE.*—*The term “Indian tribe” has*
6 *the meaning given the term in section 4 of the Indian*
7 *Self-Determination and Education Assistance Act (25*
8 *U.S.C. 450b).*

9 (6) *NATIONAL FIRE PLAN.*—*The term “National*
10 *Fire Plan” means the plan prepared by the Secretary*
11 *of Agriculture and the Secretary of the Interior enti-*
12 *tled “Managing the Impact of Wildfires on Commu-*
13 *nities and the Environment” and dated September 8,*
14 *2000.*

15 (7) *PERSON.*—*The term “person” includes—*
16 (A) *a community;*
17 (B) *an Indian tribe;*
18 (C) *a small business, microbusiness, or*
19 *other business that is incorporated in the United*
20 *States; and*
21 (D) *a nonprofit organization.*

22 (8) *SECRETARY.*—*The term “Secretary”*
23 *means—*

1 (A) *the Secretary of Agriculture (or a des-*
2 *ignee), with respect to National Forest System*
3 *land and private land in the United States; and*

4 (B) *the Secretary of the Interior (or a des-*
5 *ignee) with respect to Federal land under the ju-*
6 *risdiction of the Secretary of the Interior or an*
7 *Indian tribe.*

8 (c) *WILDFIRE PREVENTION AND HAZARDOUS FUEL*
9 *PURCHASE PILOT PROGRAM.—*

10 (1) *GRANTS.—*

11 (A) *IN GENERAL.—Subject to the avail-*
12 *ability of appropriations, the Secretary may*
13 *make grants to—*

14 (i) *persons that operate existing or new*
15 *biomass-to-energy facilities to offset the costs*
16 *incurred by those persons in purchasing*
17 *hazardous fuels derived from public and*
18 *private forest land adjacent to eligible com-*
19 *munities; and*

20 (ii) *persons in rural communities that*
21 *are seeking ways to improve the use of, or*
22 *add value to, hazardous fuels.*

23 (B) *SELECTION CRITERIA.—The Secretary*
24 *shall select recipients for grants under subpara-*
25 *graph (A)(i) based on—*

1 (i) *planned purchases by the recipients*
2 *of hazardous fuels, as demonstrated by the*
3 *recipient through the submission to the Sec-*
4 *retary of such assurances as the Secretary*
5 *may require;*

6 (ii) *the level of anticipated benefits of*
7 *those purchases in reducing the risk of*
8 *wildfires;*

9 (iii) *the extent to which the biomass-to-*
10 *energy facility avoids adverse environ-*
11 *mental impacts, including cumulative im-*
12 *pacts, over the expected life of the biomass-*
13 *to-energy facility; and*

14 (iv) *the demonstrable level of antici-*
15 *pated benefits for eligible communities, in-*
16 *cluding the potential to develop thermal or*
17 *electric energy resources or affordable energy*
18 *for communities.*

19 (2) *GRANT AMOUNTS.—*

20 (A) *IN GENERAL.—A grant under subpara-*
21 *graph (A)(i) shall—*

22 (i) *be based on—*

23 (I) *the distance required to trans-*
24 *port hazardous fuels to a biomass-to-*
25 *energy facility; and*

1 (II) the cost of removal of haz-
2 ardous fuels; and

3 (ii) be in an amount that is at least
4 equal to the product obtained by
5 multiplying—

6 (I) the number of tons of haz-
7 ardous fuels delivered to a grant re-
8 cipient; by

9 (II) an amount that is at least \$5
10 but not more than \$10 per ton of haz-
11 ardous fuels, as determined by the Sec-
12 retary taking into consideration the
13 factors described in clause (i).

14 (B) LIMITATION ON INDIVIDUAL GRANTS.—

15 (i) IN GENERAL.—Except as provided
16 in clause (ii), a grant under subparagraph
17 (A) shall not exceed \$1,500,000 for any bio-
18 mass-to-energy facility for any fiscal year.

19 (ii) SMALL BIOMASS-TO-ENERGY FA-
20 CILITIES.—A biomass-to-energy facility that
21 has an annual production of 5 megawatts
22 or less shall not be subject to the limitation
23 under clause (i).

24 (3) MONITORING OF GRANT RECIPIENT ACTIVI-
25 TIES.—

1 (A) *IN GENERAL.*—*As a condition of receipt*
2 *of a grant under this subsection, a grant recipi-*
3 *ent shall keep such records as the Secretary may*
4 *require, including records that—*

5 (i) *completely and accurately disclose*
6 *the use of grant funds; and*

7 (ii) *describe all transactions involved*
8 *in the purchase of hazardous fuels derived*
9 *from forest land.*

10 (B) *ACCESS.*—*On notice by the Secretary,*
11 *the operator of a biomass-to-energy facility that*
12 *purchases or uses hazardous fuels with funds*
13 *from a grant under this subsection shall provide*
14 *the Secretary with—*

15 (i) *reasonable access to the biomass-to-*
16 *energy facility; and*

17 (ii) *an opportunity to examine the in-*
18 *ventory and records of the biomass-to-energy*
19 *facility.*

20 (4) *MONITORING OF EFFECT OF TREATMENTS.*—

21 (A) *IN GENERAL.*—*To determine and docu-*
22 *ment the environmental impact of hazardous fuel*
23 *removal, the Secretary shall monitor—*

24 (i) *environmental impacts of activities*
25 *carried out under this subsection; and*

1 (ii) *Federal land from which haz-*
2 *ardous fuels are removed and sold to a bio-*
3 *mass-to-energy facility under this sub-*
4 *section.*

5 (B) *EMPLOYMENT.*—

6 (i) *IN GENERAL.*—*The Comptroller*
7 *General of the United States shall*
8 *monitor—*

9 (I) *the number of jobs created in*
10 *or near eligible communities as a re-*
11 *sult of the implementation of this sub-*
12 *section;*

13 (II) *the opportunities created for*
14 *small businesses and microbusinesses*
15 *as a result of the implementation of*
16 *this subsection;*

17 (III) *the types and amounts of en-*
18 *ergy supplies created as a result of the*
19 *implementation of this subsection; and*

20 (IV) *energy prices for eligible*
21 *communities.*

22 (ii) *REPORT.*—*Beginning in fiscal*
23 *year 2003, the Comptroller General of the*
24 *United States shall submit to the Committee*
25 *on Energy and Natural Resources and the*

1 *Committee on Agriculture, Nutrition, and*
2 *Forestry of the Senate and the Committee*
3 *on Resources and the Committee on Agri-*
4 *culture of the House of Representatives an*
5 *annual report that describes the informa-*
6 *tion obtained through monitoring under*
7 *clause (i).*

8 (5) *REVIEW AND REPORT.*—

9 (A) *IN GENERAL.*—*Not later than Sep-*
10 *tember 30, 2004, the Comptroller General shall*
11 *submit to each of the committees described in*
12 *paragraph (4)(B)(i) a report that describes the*
13 *results and effectiveness of the pilot program.*

14 (B) *REPORTS BY SECRETARY.*—*The Sec-*
15 *retary shall submit to each of the committees de-*
16 *scribed in paragraph (4)(B)(i) an annual re-*
17 *port describing the results of the pilot program*
18 *that includes—*

19 (i) *an identification of the size of each*
20 *biomass-to-energy facility that receives a*
21 *grant under this section; and*

22 (ii) *the haul radius associated with*
23 *each grant.*

24 (C) *TECHNICAL FEASIBILITY REPORT.*—*Not*
25 *later than December 1, 2003, the Secretary of*

1 *Agriculture, in cooperation with the Forest Prod-*
2 *ucts Lab and the Economic Action Program of*
3 *the Forest Service, shall submit to each of the*
4 *committees described in paragraph (4)(B)(ii) a*
5 *report that describes—*

6 *(i) the technical feasibility of the use*
7 *by small-scale biomass energy units of*
8 *small-diameter trees and forest residues as a*
9 *source of fuel;*

10 *(ii) the environmental impacts relating*
11 *to the use of small-diameter trees and forest*
12 *residues as described in clause (i); and*

13 *(iii) any social or economic benefits of*
14 *small-scale biomass energy units for rural*
15 *communities.*

16 (6) *GRANTS TO OTHER PERSONS.—*

17 *(A) IN GENERAL.—In addition to biomass-*
18 *to-energy facilities, the Secretary may make*
19 *grants under this subsection to persons in rural*
20 *communities that are seeking ways to improve*
21 *the use of, or add value to, hazardous fuels.*

22 *(B) SELECTION.—The Secretary shall select*
23 *recipients of grants under subparagraph (A)*
24 *based on—*

1 (i) *the extent to which the grant recipi-*
2 *ent avoids environmental impacts; and*

3 (ii) *the demonstrable level of antici-*
4 *pated benefits to rural communities, includ-*
5 *ing opportunities for small businesses and*
6 *microbusinesses and the potential for new*
7 *job creation, that may result from the provi-*
8 *sion of the grant.*

9 (C) *MONITORING.*—*With respect to a grant*
10 *made under this paragraph—*

11 (i) *the monitoring provisions described*
12 *in paragraph (3) and applicable to bio-*
13 *mass-to-energy facilities shall apply; and*

14 (ii) *the Secretary shall monitor the en-*
15 *vironmental impacts of projects funded by*
16 *grants provided under this paragraph.*

17 (7) *AUTHORIZATION OF APPROPRIATIONS.*—
18 *There is authorized to be appropriated to carry out*
19 *this subsection \$50,000,000 for each of fiscal years*
20 *2002 through 2006.*

21 (d) *LONG-TERM FOREST STEWARDSHIP CONTRACTS*
22 *FOR HAZARDOUS FUELS REMOVAL.*—

23 (1) *ANNUAL ASSESSMENT OF TREATMENT ACRE-*
24 *AGE.*—

1 (A) *IN GENERAL.*—Subject to the avail-
2 ability of appropriations, not later than March
3 1 of each of fiscal years 2002 through 2006, the
4 Secretary shall submit to Congress an assessment
5 of the number of acres of National Forest System
6 land recommended to be treated during the sub-
7 sequent fiscal year using stewardship end result
8 contracts authorized by paragraph (3).

9 (B) *COMPONENTS.*—The assessment shall—

10 (i) be based on the treatment schedules
11 contained in the report entitled “Protecting
12 People and Sustaining Resources in Fire-
13 Adapted Ecosystems”, dated October 13,
14 2000, and incorporated into the National
15 Fire Plan;

16 (ii) identify the acreage by condition
17 class, type of treatment, and treatment year
18 to achieve the restoration goals outlined in
19 the report within 10-, 15-, and 20-year time
20 periods;

21 (iii) give priority to condition class 3
22 areas (as described in subsection (b)(4)(B)),
23 including modifications in the restoration
24 goals based on the effects of—

25 (I) fire;

- 1 (II) *hazardous fuel treatments*
2 *under the National Fire Plan; or*
3 (III) *updates in data;*
4 (iv) *provide information relating to the*
5 *type of material and estimated quantities*
6 *and range of sizes of material that shall be*
7 *included in the treatments;*
8 (v) *describe the land allocation cat-*
9 *egories in which the contract authorities*
10 *shall be used; and*
11 (vi) *give priority to areas described in*
12 *subsection (b)(4)(A).*

13 (2) *FUNDING RECOMMENDATION.—The Secretary*
14 *shall include in the annual assessment under para-*
15 *graph (1) a request for funds sufficient to implement*
16 *the recommendations contained in the assessment*
17 *using stewardship end result contracts described in*
18 *paragraph (3) in any case in which the Secretary de-*
19 *termines that the objectives of the National Fire Plan*
20 *would best be accomplished through forest stewardship*
21 *end result contracting.*

22 (3) *STEWARDSHIP END RESULT CONTRACTING.—*
23 (A) *IN GENERAL.—Subject to the avail-*
24 *ability of appropriations, the Secretary may*
25 *enter into not more than 28 stewardship end re-*

1 *sult contracts to implement the National Fire*
2 *Plan on National Forest System land based on*
3 *the treatment schedules provided in the annual*
4 *assessments conducted under paragraph*
5 *(1)(B)(i).*

6 (B) *PERIOD OF CONTRACTS.—The con-*
7 *tracting goals and authorities described in sub-*
8 *sections (b) through (g) of section 347 of the De-*
9 *partment of the Interior and Related Agencies*
10 *Appropriations Act, 1999 (commonly known as*
11 *the “Stewardship End Result Contracting Dem-*
12 *onstration Project”) (16 U.S.C. 2104 note; Pub-*
13 *lic Law 105–277), shall apply to contracts en-*
14 *tered into under this paragraph, except that 14*
15 *of the 28 contracts entered into under subpara-*
16 *graph (A) shall be subject to the conditions*
17 *that—*

18 *(i) funds from the contract, and any*
19 *offset value of forest products that exceeds*
20 *the value of the resource improvement treat-*
21 *ments carried out under the contract, shall*
22 *be deposited in the Treasury of the United*
23 *States;*

24 *(ii) section 347(c)(3)(A) of the Depart-*
25 *ment of the Interior and Related Agencies*

1 *Appropriations Act, 1999 (commonly*
2 *known as the “Stewardship End Result*
3 *Contracting Demonstration Project”)* (16
4 *U.S.C. 2104 note; Public Law 105–277)*
5 *shall not apply to those contracts; and*

6 *(iii) the implementation shall be ac-*
7 *complished using separate contracts for the*
8 *harvesting or collection, and sale, of mer-*
9 *chantable material.*

10 *(C) STATUS REPORT.—Beginning with the*
11 *assessment required under paragraph (1) for fis-*
12 *cal year 2003, the Secretary shall include in the*
13 *annual assessment under paragraph (1) a status*
14 *report of the stewardship end result contracts en-*
15 *tered into under this paragraph.*

16 *(4) AUTHORIZATION OF APPROPRIATIONS.—*
17 *There are authorized to be appropriated to carry out*
18 *this subsection such sums as are necessary for each of*
19 *fiscal years 2002 through 2006.*

20 *(e) EXCLUDED AREAS.—In carrying out this section,*
21 *the Secretary shall—*

22 *(1) because of sensitivity of natural, cultural, or*
23 *historical resources, designate areas to be excluded*
24 *from any program under this section; and*

1 (2) *carry out this section only in the wildland-*
 2 *urban interface, as defined by the Secretary.*

3 (f) *TERMINATION OF AUTHORITY.—The authority pro-*
 4 *vided under this section shall terminate on September 30,*
 5 *2006.*

6 **SEC. 810. CHESAPEAKE BAY WATERSHED FORESTRY PRO-**
 7 **GRAM.**

8 *The Cooperative Forestry Assistance Act of 1978 is*
 9 *amended by inserting after section 9 (16 U.S.C. 2105) the*
 10 *following:*

11 **“SEC. 9A. CHESAPEAKE BAY WATERSHED FORESTRY PRO-**
 12 **GRAM.**

13 “(a) *DEFINITIONS.—In this section:*

14 “(1) *AGREEMENT.—The term ‘Agreement’ means*
 15 *the Chesapeake 2000 Agreement, an interstate agree-*
 16 *ment the purpose of which is to correct the nutrient-*
 17 *related problems in the Chesapeake Bay by 2010.*

18 “(2) *BAY-AREA STATE.—*

19 “(A) *IN GENERAL.—The term ‘Bay-area*
 20 *State’ means a State any part of which is lo-*
 21 *cated in the watershed of the Chesapeake Bay.*

22 “(B) *INCLUSION.—The term ‘Bay-area*
 23 *State’ includes the District of Columbia.*

1 “(3) *CHESAPEAKE BAY EXECUTIVE COUNCIL.*—
2 *The term ‘Council’ means the Chesapeake Bay Execu-*
3 *tive Council.*

4 “(4) *DIRECTOR.*—*The term ‘Director’ means the*
5 *Director of Chesapeake Bay watershed forestry efforts*
6 *designated under subsection (b)(2)(A).*

7 “(5) *ELIGIBLE ENTITY.*—*The term ‘eligible enti-*
8 *ty’ means—*

9 “(A) *the government of a Bay-area State*
10 *(or a political subdivision); and*

11 “(B) *an organization such as an edu-*
12 *cational institution or a community or conserva-*
13 *tion organization.*

14 “(6) *ELIGIBLE PROJECT.*—*The term ‘eligible*
15 *project’ means a project the purpose of which is to—*

16 “(A) *improve wildlife habitat and water*
17 *quality through the establishment, protection,*
18 *and stewardship of riparian and wetland forests;*

19 “(B) *improve the capacity of a State or*
20 *nonprofit organization to implement forest con-*
21 *servation, restoration, and stewardship actions;*

22 “(C) *develop and implement a watershed*
23 *management plan that addresses forest conserva-*
24 *tion and restoration actions;*

1 “(D) provide outreach and assistance to
2 private landowners and communities to restore
3 or protect watersheds through the enhancement of
4 forests;

5 “(E) develop and implement communica-
6 tion, education, or technology transfer programs
7 that broaden public understanding of the value
8 of trees and forests and management of trees and
9 forests in sustaining and restoring watershed
10 health; and

11 “(F) conduct applied research, inventory,
12 assessment, or monitoring activities.

13 “(7) PROGRAM.—The term ‘program’ means the
14 Chesapeake Bay watershed forestry program estab-
15 lished under subsection (b)(1).

16 “(8) SECRETARY.—The term ‘Secretary’ means
17 the Secretary of Agriculture, acting through the Chief
18 of the Forest Service.

19 “(b) ESTABLISHMENT.—

20 “(1) IN GENERAL.—The Secretary shall establish
21 the Chesapeake Bay watershed forestry program to
22 provide technical and financial assistance to the
23 Council, Bay-area States, local governments, and
24 nonprofit organizations to carry out eligible projects.

25 “(2) DIRECTOR.—

1 “(A) *IN GENERAL.*—*The Secretary shall*
2 *designate an employee of the Forest Service to*
3 *serve as the Director for Chesapeake Bay water-*
4 *shed forestry efforts.*

5 “(B) *DUTIES.*—*The Director shall work in*
6 *cooperation with the Secretary to carry out the*
7 *purposes of the program described in paragraph*
8 *(1).*

9 “(c) *CHESAPEAKE WATERSHED FORESTRY GRANTS.*—

10 “(1) *IN GENERAL.*—*In carrying out the pro-*
11 *gram, the Secretary, in coordination with the Direc-*
12 *tor, may provide grants to assist eligible entities in*
13 *carrying out eligible projects.*

14 “(2) *COST SHARING.*—*The amount of a grant*
15 *awarded under this subsection shall not exceed 75*
16 *percent of the total cost of the eligible project.*

17 “(3) *ADDITIONAL REQUIREMENTS.*—*The Sec-*
18 *retary, in consultation with the Director, may pre-*
19 *scribe any requirements and procedures necessary to*
20 *carry out this subsection.*

21 “(d) *CHESAPEAKE WATERSHED FOREST ASSESSMENT*
22 *AND CONSERVATION STUDY.*—

23 “(1) *IN GENERAL.*—*The Director, in cooperation*
24 *with the Council, shall conduct a Chesapeake Bay wa-*
25 *tershed forestry research and assessment study that—*

1 “(A) assesses the extent and location of for-
2 est loss and fragmentation;

3 “(B) identifies critical forest land that
4 should be protected to achieve the purposes of the
5 Agreement;

6 “(C) prioritizes afforestation needs;

7 “(D) recommends—

8 “(i) management strategies based on
9 actions carried out and information ob-
10 tained under subparagraphs (A) through
11 (C) to expand conservation and stewardship
12 of the forest ecosystem in the Chesapeake
13 Bay watershed; and

14 “(ii) ways in which the Federal Gov-
15 ernment can work with State, county, local,
16 and private entities to conserve critical for-
17 ests, including recommendations on the fea-
18 sibility of establishing new units of the Na-
19 tional Forest System; and

20 “(E) identifies further inventory, assess-
21 ment, and research needed to achieve the pur-
22 poses of the Agreement.

23 “(2) REPORT.—Not later than 2 years after the
24 date of enactment of this section, the Director shall

1 submit to Congress a comprehensive report on the re-
2 sults of the study under paragraph (1).

3 “(e) *CHESAPEAKE BAY URBAN WATERSHED FOR-*
4 *ESTRY RESEARCH COOPERATIVE PROGRAM.—*

5 “(1) *IN GENERAL.—The Secretary, in coopera-*
6 *tion with the Director, may establish a comprehensive*
7 *Chesapeake Bay urban watershed forestry research co-*
8 *operative program to provide technical and financial*
9 *assistance to eligible entities.*

10 “(2) *PURPOSES.—The purposes of the coopera-*
11 *tive program shall be—*

12 “(A) *to meet the need of the urban popu-*
13 *lation of the Chesapeake Bay watershed in man-*
14 *aging forest land in urban and urbanizing areas*
15 *through a combination of—*

16 “(i) *applied research;*

17 “(ii) *demonstration projects;*

18 “(iii) *implementation guidelines; and*

19 “(iv) *training and education;*

20 “(B) *to coalesce information from local*
21 *managers, Federal, State, and private research-*
22 *ers, and state-of-the-art technology to answer*
23 *critical urban forestry questions relating to air*
24 *and water quality and watershed health; and*

1 “(C) to provide a link between research and
2 urban and community forestry policy, planning,
3 and management.

4 “(f) *AUTHORIZATION OF APPROPRIATIONS.*—There are
5 authorized to be appropriated to carry out this section—

6 “(1) \$3,000,000 for fiscal year 2002; and

7 “(2) \$3,500,000 for each of fiscal years 2003
8 through 2006.”.

9 **SEC. 811. ENHANCED COMMUNITY FIRE PROTECTION.**

10 (a) *FINDINGS.*—Congress finds that—

11 (1) the severity and intensity of wildfires have
12 increased dramatically over the past few decades as a
13 result of past fire and land management policies;

14 (2) the record 2000 fire season is a prime exam-
15 ple of what can be expected if action is not taken to
16 reduce the risk of catastrophic wildfires;

17 (3) wildfires threaten not only the forested re-
18 sources of the United States, but also the thousands
19 of communities intermingled with wildland in the
20 wildland-urban interface;

21 (4) wetland forests provide essential ecological
22 services, such as filtering pollutants, buffering impor-
23 tant rivers and estuaries, and minimizing flooding,
24 that make the protection and restoration of those for-
25 ests worthy of special focus;

1 (5) *the National Fire Plan, if implemented to*
2 *achieve appropriate priorities, is the proper, coordi-*
3 *nated, and most effective means to address the issue*
4 *of wildfires;*

5 (6) *while adequate authorities exist to address*
6 *the problem of wildfires at the landscape level on Fed-*
7 *eral land, there is limited authority to take action on*
8 *most private land where the largest threat to life and*
9 *property lies; and*

10 (7) *there is a significant Federal interest in en-*
11 *hancing the protection of communities from wildfire.*

12 (b) **ENHANCED COMMUNITY FIRE PROTECTION.**—*The*
13 *Cooperative Forestry Assistance Act of 1978 is amended by*
14 *inserting after section 10 (16 U.S.C. 2106) the following:*

15 **“SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.**

16 “(a) **COOPERATIVE MANAGEMENT RELATING TO WILD-**
17 **FIRE THREATS.**—*Notwithstanding section 7 of the Federal*
18 *Fire Prevention and Control Act of 1974 (15 U.S.C. 2206),*
19 *the Secretary may cooperate with State foresters and equiv-*
20 *alent State officials to—*

21 “(1) *assist in the prevention, control, suppres-*
22 *sion, and prescribed use of fires (including through*
23 *the provision of financial, technical, and related as-*
24 *sistance);*

25 “(2) *protect communities from wildfire threats;*

1 “(3) *enhance the growth and maintenance of*
2 *trees and forests in a manner that promotes overall*
3 *forest health; and*

4 “(4) *ensure the continued production of all forest*
5 *resources, including timber, outdoor recreation oppor-*
6 *tunities, wildlife habitat, and clean water, through*
7 *conservation of forest cover on watersheds, shelterbelts,*
8 *and windbreaks.*

9 “(b) *COMMUNITY AND PRIVATE LAND FIRE ASSIST-*
10 *ANCE PROGRAM.—*

11 “(1) *IN GENERAL.—The Secretary shall establish*
12 *a program to be known as the ‘community and pri-*
13 *vate land fire assistance program’ (referred to in this*
14 *section as the ‘Program’)—*

15 “(A) *to focus the Federal role in promoting*
16 *optimal firefighting efficiency at the Federal,*
17 *State, and local levels;*

18 “(B) *to provide increased assistance to Fed-*
19 *eral projects that establish landscape level protec-*
20 *tion from wildfires;*

21 “(C) *to expand outreach and education pro-*
22 *grams concerning fire prevention to homeowners*
23 *and communities; and*

1 “(D) to establish defensible space against
2 wildfires around the homes and property of pri-
3 vate landowners.

4 “(2) ADMINISTRATION AND IMPLEMENTATION.—
5 The Program shall be administered by the Secretary
6 and, with respect to non-Federal land described in
7 paragraph (3), carried out through the State forester
8 or equivalent State official.

9 “(3) COMPONENTS.—The Secretary may carry
10 out under the Program, on National Forest System
11 land and non-Federal land determined by the Sec-
12 retary in consultation with State foresters and
13 Committees—

14 “(A) fuel hazard mitigation and prevention;

15 “(B) invasive species management;

16 “(C) multiresource wildfire and community
17 protection planning;

18 “(D) community and landowner education
19 enterprises, including the program known as
20 ‘FIREWISE’;

21 “(E) market development and expansion;

22 “(F) improved use of wood products; and

23 “(G) restoration projects.

24 “(4) PRIORITY.—In entering into contracts to
25 carry out projects under the Program, the Secretary

1 *shall give priority to contracts with local persons or*
2 *entities.*

3 “(c) *AUTHORITY.*—*The authority provided under this*
4 *section shall be in addition to any authority provided under*
5 *section 10.*

6 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
7 *are authorized to be appropriated to the Secretary to carry*
8 *out this section \$35,000,000 for each of fiscal years 2002*
9 *through 2006.”.*

10 **SEC. 812. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

11 (a) *FINDINGS.*—*Congress finds that—*

12 (1) *there has been a dramatic shift in public at-*
13 *titudes and perceptions about forest management,*
14 *particularly in the understanding and practice of*
15 *sustainable forest management;*

16 (2) *it is commonly recognized that proper stew-*
17 *ardship of forest land is essential to—*

18 (A) *sustain and restore watershed health;*

19 (B) *produce clean water; and*

20 (C) *maintain healthy aquatic systems;*

21 (3) *forests are increasingly important to the pro-*
22 *tection and sustainability of drinking water supplies*
23 *for more than 1/2 of the population of the United*
24 *States;*

1 (4) *forest loss and fragmentation in urbanizing*
2 *areas are contributing to flooding, degradation of*
3 *urban stream habitat and water quality, and public*
4 *health concerns;*

5 (5) *scientific evidence and public awareness with*
6 *respect to the manner in which forest management*
7 *can positively affect water quality and quantity, and*
8 *the manner in which trees, forests, and forestry prac-*
9 *tices (such as forest buffers) can serve as solutions to*
10 *water quality problems in rural and urban areas, are*
11 *increasing;*

12 (6) *the application of forestry best management*
13 *practices developed at the State level has been found*
14 *to greatly facilitate the achievement of water quality*
15 *goals;*

16 (7) *significant efforts are underway to revisit*
17 *and make improvements on needed forestry best man-*
18 *agement practices;*

19 (8) *according to the report of the Forest Service*
20 *numbered FS-660 and entitled “Water and the Forest*
21 *Service”, forests are a requirement for maintenance of*
22 *clean water because—*

23 (A) *approximately 66 percent of the fresh-*
24 *water resources of the United States originate on*
25 *forests; and*

1 (B) forests cover approximately 1/3 of the
2 land area of the United States;

3 (9) because almost 500,000,000 acres, or ap-
4 proximately 2/3, of the forest land of the United
5 States is owned by non-Federal entities, a significant
6 burden is placed on private forest landowners to pro-
7 vide or maintain the clean water needed by the public
8 for drinking, swimming, fishing, and a number of
9 other water uses;

10 (10) because the decisions made by individual
11 landowners and communities will affect the ability to
12 maintain the health of rural and urban watersheds in
13 the future, there is a need to integrate forest manage-
14 ment, conservation, restoration, and stewardship in
15 watershed management;

16 (11) although water management is the primary
17 responsibility of States, the Federal Government has
18 a responsibility to promote and encourage the ability
19 of States and private forest landowners to sustain the
20 delivery of clean, abundant water from forest land;

21 (12) as of the date of enactment of this Act, the
22 availability of Federal assistance to support forest
23 landowners to achieve the water goals identified in
24 many Federal laws (including regulations) is lacking;
25 and

1 (13) increased research for, education for, and
2 technical and financial assistance provided to, forest
3 landowners and communities that relate to the protec-
4 tion of watersheds and improvement of water quality,
5 are needed to realize the expectations of the general
6 public for clean water and healthy aquatic systems.

7 (b) *PURPOSES.*—The purposes of this section are to—

8 (1) improve the understanding of landowners
9 and the public with respect to the relationship be-
10 tween water quality and forest management;

11 (2) encourage landowners to maintain tree cover
12 and use tree plantings and vegetative treatments as
13 creative solutions to water quality and quantity prob-
14 lems associated with varying land uses;

15 (3) enhance and complement source water protec-
16 tion in watersheds that provide drinking water for
17 municipalities;

18 (4) establish new partnerships and collaborative
19 watershed approaches to forest management, steward-
20 ship, and protection; and

21 (5) provide technical and financial assistance to
22 States to deliver a coordinated program that through
23 the provision of technical, financial, and educational
24 assistance to qualified individuals and entities—

1 (A) enhances State forestry best manage-
2 ment practices programs; and

3 (B) protects and improves water quality on
4 forest land.

5 (c) PROGRAM.—The Cooperative Forestry Assistance
6 Act of 1978 is amended by inserting after section 5A (as
7 added by section 805) the following:

8 **“SEC. 5B. WATERSHED FORESTRY ASSISTANCE PROGRAM.**

9 “(a) ESTABLISHMENT.—Subject to the availability of
10 appropriations, the Secretary shall establish a watershed
11 forestry assistance program (referred to in this section as
12 the ‘program’) to provide to States, through State foresters
13 (as defined in section 6A), technical, financial, and related
14 assistance to—

15 “(1) expand forest stewardship capacities and
16 activities through State forestry best management
17 practices and other means at the State level; and

18 “(2) prevent water quality degradation, and ad-
19 dress watershed issues, on non-Federal forest land.

20 “(b) WATERSHED FORESTRY EDUCATION, TECHNICAL
21 ASSISTANCE, AND PLANNING.—

22 “(1) PLAN.—

23 “(A) IN GENERAL.—In carrying out the
24 program, the Secretary shall cooperate with
25 State foresters to develop a plan, to be adminis-

1 *tered by the Secretary and implemented by State*
2 *foresters, to provide technical assistance to assist*
3 *States in preventing and mitigating water qual-*
4 *ity degradation.*

5 *“(B) PARTICIPATION.—In developing the*
6 *plan under subparagraph (A), the Secretary*
7 *shall encourage participation of interested mem-*
8 *bers of the public (including nonprofit private*
9 *organizations and local watershed councils).*

10 *“(2) COMPONENTS.—The plan described in para-*
11 *graph (1) shall include provisions to—*

12 *“(A) build and strengthen watershed part-*
13 *nerships focusing on forest land at the national,*
14 *State, regional, and local levels;*

15 *“(B) provide State forestry best manage-*
16 *ment practices and water quality technical as-*
17 *sistance directly to private landowners;*

18 *“(C) provide technical guidance relating to*
19 *water quality management through forest man-*
20 *agement in degraded watersheds to land man-*
21 *agers and policymakers;*

22 *“(D)(i) complement State nonpoint source*
23 *assessment and management plans established*
24 *under section 319 of the Federal Water Pollution*
25 *Control Act (33 U.S.C. 1329); and*

1 “(i) provide enhanced opportunities for co-
2 ordination and cooperation among Federal and
3 State agencies having responsibility for water
4 and watershed management under that Act; and

5 “(E) provide enhanced forest resource data
6 and support for improved implementation of
7 State forestry best management practices,
8 including—

9 “(i) designing and conducting effective-
10 ness and implementation studies; and

11 “(ii) meeting in-State water quality
12 assessment needs, such as the development of
13 water quality models that correlate the
14 management of forest land to water quality
15 measures and standards.

16 “(c) *WATERSHED FORESTRY COST-SHARE PRO-*
17 *GRAM.—*

18 “(1) *ESTABLISHMENT.—In carrying out the pro-*
19 *gram, the Secretary shall establish a watershed for-*
20 *estry cost-share program, to be administered by the*
21 *Secretary and implemented by State foresters, to pro-*
22 *vide grants and other assistance for eligible programs*
23 *and projects described in paragraph (2).*

24 “(2) *ELIGIBLE PROGRAMS AND PROJECTS.—A*
25 *community, nonprofit group, or landowner may re-*

1 *ceive a grant or other assistance under this subsection*
2 *to carry out a State forestry best management prac-*
3 *tices program or a watershed forestry project if the*
4 *program or project, as determined by the Secretary—*

5 *“(A) is consistent with—*

6 *“(i) State nonpoint source assessment*
7 *and management plan objectives established*
8 *under section 319 of the Federal Water Pol-*
9 *lution Control Act (33 U.S.C. 1329); and*

10 *“(ii) the cost-share requirements of this*
11 *section; and*

12 *“(B) is designed to address critical forest*
13 *stewardship, watershed protection, and restora-*
14 *tion needs of a State through—*

15 *“(i) the use of trees and forests as solu-*
16 *tions to water quality problems in urban*
17 *and agricultural areas;*

18 *“(ii) community-based planning, in-*
19 *volvement, and action through State, local*
20 *and nonprofit partnerships;*

21 *“(iii) the application of and dissemi-*
22 *nation of information on forestry best man-*
23 *agement practices relating to water quality;*

1 “(iv) watershed-scale forest manage-
2 ment activities and conservation planning;
3 and

4 “(v) the restoration of wetland and
5 stream side forests and establishment of ri-
6 parian vegetative buffers.

7 “(3) ALLOCATION.—

8 “(A) IN GENERAL.—After taking into con-
9 sideration the criteria described in subparagraph
10 (B), the Secretary shall allocate among States,
11 for award by State foresters under paragraph
12 (4), the amounts made available to carry out
13 this subsection.

14 “(B) CRITERIA.—The criteria referred to in
15 subparagraph (A) are—

16 “(i) the number of acres of forest land,
17 and land that could be converted to forest
18 land, in each State;

19 “(ii) the nonpoint source assessment
20 and management plans of each State, as de-
21 veloped under section 319 of the Federal
22 Water Pollution Control Act (33 U.S.C.
23 1329);

24 “(iii) the acres of wetland forests that
25 have been lost or degraded or cases in which

1 *forests may play a role in restoring wetland*
2 *resources;*

3 “(iv) *the number of non-Federal forest*
4 *landowners in each State; and*

5 “(v) *the extent to which the priorities*
6 *of States are designed to achieve a reason-*
7 *able range of the purposes of the program*
8 *and, as a result, contribute to the water-re-*
9 *lated goals of the United States.*

10 “(4) *AWARD OF GRANTS AND ASSISTANCE.—*

11 “(A) *IN GENERAL.—In implementing the*
12 *program under this subsection, the State forester,*
13 *in coordination with the State Coordinating*
14 *Committee established under section 19(b), shall*
15 *provide annual grants and cost-share assistance*
16 *to communities, nonprofit groups, and land-*
17 *owners to carry out eligible programs and*
18 *projects described in paragraph (2).*

19 “(B) *APPLICATION.—A community, non-*
20 *profit group, or landowner that seeks to receive*
21 *cost-share assistance under this subsection shall*
22 *submit to the State forester an application, in*
23 *such form and containing such information as*
24 *the State forester may prescribe, for the assist-*
25 *ance.*

1 “(C) *PRIORITIZATION.*—*In awarding cost-*
2 *share assistance under this subsection, the Sec-*
3 *retary shall give priority to eligible programs*
4 *and projects that are identified by the State for-*
5 *esters and the State Stewardship Committees as*
6 *having a greater need for assistance.*

7 “(D) *AWARD.*—*On approval by the Sec-*
8 *retary of an application under subparagraph*
9 *(B), the State forester shall award to the appli-*
10 *cant, from funds allocated to the State under*
11 *paragraph (3), such amount of cost-share assist-*
12 *ance as is requested in the application.*

13 “(5) *COST SHARING.*—

14 “(A) *FEDERAL SHARE.*—*The Federal share*
15 *of the cost of carrying out any eligible program*
16 *or project under this subsection shall not exceed*
17 *75 percent, of which not more than 50 percent*
18 *may be in the form of assistance provided under*
19 *this subsection.*

20 “(B) *NON-FEDERAL SHARE.*—*The non-Fed-*
21 *eral share of the cost of carrying out any eligible*
22 *program or project under this subsection may be*
23 *provided in the form of cash, services, or in-kind*
24 *contributions.*

1 “(d) *WATERSHED FORESTER.*—A State may use a
 2 portion of the funds made available to the State under sub-
 3 section (e) to establish and fill a position of ‘Watershed For-
 4 ester’ to lead State-wide programs and coordinate water-
 5 shed-level projects.

6 “(e) *FUNDING.*—

7 “(1) *IN GENERAL.*—There are authorized to be
 8 appropriated to carry out this section \$20,000,000 for
 9 each of fiscal years 2002 through 2006.

10 “(2) *ALLOCATION.*—Of the funds made available
 11 under paragraph (1)—

12 “(A) 75 percent shall be used to carry out
 13 subsection (c); and

14 “(B) 25 percent shall be used to carry out
 15 provisions of this section other than subsection
 16 (c).”.

17 **SEC. 813. SUBURBAN AND COMMUNITY FORESTRY AND**
 18 **OPEN SPACE INITIATIVE.**

19 *The Cooperative Forestry Assistance Act of 1978 is*
 20 *amended by inserting after section 7 (16 U.S.C. 2103c) the*
 21 *following:*

22 **“SEC. 7A. SUBURBAN AND COMMUNITY FORESTRY AND**
 23 **OPEN SPACE INITIATIVE.**

24 “(a) *DEFINITIONS.*—In this section:

1 “(1) *ELIGIBLE ENTITY*.—The term ‘eligible enti-
2 ty’ means a State (including a political subdivision)
3 or nonprofit organization that the Secretary deter-
4 mines under subsection (c)(1)(A)(ii) is eligible to re-
5 ceive a grant under subsection (c)(2).

6 “(2) *INDIAN TRIBE*.—The term ‘Indian tribe’ has
7 the meaning given the term in section 4 of the Indian
8 Self-Determination and Education Assistance Act (25
9 U.S.C. 450b).

10 “(3) *PRIVATE FOREST LAND*.—The term ‘private
11 forest land’ means land that is—

12 “(A)(i) covered by trees; or

13 “(ii) suitable for growing trees, as deter-
14 mined by the Secretary;

15 “(B) suburban, as determined by the Sec-
16 retary; and

17 “(C) owned by—

18 “(i) a private entity; or

19 “(ii) an Indian tribe.

20 “(4) *PROGRAM*.—The term ‘program’ means the
21 Suburban and Community Forestry and Open Space
22 Initiative established by subsection (b).

23 “(5) *SECRETARY*.—The term ‘Secretary’ means
24 the Secretary of Agriculture, acting through the Chief
25 of the Forest Service.

1 “(b) *ESTABLISHMENT.*—

2 “(1) *IN GENERAL.*—*There is established within*
3 *the Forest Service a program to be known as the*
4 *‘Suburban and Community Forestry and Open Space*
5 *Initiative’.*

6 “(2) *PURPOSE.*—*The purpose of the program is*
7 *to provide assistance to eligible entities to carry out*
8 *projects and activities to—*

9 “(A) *conserve private forest land and main-*
10 *tain working forests in suburban environments;*
11 *and*

12 “(B) *provide communities a means by*
13 *which to address significant suburban sprawl.*

14 “(c) *GRANT PROGRAM.*—

15 “(1) *IDENTIFICATION OF ELIGIBLE PRIVATE FOR-*
16 *EST LAND.*—

17 “(A) *IN GENERAL.*—*The Secretary, in con-*
18 *sultation with State foresters or equivalent State*
19 *officials and State or county planning offices,*
20 *shall establish criteria for—*

21 “(i) *the identification, subject to sub-*
22 *paragraph (B), of private forest land in*
23 *each State that may be conserved under this*
24 *section; and*

1 “(ii) the identification of eligible enti-
2 ties.

3 “(B) *CONDITIONS FOR ELIGIBLE PRIVATE*
4 *FOREST LAND.*—Private forest land identified for
5 conservation under subparagraph (A)(i) shall be
6 land that is—

7 “(i) located in an area that is affected,
8 or threatened to be affected, by significant
9 suburban sprawl, as determined by—

10 “(I) the appropriate State forester
11 or equivalent State official; and

12 “(II) the planning office of the
13 State or county in which the private
14 forest land is located; and

15 “(ii) threatened by present or future
16 conversion to nonforest use.

17 “(2) *GRANTS.*—

18 “(A) *PROJECTS AND ACTIVITIES.*—

19 “(i) *IN GENERAL.*—In carrying out
20 this section, the Secretary shall award
21 grants to eligible entities to carry out a
22 project or activity described in clause (ii).

23 “(ii) *TYPES.*—A project or activity re-
24 ferred to in clause (i) is a project or activ-
25 ity that—

1 “(I) is carried out to conserve pri-
2 vate forest land and contain signifi-
3 cant suburban sprawl; and

4 “(II) provides for guaranteed pub-
5 lic access to land on which the project
6 or activity is carried out, unless the
7 appropriate State forester or equiva-
8 lent State official and the State or
9 county planning office request, and
10 provide justification for the request,
11 that the requirement be waived.

12 “(B) APPLICATION; STEWARDSHIP PLAN.—
13 An eligible entity that seeks to receive a grant
14 under this section shall submit for approval—

15 “(i) to the Secretary, in such form as
16 the Secretary shall prescribe, an application
17 for the grant (including a description of
18 any private forest land to be conserved
19 using funds from the grant); and

20 “(ii) to the State forester or equivalent
21 State official, a stewardship plan that de-
22 scribes the manner in which any private
23 forest land to be conserved using funds from
24 the grant will be managed in accordance
25 with this section.

1 “(C) *APPROVAL OR DISAPPROVAL.*—

2 “(i) *IN GENERAL.*—*Subject to clause*
3 *(ii), as soon as practicable after the date on*
4 *which the Secretary receives an application*
5 *under subparagraph (B)(i) or a resubmis-*
6 *sion under subclause (II)(bb), the Secretary*
7 *shall—*

8 “(I)(aa) *approve the application;*
9 *and*

10 “(bb) *award a grant to the appli-*
11 *cant; or*

12 “(II)(aa) *disapprove the applica-*
13 *tion; and*

14 “(bb) *provide the applicant a*
15 *statement that describes the reasons*
16 *why the application was disapproved*
17 *(including a deadline by which the ap-*
18 *plicant may resubmit the application).*

19 “(ii) *PRIORITY.*—*In awarding grants*
20 *under this section, the Secretary shall give*
21 *priority to applicants that propose to fund*
22 *projects and activities that promote, in ad-*
23 *dition to the primary purposes of con-*
24 *serving private forest land and containing*
25 *significant suburban sprawl—*

1 “(I) *the sustainable management*
2 *of private forest land;*

3 “(II) *community and school edu-*
4 *cation programs and curricula relating*
5 *to sustainable forestry; and*

6 “(III) *community involvement in*
7 *determining the objectives for projects*
8 *or activities that are funded under this*
9 *section.*

10 “(3) *COST SHARING.—*

11 “(A) *IN GENERAL.—The amount of a grant*
12 *awarded under this section to carry out a project*
13 *or activity shall not exceed 50 percent of the*
14 *total cost of the project or activity.*

15 “(B) *ASSURANCES.—As a condition of re-*
16 *ceipt of a grant under this section, an eligible*
17 *entity shall provide to the Secretary such assur-*
18 *ances as the Secretary determines are sufficient*
19 *to demonstrate that the share of the cost of each*
20 *project or activity that is not funded by the*
21 *grant awarded under this section has been se-*
22 *cured.*

23 “(C) *FORM.—The share of the cost of car-*
24 *rying out any project or activity described in*
25 *subparagraph (A) that is not funded by a grant*

1 *awarded under this section may be provided in*
2 *cash or in kind.*

3 “(d) *USE OF GRANT FUNDS FOR PURCHASES OF LAND*
4 *OR EASEMENTS.—*

5 “(1) *PURCHASES.—*

6 “(A) *IN GENERAL.—Except as provided in*
7 *subparagraph (B), funds made available, and*
8 *grants awarded, under this section may be used*
9 *to purchase private forest land or interests in*
10 *private forest land (including conservation ease-*
11 *ments) only from willing sellers at fair market*
12 *value.*

13 “(B) *SALES AT LESS THAN FAIR MARKET*
14 *VALUE.—A sale of private forest land or an in-*
15 *terest in private forest land at less than fair*
16 *market value shall be permitted only on certifi-*
17 *cation by the landowner that the sale is being*
18 *entered into willingly and without coercion.*

19 “(2) *TITLE.—Title to private forest land or an*
20 *interest in private forest land purchased under para-*
21 *graph (1) may be held, as determined appropriate by*
22 *the Secretary, by—*

23 “(A) *a State (including a political subdivi-*
24 *sion of a State); or*

25 “(B) *a nonprofit organization.*

1 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
2 *authorized to be appropriated to carry out this section—*

3 “(1) \$50,000,000 for fiscal year 2003; and

4 “(2) *such sums as are necessary for each fiscal*
5 *year thereafter.*”.

6 **SEC. 814. GENERAL PROVISIONS.**

7 *Section 13 of the Cooperative Forestry Assistance Act*
8 *of 1978 (16 U.S.C. 2109) is amended by striking subsection*
9 *(f) and inserting the following:*

10 “(f) *GRANTS, CONTRACTS, AND OTHER AGREE-*
11 *MENTS.*—

12 “(1) *IN GENERAL.*—*In accordance with para-*
13 *graph (2), the Secretary may make such grants and*
14 *enter into such contracts, agreements, or other ar-*
15 *rangements as the Secretary determines are necessary*
16 *to carry out this Act.*

17 “(2) *ASSISTANCE.*—*Notwithstanding any other*
18 *provision of this Act, the Secretary, with the concur-*
19 *rence of the applicable State forester or equivalent*
20 *State official, may provide assistance under this Act*
21 *directly to any public or private entity, organization,*
22 *or individual—*

23 “(A) *through a grant; or*

24 “(B) *by entering into a contract or coopera-*
25 *tive agreement.*”.

1 **SEC. 815. STATE FOREST STEWARDSHIP COORDINATING**
2 **COMMITTEES.**

3 *Section 19(b) of the Cooperative Forestry Assistance*
4 *Act of 1978 (16 U.S.C. 2113(b)) is amended—*

5 *(1) in paragraph (1)(B)(i), by inserting “United*
6 *States Fish and Wildlife Service,” before “Forest*
7 *Service”; and*

8 *(2) in paragraph (2)—*

9 *(A) in subparagraph (C), by striking “and”*
10 *at the end;*

11 *(B) in subparagraph (D), by striking the*
12 *period at the end and inserting “; and”; and*

13 *(C) by adding at the end the following:*

14 *“(E) submit to the Secretary, the Committee*
15 *on Agriculture of the House of Representatives*
16 *and the Committee on Agriculture, Nutrition,*
17 *and Forestry of the Senate, an annual report*
18 *that provides—*

19 *“(i) the list of members on the Com-*
20 *mittee described in paragraph (1)(B); and*

21 *“(ii) for those members that may be in-*
22 *cluded on the Committee, but are not in-*
23 *cluded because a determination that it is*
24 *not practicable to include the members has*
25 *been made, an explanation of the reasons*
26 *for that determination.”.*

1 **SEC. 816. USDA NATIONAL AGROFORESTRY CENTER.**

2 (a) *IN GENERAL.*—Section 1243 of the Food, Agri-
3 culture, Conservation, and Trade Act of 1990 (16 U.S.C.
4 1642 note; Public Law 101–624) is amended—

5 (1) by striking the section heading and inserting
6 the following:

7 **“SEC. 1243. USDA NATIONAL AGROFORESTRY CENTER.”;**

8 and

9 (2) in subsection (a)—

10 (A) by striking “SEMIARID” and inserting
11 “USDA NATIONAL”; and

12 (B) by striking “Semiarid” and inserting
13 “USDA National”.

14 (b) *PROGRAM.*—Section 1243(b) of the Food, Agri-
15 culture, Conservation, and Trade Act of 1990 (16 U.S.C.
16 1642 note; Public Law 101–624) is amended—

17 (1) by inserting “the Institute of Tropical For-
18 estry and the Institute of Pacific Islands Forestry of
19 the Forest Service,” after “entities,”;

20 (2) in paragraph (1), by striking “on semiarid
21 lands”;

22 (3) in paragraph (3), by striking “from semiarid
23 land”;

24 (4) by striking paragraph (4) and inserting the
25 following:

1 “(4) collect information on the design and instal-
2 lation of forested riparian and upland buffers to—

3 “(A) protect water quality; and

4 “(B) manage water flow;”;

5 (5) in paragraphs (6) and (7), by striking “on
6 semiarid lands” each place it appears;

7 (6) by striking paragraph (8) and inserting the
8 following:

9 “(8) provide international leadership in the
10 worldwide development and exchange of agroforestry
11 practices;”;

12 (7) in paragraph (9), by striking “on semiarid
13 lands”;

14 (8) in paragraph (10), by striking “and” at the
15 end;

16 (9) in paragraph (11), by striking the period at
17 the end and inserting “; and”; and

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

19 “(12) quantify the carbon storage potential of
20 agroforestry practices such as—

21 “(A) windbreaks;

22 “(B) forested riparian buffers;

23 “(C) silvopasture timber and grazing sys-
24 tems; and

25 “(D) alley cropping.”.

