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107TH CONGRESS
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HOUSE OF REPRESENTATIVES

REPORT
107–424

FARM SECURITY AND RURAL INVESTMENT ACT OF 2002

CONFERENCE REPORT

TO ACCOMPANY

H.R. 2646

MAY 1, 2002.—Ordered to be printed

FARM SECURITY AND RURAL INVESTMENT ACT OF 2002

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

CONFERENCE REPORT

[To accompany H.R. 2646]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2646), to provide for the continuation of agricultural programs through fiscal year 2011, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

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

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Farm Security and Rural Investment Act of 2002".

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

Sec. 1. Short title; table of contents.

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TITLE I—COMMODITY PROGRAMS

SEC. 1001. DEFINITIONS.

In this title (other than subtitle C):

(1) AGRICULTURAL ACT OF 1949.—The term "Agricultural Act of 1949" means the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), as in effect prior to the suspensions under section 171 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301).

(2) BASE ACRES.—The term "base acres", with respect to a covered commodity on a farm, means the number of acres established under section 1101 with respect to the covered commodity on the election made by the owner of the farm under subsection (a) of such section.

(3) COUNTER-CYCLICAL PAYMENT.—The term "counter-cyclical payment" means a payment made to producers on a farm under section 1104.

(4) COVERED COMMODITY.—The term "covered commodity" means wheat, corn, grain sorghum, barley, oats, upland cotton, rice, soybeans, and other oilseeds.

(5) DIRECT PAYMENT.—The term "direct payment" means a payment made to producers on a farm under section 1103.

(6) EFFECTIVE PRICE.—The term "effective price", with respect to a covered commodity for a crop year, means the price calculated by the Secretary under section 1104 to determine whether counter-cyclical payments are required to be made for that crop year.

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

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

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

(8) LOAN COMMODITY.—The term "loan commodity" means wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, rice, soybeans, other oilseeds, wool, mohair, honey, dry peas, lentils, and small chickpeas.

(9) OTHER OILSEED.—The term "other oilseed" means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, or, if designated by the Secretary, another oilseed.

(10) PAYMENT ACRES.—The term "payment acres" means 85 percent of the base acres of a covered commodity on a farm, as established under section 1101, on which direct payments and counter-cyclical payments are made.

(11) PAYMENT YIELD.—

(A) IN GENERAL.—The term "payment yield" means the yield established under section 1102 for a farm for a covered commodity.

(B) UPDATED PAYMENT YIELD.—The term "updated payment yield" means the payment yield elected by the owner of a farm under section 1102(e) to be used in calculating the counter-cyclical payments for the farm.

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

the crop been produced. In determining whether a grower of hybrid seed is a producer, the Secretary shall not take into consideration the existence of a hybrid seed contract and shall ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this title.

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

(14) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(15) TARGET PRICE.—The term "target price" means the price per bushel (or other appropriate unit in the case of upland cotton, rice, and other oilseeds) of a covered commodity used to determine the payment rate for counter-cyclical payments.

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

Subtitle A—Direct Payments and Counter-Cyclical Payments

SEC. 1101. ESTABLISHMENT OF BASE ACRES AND PAYMENT ACRES FOR A FARM.

(a) ELECTION BY OWNER OF BASE ACRES CALCULATION METHOD.—

(1) ALTERNATIVE CALCULATION METHODS.—For the purpose of making direct payments and counter-cyclical payments with respect to a farm, the Secretary shall give an owner of the farm an opportunity to elect 1 of the following as the method by which the base acres of all covered commodities on the farm are to be determined:

(A) Subject to paragraphs (3) and (4), the 4-year average of the following:

(i) Acreage planted on the farm to covered commodities for harvest, grazing, haying, silage, or other similar purposes for the 1998 through 2001 crop years.

(ii) Any acreage on the farm that the producers were prevented from planting during the 1998 through 2001 crop years to covered commodities because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, as determined by the Secretary.

(B) Subject to paragraph (3), the sum of the following:

(i) The contract acreage (as defined in section 102 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7202)) used by the Secretary to calculate the fiscal year 2002 payment authorized under section 114 of such Act (7 U.S.C. 7214) for the covered commodities on the farm.

(ii) The 4-year average of eligible oilseed acreage on the farm for the 1998 through 2001 crop years, as determined by the Secretary under paragraph (2).

(2) ELIGIBLE OILSEED ACREAGE.—

(A) CALCULATION.—For purposes of paragraph (1)(B)(ii), the eligible acreage for each oilseed on a farm during each of the 1998 through 2001 crop years shall be determined in the manner provided in paragraph (1)(A), except that the total acreage for all oilseeds on the farm for a crop year may not exceed the difference between—

(i) the total acreage determined under paragraph (1)(A) for all covered commodities for that crop year; and

(ii) the total contract acreage determined under paragraph (1)(B)(i).

(B) EFFECT OF NEGATIVE NUMBER.—If the subtraction performed under subparagraph (A) results in a negative number, the eligible oilseed acreage on the farm for that crop year shall be zero for purposes of determining the 4-year average.

(C) OFFSET OF CONTRACT ACREAGE.—The owner of a farm may increase the eligible acreage for an oilseed on the farm by reducing the contract acreage determined under paragraph (1)(B)(i) for 1 or more covered commodities on an acre-for-acre basis, except that the total base acreage for each oilseed on the farm may not exceed the 4-year average of each oilseed determined under paragraph (1)(B)(ii).

(3) INCLUSION OF ALL 4 YEARS IN AVERAGE.—For the purpose of determining a 4-year acreage average under this subsection for a farm, the Secretary shall not exclude any crop year in which a covered commodity was not planted.

(4) TREATMENT OF MULTIPLE PLANTING OR PREVENTED PLANTING.—For the purpose of determining under paragraph (1)(A) the acreage on a farm that producers planted or were prevented from planting during the 1998 through 2001 crop years to covered commodities, if the acreage that was planted or prevented from being planted was devoted to another covered commodity in the same crop year (other than a covered commodity produced under an established practice of double cropping), the owner may elect the commodity to be used for that crop year in determining the 4-year average, but may not include both the initial commodity and the subsequent commodity.

(b) SINGLE ELECTION; TIME FOR ELECTION.—

(1) NOTICE OF ELECTION OPPORTUNITY.—As soon as practicable after the date of enactment of this Act, the Secretary shall provide notice to owners of farms regarding their opportunity to make the election described in subsection (a). The notice shall include the following:

(A) Notice that the opportunity of an owner to make the election is being provided only once.

(B) Information regarding the manner in which the election must be made and the time periods and manner in which notice of the election must be submitted to the Secretary.

(2) ELECTION DEADLINE.—Within the time period and in the manner prescribed pursuant to paragraph (1), the owner of a farm shall submit to the Secretary notice of the election made by the owner under subsection (a).

(c) EFFECT OF FAILURE TO MAKE ELECTION.—If the owner of a farm fails to make the election under subsection (a) or fails to timely notify the Secretary of the election made, as required by subsection (b), the owner shall be deemed to have made the election described in subsection (a)(1)(B) to determine base acres for all covered commodities on the farm.

(d) APPLICATION OF ELECTION TO ALL COVERED COMMODITIES.—The election made under subparagraph (A) or (B) of subsection (a)(1), or deemed to be made under subsection (c), with respect to a farm shall apply to all of the covered commodities on the farm.

(e) TREATMENT OF CONSERVATION RESERVE CONTRACT ACREAGE.—

(1) IN GENERAL.—The Secretary shall provide for an adjustment, as appropriate, in the base acres for covered commodities for a farm whenever either of the following circumstances occurs:

(A) A conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with respect to the farm expires or is voluntarily terminated.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(2) SPECIAL PAYMENT RULES.—For the crop year in which a base acres adjustment under paragraph (1) is first made, the owner of the farm shall elect to receive either direct payments and counter-cyclical payments with respect to the acreage added to the farm under this subsection or a prorated payment under the conservation reserve contract, but not both.

(f) PAYMENT ACRES.—The payment acres for a covered commodity on a farm shall be equal to 85 percent of the base acres for the covered commodity.

(g) PREVENTION OF EXCESS BASE ACRES.—

(1) REQUIRED REDUCTION.—If the sum of the base acres for a farm, together with the acreage described in paragraph (2), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the base acres for 1 or more covered commodities for the farm or the base acres for peanuts for the farm under subtitle C so that the sum of the base acres and acreage described in paragraph (2) does not exceed the actual cropland acreage of the farm.

(2) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include the following:

(A) Any base acres for peanuts for the farm under subtitle C.

(B) Any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

(C) Any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

(3) SELECTION OF ACRES.—The Secretary shall give the owner of the farm the opportunity to select the base acres or the

base acres for peanuts for the farm under subtitle C against which the reduction required by paragraph (1) will be made.

(4) EXCEPTION FOR DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall make an exception in the case of double cropping, as determined by the Secretary.

(5) COORDINATED APPLICATION OF REQUIREMENTS.—The Secretary shall take into account section 1302(f) when applying the requirements of this subsection.

(h) PERMANENT REDUCTION IN BASE ACRES.—The owner of a farm may reduce, at any time, the base acres for any covered commodity for the farm. The reduction shall be permanent and made in the manner prescribed by the Secretary.

SEC. 1102. ESTABLISHMENT OF PAYMENT YIELD.

(a) ESTABLISHMENT AND PURPOSE.—For the purpose of making direct payments and counter-cyclical payments under this subtitle, the Secretary shall provide for the establishment of a payment yield for each farm for each covered commodity in accordance with this section.

(b) USE OF FARM PROGRAM PAYMENT YIELD.—Except as otherwise provided in this section, the payment yield for each of the 2002 through 2007 crops of a covered commodity for a farm shall be the farm program payment yield established for the 1995 crop of the covered commodity under section 505 of the Agricultural Act of 1949 (7 U.S.C. 1465), as adjusted by the Secretary to account for any additional yield payments made with respect to that crop under section 505(b)(2) of that Act.

(c) FARMS WITHOUT FARM PROGRAM PAYMENT YIELD.—In the case of a farm for which a farm program payment yield is unavailable for a covered commodity (other than soybeans or other oilseeds), the Secretary shall establish an appropriate payment yield for the covered commodity on the farm taking into consideration the farm program payment yields applicable to the commodity under subsection (b) for similar farms, but before the yields for the similar farms are updated as provided in subsection (e).

(d) PAYMENT YIELDS FOR OILSEEDS.—

(1) DETERMINATION OF AVERAGE YIELD.—In the case of soybeans and each other oilseed, the Secretary shall determine the average yield per planted acre for the oilseed on a farm for the 1998 through 2001 crop years, excluding any crop year in which the acreage planted to the oilseed was zero.

(2) ADJUSTMENT FOR PAYMENT YIELD.—The payment yield for a farm for an oilseed shall be equal to the product of the following:

(A) The average yield for the oilseed determined under paragraph (1).

(B) The ratio resulting from dividing the national average yield for the oilseed for the 1981 through 1985 crops by the national average yield for the oilseed for the 1998 through 2001 crops.

(3) USE OF PARTIAL COUNTY AVERAGE YIELD.—If the yield per planted acre for a crop of an oilseed for a farm for any of the 1998 through 2001 crop years was less than 75 percent of the county yield for that oilseed, the Secretary shall assign a yield for that crop year equal to 75 percent of the county yield for the purpose of determining the average under paragraph (1).

(e) OPPORTUNITY TO PARTIALLY UPDATE YIELDS USED TO DETERMINE COUNTER-CYCLICAL PAYMENTS.—

(1) ELECTION TO UPDATE.—If the owner of a farm elects to use the base acres calculation method described in section 1101(a)(1)(A), the owner shall also have a 1-time opportunity to elect to use 1 of the methods described in paragraph (3) to partially update the payment yields that would otherwise be used in calculating any counter-cyclical payments for covered commodities on the farm.

(2) TIME FOR ELECTION.—The election under paragraph (1) shall be made at the same time and in the same manner as the Secretary prescribes for the election required under section 1101.

(3) METHODS OF UPDATING YIELDS.—If the owner of a farm elects to update yields under this subsection, the payment yield for a covered commodity on the farm, for the purpose of calculating counter-cyclical payments only, shall be equal to the yield determined using either of the following:

(A) The sum of the following:

(i) The payment yield applicable for direct payments for the covered commodity on the farm.

(ii) 70 percent of the difference between—

(I) the average yield per planted acre for the crop of the covered commodity on the farm for the 1998 through 2001 crop years, as determined by the Secretary, excluding any crop year in which the acreage planted to the crop of the covered commodity was zero; and

(II) the payment yield applicable for direct payments for the covered commodity on the farm.

(B) 93.5 percent of the average of the yield per planted acre for the crop of the covered commodity on the farm for the 1998 through 2001 crop years, as determined by the Secretary, excluding any crop year in which the acreage planted to the crop of the covered commodity was zero.

(4) USE OF PARTIAL COUNTY AVERAGE YIELD.—If the yield per planted acre for a crop of the covered commodity for a farm for any of the 1998 through 2001 crop years was less than 75 percent of the county yield for that commodity, the Secretary shall assign a yield for that crop year equal to 75 percent of the county yield for the purpose of determining the average yield under paragraph (3).

(5) APPLICATION OF ELECTION AND METHOD TO ALL COVERED COMMODITIES.—The owner of a farm may not elect the method described in paragraph (3)(A) for 1 covered commodity on the farm and the method described in paragraph (3)(B) for other covered commodities on the farm.

SEC. 1103. AVAILABILITY OF DIRECT PAYMENTS.

(a) PAYMENT REQUIRED.—For each of the 2002 through 2007 crop years of each covered commodity, the Secretary shall make direct payments to producers on farms for which payment yields and base acres are established.

(b) PAYMENT RATE.—The payment rates used to make direct payments with respect to covered commodities for a crop year are as follows:

(1) Wheat, $0.52 per bushel.
(2) Corn, $0.28 per bushel.
(3) Grain sorghum, $0.35 per bushel.
(4) Barley, $0.24 per bushel.
(5) Oats, $0.024 per bushel.
(6) Upland cotton, $0.0667 per pound.
(7) Rice, $2.35 per hundredweight.
(8) Soybeans, $0.44 per bushel.
(9) Other oilseeds, $0.0080 per pound.

(c) PAYMENT AMOUNT.—The amount of the direct payment to be paid to the producers on a farm for a covered commodity for a crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (b).

(2) The payment acres of the covered commodity on the farm.

(3) The payment yield for the covered commodity for the farm.

(d) TIME FOR PAYMENT.—

(1) IN GENERAL.—The Secretary shall make direct payments—

(A) in the case of the 2002 crop year, as soon as practicable after the date of enactment of this Act; and

(B) in the case of each of the 2003 through 2007 crop years, not before October 1 of the calendar year in which the crop of the covered commodity is harvested.

(2) ADVANCE PAYMENTS.—At the option of the producers on a farm, up to 50 percent of the direct payment for a covered commodity for any of the 2003 through 2007 crop years shall be paid to the producers in advance. The producers shall select the month within which the advance payment for a crop year will be made. The month selected may be any month during the period beginning on December 1 of the calendar year before the calendar year in which the crop of the covered commodity is harvested through the month within which the direct payment would otherwise be made. The producers may change the selected month for a subsequent advance payment by providing advance notice to the Secretary.

(3) REPAYMENT OF ADVANCE PAYMENTS.—If a producer on a farm that receives an advance direct payment for a crop year ceases to be a producer on that farm, or the extent to which the producer shares in the risk of producing a crop changes, before the date the remainder of the direct payment is made, the producer shall be responsible for repaying the Secretary the applicable amount of the advance payment, as determined by the Secretary.

SEC. 1104. AVAILABILITY OF COUNTER-CYCLICAL PAYMENTS.

(a) PAYMENT REQUIRED.—For each of the 2002 through 2007 crop years for each covered commodity, the Secretary shall make counter-cyclical payments to producers on farms for which payment yields and base acres are established with respect to the covered commodity if the Secretary determines that the effective price for the covered commodity is less than the target price for the covered commodity.

(b) EFFECTIVE PRICE.—For purposes of subsection (a), the effective price for a covered commodity is equal to the sum of the following:

(1) The higher of the following:

(A) The national average market price received by producers during the 12-month marketing year for the covered commodity, as determined by the Secretary.

(B) The national average loan rate for a marketing assistance loan for the covered commodity in effect for the applicable period under subtitle B.

(2) The payment rate in effect for the covered commodity under section 1103 for the purpose of making direct payments with respect to the covered commodity.

(c) TARGET PRICE.—

(1) 2002 AND 2003 CROP YEARS.—For purposes of the 2002 and 2003 crop years, the target prices for covered commodities shall be as follows:

(A) Wheat, $3.86 per bushel.

(B) Corn, $2.60 per bushel.

(C) Grain sorghum, $2.54 per bushel.

(D) Barley, $2.21 per bushel.

(E) Oats, $1.40 per bushel.

(F) Upland cotton, $0.7240 per pound.

(G) Rice, $10.50 per hundredweight.

(H) Soybeans, $5.80 per bushel.

(I) Other oilseeds, $0.0980 per pound.

(2) SUBSEQUENT CROP YEARS.—For purposes of each of the 2004 through 2007 crop years, the target prices for covered commodities shall be as follows:

(A) Wheat, $3.92 per bushel.

(B) Corn, $2.63 per bushel.

(C) Grain sorghum, $2.57 per bushel.

(D) Barley, $2.24 per bushel.

(E) Oats, $1.44 per bushel.

(F) Upland cotton, $0.7240 per pound.

(G) Rice, $10.50 per hundredweight.

(H) Soybeans, $5.80 per bushel.

(I) Other oilseeds, $0.1010 per pound.

(d) PAYMENT RATE.—The payment rate used to make counter-cyclical payments with respect to a covered commodity for a crop year shall be equal to the difference between—

(1) the target price for the covered commodity; and

(2) the effective price determined under subsection (b) for the covered commodity.

(e) PAYMENT AMOUNT.—If counter-cyclical payments are required to be paid for any of the 2002 through 2007 crop years of a covered commodity, the amount of the counter-cyclical payment to be paid to the producers on a farm for that crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (d).

(2) The payment acres of the covered commodity on the farm.

(3) The payment yield or updated payment yield for the farm, depending on the election of the owner of the farm under section 1102.

(f) TIME FOR PAYMENTS.—

(1) GENERAL RULE.—If the Secretary determines under subsection (a) that counter-cyclical payments are required to be made under this section for the crop of a covered commodity, the Secretary shall make the counter-cyclical payments for the crop as soon as practicable after the end of the 12-month marketing year for the covered commodity.

(2) AVAILABILITY OF PARTIAL PAYMENTS.—If, before the end of the 12-month marketing year for a covered commodity, the Secretary estimates that counter-cyclical payments will be required for the crop of the covered commodity, the Secretary shall give producers on a farm the option to receive partial payments of the counter-cyclical payment projected to be made for that crop of the covered commodity.

(3) TIME FOR PARTIAL PAYMENTS.—

(A) 2002 THROUGH 2006 CROP YEARS.—When the Secretary makes partial payments available under paragraph (2) for a covered commodity for any of the 2002 through 2006 crop years—

(i) the first partial payment for the crop year shall be made not earlier than October 1, and, to the maximum extent practicable, not later than October 31, of the calendar year in which the crop of the covered commodity is harvested;

(ii) the second partial payment shall be made not earlier than February 1 of the next calendar year; and

(iii) the final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for the covered commodity.

(B) 2007 CROP YEAR.—When the Secretary makes partial payments available for a covered commodity for the 2007 crop year—

(i) the first partial payment shall be made after completion of the first 6 months of the marketing year for the covered commodity; and

(ii) the final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for the covered commodity.

(4) AMOUNT OF PARTIAL PAYMENTS.—

(A) 2002 THROUGH 2006 CROP YEARS.—

(i) FIRST PARTIAL PAYMENT.—For each of the 2002 through 2006 crop years of a covered commodity, the first partial payment under paragraph (3) to the producers on a farm may not exceed 35 percent of the projected counter-cyclical payment for the covered commodity for the crop year, as determined by the Secretary.

(ii) SECOND PARTIAL PAYMENT.—The second partial payment for a covered commodity for a crop year may not exceed the difference between—

(I) 70 percent of the projected counter-cyclical payment (including any revision thereof) for the crop of the covered commodity; and

(II) the amount of the payment made under clause (i).

(iii) FINAL PAYMENT.—The final payment for a covered commodity for a crop year shall be equal to the difference between—

(I) the actual counter-cyclical payment to be made to the producers for the covered commodity for that crop year; and

(II) the amount of the partial payments made to the producers under clauses (i) and (ii) for that crop year.

(B) 2007 CROP YEAR.—

(i) FIRST PARTIAL PAYMENT.—For the 2007 crop year, the first partial payment under paragraph (3) to the producers on a farm may not exceed 40 percent of the projected counter-cyclical payment for the covered commodity for the crop year, as determined by the Secretary.

(ii) FINAL PAYMENT.—The final payment for the 2007 crop year shall be equal to the difference between—

(I) the actual counter-cyclical payment to be made to the producers for the covered commodity for that crop year; and

(II) the amount of the partial payment made to the producers under clause (i).

(5) REPAYMENT.—The producers on a farm that receive a partial payment under this subsection for a crop year shall repay to the Secretary the amount, if any, by which the total of the partial payments exceed the actual counter-cyclical payment to be made for the covered commodity for that crop year.

SEC. 1105. PRODUCER AGREEMENT REQUIRED AS CONDITION OF PROVISION OF DIRECT PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive direct payments or counter-cyclical payments with respect to the farm, the producers shall agree, during the crop year for which the payments are made and in exchange for the payments—

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

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

(C) to comply with the planting flexibility requirements of section 1106;

(D) to use the land on the farm, in a quantity equal to the attributable base acres for the farm and any base acres for peanuts for the farm under subtitle C for an agricultural or conserving use, and not for a nonagricultural commercial or industrial use, as determined by the Secretary; and

(E) to effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices, as determined by the Secretary, if the agricul-

tural or conserving use involves the noncultivation of any portion of the land referred to in subparagraph (D).

(2) COMPLIANCE.—The Secretary may issue such rules as the Secretary considers necessary to ensure producer compliance with the requirements of paragraph (1).

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

(b) TRANSFER OR CHANGE OF INTEREST IN FARM.—

(1) TERMINATION.—Except as provided in paragraph (2), a transfer of (or change in) the interest of the producers on a farm in base acres for which direct payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the base acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a). The termination shall take effect on the date determined by the Secretary.

(2) EXCEPTION.—If a producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with rules issued by the Secretary.

(c) ACREAGE REPORTS.—As a condition on the receipt of any benefits under this subtitle or subtitle B, the Secretary shall require producers on a farm to submit to the Secretary annual acreage reports with respect to all cropland on the farm.

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

(e) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of direct payments and counter-cyclical payments among the producers on a farm on a fair and equitable basis.

SEC. 1106. PLANTING FLEXIBILITY.

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

(b) LIMITATIONS REGARDING CERTAIN COMMODITIES.—

(1) GENERAL LIMITATION.—The planting of an agricultural commodity specified in paragraph (3) shall be prohibited on base acres unless the commodity, if planted, is destroyed before harvest.

(2) TREATMENT OF TREES AND OTHER PERENNIALS.—The planting of an agricultural commodity specified in paragraph (3) that is produced on a tree or other perennial plant shall be prohibited on base acres.

(3) COVERED AGRICULTURAL COMMODITIES.—Paragraphs (1) and (2) apply to the following agricultural commodities:

(A) Fruits.

(B) Vegetables (other than lentils, mung beans, and dry peas).

(C) Wild rice.

(c) EXCEPTIONS.—Paragraphs (1) and (2) of subsection (b) shall not limit the planting of an agricultural commodity specified in paragraph (3) of that subsection—

(1) in any region in which there is a history of double-cropping of covered commodities with agricultural commodities specified in subsection (b)(3), as determined by the Secretary, in which case the double-cropping shall be permitted;

(2) on a farm that the Secretary determines has a history of planting agricultural commodities specified in subsection (b)(3) on base acres, except that direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to such an agricultural commodity; or

(3) by the producers on a farm that the Secretary determines has an established planting history of a specific agricultural commodity specified in subsection (b)(3), except that—

(A) the quantity planted may not exceed the average annual planting history of such agricultural commodity by the producers on the farm in the 1991 through 1995 or 1998 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(B) direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to such agricultural commodity.