1 **SEC. 817. OFFICE OF TRIBAL RELATIONS.**

2 *The Cooperative Forestry Assistance Act of 1978 is*
3 *amended by inserting after section 19 (16 U.S.C. 2113) the*
4 *following:*

5 **“SEC. 19A. OFFICE OF TRIBAL RELATIONS.**

6 *“(a) DEFINITIONS.—In this section:*

7 *“(1) INDIAN TRIBE.—The term ‘Indian tribe’ has*
8 *the meaning given the term in section 4 of the Indian*
9 *Self-Determination and Education Assistance Act (25*
10 *U.S.C. 450b).*

11 *“(2) OFFICE.—The term ‘Office’ means the Office*
12 *of Tribal Relations established under subsection*
13 *(b)(1).*

14 *“(3) SECRETARY.—The term ‘Secretary’ means*
15 *the Secretary of Agriculture, acting through the Chief*
16 *of the Forest Service.*

17 *“(b) ESTABLISHMENT.—*

18 *“(1) IN GENERAL.—The Secretary shall establish*
19 *within the Forest Service the Office of Tribal Rela-*
20 *tions.*

21 *“(2) DIRECTOR.—The Office shall be headed by*
22 *a Director, who shall—*

23 *“(A) be appointed by the Secretary, in con-*
24 *sultation with interested Indian tribes; and*

25 *“(B) report directly to the Secretary.*

1 “(3) *ADMINISTRATIVE SUPPORT.*—*The Secretary*
2 *shall ensure, to the maximum extent practicable, that*
3 *adequate staffing and funds are made available to en-*
4 *able the Director to carry out the duties described in*
5 *subsection (c).*

6 “(c) *DUTIES OF THE DIRECTOR.*—

7 “(1) *IN GENERAL.*—*The Director shall—*

8 “(A) *provide advice to the Secretary on all*
9 *issues, policies, actions, and programs of the*
10 *Forest Service that affect Indian tribes,*
11 *including—*

12 “(i) *consultation with tribal govern-*
13 *ments;*

14 “(ii) *programmatic review for equi-*
15 *table tribal participation;*

16 “(iii) *monitoring and evaluation of re-*
17 *lations between the Forest Service and In-*
18 *dian tribes;*

19 “(iv) *the coordination and integration*
20 *of programs of the Forest Service that affect,*
21 *or are of interest to, Indian tribes;*

22 “(v) *training of Forest Service per-*
23 *sonnel for competency in tribal relations;*
24 *and*

1 “(vi) the development of legislation af-
2 fecting Indian tribes;

3 “(B) coordinate organizational responsibil-
4 ities within the administrative units of the For-
5 est Service to ensure that matters affecting the
6 rights and interests of Indian tribes are handled
7 in a manner that is—

8 “(i) comprehensive;

9 “(ii) responsive to tribal needs; and

10 “(iii) consistent with policy guidelines
11 of the Forest Service;

12 “(C)(i) develop generally applicable policies
13 and procedures of the Forest Service pertaining
14 to Indian tribes; and

15 “(ii) monitor the application of those poli-
16 cies and procedures throughout the administra-
17 tive regions of the Forest Service;

18 “(D) provide such information or guidance
19 to personnel of the Forest Service that are re-
20 sponsible for tribal relations as is required, as
21 determined by the Secretary;

22 “(E) exercise such direct administrative au-
23 thority pertaining to tribal relations programs
24 as may be delegated by the Secretary;

1 “(F) for the purpose of coordinating pro-
2 grams and activities of the Forest Service with
3 programs and actions of other agencies or de-
4 partments that affect Indian tribes, consult
5 with—

6 “(i) other agencies of the Department
7 of Agriculture, including the Natural Re-
8 sources Conservation Service; and

9 “(ii) other Federal agencies,
10 including—

11 “(I) the Department of the Inte-
12 rior; and

13 “(II) the Environmental Protec-
14 tion Agency;

15 “(G) submit to the Secretary an annual re-
16 port on the status of relations between the Forest
17 Service and Indian tribes that includes, at a
18 minimum—

19 “(i) an examination of the participa-
20 tion of Indian tribes in programs adminis-
21 tered by the Secretary;

22 “(ii) a description of the status of ini-
23 tiatives being carried out to improve work-
24 ing relationships with Indian tribes; and

1 “(iii) recommendations for improve-
2 ments or other adjustments to operations of
3 the Forest Service that would be beneficial
4 in strengthening working relationships with
5 Indian tribes; and

6 “(H) carry out such other duties as the Sec-
7 retary may assign.

8 “(d) COORDINATION.—In carrying out this section, the
9 Office and other offices within the Forest Service shall con-
10 sult on matters involving the rights and interests of Indian
11 tribes.”.

12 **SEC. 818. ASSISTANCE TO TRIBAL GOVERNMENTS.**

13 *The Cooperative Forestry Assistance Act of 1978 (16*
14 *U.S.C. 2101 et seq.) is amended by adding at the end the*
15 *following:*

16 **“SEC. 21. ASSISTANCE TO TRIBAL GOVERNMENTS.**

17 “(a) DEFINITION OF INDIAN TRIBE.—In this section,
18 the term ‘Indian tribe’ has the meaning given the term in
19 section 4 of the Indian Self-Determination and Education
20 Assistance Act (25 U.S.C. 450b).

21 “(b) ESTABLISHMENT.—The Secretary may provide fi-
22 nancial, technical, educational and related assistance to In-
23 dian tribes for—

24 “(1) tribal consultation and coordination with
25 the Forest Service on issues relating to—

1 “(A) *tribal rights and interests on National*
2 *Forest System land (including national forests*
3 *and national grassland);*

4 “(B) *coordinated or cooperative manage-*
5 *ment of resources shared by the Forest Service*
6 *and Indian tribes; and*

7 “(C) *provision of tribal traditional, cul-*
8 *tural, or other expertise or knowledge;*

9 “(2) *projects and activities for conservation edu-*
10 *cation and awareness with respect to forest land*
11 *under the jurisdiction of Indian tribes;*

12 “(3) *technical assistance for forest resources*
13 *planning, management, and conservation on land*
14 *under the jurisdiction of Indian tribes; and*

15 “(4) *the acquisition by Indian tribes, from will-*
16 *ing sellers, of conservation interests (including con-*
17 *servation easements) in forest land and resources on*
18 *land under the jurisdiction of the Indian tribes.*

19 “(c) *IMPLEMENTATION.—*

20 “(1) *IN GENERAL.—Not later than 18 months*
21 *after the date of enactment of this section, the Sec-*
22 *retary shall promulgate regulations to implement sub-*
23 *section (b) (including regulations for determining the*
24 *distribution of assistance under that subsection).*

1 “(2) *CONSULTATION.*—*In developing regulations*
2 *under paragraph (1), the Secretary shall engage in*
3 *full, open, and substantive consultation with Indian*
4 *tribes and representatives of Indian tribes.*

5 “(d) *COORDINATION WITH THE SECRETARY OF THE*
6 *INTERIOR.*—*The Secretary shall coordinate with the Sec-*
7 *retary of the Interior during the establishment, implementa-*
8 *tion, and administration of subsection (b) to ensure that*
9 *programs under that subsection—*

10 “(1) *do not conflict with tribal programs pro-*
11 *vided under the authority of the Department of the*
12 *Interior; and*

13 “(2) *meet the goals of the Indian tribes.*

14 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
15 *authorized to be appropriated to carry out this section such*
16 *sums as are necessary for fiscal year 2002 and each fiscal*
17 *year thereafter.”.*

18 **SEC. 819. SUDDEN OAK DEATH SYNDROME.**

19 “(a) *FINDINGS.*—*Congress finds that—*

20 “(1) *tan oak, coast live oak, Shreve’s oak, and*
21 *black oak trees are among the most beloved features*
22 *of the topography of California and the Pacific North-*
23 *west and efforts should be made to protect those trees*
24 *from disease;*

1 (2) *the die-off of those trees, as a result of the ex-*
2 *otic Phytophthora fungus, is approaching epidemic*
3 *proportions;*

4 (3) *very little is known about the new species of*
5 *Phytophthora, and scientists are struggling to under-*
6 *stand the causes of sudden oak death syndrome, the*
7 *methods of transmittal, and how sudden oak death*
8 *syndrome can best be treated;*

9 (4) *the Phytophthora fungus has been found*
10 *on—*

11 (A) *Rhododendron plants in nurseries in*
12 *California; and*

13 (B) *wild huckleberry plants, potentially en-*
14 *dangering the commercial blueberry and cran-*
15 *berry industries;*

16 (5) *sudden oak death syndrome threatens to cre-*
17 *ate major economic and environmental problems in*
18 *California, the Pacific Northwest, and other regions,*
19 *including—*

20 (A) *the increased threat of fire and fallen*
21 *trees;*

22 (B) *the cost of tree removal and a reduction*
23 *in property values; and*

24 (C) *loss of revenue due to—*

1 (i) restrictions on imports of oak prod-
2 ucts and nursery stock; and

3 (ii) the impact on the commercial rho-
4 dodendron, blueberry, and cranberry indus-
5 tries; and

6 (6) Oregon and Canada have imposed an emer-
7 gency quarantine on the importation of oak trees, oak
8 products, and certain nursery plants from California.

9 (b) RESEARCH, MONITORING, AND TREATMENT OF
10 SUDDEN OAK DEATH SYNDROME.—

11 (1) IN GENERAL.—The Secretary of Agriculture
12 (referred to in this section as the “Secretary”) shall
13 carry out a sudden oak death syndrome research,
14 monitoring, and treatment program to develop meth-
15 ods to control, manage, or eradicate sudden oak death
16 syndrome from oak trees on public and private land.

17 (2) RESEARCH, MONITORING, AND TREATMENT
18 ACTIVITIES.—In carrying out the program under
19 paragraph (1), the Secretary may—

20 (A) conduct open space, roadside, and aer-
21 ial surveys;

22 (B) provide monitoring technique work-
23 shops;

1 (C) develop baseline information on the dis-
2 tribution, condition, and mortality rates of oaks
3 in California and the Pacific Northwest;

4 (D) maintain a geographic information sys-
5 tem database;

6 (E) conduct research activities, including
7 research on forest pathology, *Phytophthora* ecol-
8 ogy, forest insects associated with oak decline,
9 urban forestry, arboriculture, forest ecology, fire
10 management, silviculture, landscape ecology, and
11 epidemiology;

12 (F) evaluate the susceptibility of oaks and
13 other vulnerable species throughout the United
14 States; and

15 (G) develop and apply treatments.

16 (c) *MANAGEMENT, REGULATION, AND FIRE PREVEN-*
17 *TION.*—

18 (1) *IN GENERAL.*—*The Secretary shall conduct*
19 *sudden oak death syndrome management, regulation,*
20 *and fire prevention activities to reduce the threat of*
21 *fire and fallen trees killed by sudden oak death syn-*
22 *drome.*

23 (2) *MANAGEMENT, REGULATION, AND FIRE PRE-*
24 *VENTION ACTIVITIES.*—*In carrying out paragraph*
25 *(1), the Secretary may—*

1 (A) *conduct hazard tree assessments;*

2 (B) *provide grants to local units of govern-*
3 *ment for hazard tree removal, disposal and recy-*
4 *cling, assessment and management of restoration*
5 *and mitigation projects, green waste treatment*
6 *facilities, reforestation, resistant tree breeding,*
7 *and exotic weed control;*

8 (C) *increase and improve firefighting and*
9 *emergency response capabilities in areas where*
10 *fire hazard has increased due to oak die-off;*

11 (D) *treat vegetation to prevent fire, and as-*
12 *essment of fire risk, in areas heavily infected*
13 *with sudden oak death syndrome;*

14 (E) *conduct national surveys and inspec-*
15 *tions of—*

16 (i) *commercial rhododendron and blue-*
17 *berry nurseries; and*

18 (ii) *native rhododendron and*
19 *huckleberry plants;*

20 (F) *provide for monitoring of oaks and*
21 *other vulnerable species throughout the United*
22 *States to ensure early detection; and*

23 (G) *provide diagnostic services.*

24 (d) *EDUCATION AND RESEARCH.—*

1 (1) *IN GENERAL.*—*The Secretary shall conduct*
2 *education and outreach activities to make informa-*
3 *tion available to the public on sudden death oak syn-*
4 *drome.*

5 (2) *EDUCATION AND OUTREACH ACTIVITIES.*—*In*
6 *carrying out paragraph (1), the Secretary may—*

7 (A) *develop and distribute educational ma-*
8 *terials for homeowners, arborists, urban foresters,*
9 *park managers, public works personnel,*
10 *recreationists, nursery workers, landscapers, na-*
11 *turists, firefighting personnel, and other individ-*
12 *uals, as the Secretary determines appropriate;*

13 (B) *design and maintain a website to pro-*
14 *vide information on sudden oak death syndrome;*
15 *and*

16 (C) *provide financial and technical support*
17 *to States, local governments, and nonprofit orga-*
18 *nizations providing information on sudden oak*
19 *death syndrome.*

20 (e) *SUDDEN OAK DEATH SYNDROME ADVISORY COM-*
21 *MITTEE.*—

22 (1) *ESTABLISHMENT.*—

23 (A) *IN GENERAL.*—*The Secretary shall es-*
24 *tablish a Sudden Oak Death Syndrome Advisory*
25 *Committee (referred to in this subsection as the*

1 “Committee”) to assist the Secretary in carrying
2 out this section.

3 (B) MEMBERSHIP.—

4 (i) COMPOSITION.—The Committee
5 shall consist of—

6 (I) 1 representative of the Animal
7 and Plant Health Inspection Service,
8 to be appointed by the Administrator
9 of the Animal and Plant Health In-
10 spection Service;

11 (II) 1 representative of the Agri-
12 cultural Research Service, to be ap-
13 pointed by the Administrator of the
14 Agricultural Research Service;

15 (III) 1 representative of the Forest
16 Service, to be appointed by the Chief of
17 the Forest Service;

18 (IV) 2 individuals appointed by
19 the Secretary from each of the States
20 affected by sudden oak death syndrome;
21 and

22 (V) any individual, to be ap-
23 pointed by the Secretary, in consulta-
24 tion with the Governors of the affected
25 States, that the Secretary determines—

1 (aa) has an interest or exper-
2 tise in sudden oak death syn-
3 drome; and

4 (bb) would contribute to the
5 Committee.

6 (ii) *DATE OF APPOINTMENTS.*—The
7 appointment of a member of the Committee
8 shall be made not later than 90 days after
9 the date of enactment of this Act.

10 (C) *INITIAL MEETING.*—Not later than 30
11 days after the date on which all members of the
12 Committee have been appointed, the Committee
13 shall hold the initial meeting of the Committee.

14 (2) *DUTIES.*—

15 (A) *IMPLEMENTATION PLAN.*—The Com-
16 mittee shall prepare a comprehensive implemen-
17 tation plan to address the management, control,
18 and eradication of sudden oak death syndrome.

19 (B) *REPORTS.*—

20 (i) *INTERIM REPORT.*—Not later than
21 1 year after the date of enactment of this
22 Act, the Committee shall submit to Congress
23 the implementation plan prepared under
24 paragraph (1).

1 (ii) *FINAL REPORT.*—Not later than 3
2 years after the date of enactment of this Act,
3 the Committee shall submit to Congress a
4 report that contains—

5 (I) a summary of the activities of
6 the Committee;

7 (II) an accounting of funds re-
8 ceived and expended by the Committee;
9 and

10 (III) findings and recommenda-
11 tions of the Committee.

12 (f) *AUTHORIZATION OF APPROPRIATIONS.*—There are
13 authorized to be appropriated for each of fiscal years 2002
14 through 2006—

15 (1) to carry out subsection (b), \$7,500,000, of
16 which not more than \$1,500,000 shall be used for
17 treatment;

18 (2) to carry out subsection (c), \$6,000,000;

19 (3) to carry out subsection (d), \$500,000; and

20 (4) to carry out subsection (e), \$250,000.

21 **SEC. 820. INDEPENDENT INVESTIGATION OF FIREFIGHTER**
22 **FATALITIES.**

23 *In the case of each fatality of an officer or employee*
24 *of the Forest Service that occurs due to wildfire entrapment*

1 *or burnover, the Inspector General of the Department of Ag-*
2 *riculture shall—*

3 *(1) conduct an investigation that does not rely*
4 *on, and is completely independent of, any investiga-*
5 *tion of the fatality that is conducted by the Forest*
6 *Service; and*

7 *(2) submit to Congress and the Secretary of Ag-*
8 *riculture a report on the fatality.*

9 **SEC. 821. ADAPTIVE ECOSYSTEM RESTORATION OF ARI-**
10 **ZONA AND NEW MEXICO FORESTS AND WOOD-**
11 **LANDS.**

12 *(a) FINDINGS.—Congress finds that—*

13 *(1) fire suppression, logging, and overgrazing*
14 *have degraded the ecological conditions of forests and*
15 *woodlands in Arizona and New Mexico;*

16 *(2) some of those forests and woodlands contain*
17 *unnaturally high quantities of biomass that are sub-*
18 *ject to large, high intensity wildfires that endanger*
19 *human lives and livelihoods and ecological sustain-*
20 *ability;*

21 *(3) degraded forests and woodlands have led to—*

22 *(A) declining biodiversity;*

23 *(B) decreased stream and spring flows;*

24 *(C) impaired watershed values;*

1 (D) increased susceptibility to insects and
2 diseases;

3 (E) increases in mortality in the oldest
4 trees; and

5 (F) degraded habitats for wildlife and hu-
6 mans;

7 (4) healthy forest and woodland ecosystems—

8 (A) minimize the threat of unnatural wild-
9 fire;

10 (B) improve wildlife habitat;

11 (C) increase tree, grass, forb, and shrub pro-
12 ductivity;

13 (D) enhance watershed values; and

14 (E) provide a basis for economically and
15 environmentally sustainable uses;

16 (5) forest and woodland treatments intended to
17 restore degraded ecosystems should be developed using
18 the best available scientific knowledge;

19 (6) treatments not supported by sound science
20 may fail to achieve long-term ecosystem health and
21 resource restoration objectives;

22 (7)(A) scientific research must be integrated with
23 ongoing land management activities; and

24 (B) restoration techniques must be continually
25 reevaluated and adapted to reflect new knowledge and

1 *to meet the practical needs of land managers and*
2 *communities developing and implementing restora-*
3 *tion treatments; and*

4 *(8) scientific knowledge must be translated and*
5 *transferred to land managers, resource specialists,*
6 *communities, and stakeholders that collaborate in the*
7 *development and implementation of those treatments.*

8 *(b) PURPOSES.—The purposes of this section are—*

9 *(1) to—*

10 *(A) improve the ecological health, resource*
11 *values, and sustainability of forest and woodland*
12 *ecosystems in Arizona and New Mexico; and*

13 *(B) reduce the threat of unnatural wildfire,*
14 *disease, and insect infestations in those States;*

15 *(2) to restore ecosystem structure and function so*
16 *that ecosystems will—*

17 *(A) support biodiversity;*

18 *(B) enhance watershed values;*

19 *(C) increase water flow to seeps and*
20 *springs; and*

21 *(D) increase tree, grass, forb, and shrub*
22 *vigor and growth to provide sustainable eco-*
23 *nomie activities for current and future genera-*
24 *tions;*

1 (3) *to develop the scientific knowledge to inform*
2 *the design of adaptive ecosystem management restora-*
3 *tion treatments that will restore long-term ecological*
4 *health to forests and woodlands in the States; and*

5 (4) *to encourage collaboration among land man-*
6 *agement agencies, communities, and interest groups*
7 *in developing, implementing, and monitoring adapt-*
8 *ive ecosystem management restoration treatments that*
9 *are ecologically sound, economically viable, and so-*
10 *cially responsible.*

11 *(c) DEFINITIONS.—In this section:*

12 (1) *ADAPTIVE ECOSYSTEM MANAGEMENT.—The*
13 *term “adaptive ecosystem management” means man-*
14 *agement practiced by engaging researchers, land man-*
15 *agers, resource specialists, policy analysts, decision-*
16 *makers, nonprofit organizations, and communities in*
17 *conducting collaborative large-scale management ex-*
18 *periments that seek to restore ecosystem health while*
19 *seeking unexplored opportunities to enhance natural*
20 *resource values.*

21 (2) *ECOLOGICAL INTEGRITY.—The term “ecologi-*
22 *cal integrity” includes a critical range of variability*
23 *in biodiversity, ecological processes and structures, re-*
24 *gional and historical context, and sustainable forestry*
25 *practices in forests and woodlands.*

1 (3) *ECOLOGICAL RESTORATION.*—*The term “eco-*
2 *logical restoration” means the process of assisting the*
3 *recovery and management of ecological integrity.*

4 (4) *INSTITUTE.*—*The term “Institute” means an*
5 *institute established under subsection (d)(1).*

6 (5) *LAND MANAGEMENT AGENCY.*—*The term*
7 *“land management agency” means a Federal, State,*
8 *local, or tribal land management agency.*

9 (6) *PRACTITIONER.*—*The term “practitioner”*
10 *means a person or entity that practices natural re-*
11 *source management.*

12 (7) *SECRETARIES.*—*The term “Secretaries”*
13 *means—*

14 (A) *the Secretary of Agriculture, acting*
15 *through the Chief of the Forest Service; and*

16 (B) *the Secretary of the Interior.*

17 (8) *STATE.*—*The term “State” means—*

18 (A) *the State of Arizona; and*

19 (B) *the State of New Mexico.*

20 (d) *ESTABLISHMENT OF INSTITUTES.*—

21 (1) *IN GENERAL.*—*The Secretary of Agriculture,*
22 *in consultation with the Secretary of the Interior,*
23 *shall establish—*

24 (A) *an Ecological Restoration Institute in*
25 *Flagstaff, Arizona; and*

1 (B) an Institute at a college or university
2 in the State of New Mexico selected by the Sec-
3 retary of Agriculture, in consultation with the
4 Secretary of the Interior.

5 (2) SCOPE OF RESEARCH; TRANSFER OF INFOR-
6 MATION.—Each Institute shall—

7 (A) plan, conduct, or otherwise arrange for
8 applied ecosystem management research that—

9 (i) assists in answering questions iden-
10 tified by land managers, practitioners, and
11 others concerned with land management;
12 and

13 (ii) will be useful in the development
14 and implementation of practical, science-
15 based, ecological restoration treatments;

16 (B) translate scientific knowledge into com-
17 munication tools that are easily understood by
18 land managers, natural resource professionals,
19 and concerned citizens; and

20 (C) provide similar information to land
21 managers and other interested persons.

22 (3) COOPERATION.—Each Institute shall cooper-
23 ate with—

24 (A) researchers at colleges and universities
25 in the States that have demonstrated capabilities

1 *for research, information dissemination, con-*
2 *tinuing education, and undergraduate and grad-*
3 *uate training, to develop broad capacity to im-*
4 *plement ecological restoration in forest and*
5 *woodland ecosystems; and*

6 *(B) other organizations and entities in the*
7 *region (such as the Western Governors' Associa-*
8 *tion, Southwest Strategy group, the Southwest*
9 *Fire Management Board, and the Arizona Gov-*
10 *ernor's Forest Health/Fire Plan Advisory Com-*
11 *mittee), to increase and accelerate efforts to re-*
12 *store forest ecosystem health and abate unnatural*
13 *and unwanted wildfire.*

14 *(4) APPROVAL OF ANNUAL WORK PLAN; REQ-*
15 *UISITE ASSURANCES.—As a condition to the receipt of*
16 *funds made available under subsection (g), for each*
17 *fiscal year, each Institute shall submit to the Sec-*
18 *retary of Agriculture, for review by the Secretary of*
19 *Agriculture, in consultation with the Secretary of the*
20 *Interior, an annual work plan that includes assur-*
21 *ances, satisfactory to the Secretaries, that the pro-*
22 *posed work will serve the information needs of—*

23 *(A) land managers;*

24 *(B) practitioners;*

1 (C) concerned citizens and communities;
2 and
3 (D) the States.

4 (e) COOPERATION BETWEEN INSTITUTES AND FED-
5 ERAL AGENCIES.—In carrying out this section, the Sec-
6 retary of Agriculture, in consultation with the Secretary of
7 the Interior—

8 (1) shall encourage other Federal departments,
9 agencies, and instrumentalities to use and take ad-
10 vantage of, on a cooperative basis, the expertise and
11 capabilities that are available through the Institutes;

12 (2) shall encourage cooperation and coordination
13 with other Federal programs relating to—

14 (A) ecological restoration; and

15 (B) wildfire risk reduction;

16 (3) may (notwithstanding chapter 63 of title 31,
17 United States Code)—

18 (A) enter into contracts, cooperative agree-
19 ments, interagency personal agreements; and

20 (B) carry out other transactions;

21 (4) may accept funds from other Federal depart-
22 ments, agencies, and instrumentalities to supplement
23 or fully fund grants made, and contracts entered into,
24 by the Secretaries;

1 (5) *may promulgate such regulations as the Sec-*
2 *retaries consider appropriate;*

3 (6) *may support a program of internships for*
4 *qualified individuals at the undergraduate and grad-*
5 *uate levels to carry out the educational and training*
6 *objectives of this section; and*

7 (7) *shall encourage professional education and*
8 *public information activities relating to the purposes*
9 *of this section.*

10 (f) *MONITORING AND EVALUATION.—*

11 (1) *IN GENERAL.—Not later than 5 years after*
12 *the date of enactment of this Act, and every 5 years*
13 *thereafter, the Secretary, in consultation with the Sec-*
14 *retary of the Interior, shall complete a detailed eval-*
15 *uation of each Institute—*

16 (A) *to ensure, to the maximum extent prac-*
17 *ticable, that the research, communication tools,*
18 *and information transfer activities of the Insti-*
19 *tute meet the needs of—*

20 (i) *land managers;*

21 (ii) *practitioners;*

22 (iii) *concerned citizens and commu-*
23 *nities; and*

24 (iv) *the States; and*

1 (B) to determine whether continued provi-
2 sion of Federal assistance to the Institute is war-
3 ranted.

4 (2) *STANDARDS FOR RECEIPT OF FINANCIAL AS-*
5 *SISTANCE.*—If, as a result of an evaluation under
6 paragraph (1), the Secretary, in consultation with the
7 Secretary of the Interior, determines that an Institute
8 does not qualify for further Federal assistance under
9 this section, the Institute shall receive no further Fed-
10 eral assistance under this section until such time as
11 the qualifications of the Institute are reestablished to
12 the satisfaction of the Secretaries.

13 (g) *AUTHORIZATION OF APPROPRIATIONS.*—There is
14 authorized to be appropriated to carry out this section
15 \$10,000,000 for each fiscal year.

16 **TITLE IX—ENERGY**

17 **SEC. 901. FINDINGS.**

18 Congress finds that—

19 (1) there are many opportunities for the agricul-
20 tural sector and rural areas to produce renewable en-
21 ergy and increase energy efficiency;

22 (2) investments in renewable energy and energy
23 efficiency—

24 (A) enhance the energy security and inde-
25 pendence of the United States;

1 (B) increase farmer and rancher income;

2 (C) promote rural economic development;

3 (D) provide environmental and public
4 health benefits such as cleaner air and water;
5 and

6 (E) improve electricity grid reliability,
7 thereby reducing the likelihood of blackouts and
8 brownouts, particularly during peak usage peri-
9 ods;

10 (3) the public strongly supports renewable energy
11 generation and energy efficiency improvements as an
12 important component of a national energy strategy;

13 (4)(A) the Federal Government is the country's
14 largest consumer of a vast array of products, spend-
15 ing in excess of \$200,000,000,000 per year;

16 (B) purchases and use of products by the Federal
17 Government have a significant effect on the environ-
18 ment; and

19 (C) accordingly, the Federal Government should
20 lead the way in purchasing biobased products so as
21 to minimize environmental impacts while supporting
22 domestic producers of biobased products;

23 (5) the agricultural sector is a leading producer
24 of biobased products to meet domestic and inter-
25 national needs;

1 (6) agriculture can play a significant role in the
2 development of fuel cell and hydrogen-based energy
3 technologies, which are critical technologies for a
4 clean energy future;

5 (7)(A) wind energy is 1 of the fastest growing
6 clean energy technologies; and

7 (B) there are tremendous economic development
8 and environmental quality benefits to be achieved by
9 developing both large-scale and small-scale wind
10 power projects on farms and in rural communities;

11 (8) farm-based renewable energy generation can
12 become one of the major cash crops of the United
13 States, improving the livelihoods of hundreds of thou-
14 sands of family farmers, ranchers, and others and re-
15 vitalizing rural communities;

16 (9)(A) evidence continues to mount that in-
17 creases in atmospheric concentrations of greenhouse
18 gases are contributing to global climate change; and

19 (B) agriculture can help in climate change miti-
20 gation by—

21 (i) storing carbon in soils, plants, and for-
22 ests;

23 (ii) producing biofuels, chemicals, and
24 power to replace fossil fuels and petroleum-based
25 products; and

1 (iii) reducing emissions by capturing gases
2 from animal feeding operations, changing agri-
3 cultural land practices, and becoming more en-
4 ergy efficient;

5 (10) because agricultural production is energy-
6 intensive, it is incumbent on the Federal Government
7 to aid the agricultural sector in reducing energy con-
8 sumption and energy costs;

9 (11)(A) one way to help farmers, ranchers, and
10 others reduce energy use is through professional en-
11 ergy audits;

12 (B) energy audits provide recommendations for
13 improved energy efficiency that, when acted on, offer
14 an effective means of reducing overall energy use and
15 saving money; and

16 (C) energy savings of 10 to 30 percent can typi-
17 cally be achieved, and greater savings are often real-
18 ized; and

19 (12) rural electric utilities are often geographi-
20 cally well situated to develop renewable and distrib-
21 uted energy supplies, enabling the utilities to diver-
22 sify their energy portfolios and afford their members
23 or customers alternative energy sources, which many
24 such members and customers desire.

1 **SEC. 902. CONSOLIDATED FARM AND RURAL DEVELOPMENT**

2 **ACT.**

3 *The Consolidated Farm and Rural Development Act*
4 *(as amended by section 649) is amended by adding at the*
5 *end the following:*

6 **“Subtitle L—Clean Energy**

7 **“SEC. 388A. DEFINITIONS.**

8 *“In this subtitle:*

9 *“(1) BIOMASS.—*

10 *“(A) IN GENERAL.—The term ‘biomass’*
11 *means any organic material that is available on*
12 *a renewable or recurring basis.*

13 *“(B) INCLUSIONS.—The term ‘biomass’*
14 *includes—*

15 *“(i) dedicated energy crops;*

16 *“(ii) trees grown for energy produc-*
17 *tion;*

18 *“(iii) wood waste and wood residues;*

19 *“(iv) plants (including aquatic plants,*
20 *grasses, and agricultural crops);*

21 *“(v) residues;*

22 *“(vi) fibers;*

23 *“(vii) animal wastes and other waste*
24 *materials; and*

25 *“(viii) fats and oils.*

1 “(C) *EXCLUSIONS.*—*The term ‘biomass’*
2 *does not include—*

3 “(i) *paper that is commonly recycled;*

4 *or*

5 “(ii) *unsegregated garbage.*

6 “(2) *RENEWABLE ENERGY.*—*The term ‘renewable*
7 *energy’ means energy derived from a wind, solar, bio-*
8 *mass, geothermal, or hydrogen source.*

9 “(3) *RURAL SMALL BUSINESS.*—*The term ‘rural*
10 *small business’ has the meaning that the Secretary*
11 *shall prescribe by regulation.*

12 **“CHAPTER 1—BIOBASED PRODUCT**
13 **DEVELOPMENT**

14 **“SEC. 388B. BIOBASED PRODUCT PURCHASING REQUIRE-**
15 **MENT.**

16 “(a) *DEFINITIONS.*—*In this section:*

17 “(1) *ADMINISTRATOR.*—*The term ‘Adminis-*
18 *trator’ means the Administrator of the Environ-*
19 *mental Protection Agency.*

20 “(2) *BIOBASED PRODUCT.*—*The term ‘biobased*
21 *product’ means a commercial or industrial product,*
22 *as determined by the Secretary (other than food or*
23 *feed), that uses biological products or renewable do-*
24 *mestic agricultural materials (including plant, ani-*
25 *mal, and marine materials) or forestry materials.*

1 “(3) *ENVIRONMENTALLY PREFERABLE.*—*The*
2 *term ‘environmentally preferable’, with respect to a*
3 *biobased product, refers to a biobased product that*
4 *has a lesser or reduced effect on human health and the*
5 *environment when compared with competing*
6 *nonbiobased products that serve the same purpose.*

7 “(b) *BIOBASED PRODUCT PURCHASING.*—

8 “(1) *MANDATORY PURCHASING REQUIREMENT*
9 *FOR LISTED BIOBASED PRODUCTS.*—

10 “(A) *IN GENERAL.*—*Except as provided in*
11 *subparagraph (B), not later than 180 days after*
12 *the date of enactment of this subtitle, the head of*
13 *each Federal agency shall ensure that, in pur-*
14 *chasing any product, the Federal agency pur-*
15 *chases a biobased product, rather than a com-*
16 *parable nonbiobased product, if the biobased*
17 *product is listed on the list of biobased products*
18 *published under subsection (c)(1).*

19 “(B) *BIOBASED PRODUCT NOT REASONABLY*
20 *COMPARABLE.*—*A Federal agency shall not be re-*
21 *quired to purchase a biobased product under sub-*
22 *paragraph (A) if the purchasing employee sub-*
23 *mits to the Secretary and the Administrator of*
24 *the Office of Federal Procurement Policy a writ-*
25 *ten determination that the biobased product is*

1 *not reasonably comparable to nonbiobased prod-*
2 *ucts in price, performance, or availability.*

3 “(C) *CONFLICTING REQUIREMENTS.*—*The*
4 *Secretary and the Administrator shall jointly*
5 *promulgate regulations with which Federal agen-*
6 *cies shall comply in cases of a conflict between*
7 *the biobased product purchasing requirement*
8 *under subparagraph (A) and a purchasing re-*
9 *quirement under any other provision of law.*

10 “(2) *PURCHASING OF NONLISTED BIOBASED*
11 *PRODUCTS.*—*The head of each Federal agency is en-*
12 *couraged to purchase, to the maximum extent prac-*
13 *ticable, available biobased products that are not listed*
14 *on the list of biobased products published under sub-*
15 *section (c)(1) when the Federal agency is not required*
16 *to purchase a biobased product that is on the list.*

17 “(c) *ADMINISTRATIVE ACTION.*—

18 “(1) *LIST OF BIOBASED PRODUCTS.*—

19 “(A) *IN GENERAL.*—*Not later than 180*
20 *days after the date of enactment of this subtitle,*
21 *and annually thereafter, the Secretary, in con-*
22 *sultation with the Administrator and the Direc-*
23 *tor of the National Institute of Standards and*
24 *Technology, shall publish a list of biobased prod-*
25 *ucts.*

1 “(B) *ENVIRONMENTALLY PREFERABLE*
2 *BIOBASED PRODUCTS.*—*The Secretary shall not*
3 *include on the list under paragraph (1) biobased*
4 *products that are not environmentally preferable,*
5 *as determined by the Secretary.*

6 “(C) *GRANTS.*—*The Secretary may award*
7 *grants to, or enter into contracts or cooperative*
8 *agreements with, eligible persons, businesses, or*
9 *institutions (as determined by the Secretary) to*
10 *assist in collecting data concerning the evalua-*
11 *tion of and lifecycle analyses of biobased prod-*
12 *ucts for use in making the determinations nec-*
13 *essary to carry out this paragraph.*

14 “(2) *GUIDANCE.*—*Not later than 240 days after*
15 *the date of enactment of this subtitle, the Office of*
16 *Federal Procurement Policy and Federal Acquisition*
17 *Regulation Council shall make the Federal Acquisi-*
18 *tion Regulation consistent with subsection (b).*

19 “(d) *EDUCATION AND OUTREACH PROGRAM.*—*The*
20 *Secretary, in cooperation with the Defense Acquisition Uni-*
21 *versity and the Federal Acquisition Institute, shall conduct*
22 *education programs for all Federal procurement officers re-*
23 *garding biobased products and the requirements of sub-*
24 *section (b).*

25 “(e) *LABELING.*—

1 “(1) *IN GENERAL.*—*The Secretary shall develop*
2 *a program, similar to the Energy Star program of*
3 *the Department of Energy and the Environmental*
4 *Protection Agency, under which the Secretary author-*
5 *izes producers of environmentally preferable biobased*
6 *products to use a label that identifies the products as*
7 *environmentally preferable biobased products.*

8 “(2) *ENVIRONMENTALLY PREFERABLE BIOBASED*
9 *PRODUCTS.*—*The Secretary shall monitor and take*
10 *appropriate action regarding the use of labels under*
11 *paragraph (1) to ensure that the biobased products*
12 *using the labels do not include biobased products that*
13 *are not environmentally preferable, as determined by*
14 *the Secretary.*

15 “(3) *CONTRACTING.*—*In carrying out paragraph*
16 *(1), the Secretary may contract with appropriate en-*
17 *tities with expertise in product labeling and standard*
18 *setting.*

19 “(f) *GOAL.*—*It shall be the goal of each Federal agency*
20 *for each fiscal year to purchase biobased products of an ag-*
21 *gregate value that is not less than 5 percent of the aggregate*
22 *value of all products purchased by the Federal agency dur-*
23 *ing the preceding fiscal year.*

24 “(g) *REPORTS.*—*As soon as practicable after the end*
25 *of each fiscal year, the Secretary and the Office of Federal*

1 *Procurement Policy shall jointly submit to Congress an an-*
2 *nual report that, for the fiscal year, describes the extent of—*

3 “(1) *compliance by each Federal agency with*
4 *subsection (b); and*

5 “(2) *the success of each Federal agency in achiev-*
6 *ing the goal established under subsection (f).*

7 “(h) *FUNDING.—*

8 “(1) *IN GENERAL.—Not later than 30 days after*
9 *the date of enactment of this subtitle, and on October*
10 *1, 2002, and each October 1 thereafter through Octo-*
11 *ber 1, 2005, out of any funds in the Treasury not oth-*
12 *erwise appropriated, the Secretary of the Treasury*
13 *shall transfer to the Secretary to carry out this sec-*
14 *tion \$2,000,000, to remain available until expended.*

15 “(2) *RECEIPT AND ACCEPTANCE.—The Secretary*
16 *shall be entitled to receive, shall accept, and shall use*
17 *to carry out this section the funds transferred under*
18 *paragraph (1), without further appropriation.*

19 **“SEC. 388C. BIOREFINERY DEVELOPMENT GRANTS.**

20 “(a) *PURPOSE.—The purpose of this section is to assist*
21 *in the development of new and emerging technologies for*
22 *the conversion of biomass into petroleum substitutes, so as*
23 *to—*

24 “(1) *develop transportation and other fuels and*
25 *chemicals from renewable sources;*

1 “(2) *reduce the dependence of the United States*
2 *on imported oil;*

3 “(3) *reduce greenhouse gas emissions;*

4 “(4) *diversify markets for raw agricultural and*
5 *forestry products; and*

6 “(5) *create jobs and enhance the economic devel-*
7 *opment of the rural economy.*

8 “(b) *DEFINITIONS.—In this section:*

9 “(1) *ADVISORY COMMITTEE.—The term ‘Advi-*
10 *sory Committee’ means the Biomass Research and De-*
11 *velopment Technical Advisory Committee established*
12 *by section 306 of the Biomass Research and Develop-*
13 *ment Act of 2000 (7 U.S.C. 7624 note; Public Law*
14 *106–224).*

15 “(2) *BIOREFINERY.—The term ‘biorefinery’*
16 *means equipment and processes that—*

17 “(A) *convert biomass into fuels and chemi-*
18 *cals; and*

19 “(B) *may produce electricity.*

20 “(3) *BOARD.—The term ‘Board’ means the Bio-*
21 *mass Research and Development Board established by*
22 *section 305 of the Biomass Research and Development*
23 *Act of 2000 (7 U.S.C. 7624 note; Public Law 106–*
24 *224).*

1 “(4) *INDIAN TRIBE.*—*The term ‘Indian tribe’ has*
2 *the meaning given the term in section 4 of the Indian*
3 *Self-Determination and Education Assistance Act (25*
4 *U.S.C. 450b).*

5 “(c) *GRANTS.*—*The Secretary shall award grants to el-*
6 *igible entities to assist in paying the cost of development*
7 *and construction of biorefineries to carry out projects to*
8 *demonstrate the commercial viability of 1 or more processes*
9 *for converting biomass to fuels or chemicals.*

10 “(d) *ELIGIBLE ENTITIES.*—*A corporation, farm coop-*
11 *erative, association of farmers, national laboratory, univer-*
12 *sity, State energy agency or office, Indian tribe, or consor-*
13 *tium comprised of any of those entities shall be eligible to*
14 *receive a grant under subsection (c).*

15 “(e) *COMPETITIVE BASIS FOR AWARDS.*—

16 “(1) *IN GENERAL.*—*The Secretary shall award*
17 *grants under subsection (c) on a competitive basis in*
18 *consultation with the Board and Advisory Committee.*

19 “(2) *SELECTION CRITERIA.*—

20 “(A) *IN GENERAL.*—*In selecting projects to*
21 *receive grants under subsection (c), the*
22 *Secretary—*

23 “(i) *shall select projects based on the*
24 *likelihood that the projects will demonstrate*
25 *the commercial viability of a process for*

1 *converting biomass into fuels or chemicals;*

2 *and*

3 *“(ii) may consider the likelihood that*

4 *the projects will produce electricity.*

5 *“(B) FACTORS.—The factors to be consid-*

6 *ered under subparagraph (A) shall include—*

7 *“(i) the potential market for the prod-*

8 *uct or products;*

9 *“(ii) the quantity of petroleum the*

10 *product will displace;*

11 *“(iii) the level of financial participa-*

12 *tion by the applicants;*

13 *“(iv) the availability of adequate fund-*

14 *ing from other sources;*

15 *“(v) the beneficial impact on resource*

16 *conservation and the environment;*

17 *“(vi) the participation of producer as-*

18 *sociations and cooperatives;*

19 *“(vii) the timeframe in which the*

20 *project will be operational;*

21 *“(viii) the potential for rural economic*

22 *development;*

23 *“(ix) the participation of multiple eli-*

24 *gible entities; and*

1 “(x) the potential for developing ad-
2 vanced industrial biotechnology approaches.

3 “(f) *COST SHARING.*—

4 “(1) *IN GENERAL.*—Except as provided in para-
5 graph (2), the amount of a grant for a project award-
6 ed under subsection (c) shall not exceed 30 percent of
7 the cost of the project.

8 “(2) *INCREASED GRANT AMOUNT.*—The Secretary
9 may increase the amount of a grant for a project
10 under subsection (c) to not more than 50 percent in
11 the case of a project that the Secretary finds particu-
12 larly meritorious.

13 “(3) *FORM OF GRANTEE SHARE.*—

14 “(A) *IN GENERAL.*—The grantee share of
15 the cost of a project may be made in the form
16 of cash or the provision of services, material, or
17 other in-kind contributions.

18 “(B) *LIMITATION.*—The amount of the
19 grantee share of the cost of a project that is made
20 in the form of the provision of services, material,
21 or other in-kind contributions shall not exceed 25
22 percent of the amount of the grantee share deter-
23 mined under paragraph (1).

24 “(g) *FUNDING.*—

1 “(1) *IN GENERAL.*—Not later than 30 days after
2 the date of enactment of this subtitle, and on October
3 1, 2002, and each October 1 thereafter through Octo-
4 ber 1, 2005, out of any funds in the Treasury not oth-
5 erwise appropriated, the Secretary of the Treasury
6 shall transfer to the Secretary to carry out this sec-
7 tion \$15,000,000, to remain available until expended.

8 “(2) *RECEIPT AND ACCEPTANCE.*—The Secretary
9 shall be entitled to receive, shall accept, and shall use
10 to carry out this section the funds transferred under
11 paragraph (1), without further appropriation.

12 **“SEC. 388D. BIODIESEL FUEL EDUCATION PROGRAM.**

13 “(a) *FINDINGS.*—Congress finds that—

14 “(1) *biodiesel fuel use can help reduce greenhouse*
15 *gas emissions and public health risks associated with*
16 *air pollution;*

17 “(2) *biodiesel fuel use enhances energy security*
18 *by reducing petroleum consumption;*

19 “(3) *biodiesel fuel is nearing the transition from*
20 *the research and development phase to commercializa-*
21 *tion;*

22 “(4) *biodiesel fuel is still relatively unknown to*
23 *the public and even to diesel fuel users; and*

1 “(5) education of, and provision of technical
2 support to, current and future biodiesel fuel users will
3 be critical to the widespread use of biodiesel fuel.

4 “(b) *ESTABLISHMENT.*—The Secretary shall, under
5 such terms and conditions as are appropriate, offer 1 or
6 more competitive grants to eligible entities to educate Fed-
7 eral, State, regional, and local government entities and pri-
8 vate entities that operate vehicle fleets, other interested enti-
9 ties (as determined by the Secretary), and the public about
10 the benefits of biodiesel fuel use.

11 “(c) *ELIGIBLE ENTITIES.*—To receive a grant under
12 subsection (b), an entity—

13 “(1) shall be a nonprofit organization; and

14 “(2) shall have demonstrated expertise in bio-
15 diesel fuel production, use, and distribution.

16 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—Of the
17 funds of the Commodity Credit Corporation, the Secretary
18 shall make available \$5,000,000 for each fiscal year 2003
19 through 2006.

20 **“CHAPTER 2—RENEWABLE ENERGY**
21 **DEVELOPMENT AND ENERGY EFFICIENCY**

22 **“SEC. 388E. RENEWABLE ENERGY DEVELOPMENT LOAN AND**
23 **GRANT PROGRAM.**

24 “(a) *IN GENERAL.*—The Secretary, acting through the
25 Rural Business Cooperative Service, in addition to exer-

1 *cising authority to make loans and loan guarantees under*
2 *other law, shall establish a program under which the Sec-*
3 *retary shall make loans and loan guarantees and competi-*
4 *tively award grants to assist farmers and ranchers in*
5 *projects to establish new, or expand existing, farmer or*
6 *rancher cooperatives, or other rural business ventures (as*
7 *determined by the Secretary), to—*

8 “(1) *enable farmers and ranchers to become own-*
9 *ers of sources of renewable electric energy and market-*
10 *ers of electric energy produced from renewable sources;*

11 “(2) *provide new income streams for farmers*
12 *and ranchers;*

13 “(3) *increase the quantity of electricity available*
14 *from renewable energy sources; and*

15 “(4) *provide environmental and public health*
16 *benefits to rural communities and the United States*
17 *as a whole.*

18 “(b) *OWNERSHIP REQUIREMENT.—At least 51 percent*
19 *of the interest in a rural business venture assisted with a*
20 *grant under subsection (a) shall be owned by farmers or*
21 *ranchers.*

22 “(c) *MAXIMUM AMOUNT OF LOANS AND GRANTS.—*

23 “(1) *LOANS.—The amount of a loan made or*
24 *guaranteed for a project under subsection (a) shall*
25 *not exceed \$10,000,000.*

1 “(2) GRANTS.—The amount of a grant made for
2 a project under subsection (a) shall not exceed
3 \$200,000 for a fiscal year.

4 “(d) COST SHARING.—

5 “(1) IN GENERAL.—The total amount of loans
6 made or guaranteed or grants awarded under sub-
7 section (a) for a project shall not exceed 50 percent
8 of the cost of the activity funded by the loan or grant.

9 “(2) FORM OF GRANTEE SHARE.—

10 “(A) IN GENERAL.—The grantee share of
11 the cost of the activity may be made in the form
12 of cash or the provision of services, material, or
13 other in-kind contributions.

14 “(B) LIMITATION.—The amount of the
15 grantee share of the cost of an activity that is
16 made in the form of the provision of services,
17 material, or other in-kind contributions shall not
18 exceed 25 percent of the amount of the grantee
19 share, as determined under paragraph (1).

20 “(e) INTEREST RATE.—A loan made or guaranteed
21 under subsection (a) shall bear an interest rate that does
22 not exceed 4 percent.

23 “(f) USE OF FUNDS.—

24 “(1) PERMITTED USES.—

1 “(A) *GRANTS*.—A recipient of a grant
2 awarded under subsection (a) may use the grant
3 funds to develop a business plan or perform a
4 feasibility study to establish a viable marketing
5 opportunity for renewable electric energy genera-
6 tion and sale.

7 “(B) *LOANS*.—A recipient of a loan or loan
8 guarantee under subsection (a) may use the loan
9 funds to provide capital for start-up costs associ-
10 ated with the rural business venture or the pro-
11 motion of the aggregation of renewable electric
12 energy sources.

13 “(2) *PROHIBITED USES*.—A recipient of a loan,
14 loan guarantee, or grant under subsection (a) shall
15 not use the loan or grant funds for planning, repair,
16 rehabilitation, acquisition, or construction of a build-
17 ing.

18 “(g) *FUNDING*.—

19 “(1) *IN GENERAL*.—Not later than 30 days after
20 the date of enactment of this subtitle, and on October
21 1, 2002, and each October 1 thereafter through Octo-
22 ber 1, 2005, out of any funds in the Treasury not oth-
23 erwise appropriated, the Secretary of the Treasury
24 shall transfer to the Secretary to carry out this sec-
25 tion \$16,000,000, to remain available until expended.