(d) SPECIAL RULE FOR 2002 CROP YEAR.—For the 2002 crop year only, if the calculation of base acres under section 1101(a) results in total base acres for a farm in excess of the contract acreage (as defined in section 102 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7202)) for the farm used to calculate the fiscal year 2002 payment authorized under section 114 of such Act (7 U.S.C. 7214), paragraphs (1) and (2) of subsection (b) shall not limit the harvesting of an agricultural commodity specified in paragraph (3) of that subsection on the excess base acres, except that direct payments and counter-cyclical payments for the 2002 crop year shall be reduced by an acre for each acre of the excess base acres planted to such an agricultural commodity.

SEC. 1107. RELATION TO REMAINING PAYMENT AUTHORITY UNDER PRODUCTION FLEXIBILITY CONTRACTS.

(a) TERMINATION OF SUPERSEDED PAYMENT AUTHORITY.—Notwithstanding section 113(a)(7) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7213(a)(7)) or any other provision of law, the Secretary shall not make payments for fiscal year 2002 after the date of enactment of this Act under a production flexibility contract entered into under section 111 of that Act (7 U.S.C. 7211) unless requested by the producer that is a party to the contract.

(b) CONTRACT PAYMENTS MADE BEFORE ENACTMENT.—If a producer receives all or any portion of the payment authorized for fiscal year 2002 under a production flexibility contract, the Secretary shall reduce the amount of the direct payment otherwise due the producer for the 2002 crop year under section 1103 by the amount of the fiscal year 2002 payment received by the producer under the production flexibility contract.

SEC. 1108. PERIOD OF EFFECTIVENESS.

This subtitle shall be effective beginning with the 2002 crop year of each covered commodity through the 2007 crop year.

Subtitle B—Marketing Assistance Loans and Loan Deficiency Payments

SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING ASSISTANCE LOANS FOR LOAN COMMODITIES.

(a) NONRECOURSE LOANS AVAILABLE.—

(1) AVAILABILITY.—For each of the 2002 through 2007 crops of each loan commodity, the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for loan commodities produced on the farm.

(2) TERMS AND CONDITIONS.—The marketing assistance loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under section 1202 for the loan commodity.

(b) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance loan under subsection (a) for any quantity of a loan commodity produced on the farm.

(c) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this subtitle, the Secretary shall make loans to producers on a farm that would be eligible to obtain a marketing assistance loan, but for the fact the loan commodity owned by the producers on the farm commingled with loan commodities of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producers obtaining the loan agree to immediately redeem the loan collateral in accordance with section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286).

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

(e) TERMINATION OF SUPERSEDED LOAN AUTHORITY.—Notwithstanding section 131 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231), nonrecourse marketing assistance loans shall not be made for the 2002 crop of loan commodities under subtitle C of title I of such Act.

SEC. 1202. LOAN RATES FOR NONRECOURSE MARKETING ASSISTANCE LOANS.

(a) 2002 AND 2003 CROP YEARS.—For purposes of the 2002 and 2003 crop years, the loan rate for a marketing assistance loan under section 1201 for a loan commodity shall be equal to the following:

(1) In the case of wheat, $2.80 per bushel.

(2) In the case of corn, $1.98 per bushel.

(3) In the case of grain sorghum, $1.98 per bushel.

(4) In the case of barley, $1.88 per bushel.

(5) In the case of oats, $1.35 per bushel.

(6) In the case of upland cotton, $0.52 per pound.

(7) In the case of extra long staple cotton, $0.7977 per pound.

(8) In the case of rice, $6.50 per hundredweight.

(9) In the case of soybeans, $5.00 per bushel.

(10) In the case of other oilseeds, $0.0960 per pound.

(11) In the case of graded wool, $1.00 per pound.

(12) In the case of nongraded wool, $0.40 per pound.

(13) In the case of mohair, $4.20 per pound.

(14) In the case of honey, $0.60 per pound.

(15) In the case of dry peas, $6.33 per hundredweight.

(16) In the case of lentils, $11.94 per hundredweight.

(17) In the case of small chickpeas, $7.56 per hundredweight.

(b) 2004 THROUGH 2007 CROP YEARS.—For purposes of the 2004 through 2007 crop years, the loan rate for a marketing assistance loan under section 1201 for a loan commodity shall be equal to the following:

(1) In the case of wheat, $2.75 per bushel.

(2) In the case of corn, $1.95 per bushel.

(3) In the case of grain sorghum, $1.95 per bushel.

(4) In the case of barley, $1.85 per bushel.

(5) In the case of oats, $1.33 per bushel.

(6) In the case of upland cotton, $0.52 per pound.

(7) In the case of extra long staple cotton, $0.7977 per pound.

(8) In the case of rice, $6.50 per hundredweight.

(9) In the case of soybeans, $5.00 per bushel.

(10) In the case of other oilseeds, $0.0930 per pound.

(11) In the case of graded wool, $1.00 per pound.

(12) In the case of nongraded wool, $0.40 per pound.

(13) In the case of mohair, $4.20 per pound.

(14) In the case of honey, $0.60 per pound.

(15) In the case of dry peas, $6.22 per hundredweight.

(16) In the case of lentils, $11.72 per hundredweight.

(17) In the case of small chickpeas, $7.43 per hundredweight.

SEC. 1203. TERM OF LOANS.

(a) TERM OF LOAN.—In the case of each loan commodity, a marketing assistance loan under section 1201 shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

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

SEC. 1204. REPAYMENT OF LOANS.

(a) GENERAL RULE.—The Secretary shall permit the producers on a farm to repay a marketing assistance loan under section 1201 for a loan commodity (other than upland cotton, rice, and extra long staple cotton) at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)); or

(2) a rate that the Secretary determines will—

(A) minimize potential loan forfeitures;

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

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

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

(E) minimize discrepancies in marketing loan benefits across State boundaries and across county boundaries.

(b) REPAYMENT RATES FOR UPLAND COTTON AND RICE.—The Secretary shall permit producers to repay a marketing assistance loan under section 1201 for upland cotton and rice at a rate that is the lesser of—

(1) the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)); or

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

(c) REPAYMENT RATES FOR EXTRA LONG STAPLE COTTON.—Repayment of a marketing assistance loan for extra long staple cotton shall be at the loan rate established for the commodity under section 1202, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)).

(d) PREVAILING WORLD MARKET PRICE.—For purposes of this section and section 1207, the Secretary shall prescribe by regulation—

(1) a formula to determine the prevailing world market price for upland cotton and rice, adjusted to United States quality and location; and

(2) a mechanism by which the Secretary shall announce periodically the prevailing world market price for upland cotton and rice.

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

(1) IN GENERAL.—During the period beginning on the date of the enactment of this Act through July 31, 2008, the prevailing world market price for upland cotton (adjusted to United States quality and location) established under subsection (d) shall be further adjusted if—

(A) the adjusted prevailing world market price is less than 115 percent of the loan rate for upland cotton established under section 1202, as determined by the Secretary; and

(B) the Friday through Thursday average price quotation for the lowest-priced United States growth as quoted for Middling (M) 1 3/32-inch cotton delivered C.I.F. Northern Europe is greater than the Friday through Thursday average price of the 5 lowest-priced growths of upland cotton, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe (referred to in this section as the "Northern Europe price").

(2) FURTHER ADJUSTMENT.—Except as provided in paragraph (3), the adjusted prevailing world market price for upland cotton shall be further adjusted on the basis of some or all of the following data, as available:

(A) The United States share of world exports.

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

(C) Other data determined by the Secretary to be relevant in establishing an accurate prevailing world market price for upland cotton (adjusted to United States quality and location).

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

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

(B) the Northern Europe price.

(f) GOOD FAITH EXCEPTION TO BENEFICIAL INTEREST REQUIREMENT.—For the 2001 crop year only, in the case of the producers on a farm that marketed or otherwise lost beneficial interest in a loan commodity for which a marketing assistance loan was made under section 131 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231) before repaying the loan, the Secretary shall permit the producers to repay the loan at the appropriate repayment rate that was in effect for the loan commodity under section 134 of that Act (7 U.S.C. 7234) on the date that the producers lost beneficial interest, as determined by the Secretary, if the Secretary determines the producers acted in good faith.

SEC. 1205. LOAN DEFICIENCY PAYMENTS.

(a) AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.—

(1) IN GENERAL.—Except as provided in subsection (d), the Secretary may make loan deficiency payments available to producers on a farm that, although eligible to obtain a marketing assistance loan under section 1201 with respect to a loan commodity, agree to forgo obtaining the loan for the commodity in return for loan deficiency payments under this section.

(2) UNSHORN PELTS, HAY, AND SILAGE.—Nongraded wool in the form of unshorn pelts and hay and silage derived from a loan commodity are not eligible for a marketing assistance loan under section 1201. However, effective for the 2002 through 2007 crop years, the Secretary may make loan deficiency payments available under this section to producers on a farm that produce unshorn pelts or hay and silage derived from a loan commodity.

(b) COMPUTATION.—A loan deficiency payment for a loan commodity or commodity referred to in subsection (a)(2) shall be computed by multiplying—

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

(2) the quantity of the commodity produced by the eligible producers, excluding any quantity for which the producers obtain a marketing assistance loan under section 1201.

(c) PAYMENT RATE.—

(1) IN GENERAL.—In the case of a loan commodity, the payment rate shall be the amount by which—

(A) the loan rate established under section 1202 for the loan commodity; exceeds

(B) the rate at which a marketing assistance loan for the loan commodity may be repaid under section 1204.

(2) UNSHORN PELTS.—In the case of unshorn pelts, the payment rate shall be the amount by which—

(A) the loan rate established under section 1202 for ungraded wool; exceeds

(B) the rate at which a marketing assistance loan for ungraded wool may be repaid under section 1204.

(3) HAY AND SILAGE.—In the case of hay or silage derived from a loan commodity, the payment rate shall be the amount by which—

(A) the loan rate established under section 1202 for the loan commodity from which the hay or silage is derived; exceeds

(B) the rate at which a marketing assistance loan for the loan commodity may be repaid under section 1204.

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

(e) EFFECTIVE DATE FOR PAYMENT RATE DETERMINATION.—The Secretary shall determine the amount of the loan deficiency payment to be made under this section to the producers on a farm with respect to a quantity of a loan commodity or commodity referred to in subsection (a)(2) using the payment rate in effect under subsection (c) as of the date the producers request the payment.

(f) SPECIAL LOAN DEFICIENCY PAYMENT RULES.—

(1) FIRST-TIME LOAN COMMODITIES.—For the 2002 crop of wool, mohair, honey, dry peas, lentils and small chickpeas, in the case of producers of such a crop that would be eligible for a loan deficiency payment under this section except for the fact that the producers lost beneficial interest in the crop prior to the date of publication of the regulations implementing this section, the producers shall be eligible for a loan deficiency payment as of the date producers marketed or otherwise lost beneficial interest in the crop, as determined by the Secretary.

(2) 2001 CROP YEAR.—Section 135 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7235) is amended—

(A) in subsection (a)(2), by striking "2000 crop year" and inserting "2000 and 2001 crop years"; and

(B) by adding at the end the following:

"(g) EFFECTIVE DATE FOR PAYMENT RATE DETERMINATION.—For the 2001 crop year, the Secretary shall determine the amount of the loan deficiency payment to be made under this section to the producers on a farm with respect to a quantity of a loan commodity using the payment rate in effect under subsection (c) as of the earlier of the following:

"(1) The date on which the producers marketed or otherwise lost beneficial interest in the crop of the loan commodity, as determined by the Secretary.

"(2) The date the producers requested the payment.".

SEC. 1206. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAYMENTS FOR GRAZED ACREAGE.

(a) ELIGIBLE PRODUCERS.—

(1) IN GENERAL.—Effective for the 2002 through 2007 crop years, in the case of a producer that would be eligible for a loan deficiency payment under section 1205 for wheat, barley, or oats, but that elects to use acreage planted to the wheat, barley,

or oats for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of the wheat, barley, or oats on that acreage.

(2) GRAZING OF TRITICALE ACREAGE.—Effective for the 2002 through 2007 crop years, with respect to a producer on a farm that uses acreage planted to triticale for the grazing of livestock, the Secretary shall make a payment to the producer under this section if the producer enters into an agreement with the Secretary to forgo any other harvesting of triticale on that acreage.

(b) PAYMENT AMOUNT.—

(1) IN GENERAL.—The amount of a payment made under this section to a producer on a farm described in subsection (a)(1) shall be equal to the amount determined by multiplying—

(A) the loan deficiency payment rate determined under section 1205(c) in effect, as of the date of the agreement, for the county in which the farm is located; by

(B) the payment quantity determined by multiplying—

(i) the quantity of the grazed acreage on the farm with respect to which the producer elects to forgo harvesting of wheat, barley, or oats; and

(ii) the payment yield in effect for the calculation of direct payments under subtitle A with respect to that loan commodity on the farm or, in the case of a farm without a payment yield for that loan commodity, an appropriate yield established by the Secretary in a manner consistent with section 1102(c).

(2) GRAZING OF TRITICALE ACREAGE.—The amount of a payment made under this section to a producer on a farm described in subsection (a)(2) shall be equal to the amount determined by multiplying—

(A) the loan deficiency payment rate determined under section 1205(c) in effect for wheat, as of the date of the agreement, for the county in which the farm is located; by

(B) the payment quantity determined by multiplying—

(i) the quantity of the grazed acreage on the farm with respect to which the producer elects to forgo harvesting of triticale; and

(ii) the payment yield in effect for the calculation of direct payments under subtitle A with respect to wheat on the farm or, in the case of a farm without a payment yield for wheat, an appropriate yield established by the Secretary in a manner consistent with section 1102(c).

(c) TIME, MANNER, AND AVAILABILITY OF PAYMENT.—

(1) TIME AND MANNER.—A payment under this section shall be made at the same time and in the same manner as loan deficiency payments are made under section 1205.

(2) AVAILABILITY.—The Secretary shall establish an availability period for the payments authorized by this section. In the case of wheat, barley, and oats, the availability period shall be consistent with the availability period for the commodity established by the Secretary for marketing assistance loans authorized by this subtitle.

(d) PROHIBITION ON CROP INSURANCE INDEMNITY OR NONINSURED CROP ASSISTANCE.—A 2002 through 2007 crop of wheat, barley, oats, or triticale planted on acreage that a producer elects, in the agreement required by subsection (a), to use for the grazing of livestock in lieu of any other harvesting of the crop shall not be eligible for an indemnity under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) or noninsured crop assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333).

SEC. 1207. SPECIAL MARKETING LOAN PROVISIONS FOR UPLAND COTTON.

(a) COTTON USER MARKETING CERTIFICATES.—

(1) ISSUANCE.—During the period beginning on the date of the enactment of this Act through July 31, 2008, the Secretary shall issue marketing certificates or cash payments, at the option of the recipient, to domestic users and exporters for documented purchases by domestic users and sales for export by exporters made in the week following a consecutive 4-week period in which—

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

(B) the prevailing world market price for upland cotton (adjusted to United States quality and location) does not exceed 134 percent of the loan rate for upland cotton established under section 1202.

(2) VALUE OF CERTIFICATES OR PAYMENTS.—The value of the marketing certificates or cash payments shall be based on the amount of the difference (reduced by 1.25 cents per pound) in the prices during the fourth week of the consecutive 4-week period multiplied by the quantity of upland cotton included in the documented sales.

(3) ADMINISTRATION OF MARKETING CERTIFICATES.—

(A) REDEMPTION, MARKETING, OR EXCHANGE.—The Secretary shall establish procedures for redeeming marketing certificates for cash or marketing or exchange of the certificates for agricultural commodities owned by the Commodity Credit Corporation or pledged to the Commodity Credit Corporation as collateral for a loan in such manner, and at such price levels, as the Secretary determines will best effectuate the purposes of cotton user marketing certificates, including enhancing the competitiveness and marketability of United States cotton. Any price restrictions that would otherwise apply to the disposition of agricultural commodities by the Commodity Credit Corporation shall not apply to the redemption of certificates under this subsection.

(B) DESIGNATION OF COMMODITIES AND PRODUCTS.—To the extent practicable, the Secretary shall permit owners of certificates to designate the commodities and products, including storage sites, the owners would prefer to receive in exchange for certificates

(C) TRANSFERS.—Marketing certificates issued to domestic users and exporters of upland cotton may be transferred to other persons in accordance with regulations issued by the Secretary.

(4) DELAYED APPLICATION OF THRESHOLD.—Through July 31, 2006, the Secretary shall make the calculations under paragraphs (1)(A) and (2) without regard to the 1.25 cent threshold provided under those paragraphs.

(b) SPECIAL IMPORT QUOTA.—

(1) ESTABLISHMENT.—

(A) IN GENERAL.—The President shall carry out an import quota program during the period beginning on the date of the enactment of this Act through July 31, 2008, as provided in this subsection.

(B) PROGRAM REQUIREMENTS.—Except as provided in subparagraph (C), whenever the Secretary determines and announces that for any consecutive 4-week period, the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, adjusted for the value of any certificate issued under subsection (a), exceeds the Northern Europe price by more than 1.25 cents per pound, there shall immediately be in effect a special import quota.

(C) TIGHT DOMESTIC SUPPLY.—During any month for which the Secretary estimates the season-ending United States upland cotton stocks-to-use ratio, as determined under subparagraph (D), to be below 16 percent, the Secretary, in making the determination under subparagraph (B), shall not adjust the Friday through Thursday average price quotation for the lowest-priced United States growth, as quoted for Middling (M) 1 3/32-inch cotton, delivered C.I.F. Northern Europe, for the value of any certificates issued under subsection (a).

(D) SEASON-ENDING UNITED STATES STOCKS-TO-USE RATIO.—For the purposes of making estimates under subparagraph (C), the Secretary shall, on a monthly basis, estimate and report the season-ending United States upland cotton stocks-to-use ratio, excluding projected raw cotton imports but including the quantity of raw cotton that has been imported into the United States during the marketing year.

(E) DELAYED APPLICATION OF THRESHOLD.—Through July 31, 2006, the Secretary shall make the calculation under subparagraph (B) without regard to the 1.25 cent threshold provided under that subparagraph.

(2) QUANTITY.—The quota shall be equal to one week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the most recent three months for which data are available.

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

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

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

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

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

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

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

(6) DEFINITION.—In this subsection, the term "special import quota" means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(7) LIMITATION.—The quantity of cotton entered into the United States during any marketing year under the special import quota established under this subsection may not exceed the equivalent of 5 week's consumption of upland cotton by domestic mills at the seasonally adjusted average rate of the 3 months immediately preceding the first special import quota established in any marketing year.

(c) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND COTTON.—

(1) IN GENERAL.—The President shall carry out an import quota program that provides that whenever the Secretary determines and announces that the average price of the base quality of upland cotton, as determined by the Secretary, in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in the markets for the preceding 36 months, notwithstanding any other provision of law, there shall immediately be in effect a limited global import quota subject to the following conditions:

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

(B) QUANTITY IF PRIOR QUOTA.—If a quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established under this subsection shall be the smaller of 21 days of domestic mill consumption calculated under subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

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

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

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

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

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

(D) DEFINITIONS.—In this subsection:

(i) SUPPLY.—The term "supply" means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

(I) the carry-over of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the quota is established;

(II) production of the current crop; and

(III) imports to the latest date available during the marketing year.

(ii) DEMAND.—The term "demand" means—

(I) the average seasonally adjusted annual rate of domestic mill consumption during the most recent 3 months for which data are available; and

(II) the larger of—

(aa) average exports of upland cotton during the preceding 6 marketing years; or

(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the quota is established.

(iii) LIMITED GLOBAL IMPORT QUOTA.—The term "limited global import quota" means a quantity of imports that is not subject to the over-quota tariff rate of a tariff-rate quota.

(E) QUOTA ENTRY PERIOD.—When a quota is established under this subsection, cotton may be entered under the quota during the 90-day period beginning on the date the quota is established by the Secretary.

(2) NO OVERLAP.—Notwithstanding paragraph (1), a quota period may not be established that overlaps an existing quota period or a special quota period established under subsection (b).

SEC. 1208. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA LONG STAPLE COTTON.

(a) COMPETITIVENESS PROGRAM.—Notwithstanding any other provision of law, during the period beginning on the date of the enactment of this Act through July 31, 2008, the Secretary shall carry out a program—

(1) to maintain and expand the domestic use of extra long staple cotton produced in the United States;

(2) to increase exports of extra long staple cotton produced in the United States; and

(3) to ensure that extra long staple cotton produced in the United States remains competitive in world markets.

(b) PAYMENTS UNDER PROGRAM; TRIGGER.—Under the program, the Secretary shall make payments available under this section whenever—

(1) for a consecutive 4-week period, the world market price for the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for

other factors affecting the competitiveness of such cotton), as determined by the Secretary, is below the prevailing United States price for a competing growth of extra long staple cotton; and

(2) the lowest priced competing growth of extra long staple cotton (adjusted to United States quality and location and for other factors affecting the competitiveness of such cotton), as determined by the Secretary, is less than 134 percent of the loan rate for extra long staple cotton.

(c) ELIGIBLE RECIPIENTS.—The Secretary shall make payments available under this section to domestic users of extra long staple cotton produced in the United States and exporters of extra long staple cotton produced in the United States that enter into an agreement with the Commodity Credit Corporation to participate in the program under this section.

(d) PAYMENT AMOUNT.—Payments under this section shall be based on the amount of the difference in the prices referred to in subsection (b)(1) during the fourth week of the consecutive 4-week period multiplied by the amount of documented purchases by domestic users and sales for export by exporters made in the week following such a consecutive 4-week period.

(e) FORM OF PAYMENT.—Payments under this section shall be made through the issuance of cash or marketing certificates, at the option of eligible recipients of the payments.

SEC. 1209. AVAILABILITY OF RECOURSE LOANS FOR HIGH MOISTURE FEED GRAINS AND SEED COTTON.

(a) HIGH MOISTURE FEED GRAINS.—

(1) RECOURSE LOANS AVAILABLE.—For each of the 2002 through 2007 crops of corn and grain sorghum, the Secretary shall make available recourse loans, as determined by the Secretary, to producers on a farm that—

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

(B) present—

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

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

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

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

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

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

(B) the lower of the farm program payment yield used to make counter-cyclical payments under subtitle A or the actual yield on a field, as determined by the Secretary, that is similar to the field from which the corn or grain sorghum was obtained.

(3) HIGH MOISTURE STATE DEFINED.—In this subsection, the term "high moisture state" means corn or grain sorghum having a moisture content in excess of Commodity Credit Corporation standards for marketing assistance loans made by the Secretary under section 1201.

(b) RECOURSE LOANS AVAILABLE FOR SEED COTTON.—For each of the 2002 through 2007 crops of upland cotton and extra long staple cotton, the Secretary shall make available recourse seed cotton loans, as determined by the Secretary, on any production.

(c) REPAYMENT RATES.—Repayment of a recourse loan made under this section shall be at the loan rate established for the commodity by the Secretary, plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)).

(d) TERMINATION OF SUPERSEDED LOAN AUTHORITY.—Notwithstanding section 137 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7237), recourse loans shall not be made for the 2002 crop of corn, grain sorghum, and seed cotton under such section.

Subtitle C—Peanuts

SEC. 1301. DEFINITIONS.

In this subtitle:

(1) BASE ACRES FOR PEANUTS.—The term "base acres for peanuts" means the number of acres assigned to a farm by historic peanut producers pursuant to section 1302(b).

(2) COUNTER-CYCLICAL PAYMENT.—The term "counter-cyclical payment" means a payment made under section 1304.

(3) EFFECTIVE PRICE.—The term "effective price" means the price calculated by the Secretary under section 1304 for peanuts to determine whether counter-cyclical payments are required to be made under that section for a crop year.

(4) DIRECT PAYMENT.—The term "direct payment" means a payment made under section 1303.

(5) HISTORIC PEANUT PRODUCER.—The term "historic peanut producer" means a producer on a farm in the United States that produced or was prevented from planting peanuts during any or all of the 1998 through 2001 crop years.

(6) PAYMENT ACRES.—The term "payment acres" means—

(A) for the 2002 crop of peanuts, 85 percent of the average acreage determined under section 1302(a)(2) for an historic peanut producer; and

(B) for the 2003 through 2007 crops of peanuts, 85 percent of the base acres for peanuts assigned to a farm under section 1302(b).

(7) PAYMENT YIELD.—The term "payment yield" means the yield assigned to a farm by historic peanut producers pursuant to section 1302(b).

(8) PRODUCER.—The term "producer" means an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop on a farm and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced. In determining whether a grower of hybrid seed is a producer, the Secretary shall not take into consideration the existence of a hybrid seed contract and shall ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this subtitle.

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

(10) STATE.—The term "State" means each of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any other territory or possession of the United States.

(11) TARGET PRICE.—The term "target price" means the price per ton of peanuts used to determine the payment rate for counter-cyclical payments.

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

SEC. 1302. ESTABLISHMENT OF PAYMENT YIELD AND BASE ACRES FOR PEANUTS FOR A FARM.

(a) AVERAGE YIELD AND ACREAGE AVERAGE FOR HISTORIC PEANUT PRODUCERS.—

(1) DETERMINATION OF AVERAGE YIELD.—

(A) IN GENERAL.—The Secretary shall determine, for each historic peanut producer, the average yield for peanuts on each farm on which the historic peanut producer planted peanuts for harvest for the 1998 through 2001 crop years, excluding any crop year in which the producer did not plant or was prevented from planting peanuts.

(B) ASSIGNED YIELDS.—For the purposes of determining the 4-year average yield for an historic peanut producer under this paragraph, the historic peanut producer may elect to substitute for a farm, for not more than 3 of the 1998 through 2001 crop years in which the producer planted peanuts on the farm, the average yield for peanuts produced in the county in which the farm is located for the 1990 through 1997 crop years.

(2) DETERMINATION OF ACREAGE AVERAGE.—

(A) IN GENERAL.—The Secretary shall determine, for each historic peanut producer, the 4-year average of the following:

(i) Acreage planted to peanuts on each farm on which the historic peanut producer planted peanuts for harvest for the 1998 through 2001 crop years.

(ii) Any acreage on each farm that the historic peanut producer was prevented from planting to peanuts

during the 1998 through 2001 crop years because of drought, flood, or other natural disaster, or other condition beyond the control of the historic peanut producer, as determined by the Secretary.

(B) INCLUSION OF ALL 4 YEARS IN AVERAGE.—For the purposes of determining the 4-year acreage average for an historic peanut producer under this paragraph, the Secretary shall not exclude any crop year in which the producer did not plant peanuts.

(C) PROPORTIONAL SHARES.—If more than 1 historic peanut producer shared in the risk of producing the crop on a farm, the historic peanut producers shall receive their proportional share of the number of acres planted (or prevented from being planted) to peanuts for harvest on the farm based on the sharing arrangement that was in effect among the producers for the crop.

(3) TIME FOR DETERMINATIONS.—The Secretary shall make the determinations required by this subsection as soon as practicable after the date of enactment of this Act.

(4) SPECIAL CONSIDERATIONS.—In making the determinations required by this subsection, the Secretary shall take into account changes in the number, identity, or interest of producers sharing in the risk of producing a peanut crop since the 1998 crop year, including providing a method for the assignment of average acres and average yield to a farm—

(A) when an historic peanut producer is no longer living;

(B) when an entity composed of historic peanut producers has been dissolved; or

(C) in other appropriate situations, as determined by the Secretary.

(b) ASSIGNMENT OF AVERAGE YIELDS AND AVERAGE ACREAGE TO FARMS.—

(1) ASSIGNMENT BY HISTORIC PEANUT PRODUCERS.—The Secretary shall give each historic peanut producer an opportunity to assign the average peanut yield and average acreage determined under subsection (a) for each farm of the historic peanut producer to cropland on that farm or another farm in the same State or a contiguous State.

(2) LIMITATION ON ACREAGE ASSIGNMENT.—Notwithstanding paragraph (1), the average acreage determined under subsection (a)(2) for a farm may not be assigned to a farm in a contiguous State unless—

(A) the historic peanut producer making the assignment produced peanuts in that State during at least 1 of the 1998 through 2001 crop years; or

(B) as of March 31, 2003, the historic peanut producer is a producer on a farm in that State.

(3) NOTICE OF ASSIGNMENT OPPORTUNITY.—The Secretary shall provide notice to historic peanut producers regarding their opportunity to assign average peanut yields and average acreages to farms under paragraph (1). The notice shall include the following:

(A) Notice that the opportunity to make the assignments is being provided only once.

(B) A description of the limitation in paragraph (2) on their ability to make the assignments.

(C) Information regarding the manner in which the assignments must be made and the time periods and manner in which notice of the assignments must be submitted to the Secretary.

(4) ASSIGNMENT DEADLINES.—Not later than March 31, 2003, an historic peanut producer shall submit to the Secretary notice of the assignments made by the producer under this subsection. If an historic peanut producer fails to submit the notice by that date, the notice shall be submitted in such other manner as the Secretary may prescribe.

(c) PAYMENT YIELD.—The average of all of the yields assigned by historic peanut producers under subsection (b) to a farm shall be considered to be the payment yield for that farm for the purpose of making direct payments and counter-cyclical payments under this subtitle.

(d) BASE ACRES FOR PEANUTS.—Subject to subsection (e), the total number of acres assigned by historic peanut producers under subsection (b) to a farm shall be considered to be the farm's base acres for peanuts for the purpose of making direct payments and counter-cyclical payments under this subtitle.

(e) TREATMENT OF CONSERVATION RESERVE CONTRACT ACREAGE.—

(1) IN GENERAL.—The Secretary shall provide for an adjustment, as appropriate, in the base acres for peanuts for a farm whenever either of the following circumstances occur:

(A) A conservation reserve contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) with respect to the farm expires or is voluntarily terminated.

(B) Cropland is released from coverage under a conservation reserve contract by the Secretary.

(2) SPECIAL PAYMENT RULES.—For the crop year in which a base acres for peanuts adjustment under paragraph (1) is first made, the owner of the farm shall elect to receive either direct payments and counter-cyclical payments with respect to the acreage added to the farm under this subsection or a prorated payment under the conservation reserve contract, but not both.

(f) PREVENTION OF EXCESS BASE ACRES FOR PEANUTS.—

(1) REQUIRED REDUCTION.—If the sum of the base acres for peanuts for a farm, together with the acreage described in paragraph (2), exceeds the actual cropland acreage of the farm, the Secretary shall reduce the base acres for peanuts for the farm or the base acres for 1 or more covered commodities under subtitle A for the farm so that the sum of the base acres for peanuts and acreage described in paragraph (2) does not exceed the actual cropland acreage of the farm.

(2) OTHER ACREAGE.—For purposes of paragraph (1), the Secretary shall include the following:

(A) Any base acres for the farm under subtitle A.

(B) Any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program under chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.).

(C) Any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

(3) SELECTION OF ACRES.—The Secretary shall give the owner of the farm the opportunity to select the base acres for peanuts or the subtitle A base acres against which the reduction required by paragraph (1) will be made.

(4) EXCEPTION FOR DOUBLE-CROPPED ACREAGE.—In applying paragraph (1), the Secretary shall make an exception in the case of double cropping, as determined by the Secretary.

(5) COORDINATED APPLICATION OF REQUIREMENTS.—The Secretary shall take into account section 1101(g) when applying the requirements of this subsection.

(g) PERMANENT REDUCTION IN BASE ACRES FOR PEANUTS.—The owner of a farm may reduce, at any time, the base acres for peanuts assigned to the farm. The reduction shall be permanent and made in the manner prescribed by the Secretary.

SEC. 1303. AVAILABILITY OF DIRECT PAYMENTS FOR PEANUTS.

(a) PAYMENT REQUIRED.—

(1) 2002 CROP YEAR.—For the 2002 crop year, the Secretary shall make direct payments under this section to historic peanut producers.

(2) SUBSEQUENT CROP YEARS.—For each of the 2003 through 2007 crop years for peanuts, the Secretary shall make direct payments to the producers on a farm to which a payment yield and base acres for peanuts are assigned under section 1302.

(b) PAYMENT RATE.—The payment rate used to make direct payments with respect to peanuts for a crop year shall be equal to $36 per ton.

(c) PAYMENT AMOUNT FOR 2002 CROP YEAR.—The amount of the direct payment to be paid to an historic peanut producer for the 2002 crop of peanuts shall be equal to the product of the following:

(1) The payment rate specified in subsection (b).

(2) The payment acres of the historic peanut producer.

(3) The average peanut yield determined under section 1302(a)(1) for the historic peanut producer.

(d) PAYMENT AMOUNT FOR SUBSEQUENT CROP YEARS.—The amount of the direct payment to be paid to the producers on a farm for the 2003 through 2007 crops of peanuts shall be equal to the product of the following:

(1) The payment rate specified in subsection (b).

(2) The payment acres on the farm.

(3) The payment yield for the farm.

(e) TIME FOR PAYMENT.—

(1) IN GENERAL.—The Secretary shall make direct payments—

(A) in the case of the 2002 crop year, as soon as practicable after the date of enactment of this Act; and

(B) in the case of each of the 2003 through 2007 crop years, not later than September 30 of the calendar year in which the crop is harvested.

(2) ADVANCE PAYMENTS.—At the option of the producers on a farm, up to 50 percent of the direct payment for any of the

2003 through 2007 crop years shall be paid to the producers in advance. The producers shall select the month within which the advance payment for a crop year will be made. The month selected may be any month during the period beginning on December 1 of the calendar year before the calendar year in which the crop is harvested through the month within which the direct payment would otherwise be made. The producers may change the selected month for a subsequent advance payment by providing advance notice to the Secretary.

(3) REPAYMENT OF ADVANCE PAYMENTS.—If a producer on a farm that receives an advance direct payment for a crop year ceases to be a producer on that farm, or the extent to which the producer shares in the risk of producing a crop changes, before the date the remainder of the direct payment is made, the producer shall be responsible for repaying the Secretary the applicable amount of the advance payment, as determined by the Secretary.

SEC. 1304. AVAILABILITY OF COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.

(a) PAYMENT REQUIRED.—

(1) IN GENERAL.—During the 2002 through 2007 crop years for peanuts, the Secretary shall make counter-cyclical payments under this section with respect to peanuts if the Secretary determines that the effective price for peanuts is less than the target price for peanuts.

(2) 2002 CROP YEAR.—If counter-cyclical payments are required for the 2002 crop year, the Secretary shall make the payments to historic peanut producers.

(3) SUBSEQUENT CROP YEARS.—If counter-cyclical payments are required for any of the 2003 through 2007 crop years for peanuts, the Secretary shall make the payments to the producers on a farm to which a payment yield and base acres for peanuts are assigned under section 1302.

(b) EFFECTIVE PRICE.—For purposes of subsection (a), the effective price for peanuts is equal to the sum of the following:

(1) The higher of the following:

(A) The national average market price for peanuts received by producers during the 12-month marketing year for peanuts, as determined by the Secretary.

(B) The national average loan rate for a marketing assistance loan for peanuts in effect for the applicable period under this subtitle.

(2) The payment rate in effect under section 1303 for the purpose of making direct payments.

(c) TARGET PRICE.—For purposes of subsection (a), the target price for peanuts shall be equal to $495 per ton.

(d) PAYMENT RATE.—The payment rate used to make counter-cyclical payments for a crop year shall be equal to the difference between—

(1) the target price; and

(2) the effective price determined under subsection (b).

(e) PAYMENT AMOUNT FOR 2002 CROP YEAR.—If counter-cyclical payments are required to be paid for the 2002 crop of peanuts, the amount of the counter-cyclical payment to be paid to an historic

peanut producer for that crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (d).

(2) The payment acres of the historic peanut producer.

(3) The average peanut yield determined under section 1302(a)(1) for the historic peanut producer.

(f) PAYMENT AMOUNT FOR SUBSEQUENT CROP YEARS.—If counter-cyclical payments are required to be paid for any of the 2003 through 2007 crops of peanuts, the amount of the counter-cyclical payment to be paid to the producers on a farm for that crop year shall be equal to the product of the following:

(1) The payment rate specified in subsection (d).

(2) The payment acres on the farm.

(3) The payment yield for the farm.

(g) TIME FOR PAYMENTS.—

(1) GENERAL RULE.—If the Secretary determines under subsection (a) that counter-cyclical payments are required to be made under this section for a crop year, the Secretary shall make the counter-cyclical payments as soon as practicable after the end of the 12-month marketing year for the crop.

(2) AVAILABILITY OF PARTIAL PAYMENTS.—If, before the end of the 12-month marketing year, the Secretary estimates that counter-cyclical payments will be required under this section for a crop year, the Secretary shall give producers on a farm (or, in the case of the 2002 crop year, historic peanut producers) the option to receive partial payments of the counter-cyclical payment projected to be made for that crop.

(3) TIME FOR PARTIAL PAYMENTS.—

(A) 2002 THROUGH 2006 CROP YEARS.—When the Secretary makes partial payments available under paragraph (2) for any of the 2002 through 2006 crop years—

(i) the first partial payment for the crop year shall be made not earlier than October 1, and, to the maximum extent practicable, not later than October 31, of the calendar year in which the crop is harvested;

(ii) the second partial payment shall be made not earlier than February 1 of the next calendar year; and

(iii) the final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for that crop.

(B) 2007 CROP YEAR.—When the Secretary makes partial payments available for the 2007 crop year—

(i) the first partial payment shall be made after completion of the first 6 months of the marketing year for that crop; and

(ii) the final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for that crop.

(4) AMOUNT OF PARTIAL PAYMENTS.—

(A) 2002 CROP YEAR.—

(i) FIRST PARTIAL PAYMENT.—In the case of the 2002 crop year, the first partial payment under paragraph (3) to an historic peanut producer may not exceed 35 percent of the projected counter-cyclical payment for the crop year, as determined by the Secretary.

(ii) SECOND PARTIAL PAYMENT.—The second partial payment may not exceed the difference between—

(I) 70 percent of the projected counter-cyclical payment (including any revision thereof) for the 2002 crop year; and

(II) the amount of the payment made under clause (i).

(iii) FINAL PAYMENT.—The final payment shall be equal to the difference between—

(I) the actual counter-cyclical payment to be made to the historic peanut producer; and

(II) the amount of the partial payments made to the historic peanut producer under clauses (i) and (ii).

(B) 2003 THROUGH 2006 CROP YEARS.—

(i) FIRST PARTIAL PAYMENT.—For each of the 2003 through 2006 crop years, the first partial payment under paragraph (3) to the producers on a farm may not exceed 35 percent of the projected counter-cyclical payment for the crop year, as determined by the Secretary.

(ii) SECOND PARTIAL PAYMENT.—The second partial payment for a crop year may not exceed the difference between—

(I) 70 percent of the projected counter-cyclical payment (including any revision thereof) for the crop year; and

(II) the amount of the payment made under clause (i).

(iii) FINAL PAYMENT.—The final payment for a crop year shall be equal to the difference between—

(I) the actual counter-cyclical payment to be made to the producers for that crop year; and

(II) the amount of the partial payments made to the producers under clauses (i) and (ii) for that crop year.

(C) 2007 CROP YEAR.—

(i) FIRST PARTIAL PAYMENT.—For the 2007 crop year, the first partial payment under paragraph (3) to the producers on a farm may not exceed 40 percent of the projected counter-cyclical payment for the crop year, as determined by the Secretary.

(ii) FINAL PAYMENT.—The final payment for the 2007 crop year shall be equal to the difference between—

(I) the actual counter-cyclical payment to be made to the producers for that crop year; and

(II) the amount of the partial payment made to the producers under clause (i).

(5) REPAYMENT.—The producers on a farm (or, in the case of the 2002 crop year, historic peanut producers) that receive a partial payment under this subsection for a crop year shall repay to the Secretary the amount, if any, by which the total of the partial payments exceed the actual counter-cyclical payment to be made for that crop year.

SEC. 1305. PRODUCER AGREEMENT REQUIRED AS CONDITION ON PROVISION OF DIRECT PAYMENTS AND COUNTER-CYCLICAL PAYMENTS.

(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—

(1) REQUIREMENTS.—Before the producers on a farm may receive direct payments or counter-cyclical payments under this subtitle with respect to the farm, the producers shall agree, during the crop year for which the payments are made and in exchange for the payments—

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

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

(C) to comply with the planting flexibility requirements of section 1306;

(D) to use the land on the farm, in a quantity equal to the attributable base acres for peanuts and any base acres for the farm under subtitle A, for an agricultural or conserving use, and not for a nonagricultural commercial or industrial use, as determined by the Secretary; and

(E) to effectively control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices, as determined by the Secretary, if the agricultural or conserving use involves the noncultivation of any portion of the land referred to in subparagraph (D).

(2) COMPLIANCE.—The Secretary may issue such rules as the Secretary considers necessary to ensure producer compliance with the requirements of paragraph (1).

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

(b) TRANSFER OR CHANGE OF INTEREST IN FARM.—

(1) TERMINATION.—Except as provided in paragraph (2), a transfer of (or change in) the interest of the producers on a farm in the base acres for peanuts for which direct payments or counter-cyclical payments are made shall result in the termination of the payments with respect to those acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a). The termination shall take effect on the date determined by the Secretary.

(2) EXCEPTION.—If a producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with rules issued by the Secretary.

(c) ACREAGE REPORTS.—As a condition on the receipt of direct payments, counter-cyclical payments, marketing assistance loans, or loan deficiency payments under this subtitle, the Secretary shall require the producers on a farm to which a payment yield and base acres for peanuts are assigned under section 1302 to submit to the Secretary annual acreage reports with respect to all cropland on the farm.

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

(e) SHARING OF PAYMENTS.—The Secretary shall provide for the sharing of direct payments and counter-cyclical payments among the producers on a farm on a fair and equitable basis.

SEC. 1306. PLANTING FLEXIBILITY.

(a) PERMITTED CROPS.—Subject to subsection (b), any commodity or crop may be planted on the base acres for peanuts on a farm.

(b) LIMITATIONS REGARDING CERTAIN COMMODITIES.—

(1) GENERAL LIMITATION.—The planting of an agricultural commodity specified in paragraph (2) shall be prohibited on base acres for peanuts unless the commodity, if planted, is destroyed before harvest.

(2) TREATMENT OF TREES AND OTHER PERENNIALS.—The planting of an agricultural commodity specified in paragraph (3) that is produced on a tree or other perennial plant shall be prohibited on base acres for peanuts.

(3) COVERED AGRICULTURAL COMMODITIES.—Paragraphs (1) and (2) apply to the following agricultural commodities:

(A) Fruits.

(B) Vegetables (other than lentils, mung beans, and dry peas).

(C) Wild rice.

(c) EXCEPTIONS.—Paragraphs (1) and (2) of subsection (b) shall not limit the planting of an agricultural commodity specified in paragraph (3) of that subsection—

(1) in any region in which there is a history of double-cropping of peanuts with agricultural commodities specified in subsection (b)(3), as determined by the Secretary, in which case the double-cropping shall be permitted;

(2) on a farm that the Secretary determines has a history of planting agricultural commodities specified in subsection (b)(3) on the base acres for peanuts, except that direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to such an agricultural commodity; or

(3) by the producers on a farm that the Secretary determines has an established planting history of a specific agricultural commodity specified in subsection (b)(3), except that—

(A) the quantity planted may not exceed the average annual planting history of such agricultural commodity by the producers on the farm in the 1991 through 1995 or 1998 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary; and

(B) direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to such agricultural commodity.

SEC. 1307. MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS FOR PEANUTS.

(a) NONRECOURSE LOANS AVAILABLE.—

(1) AVAILABILITY.—For each of the 2002 through 2007 crops of peanuts, the Secretary shall make available to producers on

a farm nonrecourse marketing assistance loans for peanuts produced on the farm. The loans shall be made under terms and conditions that are prescribed by the Secretary and at the loan rate established under subsection (b).

(2) ELIGIBLE PRODUCTION.—The producers on a farm shall be eligible for a marketing assistance loan under this subsection for any quantity of peanuts produced on the farm.

(3) TREATMENT OF CERTAIN COMMINGLED COMMODITIES.—In carrying out this subsection, the Secretary shall make loans to producers on a farm that would be eligible to obtain a marketing assistance loan, but for the fact the peanuts owned by the producers on the farm are commingled with other peanuts in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the producers obtaining the loan agree to immediately redeem the loan collateral in accordance with section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286).

(4) OPTIONS FOR OBTAINING LOAN.—A marketing assistance loan under this subsection, and loan deficiency payments under subsection (e), may be obtained at the option of the producers on a farm through—

(A) a designated marketing association or marketing cooperative of producers that is approved by the Secretary; or

(B) the Farm Service Agency.

(5) STORAGE OF LOAN PEANUTS.—As a condition on the Secretary's approval of an individual or entity to provide storage for peanuts for which a marketing assistance loan is made under this section, the individual or entity shall agree—

(A) to provide such storage on a nondiscriminatory basis; and

(B) to comply with such additional requirements as the Secretary considers appropriate to accomplish the purposes of this section and promote fairness in the administration of the benefits of this section.

(6) PAYMENT OF PEANUT STORAGE COSTS.—Effective for the 2002 through 2006 crops of peanuts, to ensure proper storage of peanuts for which a loan is made under this section, the Secretary shall use the funds of the Commodity Credit Corporation to pay storage, handling, and other associated costs. This authority terminates beginning with the 2007 crop of peanuts.

(7) MARKETING.—A marketing association or cooperative may market peanuts for which a loan is made under this section in any manner that conforms to consumer needs, including the separation of peanuts by type and quality.

(b) LOAN RATE.—The loan rate for a marketing assistance loan under for peanuts subsection (a) shall be equal to $355 per ton.

(c) TERM OF LOAN.—

(1) IN GENERAL.—A marketing assistance loan for peanuts under subsection (a) shall have a term of 9 months beginning on the first day of the first month after the month in which the loan is made.

(2) EXTENSIONS PROHIBITED.—The Secretary may not extend the term of a marketing assistance loan for peanuts under subsection (a).

(d) REPAYMENT RATE.—

(1) IN GENERAL.—The Secretary shall permit producers on a farm to repay a marketing assistance loan for peanuts under subsection (a) at a rate that is the lesser of—

(A) the loan rate established for peanuts under subsection (b), plus interest (determined in accordance with section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283)); or

(B) a rate that the Secretary determines will—

(i) minimize potential loan forfeitures;

(ii) minimize the accumulation of stocks of peanuts by the Federal Government;

(iii) minimize the cost incurred by the Federal Government in storing peanuts; and

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

(2) GOOD FAITH EXCEPTION TO BENEFICIAL INTEREST REQUIREMENT.—For the 2002 crop year only, in the case of the producers on a farm that marketed or otherwise lost beneficial interest in the peanuts for which a marketing assistance loan was made under this section before repaying the loan, the Secretary shall permit the producers to repay the loan at the applicable repayment rate that was in effect for peanuts under this subsection on the date that the producers lost beneficial interest, as determined by the Secretary, if the Secretary determines the producers acted in good faith.

(e) LOAN DEFICIENCY PAYMENTS.—

(1) AVAILABILITY.—The Secretary may make loan deficiency payments available to producers on a farm that, although eligible to obtain a marketing assistance loan for peanuts under subsection (a), agree to forgo obtaining the loan for the peanuts in return for loan deficiency payments under this subsection.

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

(A) the payment rate determined under paragraph (3) for peanuts; by

(B) the quantity of the peanuts produced by the producers, excluding any quantity for which the producers obtain a marketing assistance loan under subsection (a).

(3) PAYMENT RATE.—For purposes of this subsection, the payment rate shall be the amount by which—

(A) the loan rate established under subsection (b); exceeds

(B) the rate at which a loan may be repaid under subsection (d).

(4) EFFECTIVE DATE FOR PAYMENT RATE DETERMINATION.—

(A) IN GENERAL.—The Secretary shall determine the amount of the loan deficiency payment to be made under this subsection to the producers on a farm with respect to a quantity of peanuts using the payment rate in effect under paragraph (3) as of the date the producers request the payment.

(B) SPECIAL RULE FOR 2002 CROP YEAR.—For the 2002 crop year only, the Secretary shall determine the amount of

the loan deficiency payment to be made under this subsection to the producers on a farm with respect to a quantity of peanuts using the payment rate in effect under paragraph (3) as of the earlier of the following:

(i) The date on which the producers marketed or otherwise lost beneficial interest in the crop, as determined by the Secretary.

(ii) The date the producers request the payment.

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

(g) REIMBURSABLE AGREEMENTS AND PAYMENT OF ADMINISTRATIVE EXPENSES.—The Secretary may implement any reimbursable agreements or provide for the payment of administrative expenses under this subtitle only in a manner that is consistent with such activities in regard to other commodities.