1 “(2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
2 *shall be entitled to receive, shall accept, and shall use*
3 *to carry out this section the funds transferred under*
4 *paragraph (1), without further appropriation.*

5 “(3) *LOAN AND INTEREST SUBSIDIES.*—*In the*
6 *case of a loan or loan guarantee under subsection (a),*
7 *the Secretary shall use funds under paragraph (1) to*
8 *pay the cost of loan and interest subsidies necessary*
9 *to carry out this section.*

10 **“SEC. 388F. ENERGY AUDIT AND RENEWABLE ENERGY DE-**
11 **VELOPMENT PROGRAM.**

12 “(a) *IN GENERAL.*—*The Secretary, acting through the*
13 *Rural Business Cooperative Service, shall make competitive*
14 *grants to eligible entities to enable the eligible entities to*
15 *carry out a program to assist farmers, and ranchers, and*
16 *rural small businesses (as determined by the Secretary) in*
17 *becoming more energy efficient and in using renewable en-*
18 *ergy technology.*

19 “(b) *ELIGIBLE ENTITIES.*—*Entities eligible to carry*
20 *out a program under subsection (a) include—*

21 “(1) *a State energy or agricultural office;*

22 “(2) *a regional or State-based energy organiza-*
23 *tion or energy organization of an Indian tribe (as de-*
24 *defined in section 4 of the Indian Self-Determination*
25 *and Education Assistance Act (25 U.S.C. 450b));*

1 “(3) a land-grant college or university (as de-
2 fined in section 1404 of the National Agricultural Re-
3 search, Extension, and Teaching Policy Act of 1977
4 (7 U.S.C. 3103)) or other college or university;

5 “(4) a farm bureau or organization;

6 “(5) a rural electric cooperative or utility;

7 “(6) a nonprofit organization; and

8 “(7) any other entity, as determined by the Sec-
9 retary.

10 “(c) *MERIT REVIEW*.—

11 “(1) *MERIT REVIEW PANEL*.—The Secretary
12 shall establish a merit review panel to review applica-
13 tions for grants under subsection (a) that uses the ex-
14 pertise of other Federal agencies (including the De-
15 partment of Energy and the Environmental Protec-
16 tion Agency), industry, and nongovernmental organi-
17 zations.

18 “(2) *SELECTION CRITERIA*.—In reviewing appli-
19 cations of eligible entities to receive grants under sub-
20 section (a), the merit review panel shall consider—

21 “(A) the ability and expertise of the eligible
22 entity in providing professional energy audits
23 and renewable energy assessments;

24 “(B) the geographic scope of the program
25 proposed by the eligible entity;

1 “(C) *the number of farmers, ranchers, and*
2 *rural small businesses to be assisted by the pro-*
3 *gram;*

4 “(D) *the potential for energy savings and*
5 *environmental and public health benefits result-*
6 *ing from the program; and*

7 “(E) *the plan of the eligible entity for edu-*
8 *cating farmers, ranchers, and rural small busi-*
9 *nesses on the benefits of energy efficiency and re-*
10 *newable energy development.*

11 “(d) *USE OF GRANT FUNDS.—A recipient of a grant*
12 *under subsection (a) shall use the grant funds to—*

13 “(1)(A) *conduct energy audits for farmers,*
14 *ranchers, and rural small businesses to provide farm-*
15 *ers, ranchers, and rural small businesses rec-*
16 *ommendations for energy efficiency and renewable en-*
17 *ergy development opportunities; and*

18 “(B) *conduct workshops on that subject as ap-*
19 *propriate;*

20 “(2) *make farmers, ranchers, and rural small*
21 *businesses aware of, and ensure that they have access*
22 *to—*

23 “(A) *financial assistance under section*
24 *388G; and*

1 “(B) other Federal, State, and local finan-
2 cial assistance programs for which farmers,
3 ranchers, and rural small businesses may be eli-
4 gible; and

5 “(3) arrange private financial assistance to
6 farmers, ranchers, and rural small businesses on fa-
7 vorable terms.

8 “(e) COST SHARING.—

9 “(1) IN GENERAL.—A recipient of a grant under
10 subsection (a) that conducts an energy audit for a
11 farmer, rancher, or rural small business under sub-
12 section (d)(1) shall require that, as a condition to the
13 conduct of the energy audit, the farmer, rancher, or
14 rural small business pay at least 25 percent of the
15 cost of the audit.

16 “(2) IMPLEMENTATION OF RECOMMENDATIONS.—
17 If a farmer, rancher, or rural small business substan-
18 tially implements the recommendations made in con-
19 nection with an energy audit, the Secretary may re-
20 imburse the farmer, rancher, or rural small business
21 the amount that is equal to the share of the cost paid
22 by the farmer, rancher, or rural small business under
23 paragraph (1).

24 “(f) REPORTS.—The Secretary shall submit to the
25 Committee on Agriculture of the House of Representatives

1 *and the Committee on Agriculture, Nutrition, and Forestry*
2 *of the Senate an annual report on the implementation of*
3 *this section.*

4 “(g) *FUNDING.*—

5 “(1) *IN GENERAL.*—*Not later than 30 days after*
6 *the date of enactment of this subtitle, and on October*
7 *1, 2002, and each October 1 thereafter through Octo-*
8 *ber 1, 2005, out of any funds in the Treasury not oth-*
9 *erwise appropriated, the Secretary of the Treasury*
10 *shall transfer to the Secretary to carry out this sec-*
11 *tion \$15,000,000, to remain available until expended.*

12 “(2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
13 *shall be entitled to receive, shall accept, and shall use*
14 *to carry out this section the funds transferred under*
15 *paragraph (1), without further appropriation.*

16 **“SEC. 388G. LOANS, LOAN GUARANTEES, AND GRANTS TO**
17 **FARMERS, RANCHERS, AND RURAL SMALL**
18 **BUSINESSES FOR RENEWABLE ENERGY SYS-**
19 **TEMS AND ENERGY EFFICIENCY IMPROVE-**
20 **MENTS.**

21 “(a) *IN GENERAL.*—*In addition to exercising author-*
22 *ity to make loans and loan guarantees under other law,*
23 *the Secretary shall make loans, loan guarantees, and grants*
24 *to farmers, ranchers, and rural small businesses to—*

25 “(1) *purchase renewable energy systems; and*

1 “(2) *make energy efficiency improvements.*

2 “(b) *ELIGIBILITY OF FARMERS AND RANCHERS.—To*
3 *be eligible to receive a grant under subsection (a) for a fiscal*
4 *year, a farmer or rancher shall have produced not more*
5 *than \$1,000,000 in market value of agricultural products*
6 *during the preceding fiscal year, as determined by the Sec-*
7 *retary.*

8 “(c) *COST SHARING.—*

9 “(1) *RENEWABLE ENERGY SYSTEMS.—*

10 “(A) *IN GENERAL.—*

11 “(i) *GRANTS.—The amount of a grant*
12 *made under subsection (a) for a renewable*
13 *energy system shall not exceed 30 percent of*
14 *the cost of the renewable energy system.*

15 “(ii) *MAXIMUM AMOUNT OF COMBINED*
16 *GRANT AND LOAN.—The combined amount*
17 *of a grant and loan made or guaranteed*
18 *under subsection (a) for a renewable energy*
19 *system shall not exceed 60 percent of the*
20 *cost of the renewable energy system.*

21 “(B) *FACTORS.—In determining the*
22 *amount of a grant or loan under subparagraph*
23 *(A), the Secretary shall take into consideration—*

24 “(i) *the type of renewable energy sys-*
25 *tem to be purchased;*

1 “(ii) the estimated quantity of energy
2 to be generated or displaced by the renew-
3 able energy system;

4 “(iii) the expected environmental bene-
5 fits of the renewable energy system;

6 “(iv) the extent to which the renewable
7 energy system will be replicable; and

8 “(v) other factors as appropriate.

9 “(2) *ENERGY EFFICIENCY IMPROVEMENTS.*—

10 “(A) *IN GENERAL.*—

11 “(i) *GRANTS.*—The amount of a grant
12 made under subsection (a) for an energy ef-
13 ficiency improvement shall not exceed 25
14 percent of the cost of the energy efficiency
15 improvement.

16 “(ii) *MAXIMUM AMOUNT OF COMBINED*
17 *GRANT AND LOAN.*—The combined amount
18 of a grant and loan made or guaranteed
19 under subsection (a) for an energy efficiency
20 project shall not exceed 50 percent of the
21 cost of the energy efficiency improvement.

22 “(B) *FACTORS.*—In determining the
23 amount of a grant or loan under subparagraph
24 (A), the Secretary shall take into consideration—

1 “(i) *the estimated length of time it*
2 *would take for the energy savings generated*
3 *by the improvement to equal the cost of the*
4 *improvement;*

5 “(ii) *the amount of energy savings ex-*
6 *pected to be derived from the improvement;*

7 *and*

8 “(iii) *other factors as appropriate.*

9 “(d) *INTEREST RATE.—A loan made or guaranteed*
10 *under subsection (a) shall bear interest at a rate not exceed-*
11 *ing 4 percent.*

12 “(e) *ENERGY AUDIT AND RENEWABLE ENERGY DE-*
13 *VELOPMENT PROGRAM.—*

14 “(1) *PREFERENCE.—In making loans, loan*
15 *guarantees, and grants under subsection (a), the Sec-*
16 *retary shall give preference to participants in the en-*
17 *ergy audit and renewable energy development pro-*
18 *gram under section 388F.*

19 “(2) *RESERVATION OF FUNDING.—The Secretary*
20 *shall reserve at least 25 percent of the funds made*
21 *available to carry out this section for each of fiscal*
22 *years 2002 through 2006 to participants in the en-*
23 *ergy audit and renewable energy development pro-*
24 *gram under section 388F.*

25 “(f) *FUNDING.—*

1 “(1) *IN GENERAL.*—Not later than 30 days after
2 the date of enactment of this subtitle, and on October
3 1, 2002, and each October 1 thereafter through Octo-
4 ber 1, 2005, out of any funds in the Treasury not oth-
5 erwise appropriated, the Secretary of the Treasury
6 shall transfer to the Secretary to carry out this sec-
7 tion \$33,000,000, to remain available until expended.

8 “(2) *RECEIPT AND ACCEPTANCE.*—The Secretary
9 shall be entitled to receive, shall accept, and shall use
10 to carry out this section the funds transferred under
11 paragraph (1), without further appropriation.

12 “(3) *LOAN AND INTEREST SUBSIDIES.*—In the
13 case of a loan or loan guarantee under subsection (a),
14 the Secretary shall use funds under paragraph (1) to
15 pay the cost of loan and interest subsidies necessary
16 to carry out this section.

17 **“SEC. 388H. HYDROGEN AND FUEL CELL TECHNOLOGIES**
18 **PROGRAM.**

19 “(a) *FINDINGS.*—Congress finds that—

20 “(1) *fuel cells are a highly efficient, clean, and*
21 *flexible technology for generating electricity from hy-*
22 *drogen that promises to improve the environment,*
23 *electricity reliability, and energy security;*

24 “(2)(A) *because fuel cells can be made in any*
25 *size, fuel cells can be used for a wide variety of farm*

1 *applications, including powering farm vehicles,*
2 *equipment, houses, and other operations; and*

3 “(B) *much of the initial use of fuel cells is likely*
4 *to be in remote and off-grid applications in rural*
5 *areas; and*

6 “(3) *hydrogen is a clean and flexible fuel that*
7 *can play a critical role in storing and transporting*
8 *energy produced on farms from renewable sources (in-*
9 *cluding biomass, wind, and solar energy).*

10 “(b) *GRANT PROGRAM.—The Secretary of Agriculture,*
11 *in consultation with the Secretary of Energy, shall establish*
12 *a program under which the Secretary of Agriculture shall*
13 *competitively award grants to, or enter into contracts or*
14 *cooperative agreements with, eligible entities for—*

15 “(1) *projects to demonstrate the use of hydrogen*
16 *technologies and fuel cell technologies in farm, ranch,*
17 *and rural applications; and*

18 “(2) *as appropriate, studies of the technical, en-*
19 *vironmental, and economic viability, in farm, ranch,*
20 *and rural applications, of innovative hydrogen and*
21 *fuel cell technologies not ready for demonstration.*

22 “(c) *ELIGIBLE ENTITIES.—Under subsection (b), the*
23 *Secretary may make a grant to or enter into a contract*
24 *or cooperative agreement with—*

25 “(1) *a Federal research agency;*

1 “(2) a national laboratory;

2 “(3) a college or university or a research founda-
3 tion maintained by a college or university;

4 “(4) a private organization with an established
5 and demonstrated capacity to perform research or
6 technology transfer;

7 “(5) a State agricultural experiment station;

8 “(6) an individual; or

9 “(7) a consortium comprised of entities described
10 in paragraphs (1) through (6).

11 “(d) *SELECTION CRITERIA.*—In selecting projects for
12 grants, contracts, and cooperative agreements under sub-
13 section (b)(1), the Secretary shall give preference to projects
14 that demonstrate technologies that—

15 “(1) are innovative;

16 “(2) use renewable energy sources;

17 “(3) generate both usable electricity and heat;

18 “(4) provide significant environmental benefits;

19 “(5) are likely to be economically competitive;

20 and

21 “(6) have potential for commercialization as
22 mass-produced, farm- or ranch-sized systems.

23 “(e) *COST SHARING.*—The amount of financial assist-
24 ance provided for a project under a grant, contract, or coop-

1 *erative agreement under subsection (b) shall not exceed 50*
2 *percent of the cost of the project.*

3 “(f) *FUNDING.*—

4 “(1) *IN GENERAL.*—*Not later than 30 days after*
5 *the date of enactment of this subtitle, and on October*
6 *1, 2002, and each October 1 thereafter through Octo-*
7 *ber 1, 2005, out of any funds in the Treasury not oth-*
8 *erwise appropriated, the Secretary of the Treasury*
9 *shall transfer to the Secretary to carry out this sec-*
10 *tion \$5,000,000, to remain available until expended.*

11 “(2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
12 *shall be entitled to receive, shall accept, and shall use*
13 *to carry out this section the funds transferred under*
14 *paragraph (1), without further appropriation.*

15 **“SEC. 388I. TECHNICAL ASSISTANCE FOR FARMERS AND**
16 **RANCHERS TO DEVELOP RENEWABLE EN-**
17 **ERGY RESOURCES.**

18 “(a) *IN GENERAL.*—*The Secretary, acting through the*
19 *Cooperative State Research, Education, and Extension*
20 *Service in consultation with the Natural Resources Con-*
21 *servation Service, regional biomass programs under the De-*
22 *partment of Energy, and other entities as appropriate, may*
23 *provide for education and technical assistance to farmers*
24 *and ranchers for the development and marketing of renew-*
25 *able energy resources.*

1 “(b) *ADMINISTRATIVE EXPENSES.*—*The Secretary*
2 *may retain up to 4 percent of the amounts made available*
3 *for each fiscal year to carry out this section to pay adminis-*
4 *trative expenses incurred in carrying out this section.*

5 **“CHAPTER 3—CARBON SEQUESTRATION**
6 ***RESEARCH, DEVELOPMENT, AND DEM-***
7 ***ONSTRATION PROGRAM***

8 **“SEC. 388J. RESEARCH.**

9 “(a) *BASIC RESEARCH.*—

10 “(1) *IN GENERAL.*—*Subject to the availability of*
11 *appropriations, the Secretary shall carry out research*
12 *to promote understanding of—*

13 “(A) *the net sequestration of organic carbon*
14 *in soils and plants (including trees); and*

15 “(B) *net emissions of other greenhouse gases*
16 *from agriculture.*

17 “(2) *AGRICULTURAL RESEARCH SERVICE.*—*The*
18 *Secretary, acting through the Agricultural Research*
19 *Service, shall collaborate with other Federal agencies*
20 *in developing data and carrying out research address-*
21 *ing carbon losses and gains in soils and plants (in-*
22 *cluding trees) and net emissions of methane and ni-*
23 *trous oxide from cultivation and animal management*
24 *activities.*

1 “(3) *COOPERATIVE STATE RESEARCH, EDU-*
2 *CATION, AND EXTENSION SERVICE.—*

3 “(A) *IN GENERAL.—The Secretary, acting*
4 *through the Cooperative State Research, Edu-*
5 *cation, and Extension Service, shall establish a*
6 *competitive grant program to carry out research*
7 *on the matters described in paragraph (1) by eli-*
8 *gible entities.*

9 “(B) *ELIGIBLE ENTITIES.—Under subpara-*
10 *graph (A), the Secretary may make a grant to—*

11 “(i) *a Federal research agency;*

12 “(ii) *a national laboratory;*

13 “(iii) *a college or university or a re-*
14 *search foundation maintained by a college*
15 *or university;*

16 “(iv) *a private research organization*
17 *with an established and demonstrated ca-*
18 *capacity to perform research or technology*
19 *transfer;*

20 “(v) *a State agricultural experiment*
21 *station;*

22 “(vi) *a State forestry agency that has*
23 *developed or is developing a forest carbon*
24 *sequestration program; or*

25 “(vii) *an individual.*

1 “(C) *CONSULTATION ON RESEARCH TOP-*
2 *ICS.—Before issuing a request for proposals for*
3 *basic research under paragraph (1), the Coopera-*
4 *tive State Research, Education, and Extension*
5 *Service shall consult with the Agricultural Re-*
6 *search Service and the Forest Service to ensure*
7 *that proposed research areas are complementary*
8 *with and do not duplicate other research projects*
9 *funded by the Department or other Federal agen-*
10 *cies.*

11 “(D) *ADMINISTRATIVE EXPENSES.—The*
12 *Secretary may retain up to 4 percent of the*
13 *amounts made available for each fiscal year to*
14 *carry out this subsection to pay administrative*
15 *expenses incurred in carrying out this sub-*
16 *section.*

17 “(b) *APPLIED RESEARCH.—*

18 “(1) *IN GENERAL.—The Secretary shall carry*
19 *out applied research in the areas of soil science,*
20 *agronomy, agricultural economics, forestry, and other*
21 *agricultural sciences to—*

22 “(A) *promote understanding of—*

23 “(i) *how agricultural and forestry*
24 *practices affect the sequestration of organic*
25 *and inorganic carbon in soils and plants*

1 *(including trees) and net emissions of other*
2 *greenhouse gases;*

3 “(ii) *how changes in soil carbon pools*
4 *in soils and plants (including trees) are*
5 *cost-effectively measured, monitored, and*
6 *verified; and*

7 “(iii) *how public programs and pri-*
8 *vate market approaches can be devised to*
9 *incorporate carbon sequestration in a*
10 *broader societal greenhouse gas emission re-*
11 *duction effort;*

12 “(B) *develop methods for establishing base-*
13 *lines for measuring the quantities of carbon and*
14 *other greenhouse gases sequestered; and*

15 “(C) *evaluate leakage, performance, and*
16 *permanence issues.*

17 “(2) *REQUIREMENTS.—To the maximum extent*
18 *practicable, applied research under paragraph (1)*
19 *shall—*

20 “(A) *use existing technologies and methods;*
21 *and*

22 “(B) *provide methodologies that are acces-*
23 *sible to a nontechnical audience.*

24 “(3) *MINIMIZATION OF ADVERSE ENVIRON-*
25 *MENTAL IMPACTS.—All applied research under para-*

1 *graph (1) shall be conducted with an emphasis on*
2 *minimizing adverse environmental impacts.*

3 “(4) *NATURAL RESOURCES AND THE ENVIRON-*
4 *MENT.—The Secretary, acting through the Natural*
5 *Resources Conservation Service and the Forest Serv-*
6 *ice, shall collaborate with other Federal agencies in*
7 *developing new measuring techniques and equipment*
8 *or adapting existing techniques and equipment to en-*
9 *able cost-effective and accurate monitoring and*
10 *verification, for a wide range of agricultural and for-*
11 *estry practices, of—*

12 “(A) *changes in carbon content in soils and*
13 *plants (including trees); and*

14 “(B) *net emissions of other greenhouse*
15 *gases.*

16 “(5) *COOPERATIVE STATE RESEARCH, EDU-*
17 *CATION, AND EXTENSION SERVICE.—*

18 “(A) *IN GENERAL.—The Secretary, acting*
19 *through the Cooperative State Research, Edu-*
20 *cation, and Extension Service and the Forest*
21 *Service, shall establish a competitive grant pro-*
22 *gram to encourage research on the matters de-*
23 *scribed in paragraph (1) by eligible entities.*

24 “(B) *ELIGIBLE ENTITIES.—Under subpara-*
25 *graph (A), the Secretary may make a grant to—*

1 “(i) a *Federal research agency*;

2 “(ii) a *national laboratory*;

3 “(iii) a *college or university or a re-*
4 *search foundation maintained by a college*
5 *or university*;

6 “(iv) a *private research organization*
7 *with an established and demonstrated ca-*
8 *capacity to perform research or technology*
9 *transfer*;

10 “(v) a *State agricultural experiment*
11 *station*;

12 “(vi) a *State forestry agency that has*
13 *developed or is developing a forest carbon*
14 *sequestration program*; or

15 “(vii) *an individual*.

16 “(C) *CONSULTATION ON RESEARCH TOP-*
17 *ICS.—Before issuing a request for proposals for*
18 *applied research under paragraph (1), the Coop-*
19 *erative State Research, Education, and Exten-*
20 *sion Service and the Forest Service shall consult*
21 *with the Natural Resources Conservation Service*
22 *and the Agricultural Research Service to ensure*
23 *that proposed research areas are complementary*
24 *with and do not duplicate research projects fund-*

1 *ed by the Department of Agriculture or other*
2 *Federal agencies.*

3 “(D) *ADMINISTRATIVE EXPENSES.*—*The*
4 *Secretary, acting through the Cooperative State*
5 *Research, Education, and Extension Service,*
6 *may retain up to 4 percent of the amounts made*
7 *available for each fiscal year to carry out this*
8 *subsection to pay administrative expenses in-*
9 *curring in carrying out this subsection.*

10 “(c) *RESEARCH CONSORTIA.*—

11 “(1) *IN GENERAL.*—*The Secretary may designate*
12 *not more than 2 research consortia to carry out re-*
13 *search projects under this section, with the require-*
14 *ment that the consortia propose to conduct basic re-*
15 *search under subsection (a) and applied research*
16 *under subsection (b) .*

17 “(2) *SELECTION.*—*The consortia shall be selected*
18 *on a competitive basis by the Cooperative State Re-*
19 *search, Education, and Extension Service.*

20 “(3) *ELIGIBLE CONSORTIUM PARTICIPANTS.*—
21 *Entities eligible to participate in a consortium*
22 *include—*

23 “(A) *a college or university or a research*
24 *foundation maintained by a college or univer-*
25 *sity;*

1 “(B) a private research institution;

2 “(C) a State agency;

3 “(D) an Indian tribe (as defined in section
4 of the Indian Self-Determination and Edu-
5 cation Assistance Act (25 U.S.C. 450b));

6 “(E) an agency of the Department of Agri-
7 culture;

8 “(F) a research center of the National Aero-
9 nautics and Space Administration, the Depart-
10 ment of Energy, or any other Federal agency;

11 “(G) an agricultural business or organiza-
12 tion with demonstrated expertise in areas cov-
13 ered by this section; and

14 “(H) a representative of the private sector
15 with demonstrated expertise in the areas.

16 “(4) RESERVATION OF FUNDING.—If the Sec-
17 retary designates 1 or 2 consortia, the Secretary shall
18 reserve for research projects carried out by the consor-
19 tium or consortia not more than 25 percent of the
20 amounts made available to carry out this section for
21 a fiscal year.

22 “(d) STANDARDS FOR MEASURING CARBON AND
23 OTHER GREENHOUSE GAS CONTENT.—

24 “(1) CONFERENCE.—Not later than 3 years after
25 the date of enactment of this subtitle, the Secretary

1 *shall convene a conference of key scientific experts on*
2 *carbon sequestration from various sectors (including*
3 *the government, academic, and private sectors) to—*

4 *“(A) discuss benchmark standards for meas-*
5 *uring the carbon content of soils and plants (in-*
6 *cluding trees) and net emissions of other green-*
7 *house gases;*

8 *“(B) propose techniques and modeling ap-*
9 *proaches for measuring carbon content with a*
10 *level of precision that is agreed on by the par-*
11 *ticipants in the conference; and*

12 *“(C) evaluate results of analyses on base-*
13 *line, permanence, and leakage issues.*

14 *“(2) DEVELOPMENT OF BENCHMARK STAND-*
15 *ARDS.—*

16 *“(A) IN GENERAL.—The Secretary shall de-*
17 *velop benchmark standards for measuring the*
18 *carbon content of soils and plants (including*
19 *trees) based on—*

20 *“(i) information from the conference*
21 *under paragraph (1);*

22 *“(ii) research conducted under this sec-*
23 *tion; and*

24 *“(iii) other information available to*
25 *the Secretary.*

1 “(B) *OPPORTUNITY FOR PUBLIC COM-*
2 *MENT.—The Secretary shall provide an oppor-*
3 *tunity for the public to comment on the bench-*
4 *mark standards developed under subparagraph*
5 *(A).*

6 “(3) *REPORT.—Not later than 180 days after the*
7 *conclusion of the conference under paragraph (1), the*
8 *Secretary shall submit to the Committee on Agri-*
9 *culture of the House of Representatives and the Com-*
10 *mittee on Agriculture, Nutrition, and Forestry of the*
11 *Senate a report on the results of the conference.*

12 “(e) *AUTHORIZATION OF APPROPRIATIONS.—*

13 “(1) *IN GENERAL.—There is authorized to be ap-*
14 *propriated to carry out this section \$25,000,000 for*
15 *each of fiscal years 2002 through 2006.*

16 “(2) *ALLOCATION.—*

17 “(A) *IN GENERAL.—Of the amounts made*
18 *available to carry out this section for a fiscal*
19 *year, at least 50 percent shall be allocated for*
20 *competitive grants by the Cooperative State Re-*
21 *search, Education, and Extension Service.*

22 “(B) *ADMINISTRATIVE EXPENSES.—The*
23 *Secretary may retain up to 4 percent of the*
24 *amounts made available for each fiscal year to*

1 *carry out this section to pay administrative ex-*
2 *penses incurred in carrying out this section.*

3 **“SEC. 388K. DEMONSTRATION PROJECTS AND OUTREACH.**

4 “(a) *DEMONSTRATION PROJECTS.—*

5 “(1) *DEVELOPMENT OF MONITORING PRO-*
6 *GRAMS.—*

7 “(A) *IN GENERAL.—The Secretary, in co-*
8 *operation with local extension agents, experts*
9 *from land grant universities, and other local ag-*
10 *ricultural or conservation organizations, shall*
11 *develop user-friendly programs that combine*
12 *measurement tools and modeling techniques into*
13 *integrated packages to monitor the carbon se-*
14 *questering benefits of conservation practices and*
15 *net changes in greenhouse gas emissions.*

16 “(B) *BENCHMARK LEVELS OF PRECISION.—*
17 *The Secretary shall administer programs devel-*
18 *oped under subparagraph (A) in a manner that*
19 *achieves, to the maximum extent practicable,*
20 *benchmark levels of precision in the measure-*
21 *ment, in a cost-effective manner, of benefits and*
22 *changes described in subparagraph (A).*

23 “(2) *PROJECTS.—*

24 “(A) *IN GENERAL.—The Secretary shall es-*
25 *tablish a program under which the monitoring*

1 *programs developed under paragraph (1) are*
2 *used in projects to demonstrate the feasibility of*
3 *methods of measuring, verifying, and*
4 *monitoring—*

5 *“(i) changes in organic carbon content*
6 *and other carbon pools in soils and plants*
7 *(including trees); and*

8 *“(ii) net changes in emissions of other*
9 *greenhouse gases.*

10 *“(B) EVALUATION OF IMPLICATIONS.—The*
11 *projects under subparagraph (A) shall include*
12 *evaluation of the implications for reassessed*
13 *baselines, carbon or other greenhouse gas leakage,*
14 *and the permanence of sequestration.*

15 *“(C) SUBMISSION OF PROPOSALS.—Pro-*
16 *posals for projects under subparagraph (A) shall*
17 *be submitted by the appropriate agency of each*
18 *State, in consultation with interested local juris-*
19 *dictions and State agricultural and conservation*
20 *organizations.*

21 *“(D) LIMITATION.—Not more than 10*
22 *projects under subparagraph (A) may be ap-*
23 *proved in conjunction with applied research*
24 *projects under section 388J(b) until benchmark*

1 *measurement and assessment standards are es-*
2 *tablished under section 388J(d).*

3 “(b) *OUTREACH.*—

4 “(1) *IN GENERAL.*—*The Secretary, acting*
5 *through the Cooperative State Research, Education,*
6 *and Extension Service, shall widely disseminate in-*
7 *formation about the economic and environmental ben-*
8 *efits that can be generated by adoption of conserva-*
9 *tion practices that increase sequestration of carbon*
10 *and reduce emissions of other greenhouse gases.*

11 “(2) *PROJECT RESULTS.*—*The Secretary, acting*
12 *through the Cooperative State Research, Education,*
13 *and Extension Service, shall provide for the dissemi-*
14 *nation to farmers, ranchers, private forest land-*
15 *owners, and appropriate State agencies in each State*
16 *of information concerning—*

17 “(A) *the results of demonstration projects*
18 *under subsection (a)(2); and*

19 “(B) *the manner in which the methods dem-*
20 *onstrated in the projects might be applicable to*
21 *the operations of the farmers, ranchers, private*
22 *forest landowners, and State agencies.*

23 “(3) *POLICY OUTREACH.*—*The Secretary, acting*
24 *through the Cooperative State Research, Education,*
25 *and Extension Service, shall disseminate information*

1 *on the connection between global climate change miti-*
2 *gation strategies and agriculture and forestry, so that*
3 *farmers, ranchers, private forest landowners, and*
4 *State agencies may better understand the global im-*
5 *PLICATIONS OF THE ACTIVITIES OF THE FARMERS, RANCHERS,*
6 *private forest landowners, and State agencies.*

7 “(c) *AUTHORIZATION OF APPROPRIATIONS.—*

8 “(1) *IN GENERAL.—There is authorized to be ap-*
9 *propriated to carry out this section \$10,000,000 for*
10 *each of fiscal years 2002 through 2006.*

11 “(2) *ALLOCATION.—Of the amounts made avail-*
12 *able to carry out this section for a fiscal year, at least*
13 *50 percent shall be allocated for demonstration*
14 *projects under subsection (a)(2).”.*

15 **SEC. 903. BIOMASS RESEARCH AND DEVELOPMENT ACT OF**
16 **2000.**

17 (a) *FUNDING.—The Biomass Research and Develop-*
18 *ment Act of 2000 (7 U.S.C. 7624 note; Public Law 106-*
19 *224) is amended—*

20 (1) *in section 307, by striking subsection (f);*

21 (2) *by redesignating section 310 as section 311;*

22 *and*

23 (3) *by inserting after section 309 the following:*

1 **“SEC. 310. FUNDING.**

2 “(a) *TRANSFERS BY THE SECRETARY OF THE TREAS-*
3 *URY.—*

4 “(1) *IN GENERAL.—Not later than 30 days after*
5 *the date of enactment of this subsection, and on Octo-*
6 *ber 1, 2002, and each October 1 thereafter through*
7 *October 1, 2005, out of any funds in the Treasury not*
8 *otherwise appropriated, the Secretary of the Treasury*
9 *shall transfer to the Secretary to carry out this title*
10 *\$15,000,000, to remain available until expended.*

11 “(2) *RECEIPT AND ACCEPTANCE.—The Secretary*
12 *shall be entitled to receive, shall accept, and shall use*
13 *to carry out this title the funds transferred under*
14 *paragraph (1), without further appropriation.*

15 “(b) *AUTHORIZATION OF APPROPRIATIONS.—In addi-*
16 *tion to amounts transferred under subsection (a), there are*
17 *authorized to be appropriated to carry out this title*
18 *\$49,000,000 for each of fiscal years 2002 through 2006.”.*

19 “(b) *TERMINATION OF AUTHORITY.—Section 311 of the*
20 *Biomass Research and Development Act of 2000 (7 U.S.C.*
21 *7624 note; Public Law 106–224) (as redesignated by sub-*
22 *section (a)) is amended by striking “December 31, 2005”*
23 *and inserting “September 30, 2006”.*

1 **SEC. 904. RURAL ELECTRIFICATION ACT OF 1936.**

2 *Title I of the Rural Electrification Act of 1936 (7*
3 *U.S.C. 901 et seq.) is amended by adding at the end the*
4 *following:*

5 **“SEC. 20. FINANCIAL AND TECHNICAL ASSISTANCE FOR RE-**
6 **NEWABLE ENERGY PROJECTS.**

7 *“(a) DEFINITIONS.—In this section:*

8 *“(1) RENEWABLE ENERGY.—The term ‘renewable*
9 *energy’ means energy derived from a wind, solar, bio-*
10 *mass, geothermal, or hydrogen source.*

11 *“(2) RURAL AREA.—The term ‘rural area’ in-*
12 *cludes any area that is not within the boundaries*
13 *of—*

14 *“(A) a city, town, village, or borough hav-*
15 *ing a population of more than 20,000; or*

16 *“(B) an urbanized area (as determined by*
17 *the Secretary).*

18 *“(b) LOANS, LOAN GUARANTEES, AND GRANTS.—The*
19 *Secretary shall make loans, loan guarantees, and grants to*
20 *rural electric cooperatives and other rural electric utilities*
21 *(as determined by the Secretary) to promote the develop-*
22 *ment of economically and environmentally sustainable re-*
23 *newable energy projects to serve the needs of rural commu-*
24 *nities or for rural economic development.*

1 “(c) *INTEREST RATE.*—A loan made or guaranteed
2 under subsection (b) shall bear interest at a rate not exceed-
3 ing 4 percent.

4 “(d) *USE OF FUNDS.*—

5 “(1) *GRANTS.*—A recipient of a grant under sub-
6 section (a) may use the grant funds to pay up to 75
7 percent of the cost of an economic feasibility study or
8 technical assistance for a renewable energy project.

9 “(2) *LOANS.*—If a renewable energy project is
10 determined to be economically feasible, a recipient of
11 a loan or loan guarantee under subsection (a) may
12 use the loan funds to pay a percentage of the cost of
13 the project determined by the Secretary.

14 “(e) *FUNDING.*—

15 “(1) *IN GENERAL.*—Not later than 30 days after
16 the date of enactment of this section, and on October
17 1, 2002, and each October 1 thereafter through Octo-
18 ber 1, 2005, out of any funds in the Treasury not oth-
19 erwise appropriated, the Secretary of the Treasury
20 shall transfer to the Secretary to carry out this sec-
21 tion \$9,000,000, to remain available until expended.

22 “(2) *RECEIPT AND ACCEPTANCE.*—The Secretary
23 shall be entitled to receive, shall accept, and shall use
24 to carry out this section the funds transferred under
25 paragraph (1), without further appropriation.

1 “(3) *LOAN AND INTEREST SUBSIDIES.*—*In the*
2 *case of a loan or loan guarantee under subsection (a),*
3 *the Secretary shall use funds under paragraph (1) to*
4 *pay the cost of loan and interest subsidies necessary*
5 *to carry out this section.*”.

6 **SEC. 905. CARBON SEQUESTRATION DEMONSTRATION PRO-**
7 **GRAM.**

8 (a) *FINDINGS.*—*Congress finds that—*

9 (1) *greenhouse gas emissions resulting from*
10 *human activity present potential risks and potential*
11 *opportunities for agricultural and forestry produc-*
12 *tion;*

13 (2) *there is a need to identify cost-effective meth-*
14 *ods that can be used in the agricultural and forestry*
15 *sectors to reduce the threat of climate change;*

16 (3) *deforestation and other land use changes ac-*
17 *count for approximately 1,600,000,000 of the*
18 *7,900,000,000 metric tons of the average annual*
19 *worldwide quantity of carbon emitted during the*
20 *1990s;*

21 (4) *ocean and terrestrial systems each sequestered*
22 *approximately 2,300,000,000 metric tons of carbon*
23 *annually, resulting in a sequestration of 60 percent of*
24 *the annual human-induced emissions of carbon dur-*
25 *ing the 1990s;*

1 (5) *there are opportunities for increasing the*
2 *quantity of carbon that can be stored in terrestrial*
3 *systems through improved, human-induced agricul-*
4 *tural and forestry practices;*

5 (6) *increasing the carbon content of soil helps to*
6 *reduce erosion, reduce flooding, minimize the effects of*
7 *drought, prevent nutrients and pesticides from wash-*
8 *ing into water bodies, and contribute to water infil-*
9 *tration, air and water holding capacity, and good*
10 *seed germination and plant growth;*

11 (7) *tree planting and wetland restoration could*
12 *play a major role in sequestering carbon and reduc-*
13 *ing greenhouse gas concentrations in the atmosphere;*

14 (8) *nitrogen management is a cost-effective meth-*
15 *od of addressing nutrient overenrichment in the estu-*
16 *aries of the United States and of reducing emissions*
17 *of nitrous oxide;*

18 (9) *animal feed and waste management can be*
19 *cost-effective methods to address water quality issues*
20 *and reduce emissions of methane; and*

21 (10) *there is a need to—*

22 (A) *demonstrate that carbon sequestration*
23 *in soils, plants, and forests and reductions in*
24 *greenhouse gas emissions through nitrogen and*

1 *animal feed and waste management can be*
2 *measured and verified; and*

3 *(B) develop and refine quantification,*
4 *verification, and auditing methodologies for car-*
5 *bon sequestration and greenhouse gas emission*
6 *reductions on a project by project basis.*

7 *(b) PROGRAM.—Title IV of the Agricultural Research,*
8 *Extension, and Education Reform Act of 1998 (7 U.S.C.*
9 *7621 et seq.) (as amended by section 750) is amended by*
10 *adding at the end the following:*

11 **“SEC. 412. CARBON SEQUESTRATION DEMONSTRATION**
12 **PROGRAM.**

13 *“(a) DEFINITIONS.—In this section:*

14 *“(1) ELIGIBLE PROJECT.—The term ‘eligible*
15 *project’ means a project that is likely to result in—*

16 *“(A) demonstrable reductions in net emis-*
17 *sions of greenhouse gases; or*

18 *“(B) demonstrable net increases in the*
19 *quantity of carbon sequestered in soils and for-*
20 *ests.*

21 *“(2) ENVIRONMENTAL TRADE.—The term ‘envi-*
22 *ronmental trade’ means a transaction between an*
23 *emitter of a greenhouse gas and an agricultural pro-*
24 *ducer or farmer-owned cooperative under which the*
25 *emitter pays to the agricultural producer or farmer-*

1 *owned cooperative a fee to sequester carbon or other-*
2 *wise reduce emissions of greenhouse gases.*

3 “(3) *PANEL.*—*The term ‘panel’ means the panel*
4 *of experts established under subsection (b)(4)(A).*

5 “(4) *SECRETARY.*—*The term ‘Secretary’ means*
6 *the Secretary of Agriculture, acting in consultation*
7 *with—*

8 “(A) *the Under Secretary of Agriculture for*
9 *Natural Resources and Environment;*

10 “(B) *the Under Secretary of Agriculture for*
11 *Research, Education, and Economics;*

12 “(C) *the Chief Economist of the Depart-*
13 *ment; and*

14 “(D) *the panel.*

15 “(b) *DEMONSTRATION PROGRAM.*—

16 “(1) *ESTABLISHMENT.*—*Subject to the avail-*
17 *ability of appropriations, the Secretary shall establish*
18 *a program to provide grants, on a competitive, cost-*
19 *shared basis, to agricultural producers, non-industrial*
20 *private forest owners and farmer-owned cooperatives,*
21 *to assist in paying the costs incurred in measuring,*
22 *estimating, monitoring, verifying, auditing, and test-*
23 *ing methodologies involved in environmental trades*
24 *(including costs incurred in employing certified inde-*
25 *pendent third persons to carry out those activities).*

1 “(2) *CONDITIONS FOR RECEIPT OF GRANT.—As a*
2 *condition of the acceptance of a grant under para-*
3 *graph (1), an agricultural producer, non-industrial*
4 *forest owner and farmer-owned cooperatives shall—*

5 “(A) *establish a carbon and greenhouse gas*
6 *monitoring, verification, and reporting system*
7 *that meets such requirements as the Secretary*
8 *shall prescribe; and*

9 “(B) *under the system and through the use*
10 *of an independent third party for any necessary*
11 *monitoring, verifying, reporting, and auditing,*
12 *measure and report to the Secretary the quantity*
13 *of carbon sequestered, or the quantity of green-*
14 *house gas emissions reduced, as a result of the*
15 *conduct of an eligible project.*

16 “(3) *CRITERIA FOR AWARD OF GRANT.—*

17 “(A) *IN GENERAL.—In awarding a grant*
18 *for an eligible project under paragraph (1), the*
19 *Secretary shall take into consideration—*

20 “(i) *the likelihood of the eligible project*
21 *in succeeding in achieving greenhouse gas*
22 *emissions reductions and net carbon seques-*
23 *tration increases; and*

24 “(ii) *the usefulness of the information*
25 *to be obtained from the eligible project in*

1 *determining how best to quantify, monitor,*
2 *and verify sequestered carbon or reductions*
3 *in greenhouse gas emissions.*

4 “(B) *ELIGIBILITY CRITERIA.*—*To be eligible*
5 *for a grant under paragraph (1), a project shall*
6 *(as determined by the Secretary)—*

7 “(i) *be designed to—*

8 “(I) *achieve long-term sequestra-*
9 *tion of carbon or long-term reductions*
10 *in greenhouse gas emissions;*

11 “(II) *address concerns regarding*
12 *leakage and permanence; or*

13 “(III) *promote additionality; and*

14 “(ii) *not involve—*

15 “(I) *the reforestation of land that*
16 *has been deforested since 1990; or*

17 “(II) *the conversion of native*
18 *grassland.*

19 “(C) *PRIORITY CRITERIA.*—*The Secretary*
20 *shall give priority in awarding a grant under*
21 *paragraph (1) to an eligible project that—*

22 “(i) *involves multiple parties, a whole*
23 *farm approach, or any other approach, such*
24 *as the aggregation of land areas, that*
25 *would—*

1 “(I) increase the environmental
2 benefits or reduce the transaction costs
3 of the eligible project; and

4 “(II) reduce the costs of meas-
5 uring, monitoring, and verifying any
6 net sequestration of carbon or net re-
7 duction in greenhouse gas emissions;
8 and

9 “(ii) provides certain benefits, such as
10 improvements in—

11 “(I) soil fertility;

12 “(II) wildlife habitat;

13 “(III) water quality;

14 “(IV) soil erosion management;

15 “(V) the use of renewable resources
16 to produce energy;

17 “(VI) the avoidance of ecosystem
18 fragmentation; and

19 “(VII) the promotion of ecosystem
20 restoration with native species.

21 “(4) PANEL.—

22 “(A) IN GENERAL.—The Secretary shall es-
23 tablish a panel to provide advice and rec-
24 ommendations to the Secretary with respect to

1 *criteria for awarding grants under this sub-*
2 *section.*

3 “(B) *COMPOSITION.*—*The panel shall be*
4 *composed of the following representatives, to be*
5 *appointed by the Secretary:*

6 “(i) *Experts from each of—*

7 “(I) *the Department;*

8 “(II) *the Environmental Protec-*
9 *tion Agency; and*

10 “(III) *the Department of Energy.*

11 “(ii) *Experts from nongovernmental*
12 *and academic entities.*

13 “(5) *PAYMENT OF GRANT FUNDS.*—*The Secretary*
14 *shall provide a grant awarded under this section in*
15 *such number of installments as is necessary to ensure*
16 *proper implementation of an eligible project.*

17 “(c) *DISSEMINATION OF INFORMATION.*—*As soon as*
18 *practicable after the date of enactment of this section, the*
19 *Secretary shall establish an Internet site through which ag-*
20 *ricultural producers, non-industrial private forest owners*
21 *and farmer-owned cooperatives may obtain information*
22 *concerning—*

23 “(1) *potential environmental trades; and*

24 “(2) *activities of the Secretary under this sec-*
25 *tion.*

1 “(d) *AUTHORIZATION OF APPROPRIATIONS.—There is*
2 *authorized to be appropriated to carry out this section*
3 *\$20,000,000 for each of fiscal years 2002 through 2006, of*
4 *which \$1,000,000 for each of fiscal years 2002 through 2006*
5 *shall be made available to carry out farmer-owned coopera-*
6 *tive carbon environmental trade pilot projects, in accord-*
7 *ance with this section.”.*

8 **SEC. 906. SENSE OF CONGRESS CONCERNING NATIONAL**
9 **RENEWABLE FUELS STANDARD.**

10 *It is the sense of Congress that—*

11 (1) *Congress supports and encourages adoption*
12 *of a national renewable fuels program, under which*
13 *the motor vehicle fuel placed into commerce by a re-*
14 *finer, blender, or importer shall be composed of renew-*
15 *able fuel measured according to a statutory formula*
16 *for specified calendar years; and*

17 (2) *the Secretary of Agriculture should ensure*
18 *that the policies and programs of the Department of*
19 *Agriculture promote the production of fuels from re-*
20 *newable fuel sources.*

21 **SEC. 907. SENSE OF CONGRESS CONCERNING THE BIO-**
22 **ENERGY PROGRAM OF THE DEPARTMENT OF**
23 **AGRICULTURE.**

24 *It is the sense of Congress that—*

1 (1) ethanol and biofuel production capacity will
 2 be needed to phase out the use of methyl tertiary butyl
 3 ether in gasoline and the dependence of the United
 4 States on foreign oil; and

5 (2) the bioenergy program of the Department of
 6 Agriculture under part 1424 of title 7, Code of Fed-
 7 eral Regulations, should be continued and expanded.

8 **TITLE X—MISCELLANEOUS**
 9 **Subtitle A—Country of Origin and**
 10 **Quality Grade Labeling**

11 **SEC. 1001. COUNTRY OF ORIGIN LABELING.**

12 *The Agricultural Marketing Act of 1946 (7 U.S.C.*
 13 *1621 et seq.) is amended by adding at the end the following:*

14 **“Subtitle D—Country of Origin**
 15 **Labeling**

16 **“SEC. 281. DEFINITIONS.**

17 *“In this subtitle:*

18 *“(1) BEEF.—The term ‘beef’ means meat pro-*
 19 *duced from cattle (including veal).*

20 *“(2) COVERED COMMODITY.—*

21 *“(A) IN GENERAL.—The term ‘covered com-*
 22 *modity’ means—*

23 *“(i) muscle cuts of beef, lamb, and*
 24 *pork;*

1 “(ii) ground beef, ground lamb, and
2 ground pork;

3 “(iii) farm-raised fish;

4 “(iv) wild fish;

5 “(v) a perishable agricultural com-
6 modity; and

7 “(vi) peanuts.

8 “(B) EXCLUSIONS.—The term ‘covered com-
9 modity’ does not include—

10 “(i) processed beef, lamb, and pork food
11 items; and

12 “(ii) frozen entrees containing beef,
13 lamb, and pork.

14 “(3) FARM-RAISED FISH.—The term ‘farm-raised
15 fish’ includes—

16 “(A) farm-raised shellfish; and

17 “(B) fillets, steaks, nuggets, and any other
18 flesh from a farm-raised fish or shellfish.

19 “(4) FOOD SERVICE ESTABLISHMENT.—The term
20 ‘food service establishment’ means a restaurant, cafe-
21 teria, lunch room, food stand, saloon, tavern, bar,
22 lounge, or other similar facility operated as an enter-
23 prise engaged in the business of selling food to the
24 public.