SEC. 1308. MISCELLANEOUS PROVISIONS.

(a) MANDATORY INSPECTION.—All peanuts marketed in the United States shall be officially inspected and graded by Federal or Federal-State inspectors.

(b) TERMINATION OF PEANUT ADMINISTRATIVE COMMITTEE.—The Peanut Administrative Committee established under Marketing Agreement No. 146 issued pursuant to the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is terminated.

(c) PEANUT STANDARDS BOARD.—

(1) ESTABLISHMENT AND PURPOSE.—The Secretary shall establish a Peanut Standards Board for the purpose of advising the Secretary regarding the establishment of quality and handling standards for domestically produced and imported peanuts.

(2) MEMBERSHIP AND APPOINTMENT.—

(A) TOTAL MEMBERS.—The Board shall consist of 18 members, with representation equally divided between peanut producers and peanut industry representatives.

(B) APPOINTMENT PROCESS FOR PRODUCERS.—The Secretary shall appoint—

(i) 3 producers from the Southeast (Alabama, Georgia, and Florida) peanut producing region;

(ii) 3 producers from the Southwest (Texas, Oklahoma, and New Mexico) peanut producing region; and

(iii) 3 producers from the Virginia/Carolina (Virginia and North Carolina) peanut producing region.

(C) APPOINTMENT PROCESS FOR INDUSTRY REPRESENTATIVES.—The Secretary shall appoint 3 peanut industry representatives from each of the 3 peanut producing regions in the United States.

(3) TERMS.—

(A) IN GENERAL.—A member of the Board shall serve a 3-year term.

(B) INITIAL APPOINTMENT.—In making the initial appointments to the Board, the Secretary shall stagger the terms of the members so that—

(i) 1 producer member and peanut industry member from each peanut producing region serves a 1-year term;

(ii) 1 producer member and peanut industry member from each peanut producing region serves a 2-year term; and

(iii) 1 producer member and peanut industry member from each peanut producing region serves a 3-year term.

(4) CONSULTATION REQUIRED.—The Secretary shall consult with the Board in advance whenever the Secretary establishes or changes, or considers the establishment of or a change to, quality and handling standards for peanuts.

(5) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Board.

(d) PRIORITY.—The Secretary shall make identifying and combating the presence of all quality concerns related to peanuts a priority in the development of quality and handling standards for peanuts and in the inspection of domestically produced and imported peanuts. The Secretary shall consult with appropriate Federal and State agencies to provide adequate safeguards against all quality concerns related to peanuts.

(e) CONSISTENT STANDARDS.—Imported peanuts shall be subject to the same quality and handling standards as apply to domestically produced peanuts.

(f) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—In addition to other funds that are available to carry out this section, there is authorized to be appropriated such sums as are necessary to carry out this section.

(2) TREATMENT OF BOARD EXPENSES.—The expenses of the Peanut Standards Board shall not be counted toward any general limitation on the expenses of advisory committees, panels, commissions, and task forces of the Department of Agriculture, whether enacted before, on, or after the date of enactment of this Act, unless the limitation specifically refers to this paragraph and specifically includes the Peanut Standards Board within the general limitation.

(g) TRANSITION RULE.—

(1) TEMPORARY DESIGNATION OF PEANUT ADMINISTRATIVE COMMITTEE MEMBERS.—Notwithstanding the appointment process specified in subsection (c) for the Peanut Standards Board, during the transition period, the Secretary may designate persons serving as members of the Peanut Administrative Committee on the day before the date of enactment of this Act to serve as members of the Peanut Standards Board for the purpose of carrying out the duties of the Board described in this section.

(2) FUNDS.—The Secretary may transfer any funds available to carry out the activities of the Peanut Administrative Committee to the Peanut Standards Board to carry out the duties of the Board described in this section.

(3) TRANSITION PERIOD.—In paragraph (1), the term "transition period" means the period beginning on the date of enactment of this Act and ending on the earlier of—

(A) the date the Secretary appoints the members of the Peanut Standards Board pursuant to subsection (c); or

(B) 180 days after the date of enactment of this Act.

(h) EFFECTIVE DATE.—This section shall take effect with the 2002 crop of peanuts.

SEC. 1309. TERMINATION OF MARKETING QUOTA PROGRAMS FOR PEANUTS AND COMPENSATION TO PEANUT QUOTA HOLDERS FOR LOSS OF QUOTA ASSET VALUE.

(a) REPEAL OF MARKETING QUOTA.—

(1) REPEAL.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357–1359a), relating to peanuts, is repealed.

(2) TREATMENT OF 2001 CROP.—Part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1357–1359a), as in effect on the day before the date of enactment of this Act, shall continue to apply with respect to the 2001 crop of peanuts notwithstanding the amendment made by paragraph (1). Section 1308(g)(2) shall also apply to the 2001 crop of peanuts.

(b) COMPENSATION CONTRACT REQUIRED.—

(1) IN GENERAL.—The Secretary shall offer to enter into a contract with each person that the Secretary determines is an eligible peanut quota holder under subsection (f) for the purpose of providing compensation for the lost value of the quota on account of the repeal of the marketing quota program for peanuts under subsection (a).

(2) PAYMENT PERIOD.—The Secretary shall make payments under the contracts during fiscal years 2002 through 2006.

(c) TIME FOR PAYMENT.—

(1) PAYMENT IN INSTALLMENTS.—The payments required under the contracts shall be provided in 5 equal installments not later than September 30 of each of fiscal years 2002 through 2006.

(2) SINGLE PAYMENT.—At the request of an eligible peanut quota holder entitled to payments under a contract, the Secretary shall provide the entire payment amount determined under subsection (d) with respect to the eligible peanut quota holder for the 5 fiscal years in a single lump sum during the fiscal year specified by the eligible peanut quota holder.

(d) PAYMENT AMOUNT.—The amount of the payment for a fiscal year to an eligible peanut quota holder under a contract shall be equal to the product obtained by multiplying—

(1) $0.11 per pound; by

(2) the number of pounds of quota with respect to which the person qualifies as a peanut quota holder under subsection (f).

(e) ASSIGNMENT OF PAYMENTS.—The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to the payments made under the contracts. A person making an assignment of the payment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this subsection.

(f) ELIGIBLE PEANUT QUOTA HOLDER.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the Secretary shall consider a person to be an eligible peanut quota holder for the purposes of this section if the person, as of the date of enactment of this Act, owned a farm that, also as of that date, was eligible for a permanent peanut quota under section 358–1(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–1(b)), irrespective of temporary leases, transfers of quotas for seed, or quotas for experimental purposes.

(2) EFFECT OF PURCHASE CONTRACT.—If there was a written contract for the purchase of all or a portion of a farm described in paragraph (1) as of the date of enactment of this Act and the parties to the sale are unable to agree to the disposition of eligibility for payments under this section, the Secretary, taking into account any incomplete permanent transfer of quota that has otherwise been agreed to, shall provide for the equitable division of the payments among the parties by adjusting the determination of who is the eligible peanut quota holder with respect to particular pounds of the quota.

(3) EFFECT OF AGREEMENT FOR PERMANENT QUOTA TRANSFER.—If the Secretary determines that there was in existence, as of the date of enactment of this Act, an agreement for the permanent transfer of quota, but that the transfer was not completed by that date, the Secretary shall consider the peanut quota holder to be the party to the agreement who, as of that date, was the owner of the farm to which the quota was to be transferred.

(4) PROTECTED BASES.—A person that owns a farm with a peanut poundage quota which is protected under a conservation reserve program contract entered into under section 1231 of the Food Security Act of 1985 (16 U.S.C. 3831) shall be considered to be an eligible quota holder with respect to the protected poundage.

(5) SECRETARIAL DISCRETION.—Notwithstanding the preceding paragraphs, the Secretary may declare a person to be the eligible peanut quota holder with respect to certain pounds of quota or otherwise for purposes of this section if the Secretary considers the declaration is needed to insure a fair and equitable administration of the payments provided for in this section, so long as the Secretary does not, in exercising this authority, effectively increase the total quota in excess of the quota that was available to all producers for the 2001 crop year for other than seed or experimental use.

(6) LIMITATION ON QUANTITY OF QUOTA HELD.—A person shall be considered an eligible peanut quota holder for purposes of this section only with respect to that number of permanent pounds that qualifies the person as a peanut quota holder under one of the preceding paragraphs. The determination of the peanut poundage amount for which the person qualifies shall be made based on the 2001 crop quota levels and shall take into account sales of the farm that occurred before the date of enactment of this Act and any permanent transfers of quota that took place before that date, consistent with the preceding paragraphs. The Secretary shall not take into account, or allow

eligibility for, quotas for seed, granted as experimental quotas, or obtained by temporary lease or transfer.

(g) SUCCESSIONS IN PAYMENT ELIGIBILITY AND ATTACHMENT OF ELIGIBILITY TO PERSONS.—

(1) ELIGIBILITY ATTACHES TO PERSONS.—Once a person is eligible for payments under this section, as determined under subsection (f), the continued eligibility of the person for the payments does not run with a farm, but shall remain with the person for the term of this section irrespective of whether the person sells, or continues to have an interest in, the farm that had the quota that qualified the person as an eligible peanut quota holder under subsection (f) and irrespective of whether the person has a continuing interest in the production of peanuts.

(2) SUCCESSION.—If a person eligible for payments under this section dies, in the case of an individual, or ceases to exist, in the case of other persons, the payment eligibility of the person shall pass to the person's personal or organizational successor, as determined by the Secretary.

(h) CONFORMING AMENDMENTS.—

(1) ADMINISTRATIVE PROVISIONS.—Section 361 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1361) is amended by striking "peanuts,".

(2) ADJUSTMENT OF QUOTAS.—Section 371 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1371) is amended—

(A) in the first sentence of subsection (a), by striking "peanuts,"; and

(B) in the first sentence of subsection (b), by striking "peanuts".

(3) REPORTS AND RECORDS.—Section 373 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373) is amended—

(A) in the first sentence of subsection (a)—

(i) by striking "peanuts," each place it appears;

(ii) by inserting "and" after "from producers,"; and

(iii) by striking "for producers, all" and all that follows through the period at the end of the sentence and inserting "for producers."; and

(B) in subsection (b), by striking "peanuts,".

(4) EMINENT DOMAIN.—Section 378(c) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1378(c)) is amended in the first sentence—

(A) by striking "cotton," and inserting "cotton and"; and

(B) by striking "and peanuts,".

SEC. 1310. REPEAL OF SUPERSEDED PRICE SUPPORT AUTHORITY AND EFFECT OF REPEAL.

(a) REPEAL OF PRICE SUPPORT AUTHORITY.—

(1) IN GENERAL.—Section 155 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7271) is repealed.

(2) CONFORMING AMENDMENTS.—The Agricultural Act of 1949 (7 U.S.C. 1441 et seq.) is amended—

(A) in section 101(b) (7 U.S.C. 1441(b)), by striking "and peanuts"; and

(B) in section 408(c) (7 U.S.C. 1428(c)), by striking "peanuts,".

*(3) TECHNICAL AMENDMENT.—The chapter heading of chapter 2 of subtitle D of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. prec. 7271) is amended by striking "**PEANUTS AND**".*

(b) DISPOSAL.—Notwithstanding any other provision of law or previous declaration made by the Secretary, the Secretary shall ensure that the disposal of all peanuts for which a loan for the 2001 crop of peanuts was made under section 155 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7271) before the date of enactment of this Act is carried out in a manner that prevents price disruptions in the domestic and international markets for peanuts.

(c) TREATMENT OF CROP INSURANCE POLICIES FOR 2002 CROP YEAR.—

(1) APPLICABILITY.—This subsection shall apply for the 2002 crop year only notwithstanding any other provision of law or crop insurance policy.

(2) PRICE ELECTION.—The nonquota price election for segregation I, II, and III peanuts shall be 17.75 cents per pound and shall be used for all aspects of the policy relating to the calculations of premium, liability, and indemnities.

(3) QUALITY ADJUSTMENT.—For the purposes of quality adjustment only, the average support price per pound of peanuts shall be a price equal to 17.75 cents per pound. Quality under the crop insurance policy for peanuts shall be adjusted under procedures issued by the Federal Crop Insurance Corporation.

Subtitle D—Sugar

SEC. 1401. SUGAR PROGRAM.

(a) EXTENSION AND MODIFICATION OF EXISTING SUGAR PROGRAM.—Section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272) is amended to read as follows:

"SEC. 156. SUGAR PROGRAM.

"(a) SUGARCANE.—The Secretary shall make loans available to processors of domestically grown sugarcane at a rate equal to 18 cents per pound for raw cane sugar.

"(b) SUGAR BEETS.—The Secretary shall make loans available to processors of domestically grown sugar beets at a rate equal to 22.9 cents per pound for refined beet sugar.

"(c) LOAN RATE ADJUSTMENTS.—

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

"(2) EXTENT OF REDUCTION.—The Secretary shall not reduce the loan rate under subsection (a) or (b) below a rate that provides an equal measure of support to that provided by other major sugar growing, producing, and exporting countries, based

on an examination of both domestic and export subsidies subject to reduction in the Agreement on Agriculture.

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

"(4) DEFINITIONS.—In this subsection:

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

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

"(i) the countries of the European Union; and

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

"(d) TERM OF LOANS.—

"(1) IN GENERAL.—A loan under this section during any fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature at the earlier of—

"(A) the end of the 9-month period beginning on the first day of the first month after the month in which the loan is made; or

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

"(2) SUPPLEMENTAL LOANS.—In the case of a loan made under this section in the last 3 months of a fiscal year, the processor may repledge the sugar as collateral for a second loan in the subsequent fiscal year, except that the second loan shall—

"(A) be made at the loan rate in effect at the time the second loan is made; and

"(B) mature in 9 months less the quantity of time that the first loan was in effect.

"(e) LOAN TYPE; PROCESSOR ASSURANCES.—

"(1) NONRECOURSE LOANS.—The Secretary shall carry out this section through the use of nonrecourse loans.

"(2) PROCESSOR ASSURANCES.—

"(A) IN GENERAL.—The Secretary shall obtain from each processor that receives a loan under this section such assurances as the Secretary considers adequate to ensure that the processor will provide payments to producers that are proportional to the value of the loan received by the processor for the sugar beets and sugarcane delivered by producers to the processor.

"(B) MINIMUM PAYMENTS.—

"(i) IN GENERAL.—Subject to clause (ii), the Secretary may establish appropriate minimum payments for purposes of this paragraph.

"(ii) LIMITATION.—In the case of sugar beets, the minimum payment established under clause (i) shall not exceed the rate of payment provided for under the applicable contract between a sugar beet producer and a sugar beet processor.

"(iii) EFFECT OF DISASTER.—The Secretary may not bar a beet sugar processor from eligibility to obtain a loan under this section because of the failure of the processor to provide the appropriate minimum payment established under this subsection if the failure—

"(I) occurred during a crop year prior to the date of enactment of the Farm Security and Rural Investment Act of 2002; and

"(II) was related, at least in part, to the effects of a natural disaster, including damage from freeze.

"(3) ADMINISTRATION.—The Secretary may not impose or enforce any prenotification requirement, or similar administrative requirement not otherwise in effect on the date of enactment of the Farm Security and Rural Investment Act of 2002, that has the effect of preventing a processor from electing to forfeit the loan collateral (of an acceptable grade and quality) on the maturity of the loan.

"(f) LOANS FOR IN-PROCESS SUGAR.—

"(1) DEFINITION OF IN-PROCESS SUGARS AND SYRUPS.—In this subsection, the term 'in-process sugars and syrups' does not include raw sugar, liquid sugar, invert sugar, invert syrup, or other finished product that is otherwise eligible for a loan under subsection (a) or (b).

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

"(3) LOAN RATE.—The loan rate shall be equal to 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar, as determined by the Secretary on the basis of the source material for the in-process sugars and syrups.

"(4) FURTHER PROCESSING ON FORFEITURE.—

"(A) IN GENERAL.—As a condition of the forfeiture of in-process sugars and syrups serving as collateral for a loan under paragraph (2), the processor shall, within such reasonable time period as the Secretary may prescribe and at no cost to the Commodity Credit Corporation, convert the in-process sugars and syrups into raw cane sugar or refined beet sugar of acceptable grade and quality for sugars eligible for loans under subsection (a) or (b).

"(B) TRANSFER TO CORPORATION.—Once the in-process sugars and syrups are fully processed into raw cane sugar or refined beet sugar, the processor shall transfer the sugar to the Commodity Credit Corporation.

"(C) PAYMENT TO PROCESSOR.—On transfer of the sugar, the Secretary shall make a payment to the processor in an amount equal to the amount obtained by multiplying—

"(i) the difference between—

"(I) the loan rate for raw cane sugar or refined beet sugar, as appropriate; and

"(II) the loan rate the processor received under paragraph (3); by

"(ii) the quantity of sugar transferred to the Secretary.

"(5) LOAN CONVERSION.—If the processor does not forfeit the collateral as described in paragraph (4), but instead further processes the in-process sugars and syrups into raw cane sugar or refined beet sugar and repays the loan on the in-process sugars and syrups, the processor may obtain a loan under subsection (a) or (b) for the raw cane sugar or refined beet sugar, as appropriate.

"(6) TERM OF LOAN.—The term of a loan made under this subsection for a quantity of in-process sugars and syrups, when combined with the term of a loan made with respect to the raw cane sugar or refined beet sugar derived from the in-process sugars and syrups, may not exceed 9 months, consistent with subsection (d).

"(g) AVOIDING FORFEITURES; CORPORATION INVENTORY DISPOSITION.—

"(1) IN GENERAL.—Subject to subsection (e)(3), to the maximum extent practicable, the Secretary shall operate the program established under this section at no cost to the Federal Government by avoiding the forfeiture of sugar to the Commodity Credit Corporation.

"(2) INVENTORY DISPOSITION.—

"(A) IN GENERAL.—To carry out paragraph (1), the Commodity Credit Corporation may accept bids to obtain raw cane sugar or refined beet sugar in the inventory of the Commodity Credit Corporation from (or otherwise make available such commodities, on appropriate terms and conditions, to) processors of sugarcane and processors of sugar beets (acting in conjunction with the producers of the sugarcane or sugar beets processed by the processors) in return for the reduction of production of raw cane sugar or refined beet sugar, as appropriate.

"(B) ADDITIONAL AUTHORITY.—The authority provided under this paragraph is in addition to any authority of the Commodity Credit Corporation under any other law.

"(h) INFORMATION REPORTING.—

"(1) DUTY OF PROCESSORS AND REFINERS TO REPORT.—A sugarcane processor, cane sugar refiner, and sugar beet processor shall furnish the Secretary, on a monthly basis, such information as the Secretary may require to administer sugar programs, including the quantity of purchases of sugarcane, sugar beets, and sugar, and production, importation, distribution, and stock levels of sugar.

"(2) DUTY OF PRODUCERS TO REPORT.—

"(A) PROPORTIONATE SHARE STATES.—As a condition of a loan made to a processor for the benefit of a producer, the Secretary shall require each producer of sugarcane located in a State (other than the Commonwealth of Puerto Rico) in which there are in excess of 250 producers of sugarcane to report, in the manner prescribed by the Secretary, the sugarcane yields and acres planted to sugarcane of the producer.

"(B) OTHER STATES.—The Secretary may require each producer of sugarcane or sugar beets not covered by sub-

paragraph (A) to report, in a manner prescribed by the Secretary, the yields of, and acres planted to, sugarcane or sugar beets, respectively, of the producer.

"(3) DUTY OF IMPORTERS TO REPORT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall require an importer of sugars, syrups, or molasses to be used for human consumption or to be used for the extraction of sugar for human consumption to report, in the manner prescribed by the Secretary, the quantities of the products imported by the importer and the sugar content or equivalent of the products.

"(B) TARIFF-RATE QUOTAS.—Subparagraph (A) shall not apply to sugars, syrups, or molasses that are within the quantities of tariff-rate quotas that are subject to the lower rate of duties.

"(4) PENALTY.—Any person willfully failing or refusing to furnish the information, or furnishing willfully any false information, shall be subject to a civil penalty of not more than $10,000 for each such violation.

"(5) MONTHLY REPORTS.—Taking into consideration the information received under this subsection, the Secretary shall publish on a monthly basis composite data on production, imports, distribution, and stock levels of sugar.

"(i) SUBSTITUTION OF REFINED SUGAR.—For purposes of Additional U.S. Note 6 to chapter 17 of the Harmonized Tariff Schedule of the United States and the reexport programs and polyhydric alcohol program administered by the Secretary, all refined sugars (whether derived from sugar beets or sugarcane) produced by cane sugar refineries and beet sugar processors shall be fully substitutable for the export of sugar and sugar-containing products under those programs.

"(j) EFFECTIVE PERIOD.—This section shall be effective only for the 1996 through 2007 crops of sugar beets and sugarcane.".

(b) EFFECTIVE DATE OF ASSESSMENT TERMINATION.—Subsection (f) of section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272(f)), as in effect immediately before the enactment of the Farm Security and Rural Investment Act of 2002, is deemed to have been repealed effective as of October 1, 2001.

(c) INTEREST RATE.—Section 163 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7283) is amended—

(1) by inserting "(a) IN GENERAL.—" before "Notwithstanding"; and

(2) by adding at the end the following:

"(b) SUGAR.—For purposes of this section, raw cane sugar, refined beet sugar, and in-process sugar eligible for a loan under section 156 shall not be considered an agricultural commodity.".

SEC. 1402. STORAGE FACILITY LOANS.

(a) IN GENERAL.—Notwithstanding any other provision of law and as soon as practicable after the date of enactment of this Act, the Commodity Credit Corporation shall amend part 1436 of title 7, Code of Federal Regulations, to establish a sugar storage facility loan program to provide financing for processors of domestically-produced sugarcane and sugar beets to construct or upgrade storage and handling facilities for raw sugars and refined sugars.

(b) ELIGIBLE PROCESSORS.—A storage facility loan described in subsection (a) shall be made available to any processor of domestically produced sugarcane or sugar beets that (as determined by the Secretary)—

(1) has a satisfactory credit history;

(2) has a need for increased storage capacity, taking into account the effects of marketing allotments; and

(3) demonstrates an ability to repay the loan.

(c) TERM OF LOANS.—A storage facility loan described in subsection (a) shall—

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

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

SEC. 1403. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 359aa et seq.) is amended to read as follows:

"PART VII—FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR

"SEC. 359a. DEFINITIONS.

"In this part:

"(1) MAINLAND STATE.—The term 'mainland State' means a State other than an offshore State.

"(2) OFFSHORE STATE.—The term 'offshore State' means a sugarcane producing State located outside of the continental United States.

"(3) STATE.—Notwithstanding section 301, the term 'State' means—

"(A) a State;

"(B) the District of Columbia; and

"(C) the Commonwealth of Puerto Rico.

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

"SEC. 359b. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.

"(a) SUGAR ESTIMATES.—

"(1) IN GENERAL.—Not later than August 1 before the beginning of each of the 2002 through 2007 crop years, the Secretary shall estimate—

"(A) the quantity of sugar that will be consumed in the United States during the crop year;

"(B) the quantity of sugar that would provide for reasonable carryover stocks;

"(C) the quantity of sugar that will be available from carry-in stocks for consumption in the United States during the crop year;

"(D) the quantity of sugar that will be available from the domestic processing of sugarcane and sugar beets; and

"(E) the quantity of sugars, syrups, and molasses that will be imported for human consumption or to be used for the extraction of sugar for human consumption in the United States during the crop year, whether such articles

are under a tariff-rate quota or are in excess or outside of a tariff-rate quota.

"(2) EXCLUSION.—The estimates under this subsection shall not apply to sugar imported for the production of polyhydric alcohol or to any sugar refined and reexported in refined form or in products containing sugar.

"(3) REESTIMATES.—The Secretary shall make reestimates of sugar consumption, stocks, production, and imports for a crop year as necessary, but no later than the beginning of each of the second through fourth quarters of the crop year.

"(b) SUGAR ALLOTMENTS.—

"(1) IN GENERAL.—By the beginning of each crop year, the Secretary shall establish for that crop year appropriate allotments under section 359c for the marketing by processors of sugar processed from sugar beets and from domestically produced sugarcane at a level that the Secretary estimates will result in no forfeitures of sugar to the Commodity Credit Corporation under the loan program for sugar established under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272).

"(2) PRODUCTS.—The Secretary may include sugar products, whose majority content is sucrose for human consumption, derived from sugarcane, sugar beets, molasses, or sugar in the allotments under paragraph (1) if the Secretary determines it to be appropriate for purposes of this part.

"(c) PROHIBITIONS.—

"(1) IN GENERAL.—During any crop year or portion thereof for which marketing allotments have been established, no processor of sugar beets or sugarcane shall market a quantity of sugar in excess of the allocation established for such processor, except to enable another processor to fulfill an allocation established for such other processor or to facilitate the exportation of such sugar.

"(2) CIVIL PENALTY.—Any processor who knowingly violates paragraph (1) shall be liable to the Commodity Credit Corporation for a civil penalty in an amount equal to 3 times the United States market value, at the time of the commission of the violation, of that quantity of sugar involved in the violation.

"(3) DEFINITION OF MARKET.—For purposes of this part, the term 'market' shall mean to sell or otherwise dispose of in commerce in the United States (including the forfeiture of sugar under the loan program for sugar under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272) and, with respect to any integrated processor and refiner, the movement of raw cane sugar into the refining process).

"SEC. 359c. ESTABLISHMENT OF FLEXIBLE MARKETING ALLOTMENTS.

"(a) IN GENERAL.—The Secretary shall establish flexible marketing allotments for sugar for any crop year in which the allotments are required under section 359b(b) in accordance with this section.

"(b) OVERALL ALLOTMENT QUANTITY.—

"(1) IN GENERAL.—The Secretary shall establish the overall quantity of sugar to be allotted for the crop year (in this part referred to as the 'overall allotment quantity') by deducting from the sum of the estimated sugar consumption and reasonable

carryover stocks (at the end of the crop year) for the crop year, as determined under section 359b(a)—

"(A) 1,532,000 short tons, raw value; and

"(B) carry-in stocks of sugar, including sugar in Commodity Credit Corporation inventory.

"(2) ADJUSTMENT.—The Secretary shall adjust the overall allotment quantity to avoid the forfeiture of sugar to the Commodity Credit Corporation.

"(c) MARKETING ALLOTMENT FOR SUGAR DERIVED FROM SUGAR BEETS AND SUGAR DERIVED FROM SUGARCANE.—The overall allotment quantity for the crop year shall be allotted between—

"(1) sugar derived from sugar beets by establishing a marketing allotment for a crop year at a quantity equal to the product of multiplying the overall allotment quantity for the crop year by 54.35 percent; and

"(2) sugar derived from sugarcane by establishing a marketing allotment for a crop year at a quantity equal to the product of multiplying the overall allotment quantity for the crop year by 45.65 percent.

"(d) FILLING CANE SUGAR AND BEET SUGAR ALLOTMENTS.—

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

"(2) BEET SUGAR.—Each marketing allotment for beet sugar established under this section may only be filled with sugar domestically processed from sugar beets.

"(e) STATE CANE SUGAR ALLOTMENTS.—

"(1) IN GENERAL.—The allotment for sugar derived from sugarcane shall be further allotted, among the States in the United States in which sugarcane is produced, after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner as provided in this subsection and section 359d(b)(1)(D).

"(2) OFFSHORE ALLOTMENT.—

"(A) COLLECTIVELY.—Prior to the allotment of sugar derived from sugarcane to any other State, 325,000 short tons, raw value shall be allotted to the offshore States.

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

"(i) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from the 1996 through 2000 crops;

"(ii) the ability of processors to market the sugar covered under the allotments for the crop year; and

"(iii) past processings of sugar from sugarcane, based on the 3-year average of the 1998 through 2000 crop years.

"(3) MAINLAND ALLOTMENT.—The allotment for sugar derived from sugarcane, less the amount provided for under para-

graph (2), shall be allotted among the mainland States in the United States in which sugarcane is produced, after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe, in a fair and equitable manner on the basis of—

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

"(B) the ability of processors to market the sugar covered under the allotments for the crop year; and

"(C) past processings of sugar from sugarcane, based on the 3 crop years with the greatest processings (in the mainland States collectively) during the 1991 through 2000 crop years.

"(f) FILLING CANE SUGAR ALLOTMENTS.—Except as provided in section 359e, a State cane sugar allotment established under subsection (e) for a crop year may be filled only with sugar processed from sugarcane grown in the State covered by the allotment.

"(g) ADJUSTMENT OF MARKETING ALLOTMENTS.—

"(1) IN GENERAL.—The Secretary shall, based on reestimates under section 359b(a)(3), adjust upward or downward marketing allotments in a fair and equitable manner, as the Secretary determines appropriate, to reflect changes in estimated sugar consumption, stocks, production, or imports.

"(2) ALLOCATION TO PROCESSORS.—In the case of any increase or decrease in an allotment, each allocation to a processor of the allotment under section 359d, and each proportionate share established with respect to the allotment under section 359f(c), shall be increased or decreased by the same percentage that the allotment is increased or decreased.

"(3) CARRY-OVER OF REDUCTIONS.—Whenever a marketing allotment for a crop year is required to be reduced during the crop year under this subsection, if, at the time of the reduction, the quantity of sugar marketed exceeds the processor's reduced allocation, the allocation of an allotment next established for the processor shall be reduced by the quantity of the excess sugar marketed.

"(h) SUSPENSION OF ALLOTMENTS.—Whenever the Secretary estimates or reestimates under section 359b(a), or has reason to believe, that imports of sugars, syrups or molasses for human consumption or to be used for the extraction of sugar for human consumption, whether under a tariff-rate quota or in excess or outside of a tariff-rate quota, will exceed 1,532,000 short tons (raw value equivalent) (excluding any imports attributable to reassignment under paragraph (1)(D) or (2)(C) of section 359e(b)), and that the imports would lead to a reduction of the overall allotment quantity, the Secretary shall suspend the marketing allotments established under this section until such time as the imports have been restricted, eliminated, or reduced to or below the level of 1,532,000 short tons (raw value equivalent).

"SEC. 359d. ALLOCATION OF MARKETING ALLOTMENTS.

"(a) ALLOCATION TO PROCESSORS.—Whenever marketing allotments are established for a crop year under section 359c, in order to afford all interested persons an equitable opportunity to market

sugar under an allotment, the Secretary shall allocate each such allotment among the processors covered by the allotment.

"(b) HEARING AND NOTICE.—

"(1) CANE SUGAR.—

"(A) IN GENERAL.—The Secretary shall make allocations for cane sugar after a hearing, if requested by the affected sugarcane processors and growers, and on such notice as the Secretary by regulation may prescribe, in such manner and in such quantities as to provide a fair, efficient, and equitable distribution of the allocations under this paragraph. Each such allocation shall be subject to adjustment under section 359c(g).

"(B) MULTIPLE PROCESSOR STATES.—Except as provided in subparagraphs (C) and (D), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single State based on—

"(i) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1996 through 2000 crops;

"(ii) the ability of processors to market sugar covered by that portion of the allotment allocated for the crop year; and

"(iii) past processings of sugar from sugarcane, based on the average of the 3 highest years of production during the 1996 through 2000 crop years.

"(C) TALISMAN PROCESSING FACILITY.—In the case of allotments under subparagraph (B) attributable to the operations of the Talisman processing facility before the date of enactment of this subparagraph, the Secretary shall allocate the allotment among processors in the State under subparagraph (A) in accordance with the agreements of March 25 and 26, 1999, between the affected processors and the Secretary of the Interior.

"(D) PROPORTIONATE SHARE STATES.—In the case of States subject to section 359f(c), the Secretary shall allocate the allotment for cane sugar among multiple cane sugar processors in a single State based on—

"(i) past marketings of sugar, based on the average of the 2 highest years of production of raw cane sugar from among the 1997 through 2001 crop years;

"(ii) the ability of processors to market sugar covered by that portion of the allotments allocated for the crop year; and

"(iii) past processings of sugar from sugarcane, based on the average of the 2 highest crop years of crop production during the 1997 through 2001 crop years.

"(E) NEW ENTRANTS.—

"(i) IN GENERAL.—Notwithstanding subparagraphs (B) and (D), the Secretary, on application of any processor that begins processing sugarcane on or after the date of enactment of this subparagraph, and after a hearing (if requested by the affected sugarcane processors and growers) and on such notice as the Secretary by regulation may prescribe, may provide the processor with an allocation that provides a fair, effi-

cient and equitable distribution of the allocations from the allotment for the State in which the processor is located.

"(ii) PROPORTIONATE SHARE STATES.—In the case of proportionate share States, the Secretary shall establish proportionate shares in a quantity sufficient to produce the sugarcane required to satisfy the allocations.

"(iii) LIMITATIONS.—The allotment for a new processor under this subparagraph shall not exceed—

"(I) in the case of the first crop year of operation of a new processor, 50,000 short tons (raw value); and

"(II) in the case of each subsequent crop year of operation of the new processor, a quantity established by the Secretary in accordance with this subparagraph and the criteria described in subparagraph (B) or (D), as applicable.

"(iv) NEW ENTRANT STATES.—

"(I) IN GENERAL.—Notwithstanding subparagraphs (A) and (C) of section 359c(e)(3), to accommodate an allocation under clause (i) to a new processor located in a new entrant mainland State, the Secretary shall provide the new entrant mainland State with an allotment.

"(II) EFFECT ON OTHER ALLOTMENTS.—The allotment to any new entrant mainland State shall be subtracted, on a pro rata basis, from the allotments otherwise allotted to each mainland State under section 359c(e)(3).

"(v) ADVERSE EFFECTS.—Before providing an initial processor allocation or State allotment to a new entrant processor or a new entrant State under this subparagraph, the Secretary shall take into consideration any adverse effects that the provision of the allocation or allotment may have on existing cane processors and producers in mainland States.

"(vi) ABILITY TO MARKET.—Consistent with section 359c and this section, any processor allocation or State allotment made to a new entrant processor or to a new entrant State under this subparagraph shall be provided only after the applicant processor, or the applicable processors in the State, have demonstrated the ability to process, produce, and market (including the transfer or delivery of the raw cane sugar to a refinery for further processing or marketing) raw cane sugar for the crop year for which the allotment is applicable.

"(vii) PROHIBITION.—Not more than 1 processor allocation provided under this subparagraph may be applicable to any individual sugar processing facility.

"(F) TRANSFER OF OWNERSHIP.—Except as otherwise provided in section 359f(c)(8), if a sugarcane processor is sold or otherwise transferred to another owner or is closed as part of an affiliated corporate group processing consolidation, the Secretary shall transfer the allotment allocation

for the processor to the purchaser, new owner, successor in interest, or any remaining processor of an affiliated entity, as applicable, of the processor.

"(2) BEET SUGAR.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph and sections 359c(g), 359e(b), and 359f(b), the Secretary shall make allocations for beet sugar among beet sugar processors for each crop year that allotments are in effect on the basis of the adjusted weighted average quantity of beet sugar produced by the processors for each of the 1998 through 2000 crop years, as determined under this paragraph.

"(B) QUANTITY.—The quantity of an allocation made for a beet sugar processor for a crop year under subparagraph (A) shall bear the same ratio to the quantity of allocations made for all beet sugar processors for the crop year as the adjusted weighted average quantity of beet sugar produced by the processor (as determined under subparagraphs (C) and (D)) bears to the total of the adjusted weighted average quantities of beet sugar produced by all processors (as so determined).

"(C) WEIGHTED AVERAGE QUANTITY.—Subject to subparagraph (D), the weighted quantity of beet sugar produced by a beet sugar processor during each of the 1998 through 2000 crop years shall be (as determined by the Secretary)—

"(i) in the case of the 1998 crop year, 25 percent of the quantity of beet sugar produced by the processor during the crop year;

"(ii) in the case of the 1999 crop year, 35 percent of the quantity of beet sugar produced by the processor during the crop year; and

"(iii) in the case of the 2000 crop year, 40 percent of the quantity of beet sugar produced by the processor (including any quantity of sugar received from the Commodity Credit Corporation) during the crop year.

"(D) ADJUSTMENTS.—

"(i) IN GENERAL.—The Secretary shall adjust the weighted average quantity of beet sugar produced by a beet sugar processor during the 1998 through 2000 crop years under subparagraph (C) if the Secretary determines that the processor—

"(I) during the 1996 through 2000 crop years, opened a sugar beet processing factory;

"(II) during the 1998 through 2000 crop years, closed a sugar beet processing factory;

"(III) during the 1998 through 2000 crop years, constructed a molasses desugarization facility; or

"(IV) during the 1998 through 2000 crop years, suffered substantial quality losses on sugar beets stored during any such crop year.

"(ii) QUANTITY.—The quantity of beet sugar produced by a beet sugar processor under subparagraph (C) shall be—

"(I) in the case of a processor that opened a sugar beet processing factory, increased by 1.25 percent of the total of the adjusted weighted average quantities of beet sugar produced by all processors during the 1998 through 2000 crop years (without consideration of any adjustment under this subparagraph) for each sugar beet processing factory that is opened by the processor;

"(II) in the case of a processor that closed a sugar beet processing factory, decreased by 1.25 percent of the total of the adjusted weighted average quantities of beet sugar produced by all processors during the 1998 through 2000 crop years (without consideration of any adjustment under this subparagraph) for each sugar beet processing factory that is closed by the processor;

"(III) in the case of a processor that constructed a molasses desugarization facility, increased by 0.25 percent of the total of the adjusted weighted average quantities of beet sugar produced by all processors during the 1998 through 2000 crop years (without consideration of any adjustment under this subparagraph) for each molasses desugarization facility that is constructed by the processor; and

"(IV) in the case of a processor that suffered substantial quality losses on stored sugar beets, increased by 1.25 percent of the total of the adjusted weighted average quantities of beet sugar produced by all processors during the 1998 through 2000 crop years (without consideration of any adjustment under this subparagraph).

"(E) PERMANENT TERMINATION OF OPERATIONS OF A PROCESSOR.—If a processor of beet sugar has been dissolved, liquidated in a bankruptcy proceeding, or otherwise has permanently terminated operations (other than in conjunction with a sale or other disposition of the processor or the assets of the processor), the Secretary shall—

"(i) eliminate the allocation of the processor provided under this section; and

"(ii) distribute the allocation to other beet sugar processors on a pro rata basis.

"(F) SALE OF ALL ASSETS OF A PROCESSOR TO ANOTHER PROCESSOR.—If a processor of beet sugar (or all of the assets of the processor) is sold to another processor of beet sugar, the Secretary shall transfer the allocation of the seller to the buyer unless the allocation has been distributed to other sugar beet processors under subparagraph (E).

"(G) SALE OF FACTORIES OF A PROCESSOR TO ANOTHER PROCESSOR.—

"(i) IN GENERAL.—Subject to subparagraphs (E) and (F), if 1 or more factories of a processor of beet sugar (but not all of the assets of the processor) are sold to another processor of beet sugar during a crop year, the Secretary shall assign a pro rata portion of

the allocation of the seller to the allocation of the buyer to reflect the historical contribution of the production of the sold factory or factories to the total allocation of the seller.

"(ii) APPLICATION OF ALLOCATION.—The assignment of the allocation under clause (i) shall apply—

"(I) during the remainder of the crop year during which the sale described in clause (i) occurs (referred to in this subparagraph as the 'initial crop year'); and

"(II) each subsequent crop year (referred in this subparagraph as a 'subsequent crop year'), subject to clause (iii).

"(iii) SUBSEQUENT CROP YEARS.—

"(I) IN GENERAL.—The assignment of the allocation under clause (i) shall apply during each subsequent crop year unless the acquired factory or factories continue in operation for less than the initial crop year and the first subsequent crop year.

"(II) REASSIGNMENT.—If the acquired factory or factories do not continue in operation for the complete initial crop year and the first subsequent crop year, the Secretary shall reassign the temporary allocation to other processors of beet sugar on a pro rata basis.

"(iv) USE OF OTHER FACTORIES TO FILL ALLOCATION.—If the transferred allocation to the buyer for the purchased factory or factories cannot be filled by the production of the purchased factory or factories for the initial crop year or a subsequent crop year, the remainder of the transferred allocation may be filled by beet sugar produced by the buyer from other factories of the buyer.

"(H) NEW ENTRANTS STARTING PRODUCTION OR REOPENING FACTORIES.—

"(i) IN GENERAL.—Except as provided by clause (ii), if an individual or entity that does not have an allocation of beet sugar under this part (referred to in this paragraph as a 'new entrant') starts processing sugar beets after the date of enactment of this subparagraph, or acquires and reopens a factory that produced beet sugar during previous crop years that (at the time of acquisition) has no allocation associated with the factory under this part, the Secretary shall—

"(I) assign an allocation for beet sugar to the new entrant that provides a fair and equitable distribution of the allocations for beet sugar; and

"(II) reduce the allocations for beet sugar of all other processors on a pro rata basis to reflect the new allocation.

"(ii) EXCEPTION.—If a new entrant acquires and reopens a factory that previously produced beet sugar from sugar beets and from sugar beet molasses but the factory last processed sugar beets during the 1997 crop year and the new entrant starts to process sugar beets

at such factory after the date of enactment of this clause, the Secretary shall—

"(I) assign an allocation for beet sugar to the new entrant that is not less than the greater of 1.67 percent of the total of the adjusted weighted average quantities of beet sugar produced by all processors during the 1998 through 2000 crop years as determined under subsection (b)(2)(C), or 1,500,000 hundredweights; and

"(II) reduce the allocations for beet sugar of all other processors on a pro rata basis to reflect the new allocation.

"(I) NEW ENTRANTS ACQUIRING ONGOING FACTORIES WITH PRODUCTION HISTORY.—If a new entrant acquires a factory that has production history during the period of the 1998 through 2000 crop years and that is producing beet sugar at the time the allocations are made from a processor that has an allocation of beet sugar, the Secretary shall transfer a portion of the allocation of the seller to the new entrant to reflect the historical contribution of the production of the sold factory to the total allocation of the seller.

"SEC. 359e. REASSIGNMENT OF DEFICITS.

"(a) ESTIMATES OF DEFICITS.—At any time allotments are in effect under this part, the Secretary, from time to time, shall determine whether (in view of then-current inventories of sugar, the estimated production of sugar and expected marketings, and other pertinent factors) any processor of sugarcane will be unable to market the sugar covered by the portion of the State cane sugar allotment allocated to the processor and whether any processor of sugar beets will be unable to market sugar covered by the portion of the beet sugar allotment allocated to the processor.

"(b) REASSIGNMENT OF DEFICITS.—

"(1) CANE SUGAR.—If the Secretary determines that any sugarcane processor who has been allocated a share of a State cane sugar allotment will be unable to market the processor's allocation of the State's allotment for the crop year—

"(A) the Secretary first shall reassign the estimated quantity of the deficit to the allocations for other processors within that State, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to it and taking into account the interests of producers served by the processors;

"(B) if after the reassignments the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit proportionately to the allotments for other cane sugar States, depending on the capacity of each other State to fill the portion of the deficit to be assigned to it, with the reassigned quantity to each State to be allocated among processors in that State in proportion to the allocations of the processors;

"(C) if after the reassignments the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit to the Commodity Credit Corporation and shall sell such quantity of sugar from inventories of the Corporation unless the Secretary determines

that such sales would have a significant effect on the price of sugar; and

"(D) if after the reassignments and sales, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.

"(2) BEET SUGAR.—If the Secretary determines that a sugar beet processor who has been allocated a share of the beet sugar allotment will be unable to market that allocation—

"(A) the Secretary first shall reassign the estimated quantity of the deficit to the allotments for other sugar beet processors, depending on the capacity of each other processor to fill the portion of the deficit to be assigned to it and taking into account the interests of producers served by the processors;

"(B) if after the reassignments the deficit cannot be completely eliminated, the Secretary shall reassign the estimated quantity of the deficit to the Commodity Credit Corporation and shall sell such quantity of sugar from inventories of the Corporation unless the Secretary determines that such sales would have a significant effect on the price of sugar; and

"(C) if after the reassignments and sales, the deficit cannot be completely eliminated, the Secretary shall reassign the remainder to imports.

"(3) CORRESPONDING INCREASE.—The allocation of each processor receiving a reassigned quantity of an allotment under this subsection for a crop year shall be increased to reflect the reassignment.

"SEC. 359f. PROVISIONS APPLICABLE TO PRODUCERS.

"(a) PROCESSOR ASSURANCES.—

"(1) IN GENERAL.—If allotments for a crop year are allocated to processors under section 359d, the Secretary shall obtain from the processors such assurances as the Secretary considers adequate that the allocation will be shared among producers served by the processor in a fair and equitable manner that adequately reflects producers' production histories.

"(2) ARBITRATION.—

"(A) IN GENERAL.—Any dispute between a processor and a producer, or group of producers, with respect to the sharing of the allocation to the processor shall be resolved through arbitration by the Secretary on the request of either party.

"(B) PERIOD.—The arbitration shall, to the maximum extent practicable, be—

"(i) commenced not more than 45 days after the request; and

"(ii) completed not more than 60 days after the request.

"(b) SUGAR BEET PROCESSING FACILITY CLOSURES.—

"(1) IN GENERAL.—If a sugar beet processing facility is closed and the sugar beet growers that previously delivered beets to the facility elect to deliver their beets to another processing company, the growers may petition the Secretary to modify allocations under this part to allow the delivery.

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

"(3) DECREASED ALLOCATION FOR CLOSED COMPANY.—The increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation shall be unaffected.

"(4) TIMING.—The determinations of the Secretary on the issues raised by the petition shall be made within 60 days after the filing of the petition.

"(c) PROPORTIONATE SHARES OF CERTAIN ALLOTMENTS.—

"(1) IN GENERAL.—

"(A) STATES AFFECTED.—In any case in which a State allotment is established under section 359c(f) and there are in excess of 250 sugarcane producers in the State (other than Puerto Rico), the Secretary shall make a determination under subparagraph (B).

"(B) DETERMINATION.—The Secretary shall determine, for each State allotment described in subparagraph (A), whether the production of sugarcane, in the absence of proportionate shares, will be greater than the quantity needed to enable processors to fill the allotment and provide a normal carryover inventory of sugar.

"(2) ESTABLISHMENT OF PROPORTIONATE SHARES.—If the Secretary determines under paragraph (1) that the quantity of sugarcane produced by producers in the area covered by a State allotment for a crop year will be in excess of the quantity needed to enable processors to fill the allotment for the crop year and provide a normal carryover inventory of sugar, the Secretary shall establish a proportionate share for each sugarcane-producing farm that limits the acreage of sugarcane that may be harvested on the farm for sugar or seed during the crop year the allotment is in effect as provided in this subsection. Each such proportionate share shall be subject to adjustment under paragraph (7) and section 359c(g).

"(3) METHOD OF DETERMINING.—For purposes of determining proportionate shares for any crop of sugarcane:

"(A) The Secretary shall establish the State's per-acre yield goal for a crop of sugarcane at a level (not less than the average per-acre yield in the State for the 2 highest years from among the 1999, 2000, and 2001 crop years, as determined by the Secretary) that will ensure an adequate net return per pound to producers in the State, taking into consideration any available production research data that the Secretary considers relevant.

"(B) The Secretary shall adjust the per-acre yield goal by the average recovery rate of sugar produced from sugarcane by processors in the State.

"(C) The Secretary shall convert the State allotment for the crop year involved into a State acreage allotment for the crop by dividing the State allotment by the per-acre yield

goal for the State, as established under subparagraph (A) and as further adjusted under subparagraph (B).

"(D) The Secretary shall establish a uniform reduction percentage for the crop by dividing the State acreage allotment, as determined for the crop under subparagraph (C), by the sum of all adjusted acreage bases in the State, as determined by the Secretary.

"(E) The uniform reduction percentage for the crop, as determined under subparagraph (D), shall be applied to the acreage base for each sugarcane-producing farm in the State to determine the farm's proportionate share of sugarcane acreage that may be harvested for sugar or seed.

"(4) ACREAGE BASE.—For purposes of this subsection, the acreage base for each sugarcane-producing farm shall be determined by the Secretary, as follows:

"(A) The acreage base for any farm shall be the number of acres that is equal to the average of the acreage planted and considered planted for harvest for sugar or seed on the farm in the 2 highest of the 1999, 2000, and 2001 crop years.

"(B) Acreage planted to sugarcane that producers on a farm were unable to harvest to sugarcane for sugar or seed because of drought, flood, other natural disaster, or other condition beyond the control of the producers may be considered as harvested for the production of sugar or seed for purposes of this paragraph.