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

3 “(6) *PERISHABLE AGRICULTURAL COMMODITY;*
4 *RETAILER*.—*The terms ‘perishable agricultural com-*
5 *modity’ and ‘retailer’ have the meanings given the*
6 *terms in section 1(b) of the Perishable Agricultural*
7 *Commodities Act, 1930 (7 U.S.C. 499a(b)).*

8 “(7) *PORK*.—*The term ‘pork’ means meat pro-*
9 *duced from hogs.*

10 “(8) *SECRETARY*.—*The term ‘Secretary’ means*
11 *the Secretary of Agriculture, acting through the Agri-*
12 *cultural Marketing Service.*

13 “(9) *WILD FISH*.—

14 “(A) *IN GENERAL*.—*The term ‘wild fish’*
15 *means naturally-born or hatchery-raised fish*
16 *and shellfish harvested in the wild.*

17 “(B) *INCLUSIONS*.—*The term ‘wild fish’ in-*
18 *cludes a fillet, steak, nugget, and any other flesh*
19 *from wild fish or shellfish.*

20 “(C) *EXCLUSIONS*.—*The term ‘wild fish’ ex-*
21 *cludes net-pen aquacultural or other farm-raised*
22 *fish.*

23 **“SEC. 282. NOTICE OF COUNTRY OF ORIGIN.**

24 “(a) *IN GENERAL*.—

1 “(1) *REQUIREMENT.*—*Except as provided in*
2 *subsection (b), a retailer of a covered commodity shall*
3 *inform consumers, at the final point of sale of the cov-*
4 *ered commodity to consumers, of the country of origin*
5 *of the covered commodity.*

6 “(2) *UNITED STATES COUNTRY OF ORIGIN.*—*A*
7 *retailer of a covered commodity may designate the*
8 *covered commodity as having a United States country*
9 *of origin only if the covered commodity—*

10 “(A) *in the case of beef, lamb, and pork, is*
11 *exclusively from an animal that is exclusively*
12 *born, raised, and slaughtered in the United*
13 *States;*

14 “(B) *in the case of farm-raised fish, is*
15 *hatched, raised, harvested, and processed in the*
16 *United States;*

17 “(C) *in the case of wild fish, is—*

18 “(i) *harvested in waters of the United*
19 *States, a territory of the United States, or*
20 *a State; and*

21 “(ii) *processed in the United States, a*
22 *territory of the United States, or a State,*
23 *including the waters thereof; and*

1 “(D) *in the case of a perishable agricultural*
2 *commodities or peanut, is exclusively produced*
3 *in the United States.*

4 “(3) *WILD FISH AND FARM-RAISED FISH.—The*
5 *notice of country of origin for wild fish and farm-*
6 *raised fish shall distinguish between wild fish and*
7 *farm-raised fish.*

8 “(b) *EXEMPTION FOR FOOD SERVICE ESTABLISH-*
9 *MENTS.—Subsection (a) shall not apply to a covered com-*
10 *modity if the covered commodity is—*

11 “(1) *prepared or served in a food service estab-*
12 *lishment; and*

13 “(2)(A) *offered for sale or sold at the food service*
14 *establishment in normal retail quantities; or*

15 “(B) *served to consumers at the food service es-*
16 *tablishment.*

17 “(c) *METHOD OF NOTIFICATION.—*

18 “(1) *IN GENERAL.—The information required by*
19 *subsection (a) may be provided to consumers by*
20 *means of a label, stamp, mark, placard, or other clear*
21 *and visible sign on the covered commodity or on the*
22 *package, display, holding unit, or bin containing the*
23 *commodity at the final point of sale to consumers.*

24 “(2) *LABELED COMMODITIES.—If the covered*
25 *commodity is already individually labeled for retail*

1 *sale regarding country of origin, the retailer shall not*
2 *be required to provide any additional information to*
3 *comply with this section.*

4 “(d) *AUDIT VERIFICATION SYSTEM.—The Secretary*
5 *may require that any person that prepares, stores, handles,*
6 *or distributes a covered commodity for retail sale maintain*
7 *a verifiable recordkeeping audit trail that will permit the*
8 *Secretary to ensure compliance with the regulations pro-*
9 *mulgated under section 284.*

10 “(e) *INFORMATION.—Any person engaged in the busi-*
11 *ness of supplying a covered commodity to a retailer shall*
12 *provide information to the retailer indicating the country*
13 *of origin of the covered commodity.*

14 “(f) *CERTIFICATION OF ORIGIN.—*

15 “(1) *MANDATORY IDENTIFICATION.—The Sec-*
16 *retary shall not use a mandatory identification sys-*
17 *tem to verify the country of origin of a covered com-*
18 *modity.*

19 “(2) *EXISTING CERTIFICATION PROGRAMS.—To*
20 *certify the country of origin of a covered commodity,*
21 *the Secretary may use as a model certification pro-*
22 *grams in existence on the date of enactment of this*
23 *Act, including—*

24 “(A) *the carcass grading and certification*
25 *system carried out under this Act;*

1 “(B) *the voluntary country of origin beef la-*
2 *beling system carried out under this Act;*

3 “(C) *voluntary programs established to cer-*
4 *tify certain premium beef cuts;*

5 “(D) *the origin verification system estab-*
6 *lished to carry out the child and adult care food*
7 *program established under section 17 of the*
8 *Richard B. Russell National School Lunch Act*
9 *(42 U.S.C. 1766); or*

10 “(E) *the origin verification system estab-*
11 *lished to carry out the market access program*
12 *under section 203 of the Agricultural Trade Act*
13 *of 1978 (7 U.S.C. 5623).*

14 **“SEC. 283. ENFORCEMENT.**

15 “(a) *IN GENERAL.—Except as provided in subsection*
16 *(b), section 253 shall apply to a violation of this subtitle.*

17 “(b) *WARNINGS.—If the Secretary determines that a*
18 *retailer is in violation of section 282, the Secretary shall—*

19 “(1) *notify the retailer of the determination of*
20 *the Secretary; and*

21 “(2) *provide the retailer a 30-day period, begin-*
22 *ning on the date on which the retailer receives the no-*
23 *tice under paragraph (1) from the Secretary, during*
24 *which the retailer may take necessary steps to comply*
25 *with section 282.*

1 “(c) *FINES.*—If, on completion of the 30-day period
2 described in subsection (c)(2), the Secretary determines that
3 the retailer has willfully violated section 282, after pro-
4 viding notice and an opportunity for a hearing before the
5 Secretary with respect to the violation, the Secretary may
6 fine the retailer in an amount determined by the Secretary.

7 **“SEC. 284. REGULATIONS.**

8 “(a) *IN GENERAL.*—The Secretary may promulgate
9 such regulations as are necessary to carry out this subtitle.

10 “(b) *PARTNERSHIPS WITH STATES.*—In promulgating
11 the regulations, the Secretary shall, to the maximum extent
12 practicable, enter into partnerships with States with en-
13 forcement infrastructure to carry out this subtitle.

14 **“SEC. 285. APPLICATION.**

15 “*This subtitle shall apply to the retail sale of a covered*
16 *commodity beginning on the date that is 180 days after*
17 *the date of the enactment of this subtitle.*”

18 **SEC. 1002. QUALITY GRADE LABELING OF IMPORTED MEAT**

19 **AND MEAT FOOD PRODUCTS.**

20 *The Agricultural Marketing Act of 1946 (7 U.S.C.*
21 *1621 et seq.) (as amended by section 1001) is amended by*
22 *adding at the end the following:*

1 **“Subtitle E—Commodity-Specific**
2 **Grading Standards**

3 **“SEC. 291. DEFINITION OF SECRETARY.**

4 *“In this subtitle, the term ‘Secretary’ means the Sec-*
5 *retary of Agriculture.*

6 **“SEC. 292. QUALITY GRADE LABELING OF IMPORTED MEAT**
7 **AND MEAT FOOD PRODUCTS.**

8 *“An imported carcass, part thereof, meat, or meat food*
9 *product (as defined by the Secretary) shall not bear a label*
10 *that indicates a quality grade issued by the Secretary.*

11 **“SEC. 293. REGULATIONS.**

12 *“The Secretary shall promulgate such regulations as*
13 *are necessary to ensure compliance with, and otherwise*
14 *carry out, this subtitle.”.*

15 **Subtitle B—Crop Insurance**

16 **SEC. 1011. EQUAL CROP INSURANCE TREATMENT OF POTA-**
17 **TOES AND SWEET POTATOES.**

18 *Section 508(a)(2) of the Federal Crop Insurance Act*
19 *(7 U.S.C. 1508(a)(2)) is amended in the first sentence by*
20 *striking “and potatoes” and inserting “, potatoes, and sweet*
21 *potatoes”.*

22 **SEC. 1012. CONTINUOUS COVERAGE.**

23 *Section 508(e)(4) of the Federal Crop Insurance Act*
24 *(7 U.S.C. 1508(e)(4)) is amended—*

1 (1) *in the paragraph heading, by striking “TEM-*
2 *PORARY PROHIBITION” and inserting “PROHIBITION”;*
3 *and*

4 (2) *by striking “through 2005” and inserting*
5 *“and subsequent”.*

6 **SEC. 1013. QUALITY LOSS ADJUSTMENT PROCEDURES.**

7 *Section 508(m)(3) of the Federal Crop Insurance Act*
8 *(7 U.S.C. 1508(m)(3)) is amended—*

9 (1) *by striking “The Corporation” and inserting*
10 *the following:*

11 “(A) *REVIEW.—The Corporation*”; *and*

12 (2) *by striking “Based on” and inserting the fol-*
13 *lowing:*

14 “(B) *PROCEDURES.—Effective beginning*
15 *not later than the 2003 reinsurance year, based*
16 *on”.*

17 **SEC. 1014. CONSERVATION REQUIREMENTS.**

18 (a) *HIGHLY ERODIBLE LAND CONSERVATION.—Sec-*
19 *tion 1211(1) of the Food Security Act of 1985 (16 U.S.C.*
20 *3811(1)) is amended—*

21 (1) *in subparagraph (A), by striking “produc-*
22 *tion flexibility”;*

23 (2) *by redesignating subparagraphs (C) and (D)*
24 *as subparagraphs (D) and (E), respectively; and*

1 (3) by inserting after subparagraph (B) the fol-
2 lowing:

3 “(C) an indemnity payment under the Fed-
4 eral Crop Insurance Act (7 U.S.C. 1501 et
5 seq.);”.

6 (b) WETLAND CONSERVATION.—Section 1221(b) of the
7 Food Security Act of 1985 (16 U.S.C. 3821(b)) is
8 amended—

9 (1) in paragraph (1), by striking “production
10 flexibility”;

11 (2) by redesignating paragraphs (2) and (3) as
12 paragraphs (5) and (6), respectively; and

13 (3) by inserting after paragraph (1) the fol-
14 lowing:

15 “(2) A farm storage facility loan made under
16 section 4(h) of the Commodity Credit Corporation
17 Charter Act (15 U.S.C. 714b(h)).

18 “(3) A disaster payment.

19 “(4) An indemnity payment under the Federal
20 Crop Insurance Act (7 U.S.C. 1501 et seq.).”.

21 (c) CONTROLLED SUBSTANCES PRODUCTION CON-
22 TROL.—Section 519(b) of the Controlled Substances Act (21
23 U.S.C. 889(b)) is amended—

24 (1) in paragraph (1)—

1 (A) by striking subparagraph (A) and in-
2 serting the following:

3 “(A) contract payments under a contract,
4 marketing assistance loans, and any type of
5 price support or payment made available under
6 the Agricultural Market Transition Act (7
7 U.S.C. 7201 et seq.), the Commodity Credit Cor-
8 poration Charter Act (15 U.S.C. 714 et seq.), or
9 any other Act;”;

10 (B) by striking subparagraphs (C) and (D)
11 and inserting the following:

12 “(C) an indemnity payment under the Fed-
13 eral Crop Insurance Act (7 U.S.C. 1501 et seq.);

14 “(D) a disaster payment; or”;

15 (2) in paragraph (2), by striking the period at
16 the end and inserting “; or”; and

17 (3) by adding at the end the following:

18 “(3) during the crop year—

19 “(A) a payment made pursuant to a con-
20 tract entered into under the environmental qual-
21 ity incentives program under chapter 4 of sub-
22 title D of title XII of the Food Security Act of
23 1985 (16 U.S.C. 3839aa et seq.);

1 “(B) a payment under any other provision
2 of subtitle D of title XII of that Act (16 U.S.C.
3 3830 et seq.);

4 “(C) a payment under section 401 or 402 of
5 the Agricultural Credit Act of 1978 (16 U.S.C.
6 2201, 2202); or

7 “(D) a payment, loan, or other assistance
8 under section 3 or 8 of the Watershed Protection
9 and Flood Prevention Act (16 U.S.C. 1003 and
10 1006a).”.

11 ***Subtitle C—Animal Health***
12 ***Protection***

13 ***SEC. 1021. SHORT TITLE.***

14 *This subtitle may be cited as the “Animal Health Pro-*
15 *tection Act”.*

16 ***SEC. 1022. FINDINGS.***

17 *Congress finds that—*

18 (1) *the prevention, detection, control, and eradi-*
19 *cation of diseases and pests of animals are essential*
20 *to protect—*

21 (A) *animal health;*

22 (B) *the health and welfare of the people of*
23 *the United States;*

24 (C) *the economic interests of the livestock*
25 *and related industries of the United States;*

1 (D) *the environment of the United States;*
2 *and*

3 (E) *interstate commerce and foreign com-*
4 *merce of the United States in animals and other*
5 *articles;*

6 (2) *animal diseases and pests are primarily*
7 *transmitted by animals and articles regulated under*
8 *this subtitle;*

9 (3) *the health of animals is affected by the meth-*
10 *ods by which animals and articles are transported in*
11 *interstate commerce and foreign commerce;*

12 (4) *the Secretary must continue to conduct re-*
13 *search on animal diseases and pests that constitute a*
14 *threat to the livestock of the United States; and*

15 (5)(A) *all animals and articles regulated under*
16 *this subtitle are in or affect interstate commerce or*
17 *foreign commerce; and*

18 (B) *regulation by the Secretary and cooperation*
19 *by the Secretary with foreign countries, States or*
20 *other jurisdictions, or persons are necessary—*

21 (i) *to prevent and eliminate burdens on*
22 *interstate commerce and foreign commerce;*

23 (ii) *to regulate effectively interstate com-*
24 *merce and foreign commerce; and*

1 (iii) to protect the agriculture, environment,
2 economy, and health and welfare of the people of
3 the United States.

4 **SEC. 1023. DEFINITIONS.**

5 *In this subtitle:*

6 (1) *ANIMAL.*—The term “animal” means any
7 member of the animal kingdom (except a human).

8 (2) *ARTICLE.*—The term “article” means any
9 pest or disease or any material or tangible object that
10 could harbor a pest or disease.

11 (3) *DISEASE.*—The term “disease” means—

12 (A) any infectious or noninfectious disease
13 or condition affecting the health of livestock; or

14 (B) any condition detrimental to produc-
15 tion of livestock.

16 (4) *ENTER.*—The term “enter” means to move
17 into the commerce of the United States.

18 (5) *EXPORT.*—The term “export” means to move
19 from a place within the territorial limits of the
20 United States to a place outside the territorial limits
21 of the United States.

22 (6) *FACILITY.*—The term “facility” means any
23 structure.

24 (7) *IMPORT.*—The term “import” means to move
25 from a place outside the territorial limits of the

1 *United States to a place within the territorial limits*
2 *of the United States.*

3 (8) *INDIAN TRIBE.*—*The term “Indian tribe” has*
4 *the meaning given the term in section 4 of the Indian*
5 *Self-Determination and Education Assistance Act (25*
6 *U.S.C. 450b).*

7 (9) *INTERSTATE COMMERCE.*—*The term “inter-*
8 *state commerce” means trade, traffic, or other*
9 *commerce—*

10 (A) *between a place in a State and a place*
11 *in another State, or between places within the*
12 *same State but through any place outside that*
13 *State; or*

14 (B) *within the District of Columbia or any*
15 *territory or possession of the United States.*

16 (10) *LIVESTOCK.*—*The term “livestock” means*
17 *all farm-raised animals.*

18 (11) *MEANS OF CONVEYANCE.*—*The term “means*
19 *of conveyance” means any personal property used for*
20 *or intended for use for the movement of any other per-*
21 *sonal property.*

22 (12) *MOVE.*—*The term “move” means—*

23 (A) *to carry, enter, import, mail, ship, or*
24 *transport;*

1 (B) to aid, abet, cause, or induce carrying,
2 entering, importing, mailing, shipping, or trans-
3 porting;

4 (C) to offer to carry, enter, import, mail,
5 ship, or transport;

6 (D) to receive in order to carry, enter, im-
7 port, mail, ship, or transport;

8 (E) to release into the environment; or

9 (F) to allow any of the activities described
10 in this paragraph.

11 (13) *PEST*.—The term “pest” means any of the
12 following that can directly or indirectly injure, cause
13 damage to, or cause disease in livestock:

14 (A) A protozoan.

15 (B) A plant.

16 (C) A bacteria.

17 (D) A fungus.

18 (E) A virus or viroid.

19 (F) An infectious agent or other pathogen.

20 (G) An arthropod.

21 (H) A parasite.

22 (I) A prion.

23 (J) A vector.

24 (K) An animal.

1 (L) *Any organism similar to or allied with*
2 *any of the organisms described in this para-*
3 *graph.*

4 (14) *SECRETARY.*—*The term “Secretary” means*
5 *the Secretary of Agriculture.*

6 (15) *STATE.*—*The term “State” means any of*
7 *the States, the District of Columbia, the Common-*
8 *wealth of Puerto Rico, Guam, the Commonwealth of*
9 *the Northern Mariana Islands, the Virgin Islands of*
10 *the United States, or any territory or possession of*
11 *the United States.*

12 (16) *THIS SUBTITLE.*—*Except when used in this*
13 *section, the term “this subtitle” includes any regula-*
14 *tion or order issued by the Secretary under the au-*
15 *thority of this subtitle.*

16 (17) *UNITED STATES.*—*The term “United*
17 *States” means all of the States.*

18 **SEC. 1024. RESTRICTION ON IMPORTATION OR ENTRY.**

19 (a) *IN GENERAL.*—*The Secretary may prohibit or*
20 *restrict—*

21 (1) *the importation or entry of any animal, arti-*
22 *cle, or means of conveyance, or use of any means of*
23 *conveyance or facility, if the Secretary determines*
24 *that the prohibition or restriction is necessary to pre-*

1 *vent the introduction into or dissemination within*
2 *the United States of any pest or disease of livestock;*

3 *(2) the further movement of any animal that has*
4 *strayed into the United States if the Secretary deter-*
5 *mines that the prohibition or restriction is necessary*
6 *to prevent the introduction into or dissemination*
7 *within the United States of any pest or disease of*
8 *livestock; and*

9 *(3) the use of any means of conveyance in con-*
10 *nection with the importation or entry of livestock if*
11 *the Secretary determines that the prohibition or re-*
12 *striction is necessary because the means of conveyance*
13 *has not been maintained in a clean and sanitary con-*
14 *dition or does not have accommodations for the safe*
15 *and proper movement of livestock.*

16 *(b) REGULATIONS.—The Secretary may promulgate*
17 *regulations requiring that any animal imported or entered*
18 *be raised or handled under post-importation quarantine*
19 *conditions by or under the supervision of the Secretary for*
20 *the purpose of determining whether the animal is or may*
21 *be affected by any pest or disease of livestock.*

22 *(c) DESTRUCTION OR REMOVAL.—*

23 *(1) IN GENERAL.—The Secretary may order the*
24 *destruction or removal from the United States of—*

1 (A) any animal, article, or means of con-
2 veyance that has been imported but has not en-
3 tered the United States if the Secretary deter-
4 mines that destruction or removal from the
5 United States is necessary to prevent the intro-
6 duction into or dissemination within the United
7 States of any pest or disease of livestock;

8 (B) any animal or progeny of any animal,
9 article, or means of conveyance that has been im-
10 ported or entered in violation of this subtitle; or

11 (C) any animal that has strayed into the
12 United States if the Secretary determines that
13 destruction or removal from the United States is
14 necessary to prevent the introduction into or dis-
15 semination within the United States of any pest
16 or disease of livestock.

17 (2) *REQUIREMENTS OF OWNERS.*—

18 (A) *ORDERS TO DISINFECT.*—The Secretary
19 may require the disinfection of—

20 (i) a means of conveyance used in con-
21 nection with the importation of an animal;

22 (ii) an individual involved in the im-
23 portation of an animal and personal arti-
24 cles of the individual; and

1 (iii) any article used in the importa-
2 tion of an animal.

3 (B) *FAILURE TO COMPLY WITH ORDERS.*—

4 If an owner fails to comply with an order of the
5 Secretary under this section, the Secretary
6 may—

7 (i) take remedial action, destroy, or re-
8 move from the United States the animal or
9 progeny of any animal, article, or means of
10 conveyance as authorized under paragraph
11 (1); and

12 (ii) recover from the owner the costs of
13 any care, handling, disposal, or other action
14 incurred by the Secretary in connection
15 with the remedial action, destruction, or re-
16 moval.

17 **SEC. 1025. EXPORTATION.**

18 (a) *IN GENERAL.*—The Secretary may prohibit or
19 restrict—

20 (1) the exportation of any animal, article, or
21 means of conveyance if the Secretary determines that
22 the prohibition or restriction is necessary to prevent
23 the dissemination from or within the United States of
24 any pest or disease of livestock;

1 (2) *the exportation of any livestock if the Sec-*
2 *retary determines that the livestock is unfit to be*
3 *moved;*

4 (3) *the use of any means of conveyance or facil-*
5 *ity in connection with the exportation of any animal*
6 *or article if the Secretary determines that the prohibi-*
7 *tion or restriction is necessary to prevent the dissemi-*
8 *nation from or within the United States of any pest*
9 *or disease of livestock; or*

10 (4) *the use of any means of conveyance in con-*
11 *nection with the exportation of livestock if the Sec-*
12 *retary determines that the prohibition or restriction*
13 *is necessary because the means of conveyance has not*
14 *been maintained in a clean and sanitary condition or*
15 *does not have accommodations for the safe and proper*
16 *movement and humane treatment of livestock.*

17 (b) *REQUIREMENTS OF OWNERS.—*

18 (1) *ORDERS TO DISINFECT.—The Secretary may*
19 *require the disinfection of—*

20 (A) *a means of conveyance used in connec-*
21 *tion with the exportation of an animal;*

22 (B) *an individual involved in the expor-*
23 *tation of an animal and personal articles of the*
24 *individual; and*

1 (C) any article used in the exportation of
2 an animal.

3 (2) *FAILURE TO COMPLY WITH ORDERS.*—If an
4 owner fails to comply with an order of the Secretary
5 under this section, the Secretary may—

6 (A) take remedial action with respect to the
7 animal, article, or means of conveyance referred
8 to in paragraph (1); and

9 (B) recover from the owner the costs of any
10 care, handling, disposal, or other action incurred
11 by the Secretary in connection with the remedial
12 action.

13 (c) *CERTIFICATION.*—The Secretary may certify the
14 classification, quality, quantity, condition, processing, han-
15 dling, or storage of any animal or article intended for ex-
16 port.

17 **SEC. 1026. INTERSTATE MOVEMENT.**

18 The Secretary may prohibit or restrict—

19 (1) the movement in interstate commerce of any
20 animal, article, or means of conveyance if the Sec-
21 retary determines that the prohibition or restriction
22 is necessary to prevent the introduction or dissemina-
23 tion of any pest or disease of livestock; and

24 (2) the use of any means of conveyance or facil-
25 ity in connection with the movement in interstate

1 *commerce of any animal or article if the Secretary*
2 *determines that the prohibition or restriction is nec-*
3 *essary to prevent the introduction or dissemination of*
4 *any pest or disease of livestock.*

5 **SEC. 1027. SEIZURE, QUARANTINE, AND DISPOSAL.**

6 *(a) IN GENERAL.—The Secretary may hold, seize,*
7 *quarantine, treat, destroy, dispose of, or take other remedial*
8 *action with respect to—*

9 *(1) any animal or progeny of any animal, arti-*
10 *cle, or means of conveyance that—*

11 *(A) is moving or has been moved in inter-*
12 *state commerce or has been imported and en-*
13 *tered; and*

14 *(B) the Secretary has reason to believe may*
15 *carry, may have carried, or may have been af-*
16 *ected with or exposed to any pest or disease of*
17 *livestock at the time of movement or that is oth-*
18 *erwise in violation of this subtitle;*

19 *(2) any animal or progeny of any animal, arti-*
20 *cle, or means of conveyance that is moving or is being*
21 *handled, or has moved or has been handled, in inter-*
22 *state commerce in violation of this subtitle;*

23 *(3) any animal or progeny of any animal, arti-*
24 *cle, or means of conveyance that has been imported,*

1 *and is moving or is being handled or has moved or*
2 *has been handled, in violation of this subtitle; or*

3 *(4) any animal or progeny of any animal, arti-*
4 *cle, or means of conveyance that the Secretary finds*
5 *is not being maintained, or has not been maintained,*
6 *in accordance with any post-importation quarantine,*
7 *post-importation condition, post-movement quar-*
8 *antine, or post-movement condition in accordance*
9 *with this subtitle.*

10 *(b) EXTRAORDINARY EMERGENCIES.—*

11 *(1) IN GENERAL.—Subject to paragraph (2), if*
12 *the Secretary determines that an extraordinary emer-*
13 *gency exists because of the presence in the United*
14 *States of a pest or disease of livestock and that the*
15 *presence of the pest or disease threatens the livestock*
16 *of the United States, the Secretary may—*

17 *(A) hold, seize, treat, apply other remedial*
18 *actions to, destroy (including preventative*
19 *slaughter), or otherwise dispose of, any animal,*
20 *article, facility, or means of conveyance if the*
21 *Secretary determines the action is necessary to*
22 *prevent the dissemination of the pest or disease;*
23 *and*

24 *(B) prohibit or restrict the movement or use*
25 *within a State, or any portion of a State of any*

1 *animal or article, means of conveyance, or facil-*
2 *ity if the Secretary determines that the prohibi-*
3 *tion or restriction is necessary to prevent the dis-*
4 *semination of the pest or disease.*

5 (2) *STATE ACTION.*—

6 (A) *IN GENERAL.*—*The Secretary may take*
7 *action in a State under this subsection only on*
8 *finding that measures being taken by the State*
9 *are inadequate to control or eradicate the pest or*
10 *disease, after review and consultation with—*

11 “(i) *the Governor or an appropriate*
12 *animal health official of the State; or*

13 “(ii) *in the case of any animal, article,*
14 *facility, or means of conveyance under the*
15 *jurisdiction of an Indian tribe, the head of*
16 *the Indian tribe.*

17 (B) *NOTICE.*—*Subject to subparagraph (C),*
18 *before any action is taken in a State under sub-*
19 *paragraph (A), the Secretary shall—*

20 (i) *notify the Governor, an appropriate*
21 *animal health official of the State, or head*
22 *of the Indian tribe of the proposed action;*

23 (ii) *issue a public announcement of the*
24 *proposed action; and*

25 (iii) *publish in the Federal Register—*

- 1 (I) *the findings of the Secretary;*
2 (II) *a description of the proposed*
3 *action; and*
4 (III) *a statement of the reasons*
5 *for the proposed action.*

6 (C) *NOTICE AFTER ACTION.—If it is not*
7 *practicable to publish in the Federal Register the*
8 *information required under subparagraph*
9 *(B)(iii) before taking action under subparagraph*
10 *(A), the Secretary shall publish the information*
11 *as soon as practicable, but not later than 10*
12 *business days, after commencement of the action.*

13 (c) *QUARANTINE, DISPOSAL, OR OTHER REMEDIAL*
14 *ACTION.—*

15 (1) *IN GENERAL.—The Secretary, in writing,*
16 *may order the owner of any animal, article, facility,*
17 *or means of conveyance referred to in subsection (a)*
18 *or (b) to maintain in quarantine, dispose of, or take*
19 *other remedial action with respect to the animal, arti-*
20 *cle, facility, or means of conveyance, in a manner de-*
21 *termined by the Secretary.*

22 (2) *FAILURE TO COMPLY WITH ORDERS.—If the*
23 *owner fails to comply with the order of the Secretary,*
24 *the Secretary may—*

1 (A) *seize, quarantine, dispose of, or take*
2 *other remedial action with respect to the animal,*
3 *article, facility, or means of conveyance under*
4 *subsection (a) or (b); and*

5 (B) *recover from the owner the costs of any*
6 *care, handling, disposal, or other remedial action*
7 *incurred by the Secretary in connection with the*
8 *seizure, quarantine, disposal, or other remedial*
9 *action.*

10 (d) *COMPENSATION.—*

11 (1) *IN GENERAL.—Except as provided in para-*
12 *graph (3), the Secretary shall compensate the owner*
13 *of any animal, article, facility, or means of convey-*
14 *ance that the Secretary requires to be destroyed under*
15 *this section.*

16 (2) *AMOUNT.—*

17 (A) *IN GENERAL.—Subject to subpara-*
18 *graphs (B) and (C), the compensation shall be*
19 *based on the fair market value, as determined by*
20 *the Secretary, of the destroyed animal, article,*
21 *facility, or means of conveyance.*

22 (B) *LIMITATION.—Compensation paid any*
23 *owner under this subsection shall not exceed the*
24 *difference between—*

1 (i) *the fair market value of the de-*
2 *stroyed animal, article, facility, or means of*
3 *conveyance; and*

4 (ii) *any compensation received by the*
5 *owner from a State or other source for the*
6 *destroyed animal, article, facility, or means*
7 *of conveyance.*

8 (C) *REVIEWABILITY OF DETERMINATION.—*

9 *The determination by the Secretary of the*
10 *amount to be paid under this subsection shall be*
11 *final and not subject to judicial review.*

12 (3) *EXCEPTIONS.—No payment shall be made by*
13 *the Secretary under this subsection for—*

14 (A) *any animal, article, facility, or means*
15 *of conveyance that has been moved or handled by*
16 *the owner in violation of an agreement for the*
17 *control and eradication of diseases or pests or in*
18 *violation of this subtitle;*

19 (B) *any progeny of any animal or article,*
20 *which animal or article has been moved or han-*
21 *dled by the owner of the animal or article in vio-*
22 *lation of this subtitle;*

23 (C) *any animal, article, or means of con-*
24 *veyance that is refused entry under this subtitle;*
25 *or*

1 (D) any animal, article, facility, or means
2 of conveyance that becomes or has become af-
3 fected with or exposed to any pest or disease of
4 livestock because of a violation of an agreement
5 for the control and eradication of diseases or
6 pests or a violation of this subtitle by the owner.

7 **SEC. 1028. INSPECTIONS, SEIZURES, AND WARRANTS.**

8 (a) *GUIDELINES.*—The activities authorized by this
9 section shall be carried out consistent with guidelines ap-
10 proved by the Attorney General.

11 (b) *WARRANTLESS INSPECTIONS.*—The Secretary may
12 stop and inspect, without a warrant, any person or means
13 of conveyance moving—

14 (1) into the United States, to determine whether
15 the person or means of conveyance is carrying any
16 animal or article regulated under this subtitle;

17 (2) in interstate commerce, on probable cause to
18 believe that the person or means of conveyance is car-
19 rying any animal or article regulated under this sub-
20 title; or

21 (3) in intrastate commerce from any State, or
22 any portion of a State, quarantined under section
23 1027(b), on probable cause to believe that the person
24 or means of conveyance is carrying any animal or
25 article quarantined under section 1027(b).

1 (c) *INSPECTIONS WITH WARRANTS.*—

2 (1) *IN GENERAL.*—*The Secretary may enter,*
3 *with a warrant, any premises in the United States*
4 *for the purpose of making inspections and seizures*
5 *under this subtitle.*

6 (2) *APPLICATION AND ISSUANCE OF WAR-*
7 *RANTS.*—

8 (A) *IN GENERAL.*—*On proper oath or affir-*
9 *mation showing probable cause to believe that*
10 *there is on certain premises any animal, article,*
11 *facility, or means of conveyance regulated under*
12 *this subtitle, a United States judge, a judge of a*
13 *court of record in the United States, or a United*
14 *States magistrate judge may issue a warrant for*
15 *the entry on premises within the jurisdiction of*
16 *the judge or magistrate to make any inspection*
17 *or seizure under this subtitle.*

18 (B) *EXECUTION.*—*The warrant may be ap-*
19 *plied for and executed by the Secretary or any*
20 *United States marshal.*

21 **SEC. 1029. DETECTION, CONTROL, AND ERADICATION OF**
22 **DISEASES AND PESTS.**

23 (a) *IN GENERAL.*—*The Secretary may carry out oper-*
24 *ations and measures to detect, control, or eradicate any pest*
25 *or disease of livestock (including the drawing of blood and*

1 *diagnostic testing of animals), including animals at a*
2 *slaughterhouse, stockyard, or other point of concentration.*

3 (b) *COMPENSATION.*—*The Secretary may pay a claim*
4 *arising out of the destruction of any animal, article, or*
5 *means of conveyance consistent with the purposes of this*
6 *subtitle.*

7 **SEC. 1030. VETERINARY ACCREDITATION PROGRAM.**

8 (a) *IN GENERAL.*—*The Secretary may establish a vet-*
9 *erinary accreditation program that is consistent with this*
10 *subtitle, including the establishment of standards of conduct*
11 *for accredited veterinarians.*

12 (b) *CONSULTATION.*—*The Secretary shall consult with*
13 *State animal health officials regarding the establishment of*
14 *the veterinary accreditation program.*

15 **SEC. 1031. COOPERATION.**

16 (a) *IN GENERAL.*—*To carry out this subtitle, the Sec-*
17 *retary may cooperate with other Federal agencies, States*
18 *or political subdivisions of States, national governments of*
19 *foreign countries, local governments of foreign countries, do-*
20 *mestic or international organizations, domestic or inter-*
21 *national associations, Indian tribes, and other persons.*

22 (b) *RESPONSIBILITY.*—*The person or other entity co-*
23 *operating with the Secretary shall be responsible for the au-*
24 *thority necessary to carry out operations or measures—*

1 (1) *on all land and property within a foreign*
2 *country or State, or under the jurisdiction of an In-*
3 *Indian tribe, other than on land and property owned or*
4 *controlled by the United States; and*

5 (2) *using other facilities and means, as deter-*
6 *mined by the Secretary.*

7 (c) *SCREWORMS.—*

8 (1) *IN GENERAL.—The Secretary may, independ-*
9 *ently or in cooperation with national governments of*
10 *foreign countries or international organizations or as-*
11 *sociations, produce and sell sterile screwworms to any*
12 *national government of a foreign country or inter-*
13 *national organization or association, if the Secretary*
14 *determines that the livestock industry and related in-*
15 *dustries of the United States will not be adversely af-*
16 *fected by the production and sale.*

17 (2) *PROCEEDS.—*

18 (A) *INDEPENDENT PRODUCTION AND*
19 *SALE.—If the Secretary independently produces*
20 *and sells sterile screwworms under paragraph*
21 *(1), the proceeds of the sale shall be—*

22 (i) *deposited into the Treasury of the*
23 *United States; and*

24 (ii) *credited to the account from which*
25 *the operating expenses of the facility pro-*

1 *ducing the sterile screwworms have been*
2 *paid.*

3 *(B) COOPERATIVE PRODUCTION AND*
4 *SALE.—*

5 *(i) IN GENERAL.—If the Secretary co-*
6 *operates to produce and sell sterile*
7 *screwworms under paragraph (1), the pro-*
8 *ceeds of the sale shall be divided between the*
9 *United States and the cooperating national*
10 *government or international organization*
11 *or association in a manner determined by*
12 *the Secretary.*

13 *(ii) ACCOUNT.—The United States por-*
14 *tion of the proceeds shall be—*

15 *(I) deposited into the Treasury of*
16 *the United States; and*

17 *(II) credited to the account from*
18 *which the operating expenses of the fa-*
19 *cility producing the sterile screwworms*
20 *have been paid.*

21 *(d) COOPERATION IN PROGRAM ADMINISTRATION.—*

22 *The Secretary may cooperate with State authorities, Indian*
23 *tribe authorities, or other persons in the administration of*
24 *regulations for the improvement of livestock and livestock*
25 *products.*

1 (e) *CONSULTATION WITH OTHER FEDERAL AGEN-*
2 *CIES.—*

3 (1) *IN GENERAL.—The Secretary shall consult*
4 *with the head of a Federal agency with respect to any*
5 *activity that is under the jurisdiction of the Federal*
6 *agency.*

7 (2) *LEAD AGENCY.—The Department of Agri-*
8 *culture shall be the lead agency with respect to issues*
9 *related to pests and diseases of livestock.*

10 **SEC. 1032. REIMBURSABLE AGREEMENTS.**

11 (a) *AUTHORITY TO ENTER INTO AGREEMENTS.—The*
12 *Secretary may enter into reimbursable fee agreements with*
13 *persons for preclearance of animals or articles at locations*
14 *outside the United States for movement into the United*
15 *States.*

16 (b) *FUNDS COLLECTED FOR PRECLEARANCE.—Funds*
17 *collected for preclearance activities shall—*

18 (1) *be credited to accounts that may be estab-*
19 *lished by the Secretary for carrying out this section;*
20 *and*

21 (2) *remain available until expended for the*
22 *preclearance activities, without fiscal year limitation.*

23 (c) *PAYMENT OF EMPLOYEES.—*

24 (1) *IN GENERAL.—Notwithstanding any other*
25 *law, the Secretary may pay an officer or employee of*

1 *the Department of Agriculture performing services*
2 *under this subtitle relating to imports into and ex-*
3 *ports from the United States for all overtime, night,*
4 *or holiday work performed by the officer or employee*
5 *at a rate of pay determined by the Secretary.*

6 (2) *REIMBURSEMENT.*—

7 (A) *IN GENERAL.*—*The Secretary may re-*
8 *quire a person for whom the services are per-*
9 *formed to reimburse the Secretary for any ex-*
10 *penses paid by the Secretary for the services*
11 *under this subsection.*

12 (B) *USE OF FUNDS.*—*All funds collected*
13 *under this subsection shall—*

14 (i) *be credited to the account that in-*
15 *curs the costs; and*

16 (ii) *remain available until expended,*
17 *without fiscal year limitation.*

18 (d) *LATE PAYMENT PENALTIES.*—

19 (1) *COLLECTION.*—*On failure by a person to re-*
20 *imburse the Secretary in accordance with this section,*
21 *the Secretary may assess a late payment penalty*
22 *against the person, including interest on overdue*
23 *funds, as required by section 3717 of title 31, United*
24 *States Code.*

1 (2) *USE OF FUNDS.*—*Any late payment penalty*
2 *and any accrued interest shall—*

3 (A) *be credited to the account that incurs*
4 *the costs; and*

5 (B) *remain available until expended, with-*
6 *out fiscal year limitation.*

7 **SEC. 1033. ADMINISTRATION AND CLAIMS.**

8 (a) *ADMINISTRATION.*—*To carry out this subtitle, the*
9 *Secretary may—*

10 (1) *acquire and maintain real or personal prop-*
11 *erty;*

12 (2) *employ a person;*

13 (3) *make a grant; and*

14 (4) *notwithstanding chapter 63 of title 31,*
15 *United States Code, enter into a contract, cooperative*
16 *agreement, memorandum of understanding, or other*
17 *agreement.*

18 (b) *TORT CLAIMS.*—

19 (1) *IN GENERAL.*—*Except as provided in para-*
20 *graph (2), the Secretary may pay a tort claim, in the*
21 *manner authorized by the first paragraph of section*
22 *2672 of title 28, United States Code, if the claim*
23 *arises outside the United States in connection with*
24 *an activity authorized under this subtitle.*

1 (2) *REQUIREMENTS.*—*A claim may not be al-*
2 *lowed under this subsection unless the claim is pre-*
3 *sentated in writing to the Secretary not later than 2*
4 *years after the date on which the claim arises.*

5 **SEC. 1034. PENALTIES.**

6 (a) *CRIMINAL PENALTIES.*—*Any person that know-*
7 *ingly violates this subtitle, or that knowingly forges, coun-*
8 *terfeits, or, without authority from the Secretary, uses, al-*
9 *ters, defaces, or destroys any certificate, permit, or other*
10 *document provided under this subtitle shall be guilty of a*
11 *misdemeanor, and, on conviction, shall be fined in accord-*
12 *ance with title 18, United States Code, imprisoned not more*
13 *than 1 year, or both.*

14 (b) *CIVIL PENALTIES.*—

15 (1) *IN GENERAL.*—*Any person that violates this*
16 *subtitle, or that forges, counterfeits, or, without au-*
17 *thority from the Secretary, uses, alters, defaces, or de-*
18 *stroys any certificate, permit, or other document pro-*
19 *vided under this subtitle may, after notice and oppor-*
20 *tunity for a hearing on the record, be assessed a civil*
21 *penalty by the Secretary that does not exceed the*
22 *greater of—*

23 (A)(i) *\$50,000 in the case of any indi-*
24 *vidual, except that the civil penalty may not ex-*
25 *ceed \$1,000 in the case of an initial violation of*

1 *this subtitle by an individual moving regulated*
2 *articles not for monetary gain;*

3 *(ii) \$250,000 in the case of any other per-*
4 *son for each violation; and*

5 *(iii) \$500,000 for all violations adjudicated*
6 *in a single proceeding; or*

7 *(B) twice the gross gain or gross loss for*
8 *any violation or forgery, counterfeiting, or unau-*
9 *thorized use, alteration, defacing or destruction*
10 *of a certificate, permit, or other document pro-*
11 *vided under this subtitle that results in the per-*
12 *son's deriving pecuniary gain or causing pecu-*
13 *niary loss to another person.*

14 *(2) FACTORS IN DETERMINING CIVIL PENALTY.—*

15 *In determining the amount of a civil penalty, the*
16 *Secretary shall take into account the nature, cir-*
17 *cumstance, extent, and gravity of the violation or vio-*
18 *lations and the Secretary may consider, with respect*
19 *to the violator—*

20 *(A) the ability to pay;*

21 *(B) the effect on ability to continue to do*
22 *business;*

23 *(C) any history of prior violations;*

24 *(D) the degree of culpability; and*

1 (E) such other factors as the Secretary con-
2 siders to be appropriate.

3 (3) SETTLEMENT OF CIVIL PENALTIES.—The
4 Secretary may compromise, modify, or remit, with or
5 without conditions, any civil penalty that may be as-
6 sessed under this subsection.

7 (4) FINALITY OF ORDERS.—

8 (A) FINAL ORDER.—The order of the Sec-
9 retary assessing a civil penalty shall be treated
10 as a final order reviewable under chapter 158 of
11 title 28, United States Code.

12 (B) REVIEW.—The validity of the order of
13 the Secretary may not be reviewed in an action
14 to collect the civil penalty.

15 (C) INTEREST.—Any civil penalty not paid
16 in full when due under an order assessing the
17 civil penalty shall thereafter accrue interest until
18 paid at the rate of interest applicable to civil
19 judgments of the courts of the United States.

20 (c) SUSPENSION OR REVOCATION OF ACCREDITA-
21 TION.—

22 (1) IN GENERAL.—The Secretary may, after no-
23 tice and opportunity for a hearing on the record, sus-
24 pend or revoke the accreditation of any veterinarian

1 *accredited under this subtitle that violates this sub-*
2 *title.*

3 (2) *FINAL ORDER.*—*The order of the Secretary*
4 *suspending or revoking accreditation shall be treated*
5 *as a final order reviewable under chapter 158 of title*
6 *28, United States Code.*

7 (3) *SUMMARY SUSPENSION.*—

8 (A) *IN GENERAL.*—*Notwithstanding para-*
9 *graph (1), the Secretary may summarily sus-*
10 *pend the accreditation of a veterinarian who the*
11 *Secretary has reason to believe has violated this*
12 *subtitle.*

13 (B) *HEARINGS.*—*The Secretary shall pro-*
14 *vide the accredited veterinarian with a subse-*
15 *quent notice and an opportunity for a prompt*
16 *post-suspension hearing on the record.*

17 (d) *LIABILITY FOR ACTS OF AGENTS.*—*In the con-*
18 *struction and enforcement of this subtitle, the act, omission,*
19 *or failure of any officer, agent, or person acting for or em-*
20 *ployed by any other person within the scope of the employ-*
21 *ment or office of the officer, agent, or person, shall be*
22 *deemed also to be the act, omission, or failure of the other*
23 *person.*

24 (e) *GUIDELINES FOR CIVIL PENALTIES.*—*The Sec-*
25 *retary shall coordinate with the Attorney General to estab-*

1 *lish guidelines to determine under what circumstances the*
2 *Secretary may issue a civil penalty or suitable notice of*
3 *warning in lieu of prosecution by the Attorney General of*
4 *a violation of this subtitle.*

5 **SEC. 1035. ENFORCEMENT.**

6 (a) *COLLECTION OF INFORMATION.—*

7 (1) *IN GENERAL.—The Secretary may gather*
8 *and compile information and conduct any inspection*
9 *or investigation that the Secretary considers to be*
10 *necessary for the administration or enforcement of*
11 *this subtitle.*

12 (2) *SUBPOENAS.—*

13 (A) *IN GENERAL.—The Secretary shall have*
14 *power to issue a subpoena to compel the attend-*
15 *ance and testimony of any witness and the pro-*
16 *duction of any documentary evidence relating to*
17 *the administration or enforcement of this subtitle*
18 *or any matter under investigation in connection*
19 *with this subtitle.*

20 (B) *LOCATION OF PRODUCTION.—The at-*
21 *tendance of any witness and production of docu-*
22 *mentary evidence relevant to the inquiry may be*
23 *required from any place in the United States.*

24 (C) *ENFORCEMENT.—*

1 (i) *IN GENERAL.*—*In case of disobe-*
2 *dience to a subpoena by any person, the*
3 *Secretary may request the Attorney General*
4 *to invoke the aid of any court of the United*
5 *States within the jurisdiction in which the*
6 *investigation is conducted, or where the per-*
7 *son resides, is found, transacts business, is*
8 *licensed to do business, or is incorporated,*
9 *to require the attendance and testimony of*
10 *any witness and the production of documen-*
11 *tary evidence.*

12 (ii) *NONCOMPLIANCE.*—*In case of a re-*
13 *fusal to obey a subpoena issued to any per-*
14 *son, a court may order the person to appear*
15 *before the Secretary and give evidence con-*
16 *cerning the matter in question or to produce*
17 *documentary evidence.*

18 (iii) *CONTEMPT.*—*Any failure to obey*
19 *the order of the court may be punished by*
20 *the court as contempt of the court.*

21 (D) *COMPENSATION.*—

22 (i) *WITNESSES.*—*A witness summoned*
23 *by the Secretary under this subtitle shall be*
24 *paid the same fees and mileage that are*

1 *paid to a witness in a court of the United*
2 *States.*

3 (ii) *DEPOSITIONS.*—*A witness whose*
4 *deposition is taken, and the person taking*
5 *the deposition, shall be entitled to the same*
6 *fees that are paid for similar services in a*
7 *court of the United States.*

8 (E) *PROCEDURES.*—

9 (i) *PUBLICATION.*—*The Secretary shall*
10 *publish procedures for the issuance of sub-*
11 *poenas under this section.*

12 (ii) *REVIEW.*—*The procedures shall in-*
13 *clude a requirement that subpoenas be re-*
14 *viewed for legal sufficiency and, to be effec-*
15 *tive, be signed by the Secretary.*

16 (iii) *DELEGATION.*—*If the authority to*
17 *sign a subpoena is delegated to an agency*
18 *other than the Office of Administrative Law*
19 *Judges, the agency receiving the delegation*
20 *shall seek review of the subpoena for legal*
21 *sufficiency outside that agency.*

22 (b) *AUTHORITY OF ATTORNEY GENERAL.*—*The Attor-*
23 *ney General may—*

24 (1) *prosecute, in the name of the United States,*
25 *all criminal violations of this subtitle that are re-*

1 ferred to the Attorney General by the Secretary or are
2 brought to the notice of the Attorney General by any
3 person;

4 (2) bring an action to enjoin the violation of or
5 to compel compliance with this subtitle, or to enjoin
6 any interference by any person with the Secretary in
7 carrying out this subtitle, in any case in which the
8 Secretary has reason to believe that the person has
9 violated, or is about to violate this subtitle or has
10 interfered, or is about to interfere, with the actions of
11 the Secretary; or

12 (3) bring an action for the recovery of any un-
13 paid civil penalty, funds under a reimbursable agree-
14 ment, late payment penalty, or interest assessed
15 under this subtitle.

16 (c) COURT JURISDICTION.—

17 (1) IN GENERAL.—The United States district
18 courts, the District Court of Guam, the District Court
19 of the Northern Mariana Islands, the District Court
20 of the Virgin Islands, the highest court of American
21 Samoa, and the United States courts of the other ter-
22 ritories and possessions are vested with jurisdiction
23 in all cases arising under this subtitle.

24 (2) VENUE.—Any action arising under this sub-
25 title may be brought, and process may be served, in

1 *the judicial district where a violation or interference*
2 *occurred or is about to occur, or where the person*
3 *charged with the violation, interference, impending*
4 *violation, impending interference, or failure to pay*
5 *resides, is found, transacts business, is licensed to do*
6 *business, or is incorporated.*

7 (3) *EXCEPTION.—Paragraphs (1) and (2) do not*
8 *apply to subsections (b) and (c) of section 1034.*

9 **SEC. 1036. REGULATIONS AND ORDERS.**

10 *The Secretary may promulgate such regulations, and*
11 *issue such orders, as the Secretary determines necessary to*
12 *carry out this subtitle.*

13 **SEC. 1037. AUTHORIZATION OF APPROPRIATIONS.**

14 (a) *IN GENERAL.—There are authorized to be appro-*
15 *priated such sums as are necessary to carry out this sub-*
16 *title.*

17 (b) *TRANSFER OF FUNDS.—*

18 (1) *IN GENERAL.—In connection with an emer-*
19 *gency under which a pest or disease of livestock*
20 *threatens any segment of agricultural production in*
21 *the United States, the Secretary may transfer from*
22 *other appropriations or funds available to the agen-*
23 *cies or corporations of the Department of Agriculture*
24 *such funds as the Secretary determines are necessary*
25 *for the arrest, control, eradication, or prevention of*

1 *the spread of the pest or disease of livestock and for*
2 *related expenses.*

3 (2) *AVAILABILITY.*—*Any funds transferred under*
4 *this subsection shall remain available until expended,*
5 *without fiscal year limitation.*

6 (c) *USE OF FUNDS.*—*In carrying out this subtitle, the*
7 *Secretary may use funds made available to carry out this*
8 *subtitle for—*

9 (1) *printing and binding, without regard to sec-*
10 *tion 501 of title 44, United States Code;*

11 (2) *the employment of civilian nationals in for-*
12 *ign countries; and*

13 (3) *the construction and operation of research*
14 *laboratories, quarantine stations, and other buildings*
15 *and facilities for special purposes.*

16 **SEC. 1038. REPEALS AND CONFORMING AMENDMENTS.**

17 (a) *REPEALS.*—*The following provisions of law are re-*
18 *pealed:*

19 (1) *Public Law 97-46 (7 U.S.C. 147b).*

20 (2) *Section 101(b) of the Act of September 21,*
21 *1944 (7 U.S.C. 429).*

22 (3) *The Act of August 28, 1950 (7 U.S.C. 2260).*

23 (4) *Section 919 of the Federal Agriculture Im-*
24 *provement and Reform Act of 1996 (7 U.S.C. 2260a).*

1 (5) *Section 306 of the Tariff Act of 1930 (19*
2 *U.S.C. 1306).*

3 (6) *Sections 6 through 8 and 10 of the Act of Au-*
4 *gust 30, 1890 (21 U.S.C. 102 through 105).*

5 (7) *The Act of February 2, 1903 (21 U.S.C. 111,*
6 *120 through 122).*

7 (8) *Sections 2 through 9, 11, and 13 of the Act*
8 *of May 29, 1884 (21 U.S.C. 112, 113, 114, 114a,*
9 *114a-1, 115 through 120, 130).*

10 (9) *The first section and sections 2, 3, and 5 of*
11 *the Act of February 28, 1947 (21 U.S.C. 114b, 114c,*
12 *114d, 114d-1).*

13 (10) *The Act of June 16, 1948 (21 U.S.C. 114e,*
14 *114f).*

15 (11) *Public Law 87-209 (21 U.S.C. 114g, 114h).*

16 (12) *Section 2506 of the Food, Agriculture, Con-*
17 *servation, and Trade Act of 1990 (21 U.S.C. 114i).*

18 (13) *The third and fourth provisos of the fourth*
19 *paragraph under the heading “BUREAU OF ANIMAL*
20 *INDUSTRY” of the Act of May 31, 1920 (21 U.S.C.*
21 *116).*

22 (14) *The first section and sections 2, 3, 4, and*
23 *6 of the Act of March 3, 1905 (21 U.S.C. 123 through*
24 *127).*

1 (15) *The first proviso under the heading “GEN-*
2 *ERAL EXPENSES, BUREAU OF ANIMAL INDUSTRY”*
3 *under the heading “BUREAU OF ANIMAL INDUS-*
4 *TRY” of the Act of June 30, 1914 (21 U.S.C. 128).*

5 (16) *The fourth proviso under the heading “SAL-*
6 *ARIES AND EXPENSES” under the heading “ANIMAL*
7 *AND PLANT HEALTH INSPECTION SERVICE” of title I*
8 *of the Agriculture, Rural Development, Food and*
9 *Drug Administration, and Related Agencies Appro-*
10 *propriations Act, 2001 (21 U.S.C. 129).*

11 (17) *The third paragraph under the heading*
12 *“MISCELLANEOUS” of the Act of May 26, 1910 (21*
13 *U.S.C. 131).*

14 (18) *The first section and sections 2 through 6*
15 *and 11 through 13 of Public Law 87–518 (21 U.S.C.*
16 *134 through 134h).*

17 (19) *Public Law 91–239 (21 U.S.C. 135 through*
18 *135b).*

19 (20) *Sections 12 through 14 of the Federal Meat*
20 *Inspection Act (21 U.S.C. 612 through 614).*

21 (21) *Chapter 39 of title 46, United States Code.*

22 (b) *CONFORMING AMENDMENTS.—*

23 (1) *Section 414(b) of the Plant Protection Act (7*
24 *U.S.C. 7714(b)) is amended—*

1 (A) in paragraph (1), by striking “, or the
2 owner’s agent,”; and

3 (B) in paragraph (2), by striking “or agent
4 of the owner” each place it appears.