"(5) VIOLATION.—

"(A) IN GENERAL.—Whenever proportionate shares are in effect in a State for a crop of sugarcane, producers on a farm shall not knowingly harvest, or allow to be harvested, for sugar or seed an acreage of sugarcane in excess of the farm's proportionate share for the crop year, or otherwise violate proportionate share regulations issued by the Secretary under section 359h(a).

"(B) DETERMINATION OF VIOLATION.—No producer shall be considered to have violated subparagraph (A) unless the processor of the sugarcane harvested by such producer from acreage in excess of the proportionate share of the farm markets an amount of sugar that exceeds the allocation of such processor for a crop year.

"(C) CIVIL PENALTY.—Any producer on a farm who violates subparagraph (A) by knowingly harvesting, or allowing to be harvested, an acreage of sugarcane in excess of the farm's proportionate share shall be liable to the Commodity Credit Corporation for a civil penalty equal to one and one-half times the United States market value of the quantity of sugar that is marketed by the processor of such sugarcane in excess of the allocation of such processor for the crop year. The Secretary shall prorate penalties imposed under this subparagraph in a fair and equitable manner among all the producers of sugarcane harvested from excess acreage that is acquired by such processor.

"(6) WAIVER.—Notwithstanding the preceding subparagraph, the Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation

and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other proportionate share requirements in cases in which lateness or failure to meet the other requirements does not affect adversely the operation of proportionate shares.

"(7) ADJUSTMENTS.—Whenever the Secretary determines that, because of a natural disaster or other condition beyond the control of producers that adversely affects a crop of sugarcane subject to proportionate shares, the amount of sugarcane produced by producers subject to the proportionate shares will not be sufficient to enable processors in the State to meet the State's cane sugar allotment and provide a normal carryover inventory of sugar, the Secretary may uniformly allow producers to harvest an amount of sugarcane in excess of their proportionate share, or suspend proportionate shares entirely, as necessary to enable processors to meet the State allotment and provide a normal carryover inventory of sugar.

"(8) PROCESSING FACILITY CLOSURES.—

"(A) IN GENERAL.—If a sugarcane processing facility subject to this subsection is closed and the sugarcane growers that delivered sugarcane to the facility prior to closure elect to deliver their sugarcane to another processing company, the growers may petition the Secretary to modify allocations under this part to allow the delivery.

"(B) INCREASED ALLOCATION FOR PROCESSING COMPANY.—The Secretary may increase the allocation to the processing company to which the growers elect to deliver the sugarcane, with the approval of the processing company, to a level that does not exceed the processing capacity of the processing company, to accommodate the change in deliveries.

"(C) DECREASED ALLOCATION FOR CLOSED COMPANY.—The increased allocation shall be deducted from the allocation to the company that owned the processing facility that has been closed and the remaining allocation shall be unaffected.

"(D) TIMING.—The determinations of the Secretary on the issues raised by the petition shall be made within 60 days after the filing of the petition.

"SEC. 359g. SPECIAL RULES.

"(a) TRANSFER OF ACREAGE BASE HISTORY.—For the purpose of establishing proportionate shares for sugarcane farms under section 359f(c), the Secretary, on application of any producer, with the written consent of all owners of a farm, may transfer the acreage base history of the farm to any other parcels of land of the applicant.

"(b) PRESERVATION OF ACREAGE BASE HISTORY.—If for reasons beyond the control of a producer on a farm, the producer is unable to harvest an acreage of sugarcane for sugar or seed with respect to all or a portion of the proportionate share established for the farm under section 359f(c), the Secretary, on the application of the producer and with the written consent of all owners of the farm, may preserve for a period of not more than 5 consecutive years the acreage base history of the farm to the extent of the proportionate share involved. The Secretary may permit the proportionate share to be redistributed to other farms, but no acreage base history for pur-

poses of establishing acreage bases shall accrue to the other farms by virtue of the redistribution of the proportionate share.

"(c) REVISIONS OF ALLOCATIONS AND PROPORTIONATE SHARES.—The Secretary, after such notice as the Secretary by regulation may prescribe, may revise or amend any allocation of a marketing allotment under section 359d, or any proportionate share established or adjusted for a farm under section 359f(c), on the same basis as the initial allocation or proportionate share was required to be established.

"(d) TRANSFERS OF MILL ALLOCATIONS.—

"(1) TRANSFER AUTHORIZED.—A producer in a proportionate share State, upon written consent from all crop-share owners (or the representative of the crop-share owners) of a farm, and from the processing company holding the applicable allocation for such shares, may deliver sugarcane to another processing company if the additional delivery, when combined with such other processing company's existing deliveries, does not exceed the processing capacity of the company.

"(2) ALLOCATION ADJUSTMENT.—Notwithstanding section 359d, the Secretary shall adjust the allocations of each of such processing companies affected by a transfer under paragraph (1) to reflect the change in deliveries, based on the product of—

"(A) the number of acres of proportionate shares being transferred; and

"(B) the State's per acre yield goal established under section 359f(c)(3).

"SEC. 359h. REGULATIONS; VIOLATIONS; PUBLICATION OF SECRETARY'S DETERMINATIONS; JURISDICTION OF THE COURTS; UNITED STATES ATTORNEYS.

"(a) REGULATIONS.—The Secretary or the Commodity Credit Corporation, as appropriate, shall issue such regulations as may be necessary to carry out the authority vested in the Secretary in administering this part.

"(b) VIOLATION.—Any person knowingly violating any regulation of the Secretary issued under subsection (a) shall be subject to a civil penalty of not more than $5,000 for each violation.

"(c) PUBLICATION IN FEDERAL REGISTER.—Each determination issued by the Secretary to establish, adjust, or suspend allotments under this part shall be promptly published in the Federal Register and shall be accompanied by a statement of the reasons for the determination.

"(d) JURISDICTION OF COURTS; UNITED STATES ATTORNEYS.—

"(1) JURISDICTION OF COURTS.—The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, this part or any regulation issued thereunder.

"(2) UNITED STATES ATTORNEYS.—Whenever the Secretary shall so request, it shall be the duty of the several United States attorneys, in their respective districts, to institute proceedings to enforce the remedies and to collect the penalties provided for in this part. The Secretary may elect not to refer to a United States attorney any violation of this part or regulation when the Secretary determines that the administration and enforcement of this part would be adequately served by written notice or warning to any person committing the violation.

"(e) NONEXCLUSIVITY OF REMEDIES.—The remedies and penalties provided for in this part shall be in addition to, and not exclusive of, any remedies or penalties existing at law or in equity.

"SEC. 359i. APPEALS.

"(a) IN GENERAL.—An appeal may be taken to the Secretary from any decision under section 359d establishing allocations of marketing allotments, or under section 359f, by any person adversely affected by reason of any such decision.

"(b) PROCEDURE.—

"(1) NOTICE OF APPEAL.—Any such appeal shall be taken by filing with the Secretary, within 20 days after the decision complained of is effective, notice in writing of the appeal and a statement of the reasons therefor. Unless a later date is specified by the Secretary as part of the Secretary's decision, the decision complained of shall be considered to be effective as of the date on which announcement of the decision is made. The Secretary shall deliver a copy of any notice of appeal to each person shown by the records of the Secretary to be adversely affected by reason of the decision appealed, and shall at all times thereafter permit any such person to inspect and make copies of appellant's reasons for the appeal and shall on application permit the person to intervene in the appeal.

"(2) HEARING.—The Secretary shall provide each appellant an opportunity for a hearing before an administrative law judge in accordance with sections 554 and 556 of title 5, United States Code. The expenses for conducting the hearing shall be reimbursed by the Commodity Credit Corporation.

"(c) SPECIAL APPEAL PROCESS REGARDING BEET SUGAR ALLOCATIONS.—

"(1) APPEAL AUTHORIZED.—Beginning after the 2006 crop year, a processor that has an allocation of the beet sugar allotment under this part (referred to in this subsection as a 'petitioner') may file a notice of appeal with the Secretary regarding the petitioner's beet sugar allocation. Except as provided in paragraph (2), the Secretary shall consider the appeal if the notice alleges that any processor that has a beet sugar allocation has failed to fill at least 82.5 percent of its allocation of the beet sugar allotment with sugar produced by it or received from the Commodity Credit Corporation in 2 out of the 3 crop years preceding the crop year in which the appeal is filed. A processor that is alleged to have failed to fill at least 82.5 percent of its allocation shall be allowed to fully participate in the appeal.

"(2) EXCEPTIONS.—An appeal under paragraph (1) shall not be based on the failure of a processor to fill at least 82.5 percent of its allocation because of drought, flood, hail, or other weather disaster, as determined by the Secretary. The determination by the Secretary shall not require a formal disaster declaration.

"(3) RESPONSE TO APPEAL.—Upon the petitioner making an appeal to the Secretary, and upon a review by the Secretary of how processors have filled their allocations, the Secretary may—

"(A) assign an increased allocation for beet sugar to the petitioner that provides a fair and equitable distribution of the allocations for beet sugar, taking into account—

"(i) production history during the period beginning on April 4, 1996, and through the date of enactment of the Farm Security and Rural Investment Act of 2002;

"(ii) capital investment during that period;

"(iii) increases in United States sugar consumption; and

"(iv) the ability or inability of processors to fill the allocations they have received under this part; and

"(B) reduce, correspondingly, the allocation for beet sugar of each processor determined to have failed to fill at least 82.5 percent of its allocation of the beet sugar allotment as described in paragraph (1).

"(4) FILING DEADLINE.—For purposes of the filing deadline specified in subsection (b)(1), the 20-day period shall commence on the date on which the Secretary announces the allocations for the subsequent crop year or October 1, whichever is earlier.

"SEC. 359j. ADMINISTRATION.

"(a) USE OF CERTAIN AGENCIES.—In carrying out this part, the Secretary may use the services of local committees of sugar beet or sugarcane producers, sugarcane processors, or sugar beet processors, State and county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)), and the departments and agencies of the United States Government.

"(b) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the services, facilities, funds, and authorities of the Commodity Credit Corporation to carry out this part.

"SEC. 359k. REALLOCATING SUGAR QUOTA IMPORT SHORTFALLS.

"(a) IN GENERAL.—Notwithstanding any other provision of law, on or after June 1 of each of the 2002 through 2007 calendar years, the United States Trade Representative, in consultation with the Secretary, shall determine the amount of the quota of cane sugar used by each qualified supplying country for that crop year, and may reallocate the unused quota for that crop year among qualified supplying countries.

"(b) QUALIFIED SUPPLYING COUNTRY DEFINED.—In this section, the term 'qualified supplying country' means one of the following foreign countries that is allowed to export cane sugar to the United States under an agreement or any other country with which the United States has an agreement relating to the importation of cane sugar:

Argentina
Australia
Barbados
Belize
Bolivia
Brazil
Colombia
Republic of the Congo
Costa Rica
Dominican Republic
Ecuador
El Salvador
Fiji
Gabon
Guatemala
Guyana
Haiti

Honduras
India
Cote D'Ivoire, formerly known as the 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.".

Subtitle E—Dairy

SEC. 1501. MILK PRICE SUPPORT PROGRAM.

(a) SUPPORT ACTIVITIES.—During the period beginning on June 1, 2002, and ending on December 31, 2007, the Secretary of Agriculture shall support the price of milk produced in the 48 contiguous States through the purchase of cheese, butter, and nonfat dry milk produced from the milk.

(b) RATE.—During the period specified in subsection (a), the price of milk shall be supported at a rate equal to $9.90 per hundredweight for milk containing 3.67 percent butterfat.

(c) PURCHASE PRICES.—

(1) UNIFORM PRICES.—The support purchase prices under this section for each of the products of milk (butter, cheese, and nonfat dry milk) announced by the Secretary shall be the same for all of that product sold by persons offering to sell the product to the Secretary.

(2) SUFFICIENT PRICES.—The purchase prices shall be sufficient to enable plants of average efficiency to pay producers, on average, a price that is not less than the rate of price support for milk in effect under subsection (b).

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

(1) ALLOCATION OF PURCHASE PRICES.—The Secretary may allocate the rate of price support between the purchase prices for nonfat dry milk and butter in a manner that will result in the lowest level of expenditures by the Commodity Credit Corporation or achieve such other objectives as the Secretary considers appropriate. Not later than 10 days after making or changing an allocation, the Secretary shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the allocation. Section 553 of title 5, United States Code, shall not apply with respect to the implementation of this section.

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

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

SEC. 1502. NATIONAL DAIRY MARKET LOSS PAYMENTS.

(a) DEFINITIONS.—In this section:

(1) CLASS I MILK.—The term "Class I milk" means milk (including milk components) classified as Class I milk under a Federal milk marketing order.

(2) ELIGIBLE PRODUCTION.—The term "eligible production" means milk produced by a producer in a participating State.

(3) FEDERAL MILK MARKETING ORDER.—The term "Federal milk marketing order" means an order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

(4) PARTICIPATING STATE.—The term "participating State" means each State.

(5) PRODUCER.—The term "producer" means an individual or entity that directly or indirectly (as determined by the Secretary)—

(A) shares in the risk of producing milk; and

(B) makes contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of the operation.

(b) PAYMENTS.—The Secretary shall offer to enter into contracts with producers on a dairy farm located in a participating State under which the producers receive payments on eligible production.

(c) AMOUNT.—Payments to a producer under this section shall be calculated by multiplying (as determined by the Secretary)—

(1) the payment quantity for the producer during the applicable month established under subsection (d);

(2) the amount equal to—

(A) $16.94 per hundredweight; less

(B) the Class I milk price per hundredweight in Boston under the applicable Federal milk marketing order; by

(3) 45 percent.

(d) PAYMENT QUANTITY.—

(1) IN GENERAL.—Subject to paragraph (2), the payment quantity for a producer during the applicable month under this section shall be equal to the quantity of eligible production marketed by the producer during the month.

(2) LIMITATION.—The payment quantity for all producers on a single dairy operation during the months of the applicable fiscal year for which the producers receive payments under subsection (b) shall not exceed 2,400,000 pounds. For purposes of determining whether producers are producers on separate dairy operations or a single dairy operation, the Secretary shall apply the same standards as were applied in implementing the dairy program under section 805 of the Agriculture, Rural Develop-

ment, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (as enacted into law by Public Law 106–387; 114 Stat. 1549A–50).

(3) RECONSTITUTION.—The Secretary shall promulgate regulations to ensure that a producer does not reconstitute a dairy operation for the sole purpose of receiving additional payments under this section.

(e) PAYMENTS.—A payment under a contract under this section shall be made on a monthly basis not later than 60 days after the last day of the month for which the payment is made.

(f) SIGNUP.—The Secretary shall offer to enter into contracts under this section during the period beginning on the date that is 60 days after the date of enactment of this Act and ending on September 30, 2005.

(g) DURATION OF CONTRACT.—

(1) IN GENERAL.—Except as provided in paragraph (2) and subsection (h), any contract entered into by producers on a dairy farm under this section shall cover eligible production marketed by the producers on the dairy farm during the period starting with the first day of month the producers on the dairy farm enter into the contract and ending on September 30, 2005.

(2) VIOLATIONS.—If a producer violates the contract, the Secretary may—

(A) terminate the contract and allow the producer to retain any payments received under the contract; or

(B) allow the contract to remain in effect and require the producer to repay a portion of the payments received under the contract based on the severity of the violation.

(h) TRANSITION RULE.—In addition to any payment that is otherwise available under this section, if the producers on a dairy farm enter into a contract under this section, the Secretary shall make a payment in accordance with the formula specified in subsection (c) on the quantity of eligible production of the producer marketed during the period beginning on December 1, 2001, and ending on the last day of the month preceding the month the producers on the dairy farm entered into the contract.

SEC. 1503. DAIRY EXPORT INCENTIVE AND DAIRY INDEMNITY PROGRAMS.

(a) DAIRY EXPORT INCENTIVE PROGRAM.—Section 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–14(a)) is amended by striking "2002" and inserting "2007".

(b) DAIRY INDEMNITY PROGRAM.—Section 3 of Public Law 90–484 (7 U.S.C. 450l) is amended by striking "1995" and inserting "2007".

SEC. 1504. DAIRY PRODUCT MANDATORY REPORTING.

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

(1) by striking "means manufactured dairy products" and inserting "means—

"(A) manufactured dairy products";

(2) by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(B) substantially identical products designated by the Secretary.".

SEC. 1505. FUNDING OF DAIRY PROMOTION AND RESEARCH PROGRAM.

(a) DEFINITIONS.—Section 111 of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4502) is amended—

(1) in subsection (k), by striking "and" at the end;

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

(3) by adding at the end the following:

"(m) the term 'imported dairy product' means any dairy product that is imported into the United States (as defined in subsection (l)), including dairy products imported into the United States in the form of—

"(1) milk, cream, and fresh and dried dairy products;

"(2) butter and butterfat mixtures;

"(3) cheese; and

"(4) casein and mixtures;

"(n) the term 'importer' means a person that imports an imported dairy product into the United States; and

"(o) the term 'Customs' means the United States Customs Service.".

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

(1) by inserting "NATIONAL DAIRY PROMOTION AND RESEARCH BOARD.—" after "(b)";

(2) by designating the first through ninth sentences as paragraphs (1) through (5) and paragraphs (7) through (10), respectively, and indenting the paragraphs appropriately;

(3) in paragraph (2) (as so designated), by striking "Members" and inserting "Except as provided in paragraph (6), the members";

(4) by inserting after paragraph (5) (as so designated) the following:

"(6) IMPORTERS.—

"(A) INITIAL REPRESENTATION.—In making initial appointments to the Board of importer representatives, the Secretary shall appoint 2 members who represent importers of dairy products and are subject to assessments under the order.

"(B) SUBSEQUENT REPRESENTATION.—At least once every 3 years after the initial appointment of importer representatives under subparagraph (A), the Secretary shall review the average volume of domestic production of dairy products compared to the average volume of imports of dairy products into the United States during the previous 3 years and, on the basis of that review, shall reapportion importer representation on the Board to reflect the proportional share of the United States market by domestic production and imported dairy products.

"(C) ADDITIONAL MEMBERS; NOMINATIONS.—The members appointed under this paragraph—

"(i) shall be in addition to the total number of members appointed under paragraph (2); and

"(ii) shall be appointed from nominations submitted by importers under such procedures as the Secretary determines to be appropriate."; and

(5) in paragraph (8) (as so designated), by striking "is produced" and inserting "is produced as well as importers of dairy products".

(c) BUDGETS.—Section 113(e) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(e)) is amended—

(1) by striking "(e)" and inserting:

"(e) BUDGETS.—

"(1) PREPARATION AND SUBMISSION.—";

(2) by striking the last sentence; and

(3) by adding at the end the following:

"(2) FOREIGN MARKET EFFORTS.—The order shall authorize the Board to expend in the maintenance and expansion of foreign markets an amount not to exceed the amount collected from United States producers for a fiscal year. Of those funds, for each of the 2002 through 2007 fiscal years, the Board's budget may provide for the expenditure of revenues available to the Board to develop international markets for, and to promote within such markets, the consumption of dairy products produced or manufactured in the United States.".

(d) IMPORTER ASSESSMENT.—Section 113(g) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(g)) is amended—

(1) by inserting "ASSESSMENTS.—" after "(g)";

(2) by designating the first through fifth sentences as paragraphs (1) through (5), respectively, and indenting appropriately;

(3) in paragraph (3) (as so designated)—

(A) by inserting "for milk produced in the United States and imported dairy products" after "The rate of assessment"; and

(B) by inserting before the period at the end the following: ", as determined by the Secretary"; and

(4) by adding at the end the following:

"(6) IMPORTERS.—

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

"(B) TIME FOR PAYMENT.—The assessment on imported dairy products shall be paid by the importer to Customs at the time the entry documents are filed with Customs. Customs shall remit the assessments to the Board. For purposes of this subparagraph, the term 'importer' includes persons who hold title to foreign-produced dairy products immediately upon release by Customs, as well as persons who act on behalf of others, as agents, brokers, or consignees, to secure the release of dairy products from Customs.

"(C) USE OF ASSESSMENTS ON IMPORTED DAIRY PRODUCTS.—Assessments collected on imported dairy products shall not be used for foreign market promotion.".

(e) RECORDS.—Section 113(k) of the Dairy Production Stabilization Act of 1983 (7 U.S.C. 4504(k)) is amended in the first sentence

by striking "person receiving" and inserting "importer of imported dairy products, each person receiving".

(f) IMPORTER ELIGIBILITY TO VOTE IN REFERENDUM.—Section 116(b) of the Dairy Promotion Stabilization Act of 1983 (7 U.S.C. 4507(b)) is amended—

(1) in the first sentence—

(A) by inserting after "of producers" the following: "and importers"; and

(B) by inserting after "the producers" the following: "and importers"; and

(2) in the second sentence, by inserting after "commercial use" the following: "and importers voting in the referendum (who have been engaged in the importation of dairy products during the same representative period, as determined by the Secretary)".

(g) ORDER IMPLEMENTATION AND INTERNATIONAL TRADE OBLIGATIONS.—Section 112 of the Dairy Promotion Stabilization Act of 1983 (7 U.S.C. 4503) is amended by adding at the end the following:

"(d) ORDER IMPLEMENTATION AND INTERNATIONAL TRADE OBLIGATIONS.—The Secretary, in consultation with the United States Trade Representative, shall ensure that the order is implemented in a manner consistent with the international trade obligations of the Federal Government.".

(h) CONFORMING AMENDMENTS TO REFLECT ADDITION OF IMPORTERS.—The Dairy Production Stabilization Act of 1983 is amended—

(1) in section 110(b) (7 U.S.C. 4501(b))—

(A) in the first sentence—

(i) by inserting after "commercial use" the following: "and on imported dairy products"; and

(ii) by striking "products produced in the United States." and inserting "products."; and

(B) in the second sentence, by inserting after "produce milk" the following: "or the right of any person to import dairy products"; and

(2) in section 111(d) (7 U.S.C. 4502(d)), by striking "produced in the United States".

SEC. 1506. FLUID MILK PROMOTION.

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

"(3) FLUID MILK PRODUCT.—The term 'fluid milk product' has the meaning given the term in—

"(A) section 1000.15 of title 7, Code of Federal Regulations, subject to such amendments as may be made by the Secretary; or

"(B) any successor regulation.".

(b) DEFINITION OF FLUID MILK PROCESSOR.—Section 1999C(4) of the Fluid Milk Promotion Act of 1990 (7 U.S.C. 6402(4)) is amended by striking "500,000 pounds of fluid milk products in consumer-type packages per month" and inserting "3,000,000 pounds of fluid milk products in consumer-type packages per month (excluding products delivered directly to the place of residence of a consumer)".

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

(1) by striking subsection (a); and

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

SEC. 1507. STUDY OF NATIONAL DAIRY POLICY.

(a) STUDY REQUIRED.—The Secretary of Agriculture shall conduct a comprehensive economic evaluation of the potential direct and indirect effects of the various elements of the national dairy policy, including an examination of the effect of the national dairy policy on—

(1) farm price stability, farm profitability and viability, and local rural economies in the United States;

(2) child, senior, and low-income nutrition programs, including impacts on schools and institutions participating in the programs, on program recipients, and other factors; and

(3) the wholesale and retail cost of fluid milk, dairy farms, and milk utilization.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the study required by this section.

(c) NATIONAL DAIRY POLICY DEFINED.—In this section, the term "national dairy policy" means the dairy policy of the United States as evidenced by the following policies and programs:

(1) Federal milk marketing orders issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Act of 1937.

(2) Interstate dairy compacts (including proposed compacts described in H.R. 1827 and S. 1157, as introduced in the 107th Congress).

(3) Over-order premiums and State pricing programs.

(4) Direct payments to milk producers.

(5) Federal milk price support program established under section 1401.

(6) Export programs regarding milk and dairy products, such as the dairy export incentive program established under section 153 of the Food Security Act of 1985 (15 U.S.C. 713a–14).

SEC. 1508. STUDIES OF EFFECTS OF CHANGES IN APPROACH TO NATIONAL DAIRY POLICY AND FLUID MILK IDENTITY STANDARDS.

(a) FEDERAL DAIRY POLICY CHANGES.—The Secretary of Agriculture shall conduct a study of the effects of—

(1) terminating all Federal programs relating to price support and supply management for milk; and

(2) granting the consent of Congress to cooperative efforts by States to manage milk prices and supply.

(b) FLUID MILK IDENTITY STANDARDS.—The Secretary shall conduct a study of the effects of including in the standard of identity for fluid milk a required minimum protein content that is commensurate with the average nonfat solids content of bovine milk produced in the United States.

(c) REPORTS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the studies required by this section.

Subtitle F—Administration

SEC. 1601. ADMINISTRATION GENERALLY.

(a) USE OF COMMODITY CREDIT CORPORATION.—The Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this title.

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

(c) REGULATIONS.—

(1) IN GENERAL.—Not later than 90 days after the date of the enactment of this Act, the Secretary and the Commodity Credit Corporation, as appropriate, shall promulgate such regulations as are necessary to implement this title.

(2) PROCEDURE.—The promulgation of the regulations and administration of this title shall be made without regard to—

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

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

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

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

(d) TREATMENT OF ADVANCE PAYMENT OPTION.—The protection that was afforded producers that had an option to elect to accelerate the receipt of any payment under a production flexibility contract payable under the Federal Agriculture Improvement and Reform Act of 1996, as provided by section 525 of Public 106–170 (113 Stat. 1928; 7 U.S.C. 7212 note), shall also apply to the option to receive—

(1) the advance payment of direct payments and counter-cyclical payments under subtitle A and subtitle C; and

(2) the single payment of compensation for eligible peanut quota holders under section 1310.

(e) ADJUSTMENT AUTHORITY RELATED TO URUGUAY ROUND COMPLIANCE.—

(1) REQUIRED DETERMINATION; ADJUSTMENT.—If the Secretary determines that expenditures under subtitles A through E that are subject to the total allowable domestic support levels under the Uruguay Round Agreements (as defined in section 2 of the Uruguay Round Agreements Act (19 U.S.C. 3501)), as in effect on the date of enactment of this Act, will exceed such allowable levels for any applicable reporting period, the Secretary shall, to the maximum extent practicable, make adjustments in the amount of such expenditures during that period to ensure that such expenditures do not exceed such allowable levels.

(2) CONGRESSIONAL NOTIFICATION.—Before making any adjustment under paragraph (1), the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives a report describing the determination made under that paragraph and the extent of the adjustment to be made.

SEC. 1602. SUSPENSION OF PERMANENT PRICE SUPPORT AUTHORITY.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 2002 through 2007 crops of covered commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act through December 31, 2007:

(1) Parts II through V of subtitle B of title III (7 U.S.C. 1326–1351).

(2) In the case of upland cotton, section 377 (7 U.S.C. 1377).

(3) Subtitle D of title III (7 U.S.C. 1379a–1379j).

(4) Title IV (7 U.S.C. 1401–1407).

(b) AGRICULTURAL ACT OF 1949.—The following provisions of the Agricultural Act of 1949 shall not be applicable to the 2002 through 2007 crops of covered commodities, peanuts, and sugar and shall not be applicable to milk during the period beginning on the date of enactment of this Act and through December 31, 2007:

(1) Section 101 (7 U.S.C. 1441).

(2) Section 103(a) (7 U.S.C. 1444(a)).

(3) Section 105 (7 U.S.C. 1444b).

(4) Section 107 (7 U.S.C. 1445a).

(5) Section 110 (7 U.S.C. 1445e).

(6) Section 112 (7 U.S.C. 1445g).

(7) Section 115 (7 U.S.C. 1445k).

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

(9) Title III (7 U.S.C. 1447–1449).

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

(11) Title V (7 U.S.C. 1461–1469).

(12) Title VI (7 U.S.C. 1471–1471j).

(c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 2002 through 2007.

(d) CONFORMING AMENDMENT.—Section 171(a)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(a)(1)) is amended by striking "2002" the first place appears and inserting "2001".

SEC. 1603. PAYMENT LIMITATIONS.

(a) LIMITATION ON AMOUNTS RECEIVED.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended by striking the section heading, "SEC. 1001.", and all that follows through the end of paragraph (4) and inserting the following:

"SEC. 1001. PAYMENT LIMITATIONS.

"(a) DEFINITIONS.—In this section:

"(1) COVERED COMMODITY.—The term 'covered commodity' has the meaning given that term in section 1001 of the Farm Security and Rural Investment Act of 2002.

"(2) LOAN COMMODITY.—The term 'loan commodity' has the meaning given that term in section 1001 of the Farm Security and Rural Investment Act of 2002, except that the term does not include wool, mohair, or honey.

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

"(b) LIMITATION ON DIRECT PAYMENTS.—

"(1) COVERED COMMODITIES.—The total amount of direct payments made to a person during any crop year under subtitle A of title I of the Farm Security and Rural Investment Act of 2002 for 1 or more covered commodities may not exceed $40,000.

"(2) PEANUTS.—The total amount of direct payments made to a person during any crop year under subtitle C of title I of the Farm Security and Rural Investment Act of 2002 may not exceed $40,000.

"(c) LIMITATION ON COUNTER-CYCLICAL PAYMENTS.—

"(1) COVERED COMMODITIES.—The total amount of counter-cyclical payments made to a person during any crop year under subtitle A of title I of the Farm Security and Rural Investment Act of 2002 for 1 or more covered commodities may not exceed $65,000.

"(2) PEANUTS.—The total amount of counter-cyclical payments made to a person during any crop year under subtitle C of title I of the Farm Security and Rural Investment Act of 2002 may not exceed $65,000.

"(d) LIMITATION ON MARKETING LOAN GAINS AND LOAN DEFICIENCY PAYMENTS.—

"(1) LOAN COMMODITIES.—The total amount of the following gains and payments that a person may receive during any crop year may not exceed $75,000:

"(A) Any gain realized by a producer from repaying a marketing assistance loan for 1 or more loan commodities under subtitle B of title I of the Farm Security and Rural Investment Act of 2002 at a lower level than the original loan rate established for the loan commodity under that subtitle.

"(B) Any loan deficiency payments received for 1 or more loan commodities under that subtitle.

"(2) OTHER COMMODITIES.—The total amount of the following gains and payments that a person may receive during any crop year may not exceed $75,000:

"(A) Any gain realized by a producer from repaying a marketing assistance loan for peanuts, wool, mohair, or honey under subtitle B or C of title I of the Farm Security and Rural Investment Act of 2002 at a lower level than the original loan rate established for the commodity under those subtitles.

"(B) Any loan deficiency payments received for peanuts, wool, mohair, and honey under those subtitles.".

(b) CLERICAL AND CONFORMING AMENDMENTS TO SECTION 1001.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308) is amended—

(1) in paragraph (5)—

(A) by striking "(5)" and inserting "(e) DEFINITION OF PERSON.—"

(B) by redesignating subparagraphs (A) through (E) as paragraphs (1) through (5), respectively;

(C) in paragraph (1), as so redesignated—

(i) by redesignating clauses (i) and (ii) as subparagraphs (A) and (B), respectively; and

(ii) by striking the second sentence; and

(D) in paragraph (2), as so redesignated—

(i) by redesignating clause (i) as subparagraph (A) and, in such subparagraph (as so redesignated)—

(I) by striking "subparagraph (A), subject to clause (ii)" and inserting "paragraph (1), subject to subparagraph (B)"; and

(II) by redesignating subclauses (I), (II), and (III), as clauses (i), (ii), and (iii), respectively;

(ii) by redesignating clause (ii) as subparagraph (B) and, in such subparagraph (as so redesignated), by redesignating subclauses (I), (II), and (III), as clauses (i), (ii), and (iii), respectively; and

(iii) by redesignating clause (iii) as subparagraph (C) and, in such subparagraph (as so redesignated)—

(I) by striking "as described in paragraphs (1) and (2)" and inserting "as described in subsections (b), (c), and (d)"; and

(II) by redesignating subclauses (I) and (II) as clauses (i) and (ii), respectively;

(2) in paragraph (6), by striking "(6)" and inserting "(f) PUBLIC SCHOOLS.—"; and

(3) in paragraph (7), by striking "(7)" and inserting "(g) TIME LIMITS; RELIANCE.—".

(c) CONFORMING AMENDMENTS TO OTHER LAWS.—

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

(A) in subsections (a)(1) and (b)(2)(B), by striking "section 1001(5)(B)(i)(II)" and inserting "section 1001(e)(2)(A)(ii)"; and

(B) in subsections (a)(1) and (b)(1), by striking "section 1001(5)(B)(i)" and inserting "section 1001(e)(2)(A)"; and

(2) Section 1001B of the Food Security Act of 1985 (7 U.S.C. 1308–2) is amended by striking "as described in paragraphs (1) and (2)" and inserting "as described in subsections (b), (c), and (d)".

(3) Section 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308–3(a)) is amended by inserting "title I of the Farm Security and Rural Investment Act of 2002," after "made available under".

(d) TRANSITION.—Section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308), as in effect on the day before the date of the enactment of this Act, shall continue to apply with respect to the 2001 crop of any covered commodity.

SEC. 1604. ADJUSTED GROSS INCOME LIMITATION.

The Food Security Act of 1985 is amended—

(1) by redesignating section 1001D (7 U.S.C. 1308–4) and section 1001E (7 U.S.C. 1308–5) as sections 1001E and 1001F, respectively; and

(2) by inserting after section 1001C (7 U.S.C. 1308–3) the following:

"SEC. 1001D. ADJUSTED GROSS INCOME LIMITATION.

"(a) DEFINITION OF AVERAGE ADJUSTED GROSS INCOME.—

"(1) IN GENERAL.—In this section, the term 'average adjusted gross income', with respect to an individual or entity (for purposes of this section, as defined in section 1001(e)(2)(A)(ii)), means the 3-year average of the adjusted gross income or comparable measure of the individual or entity over the 3 preceding tax years, as determined by the Secretary.

"(2) SPECIAL RULES FOR CERTAIN INDIVIDUALS AND ENTITIES.—In the case of an entity that is not required to file a Federal income tax return or an individual or entity that did not have taxable income in 1 or more of the tax years used to determine the average under paragraph (1), the Secretary shall provide, by regulation, a method for determining the average adjusted gross income of the individual or entity for purposes of this section.

"(b) LIMITATION.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2) during a crop year if the average adjusted gross income of the individual or entity exceeds $2,500,000, unless not less than 75 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.

"(2) COVERED BENEFITS.—Paragraph (1) applies with respect to the following:

"(A) A direct payment or counter-cyclical payment under subtitle A or C of title I of the Farm Security and Rural Investment Act of 2002.

"(B) A marketing loan gain or payment described in section 1001(d) of this Act.

"(C) A payment under any program under title XII of this Act or title II of the Farm Security and Rural Investment Act of 2002.

"(c) CERTIFICATION.—To comply with the limitation under subsection (b), an individual or entity shall provide to the Secretary—

"(1) a certification by a certified public accountant or another third party that is acceptable to the Secretary that the average adjusted gross income of the individual or entity does not exceed the limitation specified in that subsection; or

"(2) information and documentation regarding the adjusted gross income of the individual or entity through other procedures established by the Secretary.

"(d) COMMENSURATE REDUCTION.—In the case of a benefit described in subsection (b)(2) made in a crop year to an entity, general partnership, or joint venture, the amount of the benefit shall be reduced by an amount that is commensurate with the direct and indi-

rect ownership interest in the entity, general partnership, or joint venture of each individual who has an average adjusted gross income in excess of the limitation specified in subsection (b) for the average of the 3 preceding crop years.

"(e) EFFECTIVE PERIOD.—This section shall apply only during the 2003 through 2007 crop years.".

SEC. 1605. COMMISSION ON APPLICATION OF PAYMENT LIMITATIONS.

(a) ESTABLISHMENT.—There is established a commission to be known as the "Commission on the Application of Payment Limitations for Agriculture" (referred to in this section as the "Commission").

(b) DUTIES.—The Commission shall conduct a study on the potential impacts of further payment limitations on the receipt of direct payments, counter-cyclical payments, and marketing loan gains and loan deficiency payments on—

(1) farm income;

(2) land values;

(3) rural communities;

(4) agribusiness infrastructure;

(5) planting decisions of producers affected; and

(6) supply and prices of covered commodities, loan commodities, specialty crops (including fruits and vegetables), and other agricultural commodities.

(c) MEMBERSHIP.—

(1) COMPOSITION.—The Commission shall be composed of 10 members as follows:

(A) 3 members appointed by the Secretary.

(B) 3 members appointed by the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(C) 3 members appointed by the Committee on Agriculture of the House of Representatives.

(D) The Chief Economist of the Department of Agriculture.

(2) FEDERAL GOVERNMENT EMPLOYMENT.—The membership of the Commission may include 1 or more employees of the Department of Agriculture or other Federal agencies.

(3) DATE OF APPOINTMENTS.—The appointment of a member of the Commission shall be made not later than 60 days after the date of enactment of this Act.

(4) TERM; VACANCIES.—

(A) TERM.—A member shall be appointed for the life of the Commission.

(B) VACANCIES.—A vacancy on the Commission—

(i) shall not affect the powers of the Commission; and

(ii) shall be filled in the same manner as the original appointment was made.

(5) INITIAL MEETING.—Not later than 30 days after the date on which all members of the Commission have been appointed, the Commission shall hold the initial meeting of the Commission.

(d) QUORUM.—A majority of the members of the Commission shall constitute a quorum for the transaction of business, but a lesser number of members may hold hearings.

(e) CHAIRPERSON.—The Secretary shall appoint 1 of the members of the Commission to serve as Chairperson of the Commission.

(f) REPORT.—Not later than 1 year after the date of enactment of this Act, the Commission shall submit to the President, the Committee on Agriculture of the House of Representatives, and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the study required by subsection (b), including such recommendations as the Commission considers appropriate.

(g) HEARINGS.—The Commission may hold such hearings, meet and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable to carry out this section.

(h) INFORMATION FROM FEDERAL AGENCIES.—The Commission may secure directly from a Federal agency such information as the Commission considers necessary to carry out this section. On request of the Chairperson of the Commission, the head of the agency shall provide the information to the Commission.

(i) POSTAL SERVICES.—The Commission may use the United States mails in the same manner and under the same conditions as other agencies of the Federal Government.

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

(k) COMPENSATION OF MEMBERS.—

(1) NON-FEDERAL EMPLOYEES.—A member of the Commission who is not an officer or employee of the Federal Government shall be compensated at a rate equal to the daily equivalent of the annual rate of basic pay prescribed for level IV of the Executive Schedule under section 5315 of title 5, United States Code, for each day (including travel time) during which the member is engaged in the performance of the duties of the Commission.

(2) FEDERAL EMPLOYEES.—A member of the Commission who is an officer or employee of the Federal Government shall serve without compensation in addition to the compensation received for the services of the member as an officer or employee of the Federal Government.

(3) TRAVEL EXPENSES.—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

(l) FEDERAL ADVISORY COMMITTEE ACT.—The Federal Advisory Committee Act (5 U.S.C. App.) shall not apply to the Commission or any proceeding of the Commission.

SEC. 1606. ADJUSTMENTS OF LOANS.

Section 162(b) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7282(b)) is amended by striking "this title" and inserting "this title and title I of the Farm Security and Rural Investment Act of 2002".

SEC. 1607. PERSONAL LIABILITY OF PRODUCERS FOR DEFICIENCIES.

Section 164 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7284) is amended by striking "this title" each place it appears and inserting "this title and title I of the Farm Security and Rural Investment Act of 2002".

SEC. 1608. EXTENSION OF EXISTING ADMINISTRATIVE AUTHORITY REGARDING LOANS.

Section 166 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7286) is amended—

(1) in subsection (a), by striking "subtitle C" and inserting "subtitle C of this title and subtitle B and C of title I of the Farm Security and Rural Investment Act of 2002"; and

(2) in subsection (c)(1), by striking "subtitle C" and inserting "subtitle C of this title and subtitle B and C of title I of the Farm Security and Rural Investment Act of 2002".

SEC. 1609. COMMODITY CREDIT CORPORATION INVENTORY.

Section 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714c) is amended in the last sentence by inserting before the period at the end the following: "(including, at the option of the Corporation, the use of private sector entities)".

SEC. 1610. RESERVE STOCK LEVEL.

Section 301(b)(14)(C) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1301(b)(14)(C)) is amended—

(1) in clause (i), by striking "100,000,000" and inserting "60,000,000"; and

(2) in clause (ii), by striking "15 percent" and inserting "10 percent".

SEC. 1611. FARM RECONSTITUTIONS.

(a) IN GENERAL.—Section 316(a)(1)(A)(ii) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1314b(a)(1)(A)(ii)) is amended by adding at the end the following: "Notwithstanding any other provision of law, for the 2002 crop only, the Secretary shall allow special farm reconstitutions, in lieu of lease and transfer of allotments and quotas, under this section, in accordance with such conditions as are established by the Secretary.".

(b) STUDY.—

(1) IN GENERAL.—The Secretary shall conduct a study on the effects on the limitation on producers to move quota to a farm other than the farm to which the quota was initially assigned under part I of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1311 et seq.).

(2) REPORT.—Not later than 90 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of the study.

SEC. 1612. ASSIGNMENT OF PAYMENTS.

The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)), relating to assignment of payments, shall apply to payments made under the authority of this Act. The producer making the assignment, or the assignee, shall provide the Secretary with notice, in such manner as the Secretary may require, of any assignment made under this section.

SEC. 1613. EQUITABLE RELIEF FROM INELIGIBILITY FOR LOANS, PAYMENTS, OR OTHER BENEFITS.

(a) DEFINITIONS.—In this section:

(1) AGRICULTURAL COMMODITY.—The term "agricultural commodity" means any agricultural commodity, food, feed, fiber, or livestock that is subject to a covered program.

(2) COVERED PROGRAM.—

(A) IN GENERAL.—The term "covered program" means—

(i) a program administered by the Secretary under which price or income support, or production or market loss assistance, is provided to producers of agricultural commodities; and

(ii) a conservation program administered by the Secretary.

(B) EXCLUSIONS.—The term "covered program" does not include—

(i) an agricultural credit program carried out under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.); or

(ii) the crop insurance program carried out under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(3) PARTICIPANT.—The term "participant" means a participant in a covered program.

(4) STATE CONSERVATIONIST.—The term "State Conservationist" means the State Conservationist with respect to a program administered by the Natural Resources Conservation Service.

(5) STATE DIRECTOR.—The term "State Director" means the State Executive Director of the Farm Service Agency with respect to a program administered by the Farm Service Agency.

(b) EQUITABLE RELIEF.—The Secretary may provide relief to any participant that is determined to be not in compliance with the requirements of a covered program, and therefore ineligible for a loan, payment, or other benefit under the covered program, if the participant—

(1) acting in good faith, relied on the action or advice of the Secretary (including any authorized representative of the Secretary) to the detriment of the participant; or

(2) failed to comply fully with the requirements of the covered program, but made a good faith effort to comply with the requirements.

(c) FORMS OF RELIEF.—The Secretary may authorize a participant in a covered program to—

(1) retain loans, payments, or other benefits received under the covered program;

(2) continue to receive loans, payments, and other benefits under the covered program;

(3) continue to participate, in whole or in part, under any contract executed under the covered program;

(4) in the case of a conservation program, reenroll all or part of the land covered by the program; and

(5) receive such other equitable relief as the Secretary determines to be appropriate.

(d) REMEDIAL ACTION.—As a condition of receiving relief under this section, the Secretary may require the participant to take actions designed to remedy any failure to comply with the covered program.

(e) EQUITABLE RELIEF BY STATE DIRECTORS AND STATE CONSERVATIONISTS.—

(1) IN GENERAL.—A State Director, in the case of programs administered by the State Director, and the State Conservationist, in the case of programs administered by the State Conservationist, may grant relief to a participant in accordance with subsections (b) through (d) if—

(A) the amount of loans, payments, and benefits for which relief will be provided to the participant under this subsection is less than $20,000;

(B) the total amount of loans, payments, and benefits for which relief has been previously provided to the participant under this subsection is not more than $5,000; and

(C) the total amount of loans, payments, and benefits for which relief is provided to similarly situated participants under this subsection is not more than $1,000,000, as determined by the Secretary.

(2) CONSULTATION, APPROVAL, AND REVERSAL.—The decision by a State Director or State Conservationist to grant relief under this subsection—

(A) shall not require prior approval by the Administrator of the Farm Service Agency, the Chief of the Natural Resources Conservation Service, or any other officer or employee of the Agency or Service;

(B) shall be made only after consultation with, and the approval of, the Office of General Counsel of the Department of Agriculture; and

(C) is subject to reversal only by the Secretary (who may not delegate the reversal authority).

(3) NONAPPLICABILITY.—The authority of a State Director or State Conservationist under this subsection does not apply to the administration of—

(A) payment limitations under—

(i) sections 1001 through 1001F of the Food Security Act of 1985 (7 U.S.C. 1308 et seq.); or

(ii) a conservation program administered by the Secretary.

(B) highly erodible land and wetland conservation requirements under subtitle B or C of title XII of the Food Security Act of 1985 (16 U.S.C. 3811 et seq.).

(4) OTHER AUTHORITY.—The authority provided to a State Director and State Conservationist under this subsection is in addition to any other applicable authority and does not limit other authority provided by law or the Secretary.

(f) JUDICIAL REVIEW.—A discretionary decision by the Secretary, the State Director, or the State Conservationist under this section shall be final, and shall not be subject to review under chapter 7 of title 5, United States Code.

(g) REPORTS.—Not later than February 1 of each year, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and

Forestry of the Senate a report that describes for the previous calendar year—

(1) the number of requests for equitable relief under subsections (b) and (e) and the disposition of the requests; and

(2) the number of requests for equitable relief under section 278(d) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6998(d)) and the disposition of the requests.

(h) RELATIONSHIP TO OTHER LAW.—The authority provided in this section is in addition to any other authority provided in this or any other Act.

(i) FINALITY RULE.—Section 281(a) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7001(a)) is amended—

(1) by striking "Consolidated Farm Service Agency" each place it appears and inserting "Farm Service Agency";

(2) in paragraph (1)—

(A) by striking "This subsection" and inserting the following:

"(A) IN GENERAL.—Except as provided in subparagraph (B), this subsection"; and

(B) by adding at the end the following:

"(B) NONAPPLICABILITY.—This subsection does not apply to—

"(i) a function performed under section 376 of the Consolidated Farm and Rural Development Act; or

"(ii) a function performed under a conservation program administered by the Natural Resources Conservation Service."; and

(3) in paragraph (2), by inserting ", before the end of the 90-day period," after "unless the decision".

(j) CONFORMING AMENDMENTS.—

(1) Section 326 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339a) is repealed.

(2) Section 278(d) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6998(d)) is amended in the first sentence by striking "section 326 of the Food and Agriculture Act of 1962 (7 U.S.C. 1339a)" and inserting "section 1613 of the Farm Security and Rural Investment Act of 2002".

(3) Section 1230A of the Food Security Act of 1985 (16 U.S.C. 3830a) is repealed.

SEC. 1614. TRACKING OF BENEFITS.

As soon as practicable after the date of enactment of this Act, the Secretary shall establish procedures to track the benefits provided, directly or indirectly, to individuals and entities under titles I and II and the amendments made by those titles.

SEC. 1615. ESTIMATES OF NET FARM INCOME.

In each issuance of projections of net farm income, the Secretary shall include (as determined by the Secretary)—

(1) an estimate of the net farm income earned by commercial producers in the United States; and

(2) an estimate of the net farm income attributable to commercial producers of each of the following:

(A) Livestock.

(B) Loan commodities.

(C) Agricultural commodities other than loan commodities.

SEC. 1616. AVAILABILITY OF INCENTIVE PAYMENTS FOR CERTAIN PRODUCERS.

(a) INCENTIVE PAYMENTS REQUIRED.—Subject to subsection (b), the Secretary shall make available a total of $20,000,000 of funds of the Commodity Credit Corporation during the 2003 through 2005 crop years to provide incentive payments to producers of hard white wheat.

(b) CONDITIONS ON IMPLEMENTATION.—The Secretary shall implement subsection (a)—

(1) only with regard to production that meets minimum quality criteria; and

(2) on not more than 2,000,000 acres or the equivalent volume of production.

(c) DEMAND FOR WHEAT.—To be eligible to obtain an incentive payment under subsection (a), a producer shall demonstrate to the satisfaction of the Secretary that buyers and end-users are available for the wheat to be covered by the incentive payment.

SEC. 1617. RENEWED AVAILABILITY OF MARKET LOSS ASSISTANCE AND CERTAIN EMERGENCY ASSISTANCE TO PERSONS THAT FAILED TO RECEIVE ASSISTANCE UNDER EARLIER AUTHORITIES.