5 (2) Section 423 of the Plant Protection Act (7
6 U.S.C. 7733) is amended—

7 (A) by striking subsection (b) and inserting
8 the following:

9 “(b) LOCATION OF PRODUCTION.—The attendance of
10 any witness and production of documentary evidence rel-
11 evant to the inquiry may be required from any place in
12 the United States.”;

13 (B) in the third sentence of subsection (e),
14 by inserting “to an agency other than the Office
15 of Administrative Law Judges” after “is dele-
16 gated”; and

17 (C) by striking subsection (f).

18 (3) Section 11(h) of the Endangered Species Act
19 of 1973 (16 U.S.C. 1540(h)) is amended in the first
20 sentence by striking “animal quarantine laws (21
21 U.S.C. 101–105, 111–135b, and 612–614)” and in-
22 serting “animal quarantine laws (as defined in sec-
23 tion 2509(f) of the Food, Agriculture, Conservation,
24 and Trade Act of 1990 (21 U.S.C. 136a(f))”.

1 (4) *Section 18 of the Federal Meat Inspection*
2 *Act (21 U.S.C. 618) is amended by striking “of the*
3 *cattle” and all that follows through “as herein de-*
4 *scribed” and inserting “of the carcasses and products*
5 *of cattle, sheep, swine, goats, horses, mules, and other*
6 *equines”.*

7 (5) *Section 2509 of the Food, Agriculture, Con-*
8 *servaion, and Trade Act of 1990 (21 U.S.C. 136a) is*
9 *amended—*

10 (A) *in subsection (c), by inserting after*
11 *paragraph (1) the following:*

12 “(2) *VETERINARY DIAGNOSTICS.—The Secretary*
13 *may prescribe and collect fees to recover the costs of*
14 *carrying out the provisions of the Animal Health*
15 *Protection Act that relate to veterinary diagnostics.”;*
16 *and*

17 (B) *in subsection (f)(1), by striking sub-*
18 *paragraphs (B) through (O) and inserting the*
19 *following:*

20 “(B) *section 9 of the Act of August 30, 1890*
21 *(21 U.S.C. 101);*

22 “(C) *the Animal Health Protection Act; or*

23 “(D) *any other Act administered by the*
24 *Secretary relating to plant or animal diseases or*
25 *pests.”.*

1 (c) *EFFECT ON REGULATIONS.*—A regulation issued
 2 under a provision of law repealed by subsection (a) shall
 3 remain in effect until the Secretary issues a regulation
 4 under section 1036 that supersedes the earlier regulation.

5 ***Subtitle D—General Provisions***

6 ***SEC. 1041. FEES FOR PESTICIDES.***

7 (a) *MAINTENANCE FEE.*—

8 (1) *AMOUNTS FOR REGISTRANTS.*—Section
 9 4(i)(5) of the Federal Insecticide, Fungicide, and
 10 Rodenticide Act (7 U.S.C. 136a–1(i)(5)) is
 11 amended—

12 (A) in subparagraph (A), by striking “each
 13 year” and all that follows and inserting “each
 14 year \$2,300 for each registration”;

15 (B) in subparagraph (D)—

16 (i) in clause (i), by striking “\$55,000”
 17 and inserting “\$70,000”; and

18 (ii) in clause (ii), by striking
 19 “\$95,000” and inserting “\$120,000”; and

20 (C) in subparagraph (E)(i)—

21 (i) in subclause (I) by striking
 22 “\$38,500” and inserting “\$46,000”; and

23 (ii) in subclause (II), by striking
 24 “\$66,500” and inserting “\$80,000”.

1 (2) *TOTAL AMOUNT OF FEES.*—Section 4(i)(5)(C)
2 of the *Federal Insecticide, Fungicide, and Rodenticide*
3 Act (7 U.S.C. 136(a)–1(i)(5)(C)) is amended—

4 (A) by striking “(C)(i) *The*” and inserting
5 the following:

6 “(C) *TOTAL AMOUNT OF FEES.*—*The*”;

7 (B) by striking “\$14,000,000 each fiscal
8 year” and inserting “\$20,000,000 for the period
9 beginning on January 1, 2002, and ending on
10 February 28, 2002”; and

11 (C) by striking clause (i).

12 (3) *DEFINITION OF SMALL BUSINESS.*—Section
13 4(i)(5)(E)(ii) of the *Federal Insecticide, Fungicide,*
14 and *Rodenticide Act* (7 U.S.C. 136a–1(i)(5)(E)(ii)) is
15 amended—

16 (A) in subclause (I), by striking “150” and
17 inserting “500”; and

18 (B) in subclause (II), by striking “gross rev-
19 enue from chemicals that did not exceed
20 \$40,000,000” and inserting “global gross revenue
21 from pesticides that did not exceed \$60,000,000”.

22 (4) *PERIOD OF EFFECTIVENESS.*—Section 4(i)(5)
23 of the *Federal Insecticide, Fungicide, and Rodenticide*
24 Act (7 U.S.C. 136a–1(i)(5)) is amended by striking
25 subparagraph (H) and inserting the following:

1 “(H) *PERIOD OF EFFECTIVENESS.*—*This*
2 *paragraph shall be in effect during the period be-*
3 *ginning on January 1, 2002, and ending on*
4 *February 28, 2002.*”.

5 (b) *OTHER FEES.*—*Section 4(i)(6) of the Federal In-*
6 *secticide, Fungicide, and Rodenticide Act (7 U.S.C. 136a-*
7 *1(i)(6)) is amended by striking “the date of the enactment*
8 *of this section and ending on September 30, 2001” and in-*
9 *serting “January 1, 2002, and ending on February 28,*
10 *2002*”.

11 (c) *EXPEDITED PROCESSING OF SIMILAR APPLICA-*
12 *TIONS.*—*Section 4(k)(3) of the Federal Insecticide, Fun-*
13 *gicide, and Rodenticide Act (7 U.S.C. 136a-1(k)(3)) is*
14 *amended—*

15 (1) *in the paragraph heading, by striking “EX-*
16 *PEDITED” and inserting “REVIEW OF INERT INGREDI-*
17 *ENTS; EXPEDITED”; and*

18 (2) *in subparagraph (A)—*

19 (A) *by striking “each of the” and all that*
20 *follows through “such fiscal year” and inserting*
21 *“the period beginning on January 1, 2002, and*
22 *ending on February 28, 2002, 1/7 of the mainte-*
23 *nance fees collected during the period”;*

24 (B) *by redesignating clauses (i), (ii), and*
25 *(iii) as subclauses (I), (II), and (III), respec-*

1 *tively, and adjusting the margins appropriately;*
2 *and*

3 *(C) by striking “assure the expedited proc-*
4 *essing and review of any applicant that” and in-*
5 *serting the following:*

6 *“(i) review and evaluate inert ingredi-*
7 *ents; and*

8 *“(ii) ensure the expedited processing*
9 *and review of any application that—”.*

10 *(d) PESTICIDE TOLERANCE PROCESSING FEES.—Sec-*
11 *tion 408(m)(1) of the Federal Food, Drug, and Cosmetic*
12 *Act (21 U.S.C. 346a(m)(1)) is amended—*

13 *(1) by striking “The Administrator” and insert-*
14 *ing the following:*

15 *“(A) IN GENERAL.—The Administrator”;*

16 *(2) by striking “Under the regulations” and in-*
17 *serting the following:*

18 *“(B) INCLUSIONS.—Under the regulations”;*

19 *(3) by redesignating subparagraphs (A), (B),*
20 *(C), and (D) as clauses (i), (ii), (iii), and (iv), re-*
21 *spectively, and adjusting the margins appropriately;*

22 *(4) by striking “The regulations may” and in-*
23 *serting the following:*

24 *“(C) WAIVER; REFUND.—The regulations*
25 *may”; and*

1 (5) *by adding at the end the following:*

2 “(D) *ANNUAL ADJUSTMENT OF FEES.*—*The*
3 *Administrator may annually promulgate regula-*
4 *tions to implement changes in the amounts in*
5 *the schedule of pesticide tolerance processing fees*
6 *in effect on the date of enactment of this sub-*
7 *paragraph by the same percentage as the annual*
8 *adjustment to the Federal General Schedule pay*
9 *scale under section 5303 of title 5, United States*
10 *Code.*

11 “(E) *PERIOD OF EFFECTIVENESS.*—*This*
12 *paragraph shall be in effect during the period be-*
13 *ginning on January 1, 2002, and ending on*
14 *February 28, 2002.”.*

15 **SEC. 1042. PEST MANAGEMENT IN SCHOOLS.**

16 (a) *SHORT TITLE.*—*This section may be cited as the*
17 *“School Environment Protection Act of 2002”.*

18 (b) *PEST MANAGEMENT.*—*The Federal Insecticide,*
19 *Fungicide, and Rodenticide Act is amended—*

20 (1) *by redesignating sections 33 and 34 (7*
21 *U.S.C. 136x, 136y) as sections 34 and 35, respec-*
22 *tively; and*

23 (2) *by inserting after section 32 (7 U.S.C. 136w–*
24 *7) the following:*

1 **“SEC. 33. PEST MANAGEMENT IN SCHOOLS.**

2 “(a) *DEFINITIONS.*—*In this section:*

3 “(1) *BAIT.*—*The term ‘bait’ means a pesticide*
4 *that contains an ingredient that serves as a feeding*
5 *stimulant, odor, pheromone, or other attractant for a*
6 *target pest.*

7 “(2) *CONTACT PERSON.*—*The term ‘contact per-*
8 *son’ means an individual who is—*

9 “(A) *knowledgeable about school pest man-*
10 *agement plans; and*

11 “(B) *designated by a local educational*
12 *agency to carry out implementation of the school*
13 *pest management plan of a school.*

14 “(3) *EMERGENCY.*—*The term ‘emergency’ means*
15 *an urgent need to mitigate or eliminate a pest that*
16 *threatens the health or safety of a student or staff*
17 *member.*

18 “(4) *LOCAL EDUCATIONAL AGENCY.*—*The term*
19 *‘local educational agency’ has the meaning given the*
20 *term in section 3 of the Elementary and Secondary*
21 *Education Act of 1965.*

22 “(5) *SCHOOL.*—

23 “(A) *IN GENERAL.*—*The term ‘school’ means*
24 *a public—*

1 “(i) elementary school (as defined in
2 section 3 of the *Elementary and Secondary*
3 *Education Act of 1965*);

4 “(ii) secondary school (as defined in
5 section 3 of that Act);

6 “(iii) kindergarten or nursery school
7 that is part of an elementary school or sec-
8 ondary school; or

9 “(iv) tribally-funded school.

10 “(B) *INCLUSIONS*.—The term ‘school’ in-
11 cludes any school building, and any area outside
12 of a school building (including a lawn, play-
13 ground, sports field, and any other property or
14 facility), that is controlled, managed, or owned
15 by the school or school district.

16 “(6) *SCHOOL PEST MANAGEMENT PLAN*.—The
17 term ‘school pest management plan’ means a pest
18 management plan developed under subsection (b).

19 “(7) *STAFF MEMBER*.—

20 “(A) *IN GENERAL*.—The term ‘staff member’
21 means a person employed at a school or local
22 educational agency.

23 “(B) *EXCLUSIONS*.—The term ‘staff mem-
24 ber’ does not include—

1 “(i) a person hired by a school, local
2 educational agency, or State to apply a pes-
3 ticide; or

4 “(ii) a person assisting in the applica-
5 tion of a pesticide.

6 “(8) *STATE AGENCY*.—The term ‘State agency’
7 means the an agency of a State, or an agency of an
8 Indian tribe or tribal organization (as those terms
9 are defined in section 4 of the Indian Self-Determina-
10 tion and Education Assistance Act (25 U.S.C. 450b)),
11 that exercises primary jurisdiction over matters relat-
12 ing to pesticide regulation.

13 “(9) *UNIVERSAL NOTIFICATION*.—The term ‘uni-
14 versal notification’ means notice provided by a local
15 educational agency or school to—

16 “(A) parents, legal guardians, or other per-
17 sons with legal standing as parents of each child
18 attending the school; and

19 “(B) staff members of the school.

20 “(b) *SCHOOL PEST MANAGEMENT PLANS*.—

21 “(1) *STATE PLANS*.—

22 “(A) *GUIDANCE*.—As soon as practicable
23 (but not later than 180 days) after the date of
24 enactment of the School Environment Protection

1 *Act of 2002, the Administrator shall develop, in*
2 *accordance with this section—*

3 “(i) *guidance for a school pest manage-*
4 *ment plan; and*

5 “(ii) *a sample school pest management*
6 *plan.*

7 “(B) *PLAN.—As soon as practicable (but*
8 *not later than 1 year) after the date of enact-*
9 *ment of the School Environment Protection Act*
10 *of 2002, each State agency shall develop and sub-*
11 *mit to the Administrator for approval, as part*
12 *of the State cooperative agreement under section*
13 *23, a school pest management plan for local edu-*
14 *cational agencies in the State.*

15 “(C) *COMPONENTS.—A school pest manage-*
16 *ment plan developed under subparagraph (B)*
17 *shall, at a minimum—*

18 “(i) *implement a system that—*

19 “(I) *eliminates or mitigates health*
20 *risks, or economic or aesthetic damage,*
21 *caused by pests;*

22 “(II) *employs—*

23 “(aa) *integrated methods;*

24 “(bb) *site or pest inspection;*

1 “(cc) pest population moni-
2 toring; and

3 “(dd) an evaluation of the
4 need for pest management; and

5 “(III) is developed taking into
6 consideration pest management alter-
7 natives (including sanitation, struc-
8 tural repair, and mechanical, biologi-
9 cal, cultural, and pesticide strategies)
10 that minimize health and environ-
11 mental risks;

12 “(ii) require, for pesticide applications
13 at the school, universal notification to be
14 provided—

15 “(I) at the beginning of the school
16 year;

17 “(II) at the midpoint of the school
18 year; and

19 “(III) at the beginning of any
20 summer session, as determined by the
21 school;

22 “(iii) establish a registry of staff mem-
23 bers of a school, and of parents, legal guard-
24 ians, or other persons with legal standing as
25 parents of each child attending the school,

1 that have requested to be notified in ad-
2 vance of any pesticide application at the
3 school;

4 “(iv) establish guidelines that are con-
5 sistent with the definition of a school pest
6 management plan under subsection (a);

7 “(v) require that each local educational
8 agency use a certified applicator or a per-
9 son authorized by the State agency to im-
10 plement the school pest management plans;

11 “(vi) be consistent with the State coop-
12 erative agreement under section 23; and

13 “(vii) require the posting of signs in
14 accordance with paragraph (4)(G).

15 “(D) APPROVAL BY ADMINISTRATOR.—Not
16 later than 90 days after receiving a school pest
17 management plan submitted by a State agency
18 under subparagraph (B), the Administrator
19 shall—

20 “(i) determine whether the school pest
21 management plan, at a minimum, meets
22 the requirements of subparagraph (C); and

23 “(ii)(I) if the Administrator deter-
24 mines that the school pest management plan
25 meets the requirements, approve the school

1 *pest management plan as part of the State*
2 *cooperative agreement; or*

3 *“(II) if the Administrator determines*
4 *that the school pest management plan does*
5 *not meet the requirements—*

6 *“(aa) disapprove the school pest*
7 *management plan;*

8 *“(bb) provide the State agency*
9 *with recommendations for and assist-*
10 *ance in revising the school pest man-*
11 *agement plan to meet the requirements;*
12 *and*

13 *“(cc) provide a 90-day deadline*
14 *by which the State agency shall resub-*
15 *mit the revised school pest management*
16 *plan to obtain approval of the plan, in*
17 *accordance with the State cooperative*
18 *agreement.*

19 *“(E) DISTRIBUTION OF STATE PLAN TO*
20 *SCHOOLS.—On approval of the school pest man-*
21 *agement plan of a State agency, the State agency*
22 *shall make the school pest management plan*
23 *available to each local educational agency in the*
24 *State.*

1 “(F) *EXCEPTION FOR EXISTING STATE*
2 *PLANS.—If, on the date of enactment of the*
3 *School Environment Protection Act of 2002, a*
4 *State has implemented a school pest management*
5 *plan that, at a minimum, meets the require-*
6 *ments under subparagraph (C) (as determined*
7 *by the Administrator), the State agency may*
8 *maintain the school pest management plan and*
9 *shall not be required to develop a new school pest*
10 *management plan under subparagraph (B).*

11 “(2) *IMPLEMENTATION BY LOCAL EDUCATIONAL*
12 *AGENCIES.—*

13 “(A) *IN GENERAL.—Not later than 1 year*
14 *after the date on which a local educational agen-*
15 *cy receives a copy of a school pest management*
16 *plan of a State agency under paragraph (1)(E),*
17 *the local educational agency shall develop and*
18 *implement in each of the schools under the juris-*
19 *isdiction of the local educational agency a school*
20 *pest management plan that meets the standards*
21 *and requirements under the school pest manage-*
22 *ment plan of the State agency, as determined by*
23 *the Administrator.*

24 “(B) *EXCEPTION FOR EXISTING PLANS.—If,*
25 *on the date of enactment of the School Environ-*

1 *ment Protection Act of 2002, a State maintains*
2 *a school pest management plan that, at a min-*
3 *imum, meets the standards and criteria estab-*
4 *lished under this section (as determined by the*
5 *Administrator), and a local educational agency*
6 *in the State has implemented the State school*
7 *pest management plan, the local educational*
8 *agency may maintain the school pest manage-*
9 *ment plan and shall not be required to develop*
10 *and implement a new school pest management*
11 *plan under subparagraph (A).*

12 “(C) *APPLICATION OF PESTICIDES AT*
13 *SCHOOLS.—A school pest management plan shall*
14 *prohibit—*

15 “(i) *the application of a pesticide*
16 *(other than a pesticide, including a bait, gel*
17 *or paste, described in paragraph (4)(C)) to*
18 *any area or room at a school while the area*
19 *or room is occupied or in use by students*
20 *or staff members (except students or staff*
21 *members participating in regular or voca-*
22 *tional agricultural instruction involving the*
23 *use of pesticides); and*

24 “(ii) *the use by students or staff mem-*
25 *bers of an area or room treated with a pes-*

1 *ticide by broadcast spraying, baseboard*
2 *spraying, tenting, or fogging during—*

3 *“(I) the period specified on the*
4 *label of the pesticide during which a*
5 *treated area or room should remain*
6 *unoccupied; or*

7 *“(II) if there is no period speci-*
8 *fied on the label, the 24-hour period be-*
9 *ginning at the end of the treatment.*

10 *“(3) CONTACT PERSON.—*

11 *“(A) IN GENERAL.—Each local educational*
12 *agency shall designate a contact person to carry*
13 *out a school pest management plan in schools*
14 *under the jurisdiction of the local educational*
15 *agency.*

16 *“(B) DUTIES.—The contact person of a*
17 *local educational agency shall—*

18 *“(i) maintain information about the*
19 *scheduling of pesticide applications in each*
20 *school under the jurisdiction of the local*
21 *educational agency;*

22 *“(ii) act as a contact for inquiries, and*
23 *disseminate information requested by par-*
24 *ents or guardians, about the school pest*
25 *management plan;*

1 “(iii) maintain and make available to
2 parents, legal guardians, or other persons
3 with legal standing as parents of each child
4 attending the school, before and during the
5 notice period and after application—

6 “(I) copies of material safety data
7 sheet for pesticides applied at the
8 school, or copies of material safety data
9 sheets for end-use dilutions of pes-
10 ticides applied at the school, if data
11 sheets are available;

12 “(II) labels and fact sheets ap-
13 proved by the Administrator for all
14 pesticides that may be used by the local
15 educational agency; and

16 “(III) any final official informa-
17 tion related to the pesticide, as pro-
18 vided to the local educational agency
19 by the State agency; and

20 “(iv) for each school, maintain all pes-
21 ticide use data for each pesticide used at the
22 school (other than antimicrobial pesticides
23 (as defined in clauses (i) and (ii) of section
24 2(mm)(1)(A))) for at least 3 years after the
25 date on which the pesticide is applied; and

1 “(v) make that data available for in-
2 spection on request by any person.

3 “(4) NOTIFICATION.—

4 “(A) UNIVERSAL NOTIFICATION.—At the be-
5 ginning of each school year, at the midpoint of
6 each school year, and at the beginning of any
7 summer session (as determined by the school), a
8 local educational agency or school shall provide
9 to staff members of a school, and to parents, legal
10 guardians, and other persons with legal standing
11 as parents of students enrolled at the school, a
12 notice describing the school pest management
13 plan that includes—

14 “(i) a summary of the requirements
15 and procedures under the school pest man-
16 agement plan;

17 “(ii) a description of any potential
18 pest problems that the school may experi-
19 ence (including a description of the proce-
20 dures that may be used to address those
21 problems);

22 “(iii) the address, telephone number,
23 and website address of the Office of Pes-
24 ticide Programs of the Environmental Pro-
25 tection Agency; and

1 “(iv) the following statement (includ-
2 ing information to be supplied by the school
3 as indicated in brackets):

4 ‘As part of a school pest management plan, _____
5 (insert school name) may use pesticides to control pests. The
6 Environmental Protection Agency (EPA) and _____
7 (insert name of State agency exercising jurisdiction over
8 pesticide registration and use) registers pesticides for that
9 use. EPA continues to examine registered pesticides to de-
10 termine that use of the pesticides in accordance with in-
11 structions printed on the label does not pose unreasonable
12 risks to human health and the environment. Nevertheless,
13 EPA cannot guarantee that registered pesticides do not pose
14 risks, and unnecessary exposure to pesticides should be
15 avoided. Based in part on recommendations of a 1993 study
16 by the National Academy of Sciences that reviewed reg-
17 istered pesticides and their potential to cause unreasonable
18 adverse effects on human health, particularly on the health
19 of pregnant women, infants, and children, Congress enacted
20 the Food Quality Protection Act of 1996. That law requires
21 EPA to reevaluate all registered pesticides and new pes-
22 ticides to measure their safety, taking into account the
23 unique exposures and sensitivity that pregnant women, in-
24 fants, and children may have to pesticides. EPA review
25 under that law is ongoing. You may request to be notified

1 *at least 24 hours in advance of pesticide applications to*
2 *be made and receive information about the applications by*
3 *registering with the school. Certain pesticides used by the*
4 *school (including baits, pastes, and gels) are exempt from*
5 *notification requirements. If you would like more informa-*
6 *tion concerning any pesticide application or any product*
7 *used at the school, contact _____ (insert name and*
8 *phone number of contact person).’.*

9 “(B) NOTIFICATION TO PERSONS ON REG-
10 ISTRY.—

11 “(i) IN GENERAL.—*Except as provided*
12 *in clause (ii) and paragraph (5)—*

13 “(I) *notice of an upcoming pes-*
14 *ticide application at a school shall be*
15 *provided to each person on the registry*
16 *of the school not later than 24 hours*
17 *before the end of the last business day*
18 *during which the school is in session*
19 *that precedes the day on which the ap-*
20 *plication is to be made; and*

21 “(II) *the application of a pes-*
22 *ticide for which a notice is given under*
23 *subclause (I) shall not commence before*
24 *the end of the business day.*

1 “(ii) *NOTIFICATION CONCERNING PESTICIDES USED IN CURRICULA.*—If pesticides
2 are used as part of a regular vocational agricultural curriculum of the school, a notice
3 containing the information described in
4 subclauses (I), (IV), (VI), and (VII) of
5 clause (iii) for all pesticides that may be
6 used as a part of that curriculum shall be
7 provided to persons on the registry only
8 once at the beginning of each academic term
9 of the school.

12 “(iii) *CONTENTS OF NOTICE.*—A notice
13 under clause (i) shall contain—

14 “(I) the trade name, common
15 name (if applicable), and Environmental Protection Agency registration
16 number of each pesticide to be applied;

18 “(II) a description of each location
19 at the school at which a pesticide
20 is to be applied;

21 “(III) a description of the date
22 and time of application, except that, in
23 the case of an outdoor pesticide application, a notice shall include at least 3
24 dates, in chronological order, on which
25

1 *the outdoor pesticide application may*
2 *take place if the preceding date is can-*
3 *celed;*

4 “(IV) *information that the State*
5 *agency shall provide to the local edu-*
6 *cational agency, including a descrip-*
7 *tion of potentially acute and chronic*
8 *effects that may result from exposure to*
9 *each pesticide to be applied based on—*

10 “(aa) *a description of poten-*
11 *tially acute and chronic effects*
12 *that may result from exposure to*
13 *each pesticide to be applied, as*
14 *stated on the label of the pesticide*
15 *approved by the Administrator;*

16 “(bb) *information derived*
17 *from the material safety data*
18 *sheet for the end-use dilution of*
19 *the pesticide to be applied (if*
20 *available) or the material safety*
21 *data sheets; and*

22 “(cc) *final, official informa-*
23 *tion related to the pesticide pre-*
24 *pared by the Administrator and*

1 *provided to the local educational*
2 *agency by the State agency;*

3 “(V) *a description of the purpose*
4 *of the application of the pesticide;*

5 “(VI) *the address, telephone num-*
6 *ber, and website address of the Office of*
7 *Pesticide Programs of the Environ-*
8 *mental Protection Agency; and*

9 “(VII) *the statement described in*
10 *subparagraph (A)(iv) (other than the*
11 *ninth sentence of that statement).*

12 “(C) *NOTIFICATION AND POSTING EXEMP-*
13 *TION.—A notice or posting of a sign under sub-*
14 *paragraph (A), (B), or (G) shall not be required*
15 *for the application at a school of—*

16 “(i) *an antimicrobial pesticide;*

17 “(ii) *a bait, gel, or paste that is*
18 *placed—*

19 “(I) *out of reach of children or in*
20 *an area that is not accessible to chil-*
21 *dren; or*

22 “(II) *in a tamper-resistant or*
23 *child-resistant container or station;*
24 *and*

1 “(iii) any pesticide that, as of the date
2 of enactment of the School Environment
3 Protection Act of 2002, is exempt from the
4 requirements of this Act under section 25(b)
5 (including regulations promulgated at sec-
6 tion 152 of title 40, Code of Federal Regula-
7 tions (or any successor regulation)).

8 “(D) *NEW STAFF MEMBERS AND STU-*
9 *DENTS.—After the beginning of each school year,*
10 *a local educational agency or school within a*
11 *local educational agency shall provide each no-*
12 *tice required under subparagraph (A) to—*

13 “(i) each new staff member who is em-
14 ployed during the school year; and

15 “(ii) the parent or guardian of each
16 new student enrolled during the school year.

17 “(E) *METHOD OF NOTIFICATION.—A local*
18 *educational agency or school may provide a no-*
19 *tice under this subsection, using information de-*
20 *scribed in paragraph (4), in the form of—*

21 “(i) a written notice sent home with
22 the students and provided to staff members;

23 “(ii) a telephone call;

24 “(iii) direct contact;

1 “(iv) a written notice mailed at least
2 1 week before the application; or

3 “(v) a notice delivered electronically
4 (such as through electronic mail or fac-
5 simile).

6 “(F) REISSUANCE.—If the date of the appli-
7 cation of the pesticide needs to be extended be-
8 yond the period required for notice under this
9 paragraph, the school shall issue a notice con-
10 taining only the new date and location of appli-
11 cation.

12 “(G) POSTING OF SIGNS.—

13 “(i) IN GENERAL.—Except as provided
14 in paragraph (5)—

15 “(I) a school shall post a sign not
16 later than the last business day during
17 which school is in session preceding the
18 date of application of a pesticide at the
19 school; and

20 “(II) the application for which a
21 sign is posted under subclause (I) shall
22 not commence before the time that is
23 24 hours after the end of the business
24 day on which the sign is posted.

1 “(i) *LOCATION*.—A sign shall be post-
2 *ed under clause (i)*—

3 “(I) *at a central location notice-*
4 *able to individuals entering the build-*
5 *ing; and*

6 “(II) *at the proposed site of appli-*
7 *cation.*

8 “(iii) *ADMINISTRATION*.—A sign re-
9 *quired to be posted under clause (i) shall—*

10 “(I) *remain posted for at least 24*
11 *hours after the end of the application;*

12 “(II) *be—*

13 “(aa) *at least 8½ inches by*
14 *11 inches for signs posted inside*
15 *the school; and*

16 “(bb) *at least 4 inches by 5*
17 *inches for signs posted outside the*
18 *school; and*

19 “(III) *contain—*

20 “(aa) *information about the*
21 *pest problem for which the appli-*
22 *cation is necessary;*

23 “(bb) *the name of each pes-*
24 *ticide to be used;*

25 “(cc) *the date of application;*

1 “(dd) the name and tele-
2 phone number of the designated
3 contact person; and

4 “(ee) the statement contained
5 in subparagraph (A)(iv).

6 “(iv) *OUTDOOR PESTICIDE APPLICA-*
7 *TIONS.—*

8 “(I) *IN GENERAL.—In the case of*
9 *an outdoor pesticide application at a*
10 *school, each sign shall include at least*
11 *3 dates, in chronological order, on*
12 *which the outdoor pesticide application*
13 *may take place if the preceding date is*
14 *canceled.*

15 “(II) *DURATION OF POSTING.—A*
16 *sign described in subclause (I) shall be*
17 *posted after an outdoor pesticide appli-*
18 *cation in accordance with clauses (ii)*
19 *and (iii).*

20 “(5) *EMERGENCIES.—*

21 “(A) *IN GENERAL.—A school may apply a*
22 *pesticide at the school without complying with*
23 *this part in an emergency, subject to subpara-*
24 *graph (B).*

1 “(B) *SUBSEQUENT NOTIFICATION OF PAR-*
2 *ENTS, GUARDIANS, AND STAFF MEMBERS.*—*Not*
3 *later than the earlier of the time that is 24 hours*
4 *after a school applies a pesticide under this*
5 *paragraph or on the morning of the next busi-*
6 *ness day, the school shall provide to each parent*
7 *or guardian of a student listed on the registry,*
8 *a staff member listed on the registry, and the*
9 *designated contact person, notice of the applica-*
10 *tion of the pesticide in an emergency that*
11 *includes—*

12 “(i) *the information required for a no-*
13 *tice under paragraph (4)(G); and*

14 “(ii) *a description of the problem and*
15 *the factors that required the application of*
16 *the pesticide to avoid a threat to the health*
17 *or safety of a student or staff member.*

18 “(C) *METHOD OF NOTIFICATION.*—*The*
19 *school may provide the notice required by para-*
20 *graph (B) by any method of notification de-*
21 *scribed in paragraph (4)(E).*

22 “(D) *POSTING OF SIGNS.*—*Immediately*
23 *after the application of a pesticide under this*
24 *paragraph, a school shall post a sign warning of*

1 *the pesticide application in accordance with*
2 *clauses (ii) through (iv) of paragraph (4)(B).*

3 “(c) *RELATIONSHIP TO STATE AND LOCAL REQUIRE-*
4 *MENTS.—Nothing in this section (including regulations*
5 *promulgated under this section)—*

6 “(1) *precludes a State or political subdivision of*
7 *a State from imposing on local educational agencies*
8 *and schools any requirement under State or local law*
9 *(including regulations) that is more stringent than*
10 *the requirements imposed under this section; or*

11 “(2) *establishes any exception under, or affects*
12 *in any other way, section 24(b).*

13 “(d) *EXCLUSION OF CERTAIN PEST MANAGEMENT AC-*
14 *TIVITIES.—Nothing in this section (including regulations*
15 *promulgated under this section) applies to a pest manage-*
16 *ment activity that is conducted—*

17 “(1) *on or adjacent to a school; and*

18 “(2) *by, or at the direction of, a State or local*
19 *agency other than a local educational agency.*

20 “(e) *AUTHORIZATION OF APPROPRIATIONS.—There are*
21 *authorized to be appropriated such sums as are necessary*
22 *to carry out this section.”.*

23 “(c) *CONFORMING AMENDMENT.—The table of contents*
24 *in section 1(b) of the Federal Insecticide, Fungicide, and*
25 *Rodenticide Act (7 U.S.C. prec. 121) is amended by striking*

1 *the items relating to sections 30 through 32 and inserting*
 2 *the following:*

“Sec. 30. Minimum requirements for training of maintenance applicators and service technicians.

“Sec. 31. Environmental Protection Agency minor use program.

“Sec. 32. Department of Agriculture minor use program.

“(a) In general.

“(b)(1) Minor use pesticide data.

“(2) Minor Use Pesticide Data Revolving Fund.

“Sec. 33. Pest management in schools.

“(a) Definitions.

“(1) Bait.

“(2) Contact person.

“(3) Emergency.

“(4) Local educational agency.

“(5) School.

“(6) Staff member.

“(7) State agency.

“(8) Universal notification.

“(b) School pest management plans.

“(1) State plans.

“(2) Implementation by local educational agencies.

“(3) Contact person.

“(4) Notification.

“(5) Emergencies.

“(c) Relationship to State and local requirements.

“(d) Exclusion of certain pest management activities.

“(e) Authorization of appropriations.

“Sec. 34. Severability.

“Sec. 35. Authorization of appropriations.”.

3 (d) *EFFECTIVE DATE.*—*This section and the amend-*
 4 *ments made by this section take effect on October 1, 2002.*

5 **SEC. 1043. PROHIBITION ON PACKERS OWNING, FEEDING,**
 6 **OR CONTROLLING LIVESTOCK.**

7 (a) *IN GENERAL.*—*Section 202 of the Packers and*
 8 *Stockyards Act, 1921 (7 U.S.C. 192), is amended—*

9 (1) *by redesignating subsections (f) and (g) as*
 10 *subsections (g) and (h), respectively;*

11 (2) *by inserting after subsection (e) the following:*

1 “(f) Own, feed, or control livestock intended for slaugh-
2 ter (for more than 14 days prior to slaughter and acting
3 through the packer or a person that directly or indirectly
4 controls, or is controlled by or under common control with,
5 the packer), except that this subsection shall not apply to—

6 “(1) a cooperative or entity owned by a coopera-
7 tive, if a majority of the ownership interest in the co-
8 operative is held by active cooperative members
9 that—

10 “(A) own, feed, or control livestock; and

11 “(B) provide the livestock to the cooperative
12 for slaughter; or

13 “(2) a packer that is owned or controlled by pro-
14 ducers of a type of livestock, if during a calendar year
15 the packer slaughters less than 2 percent of the head
16 of that type of livestock slaughtered in the United
17 States; or”; and

18 (3) in subsection (h) (as so redesignated), by
19 striking “or (e)” and inserting “(e), or (f)”.

20 (b) *EFFECTIVE DATE.*—

21 (1) *IN GENERAL.*—Subject to paragraph (2), the
22 amendments made by subsection (a) take effect on the
23 date of enactment of this Act.

24 (2) *TRANSITION RULES.*—In the case of a packer
25 that on the date of enactment of this Act owns, feeds,

1 *or controls livestock intended for slaughter in viola-*
2 *tion of section 202(f) of the Packers and Stockyards*
3 *Act, 1921 (as amended by subsection (a)), the amend-*
4 *ments made by subsection (a) apply to the packer—*

5 *(A) in the case of a packer of swine, begin-*
6 *ning on the date that is 18 months after the date*
7 *of enactment of this Act; and*

8 *(B) in the case of a packer of any other*
9 *type of livestock, beginning as soon as prac-*
10 *ticable, but not later than 180 days, after the*
11 *date of enactment of this Act, as determined by*
12 *the Secretary of Agriculture.*

13 **SEC. 1044. PACKERS AND STOCKYARDS.**

14 *(a) DEFINITIONS.—Section 2(a) of the Packers and*
15 *Stockyards Act, 1921 (7 U.S.C. 182(a)), is amended by add-*
16 *ing at the end the following:*

17 *“(12) LIVESTOCK CONTRACTOR.—The term ‘live-*
18 *stock contractor’ means any person engaged in the*
19 *business of obtaining livestock under a livestock pro-*
20 *duction contract for the purpose of slaughtering the*
21 *livestock or selling the livestock for slaughter, if—*

22 *“(A) the livestock is obtained by the person*
23 *in commerce; or*

1 “(B) the livestock (including livestock prod-
2 ucts from the livestock) obtained by the person is
3 sold or shipped in commerce.

4 “(13) LIVESTOCK PRODUCTION CONTRACT.—The
5 term ‘livestock production contract’ means any
6 growout contract or other arrangement under which
7 a livestock production contract grower raises and
8 cares for the livestock in accordance with the instruc-
9 tions of another person.

10 “(14) LIVESTOCK PRODUCTION CONTRACT GROW-
11 ER.—The term ‘livestock production contract grower’
12 means any person engaged in the business of raising
13 and caring for livestock in accordance with the in-
14 structions of another person.”.

15 (b) CONTRACTORS.—

16 (1) IN GENERAL.—The Packers and Stockyards
17 Act, 1921, is amended by striking “packer” each place
18 it appears in sections 202, 203, 204, and 205 (7
19 U.S.C. 192, 193, 194, 195) (other than section 202(c))
20 and inserting “packer or livestock contractor”.

21 (2) CONFORMING AMENDMENTS.—

22 (A) Section 202(c) of the Packers and
23 Stockyards Act, 1921 (7 U.S.C. 192(c)), is
24 amended by inserting “, livestock contractor,”
25 after “other packer” each place it appears.

1 (B) Section 308(a) of the Packers and
2 Stockyards Act, 1921 (7 U.S.C. 209(a)), is
3 amended by inserting “or livestock production
4 contract” after “poultry growing arrangement”.

5 (C) Sections 401 and 403 of the Packers
6 and Stockyards Act, 1921 (7 U.S.C. 221, 223),
7 are amended by inserting “any livestock con-
8 tractor, and” after “packer,” each place it ap-
9 pears.

10 (c) *RIGHT TO DISCUSS TERMS OF CONTRACT.*—The
11 Packers and Stockyards Act, 1921 (7 U.S.C. 181 et seq.),
12 is amended by adding at the end the following:

13 **“SEC. 417. RIGHT TO DISCUSS TERMS OF CONTRACT.**

14 “(a) *IN GENERAL.*—Notwithstanding a provision in
15 any contract for the sale or production of livestock or poul-
16 try that provides that information contained in the contract
17 is confidential, a party to the contract shall not be prohib-
18 ited from discussing any terms or details of any contract
19 with—

20 “(1) a legal adviser;

21 “(2) a lender;

22 “(3) an accountant;

23 “(4) an executive or manager;

24 “(5) a landlord;

25 “(6) a family member; or

1 “(7) a Federal or State agency with responsi-
2 bility for—

3 “(A) enforcing a statute designed to protect
4 a party to the contract; or

5 “(B) administering this Act.

6 “(b) *EFFECT ON STATE LAWS.*—Subsection (a) does
7 not affect State laws that address confidentiality provisions
8 in contracts for the sale or production of livestock or poul-
9 try.”.

10 **SEC. 1045. UNLAWFUL STOCKYARD PRACTICES INVOLVING**
11 **NONAMBULATORY LIVESTOCK.**

12 (a) *IN GENERAL.*—Title III of the Packers and Stock-
13 yards Act, 1921, is amended by inserting after section 317
14 (7 U.S.C. 217a) the following:

15 **“SEC. 318. UNLAWFUL STOCKYARD PRACTICES INVOLVING**
16 **NONAMBULATORY LIVESTOCK.**

17 “(a) *DEFINITIONS.*—In this section:

18 “(1) *HUMANELY EUTHANIZED.*—The term ‘hu-
19 manely euthanized’ means to kill an animal by me-
20 chanical, chemical, or other means that immediately
21 render the animal unconscious, with this state re-
22 maining until the animal’s death.

23 “(2) *NONAMBULATORY LIVESTOCK.*—The term
24 ‘nonambulatory livestock’ means any livestock that is
25 unable to stand and walk unassisted.

1 “(b) *UNLAWFUL PRACTICES.*—

2 “(1) *IN GENERAL.*—*It shall be unlawful under*
3 *section 312 for any stockyard owner, market agency,*
4 *or dealer to buy, sell, give, receive, transfer, market,*
5 *hold, or drag any nonambulatory livestock unless the*
6 *nonambulatory livestock has been humanely*
7 *ethanized.*

8 “(2) *EXCEPTIONS.*—

9 “(A) *NON-GIPSA FARMS.*—*Paragraph (1)*
10 *shall not apply to any farm the animal care*
11 *practices of which are not subject to the author-*
12 *ity of the Grain Inspection, Packers, and Stock-*
13 *yards Administration.*

14 “(B) *VETERINARY CARE.*—*Paragraph (1)*
15 *shall not apply in a case in which non-*
16 *ambulatory livestock receive veterinary care in-*
17 *tended to render the livestock ambulatory.”.*

18 “(b) *EFFECTIVE DATE.*—

19 “(1) *IN GENERAL.*—*The amendment made by sub-*
20 *section (a) takes effect 1 year after the date of the en-*
21 *actment of this Act.*

22 “(2) *REGULATIONS.*—*Not later than 1 year after*
23 *the date of enactment of this Act, the Secretary of Ag-*
24 *riculture shall promulgate regulations consistent with*
25 *the amendment, relating to the handling, treatment,*

1 *and disposition of nonambulatory livestock at live-*
2 *stock marketing facilities or by dealers.*

3 **SEC. 1046. ARBITRATION CLAUSES.**

4 *Title IV of the Packers and Stockyards Act, 1921, is*
5 *amended by inserting after section 413 (7 U.S.C. 228b-4)*
6 *the following:*

7 **“SEC. 413A. ARBITRATION CLAUSES.**

8 *“Notwithstanding any other provision of law, in the*
9 *case of a contract for the sale or production of livestock or*
10 *poultry under this Act that is entered into or renewed after*
11 *the date of enactment of this section and that includes a*
12 *provision that requires arbitration of a dispute arising*
13 *from the contract, a person that seeks to resolve a dispute*
14 *under the contract may, notwithstanding the terms of the*
15 *contract, elect—*

16 *“(1) to arbitrate the dispute in accordance with*
17 *the contract; or*

18 *“(2) to resolve the dispute in accordance with*
19 *any other lawful method of dispute resolution, includ-*
20 *ing mediation and civil action.”.*

21 **SEC. 1047. COTTON CLASSIFICATION SERVICES.**

22 *The first sentence of section 3a of the Act of March*
23 *3, 1927 (commonly known as the “Cotton Statistics and*
24 *Estimates Act”) (7 U.S.C. 473), is amended by striking*
25 *“2002” and inserting “2006”.*

1 **SEC. 1048. PROTECTION FOR PURCHASERS OF FARM PROD-**
2 **UCTS.**

3 *Section 1324 of the Food Security Act of 1985 (7*
4 *U.S.C. 1631) is amended—*

5 *(1) in subsection (c)(4)—*

6 *(A) in subparagraph (B), by striking*
7 *“signed,” and inserting “signed, authorized, or*
8 *otherwise authenticated by the debtor;”;*

9 *(B) by striking subparagraph (C);*

10 *(C) in subparagraph (D)—*

11 *(i) in clause (iii), by adding “and”*
12 *after the semicolon at the end; and*

13 *(ii) in clause (iv), by striking “appli-*
14 *cable;” and all that follows and inserting*
15 *“applicable, and the name of each county or*
16 *parish in which the farm products are*
17 *growing or located;”; and*

18 *(D) by redesignating subparagraphs (D)*
19 *through (I) as subparagraphs (C) through (H),*
20 *respectively;*

21 *(2) in subsection (e)—*

22 *(A) in paragraph (1)(A)—*

23 *(i) in clause (ii)—*

24 *(I) in subclause (III), by adding*
25 *“and” after the semicolon at the end;*
26 *and*

1 (ii) in subclause (IV), by striking
2 “crop year,” and all that follows and
3 inserting “crop year, and the name of
4 each county or parish in which the
5 farm products are growing or lo-
6 cated;”; and

7 (iii) in clause (v), by inserting “con-
8 tains” before “any payment”; and

9 (B) in paragraph (3)—

10 (i) in subparagraph (A), by striking
11 “subparagraph” and inserting “subsection”;
12 and

13 (ii) in subparagraph (B), by striking
14 “; and” and inserting a period; and

15 (3) subsection (g)(2)(A)—

16 (A) in clause (ii)—

17 (i) in subclause (III), by adding “and”
18 after the semicolon at the end; and

19 (ii) in subclause (IV), by striking
20 “crop year,” and all that follows and insert-
21 ing “crop year, and the name of each coun-
22 ty or parish in which the farm products are
23 growing or located;”; and

24 (B) in clause (v), by inserting “contains”
25 before “any payment”.

1 **SEC. 1049. IMPROVED STANDARDS FOR THE CARE AND**
2 **TREATMENT OF CERTAIN ANIMALS.**

3 (a) *SOCIALIZATION PLAN; BREEDING RESTRIC-*
4 *TIONS.—Section 13(a)(2) of the Animal Welfare Act (7*
5 *U.S.C. 2143(a)(2)) is amended—*

6 (1) *in subparagraph (A), by striking “and” at*
7 *the end;*

8 (2) *in subparagraph (B), by striking the period*
9 *at the end and inserting a semicolon; and*

10 (3) *by adding at the end the following:*

11 “(C) *for the socialization of dogs intended*
12 *for sale as pets with other dogs and people,*
13 *through compliance with a performance standard*
14 *developed by the Secretary based on the rec-*
15 *ommendations of veterinarians and animal wel-*
16 *fare and behavior experts that—*

17 “(i) *identifies actions that dealers and*
18 *inspectors shall take to ensure adequate so-*
19 *cialization; and*

20 “(ii) *identifies a set of behavioral*
21 *measures that inspectors shall use to evalu-*
22 *ate adequate socialization; and*

23 “(D) *for addressing the initiation and fre-*
24 *quency of breeding of female dogs so that a fe-*
25 *male dog is not—*

1 “(i) bred before the female dog has
2 reached at least 1 year of age; and

3 “(ii) whelped more frequently than 3
4 times in any 24-month period.”.

5 (b) *SUSPENSION OR REVOCATION OF LICENSE, CIVIL*
6 *PENALTIES, JUDICIAL REVIEW, AND CRIMINAL PEN-*
7 *ALTIES.*—Section 19 of the Animal Welfare Act (7 U.S.C.
8 2149) is amended—

9 (1) by striking “SEC. 19. (a) If the Secretary”
10 and inserting the following:

11 **“SEC. 19. SUSPENSION OR REVOCATION OF LICENSE, CIVIL**
12 **PENALTIES, JUDICIAL REVIEW, AND CRIMI-**
13 **NAL PENALTIES.**

14 “(a) *SUSPENSION OR REVOCATION OF LICENSE.*—

15 “(1) *IN GENERAL.*—If the Secretary”;

16 (2) in subsection (a)—

17 (A) in paragraph (1) (as designated by
18 paragraph (1)), by striking “if such violation”
19 and all that follows and inserting “if the Sec-
20 retary determines that 1 or more violations have
21 occurred.”; and

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

23 “(2) *LICENSE REVOCATION.*—If the Secretary
24 finds that any person licensed as a dealer, exhibitor,
25 or operator of an auction sale subject to section 12,

1 *has committed a serious violation (as determined by*
2 *the Secretary) of any rule, regulation, or standard*
3 *governing the humane handling, transportation, vet-*
4 *erinary care, housing, breeding, socialization, feeding,*
5 *watering, or other humane treatment of dogs under*
6 *section 12 or 13 on 3 or more separate inspections*
7 *within any 8-year period, the Secretary shall—*

8 *“(A) suspend the license of the person for 21*
9 *days; and*

10 *“(B) after providing notice and a hearing*
11 *not more than 30 days after the third violation*
12 *is noted on an inspection report, revoke the li-*
13 *cence of the person unless the Secretary makes a*
14 *written finding that revocation is unwarranted*
15 *because of extraordinary extenuating cir-*
16 *cumstances.”;*

17 *(3) in subsection (b), by striking “(b) Any deal-*
18 *er” and inserting “(b) CIVIL PENALTIES.—Any deal-*
19 *er”;*

20 *(4) in subsection (c), by striking “(c) Any deal-*
21 *er” and inserting “(c) JUDICIAL REVIEW.—Any deal-*
22 *er”; and*

23 *(5) in subsection (d), by striking “(d) Any deal-*
24 *er” and inserting “(d) CRIMINAL PENALTIES.—Any*
25 *dealer”.*

1 (c) *REGULATIONS.*—Not later than 1 year after the
2 date of enactment of this Act, the Secretary of Agriculture
3 shall promulgate such regulations as are necessary to carry
4 out the amendments made by this section, including devel-
5 opment of the standards required by the amendments made
6 by subsection (a).

7 **SEC. 1050. EXPANSION OF STATE MARKETING PROGRAMS.**

8 (a) *STATE MARKETING PROGRAMS.*—Section 204(b) of
9 the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b))
10 is amended—

11 (1) by striking “(b) The” and all that follows
12 through “: Provided, That no” and inserting the fol-
13 lowing:

14 “(b) *STATE MARKETING PROGRAMS.*—

15 “(1) *IN GENERAL.*—Of the funds of the Com-
16 modity Credit Corporation, the Secretary of Agri-
17 culture shall make available \$7,000,000 for fiscal year
18 2003, \$8,000,000 for fiscal year 2004, and
19 \$10,000,000 for each of fiscal years 2005 and 2006 for
20 allotment to State departments of agriculture, State
21 bureaus and departments of markets, State agricul-
22 tural experiment stations, and other appropriate
23 State agencies for cooperative projects in marketing
24 service and in marketing research to effectuate the
25 purposes of—

1 “(A) title II of this Act; and

2 “(B) the Farmer’s Market Promotion Pro-
3 gram established under section 6 of the Farmer-
4 to-Consumer Direct Marketing Act of 1976.

5 “(2) *SMALL FARMS AND LIMITED RESOURCE*
6 *FARMERS.*—Of the funds made available under para-
7 graph (1), a priority shall be given for initiatives de-
8 signed to support direct and other marketing efforts
9 of small farms and limited resource farmers.

10 “(3) *STATE FUNDS.*—No”;

11 (2) by striking “The funds which” and inserting
12 the following:

13 “(4) *ADDITIONAL FUNDS.*—The funds that”;

14 (3) by striking “The allotments” and inserting
15 the following:

16 “(5) *RECIPIENT AGENCIES.*—The allotments”;

17 (4) by striking “Such allotments” and inserting
18 the following:

19 “(6) *COOPERATIVE AGREEMENTS.*—The allot-
20 ments”; and

21 (5) by striking “Should duplication” and insert-
22 ing the following:

23 “(7) *DUPLICATION.*—If duplication”.

24 (b) *FARMERS’ MARKET PROMOTION PROGRAM.*—

1 (1) *SURVEY*.—Section 4 of the *Farmer-to-Consumer Direct Marketing Act of 1976* (7 U.S.C. 3003)
2
3 is amended—

4 (A) in the first sentence, by striking “a continuing” and inserting “an annual”; and
5

6 (B) by striking the second sentence.

7 (2) *DIRECT MARKETING ASSISTANCE*.—Section 5
8 of the *Farmer-to-Consumer Direct Marketing Act of*
9 *1976* (7 U.S.C. 3004) is amended—

10 (A) in subsection (a)—

11 (i) in the first sentence, by striking
12 “*Extension Service of the United States Department of Agriculture*” and inserting
13 “*Secretary*”; and
14

15 (ii) in the second sentence—

16 (I) by striking “*Extension Service*” and inserting “*Secretary*”; and
17

18 (II) by striking “and on the basis
19 of which of these two agencies, or combination thereof, can best perform these
20 activities” and inserting “, as determined by the *Secretary*”;
21
22

23 (B) by redesignating subsection (b) as subsection (c); and
24

1 (C) by inserting after subsection (a) the fol-
2 lowing:

3 “(b) *DEVELOPMENT OF FARMERS’ MARKETS.*—The
4 *Secretary shall—*

5 “(1) *work with the Governor of a State, and a*
6 *State agency designated by the Governor, to develop*
7 *programs to train managers of farmers’ markets;*

8 “(2) *develop opportunities to share information*
9 *among managers of farmers’ markets;*

10 “(3) *establish a program to train cooperative ex-*
11 *tension service employees in the development of direct*
12 *marketing techniques; and*

13 “(4) *work with producers to develop farmers’*
14 *markets.*”.

15 (3) *FARMERS’ MARKET PROMOTION PROGRAM.*—
16 *The Farmer-to-Consumer Direct Marketing Act of*
17 *1976 (7 U.S.C. 3001 et seq.) is amended by inserting*
18 *after section 5 the following:*

19 **“SEC. 6. FARMERS’ MARKET PROMOTION PROGRAM.**

20 “(a) *ESTABLISHMENT.*—*The Secretary shall carry out*
21 *a program, to be known as the ‘Farmers’ Market Promotion*
22 *Program’ (referred to in this section as the ‘Program’), to*
23 *make grants to eligible entities for projects to establish, ex-*
24 *pand, and promote farmers’ markets.*

1 “(b) *PROGRAM PURPOSES.*—*The purposes of the Pro-*
2 *gram are—*

3 “(1) *to increase domestic consumption of agricul-*
4 *tural commodities by improving and expanding, or*
5 *assisting in the improvement and expansion of, do-*
6 *mestic farmers’ markets, roadside stands, community-*
7 *supported agriculture programs, and other direct pro-*
8 *ducer-to-consumer infrastructure; and*

9 “(2) *to develop, or aid in the development of,*
10 *new farmers’ markets, roadside stands, community-*
11 *supported agriculture programs, and other direct pro-*
12 *ducer-to-consumer infrastructure.*

13 “(c) *ELIGIBLE ENTITIES.*—*An entity shall be eligible*
14 *to receive a grant under the Program if the entity is—*

15 “(1) *an agricultural cooperative;*

16 “(2) *a local government;*

17 “(3) *a nonprofit corporation;*

18 “(4) *a public benefit corporation;*

19 “(5) *an economic development corporation;*

20 “(6) *a regional farmers’ market authority; or*

21 “(7) *such other entity as the Secretary may des-*
22 *ignate.*

23 “(d) *CRITERIA AND GUIDELINES.*—*The Secretary shall*
24 *establish criteria and guidelines for the submission, evalua-*
25 *tion, and funding of proposed projects under the Program.*

1 “(e) *AMOUNT.*—

2 “(1) *IN GENERAL.*—*Under the Program, the*
3 *amount of a grant to an eligible entity for any 1*
4 *project shall be not more than \$500,000 for any 1 fis-*
5 *cal year.*

6 “(2) *AVAILABILITY.*—*The amount of a grant to*
7 *an eligible entity for a project shall be available until*
8 *expended or until the date on which the project termi-*
9 *nates.*

10 “(f) *COST SHARING.*—

11 “(1) *IN GENERAL.*—*The share of the costs of a*
12 *project covered by a grant awarded under the Pro-*
13 *gram shall not exceed 60 percent.*

14 “(2) *GRANTEE SHARE.*—

15 “(A) *FORM.*—*The non-Federal share of the*
16 *cost of a project carried out under the Program*
17 *may be paid in the form of cash or the provision*
18 *of services, materials, or other in-kind contribu-*
19 *tions.*

20 “(B) *LIMITATION.*—*The value of any real or*
21 *personal property owned by an eligible entity as*
22 *of the date on which the eligible entity submits*
23 *a proposal for a project under the Program shall*
24 *not be credited toward the grantee share required*
25 *under this paragraph.*

1 “(g) *FUNDING.*—

2 “(1) *IN GENERAL.*—*There is authorized to be ap-*
3 *propriated to carry out this section \$10,000,000 for*
4 *each of fiscal years 2002 through 2006.*

5 “(2) *LIMITATION.*—*Except for funds made avail-*
6 *able pursuant to section 204(b) of the Agricultural*
7 *Marketing Act of 1946 (7 U.S.C. 1623(b)), no*
8 *amounts may be made available to carry out this sec-*
9 *tion unless specifically provided by an appropriation*
10 *Act.*”.

11 **SEC. 1051. DEFINITION OF ANIMAL UNDER THE ANIMAL**
12 **WELFARE ACT.**

13 *Section 2(g) of the Animal Welfare Act (7 U.S.C.*
14 *2132(g)) is amended by striking “excludes horses not used*
15 *for research purposes and” and inserting the following: “ex-*
16 *cludes birds, rats of the genus Rattus, and mice of the genus*
17 *Mus bred for use in research, horses not used for research*
18 *purposes, and”.*

19 **SEC. 1052. PENALTIES AND FOREIGN COMMERCE PROVI-**
20 **SIONS OF THE ANIMAL WELFARE ACT.**

21 *(a) PENALTIES AND FOREIGN COMMERCE PROVISIONS*
22 *OF THE ANIMAL WELFARE ACT.*—*Section 26 of the Animal*
23 *Welfare Act (7 U.S.C. 2156) is amended—*

24 *(1) in subsection (e)—*

1 (b) *EFFECTIVE DATE.*—*The amendment made by this*
2 *section take effect 30 days after the date of the enactment*
3 *of this Act.*

4 **SEC. 1054. OUTREACH AND ASSISTANCE FOR SOCIALLY DIS-**
5 **ADVANTAGED FARMERS AND RANCHERS.**

6 (a) *IN GENERAL.*—*Section 2501 of the Food, Agri-*
7 *culture, Conservation, and Trade Act of 1990 (7 U.S.C.*
8 *2279) is amended by striking subsection (a) and inserting*
9 *the following:*

10 “(a) *OUTREACH AND ASSISTANCE.*—

11 “(1) *DEFINITIONS.*—*In this subsection:*

12 “(A) *DEPARTMENT.*—*The term ‘Depart-*
13 *ment’ means the Department of Agriculture.*

14 “(B) *ELIGIBLE ENTITY.*—*The term ‘eligible*
15 *entity’ means—*

16 “(i) *any community-based organiza-*
17 *tion, network, or coalition of community-*
18 *based organizations that—*

19 “(I) *has demonstrated experience*
20 *in providing agricultural education or*
21 *other agriculturally related services to*
22 *socially disadvantaged farmers and*
23 *ranchers;*

24 “(II) *has provided to the Sec-*
25 *retary documentary evidence of work*

1 *with socially disadvantaged farmers*
2 *and ranchers during the 2-year period*
3 *preceding the submission of an appli-*
4 *cation for assistance under this sub-*
5 *section; and*

6 *“(III) has not engaged in activi-*
7 *ties prohibited under section 501(c)(3)*
8 *of the Internal Revenue Code of 1986;*

9 *“(ii)(I) an 1890 institution (as defined*
10 *in section 2 of the Agricultural Research,*
11 *Extension, and Education Reform Act of*
12 *1998 (7 U.S.C. 7601)), including West Vir-*
13 *ginia State College;*

14 *“(II) a 1994 institution (as defined in*
15 *section 2 of that Act);*

16 *“(III) an Indian tribal community*
17 *college;*

18 *“(IV) an Alaska Native cooperative col-*
19 *lege;*

20 *“(V) a Hispanic-serving institution (as*
21 *defined in section 1404 of the National Ag-*
22 *ricultural Research, Extension, and Teach-*
23 *ing Policy Act of 1977 (7 U.S.C. 3103));*
24 *and*

1 “(VI) *any other institution of higher*
2 *education (as defined in section 101 of the*
3 *Higher Education Act of 1965 (20 U.S.C.*
4 *1001)) that has demonstrated experience in*
5 *providing agriculture education or other ag-*
6 *riculturally related services to socially dis-*
7 *advantaged farmers and ranchers in a re-*
8 *gion; and*

9 “(iii) *an Indian tribe (as defined in section*
10 *4 of the Indian Self-Determination and Edu-*
11 *cation Assistance Act (25 U.S.C. 450b)) or a na-*
12 *tional tribal organization that has demonstrated*
13 *experience in providing agriculture education or*
14 *other agriculturally related services to socially*
15 *disadvantaged farmers and ranchers in a region.*

16 “(C) *SECRETARY.—The term ‘Secretary’*
17 *means the Secretary of Agriculture.*

18 “(2) *PROGRAM.—The Secretary shall carry out*
19 *an outreach and technical assistance program to en-*
20 *courage and assist socially disadvantaged farmers*
21 *and ranchers—*

22 “(A) *in owning and operating farms and*
23 *ranches; and*

1 “(B) in participating equitably in the full
2 range of agricultural programs offered by the De-
3 partment.

4 “(3) *REQUIREMENTS.*—The outreach and tech-
5 nical assistance program under paragraph (2)
6 shall—

7 “(A) enhance coordination of the outreach,
8 technical assistance, and education efforts au-
9 thorized under various agriculture programs;
10 and

11 “(B) include information on, and assistance
12 with—

13 “(i) commodity, conservation, credit,
14 rural, and business development programs;

15 “(ii) application and bidding proce-
16 dures;

17 “(iii) farm and risk management;

18 “(iv) marketing; and

19 “(v) other activities essential to par-
20 ticipation in agricultural and other pro-
21 grams of the Department.

22 “(4) *GRANTS AND CONTRACTS.*—

23 “(A) *IN GENERAL.*—The Secretary may
24 make grants to, and enter into contracts and
25 other agreements with, an eligible entity to pro-

1 *vide information and technical assistance under*
2 *this subsection.*

3 “(B) *RELATIONSHIP TO OTHER LAW.*—*The*
4 *authority to carry out this section shall be in ad-*
5 *dition to any other authority provided in this or*
6 *any other Act.*

7 “(5) *FUNDING.*—

8 “(A) *AUTHORIZATION OF APPROPRIA-*
9 *TIONS.*—*There is authorized to be appropriated*
10 *to carry out this subsection \$25,000,000 for each*
11 *of fiscal years 2002 through 2006.*

12 “(B) *INTERAGENCY FUNDING.*—*In addition*
13 *to funds authorized to be appropriated under*
14 *subparagraph (A), any agency of the Depart-*
15 *ment may participate in any grant, contract, or*
16 *agreement entered into under this section by con-*
17 *tributing funds, if the agency determined that*
18 *the objectives of the grant, contract, or agreement*
19 *will further the authorized programs of the con-*
20 *tributing agency.”.*

21 (b) *DEFINITION OF SOCIALLY DISADVANTAGED*
22 *GROUP.*—*Section 2501(e)(1) of the Food, Agriculture, Con-*
23 *servation, and Trade Act of 1990 (7 U.S.C. 2279(e)(1)) is*
24 *amended by striking “racial or ethnic” and inserting “gen-*
25 *der, racial, or ethnic”.*

1 **SEC. 1055. WILD FISH AND WILD SHELLFISH.**

2 *Section 2104 of the Organic Foods Production Act of*
3 *1990 (7 U.S.C. 6503) is amended—*

4 *(1) by redesignating subsections (c) and (d) as*
5 *subsections (d) and (e), respectively; and*

6 *(2) by inserting after subsection (b) the fol-*
7 *lowing:*

8 *“(c) WILD FISH AND WILD SHELLFISH.—*

9 *“(1) IN GENERAL.—Notwithstanding section*
10 *2107(a)(1), the Secretary may allow, through regula-*
11 *tions promulgated after public notice and opportunity*
12 *for comment, wild fish or wild shellfish harvested*
13 *from salt water to be certified or labeled as organic.*

14 *“(2) CONSULTATION AND ACCOMMODATION.—In*
15 *carrying out paragraph (1), the Secretary shall—*

16 *“(A) consult with—*

17 *“(i) the Secretary of Commerce;*

18 *“(ii) the National Organic Standards*
19 *Board established under section 2119;*

20 *“(iii) producers, processors, and sellers;*

21 *and*

22 *“(iv) other interested members of the*
23 *public; and*

24 *“(B) to the maximum extent practicable,*
25 *accommodate the unique characteristics of the in-*

1 *dustries in the United States that harvest and*
2 *process wild fish and shellfish.”.*

3 **SEC. 1056. ASSISTANT SECRETARY OF AGRICULTURE FOR**
4 **CIVIL RIGHTS.**

5 *(a) IN GENERAL.—Section 218 of the Department of*
6 *Agriculture Reorganization Act of 1994 (7 U.S.C. 6918) is*
7 *amended by adding at the end the following:*

8 *“(f) ASSISTANT SECRETARY OF AGRICULTURE FOR*
9 *CIVIL RIGHTS.—*

10 *“(1) DEFINITION OF SOCIALLY DISADVANTAGED*
11 *FARMER OR RANCHER.—In this subsection, the term*
12 *‘socially disadvantaged farmer or rancher’ has the*
13 *meaning given the term in section 355(e) of the Con-*
14 *solidated Farm and Rural Development Act (7 U.S.C.*
15 *2003(e)).*

16 *“(2) ESTABLISHMENT OF POSITION.—The Sec-*
17 *retary shall establish within the Department the posi-*
18 *tion of Assistant Secretary of Agriculture for Civil*
19 *Rights.*

20 *“(3) APPOINTMENT.—The Assistant Secretary of*
21 *Agriculture for Civil Rights shall be appointed by the*
22 *President, by and with the advice and consent of the*
23 *Senate.*

24 *“(4) DUTIES.—The Assistant Secretary of Agri-*
25 *culture for Civil Rights shall—*

1 “(A) enforce and coordinate compliance
2 with all civil rights laws and related laws—

3 “(i) by the agencies of the Department;
4 and

5 “(ii) under all programs of the Depart-
6 ment (including all programs supported
7 with Department funds);

8 “(B) ensure that—

9 “(i) the Department has measurable
10 goals for treating customers and employees
11 fairly and on a nondiscriminatory basis;
12 and

13 “(ii) the goals and the progress made
14 in meeting the goals are included in—

15 “(I) strategic plans of the Depart-
16 ment; and

17 “(II) annual reviews of the plans;

18 “(C) compile and publicly disclose data
19 used in assessing civil rights compliance in
20 achieving on a nondiscriminatory basis partici-
21 pation of socially disadvantaged farmers and
22 ranchers in programs of the Department;

23 “(D)(i) hold Department agency heads and
24 senior executives accountable for civil rights com-
25 pliance and performance; and

1 “(i) assess performance of Department
2 agency heads and senior executives on the basis
3 of success made in those areas;

4 “(E) ensure, to the maximum extent
5 practicable—

6 “(i) a sufficient level of participation
7 by socially disadvantaged farmers and
8 ranchers in deliberations of county and
9 area committees established under section
10 8(b) of the Soil Conservation and Domestic
11 Allotment Act (16 U.S.C. 590h(b)); and

12 “(ii) that participation data and elec-
13 tion results involving the committees are
14 made available to the public; and

15 “(F) perform such other functions as may
16 be prescribed by the Secretary.”.

17 (b) COMPENSATION.—Section 5315 of title 5, United
18 States Code, is amended by striking “Assistant Secretaries
19 of Agriculture (2)” and inserting “Assistant Secretaries of
20 Agriculture (3)”.

21 (c) CONFORMING AMENDMENTS.—Section 296(b) of the
22 Department of Agriculture Reorganization Act of 1994 (7
23 U.S.C. 7014(b)) is amended—

24 (1) in paragraph (3), by striking “or” at the
25 end;

1 (2) *in paragraph (4), by striking the period at*
 2 *the end and inserting “; or”; and*

3 (3) *by adding at the end the following:*

4 “(5) *the authority of the Secretary to establish*
 5 *within the Department the position of Assistant Sec-*
 6 *retary of Agriculture for Civil Rights under section*
 7 *218(f).”.*

8 **SEC. 1057. TRANSPARENCY AND ACCOUNTABILITY FOR SO-**
 9 **CIALLY DISADVANTAGED FARMERS AND**
 10 **RANCHERS; PUBLIC DISCLOSURE REQUIRE-**
 11 **MENTS FOR COUNTY COMMITTEE ELECTIONS.**

12 (a) *TRANSPARENCY AND ACCOUNTABILITY FOR SO-*
 13 *CIALLY DISADVANTAGED FARMERS AND RANCHERS.—The*
 14 *Food, Agriculture, Conservation, and Trade Act of 1990 is*
 15 *amended by inserting after section 2501 (7 U.S.C. 2279)*
 16 *the following:*

17 **“SEC. 2501A. TRANSPARENCY AND ACCOUNTABILITY FOR**
 18 **SOCIALLY DISADVANTAGED FARMERS AND**
 19 **RANCHERS.**

20 “(a) *PURPOSE.—The purpose of this section is to en-*
 21 *sure compilation and public disclosure of data to assess and*
 22 *hold the Department of Agriculture accountable for the non-*
 23 *discriminatory participation of socially disadvantaged*
 24 *farmers and ranchers in programs of the Department.*

1 “(b) *DEFINITION OF SOCIALLY DISADVANTAGED*
2 *FARMER OR RANCHER.*—*In this section, the term ‘socially*
3 *disadvantaged farmer or rancher’ has the meaning given*
4 *the term in section 355(e) of the Consolidated Farm and*
5 *Rural Development Act (7 U.S.C. 2003(e)).*

6 “(c) *COMPILATION OF PROGRAM PARTICIPATION*
7 *DATA.*—

8 “(1) *ANNUAL REQUIREMENT.*—*For each county*
9 *and State in the United States, the Secretary shall*
10 *compute annually the participation rate of socially*
11 *disadvantaged farmers and ranchers as a percentage*
12 *of the total participation of all farmers and ranchers*
13 *for each program of the Department of Agriculture es-*
14 *tablished for farmers or ranchers.*

15 “(2) *DETERMINATION OF PARTICIPATION.*—*In*
16 *determining the rates under paragraph (1), the Sec-*
17 *retary shall consider, for each county and State, the*
18 *number of socially disadvantaged farmers and ranch-*
19 *ers of each race, ethnicity, and gender in proportion*
20 *to the total number of farmers and ranchers partici-*
21 *pating in each program.”.*

22 “(b) *PUBLIC DISCLOSURE REQUIREMENTS FOR COUNTY*
23 *COMMITTEE ELECTIONS.*—*Section 8(b)(5) of the Soil Con-*
24 *servation and Domestic Allotment Act (16 U.S.C.*

1 *590h(b)(5)) is amended by striking subparagraph (B) and*
2 *inserting the following:*

3 “(B) *ESTABLISHMENT AND ELECTIONS FOR*
4 *COUNTY, AREA, OR LOCAL COMMITTEES.—*

5 “(i) *ESTABLISHMENT.—*

6 “(I) *IN GENERAL.—In each coun-*
7 *ty or area in which activities are car-*
8 *ried out under this section, the Sec-*
9 *retary shall establish a county or area*
10 *committee.*

11 “(II) *LOCAL ADMINISTRATIVE*
12 *AREAS.—The Secretary may designate*
13 *local administrative areas within a*
14 *county or a larger area under the ju-*
15 *risdiction of a committee established*
16 *under subclause (I).*

17 “(ii) *COMPOSITION OF COUNTY, AREA,*
18 *OR LOCAL COMMITTEES.—A committee es-*
19 *tablished under clause (i) shall consist of*
20 *not fewer than 3 nor more than 5 members*
21 *that—*

22 “(I) *are fairly representative of*
23 *the agricultural producers within the*
24 *area covered by the county, area, or*
25 *local committee; and*

1 “(II) are elected by the agricul-
2 tural producers that participate or co-
3 operate in programs administered
4 within the area under the jurisdiction
5 of the county, area, or local committee.

6 “(iii) ELECTIONS.—

7 “(I) IN GENERAL.—Subject to
8 subclauses (II) through (V), the Sec-
9 retary shall establish procedures for
10 nominations and elections to county,
11 area, or local committees.

12 “(II) NONDISCRIMINATION STATE-
13 MENT.—Each solicitation of nomina-
14 tions for, and notice of elections of, a
15 county, area, or local committee shall
16 include the nondiscrimination state-
17 ment used by the Secretary.

18 “(III) NOMINATIONS.—

19 “(aa) ELIGIBILITY.—To be
20 eligible for nomination and elec-
21 tion to the applicable county,
22 area, or local committee, as deter-
23 mined by the Secretary, an agri-
24 cultural producer shall be located
25 within the area under the jurisdic-

1 *diction of a county, area, or local*
2 *committee, and participate or co-*
3 *operate in programs administered*
4 *within that area.*

5 “(bb) *OUTREACH.*—*In addi-*
6 *tion to such nominating proce-*
7 *dures as the Secretary may pre-*
8 *scribe, the Secretary shall solicit*
9 *and accept nominations from or-*
10 *ganizations representing the inter-*
11 *ests of socially disadvantaged*
12 *groups (as defined in section*
13 *355(e)(1) of the Consolidated*
14 *Farm and Rural Development Act*
15 *(7 U.S.C. 2003(e)(1)).*

16 “(IV) *OPENING OF BALLOTS.*—

17 “(aa) *PUBLIC NOTICE.*—*At*
18 *least 10 days before the date on*
19 *which ballots are to be opened and*
20 *counted, a county, area, or local*
21 *committee shall announce the*
22 *date, time, and place at which*
23 *election ballots will be opened and*
24 *counted.*

1 “(bb) *OPENING OF BAL-*
2 *LOTS.—Election ballots shall not*
3 *be opened until the date and time*
4 *announced under item (aa).*

5 “(cc) *OBSERVATION.—Any*
6 *person may observe the opening*
7 *and counting of the election bal-*
8 *lots.*

9 “(V) *REPORT OF ELECTION.—Not*
10 *later than 20 days after the date on*
11 *which an election is held, a county,*
12 *area, or local committee shall file an*
13 *election report with the Secretary and*
14 *the State office of the Farm Service*
15 *Agency that includes—*

16 “(aa) *the number of eligible*
17 *voters in the area covered by the*
18 *county, area, or local committee;*

19 “(bb) *the number of ballots*
20 *cast in the election by eligible vot-*
21 *ers (including the percentage of el-*
22 *igible voters that cast ballots);*

23 “(cc) *the number of ballots*
24 *disqualified in the election;*

1 “(dd) the percentage that the
2 number of ballots disqualified is
3 of the number of ballots received;

4 “(ee) the number of nominees
5 for each seat up for election;

6 “(ff) the race, ethnicity, and
7 gender of each nominee, as pro-
8 vided through the voluntary self-
9 identification of each nominee;
10 and

11 “(gg) the final election re-
12 sults (including the number of
13 ballots received by each nominee).

14 “(VI) NATIONAL REPORT.—Not
15 later than 90 days after the date on
16 which the first election of a county,
17 area, or local committee that occurs
18 after the date of enactment of the Agri-
19 culture, Conservation, and Rural En-
20 hancement Act of 2002 is held, the Sec-
21 retary shall complete a report that con-
22 solidates all the election data reported
23 to the Secretary under subclause (V).

24 “(VII) ELECTION REFORM.—

1 “(aa) *ANALYSIS.*—If deter-
2 mined necessary by the Secretary
3 after analyzing the data contained
4 in the report under subclause
5 (VI), the Secretary shall promul-
6 gate and publish in the Federal
7 Register proposed uniform guide-
8 lines for conducting elections for
9 members and alternate members
10 of county, area, and local commit-
11 tees not later than 1 year after the
12 date of completion of the report.

13 “(bb) *INCLUSION.*—The pro-
14 cedures promulgated by the Sec-
15 retary under item (aa) shall en-
16 sure fair representation of socially
17 disadvantaged groups described in
18 subclause (III)(bb) in an area
19 covered by the county, area, or
20 local committee, in cases in which
21 those groups are underrepresented
22 on the county, area, or local com-
23 mittee for that area.

24 “(cc) *METHODS OF INCLU-*
25 *SION.*—Notwithstanding clause

1 (ii), the Secretary may ensure in-
2 clusion of socially disadvantaged
3 farmers and ranchers through
4 provisions allowing for appoint-
5 ment of additional voting mem-
6 bers to a county, area, or local
7 committee or through other meth-
8 ods.

9 “(iv) *TERM OF OFFICE.*—The term of
10 office for a member of a county, area, or
11 local committee shall not exceed 3 years.

12 “(v) *PUBLIC AVAILABILITY AND RE-*
13 *PORT TO CONGRESS.*—

14 “(I) *PUBLIC DISCLOSURE.*—The
15 Secretary shall maintain and make
16 readily available to the public, via
17 website and otherwise in electronic and
18 paper form, all data required to be col-
19 lected and computed under section
20 2501A(c) of the Food, Agriculture,
21 Conservation, and Trade Act of 1990
22 and clause (iii)(V) collected annually
23 since the most recent Census of Agri-
24 culture.

1 “(II) *REPORT TO CONGRESS.*—
2 *After each Census of Agriculture, the*
3 *Secretary shall report to Congress the*
4 *rate of loss or gain in participation by*
5 *each socially disadvantaged group, by*
6 *race, ethnicity, and gender, since the*
7 *previous Census.*”.

8 **SEC. 1058. ANIMAL ENTERPRISE TERRORISM.**

9 (a) *IN GENERAL.*—Section 43 of title 18, United
10 *States Code, is amended—*

11 (1) *by striking subsections (a) and (b) and in-*
12 *serting the following:*

13 “(a) *OFFENSE.*—

14 “(1) *IN GENERAL.*—*It shall be unlawful for a*
15 *person to—*

16 “(A) *travel in interstate or foreign com-*
17 *merce, or use or cause to be used the mail or any*
18 *facility in interstate or foreign commerce, for the*
19 *purpose of causing physical disruption to the*
20 *functioning of an animal enterprise; and*

21 “(B) *intentionally damage or cause the loss*
22 *of any property (including an animal or record)*
23 *used by the animal enterprise, or conspire to do*
24 *so.*

25 “(b) *PENALTIES.*—

1 “(1) *ECONOMIC DAMAGE*.—A person that, in the
2 course of a violation of subsection (a), causes eco-
3 nomic damage to an animal enterprise in an amount
4 less than \$10,000 shall be imprisoned not more than
5 6 months, fined under this title, or both.

6 “(2) *MAJOR ECONOMIC DAMAGE*.—A person that,
7 in the course of a violation of subsection (a), causes
8 economic damage to an animal enterprise in an
9 amount equal to or greater than \$10,000 shall be im-
10 prisoned not more than 3 years, fined under this title,
11 or both.

12 “(3) *SERIOUS BODILY INJURY*.—A person that,
13 in the course of a violation of subsection (a), causes
14 serious bodily injury to another individual shall be
15 imprisoned not more than 20 years, fined under this
16 title, or both.

17 “(4) *DEATH*.—A person that, in the course of a
18 violation of subsection (a), causes the death of an in-
19 dividual shall be imprisoned for life or for any term
20 of years, fined under this title, or both.”; and

21 (2) in subsection (c)—

22 (A) in the matter preceding paragraph (1),
23 by striking “restitution—” and inserting “res-
24 titution for—”;

25 (B) in paragraph (1)—

1 (i) by striking “for”; and

2 (ii) by striking “and” at the end;

3 (C) in paragraph (2), by striking the period
4 at the end and inserting “; and”; and

5 (D) by adding at the end the following:

6 “(3) any other economic damage resulting from
7 the offense.”.

8 **SEC. 1059. PSEUDORABIES ERADICATION PROGRAM.**

9 Section 2506(d) of the Food, Agriculture, Conserva-
10 tion, and Trade Act of 1990 (21 U.S.C. 114i(d)) is amended
11 by striking “2002” and inserting “2006”.

12 **SEC. 1060. TRANSPORTATION OF POULTRY AND OTHER ANI-**
13 **MALS.**

14 Section 5402(d)(2) of title 39, United States Code (as
15 amended by section 651(2) of Public Law 107–67 (115 Stat.
16 557)), is amended by striking subparagraph (C).

17 **SEC. 1061. EMERGENCY GRANTS TO ASSIST LOW-INCOME**
18 **MIGRANT AND SEASONAL FARMWORKERS.**

19 Section 2281 of the Food, Agriculture, Conservation,
20 and Trade Act of 1990 (42 U.S.C. 5177a) is amended—

21 (1) in subsection (a), by striking “, not to exceed
22 \$20,000,000 annually,”; and

23 (2) by striking subsection (c) and inserting the
24 following:

1 “(c) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 2 *authorized to be appropriated to carry out this section*
 3 *\$40,000,000 for each of fiscal years 2002 through 2006.*”.

4 **SEC. 1062. TREE ASSISTANCE PROGRAM.**

5 (a) *IN GENERAL.*—*Section 194 of the Federal Agri-*
 6 *culture Improvement and Reform Act of 1996 (Public Law*
 7 *104–127; 110 Stat. 945) is amended to read as follows:*

8 **“SEC. 194. TREE ASSISTANCE PROGRAM.**

9 “(a) *DEFINITIONS.*—*In this section:*

10 “(1) *ELIGIBLE ORCHARDIST.*—*The term ‘eligible*
 11 *orchardist’ means a person that produces annual*
 12 *crops from trees for commercial purposes,*

13 “(2) *NATURAL DISASTER.*—*The term ‘natural*
 14 *disaster’ means plant disease, insect infestation,*
 15 *drought, fire, freeze, flood, earthquake, and other nat-*
 16 *ural occurrences, as determined by the Secretary.*

17 “(3) *TREE.*—*The term ‘tree’ includes trees,*
 18 *bushes, and vines.*

19 “(4) *SECRETARY.*—*The term ‘Secretary’ means*
 20 *the Secretary of Agriculture.*

21 “(b) *ELIGIBILITY.*—

22 “(1) *LOSS.*—*Subject to paragraph (2), the Sec-*
 23 *retary shall provide assistance in accordance with*
 24 *subsection (c) to eligible orchardists that, as deter-*
 25 *mined by the Secretary—*

1 “(A) *planted trees for commercial purposes;*
2 *and*

3 “(B) *lost those trees as a result of a natural*
4 *disaster.*

5 “(2) *LIMITATION.—An eligible orchardist shall*
6 *qualify for assistance under subsection (c) only if the*
7 *tree mortality rate of the orchardist, as a result of the*
8 *natural disaster, exceeds 15 percent (adjusted for nor-*
9 *mal mortality), as determined by the Secretary.*

10 “(c) *ASSISTANCE.—*

11 “(1) *IN GENERAL.—Assistance provided by the*
12 *Secretary to eligible orchardists for losses described in*
13 *subsection (b) shall consist of—*

14 “(A) *reimbursement of 75 percent of the cost*
15 *of replanting trees lost due to a natural disaster,*
16 *as determined by the Secretary, in excess of 15*
17 *percent mortality (adjusted for normal mor-*
18 *tality); or*

19 “(B) *at the discretion of the Secretary, suf-*
20 *ficient tree seedlings to reestablish the stand.*

21 “(2) *LIMITATION ON ASSISTANCE.—*

22 “(A) *LIMITATION.—The total amount of*
23 *payments that a person may receive under this*
24 *section shall not exceed—*

25 “(i) *\$100,000; or*

1 “(ii) an equivalent value in tree seed-
2 lings.

3 “(B) REGULATIONS.—The Secretary shall
4 promulgate regulations that—

5 “(i) define the term ‘person’ for the
6 purposes of this section (which definition
7 shall conform, to the extent practicable, to
8 the regulations defining the term ‘person’
9 promulgated under section 1001 of the Food
10 Security Act of 1985 (7 U.S.C. 1308); and

11 “(ii) prescribe such rules as the Sec-
12 retary determines are necessary to ensure a
13 fair and reasonable application of the limi-
14 tation established under this section.

15 “(d) AUTHORIZATION OF APPROPRIATIONS.—Notwith-
16 standing section 161, there is authorized to be appropriated
17 such sums as are necessary to carry out this section for each
18 of fiscal years 2002 through 2006.”.

19 (b) APPLICATION DATE.—The amendment made by
20 subsection (a) shall apply to tree losses that are incurred
21 as a result of a natural disaster after January 1, 2000.

22 **SEC. 1063. PRECLEARANCE QUARANTINE INSPECTIONS.**

23 *The Food, Agriculture, Conservation, and Trade Act*
24 *of 1990 is amended by inserting after section 2505 (Public*
25 *Law 101–624; 104 Stat. 4068) the following:*

1 **“SEC. 2505A. PRECLEARANCE QUARANTINE INSPECTIONS.**

2 “(a) *IN GENERAL.*—Subject to subsection (b), the Sec-
3 retary of Agriculture, acting through the Administrator of
4 the Animal and Plant Health Inspection Service, shall con-
5 duct, at all direct departure and interline airports in the
6 State of Hawaii, preclearance quarantine inspections of
7 persons, baggage, cargo, and any other articles destined for
8 movement from the State of Hawaii to—

9 “(1) the continental United States;

10 “(2) Guam;

11 “(3) Puerto Rico; or

12 “(4) the Virgin Islands of the United States.

13 “(b) *LIMITATION.*—Subsection (a) shall not be imple-
14 mented unless appropriations for necessary expenses of the
15 Animal and Plant Health Inspection Service for inspection,
16 quarantine, and regulatory activities are increased by an
17 amount not less than \$3,000,000 in a fiscal year 2002 ap-
18 propriation Act other than the Agriculture, Rural Develop-
19 ment, Food and Drug Administration, and Related Agen-
20 cies Appropriations Act, 2002 (Public Law 107–76).”.

21 **SEC. 1064. EMERGENCY LOANS FOR SEED PRODUCERS.**

22 Section 253(b)(5)(B) of the Agricultural Risk Protec-
23 tion Act of 2000 (Public Law 106–224; 114 Stat. 423) is
24 amended by striking “18 months” and inserting “54
25 months”.

1 **SEC. 1065. NATIONAL ORGANIC CERTIFICATION COST-**
2 **SHARE PROGRAM.**

3 (a) *IN GENERAL.*—*Of funds of the Commodity Credit*
4 *Corporation, the Secretary of Agriculture (acting through*
5 *the Agricultural Marketing Service) shall use \$3,500,000 for*
6 *fiscal year 2002, \$3,500,000 for each of fiscal years 2003*
7 *and 2004, and \$3,000,000 for fiscal year 2005 to establish*
8 *a national organic certification cost-share program to assist*
9 *producers and handlers of agricultural products in obtain-*
10 *ing certification under the national organic production pro-*
11 *gram established under the Organic Foods Production Act*
12 *of 1990 (7 U.S.C. 6501 et seq.).*

13 (b) *FEDERAL SHARE.*—

14 (1) *IN GENERAL.*—*Subject to paragraph (2), the*
15 *Secretary shall pay under this section not more than*
16 *75 percent of the costs incurred by a producer or han-*
17 *dler in obtaining certification under the national or-*
18 *ganic production program, as certified to and ap-*
19 *proved by the Secretary.*

20 (2) *MAXIMUM AMOUNT.*—*The maximum amount*
21 *of a payment made to a producer or handler under*
22 *this section shall be \$500.*

23 **SEC. 1066. FOOD SAFETY COMMISSION.**

24 (a) *ESTABLISHMENT.*—

25 (1) *IN GENERAL.*—*There is established a com-*
26 *mission to be known as the “Food Safety Commis-*

1 *sion*” (referred to in this section as the “*Commis-*
2 *sion*”).

3 (2) *MEMBERSHIP*.—

4 (A) *COMPOSITION*.—*The Commission shall*
5 *be composed of 15 members, of whom—*

6 (i) *4 shall be appointed by the Major-*
7 *ity Leader of the Senate;*

8 (ii) *3 shall be appointed by the Minor-*
9 *ity Leader of the Senate;*

10 (iii) *4 shall be appointed by the Speak-*
11 *er of the House of Representatives;*

12 (iv) *3 shall be appointed by the Minor-*
13 *ity Leader of the House of Representatives;*
14 *and*

15 (v) *1 shall—*

16 (I) *be appointed jointly by the*
17 *Speaker of the House of Representa-*
18 *tives and the Majority Leader of the*
19 *Senate; and*

20 (II) *serve as chairperson.*

21 (B) *ELIGIBILITY*.—*Members of the*
22 *Commission—*

23 (i) *shall be knowledgeable or have ex-*
24 *pertise or training in matters under the ju-*
25 *risdiction of the Commission;*

- 1 (ii) shall represent, at a minimum—
- 2 (I) consumer groups;
- 3 (II) food processors, producers,
- 4 and retailers;
- 5 (III) public health professionals;
- 6 (IV) food inspectors;
- 7 (V) former or current food safety
- 8 regulators;
- 9 (VI) members of academia; or
- 10 (VII) any other interested indi-
- 11 viduals; and
- 12 (iii) shall not be Federal employees.

13 (C) DATE OF APPOINTMENTS.—The ap-

14 pointment of a member of the Commission shall

15 be made not later than 60 days after the date of

16 enactment of this Act.

17 (D) CONSULTATION.—The Speaker of the

18 House of Representatives, the Minority Leader of

19 the House of Representatives, the Majority Lead-

20 er of the Senate, and the Minority Leader of the

21 Senate shall consult among themselves prior to

22 appointing the members of the Commission

23 under subparagraph (A) to achieve, to the max-

24 imum extent practicable—

- 25 (i) consensus on the appointments; and

1 (ii) *fair and equitable representation of*
2 *various points of view with respect to mat-*
3 *ters reviewed by the Commission.*

4 (E) *VACANCIES.—A vacancy on the*
5 *Commission—*

6 (i) *shall not affect the powers of the*
7 *Commission; and*

8 (ii) *shall be filled—*

9 (I) *not later than 60 days after*
10 *the date on which the vacancy occurs;*
11 *and*

12 (II) *in the same manner as the*
13 *original appointment was made.*

14 (3) *MEETINGS.—*

15 (A) *INITIAL MEETING.—The initial meeting*
16 *of the Commission shall be conducted not later*
17 *than 30 days after the later of—*

18 (i) *the date of appointment of the final*
19 *member of the Commission; or*

20 (ii) *the date on which funds authorized*
21 *to be appropriated under subsection (f)(1)*
22 *are made available.*

23 (B) *OTHER MEETINGS.—The Commission*
24 *shall meet at the call of the Chairperson.*

25 (4) *QUORUM; STANDING RULES.—*

1 (A) *QUORUM.*—A majority of the members
2 of the Commission shall constitute a quorum to
3 conduct business.

4 (B) *STANDING RULES.*—At the first meeting
5 of the Commission, the Commission shall adopt
6 standing rules of the Commission to guide the
7 conduct of business and decisionmaking of the
8 Commission.

9 (C) *CONSENSUS.*—

10 (i) *IN GENERAL.*—To the maximum ex-
11 tent practicable, the Commission shall carry
12 out the duties of the Commission by reach-
13 ing consensus.

14 (ii) *VOTING.*—

15 (I) *IN GENERAL.*—If the Commis-
16 sion is unable to achieve consensus
17 with respect to a particular decision,
18 the Commission shall vote on the deci-
19 sion.

20 (II) *AUTHORITY.*—Each member
21 of the Commission shall have 1 vote,
22 which vote shall be accorded the same
23 weight as a vote of each other voting
24 member.

25 (b) *DUTIES.*—

1 (1) *RECOMMENDATIONS.*—

2 (A) *IN GENERAL.*—*The Commission shall*
3 *make specific recommendations that build on*
4 *and implement, to the maximum extent prac-*
5 *ticable, the recommendations contained in the re-*
6 *port of the National Academy of Sciences enti-*
7 *tled “Ensuring Safe Food from Production to*
8 *Consumption” and that shall serve as the basis*
9 *for draft legislative language to—*

10 (i) *improve the food safety system;*

11 (ii) *improve public health;*

12 (iii) *create a harmonized, central*
13 *framework for managing Federal food safety*
14 *programs (including outbreak management,*
15 *standard-setting, inspection, monitoring,*
16 *surveillance, risk assessment, enforcement,*
17 *research, and education);*

18 (iv) *enhance the effectiveness of Federal*
19 *food safety resources; and*

20 (v) *eliminate, to the maximum extent*
21 *practicable, gaps, conflicts, duplication, and*
22 *failures in the food safety system.*

23 (B) *COMPONENTS.*—*Recommendations*
24 *made by the Commission under subparagraph*
25 *(A) shall, at a minimum, address—*

1 (i) all food available commercially in
2 the United States, including meat, poultry,
3 eggs, seafood, and produce;

4 (ii) the application of all resources
5 based on risk, including resources for in-
6 spection, research, enforcement, and edu-
7 cation;

8 (iii) shortfalls, redundancy, and incon-
9 sistency in laws (including regulations);
10 and

11 (iv) the use of science-based methods,
12 performance standards, and preventative
13 control systems to ensure the safety of the
14 food supply of the United States.

15 (2) *REPORT.*—Not later than 1 year after the
16 date on which the Commission first meets, the Com-
17 mission shall submit to the President and Congress a
18 comprehensive report that includes—

19 (A) the findings, conclusions, and rec-
20 ommendations of the Commission;

21 (B) a summary of any reports submitted to
22 the Commission under subsection (e) by—

23 (i) the Advisory Commission on Inter-
24 governmental Relations; and

25 (ii) the National Academy of Sciences;

1 (C) a summary of any other material used
2 by the Commission in the preparation of the re-
3 port under this paragraph; and

4 (D) if requested by 1 or more members of
5 the Commission, a statement of the minority
6 views of the Commission.

7 (c) *POWERS OF THE COMMISSION.*—

8 (1) *HEARINGS.*—*The Commission or, at the di-*
9 *rection of the Commission, any subcommittee or mem-*
10 *ber of the Commission, may, for the purpose of car-*
11 *rying out this section hold such hearings, meet and*
12 *act at such times and places, take such testimony, re-*
13 *ceive such evidence, and administer such oaths, as the*
14 *Commission or such subcommittee or member con-*
15 *siders advisable.*

16 (2) *WITNESS ALLOWANCES AND FEES.*—

17 (A) *IN GENERAL.*—*Section 1821 of title 28,*
18 *United States Code, shall apply to a witness re-*
19 *quested to appear at a hearing of the Commis-*
20 *sion.*

21 (B) *EXPENSES.*—*The per diem and mileage*
22 *allowances for a witness shall be paid from funds*
23 *available to pay the expenses of the Commission.*

24 (3) *INFORMATION FROM FEDERAL AGENCIES.*—

1 (A) *IN GENERAL.*—*The Commission may se-*
2 *cure directly, from any Federal Department or*
3 *agency, such information as the Commission*
4 *considers necessary to carry out the duties of the*
5 *Commission under subsection (b).*

6 (B) *PROVISION OF INFORMATION.*—

7 (i) *IN GENERAL.*—*Subject to subpara-*
8 *graph (C), on the request of the Commis-*
9 *sion, the head of a department or agency*
10 *described in subparagraph (A) shall furnish*
11 *information requested by the Commission to*
12 *the Commission.*

13 (ii) *ADMINISTRATION.*—*The furnishing*
14 *of information by a department or agency*
15 *to the Commission shall not be considered a*
16 *waiver of any exemption available to the*
17 *department or agency under section 552 of*
18 *title 5, United States Code.*

19 (C) *INFORMATION TO BE KEPT CONFIDEN-*
20 *TIAL.*—

21 (i) *IN GENERAL.*—*For purposes of sec-*
22 *tion 1905 of title 18, United States Code—*

23 (I) *the Commission shall be con-*
24 *sidered an agency of the Federal Gov-*
25 *ernment; and*

1 (ii) any individual employed by
2 an individual, entity, or organization
3 that is a party to a contract with the
4 Commission under subsection (e) shall
5 be considered an employee of the Com-
6 mission.

7 (ii) *PROHIBITION ON DISCLOSURE.*—
8 Information obtained by the Commission,
9 other than information that is available to
10 the public, shall not be disclosed to any per-
11 son in any manner except—

12 (I) to an employee of the Commis-
13 sion described in clause (i), for the
14 purpose of receiving, reviewing, or
15 processing the information;

16 (II) in compliance with a court
17 order; or

18 (III) in any case in which the in-
19 formation is publicly released by the
20 Commission in an aggregate or sum-
21 mary form that does not directly or in-
22 directly disclose—

23 (aa) the identity of any per-
24 son or business entity; or

1 *(bb) any information the re-*
2 *lease of which is prohibited under*
3 *section 1905 of title 18, United*
4 *States Code.*

5 *(d) COMMISSION PERSONNEL MATTERS.—*

6 *(1) COMPENSATION OF MEMBERS.—A member of*
7 *the Commission shall be compensated at a rate equal*
8 *to the daily equivalent of the annual rate of basic pay*
9 *prescribed for level IV of the Executive Schedule*
10 *under section 5315 of title 5, United States Code, for*
11 *each day (including travel time) during which the*
12 *member is engaged in the performance of the duties*
13 *of the Commission.*

14 *(2) TRAVEL EXPENSES.—A member of the Com-*
15 *mission shall be allowed travel expenses, including*
16 *per diem in lieu of subsistence, at rates authorized for*
17 *an employee of an agency under subchapter I of chap-*
18 *ter 57 of title 5, United States Code, while away from*
19 *the home or regular place of business of the member*
20 *in the performance of the duties of the Commission.*

21 *(3) STAFF.—*

22 *(A) IN GENERAL.—The Chairperson of the*
23 *Commission may, without regard to the civil*
24 *service laws (including regulations), appoint and*
25 *terminate an executive director and such other*

1 *additional personnel as are necessary to enable*
2 *the Commission to perform the duties of the*
3 *Commission.*

4 *(B) CONFIRMATION OF EXECUTIVE DIRECTOR.—The employment of an executive director*
5 *shall be subject to confirmation by the Commis-*
6 *sion.*

8 *(C) COMPENSATION.—*

9 *(i) IN GENERAL.—Except as provided*
10 *in clause (ii), the Chairperson of the Com-*
11 *mission may fix the compensation of the ex-*
12 *ecutive director and other personnel without*
13 *regard to the provisions of chapter 51 and*
14 *subchapter III of chapter 53 of title 5,*
15 *United States Code, relating to classifica-*
16 *tion of positions and General Schedule pay*
17 *rates.*

18 *(ii) MAXIMUM RATE OF PAY.—The rate*
19 *of pay for the executive director and other*
20 *personnel shall not exceed the rate payable*
21 *for level V of the Executive Schedule under*
22 *section 5316 of title 5, United States Code.*

23 *(4) DETAIL OF FEDERAL GOVERNMENT EMPLOY-*
24 *EES.—*

1 (A) *IN GENERAL.*—*Notwithstanding any*
2 *other provision of law (including an Act of ap-*
3 *propriation), an employee of the Federal Govern-*
4 *ment may be detailed to the Commission, with-*
5 *out reimbursement, for such period of time as the*
6 *Commission may require.*

7 (B) *CIVIL SERVICE STATUS.*—*The detail of*
8 *the employee shall be without interruption or*
9 *loss of civil service status or privilege.*

10 (5) *PROCUREMENT OF TEMPORARY AND INTER-*
11 *MITTENT SERVICES.*—*The Chairperson of the Com-*
12 *mission may procure temporary and intermittent*
13 *services in accordance with section 3109(b) of title 5,*
14 *United States Code, at rates for individuals that do*
15 *not exceed the daily equivalent of the annual rate of*
16 *basic pay prescribed for level V of the Executive*
17 *Schedule under section 5316 of that title.*

18 (e) *CONTRACTS FOR RESEARCH.*—

19 (1) *ADVISORY COMMISSION ON INTERGOVERN-*
20 *MENTAL RELATIONS.*—

21 (A) *IN GENERAL.*—*In carrying out the du-*
22 *ties of the Commission under subsection (b), the*
23 *Commission may enter into contracts with the*
24 *Advisory Commission on Intergovernmental Re-*
25 *lations under which the Advisory Commission on*

1 *Intergovernmental Relations shall conduct a*
2 *thorough review of, and shall catalogue, all ap-*
3 *plicable Federal, State, local, and tribal laws,*
4 *regulations, and ordinances that pertain to food*
5 *safety in the United States.*

6 *(B) REPORT.—A contract under subpara-*
7 *graph (A) shall require that, not later than 240*
8 *days after the date on which the Commission*
9 *first meets, the Advisory Commission on Inter-*
10 *governmental Relations shall submit to the Com-*
11 *mission a report that describes the results of the*
12 *services rendered by the Advisory Commission on*
13 *Intergovernmental Relations under the contract.*

14 *(2) NATIONAL ACADEMY OF SCIENCES.—*

15 *(A) IN GENERAL.—In carrying out the du-*
16 *ties of the Commission under subsection (b), the*
17 *Commission may enter in contracts with the Na-*
18 *tional Academy of Sciences to obtain research or*
19 *other assistance.*

20 *(B) REPORT.—A contract under subpara-*
21 *graph (A) shall require that, not later than 240*
22 *days after the date on which the Commission*
23 *first meets, the National Academy of Sciences*
24 *shall submit to the Commission a report that de-*
25 *scribes the results of the services to be rendered*

1 *by the National Academy of Sciences under the*
2 *contract.*

3 (3) *OTHER ORGANIZATIONS.—Nothing in this*
4 *subsection limits or otherwise affects the ability of the*
5 *Commission to enter into a contract with an entity*
6 *or organization that is not described in paragraph*
7 *(1) or (2) to obtain assistance in conducting research*
8 *necessary to carry out the duties of the Commission*
9 *under subsection (b).*

10 (f) *AUTHORIZATION OF APPROPRIATIONS.—*

11 (1) *IN GENERAL.—There is authorized to be ap-*
12 *propriated to carry out this section \$3,000,000.*

13 (2) *LIMITATION.—No payment may be made*
14 *under subsection (d) or (e) except to the extent pro-*
15 *vided for in advance in an appropriations Act.*

16 (g) *TERMINATION.—The Commission shall terminate*
17 *on the date that is 60 days after the date on which the Com-*
18 *mission submits the recommendations and report under*
19 *subsection (b).*

20 **SEC. 1067. HUMANE METHODS OF ANIMAL SLAUGHTER.**

21 *It is the sense of Congress that—*

22 (1) *the Secretary of Agriculture should—*

23 (A) *resume tracking the number of viola-*
24 *tions of Public Law 85–765 (7 U.S.C. 1901 et*

1 *seq.) and report the results and relevant trends*
2 *annually to Congress; and*

3 *(B) fully enforce Public Law 85–765 by en-*
4 *sureing that humane methods in the slaughter of*
5 *livestock—*

6 *(i) prevent needless suffering;*

7 *(ii) result in safer and better working*
8 *conditions for persons engaged in the*
9 *slaughtering of livestock;*

10 *(iii) bring about improvement of prod-*
11 *ucts and economies in slaughtering oper-*
12 *ations; and*

13 *(iv) produce other benefits for pro-*
14 *ducers, processors, and consumers that tend*
15 *to expedite an orderly flow of livestock and*
16 *livestock products in interstate and foreign*
17 *commerce; and*

18 *(2) it should be the policy of the United States*
19 *that the slaughtering of livestock and the handling of*
20 *livestock in connection with slaughter shall be carried*
21 *out only by humane methods.*

22 **SEC. 1068. PENALTIES FOR VIOLATIONS OF PLANT PROTEC-**
23 **TION ACT.**

24 *Section 424 of the Plant Protection Act (7 U.S.C.*
25 *7734) is amended—*

1 (1) *by striking subsection (a) and inserting the*
2 *following:*

3 “(a) *CRIMINAL PENALTIES.—*

4 “(1) *IN GENERAL.—A person that knowingly*
5 *violates this title shall be subject to criminal penalties*
6 *in accordance with this subsection.*

7 “(2) *MAJOR VIOLATIONS.—*

8 “(A) *IN GENERAL.—Subject to subpara-*
9 *graphs (B) and (C), a person that commits a*
10 *violation of this title described in this subpara-*
11 *graph shall be guilty of a felony and, on convic-*
12 *tion, shall be imprisoned not more than 5 years,*
13 *fined not more than \$25,000, or both, in the case*
14 *of a violation of this title involving—*

15 “(i) *plant pests;*

16 “(ii) *more than 50 pounds of plants;*

17 “(iii) *more than 5 pounds of plant*
18 *products;*

19 “(iv) *more than 50 pounds of noxious*
20 *weeds;*

21 “(v) *possession with intent to dis-*
22 *tribute or sell items described in clause (i),*
23 *(ii), (iii), or (iv), knowing the items have*
24 *been involved in a violation of this title; or*

1 “(vi) forging, counterfeiting, or without
2 authority from the Secretary, using, alter-
3 ing, defacing, or destroying a certificate,
4 permit, or other document provided under
5 this title.

6 “(B) *MULTIPLE VIOLATIONS.*—On the sec-
7 ond and any subsequent conviction of a person
8 of a violation of this title described in subpara-
9 graph (A), the person shall be imprisoned not
10 more than 10 years or fined not more than
11 \$50,000, or both.

12 “(C) *INTENT TO HARM AGRICULTURE OF*
13 *UNITED STATES.*—In the case of a knowing
14 movement in violation of this title by a person
15 of a plant, plant product, biological control orga-
16 nism, plant pest, noxious weed, article, or means
17 of conveyance into, out of, or within the United
18 States, with the intent to harm the agriculture of
19 the United States by introduction into the
20 United States or dissemination of a plant pest or
21 noxious weed within the United States, the per-
22 son shall be imprisoned not less than 10 nor
23 more than 20 years, fined not more than
24 \$500,000, or both.

25 “(3) *OTHER VIOLATIONS.*—

1 “(A) *IN GENERAL.*—Subject to subpara-
2 graph (B), a person shall be imprisoned not
3 more than 1 year, fined not more than \$1,000,
4 or both, in the case of a violation of this title
5 involving—

6 “(i) 50 pounds or less of plants;

7 “(ii) 5 pounds or less of plant prod-
8 ucts; or

9 “(iii) 50 pounds or less of noxious
10 weeds.

11 “(B) *MULTIPLE VIOLATIONS.*—On the sec-
12 ond and any subsequent conviction of a person
13 that commits a violation of this title described in
14 this subparagraph shall be guilty of a mis-
15 demeanor and, on conviction, of a violation of
16 this title described in subparagraph (A), the per-
17 son shall be imprisoned not more than 3 years,
18 fined not more than \$10,000, or both.”;

19 (2) by redesignating subsections (b), (c), and (d)
20 as subsections (c), (e), (f), respectively;

21 (3) by inserting after subsection (a) the fol-
22 lowing:

23 “(b) *CRIMINAL FORFEITURE.*—

24 “(1) *IN GENERAL.*—In imposing a sentence on a
25 person convicted of a violation of this title, in addi-

1 *tion to any other penalty imposed under this section*
2 *and irrespective of any provision of State law, a*
3 *court shall order that the person forfeit to the United*
4 *States—*

5 *“(A) any of the property of the person used*
6 *to commit or to facilitate the commission of the*
7 *violation (other than a misdemeanor); and*

8 *“(B) any property, real or personal, consti-*
9 *tuting, derived from, or traceable to any proceeds*
10 *that the person obtained directly or indirectly as*
11 *a result of the violation.*

12 *“(2) PROCEDURES.—All property subject to for-*
13 *feiture under this subsection, any seizure and disposi-*
14 *tion of the property, and any proceeding relating to*
15 *the forfeiture shall be subject to the procedures of sec-*
16 *tion 413 of the Comprehensive Drug Abuse Prevention*
17 *and Control Act of 1970 (21 U.S.C. 853), other than*
18 *subsections (d) and (q).*

19 *“(3) PROCEEDS.—The proceeds from the sale of*
20 *any forfeited property, and any funds forfeited, under*
21 *this subsection shall be used—*

22 *“(A) first, to reimburse the Department of*
23 *Justice, the United States Postal Service, and*
24 *the Department of the Treasury for any costs in-*

1 *curring by the Departments and the Service to*
2 *initiate and complete the forfeiture proceeding;*

3 *“(B) second, to reimburse the Office of In-*
4 *pector General of the Department of Agriculture*
5 *for any costs incurred by the Office in the law*
6 *enforcement effort resulting in the forfeiture;*

7 *“(C) third, to reimburse any Federal or*
8 *State law enforcement agency for any costs in-*
9 *curring in the law enforcement effort resulting in*
10 *the forfeiture; and*

11 *“(D) fourth, by the Secretary to carry out*
12 *the functions of the Secretary under this title.”;*
13 *and*

14 *(4) by inserting after subsection (c) (as redesign-*
15 *ated by paragraph (2)) the following:*

16 *“(c) CIVIL FORFEITURE.—*

17 *“(1) IN GENERAL.—There shall be subject to for-*
18 *feiture to the United States any property, real or*
19 *personal—*

20 *“(A) used to commit or used knowingly to*
21 *facilitate the commission of a violation (other*
22 *than a misdemeanor) described in subsection (a);*
23 *or*

1 “(B) constituting, derived from, or traceable
2 to proceeds of a violation described in subsection
3 (a).

4 “(2) PROCEDURES.—

5 “(A) IN GENERAL.—Subject to subpara-
6 graph (B), the procedures of chapter 46 of title
7 18, United States Code, relating to civil forfeit-
8 ures shall apply to a seizure or forfeiture under
9 this subsection, to the extent that the procedures
10 are applicable and consistent with this sub-
11 section.

12 “(B) PERFORMANCE OF DUTIES.—Duties
13 imposed on the Secretary of the Treasury under
14 chapter 46 of title 18, United States Code, shall
15 be performed with respect to seizures and forfeit-
16 ures under this subsection by officers, employees,
17 agents, and other persons designated by the Sec-
18 retary of Agriculture.’.

19 **SEC. 1069. CONNECTICUT RIVER ATLANTIC SALMON COM-**
20 **MISSION.**

21 (a) EFFECTIVE PERIOD.—Section 3(2) of Public Law
22 98–138 (Public Law 98–138; 97 Stat. 870) is amended by
23 striking “twenty” and inserting “40”.

1 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Public
2 *Law 98–138 (97 Stat. 866) is amended by adding at the*
3 *end the following:*

4 **“SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

5 *“There is authorized to be appropriated to the Sec-*
6 *retary of the Interior to carry out the activities of the Con-*
7 *necticut River Atlantic Salmon Commission \$9,000,000 for*
8 *each of fiscal years 2002 through 2010.”.*

9 **SEC. 1070. BEAR PROTECTION.**

10 (a) *SHORT TITLE.*—*This section may be cited as the*
11 *“Bear Protection Act of 2002”.*

12 (b) *FINDINGS.*—*Congress finds that—*

13 (1) *all 8 extant species of bear—Asian black*
14 *bear, brown bear, polar bear, American black bear,*
15 *spectacled bear, giant panda, sun bear, and sloth*
16 *bear—are listed on Appendix I or II of the Conven-*
17 *tion on International Trade in Endangered Species of*
18 *Wild Fauna and Flora (27 UST 1087; TIAS 8249);*

19 (2)(A) *Article XIV of CITES provides that Par-*
20 *ties to CITES may adopt stricter domestic measures*
21 *regarding the conditions for trade, taking, possession,*
22 *or transport of species listed on Appendix I or II; and*

23 (B) *the Parties to CITES adopted a resolution*
24 *in 1997 (Conf. 10.8) urging the Parties to take imme-*

1 *diate action to demonstrably reduce the illegal trade*
2 *in bear parts;*

3 *(3)(A) thousands of bears in Asia are cruelly*
4 *confined in small cages to be milked for their bile;*
5 *and*

6 *(B) the wild Asian bear population has declined*
7 *significantly in recent years as a result of habitat loss*
8 *and poaching due to a strong demand for bear viscera*
9 *used in traditional medicines and cosmetics;*

10 *(4) Federal and State undercover operations*
11 *have revealed that American bears have been poached*
12 *for their viscera;*

13 *(5) while most American black bear populations*
14 *are generally stable or increasing, commercial trade*
15 *could stimulate poaching and threaten certain popu-*
16 *lations if the demand for bear viscera increases; and*

17 *(6) prohibitions against the importation into the*
18 *United States and exportation from the United*
19 *States, as well as prohibitions against the interstate*
20 *trade, of bear viscera and products containing, or la-*
21 *beled or advertised as containing, bear viscera will*
22 *assist in ensuring that the United States does not*
23 *contribute to the decline of any bear population as a*
24 *result of the commercial trade in bear viscera.*

1 (c) *PURPOSE.*—*The purpose of this section is to ensure*
2 *the long-term viability of the world’s 8 bear species by—*

3 (1) *prohibiting interstate and international*
4 *trade in bear viscera and products containing, or la-*
5 *beled or advertised as containing, bear viscera;*

6 (2) *encouraging bilateral and multilateral efforts*
7 *to eliminate such trade; and*

8 (3) *ensuring that adequate Federal legislation*
9 *exists with respect to domestic trade in bear viscera*
10 *and products containing, or labeled or advertised as*
11 *containing, bear viscera.*

12 (d) *DEFINITIONS.*—*In this section:*

13 (1) *BEAR VISCERA.*—*The term “bear viscera”*
14 *means the body fluids or internal organs, including*
15 *the gallbladder and its contents but not including the*
16 *blood or brains, of a species of bear.*

17 (2) *CITES.*—*The term “CITES” means the*
18 *Convention on International Trade in Endangered*
19 *Species of Wild Fauna and Flora (27 UST 1087;*
20 *TIAS 8249).*

21 (3) *IMPORT.*—*The term “import” means to land*
22 *on, bring into, or introduce into any place subject to*
23 *the jurisdiction of the United States, regardless of*
24 *whether the landing, bringing, or introduction con-*

1 *stitutes an importation within the meaning of the*
2 *customs laws of the United States.*

3 (4) *PERSON.*—*The term “person” means—*

4 (A) *an individual, corporation, partnership,*
5 *trust, association, or other private entity;*

6 (B) *an officer, employee, agent, department,*
7 *or instrumentality of—*

8 (i) *the Federal Government;*

9 (ii) *any State or political subdivision*
10 *of a State; or*

11 (iii) *any foreign government; and*

12 (C) *any other entity subject to the jurisdic-*
13 *tion of the United States.*

14 (5) *SECRETARY.*—*The term “Secretary” means*
15 *the Secretary of the Interior.*

16 (6) *STATE.*—*The term “State” means a State,*
17 *the District of Columbia, the Commonwealth of Puer-*
18 *to Rico, the Virgin Islands, Guam, the Common-*
19 *wealth of the Northern Mariana Islands, American*
20 *Samoa, and any other territory, commonwealth, or*
21 *possession of the United States.*

22 (7) *TRANSPORT.*—*The term “transport” means*
23 *to move, convey, carry, or ship by any means, or to*
24 *deliver or receive for the purpose of movement, con-*
25 *veyance, carriage, or shipment.*

1 (e) *PROHIBITED ACTS.*—

2 (1) *IN GENERAL.*—*Except as provided in para-*
3 *graph (2), a person shall not—*

4 (A) *import into, or export from, the United*
5 *States bear viscera or any product, item, or sub-*
6 *stance containing, or labeled or advertised as*
7 *containing, bear viscera; or*

8 (B) *sell or barter, offer to sell or barter,*
9 *purchase, possess, transport, deliver, or receive,*
10 *in interstate or foreign commerce, bear viscera or*
11 *any product, item, or substance containing, or*
12 *labeled or advertised as containing, bear viscera.*

13 (2) *EXCEPTION FOR WILDLIFE LAW ENFORCE-*
14 *MENT PURPOSES.*—*A person described in subsection*
15 *(d)(4)(B) may import into, or export from, the*
16 *United States, or transport between States, bear*
17 *viscera or any product, item, or substance containing,*
18 *or labeled or advertised as containing, bear viscera if*
19 *the importation, exportation, or transportation—*

20 (A) *is solely for the purpose of enforcing*
21 *laws relating to the protection of wildlife; and*

22 (B) *is authorized by a valid permit issued*
23 *under Appendix I or II of CITES, in any case*
24 *in which such a permit is required under*
25 *CITES.*

1 (f) *PENALTIES AND ENFORCEMENT.*—

2 (1) *CRIMINAL PENALTIES.*—A person that know-
3 ingly violates subsection (e) shall be fined under title
4 18, United States Code, imprisoned not more than 1
5 year, or both.

6 (2) *CIVIL PENALTIES.*—

7 (A) *AMOUNT.*—A person that knowingly
8 violates subsection (e) may be assessed a civil
9 penalty by the Secretary of not more than
10 \$25,000 for each violation.

11 (B) *MANNER OF ASSESSMENT AND COLLEC-*
12 *TION.*—A civil penalty under this paragraph
13 shall be assessed, and may be collected, in the
14 manner in which a civil penalty under the En-
15 dangered Species Act of 1973 may be assessed
16 and collected under section 11(a) of that Act (16
17 U.S.C. 1540(a)).

18 (3) *SEIZURE AND FORFEITURE.*—Any bear
19 viscera or any product, item, or substance imported,
20 exported, sold, bartered, attempted to be imported, ex-
21 ported, sold, or bartered, offered for sale or barter,
22 purchased, possessed, transported, delivered, or re-
23 ceived in violation of this subsection (including any
24 regulation issued under this subsection) shall be seized
25 and forfeited to the United States.

1 (4) *REGULATIONS.*—*After consultation with the*
2 *Secretary of the Treasury and the United States*
3 *Trade Representative, the Secretary shall issue such*
4 *regulations as are necessary to carry out this sub-*
5 *section.*

6 (5) *ENFORCEMENT.*—*The Secretary, the Sec-*
7 *retary of the Treasury, and the Secretary of the de-*
8 *partment in which the Coast Guard is operating shall*
9 *enforce this subsection in the manner in which the*
10 *Secretaries carry out enforcement activities under sec-*
11 *tion 11(e) of the Endangered Species Act of 1973 (16*
12 *U.S.C. 1540(e)).*

13 (6) *USE OF PENALTY AMOUNTS.*—*Amounts re-*
14 *ceived as penalties, fines, or forfeiture of property*
15 *under this subsection shall be used in accordance with*
16 *section 6(d) of the Lacey Act Amendments of 1981 (16*
17 *U.S.C. 3375(d)).*

18 (7) *DISCUSSIONS CONCERNING BEAR CONSERVATION*
19 *AND THE BEAR PARTS TRADE.*—*In order to seek to estab-*
20 *lish coordinated efforts with other countries to protect bears,*
21 *the Secretary shall continue discussions concerning trade*
22 *in bear viscera with—*

23 (1) *the appropriate representatives of Parties to*
24 *CITES; and*

1 (2) *the appropriate representatives of countries*
 2 *that are not parties to CITES and that are deter-*
 3 *mined by the Secretary and the United States Trade*
 4 *Representative to be the leading importers, exporters,*
 5 *or consumers of bear viscera.*

6 (h) *CERTAIN RIGHTS NOT AFFECTED.—Except as pro-*
 7 *vided in subsection (e), nothing in this section affects—*

8 (1) *the regulation by any State of the bear popu-*
 9 *lation of the State; or*

10 (2) *any hunting of bears that is lawful under*
 11 *applicable State law (including regulations).*

12 **SEC. 1071. REENACTMENT OF FAMILY FARMER BANK-**
 13 **RUPTCY PROVISIONS.**

14 (a) *REENACTMENT.—Notwithstanding any other pro-*
 15 *vision of law, chapter 12 of title 11, United States Code,*
 16 *is hereby reenacted.*

17 (b) *CONFORMING REPEAL.—Section 302(f) of Public*
 18 *Law 99–554 (100 Stat. 3124) is repealed.*

19 (c) *EFFECTIVE DATE.—This section shall be deemed*
 20 *to have taken effect on October 1, 2001.*

21 **SEC. 1072. PROHIBITION ON PACKERS OWNING, FEEDING,**
 22 **OR CONTROLLING LIVESTOCK.**

23 (a) *IN GENERAL.—Section 202 of the Packers and*
 24 *Stockyards Act, 1921 (7 U.S.C. 192(f)) (as amended by sec-*

1 *tion 1043(a)), is amended by striking subsection (f) and*
2 *inserting the following:*

3 “(f) *Own or feed livestock directly, through a sub-*
4 *sidary, or through an arrangement that gives the packer*
5 *operational, managerial, or supervisory control over the*
6 *livestock, or over the farming operation that produces the*
7 *livestock, to such an extent that the producer is no longer*
8 *materially participating in the management of the oper-*
9 *ation with respect to the production of the livestock, except*
10 *that this subsection shall not apply to—*

11 “(1) *an arrangement entered into within 14*
12 *days before slaughter of the livestock by a packer, a*
13 *person acting through the packer, or a person that di-*
14 *rectly or indirectly controls, or is controlled by or*
15 *under common control with, the packer;*

16 “(2) *a cooperative or entity owned by a coopera-*
17 *tive, if a majority of the ownership interest in the co-*
18 *operative is held by active cooperative members*
19 *that—*

20 “(A) *own, feed, or control livestock; and*

21 “(B) *provide the livestock to the cooperative*
22 *for slaughter; or*

23 “(3) *a packer that is owned or controlled by pro-*
24 *ducers of a type of livestock, if during a calendar year*
25 *the packer slaughters less than 2 percent of the head*

1 *of that type of livestock slaughtered in the United*
2 *States; or”.*

3 **(b) EFFECTIVE DATE.—**

4 **(1) IN GENERAL.—***Subject to paragraph (2), the*
5 *amendments made by subsection (a) take effect on the*
6 *date of enactment of this Act.*

7 **(2) TRANSITION RULES.—***In the case of a packer*
8 *that on the date of enactment of this Act owns, feeds,*
9 *or controls livestock intended for slaughter in viola-*
10 *tion of section 202(f) of the Packers and Stockyards*
11 *Act, 1921 (as amended by subsection (a)), the amend-*
12 *ments made by subsection (a) apply to the packer—*

13 **(A)** *in the case of a packer of swine, begin-*
14 *ning on the date that is 18 months after the date*
15 *of enactment of this Act; and*

16 **(B)** *in the case of a packer of any other*
17 *type of livestock, beginning as soon as prac-*
18 *ticable, but not later than 180 days, after the*
19 *date of enactment of this Act, as determined by*
20 *the Secretary of Agriculture.*

21 **SEC. 1073. EQUITY AND FAIRNESS FOR THE PROMOTION OF**
22 **IMPORTED HASS AVOCADOS.**

23 *Section 1205 of the Hass Avocado Promotion, Re-*
24 *search, and Information Act (contained in H.R. 5426 of*
25 *the One Hundred Sixth Congress, as introduced on October*

1 6, 2000 and as enacted by Public Law 106–387) is
2 amended—

3 (1) in subsection (b)(2) after subparagraph (B)
4 insert—

5 “(C) *FUTURE ALLOCATION.*—After 5 years,
6 the United States Department of Agriculture has
7 discretion to revisit the issue of seat allocation
8 on the board.”.

9 (2) in subsection (h)(1)(C)(iii) by striking every-
10 thing in the first sentence following “shall” and in-
11 serting in lieu thereof “be paid not less than 30 days
12 after the avocado clears customs, unless deemed not
13 feasible as determined by the Commissioner of Cus-
14 toms in consultation with the Secretary of Agri-
15 culture.”.

16 **SEC. 1074. SENSE OF THE SENATE REGARDING SOCIAL SE-**
17 **CURITY SURPLUS FUNDS.**

18 (a) *FINDINGS.*—

19 (1) Since both political parties have pledged not
20 to misuse social security surplus funds by spending
21 them for other purposes.

22 (2) Since under the Administration’s fiscal year
23 2003 budget, the Federal Government is projected to
24 spend the social security surplus for other purposes in
25 each of the next 10 years.

1 (3) *Since permanent extension of the inheritance*
2 *tax repeal would cost, according to the Administra-*
3 *tion’s estimate, approximately \$104,000,000,000 over*
4 *the next 10 years, all of which would further reduce*
5 *the social security surplus.*

6 (b) *SENSE OF THE SENATE.—Therefore it is the sense*
7 *of the Senate that no social security surplus funds should*
8 *be used to pay to make currently scheduled tax cuts perma-*
9 *nent or for wasteful spending.*

10 **SEC. 1075. SENSE OF THE SENATE ON PERMANENT REPEAL**
11 **OF ESTATE TAXES.**

12 (a) *FINDINGS.—*

13 (1) *The Economic Growth and Tax Relief Rec-*
14 *onciliation Act of 2001 provided substantial relief*
15 *from Federal estate and gift taxes beginning this year*
16 *and repealed the Federal estate tax for one year be-*
17 *ginning on January 1, 2010.*

18 (2) *The Economic Growth and Tax Relief Rec-*
19 *onciliation Act of 2001 contains a “sunset” provision*
20 *that reinstates the Federal estate tax at its 2001 level*
21 *beginning on January 1, 2011.*

22 (b) *SENSE OF THE SENATE.—Therefore, it is the sense*
23 *of the Senate that the repeal of the estate tax should be made*
24 *permanent by eliminating the sunset provision’s applica-*
25 *bility to the estate tax.*

1 **SEC. 1076. COMMERCIAL FISHERIES FAILURE.**

2 (a) *IN GENERAL.*—*In addition to amounts appro-*
3 *priated or otherwise made available by this Act, there are*
4 *appropriated to the Department of Agriculture \$10,000,000*
5 *for fiscal year 2002, which shall be transferred to the Com-*
6 *modity Credit Corporation to provide, in consultation with*
7 *the Secretary of Commerce, emergency disaster assistance*
8 *for the commercial fishery failure under section 308(b)(1)*
9 *of the Interjurisdictional Fisheries Act of 1986 (16 U.S.C.*
10 *4107(b)(1)) with respect to Northeast multispecies fisheries.*

11 (b) *PROGRAM REQUIREMENTS.*—*Amounts made avail-*
12 *able under this section shall be used to support a voluntary*
13 *fishing capacity reduction program in the Northeast multi-*
14 *species fishery that—*

15 (1) *is certified by the Secretary of Commerce to*
16 *be consistent with section 312(b) of the Magnuson-Ste-*
17 *vens Fishery Conservation and Management Act (16*
18 *U.S.C. 1861a(b)); and*

19 (2) *permanently revokes multispecies limited ac-*
20 *cess fishing permits so as to obtain the maximum sus-*
21 *tained reduction in fishing capacity at the least cost*
22 *and in the minimum period of time and to prevent*
23 *the replacement of fishing capacity removed by the*
24 *program.*

25 (c) *APPLICATION OF INTERIM FINAL RULE.*—*The pro-*
26 *gram shall be carried out in accordance with the Interim*

1 *Final Rule under part 648 of title 50, Code of Federal Reg-*
2 *ulations, or any corresponding regulation or rule promul-*
3 *gated thereunder.*

4 (d) *SUNSET.*—*The authority provided by subsection*
5 *(a) shall terminate 1 year after the date of enactment of*
6 *this Act and no amount may be made available under this*
7 *section thereafter.*

8 **SEC. 1077. REVIEW OF STATE MEAT INSPECTION PRO-**
9 **GRAMS.**

10 (a) *FINDINGS.*—*Congress finds that—*

11 (1) *the goal of a safe and wholesome supply of*
12 *meat and meat food products throughout the United*
13 *States would be better served if a consistent set of re-*
14 *quirements, established by the Federal Government,*
15 *were applied to all meat and meat food products,*
16 *whether produced under State inspection or Federal*
17 *inspection;*

18 (2) *under such a system, Federal and State meat*
19 *inspection programs would function together to create*
20 *a seamless inspection system to ensure food safety and*
21 *inspire consumer confidence in the food supply in*
22 *interstate commerce; and*

23 (3) *such a system would ensure the viability of*
24 *State meat inspection programs, which should help to*
25 *foster the viability of small establishments.*

1 (b) *REVIEW.*—Not later than September 30, 2003, the
2 Secretary of Agriculture shall conduct a comprehensive re-
3 view of each State meat and poultry inspection program,
4 which shall include—

5 (1) *an analysis of the effectiveness of the State*
6 *program; and*

7 (2) *identification of changes that are necessary*
8 *to enable the possible future transformation of the*
9 *State program to a State meat and poultry inspec-*
10 *tion program that includes the mandatory ante-*
11 *mortem and postmortem inspection, reinspection,*
12 *sanitation, and related requirements of the Federal*
13 *Meat Inspection Act (21 U.S.C. 601 et seq.) and the*
14 *Poultry Products Inspection Act (21 U.S.C. 451 et*
15 *seq.) (including the regulations, directives, notices,*
16 *policy memoranda, and other regulatory requirements*
17 *of those Acts).*

18 (c) *COMMENT.*—In carrying out subsection (a), the
19 Secretary shall, to the maximum extent practicable, obtain
20 comment from interested parties.

21 (d) *FUNDING.*—There are authorized to be appro-
22 priated such sums as are necessary to carry out this section.

23 **SEC. 1078. AGRICULTURAL RESEARCH AND TECHNOLOGY.**

24 (a) *SCIENTIFIC STUDIES.*—

1 (1) *IN GENERAL.*—*The Secretary of Agriculture*
2 *shall conduct scientific studies on—*

3 (A) *the transmission of spongiform*
4 *encephalopathy in deer, elk, and moose; and*

5 (B) *chronic wasting disease (including the*
6 *risks that chronic wasting disease poses to live-*
7 *stock).*

8 (2) *REPORT.*—*The Secretary shall submit to the*
9 *Committee on Agriculture of the House of Representa-*
10 *tives and the Committee on Agriculture, Nutrition,*
11 *and Forestry of the Senate a report on the results of*
12 *the scientific studies.*

13 (b) *RESEARCH AND EXTENSION GRANT PROGRAM.*—
14 *The Secretary shall establish a program to provide research*
15 *and extension grants to eligible entities (as determined by*
16 *the Secretary) to develop, for livestock production—*

17 (1) *prevention and control methodologies for in-*
18 *fectious animal diseases that affect trade; and*

19 (2) *laboratory tests to expedite detection of—*

20 (A) *infected livestock; and*

21 (B) *the presence of diseases within herds or*
22 *flocks of livestock.*

23 (c) *VACCINES.*—

24 (1) *VACCINE STORAGE STUDY.*—*The Secretary*
25 *shall—*

1 (A) *conduct a study to determine the num-*
2 *ber of doses of livestock disease vaccines that*
3 *should be available to protect against livestock*
4 *diseases that could be introduced into the United*
5 *States; and*

6 (B) *compare that number with the number*
7 *of doses of the livestock disease vaccines that are*
8 *available as of that date.*

9 (2) *STOCKPILING OF VACCINES.—If, after con-*
10 *ducting the study and comparison described in para-*
11 *graph (1), the Secretary determines that there is an*
12 *insufficient number of doses of a particular vaccine*
13 *referred to in that paragraph, the Secretary shall take*
14 *such actions as are necessary to obtain the required*
15 *additional doses of the vaccine.*

16 (d) *VETERINARY TRAINING.—The Secretary shall de-*
17 *velop a program to maintain in all regions of the United*
18 *States a sufficient number of Federal and State veterinar-*
19 *ians who are well trained in recognition and diagnosis of*
20 *exotic and endemic animal diseases.*

21 (e) *AUTHORIZATION OF APPROPRIATIONS.—There are*
22 *authorized to be appropriated to carry out this section such*
23 *sums as are necessary for each of fiscal years 2002 through*
24 *2006.*

1 **SEC. 1079. OFFICE OF SCIENCE TECHNOLOGY POLICY.**

2 (a) *IN GENERAL.*—*The President may—*

3 (1) *establish within the Office of Science and*
4 *Technology Policy a noncareer, senior executive serv-*
5 *ice appointment position for a Veterinary Advisor;*
6 *and*

7 (2) *appoint an individual to the position.*

8 (b) *QUALIFICATIONS; DUTIES.*—*The individual ap-*
9 *pointed to the position described in subsection (a) shall—*

10 (1) *hold the degree of Doctor of Veterinary Medi-*
11 *cine from an accredited or approved college of veteri-*
12 *nary medicine; and*

13 (2) *provide to the science advisor of the President*
14 *expertise in—*

15 (A) *exotic and endemic animal disease de-*
16 *tection, prevention, and control;*

17 (B) *food safety; and*

18 (C) *animal agriculture.*

19 (c) *EXECUTIVE SCHEDULE PAY RATES.*—*Section 5313*
20 *of title 5, United States Code, is amended by adding at*
21 *the end the following:*

22 “*Veterinary Advisor, Office of Science and Tech-*
23 *nology Policy.*”.

1 **SEC. 1079A. OPERATION OF AGRICULTURAL AND NATURAL**
2 **RESOURCE PROGRAMS ON TRIBAL TRUST**
3 **LAND.**

4 (a) *REVIEW.*—*The Secretary of Agriculture (referred*
5 *to in this section as the “Secretary”), in consultation with*
6 *the Secretary of the Interior, shall conduct a review of the*
7 *operation of agricultural and natural resource programs*
8 *available to farmers and ranchers operating on tribal and*
9 *trust land, including—*

10 (1) *natural resource management programs;*

11 (2) *incentive programs; and*

12 (3) *farm income support programs.*

13 (b) *ADMINISTRATION.*—*The Secretary shall carry out*
14 *programs described in subsection (a) in a manner that, to*
15 *the maximum extent practicable, is consistent with the*
16 *American Indian Agricultural Resource Management Act*
17 *(25 U.S.C. 3701 et seq.).*

18 (c) *FACT-FINDING TEAM.*—*The Secretary shall estab-*
19 *lish a fact-finding team to obtain input from local officials*
20 *and program recipients to assist in carrying out this sec-*
21 *tion.*

22 (d) *REPORT.*—*Not later than 1 year after the date of*
23 *enactment of this Act, the Secretary shall submit to Con-*
24 *gress a report that describes actions taken to carry out this*
25 *section, including a plan to implement the actions.*

1 **SEC. 1079B. ASSISTANCE FOR GEOGRAPHICALLY DISADVAN-**
2 **TAGED FARMERS AND RANCHERS.**

3 (a) *DEFINITIONS.—In this section:*

4 (1) *DEPARTMENT.—The term “Department”*
5 *means the Department of Agriculture.*

6 (2) *ELIGIBLE ENTITY.—The term “eligible enti-*
7 *ty” means—*

8 (A) *any community-based organization,*
9 *network, or coalition of community-based organi-*
10 *zations that—*

11 (i) *has demonstrated experience in pro-*
12 *viding agricultural education or other agri-*
13 *culturally related services to geographically*
14 *disadvantaged farmers and ranchers;*

15 (ii) *has provided to the Secretary docu-*
16 *mentary evidence of work with geographi-*
17 *cally disadvantaged farmers and ranchers*
18 *during the 2-year period preceding the sub-*
19 *mission of an application for assistance*
20 *under this section; and*

21 (iii) *has not engaged in activities pro-*
22 *hibited under section 501(c)(3) of the Inter-*
23 *nal Revenue Code of 1986;*

24 (B)(i) *a land-grant college or university*
25 *that is located in an insular area (as defined in*
26 *section 1404 of the National Agricultural Re-*

1 search, *Extension, and Teaching Policy Act of*
2 *1977 (7 U.S.C. 3103)) (as amended by section*
3 *701(a)) or in a State other than 1 of the 48 con-*
4 *tiguous States; and*

5 (ii) *any other institution of higher edu-*
6 *cation (as defined in section 101 of the Higher*
7 *Education Act of 1965 (20 U.S.C. 1001)) that*
8 *has demonstrated experience in providing agri-*
9 *cultural education or other agriculture-related*
10 *services to geographically disadvantaged farmers*
11 *and ranchers in a region; and*

12 (C) *an Indian tribe (as defined in section*
13 *4 of the Indian Self-Determination and Edu-*
14 *cation Assistance Act (25 U.S.C. 450b)) or na-*
15 *tional tribal organization that has demonstrated*
16 *experience in providing agriculture education or*
17 *other agriculturally related services to geographi-*
18 *cally disadvantaged farmers and ranchers in a*
19 *region.*

20 (3) *GEOGRAPHICALLY DISADVANTAGED FARMER*
21 *OR RANCHER.—The term “geographically disadvan-*
22 *taged farmer or rancher” means a farmer or rancher*
23 *in an insular area (as defined in section 1404 of the*
24 *National Agricultural Research, Extension, and*
25 *Teaching Policy Act of 1977 (7 U.S.C. 3103)) (as*

1 amended by section 701(a)) or in a State, other than
2 one of the 48 contiguous States.

3 (4) *SECRETARY.*—The term “Secretary” means
4 the Secretary of Agriculture.

5 (b) *PROGRAM.*—The Secretary shall carry out an as-
6 sistance program to encourage and assist geographically
7 disadvantaged farmers and ranchers—

8 (1) in owning and operating farms and ranches;
9 and

10 (2) in participating equitably in the full range
11 of agricultural programs offered by the Department.

12 (c) *REQUIREMENTS.*—The assistance program under
13 subsection (b) shall—

14 (1) enhance coordination of technical assistance
15 and education efforts authorized under various agri-
16 cultural programs; and

17 (2) include information on, and assistance
18 with—

19 (A) commodity, conservation, credit, rural,
20 and business development programs;

21 (B) application and bidding procedures;

22 (C) farm and risk management;

23 (D) marketing; and

1 (E) *other activities essential to participa-*
2 *tion in agricultural and other programs of the*
3 *Department.*

4 (d) *GRANTS AND CONTRACTS.—The Secretary may*
5 *make grants to, and enter into contracts and other agree-*
6 *ments with, an eligible entity to provide information and*
7 *technical assistance under this section.*

8 (e) *REPORT.—Not later than 1 year after funds are*
9 *made available to carry out this section, the Secretary shall*
10 *submit to Congress a report that identifies barriers to effi-*
11 *cient and competitive transportation of inputs and prod-*
12 *ucts by geographically disadvantaged farmers and ranchers.*

13 (f) *AUTHORIZATION OF APPROPRIATIONS.—There is*
14 *authorized to be appropriated to carry out this section*
15 *\$10,000,000 for each of fiscal years 2002 through 2006.*

16 **SEC. 1079C. SENSE OF SENATE REGARDING USE OF THE**
17 **NAME GINSENG.**

18 *It is the sense of the Senate that the Commissioner of*
19 *Food and Drugs should promulgate regulations to ensure*
20 *that, for the purposes of section 403 of the Federal Food,*
21 *Drug, and Cosmetic Act (21 U.S.C. 343), the name “gin-*
22 *seng” or any name that includes the word “ginseng” shall*
23 *be used in reference only to an herb or herbal ingredient*
24 *that—*

1 (1) is a part of a plant of 1 of the species of the
2 *genus Panax*; and

3 (2) is produced in compliance with United
4 States law regarding the use of pesticides.

5 **SEC. 1079D. ADJUSTED GROSS REVENUE INSURANCE PILOT**
6 **PROGRAM.**

7 Section 523 of the Federal Crop Insurance Act (7
8 U.S.C. 1523) is amended by adding at the end the following:

9 “(e) *ADJUSTED GROSS REVENUE INSURANCE PILOT*
10 *PROGRAM.*—

11 “(1) *IN GENERAL.*—The Corporation shall carry
12 out, through at least the 2004 reinsurance year, the
13 adjusted gross revenue insurance pilot program in ef-
14 fect for the 2002 reinsurance year.

15 “(2) *ADDITIONAL COUNTIES.*—

16 “(A) *IN GENERAL.*—In addition to counties
17 otherwise included in the pilot program, the Cor-
18 poration shall include in the pilot program for
19 the 2003 reinsurance year at least 8 counties in
20 the State that produces (as of the date of enact-
21 ment of this subsection) the highest quantity of
22 specialty crops for which adjusted gross revenue
23 insurance under this title is not available.

24 “(B) *SELECTION CRITERIA.*—In carrying
25 out subparagraph (A), the Corporation shall in-

1 *clude in the pilot program counties that (as de-*
2 *termined by the Corporation) produce a signifi-*
3 *cant quantity of specialty crops.”.*

4 **SEC. 1079E. PASTEURIZATION.**

5 *For the purposes of any provision of Federal law under*
6 *which a food or food product is required to undergo a treat-*
7 *ment of pasteurization, the term “pasteurization” means*
8 *any safe treatment that—*

9 *(1) is a treatment prescribed as pasteurization*
10 *applicable to the food or food product under any Fed-*
11 *eral law (including a regulation); or*

12 *(2) has been demonstrated to the satisfaction of*
13 *the Secretary of Health and Human Services to*
14 *achieve a level of reduction in the food or food product*
15 *of the microorganisms of public health concern that—*

16 *(A) is at least as protective of the public*
17 *health as a treatment described in paragraph*
18 *(1); and*

19 *(B) is effective for a period that is at least*
20 *as long as the shelf life of the food or food prod-*
21 *uct when stored under normal, moderate, and se-*
22 *vere abuse conditions.*

1 ***Subtitle E—Studies and Reports***

2 ***SEC. 1081. REPORT ON POUCHED AND CANNED SALMON.***

3 *(a) IN GENERAL.—Not later than 120 days after the*
4 *date of enactment of this Act, the Secretary of Agriculture*
5 *(referred to in this section as the “Secretary”) shall submit*
6 *to Congress a report on efforts to expand the promotion,*
7 *marketing, and purchasing of pouched and canned salmon*
8 *harvested and processed in the United States under food*
9 *and nutrition programs administered by the Secretary.*

10 *(b) COMPONENTS.—The report under subsection (a)*
11 *shall include—*

12 *(1) an analysis of pouched and canned salmon*
13 *inventories in the United States that, as of the date*
14 *on which the report is submitted, that available for*
15 *purchase;*

16 *(2) an analysis of the demand for pouched and*
17 *canned salmon and value-added products (such as*
18 *salmon “nuggets”) by—*

19 *(A) partners of the Department of Agri-*
20 *culture (including other appropriate Federal*
21 *agencies); and*

22 *(B) consumers; and*

23 *(3) an analysis of impediments to additional*
24 *purchases of pouched and canned salmon,*
25 *including—*

1 (A) any marketing issues; and

2 (B) recommendations for methods to resolve
3 those impediments.

4 **SEC. 1082. SETTLEMENT AGREEMENT REPORT.**

5 Not later than December 31, 2002, and annually there-
6 after through 2006, the Comptroller General of the United
7 States shall submit to Congress a report that describes all
8 programs and activities that States have carried out using
9 funds received under all phases of the Master Settlement
10 Agreement of 1997.

11 **SEC. 1083. REPORT ON GENETICALLY MODIFIED PEST-PRO-**
12 **TECTED PLANTS.**

13 (a) *FINDINGS.*—Congress finds that—

14 (1) in 2000, the Committee on Genetically Modi-
15 fied Pest-Protected Plants of the Board on Agriculture
16 and Natural Resources of the National Research
17 Council made several recommendations concerning
18 food safety, ecological research, and monitoring needs
19 for transgenic crops with plant incorporated
20 protectants; and

21 (2) the Committee recommended enhancements to
22 certain operational aspects of the regulatory frame-
23 work for agricultural biotechnology, such as—

1 (A) *improving coordination and enhanced*
2 *consistency of review across all regulatory agen-*
3 *cies; and*

4 (B) *clarifying the scope of the regulatory ju-*
5 *risdiction of the Animal and Plant Health In-*
6 *spection Service.*

7 (b) *SENSE OF CONGRESS.—It is the sense of Congress*
8 *that, not later than 90 days after the date of enactment*
9 *of this Act, the Secretary of Agriculture should—*

10 (1) *review the recommendations described in sub-*
11 *section (a); and*

12 (2) *submit to the Committee on Agriculture of*
13 *the House of Representatives and the Committee on*
14 *Agriculture, Nutrition, and Forestry of the Senate a*
15 *report that describes actions taken to implement those*
16 *recommendations by agencies within the Department*
17 *of Agriculture, including agencies that develop or im-*
18 *plement programs or objectives relating to marketing,*
19 *regulation, food safety, research, education, or eco-*
20 *nomics.*

21 (b) *AUTHORIZATION OF APPROPRIATIONS.—There is*
22 *authorized to be appropriated to carry out this section—*

23 (1) *\$10,000,000 for fiscal year 2002; and*

24 (2) *such sums as are necessary for each subse-*
25 *quent fiscal year.*

1 **SEC. 1084. STUDY OF CREATION OF LITTER BANK BY UNI-**
2 **VERSITY OF ARKANSAS.**

3 (a) *IN GENERAL.*—*The Secretary of Agriculture shall*
4 *conduct a study to evaluate the creation of a litter bank*
5 *by the Department of Agriculture at the University of Ar-*
6 *kansas for the purpose of enhancing health and viability*
7 *of watersheds in areas with large concentrations of animal*
8 *producing units.*

9 (b) *COMPONENTS.*—*In conducting the study, the Sec-*
10 *retary shall evaluate the costs, needs, and means by which*
11 *litter may be collected and distributed outside the applicable*
12 *watershed to reduce potential point source and nonpoint*
13 *source phosphorous pollution.*

14 (c) *REPORT.*—*Not later than 1 year after the date of*
15 *enactment of this Act, the Secretary shall submit to the*
16 *Committee on Agriculture of the House of Representatives*
17 *and the Committee on Agriculture, Nutrition, and Forestry*
18 *of the Senate a report that describes the results of the study.*

19 **SEC. 1085. STUDY OF FEASIBILITY OF PRODUCER INDEM-**
20 **NIFICATION FROM GOVERNMENT-CAUSED**
21 **DISASTERS.**

22 (a) *FINDINGS.*—*Congress finds that the implementa-*
23 *tion of Federal disaster assistance programs fails to ade-*
24 *quately address situations in which disaster conditions are*
25 *primarily the result of Federal action.*

1 (b) *AUTHORITY.*—*The Secretary of Agriculture shall*
2 *conduct a study of the feasibility of expanding eligibility*
3 *for crop insurance under the Federal Crop Insurance Act*
4 *(7 U.S.C. 1501 et seq.), and noninsured crop assistance*
5 *under section 196 of the Federal Agriculture Improvement*
6 *and Reform Act of 1996 (7 U.S.C. 7333), to agricultural*
7 *producers experiencing disaster conditions caused pri-*
8 *marily by Federal agency action.*

9 (c) *REPORT.*—*Not later than 150 days after the date*
10 *of enactment of this Act, the Secretary shall submit report*
11 *to the Committee on Agriculture of the House of Representa-*
12 *tives and the Committee on Agriculture, Nutrition, and*
13 *Forestry of the Senate a report that describes the results*
14 *of the study, including any recommendations.*

15 **SEC. 1086. REPORT ON SALE AND USE OF PESTICIDES FOR**
16 **AGRICULTURAL USES.**

17 *Not later than 120 days after the date of enactment*
18 *of this Act, the Administrator of the Environmental Protec-*
19 *tion Agency shall submit to the Committee on Agriculture*
20 *of the House of Representatives and the Committee on Agri-*
21 *culture, Nutrition, and Forestry of the Senate a report on*
22 *the manner in which the Agency is applying regulations*
23 *of the Agency governing the sale and use of pesticides for*
24 *agricultural use to electronic commerce transactions.*

1 **SEC. 1087. REPORT ON RATS, MICE, AND BIRDS.**

2 (a) *IN GENERAL.*—Not later than 1 year after date
3 enactment of this Act, the Secretary of Agriculture shall
4 submit to the Committee on Agriculture of the House of
5 Representatives and the Committee on Agriculture, Nutri-
6 tion, and Forestry of the Senate a report on the implica-
7 tions of including rats, mice, and birds within the defini-
8 tion of animal under the Animal Welfare Act (7 U.S.C.
9 2131 et seq.).

10 (b) *REQUIREMENTS.*—The report under subsection (a)
11 shall—

12 (1) be completed by the Comptroller General of
13 the United States;

14 (2) contain a description of the number and
15 types of entities that currently use rats, mice, and
16 birds, and are not subjected to regulations of the De-
17 partment of Agriculture;

18 (3) contain estimates of the numbers of rats,
19 mice, and birds currently used in research facilities
20 that are not currently regulated by the United States
21 Department of Agriculture;

22 (4) contain an estimate of the additional costs
23 likely to be incurred by breeders and research facili-
24 ties resulting from the additional regulatory require-
25 ments needed in order to afford the same levels of pro-
26 tection to rats, mice, and birds as is provided for spe-

1 *cies currently regulated by the Department of Agri-*
2 *culture, detailing the costs associated with individual*
3 *regulatory requirements;*

4 *(5) contain an estimate of the additional fund-*
5 *ing that the Animal and Plant Health Inspection*
6 *Service would require to be able to ensure that the*
7 *level of compliance with respect to other regulated*
8 *animals is not diminished by the increase in the*
9 *number of facilities that would require inspections*
10 *after a rule extending the definition to include rats,*
11 *mice, and birds goes into effect; and*

12 *(6) contain recommendations for ensuring that*
13 *the regulatory burden is no greater than that already*
14 *applied to rodent species under the Animal Welfare*
15 *Act (7 U.S.C. 2131 et seq.).*

16 **SEC. 1088. TASK FORCE ON NATIONAL INSTITUTES FOR**
17 **PLANT AND AGRICULTURAL SCIENCES.**

18 *(a) IN GENERAL.—Not later than 90 days after the*
19 *date of enactment of this Act, the Secretary of Agriculture*
20 *shall establish a task force to evaluate the merits of estab-*
21 *lishing 1 or more National Institutes for Plant and Agricul-*
22 *tural Sciences.*

23 *(b) MEMBERSHIP.—*

1 (1) *IN GENERAL.*—*The Task Force shall consist*
2 *of at least 8 members, appointed by the Secretary,*
3 *that—*

4 (A) *have a broad-based background in food,*
5 *nutrition, biotechnology, crop production meth-*
6 *ods, environmental science, or related disciplines;*
7 *and*

8 (B) *are familiar with the infrastructure*
9 *used to conduct Federal and private research,*
10 *including—*

11 (i) *the National Institutes of Health;*

12 (ii) *the National Science Foundation;*

13 (iii) *the National Aeronautics and*
14 *Space Administration;*

15 (iv) *the Department of Energy labora-*
16 *tory system;*

17 (v) *the Agricultural Research Service;*

18 *and*

19 (vi) *the Cooperative State Research*
20 *and Extension Service.*

21 (2) *PRIVATE SECTOR.*—*Of the members ap-*
22 *pointed under paragraph (1), the Secretary shall ap-*
23 *point at least 6 members that are members of the pri-*
24 *vate sector, including institutions of higher education.*

1 (3) *PLANT AND AGRICULTURAL SCIENCES RE-*
2 *SEARCH.—Of the members appointed under para-*
3 *graph (1), the Secretary shall appoint at least 2*
4 *members that have an extensive background and pre-*
5 *eminence in the field of plant and agricultural*
6 *sciences research.*

7 (4) *CHAIRPERSON.—Of the members appointed*
8 *under paragraph (1), the Secretary shall designate a*
9 *Chairperson that has significant leadership experience*
10 *in educational and research institutions and in depth*
11 *knowledge of the research enterprises of the United*
12 *States.*

13 (5) *CONSULTATION.—Before appointing members*
14 *of the Task Force under this subsection, the Secretary*
15 *shall consult with the National Academy of Sciences*
16 *and the Office of Science and Technology Policy.*

17 (c) *DUTIES.—The Task Force shall—*

18 (1) *evaluate and compare—*

19 (A) *publicly funded agricultural and plant*
20 *sciences research activities, including competi-*
21 *tively awarded research; and*

22 (B) *privately funded agricultural and plant*
23 *sciences research activities;*

24 (2) *evaluate and compare—*

1 (A) competitive publicly funded agricultural
2 research activities; and

3 (B) other forms of publicly funded research,
4 such as medical research;
5 including an assessment of the methods of evaluation,
6 administration, and funding;

7 (3) evaluate the need for competitive public plant
8 and agricultural sciences research necessary—

9 (A) to increase crop yields and produc-
10 tivity;

11 (B) to improve environmental quality;

12 (C) to enhance the value of farm output to
13 agricultural producers and consumers;

14 (D) to promote health and improve nutri-
15 tion;

16 (E) to enhance food safety; and

17 (F) to increase effective agricultural produc-
18 tion to meet the future needs of the growing pop-
19 ulation of the world, especially in developing
20 countries;

21 (4) evaluate the merits of establishing 1 or more
22 National Institutes for Plant and Agricultural
23 Sciences, that is similar to the National Institute of
24 Health—

1 (A) to coordinate competitive, innovative re-
2 search and technological development and inno-
3 vation;

4 (B) to ensure the necessary supply of sci-
5 entific personnel in order to ensure the competi-
6 tiveness of the United States in an increasingly
7 global trade market for agricultural products;
8 and

9 (C) to facilitate the integration of scientific
10 advances from medical sciences, engineering, and
11 information technologies into plant and agricul-
12 tural sciences; and

13 (5) if establishment of 1 or more National Insti-
14 tutes for Plant and Agricultural Sciences is rec-
15 ommended, provide further recommendations to the
16 Secretary, including recommendations on—

17 (A) the structure for establishing the Insti-
18 tutes;

19 (B) the location of the Institutes in 1 or
20 more multistate regions with preeminence in
21 plant, agricultural, and related biological
22 sciences (including in existing Federal plant and
23 animal research facilities and land grant insti-
24 tutions), in order—

1 (i) to use all relevant fields of knowl-
2 edge; and

3 (ii) to promote collaborative and inter-
4 disciplinary research; and

5 (C) the amount of funding necessary to es-
6 tablish the Institutes.

7 (d) *REPORT.*—Not later than July 1, 2003, the Task
8 Force shall submit to the Committee on Agriculture of the
9 House of Representatives, the Committee on Agriculture,
10 Nutrition, and Forestry of the Senate, and the Secretary
11 a report that describes the results of the evaluation con-
12 ducted under this section, including recommendations de-
13 scribed in subsection (c)(5).

14 ***Subtitle F—Organic Products***
15 ***Promotion***

16 ***SEC. 1091. SHORT TITLE.***

17 This subtitle may be cited as the “Organic Products
18 Promotion, Research, and Information Act of 2002”.

19 ***SEC. 1092. DEFINITIONS.***

20 In this subtitle:

21 (1) ***AGRICULTURAL COMMODITY.***—The term “ag-
22 ricultural commodity” means—

23 (A) agricultural, horticultural, viticultural,
24 and dairy products;

25 (B) livestock and the products of livestock;

1 (C) the products of poultry and bee raising;

2 (D) the products of forestry or commercial
3 fisheries;

4 (E) other commodities raised or produced
5 on farms, as determined appropriate by the Sec-
6 retary; and

7 (F) products processed or manufactured
8 from products specified in the preceding sub-
9 paragraphs, as determined appropriate by the
10 Secretary.

11 (2) BOARD.—The term “Board” means the Na-
12 tional Organic Products Board established under sec-
13 tion 1094(b).

14 (3) COMMODITY PROMOTION LAW.—The term
15 “commodity promotion law” has the meaning given
16 the term in section 501(a) of the Federal Agriculture
17 Improvement and Reform Act of 1996 (7 U.S.C.
18 7401(a)).

19 (4) CONFLICT OF INTEREST.—The term “conflict
20 of interest” means a situation in which a member or
21 employee of the Board has a direct or indirect finan-
22 cial interest in a person that performs a service for,
23 or enters into a contract with, the Board for anything
24 of economic value.

1 (5) *DEPARTMENT.*—*The term “Department”*
2 *means the Department of Agriculture.*

3 (6) *FIRST HANDLER.*—*The term “first handler”*
4 *means—*

5 (A) *the first person that buys or takes pos-*
6 *session of an organic product from a producer*
7 *for marketing; and*

8 (B) *in a case in which a producer markets*
9 *an organic product directly to consumers, the*
10 *producer.*

11 (7) *IMPORTER.*—*The term “importer” means*
12 *any person that imports an organic product from*
13 *outside the United States for sale in the United States*
14 *as a principal or as an agent, broker, or consignee of*
15 *any person.*

16 (8) *INFORMATION.*—*The term “information”*
17 *means information and programs that are designed to*
18 *increase—*

19 (A) *efficiency in processing; and*

20 (B) *the development of new markets, mar-*
21 *keting strategies, increased marketing efficiency,*
22 *and activities to enhance the image of organic*
23 *products on a national or international basis.*

1 (9) *MARKET.*—*The term “market” means to sell*
2 *or to otherwise dispose of an organic product in inter-*
3 *state, foreign, or intrastate commerce.*

4 (10) *ORDER.*—*The term “order” means the order*
5 *issued by the Secretary under section 1093 that pro-*
6 *vides for a program of generic promotion, research,*
7 *and information regarding organic products designed*
8 *to—*

9 (A) *strengthen the position of organic prod-*
10 *ucts in the marketplace;*

11 (B) *maintain and expand existing domestic*
12 *and foreign markets and uses for organic prod-*
13 *ucts;*

14 (C) *develop new markets and uses for or-*
15 *ganic products; or*

16 (D) *assist producers in meeting conserva-*
17 *tion objectives.*

18 (11) *ORGANICALLY PRODUCED.*—*The term “or-*
19 *ganically produced”, with respect to an agricultural*
20 *product, means produced and handled in accordance*
21 *with the Organic Foods Production Act of 1990 (7*
22 *U.S.C. 6501 et seq.).*

23 (12) *ORGANIC PRODUCT.*—*The term “organic*
24 *product” means an agricultural product that is or-*
25 *ganically produced.*

1 (13) *ORGANIC PRODUCTS INDUSTRY.*—*The term*
2 *“organic products industry” includes nonprofit and*
3 *other organizations representing the interests of pro-*
4 *ducers, first handlers, and importers of organic prod-*
5 *ucts.*

6 (14) *PERSON.*—*The term “person” means any*
7 *individual, group of individuals, partnership, cor-*
8 *poration, association, cooperative, or any other legal*
9 *entity.*

10 (15) *PRODUCER.*—*The term “producer” means*
11 *any person that is engaged in the production and sale*
12 *of an organic product in the United States.*

13 (16) *PROMOTION.*—*The term “promotion” means*
14 *any action taken by the Board under the order, in-*
15 *cluding paid advertising, to present a favorable image*
16 *of organic products to the public to improve the com-*
17 *petitive position of organic products in the market-*
18 *place and to stimulate sales of organic products.*

19 (17) *RESEARCH.*—*The term “research” means*
20 *any type of test, study, or analysis designed to ad-*
21 *vance the image, desirability, use, marketability, pro-*
22 *duction, product development, or quality of an or-*
23 *ganic product.*

24 (18) *SECRETARY.*—*The term “Secretary” means*
25 *the Secretary of Agriculture.*

1 (19) *STATE*.—*The term “State” means—*

2 (A) *a State;*

3 (B) *the District of Columbia;*

4 (C) *the Commonwealth of Puerto Rico; and*

5 (D) *any other territory or possession of the*
6 *United States.*

7 (20) *SUSPEND*.—*The term “suspend” means to*
8 *issue a rule under section 553 of title 5, United States*
9 *Code, to temporarily prevent the operation of the*
10 *order during a particular period of time specified in*
11 *the rule.*

12 (21) *TERMINATE*.—*The term “terminate” means*
13 *to issue a rule under section 553 of title 5, United*
14 *States Code, to cancel permanently the operation of*
15 *the order beginning on a date certain specified in the*
16 *rule.*

17 (22) *UNITED STATES*.—*The term “United*
18 *States”, when used in a geographical sense, means all*
19 *of the States.*

20 **SEC. 1093. ISSUANCE OF ORDERS.**

21 (a) *ORDER*.—

22 (1) *IN GENERAL*.—*To effectuate the purpose of*
23 *this subtitle, the Secretary may issue, and amend*
24 *from time to time, an order applicable to—*

25 (A) *producers of organic products;*

1 (B) *the first handlers of organic products*
2 *(and other persons in the marketing chain, as*
3 *appropriate); and*

4 (C) *the importers of organic products.*

5 (2) *NATIONAL SCOPE.—The order shall be na-*
6 *tional in scope.*

7 (b) *PROCEDURE FOR ISSUANCE.—*

8 (1) *DEVELOPMENT OR RECEIPT OF PROPOSED*
9 *ORDER.—A proposed order with respect to organic*
10 *products may be—*

11 (A) *prepared by the Secretary at any time*
12 *on or after January 1, 2004; or*

13 (B) *submitted to the Secretary on or after*
14 *January 1, 2004, by—*

15 (i) *an association of producers of or-*
16 *ganic products; or*

17 (ii) *any other person that may be af-*
18 *ected by the issuance of the order with re-*
19 *spect to organic products.*

20 (2) *CONSIDERATION OF PROPOSED ORDER.—If*
21 *the Secretary determines that a proposed order is con-*
22 *sistent with and will effectuate the purpose of this*
23 *subtitle, the Secretary shall—*

24 (A) *publish the proposed order in the Fed-*
25 *eral Register; and*

1 (B) give due notice and opportunity for
2 public comment on the proposed order.

3 (3) *PREPARATION OF FINAL ORDER.*—After no-
4 tice and opportunity for public comment under para-
5 graph (2) regarding a proposed order, the Secretary
6 shall—

7 (A) take into consideration the comments
8 received in preparing a final order; and

9 (B) ensure, to the maximum extent prac-
10 ticable, that the final order is in conformity with
11 the terms, conditions, and requirements of this
12 subtitle.

13 (c) *ISSUANCE AND EFFECTIVE DATE.*—

14 (1) *IN GENERAL.*—Except as provided in para-
15 graph (2), if the Secretary determines that the order
16 is consistent with and will effectuate the purpose of
17 this subtitle, the Secretary shall issue the final order.

18 (2) *EXCEPTION.*—Paragraph (1) shall not apply
19 in a case in which an initial referendum is conducted
20 under section 1097(a).

21 (3) *EFFECTIVE DATE.*—The final order shall be
22 issued and shall take effect not later than 270 days
23 after the date of publication of the proposed order that
24 was the basis for the final order.

1 **SEC. 1094. REQUIRED TERMS IN ORDER.**

2 (a) *IN GENERAL.*—*The order shall contain the terms*
3 *and conditions specified in this section.*

4 (b) *BOARD.*—

5 (1) *ESTABLISHMENT.*—*The order shall establish*
6 *a National Organic Products Board to carry out a*
7 *program of generic promotion, research, and informa-*
8 *tion relating to organic products that effectuates the*
9 *purposes of this subtitle.*

10 (2) *BOARD MEMBERSHIP.*—

11 (A) *NUMBER OF MEMBERS.*—

12 (i) *IN GENERAL.*—*The Board shall*
13 *consist of the number of members deter-*
14 *mined by the Secretary, in consultation*
15 *with the organic products industry.*

16 (ii) *ALTERNATE MEMBERS.*—*In addi-*
17 *tion to the members described in clause (i),*
18 *the Secretary may appoint alternate mem-*
19 *bers of the Board.*

20 (B) *APPOINTMENT.*—

21 (i) *IN GENERAL.*—*The Secretary shall*
22 *appoint members of the Board (including*
23 *any alternate members) from among pro-*
24 *ducers, first handlers, and importers of or-*
25 *ganic products that elect to pay the assess-*

1 *ment described in section 1096, and others*
2 *in the marketing chain, as appropriate.*

3 *(ii) MEMBERS OF THE PUBLIC.—The*
4 *Secretary may appoint 1 or more members*
5 *of the general public to the Board.*

6 *(C) NOMINATIONS.—The Secretary may*
7 *make appointments from nominations made in*
8 *accordance with the method described in the*
9 *order.*

10 *(D) GEOGRAPHICAL AND INDUSTRY REP-*
11 *RESENTATION.—To ensure fair and equitable*
12 *representation of organic producers and others*
13 *covered by the order, the composition of the*
14 *Board shall reflect—*

15 *(i) the geographical distribution of the*
16 *production of organic products in the*
17 *United States;*

18 *(ii) the quantity or value of organic*
19 *products covered by the order imported into*
20 *the United States; and*

21 *(iii) the variations in the United*
22 *States in the scale of organic production op-*
23 *erations.*

24 *(3) REAPPORTIONMENT OF BOARD MEMBER-*
25 *SHIP.—In accordance with rules issued by the Sec-*

1 *retary, at least once in each 4-year period, the Board*
2 *shall—*

3 *(A) review the geographical distribution in*
4 *the United States of the production of organic*
5 *products in, variations in the scale of organic*
6 *production operations in, and quantity or value*
7 *of organic products imported into, the United*
8 *States; and*

9 *(B) as necessary, recommend to the Sec-*
10 *retary the reapportionment of the Board mem-*
11 *bership to reflect changes in that geographical*
12 *distribution of production, variations in scale of*
13 *organic production operations, or quantity or*
14 *value imported.*

15 *(4) NOTICE.—*

16 *(A) VACANCIES.—The order shall provide*
17 *for notice of Board vacancies to the organic*
18 *products industry.*

19 *(B) MEETINGS.—*

20 *(i) IN GENERAL.—The Board shall*
21 *provide prior notice of meetings of the*
22 *Board to—*

23 *(I) the Secretary, to permit the*
24 *Secretary, or a designated representa-*

1 *tive of the Secretary, to attend the*
2 *meetings; and*

3 *(II) the public.*

4 *(ii) ATTENDANCE.—A meeting of the*
5 *Board shall be open to the public.*

6 *(5) TERM OF OFFICE.—*

7 *(A) IN GENERAL.—The members and any*
8 *alternate members of the Board shall each serve*
9 *for a term of 3 years, except that the members*
10 *and any alternate members initially appointed*
11 *to the Board shall serve for terms of not more*
12 *than 2, 3, and 4 years, as specified by the order.*

13 *(B) LIMITATION ON CONSECUTIVE TERMS.—*
14 *A member or alternate member may serve not*
15 *more than 2 consecutive terms.*

16 *(C) CONTINUATION OF TERM.—Notwith-*
17 *standing subparagraph (B), each member or al-*
18 *ternate member shall continue to serve until a*
19 *successor is appointed by the Secretary.*

20 *(D) VACANCIES.—A vacancy arising before*
21 *the expiration of a term of office of an incum-*
22 *bent member or alternate of the Board shall be*
23 *filled in a manner provided for in the order.*

24 *(6) COMPENSATION.—*

1 (A) *IN GENERAL.*—*Members and any alter-*
2 *nate members of the Board shall serve without*
3 *compensation.*

4 (B) *TRAVEL EXPENSES.*—*If approved by the*
5 *Board, members or alternate members shall be*
6 *reimbursed for reasonable travel expenses, which*
7 *may include a per diem allowance or actual sub-*
8 *sistence incurred while away from their homes or*
9 *regular places of business in the performance of*
10 *services for the Board.*

11 (c) *POWERS AND DUTIES OF BOARD.*—*The order shall*
12 *specify the powers and duties of the Board established under*
13 *the order, including the power and duty—*

14 (1) *to administer, and collect assessments under,*
15 *the order in accordance with the terms and conditions*
16 *of the order;*

17 (2) *to develop and recommend to the Secretary*
18 *for approval—*

19 (A) *such bylaws as are necessary for the*
20 *functioning of the Board;*

21 (B) *such rules as are necessary to admin-*
22 *ister the order; and*

23 (C) *such activities as are authorized to be*
24 *carried out under the order;*

1 (3) to meet, organize, and select from among the
2 members of the Board a chairperson, other officers,
3 and committees and subcommittees, as the Board de-
4 termines to be appropriate;

5 (4) to employ persons, other than the members,
6 as the Board considers necessary to assist the Board
7 in carrying out the duties of the Board (and to deter-
8 mine the compensation and specify the duties of those
9 persons);

10 (5) subject to subsection (e), to develop and carry
11 out generic promotion, research, and information ac-
12 tivities relating to organic products;

13 (6) to prepare and submit for the approval of the
14 Secretary, before the beginning of each fiscal year—

15 (A) rates of assessment under section 1096;

16 and

17 (B) an annual budget of the anticipated ex-
18 penses to be incurred in the administration of
19 the order, including the probable cost of each
20 promotion, research, and information activity
21 proposed to be developed or carried out by the
22 Board;

23 (7) to borrow funds necessary for the startup ex-
24 penses of the order;

1 (8) *subject to subsection (f), to enter into con-*
2 *tracts or agreements to develop and carry out generic*
3 *promotion, research, and information activities relat-*
4 *ing to organic products;*

5 (9) *to pay the cost of the activities with—*

6 (A) *assessments collected under section*
7 *1096;*

8 (B) *earnings from invested assessments; and*

9 (C) *other funds;*

10 (10)(A) *to keep records that accurately reflect the*
11 *actions and transactions of the Board;*

12 (B) *to keep and report minutes of each meeting*
13 *of the Board to the Secretary; and*

14 (C) *to furnish the Secretary with any informa-*
15 *tion or records the Secretary requests;*

16 (11) *to receive, investigate, and report to the Sec-*
17 *retary complaints of violations of the order; and*

18 (12) *after providing public notice and an oppor-*
19 *tunity to comment, to recommend to the Secretary*
20 *such amendments to the order as the Board considers*
21 *appropriate.*

22 (d) *PROHIBITED ACTIVITIES.—The Board may not en-*
23 *gage in, and shall prohibit the employees and agents of the*
24 *Board from engaging in—*

1 (1) *any action that would be a conflict of inter-*
2 *est;*

3 (2) *using funds collected by the Board under the*
4 *order, any action carried out for the purpose of influ-*
5 *encing any legislation or governmental action or pol-*
6 *icy (other than recommending to the Secretary*
7 *amendments to the order); and*

8 (3) *any advertising (including promotion, re-*
9 *search, and information activities authorized to be*
10 *carried out under the order) that may be false or mis-*
11 *leading or disparaging to another agricultural com-*
12 *modity.*

13 (e) *ACTIVITIES AND BUDGETS.—*

14 (1) *ACTIVITIES.—The order shall require the*
15 *Board established under the order to submit to the*
16 *Secretary for approval plans and projects for pro-*
17 *motion, research, or information relating to organic*
18 *products.*

19 (2) *BUDGETS.—*

20 (A) *SUBMISSION TO SECRETARY.—*

21 (i) *IN GENERAL.—The order shall re-*
22 *quire the Board established under the order*
23 *to submit to the Secretary for approval a*
24 *budget of the anticipated annual expenses*

1 *and disbursements of the Board to be paid*
2 *to administer the order.*

3 *(ii) SUBMISSION.—The budget shall be*
4 *submitted—*

5 *(I) before the beginning of a fiscal*
6 *year; and*

7 *(II) as frequently as is necessary*
8 *after the beginning of the fiscal year.*

9 *(B) REIMBURSEMENT OF SECRETARY.—The*
10 *order shall require that the Secretary be reim-*
11 *bursed for all expenses incurred by the Secretary*
12 *in the implementation, administration, and su-*
13 *pervision of the order.*

14 *(3) INCURRING EXPENSES.—The Board may*
15 *incur the expenses described in paragraph (2) and*
16 *other expenses for the administration, maintenance,*
17 *and functioning of the Board as authorized by the*
18 *Secretary.*

19 *(4) PAYMENT OF EXPENSES.—*

20 *(A) IN GENERAL.—Expenses incurred under*
21 *paragraph (3) shall be paid by the Board*
22 *using—*

23 *(i) assessments collected under section*
24 *1096;*

1 (ii) earnings obtained from assess-
2 ments; and

3 (iii) other income of the Board.

4 (B) *BORROWED FUNDS.*—Any funds bor-
5 rowed by the Board shall be expended only for
6 startup costs and capital outlays.

7 (5) *LIMITATION ON SPENDING.*—For fiscal years
8 beginning 3 or more years after the date of the estab-
9 lishment of the Board, the Board may not expend for
10 administration (except for reimbursements to the Sec-
11 retary required under paragraph (2)(B)), mainte-
12 nance, and functioning of the Board in a fiscal year
13 an amount that exceeds 15 percent of the assessment
14 and other income received by the Board for the fiscal
15 year.

16 (f) *CONTRACTS AND AGREEMENTS.*—

17 (1) *IN GENERAL.*—The order shall provide that,
18 with the approval of the Secretary, the Board estab-
19 lished under the order may—

20 (A) enter into contracts and agreements to
21 carry out generic promotion, research, and infor-
22 mation activities relating to organic products,
23 including contracts and agreements with pro-
24 ducer associations or other entities as considered
25 appropriate by the Secretary; and

1 (B) pay the cost of approved generic pro-
2 motion, research, and information activities
3 using—

4 (i) assessments collected under section
5 1096;

6 (ii) earnings obtained from assess-
7 ments; and

8 (iii) other income of the Board.

9 (2) *REQUIREMENTS.*—Each contract or agree-
10 ment shall provide that any person that enters into
11 the contract or agreement with the Board shall—

12 (A) develop and submit to the Board a pro-
13 posed activity together with a budget that speci-
14 fies the cost to be incurred to carry out the activ-
15 ity;

16 (B) keep accurate records of all of trans-
17 actions of the person relating to the contract or
18 agreement;

19 (C) account for funds received and expended
20 in connection with the contract or agreement;

21 (D) make periodic reports to the Board of
22 activities conducted under the contract or agree-
23 ment; and

24 (E) make such other reports as the Board or
25 the Secretary considers relevant.

1 (g) *RECORDS OF BOARD.*—

2 (1) *IN GENERAL.*—*The order shall require the*
3 *Board—*

4 (A)(i) *to maintain such records as the Sec-*
5 *retary may require; and*

6 (ii) *to make the records available to the Sec-*
7 *retary for inspection and audit;*

8 (B) *to collect and submit to the Secretary,*
9 *at any time the Secretary may specify, any in-*
10 *formation the Secretary may request;*

11 (C) *to account for the receipt and disburse-*
12 *ment of all funds in the possession, or under the*
13 *control, of the Board; and*

14 (D) *to make public to the participants in*
15 *the order the minutes of Board meetings and ac-*
16 *tions of the Board.*

17 (2) *AUDITS.*—*The order shall require the Board*
18 *to have—*

19 (A) *its records audited by an independent*
20 *auditor at the end of each fiscal year; and*

21 (B) *a report of the audit submitted directly*
22 *to the Secretary.*

23 (h) *PERIODIC EVALUATION.*—

24 (1) *IN GENERAL.*—*In accordance with section*
25 *501(c) of the Federal Agriculture Improvement and*

1 *Reform Act of 1996 (7 U.S.C. 7401(c)), the order*
2 *shall require the Board to provide for the independent*
3 *evaluation of all generic promotion, research, and in-*
4 *formation activities carried out under the order.*

5 (2) *RESULTS.—The results of an evaluation de-*
6 *scribed in paragraph (1), with any confidential busi-*
7 *ness information expunged, shall be made available*
8 *for public review by producers, first handlers, import-*
9 *ers, and other participants in the order.*

10 (3) *CONFORMING AMENDMENT.—Section 501(a)*
11 *of the Federal Agriculture Improvement and Reform*
12 *Act of 1996 (7 U.S.C. 7401(a)) is amended—*

13 (A) *in paragraph (17), by striking “or” at*
14 *the end;*

15 (B) *in paragraph (18), by striking the pe-*
16 *riod at the end and inserting “; or”; and*

17 (C) *by adding at the end the following:*

18 *“(19) section 1094(h) of the Organic Products*
19 *Promotion, Research, and Information Act of 2002.”.*

20 (i) *BOOKS AND RECORDS OF PERSONS COVERED BY*
21 *ORDER.—*

22 (1) *IN GENERAL.—The order shall require that*
23 *producers, first handlers and other persons in the*
24 *marketing chain, as appropriate, and importers cov-*
25 *ered by the order shall—*

1 (A) maintain records sufficient to ensure
2 compliance with the order and regulations;

3 (B) submit to the Board any information
4 required by the Board to carry out the respon-
5 sibilities of the Board under the order; and

6 (C) make the records described in subpara-
7 graph (A) available, during normal business
8 hours, for inspection by employees or agents of
9 the Board or the Department, including any
10 records necessary to verify information required
11 under subparagraph (B).

12 (2) *TIME REQUIREMENT.*—Any record required
13 to be maintained under paragraph (1) shall be main-
14 tained for such time period as the Secretary may pre-
15 scribe.

16 (3) *OTHER INFORMATION.*—The Secretary may
17 use, and may authorize the Board to use under this
18 subtitle, information regarding persons subject to the
19 order that is collected by the Department under any
20 other law.

21 (4) *CONFIDENTIALITY OF INFORMATION.*—

22 (A) *IN GENERAL.*—Except as otherwise pro-
23 vided in this subtitle, all information obtained
24 under paragraph (1) or as part of a referendum
25 under section 1097 shall be kept confidential by

1 *all officers, employees, and agents of the Depart-*
2 *ment and of the Board.*

3 *(B) DISCLOSURE.—Information referred to*
4 *in subparagraph (A) may be disclosed only if—*

5 *(i) the Secretary considers the informa-*
6 *tion relevant; and*

7 *(ii) the information is revealed in a ju-*
8 *dicial proceeding or administrative*
9 *hearing—*

10 *(I) brought at the direction or on*
11 *the request of the Secretary; or*

12 *(II) to which the Secretary or any*
13 *officer of the Department is a party.*

14 *(C) OTHER EXCEPTIONS.—This paragraph*
15 *shall not prohibit—*

16 *(i) the issuance of general statements*
17 *based on reports or on information relating*
18 *to a number of persons subject to the order*
19 *if the statements do not identify the infor-*
20 *mation furnished by any person; or*

21 *(ii) the publication, by direction of the*
22 *Secretary, of—*

23 *(I) the name of any person vio-*
24 *lating any order; and*

1 (II) a statement of the particular
2 provisions of the order violated by the
3 person.

4 (D) *PENALTY.*—Any person that willfully
5 violates this subsection shall be subject, on con-
6 viction, to a fine of not more than \$1,000 or to
7 imprisonment for not more than 1 year, or both.

8 (5) *WITHHOLDING INFORMATION.*—This sub-
9 section shall not authorize the withholding of infor-
10 mation from Congress.

11 **SEC. 1095. PERMISSIVE TERMS IN ORDER.**

12 (a) *EXEMPTIONS.*—The order may contain—

13 (1) authority for the Secretary to exempt from
14 the order any *de minimis* quantity of organic prod-
15 ucts otherwise covered by the order; and

16 (2) authority for the Board to require satisfac-
17 tory safeguards against improper use of the exemp-
18 tion.

19 (b) *DIFFERENT PAYMENT AND REPORTING SCHED-*
20 *ULES.*—The order may contain authority for the Board to
21 designate different payment and reporting schedules to rec-
22 ognize differences in organic product industry marketing
23 practices and procedures used in different production and
24 importing areas.

25 (c) *ACTIVITIES.*—

1 (1) *IN GENERAL.*—*The order may contain au-*
2 *thority to develop and carry out research, promotion,*
3 *and information activities designed to expand, im-*
4 *prove, or make more efficient the marketing or use of*
5 *organic products in domestic and foreign markets.*

6 (2) *APPLICABLE AUTHORITY.*—*Section 1094(e)*
7 *shall apply with respect to activities authorized under*
8 *this subsection.*

9 (d) *RESERVE FUNDS.*—*The order may contain author-*
10 *ity to reserve funds from assessments collected under section*
11 *1096 to permit an effective and continuous coordinated pro-*
12 *gram of research, promotion, and information in years in*
13 *which the yield from assessments may be reduced, except*
14 *that the amount of funds reserved may not exceed the great-*
15 *est aggregate amount of the anticipated disbursements spec-*
16 *ified in budgets approved under section 1094(e) by the Sec-*
17 *retary for any 2 fiscal years.*

18 (e) *GENERIC ACTIVITIES.*—*The order may contain au-*
19 *thority to provide credits of assessments in accordance with*
20 *section 1096(d) for those individuals that contribute to*
21 *other similar generic research, promotion, and information*
22 *programs at the State, regional, or local level.*

23 (f) *OTHER AUTHORITY.*—*The order may contain au-*
24 *thority to take any other action that—*

1 (1) *is not inconsistent with the purpose of this*
2 *subtitle, any term or condition specified in section*
3 *1094, or any rule issued to carry out this subtitle;*
4 *and*

5 (2) *is necessary to administer the order.*

6 **SEC. 1096. ASSESSMENTS.**

7 (a) *IN GENERAL.*—*A producer, first handler, or im-*
8 *porter of an organic product may elect to pay an assessment*
9 *under the order.*

10 (b) *PAYMENT.*—*If a first handler or importer of an*
11 *organic product elects to pay an assessment, the assessment*
12 *shall be, as appropriate—*

13 (1) *paid by first handlers with respect to the or-*
14 *ganic product produced and marketed in the United*
15 *States; and*

16 (2) *paid by importers with respect to the organic*
17 *product imported into the United States, if the im-*
18 *ported organic product is covered by the order under*
19 *section 1095(f).*

20 (c) *COLLECTION.*—*Any assessment collected under the*
21 *order shall be remitted to the Board at the time and in*
22 *the manner prescribed by the order.*

23 (d) *LIMITATION ON ASSESSMENTS.*—*Not more than 1*
24 *assessment may be collected on a first handler or importer*
25 *under subsection (a) with respect to any organic product.*

1 (e) *INVESTMENT OF ASSESSMENTS.*—Pending dis-
2 bursement of assessments under a budget approved by the
3 Secretary, the Board may invest assessments collected under
4 this section in—

5 (1) *obligations of the United States or any agen-*
6 *cy of the United States;*

7 (2) *general obligations of any State or any polit-*
8 *ical subdivision of a State;*

9 (3) *interest-bearing accounts or certificates of de-*
10 *posit of financial institutions that are members of the*
11 *Federal Reserve System; or*

12 (4) *obligations fully guaranteed as to principal*
13 *and interest by the United States.*

14 (f) *CREDITS.*—Notwithstanding any other provision of
15 law or any order issued under any commodity promotion
16 law, the Secretary shall permit a producer, first handler,
17 or importer of an organic product that pays an assessment
18 to the Board to receive a credit for the assessment against
19 any assessment that would otherwise be paid by the pro-
20 ducer, first handler, or importer under an order issued
21 under another commodity promotion law.

22 **SEC. 1097. REFERENDA.**

23 (a) *INITIAL REFERENDUM.*—

24 (1) *IN GENERAL.*—For the purpose of
25 ascertaining whether the persons to be covered by the

1 *order favor the order going into effect, the Secretary*
2 *shall conduct an initial referendum among persons*
3 *that, during a representative period determined by*
4 *the Secretary, engaged in—*

5 *(A) the production or handling of organic*
6 *products; or*

7 *(B) the importation of organic products.*

8 *(2) PROCEDURE.—The results of the referendum*
9 *shall be determined in accordance with subsection (e).*

10 *(b) SUBSEQUENT REFERENDUM.—Not later than 3*
11 *years after the date on which assessments were first carried*
12 *out under the order, and at least once every 4 years there-*
13 *after, for the purpose of ascertaining whether the persons*
14 *covered by the order favor the continuation, suspension, or*
15 *termination of the order, the Secretary shall conduct a ref-*
16 *erendum among persons that, during a representative pe-*
17 *riod determined by the Secretary, have engaged in—*

18 *(1) the production or handling of organic prod-*
19 *ucts; or*

20 *(2) the importation of organic products.*

21 *(c) ADDITIONAL REFERENDA.—For the purpose of*
22 *ascertaining whether persons covered by the order favor the*
23 *continuation, suspension, or termination of the order, the*
24 *Secretary shall conduct additional referenda—*

25 *(1) at the request of the Board; or*

1 (2) *at the request of 10 percent or more of the*
2 *number of persons eligible to vote under subsection*
3 *(b).*

4 (d) *OPTIONAL REFERENDA.—The Secretary may con-*
5 *duct a referendum at any time to determine whether the*
6 *continuation, suspension, or termination of the order or a*
7 *provision of the order is favored by persons eligible to vote*
8 *under subsection (b).*

9 (e) *APPROVAL OF ORDER.—The order may provide for*
10 *the approval of the order in a referendum by a majority*
11 *of persons voting in the referendum.*

12 (f) *MANNER OF CONDUCTING REFERENDA.—*

13 (1) *IN GENERAL.—A referendum conducted*
14 *under this section shall be conducted in the manner*
15 *determined by the Secretary to be appropriate.*

16 (2) *ADVANCE REGISTRATION.—If the Secretary*
17 *determines that an advance registration of eligible*
18 *voters in a referendum is necessary before the voting*
19 *period to facilitate the conduct of the referendum, the*
20 *Secretary may institute the advance registration*
21 *procedures—*

22 (A) *by mail;*

23 (B) *in person through the use of national*
24 *and local offices of the Department; or*

1 (C) by such other means as may be pre-
2 scribed by the Secretary.

3 (3) VOTING.—Eligible voters may vote in the
4 referendum—

5 (A) by mail ballot;

6 (B) in person; or

7 (C) by such other means as may be pre-
8 scribed by the Secretary.

9 (4) NOTICE.—

10 (A) IN GENERAL.—Not later than 30 days
11 before the date on which a referendum is con-
12 ducted under this section with respect to the
13 order, the Secretary shall notify the organic
14 product industry, in such manner as determined
15 to be appropriate by the Secretary, of the period
16 during which voting in the referendum will
17 occur.

18 (B) CONTENTS.—The notice shall explain
19 any registration and voting procedures estab-
20 lished under this subsection.

21 (g) RESULTS OF REFERENDA.—The results of
22 referenda conducted under this section shall be made avail-
23 able to the public.

24 **SEC. 1098. PETITION AND REVIEW OF ORDERS.**

25 (a) PETITION.—

1 (1) *IN GENERAL.*—A person subject to the order
2 may file with the Secretary a petition—

3 (A) stating that the order, any provision of
4 the order, or any obligation imposed in connec-
5 tion with the order, is not established in accord-
6 ance with law; and

7 (B) requesting a modification of the order
8 or an exemption from the order.

9 (2) *HEARING.*—The Secretary shall give the peti-
10 tioner an opportunity for a hearing on the petition,
11 in accordance with regulations promulgated by the
12 Secretary.

13 (3) *RULING.*—

14 (A) *IN GENERAL.*—After the hearing, the
15 Secretary shall make a ruling on the petition.

16 (B) *FINALITY.*—The ruling shall be final,
17 subject to review in accordance with subsection
18 (b).

19 (4) *LIMITATION ON PETITION.*—Any petition
20 filed under this subsection challenging the order, any
21 provision of the order, or any obligation imposed in
22 connection with the order, shall be filed not later than
23 2 years after the effective date of the order, provision,
24 or obligation subject to challenge in the petition.

25 (b) *REVIEW.*—

1 (1) *COMMENCEMENT OF ACTION.*—*The district*
2 *court of the United States for any district in which*
3 *a person that is a petitioner under subsection (a) re-*
4 *sides or carries on business shall have jurisdiction to*
5 *review the final ruling on the petition of the person,*
6 *if a complaint for that purpose is filed not later than*
7 *20 days after the date of the entry of the final ruling*
8 *by the Secretary under subsection (a)(3).*

9 (2) *PROCESS.*—*Service of process in a pro-*
10 *ceeding may be made on the Secretary by delivering*
11 *a copy of the complaint to the Secretary.*

12 (3) *REMANDS.*—*If the court determines that the*
13 *ruling is not in accordance with law, the court shall*
14 *remand the matter to the Secretary with directions—*

15 (A) *to make such ruling as the court deter-*
16 *mines to be in accordance with law; or*

17 (B) *to take such further action as, in the*
18 *opinion of the court, the law requires.*

19 (c) *EFFECT ON ENFORCEMENT PROCEEDINGS.*—*The*
20 *pendency of a petition filed under subsection (a) or an ac-*
21 *tion commenced under subsection (b) shall not operate as*
22 *a stay of any action authorized by section 1098A to be taken*
23 *to enforce this subtitle, including any rule, order, or penalty*
24 *in effect under this subtitle.*

1 **SEC. 1098A. ENFORCEMENT.**

2 (a) *JURISDICTION.*—*The district courts of the United*
3 *States shall have jurisdiction specifically to enforce, and to*
4 *prevent and restrain a person from violating, the order*
5 *issued, or any regulation promulgated, under this subtitle.*

6 (b) *REFERRAL TO ATTORNEY GENERAL.*—*A civil ac-*
7 *tion authorized to be brought under this section shall be*
8 *referred to the Attorney General for appropriate action, ex-*
9 *cept that the Secretary shall not be required to refer to the*
10 *Attorney General a violation of this subtitle if the Secretary*
11 *believes that the administration and enforcement of this*
12 *subtitle would be adequately served by—*

13 (1) *providing a suitable written notice or warn-*
14 *ing to the person that committed the violation; or*

15 (2) *conducting an administrative action under*
16 *this section.*

17 (c) *CIVIL PENALTIES AND ORDERS.*—

18 (1) *CIVIL PENALTIES.*—*A person that willfully*
19 *violates the order or regulation promulgated by the*
20 *Secretary under this subtitle may be assessed by the*
21 *Secretary a civil penalty of not less than \$1,000 and*
22 *not more than \$10,000 for each violation.*

23 (2) *SEPARATE OFFENSE.*—*Each violation and*
24 *each day during which there is a failure to comply*
25 *with the order, or with any regulation promulgated*

1 *by the Secretary, shall be considered to be a separate*
2 *offense.*

3 (3) *CEASE-AND-DESIST ORDERS.*—*In addition*
4 *to, or in lieu of, a civil penalty, the Secretary issue*
5 *an order requiring a person to cease and desist from*
6 *violating—*

7 (A) *the order; or*

8 (B) *any regulation promulgated under this*
9 *subtitle.*

10 (4) *NOTICE AND HEARING.*—*No order assessing a*
11 *penalty or cease-and-desist order may be issued by the*
12 *Secretary under this subsection unless the Secretary*
13 *provides notice and an opportunity for a hearing on*
14 *the record with respect to the violation.*

15 (5) *FINALITY.*—*An order assessing a penalty, or*
16 *a cease-and-desist order issued under this subsection*
17 *by the Secretary, shall be final and conclusive unless*
18 *the person against whom the order is issued files an*
19 *appeal from the order with the United States court of*
20 *appeals, as provided in subsection (d).*

21 (d) *REVIEW BY COURT OF APPEALS.*—

22 (1) *IN GENERAL.*—*A person against whom an*
23 *order is issued under subsection (c) may obtain re-*
24 *view of the order by—*

1 (A) filing, not later than 30 days after the
2 person receives notice of the order, a notice of ap-
3 peal in—

4 (i) the United States court of appeals
5 for the circuit in which the person resides or
6 carries on business; or

7 (ii) the United States Court of Appeals
8 for the District of Columbia Circuit; and

9 (B) simultaneously sending a copy of the
10 notice of appeal by certified mail to the Sec-
11 retary.

12 (2) *RECORD.*—The Secretary shall file with the
13 court a certified copy of the record on which the Sec-
14 retary has determined that the person has committed
15 a violation.

16 (3) *STANDARD OF REVIEW.*—A finding of the
17 Secretary under this section shall be set aside only if
18 the finding is found to be unsupported by substantial
19 evidence on the record.

20 (e) *FAILURE TO OBEY CEASE-AND-DESIST OR-*
21 *DERS.*—

22 (1) *IN GENERAL.*—A person that fails to obey a
23 valid cease-and-desist order issued by the Secretary
24 under this section, after an opportunity for a hearing,
25 shall be subject to a civil penalty assessed by the Sec-

1 retary of not less than \$1,000 and not more than
2 \$10,000 for each offense.

3 (2) *SEPARATE VIOLATIONS.*—Each day during
4 which the failure continues shall be considered to be
5 a separate violation of the cease-and-desist order.

6 (f) *FAILURE TO PAY PENALTIES.*—

7 (1) *IN GENERAL.*—If a person fails to pay a civil
8 penalty imposed under this section by the Secretary,
9 the Secretary shall refer the matter to the Attorney
10 General for recovery of the amount assessed in the
11 district court of the United States for any district in
12 which the person resides or carries on business.

13 (2) *REVIEWABILITY.*—In the action, the validity
14 and appropriateness of the order imposing the civil
15 penalty shall not be subject to review.

16 (g) *ADDITIONAL REMEDIES.*—The remedies provided
17 in this section shall be in addition to, and not exclusive
18 of, other remedies that may be available.

19 **SEC. 1098B. INVESTIGATIONS AND POWER TO SUBPOENA.**

20 (a) *INVESTIGATIONS.*—The Secretary may make such
21 investigations as the Secretary considers necessary—

22 (1) for the effective administration of this sub-
23 title; or

24 (2) to determine whether any person subject to
25 this subtitle has engaged, or is about to engage, in

1 *any action that constitutes or will constitute a viola-*
2 *tion of this subtitle or any order or regulation issued*
3 *under this subtitle.*

4 ***(b) SUBPOENAS, OATHS, AND AFFIRMATIONS.—***

5 ***(1) IN GENERAL.—****For the purpose of any inves-*
6 *tigation under subsection (a), the Secretary may ad-*
7 *minister oaths and affirmations, subpoena witnesses,*
8 *compel the attendance of witnesses, take evidence, and*
9 *require the production of any records or documents*
10 *that are relevant to the inquiry.*

11 ***(2) SCOPE.—****The attendance of witnesses and the*
12 *production of records or documents may be required*
13 *from any place in the United States.*

14 ***(c) AID OF COURTS.—***

15 ***(1) IN GENERAL.—****In the case of contumacy by,*
16 *or refusal to obey a subpoena issued to, any person,*
17 *the Secretary may invoke the aid of any court of the*
18 *United States within the jurisdiction of which the in-*
19 *vestigation or proceeding is carried on, or where the*
20 *person resides or carries on business, in order to re-*
21 *quire the attendance and testimony of the person or*
22 *the production of records or documents.*

23 ***(2) ACTION BY COURT.—****The court may issue an*
24 *order requiring the person to appear before the Sec-*

1 *retary to produce records or documents or to give tes-*
2 *timony regarding the matter under investigation.*

3 *(d) CONTEMPT.—Any failure to obey the order of the*
4 *court may be punished by the court as a contempt of the*
5 *court.*

6 *(e) PROCESS.—Process in any case under this section*
7 *may be served—*

8 *(1) in the judicial district in which the person*
9 *resides or carries on business; or*

10 *(2) wherever the person may be found.*

11 **SEC. 1098C. SUSPENSION OR TERMINATION.**

12 *(a) MANDATORY SUSPENSION OR TERMINATION.—The*
13 *Secretary shall suspend or terminate an order or a provi-*
14 *sion of an order if the Secretary determines that—*

15 *(1) an order or a provision of an order obstructs*
16 *or does not tend to effectuate the purpose of this sub-*
17 *title; or*

18 *(2) an order or a provision of an order is not*
19 *avored by persons voting in a referendum conducted*
20 *under section 1097.*

21 *(b) IMPLEMENTATION OF SUSPENSION OR TERMI-*
22 *NATION.—If, as a result of a referendum conducted under*
23 *section 1097, the Secretary determines that an order is not*
24 *approved, the Secretary shall—*

1 (1) *not later than 180 days after making the de-*
2 *termination, suspend or terminate, as the case may*
3 *be, collection of assessments under the order; and*

4 (2) *as soon as practicable, suspend or terminate,*
5 *as the case may be, activities under the order in an*
6 *orderly manner.*

7 **SEC. 1098D. AMENDMENTS TO ORDERS.**

8 *The provisions of this subtitle applicable to an order*
9 *shall be applicable to any amendment to an order, except*
10 *that section 1097 shall not apply to an amendment.*

11 **SEC. 1098E. EFFECT ON OTHER LAWS.**

12 *Except as otherwise expressly provided in this subtitle,*
13 *this subtitle shall not affect or preempt any other Federal*
14 *or State law authorizing promotion or research relating to*
15 *an organic product.*

16 **SEC. 1098F. REGULATIONS.**

17 *The Secretary may promulgate such regulations as are*
18 *necessary to carry out this subtitle and the power vested*
19 *in the Secretary under this subtitle.*

20 **SEC. 1098G. AUTHORIZATION OF APPROPRIATIONS.**

21 (a) *IN GENERAL.*—*There are authorized to be appro-*
22 *priated such sums as are necessary to carry out this sub-*
23 *title.*

24 (b) *LIMITATION ON EXPENDITURES FOR ADMINISTRA-*
25 *TIVE EXPENSES.*—*Funds made available to carry out this*

1 *subtitle may not be expended for the payment of expenses*
2 *incurred by the Board to administer the order.*

3 ***Subtitle G—Administration***

4 ***SEC. 1099. REGULATIONS.***

5 (a) *IN GENERAL.*—*The Secretary of Agriculture may*
6 *promulgate such regulations as are necessary to implement*
7 *this Act and the amendments made by this Act.*

8 (b) *PROCEDURE.*—*The promulgation of the regulations*
9 *and administration of title I and sections 459 and 508 and*
10 *the amendments made by title I and sections 459 and 508*
11 *shall be made without regard to—*

12 (1) *the notice and comment provisions of section*
13 *553 of title 5, United States Code;*

14 (2) *the Statement of Policy of the Secretary of*
15 *Agriculture effective July 24, 1971 (36 Fed. Reg.*
16 *13804), relating to notices of proposed rulemaking*
17 *and public participation in rulemaking; and*

18 (3) *chapter 35 of title 44, United States Code*
19 *(commonly known as the “Paperwork Reduction*
20 *Act”).*

21 (c) *CONGRESSIONAL REVIEW OF AGENCY RULE-*
22 *MAKING.*—*In carrying out subsection (b), the Secretary*
23 *shall use the authority provided under section 808 of title*
24 *5, United States Code.*

1 **SEC. 1099A. EFFECT OF AMENDMENTS.**

2 (a) *IN GENERAL.*—*Except as otherwise specifically*
3 *provided in this Act and notwithstanding any other provi-*
4 *sion of law, this Act and the amendments made by this Act*
5 *shall not affect the authority of the Secretary of Agriculture*
6 *to carry out an agricultural market transition, price sup-*
7 *port, or production adjustment program for any of the 1996*
8 *through 2001 crop, fiscal, or calendar years under a provi-*
9 *sion of law in effect immediately before the date of enact-*
10 *ment of this Act.*

11 (b) *LIABILITY.*—*A provision of this Act or an amend-*
12 *ment made by this Act shall not affect the liability of any*
13 *person under any provision of law as in effect immediately*
14 *before the date of enactment of this Act.*

15 **SEC. 1099B. COMMODITY CREDIT CORPORATION FUNDING.**

16 *Except for funds made available through a user fee or*
17 *funds made available in an appropriation act, notwith-*
18 *standing any other provision of this Act or an amendment*
19 *made by this Act, any funds that are made available*
20 *through the transfer of funds from the Secretary of the*
21 *Treasury to the Secretary of Agriculture expressly under*
22 *this Act or an amendment made by this Act shall be made*

1 *available through funds of the Commodity Credit Corpora-*
2 *tion.*

Attest:

Secretary.

107TH CONGRESS
2D SESSION

H. R. 2646

AMENDMENT