(a) AUTHORITY TO PROVIDE ASSISTANCE.—The Secretary of Agriculture may use such funds of the Commodity Credit Corporation as are necessary to provide market loss assistance and other emergency assistance under a provision of law specified in subsection (c) to persons that, as determined by the Secretary—

(1) were eligible to receive the assistance under the provision of law; but

(2) did not receive the assistance before October 1, 2001.

(b) LIMITATION.—The amount of assistance provided under a provision of law specified in subsection (c) and this section to a person shall not exceed the amount of assistance the person would have been eligible to receive under the provision had the claim of the producer under the provision been timely resolved.

(c) COVERED MARKET LOSS ASSISTANCE AUTHORITIES.—The following provisions of law are covered by this section:

(1) Sections 1, 2, 3, 4, and 5 of Public Law 107–25 (115 Stat. 201).

(2) Sections 805, 806, and 814 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (as enacted into law by Public Law 106–387; 114 Stat. 1549).

(3) Sections 201, 202, 204(a), 204(d), 257, and 259 of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 7 U.S.C. 1421 note).

(4) Sections 802, 803(a), 804, and 805 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2000 (Public Law 106–78; 113 Stat. 1135).

(5) The livestock indemnity program under the heading "COMMODITY CREDIT CORPORATION FUND" in chapter 1 of title I of the 1999 Emergency Supplemental Appropriations Act (Public 106–31; 113 Stat. 59).

(6) Section 1111(a) of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (as contained in section 101(a) of division A of Public Law 105–277; 112 Stat. 2681–44).

SEC. 1618. PRODUCER RETENTION OF ERRONEOUSLY PAID LOAN DEFICIENCY PAYMENTS AND MARKETING LOAN GAINS.

Notwithstanding any other provision of law, the Secretary and the Commodity Credit Corporation shall not require producers in Erie County, Pennsylvania, to repay loan deficiency payments and marketing loan gains erroneously paid or determined to have been earned by the Commodity Credit Corporation for certain 1998 and 1999 crops under subtitle C of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7231 et seq.). In the case of a producer who has already made the repayment on or before the date of the enactment of this Act, the Commodity Credit Corporation shall reimburse the producer for the full amount of the repayment.

TITLE II—CONSERVATION

Subtitle A—Conservation Security

SEC. 2001. CONSERVATION SECURITY PROGRAM.

(a) IN GENERAL.—Subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by inserting after chapter 1 the following:

"CHAPTER 2—CONSERVATION SECURITY AND FARMLAND PROTECTION

"Subchapter A—Conservation Security Program

"SEC. 1238. DEFINITIONS.

"In this subchapter:

"(1) BASE PAYMENT.—The term 'base payment' means an amount that is—

"(A) determined in accordance with the rate described in section 1238C(b)(1)(A); and

"(B) paid to a producer under a conservation security contract in accordance with clause (i) of subparagraph (C), (D), or (E) of section 1238C(b)(1), as appropriate.

"(2) BEGINNING FARMER OR RANCHER.—The term 'beginning farmer or rancher' has the meaning given the term under section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)).

"(3) CONSERVATION PRACTICE.—The term 'conservation practice' means a conservation farming practice described in section 1238A(d)(4) that—

"(A) requires planning, implementation, management, and maintenance; and

"(B) promotes 1 or more of the purposes described in section 1238A(a).

"(4) CONSERVATION SECURITY CONTRACT.—The term 'conservation security contract' means a contract described in section 1238A(e).

"(5) CONSERVATION SECURITY PLAN.—The term 'conservation security plan' means a plan described in section 1238A(c).

"(6) CONSERVATION SECURITY PROGRAM.—The term 'conservation security program' means the program established under section 1238A(a).

"(7) ENHANCED PAYMENT.—The term 'enhanced payment' means the amount paid to a producer under a conservation security contract that is equal to the amount described in section 1238C(b)(1)(C)(iii).

"(8) NONDEGRADATION STANDARD.—The term 'nondegradation standard' means the level of measures required to adequately protect, and prevent degradation of, 1 or more natural resources, as determined by the Secretary in accordance with the quality criteria described in handbooks of the Natural Resources Conservation Service.

"(9) PRODUCER.—

"(A) IN GENERAL.—The term 'producer' means an owner, operator, landlord, tenant, or sharecropper that—

"(i) shares in the risk of producing any crop or livestock; and

"(ii) is entitled to share in the crop or livestock available for marketing from a farm (or would have shared had the crop or livestock been produced).

"(B) HYBRID SEED GROWERS.—In determining whether a grower of hybrid seed is a producer, the Secretary shall not take into consideration the existence of a hybrid seed contract.

"(10) RESOURCE-CONSERVING CROP ROTATION.—The term 'resource-conserving crop rotation' means a crop rotation that—

"(A) includes at least 1 resource-conserving crop (as defined by the Secretary);

"(B) reduces erosion;

"(C) improves soil fertility and tilth;

"(D) interrupts pest cycles; and

"(E) in applicable areas, reduces depletion of soil moisture (or otherwise reduces the need for irrigation).

"(11) RESOURCE MANAGEMENT SYSTEM.—The term 'resource management system' means a system of conservation practices and management relating to land or water use that is designed to prevent resource degradation and permit sustained use of land, water, and other natural resources, as defined in accordance with the technical guide of the Natural Resources Conservation Service.

"(12) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Chief of the Natural Resources Conservation Service.

"(13) TIER I CONSERVATION SECURITY CONTRACT.—The term 'Tier I conservation security contract' means a contract described in section 1238A(d)(5)(A).

"(14) TIER II CONSERVATION SECURITY CONTRACT.—The term 'Tier II conservation security contract' means a contract described in section 1238A(d)(5)(B).

"(15) TIER III CONSERVATION SECURITY CONTRACT.—The term 'Tier III conservation security contract' means a contract described in section 1238A(d)(5)(C).

"SEC. 1238A. CONSERVATION SECURITY PROGRAM.

"(a) IN GENERAL.—The Secretary shall establish and, for each of fiscal years 2003 through 2007, carry out a conservation security program to assist producers of agricultural operations in promoting, as is applicable with respect to land to be enrolled in the program, conservation and improvement of the quality of soil, water, air, energy, plant and animal life, and any other conservation purposes, as determined by the Secretary.

"(b) ELIGIBILITY.—

"(1) ELIGIBLE PRODUCERS.—To be eligible to participate in the conservation security program (other than to receive technical assistance under section 1238C(g) for the development of conservation security contracts), a producer shall—

"(A) develop and submit to the Secretary, and obtain the approval of the Secretary of, a conservation security plan that meets the requirements of subsection (c)(1); and

"(B) enter into a conservation security contract with the Secretary to carry out the conservation security plan.

"(2) ELIGIBLE LAND.—Except as provided in paragraph (3), private agricultural land (including cropland, grassland, prairie land, improved pasture land, and rangeland), land under the jurisdiction of an Indian tribe (as defined by the Secretary), and forested land that is an incidental part of an agricultural operation shall be eligible for enrollment in the conservation security program.

"(3) EXCLUSIONS.—

"(A) CONSERVATION RESERVE PROGRAM.—Land enrolled in the conservation reserve program under subchapter B of chapter 1 shall not be eligible for enrollment in the conservation security program.

"(B) WETLANDS RESERVE PROGRAM.—Land enrolled in the wetlands reserve program established under subchapter C of chapter 1 shall not be eligible for enrollment in the conservation security program.

"(C) GRASSLAND RESERVE PROGRAM.—Land enrolled in the grassland reserve program established under subchapter C of chapter 2 shall not be eligible for enrollment in the conservation security program.

"(D) CONVERSION TO CROPLAND.—Land that is used for crop production after the date of enactment of this subchapter that had not been planted, considered to be planted, or devoted to crop production for at least 4 of the 6 years preceding that date (except for land enrolled in the conservation reserve program under subchapter B of chapter 1) or that has been maintained using long-term crop rotation practices, as determined by the Secretary, shall not be the basis for any payment under the conservation security program.

"(4) ECONOMIC USES.—The Secretary shall permit a producer to implement, with respect to all eligible land covered by a conservation security plan, economic uses that—

"(A) maintain the agricultural nature of the land; and

"(B) are consistent with the natural resource and conservation objectives of the conservation security program.

"(c) CONSERVATION SECURITY PLANS.—

"(1) IN GENERAL.—A conservation security plan shall—

"(A) identify the designated land and resources to be conserved under the conservation security plan;

"(B) describe the tier of conservation security contract, and the particular conservation practices to be implemented, maintained, or improved, in accordance with subsection (d) on the land covered by the conservation security contract for the specified term; and

"(C) contain a schedule for the implementation, maintenance, or improvement of the conservation practices described in the conservation security plan during the term of the conservation security contract.

"(2) RESOURCE PLANNING.—The Secretary may assist producers that enter into conservation security contracts in developing a comprehensive, long-term strategy for improving and maintaining all natural resources of the agricultural operation of the producer.

"(d) CONSERVATION CONTRACTS AND PRACTICES.—

"(1) IN GENERAL.—

"(A) ESTABLISHMENT OF TIERS.—The Secretary shall establish, and offer to eligible producers, 3 tiers of conservation contracts under which a payment under this subchapter may be received.

"(B) ELIGIBLE CONSERVATION PRACTICES.—

"(i) IN GENERAL.—The Secretary shall make eligible for payment under a conservation security contract land management, vegetative, and structural practices.

"(ii) DETERMINATION.—In determining the eligibility of a practice described in clause (i), the Secretary shall require, to the maximum extent practicable, that the lowest cost alternatives be used to fulfill the purposes of the conservation security plan, as determined by the Secretary.

"(2) ON-FARM RESEARCH AND DEMONSTRATION OR PILOT TESTING.—With respect to land enrolled in the conservation security program, the Secretary may approve a conservation security plan that includes—

"(A) on-farm conservation research and demonstration activities; and

"(B) pilot testing of new technologies or innovative conservation practices.

"(3) USE OF HANDBOOK AND GUIDES; STATE AND LOCAL CONSERVATION CONCERNS.—

"(A) USE OF HANDBOOK AND GUIDES.—In determining eligible conservation practices and the criteria for implementing or maintaining the conservation practices under the conservation security program, the Secretary shall use the National Handbook of Conservation Practices of the Natural Resources Conservation Service.

"(B) STATE AND LOCAL CONSERVATION PRIORITIES.—The conservation priorities of a State or locality in which

an agricultural operation is situated shall be determined by the State Conservationist, in consultation with—

"(i) the State technical committee established under subtitle G; and

"(ii) local agricultural producers and conservation working groups.

"(4) CONSERVATION PRACTICES.—Conservation practices that may be implemented by a producer under a conservation security contract (as appropriate for the agricultural operation of a producer) include—

"(A) nutrient management;

"(B) integrated pest management;

"(C) water conservation (including through irrigation) and water quality management;

"(D) grazing, pasture, and rangeland management;

"(E) soil conservation, quality, and residue management;

"(F) invasive species management;

"(G) fish and wildlife habitat conservation, restoration, and management;

"(H) air quality management;

"(I) energy conservation measures;

"(J) biological resource conservation and regeneration;

"(K) contour farming;

"(L) strip cropping;

"(M) cover cropping;

"(N) controlled rotational grazing;

"(O) resource-conserving crop rotation;

"(P) conversion of portions of cropland from a soil-depleting use to a soil-conserving use, including production of cover crops;

"(Q) partial field conservation practices;

"(R) native grassland and prairie protection and restoration; and

"(S) any other conservation practices that the Secretary determines to be appropriate and comparable to other conservation practices described in this paragraph.

"(5) TIERS.—Subject to paragraph (6), to carry out this subsection, the Secretary shall establish the following 3 tiers of conservation contracts:

"(A) TIER I CONSERVATION SECURITY CONTRACTS.—A conservation security plan for land enrolled under a Tier I conservation security contract shall—

"(i) be for a period of 5 years; and

"(ii) include conservation practices appropriate for the agricultural operation, that, at a minimum (as determined by the Secretary)—

"(I) address at least 1 significant resource of concern for the enrolled portion of the agricultural operation at a level that meets the appropriate nondegradation standard; and

"(II) cover active management of conservation practices that are implemented or maintained under the conservation security contract.

"(B) TIER II CONSERVATION SECURITY CONTRACTS.—A conservation security plan for land enrolled under a Tier II conservation security contract shall—

"(i) be for a period of not less than 5 nor more than 10 years, as determined by the producer;

"(ii) include conservation practices appropriate for the agricultural operation, that, at a minimum—

"(I) address at least 1 significant resource of concern for the entire agricultural operation, as determined by the Secretary, at a level that meets the appropriate nondegradation standard; and

"(II) cover active management of conservation practices that are implemented or maintained under the conservation security contract.

"(C) TIER III CONSERVATION SECURITY CONTRACTS.—A conservation security plan for land enrolled under a Tier III conservation security contract shall—

"(i) be for a period of not less than 5 nor more than 10 years, as determined by the producer; and

"(ii) include conservation practices appropriate for the agricultural operation that, at a minimum—

"(I) apply a resource management system that meets the appropriate nondegradation standard for all resources of concern of the entire agricultural operation, as determined by the Secretary; and

"(II) cover active management of conservation practices that are implemented or maintained under the conservation security contract.

"(6) MINIMUM REQUIREMENTS.—The minimum requirements for each tier of conservation contracts implemented under paragraph (5) shall be determined and approved by the Secretary.

"(e) CONSERVATION SECURITY CONTRACTS.—

"(1) IN GENERAL.—On approval of a conservation security plan of a producer, the Secretary shall enter into a conservation security contract with the producer to enroll the land covered by the conservation security plan in the conservation security program.

"(2) MODIFICATION.—

"(A) OPTIONAL MODIFICATIONS.—A producer may apply to the Secretary for a modification of the conservation security contract of the producer that is consistent with the purposes of the conservation security program.

"(B) OTHER MODIFICATIONS.—

"(i) IN GENERAL.—The Secretary may, in writing, require a producer to modify a conservation security contract before the expiration of the conservation security contract if the Secretary determines that a change made to the type, size, management, or other aspect of the agricultural operation of the producer would, without the modification of the contract, significantly interfere with achieving the purposes of the conservation security program.

"(ii) PARTICIPATION IN OTHER PROGRAMS.—If appropriate payment reductions and other adjustments (as determined by the Secretary) are made to the conservation security contract of a producer, the producer may—

"(I) simultaneously participate in—

"(aa) the conservation security program;

"(bb) the conservation reserve program under subchapter B of chapter 1; and

"(cc) the wetlands reserve program under subchapter C of chapter 1; and

"(II) may remove land enrolled in the conservation security program for enrollment in a program described in item (bb) or (cc) of subclause (I).

"(3) TERMINATION.—

"(A) OPTIONAL TERMINATION.—A producer may terminate a conservation security contract and retain payments received under the conservation security contract, if—

"(i) the producer is in full compliance with the terms and conditions (including any maintenance requirements) of the conservation security contract as of the date of the termination; and

"(ii) the Secretary determines that termination of the contract would not defeat the purposes of the conservation security plan of the producer.

"(B) OTHER TERMINATION.—A producer that is required to modify a conservation security contract under paragraph (2)(B)(i) may, in lieu of modifying the contract—

"(i) terminate the conservation security contract; and

"(ii) retain payments received under the conservation security contract, if the producer has fully complied with the terms and conditions of the conservation security contract before termination of the contract, as determined by the Secretary.

"(4) RENEWAL.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), at the option of a producer, the conservation security contract of the producer may be renewed for an additional period of not less than 5 nor more than 10 years.

"(B) TIER I RENEWALS.—In the case of a Tier I conservation security contract of a producer, the producer may renew the contract only if the producer agrees—

"(i) to apply additional conservation practices that meet the nondegradation standard on land already enrolled in the conservation security program; or

"(ii) to adopt new conservation practices with respect to another portion of the agricultural operation that address resource concerns and meet the nondegradation standard under the terms of the Tier I conservation security contract.

"(f) NONCOMPLIANCE DUE TO CIRCUMSTANCES BEYOND THE CONTROL OF PRODUCERS.—The Secretary shall include in the conservation security contract a provision, and may permit modification of a conservation security contract under subsection (e)(1), to

ensure that a producer shall not be considered in violation of a conservation security contract for failure to comply with the conservation security contract due to circumstances beyond the control of the producer, including a disaster or related condition, as determined by the Secretary.

"SEC. 1238B. DUTIES OF PRODUCERS.

"Under a conservation security contract, a producer shall agree, during the term of the conservation security contract—

"(1) to implement the applicable conservation security plan approved by the Secretary;

"(2) to maintain, and make available to the Secretary at such times as the Secretary may request, appropriate records showing the effective and timely implementation of the conservation security plan;

"(3) not to engage in any activity that would interfere with the purposes of the conservation security program; and

"(4) on the violation of a term or condition of the conservation security contract—

"(A) if the Secretary determines that the violation warrants termination of the conservation security contract—

"(i) to forfeit all rights to receive payments under the conservation security contract; and

"(ii) to refund to the Secretary all or a portion of the payments received by the producer under the conservation security contract, including any advance payments and interest on the payments, as determined by the Secretary; or

"(B) if the Secretary determines that the violation does not warrant termination of the conservation security contract, to refund to the Secretary, or accept adjustments to, the payments provided to the producer, as the Secretary determines to be appropriate.

"SEC. 1238C. DUTIES OF THE SECRETARY.

"(a) TIMING OF PAYMENTS.—The Secretary shall make payments under a conservation security contract as soon as practicable after October 1 of each fiscal year.

"(b) ANNUAL PAYMENTS.—

"(1) CRITERIA FOR DETERMINING AMOUNT OF PAYMENTS.—

"(A) BASE PAYMENT.—A base payment under this paragraph shall be (as determined by the Secretary)—

"(i) the average national per-acre rental rate for a specific land use during the 2001 crop year; or

"(ii) another appropriate rate for the 2001 crop year that ensures regional equity.

"(B) PAYMENTS.—A payment for a conservation practice under this paragraph shall be determined in accordance with subparagraphs (C) through (E).

"(C) TIER I CONSERVATION SECURITY CONTRACTS.—The payment for a Tier I conservation security contract shall consist of the total of the following amounts:

"(i) An amount equal to 5 percent of the applicable base payment for land covered by the contract.

"(ii) An amount that does not exceed 75 percent (or, in the case of a beginning farmer or rancher, 90 per-

cent) of the average county costs of practices for the 2001 crop year that are included in the conservation security contract, as determined by the Secretary, including the costs of—

"(I) the adoption of new management, vegetative, and land-based structural practices;

"(II) the maintenance of existing land management and vegetative practices; and

"(III) the maintenance of existing land-based structural practices that are approved by the Secretary but not already covered by a Federal or State maintenance requirement.

"(iii) An enhanced payment that is determined by the Secretary in a manner that ensures equity across regions of the United States, if the producer—

"(I) implements or maintains multiple conservation practices that exceed minimum requirements for the applicable tier of participation (including practices that involve a change in land use, such as resource-conserving crop rotation, managed rotational grazing, or conservation buffer practices);

"(II) addresses local conservation priorities in addition to resources of concern for the agricultural operation;

"(III) participates in an on-farm conservation research, demonstration, or pilot project;

"(IV) participates in a watershed or regional resource conservation plan that involves at least 75 percent of producers in a targeted area; or

"(V) carries out assessment and evaluation activities relating to practices included in a conservation security plan.

"(D) TIER II CONSERVATION SECURITY CONTRACTS.—The payment for a Tier II conservation security contract shall consist of the total of the following amounts:

"(i) An amount equal to 10 percent of the applicable base payment for land covered by the conservation security contract.

"(ii) An amount that does not exceed 75 percent (or, in the case of a beginning farmer or rancher, 90 percent) of the average county cost of adopting or maintaining practices for the 2001 crop year that are included in the conservation security contract, as described in subparagraph (C)(ii).

"(iii) An enhanced payment that is determined in accordance with subparagraph (C)(iii).

"(E) TIER III CONSERVATION SECURITY CONTRACTS.—The payment for a Tier III conservation security contract shall consist of the total of the following amounts:

"(i) An amount equal to 15 percent of the base payment for land covered by the conservation security contract.

"(ii) An amount that does not exceed 75 percent (or, in the case of a beginning farmer or rancher, 90 per-

cent) of the average county cost of adopting or maintaining practices for the 2001 crop year that are included in the conservation security contract, as described in subparagraph (C)(ii).

"(iii) An enhanced payment that is determined in accordance with subparagraph (C)(iii).

"(2) LIMITATION ON PAYMENTS.—

"(A) IN GENERAL.—Subject to paragraphs (1) and (3), the Secretary shall make an annual payment, directly or indirectly, to an individual or entity covered by a conservation security contract in an amount not to exceed—

"(i) in the case of a Tier I conservation security contract, $20,000;

"(ii) in the case of a Tier II conservation security contract, $35,000; or

"(iii) in the case of a Tier III conservation security contract, $45,000.

"(B) LIMITATION ON BASE PAYMENTS.—In applying the payment limitation under each of clauses (i), (ii), and (iii) of subparagraph (A), an individual or entity may not receive, directly or indirectly, payments described in clause (i) of paragraph (1)(C), (1)(D), or (1)(E), as appropriate, in an amount that exceeds—

"(i) in the case of Tier I contracts, 25 percent of the applicable payment limitation; or

"(ii) in the case of Tier II contracts and Tier III contracts, 30 percent of the applicable payment limitation.

"(C) OTHER USDA PAYMENTS.—A producer shall not receive payments under the conservation security program and any other conservation program administered by the Secretary for the same practices on the same land.

"(D) COMMENSURATE SHARE.—To be eligible to receive a payment under this subchapter, an individual or entity shall make contributions (including contributions of land, labor, management, equipment, or capital) to the operation of the farm that are at least commensurate with the share of the proceeds of the operation of the individual or entity.

"(3) EQUIPMENT OR FACILITIES.—A payment to a producer under this subchapter shall not be provided for—

"(A) construction or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations; or

"(B) the purchase or maintenance of equipment or a non-land based structure that is not integral to a land-based practice, as determined by the Secretary.

"(c) MINIMUM PRACTICE REQUIREMENT.—In determining a payment under subsection (b) for a producer that receives a payment under another program administered by the Secretary that is contingent on complying with requirements under subtitle B or C (relating to the use of highly erodible land or wetland), a payment under this subchapter on land subject to those requirements shall be for practices only to the extent that the practices exceed minimum requirements for the producer under those subtitles, as determined by the Secretary.

"(d) REGULATIONS.—The Secretary shall promulgate regulations that—

"(1) provide for adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing payments, on a fair and equitable basis; and

"(2) prescribe such other rules as the Secretary determines to be necessary to ensure a fair and reasonable application of the limitations established under subsection (b).

"(e) TRANSFER OR CHANGE OF INTEREST IN LAND SUBJECT TO CONSERVATION SECURITY CONTRACT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the transfer, or change in the interest, of a producer in land subject to a conservation security contract shall result in the termination of the conservation security contract.

"(2) TRANSFER OF DUTIES AND RIGHTS.—Paragraph (1) shall not apply if, not later than 60 days after the date of the transfer or change in the interest in land, the transferee of the land provides written notice to the Secretary that all duties and rights under the conservation security contract have been transferred to, and assumed by, the transferee.

"(f) ENROLLMENT PROCEDURE.—In entering into conservation security contracts with producers under this subchapter, the Secretary shall not use competitive bidding or any similar procedure.

"(g) TECHNICAL ASSISTANCE.—For each of fiscal years 2003 through 2007, the Secretary shall provide technical assistance to producers for the development and implementation of conservation security contracts, in an amount not to exceed 15 percent of amounts expended for the fiscal year.".

(b) REGULATIONS.—Not later than 270 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations implementing the amendment made by subsection (a).

SEC. 2002. CONSERVATION COMPLIANCE.

(a) HIGHLY ERODIBLE LAND.—Section 1211 of the Food Security Act of 1985 (16 U.S.C. 3811) is amended—

(1) by striking the section heading and all that follows through "Except as provided in" and inserting the following:

"SEC. 1211. PROGRAM INELIGIBILITY.

"(a) IN GENERAL.—Except as provided in"; and

(2) by adding at the end the following:

"(b) HIGHLY ERODIBLE LAND.—The Secretary shall have, and shall not delegate to any private person or entity, authority to determine whether a person has complied with this subtitle.".

(b) WETLAND.—Section 1221 of the Food Security Act of 1985 (16 U.S.C. 3821) is amended by adding at the end the following:

"(e) WETLAND.—The Secretary shall have, and shall not delegate to any private person or entity, authority to determine whether a person has complied with this subtitle.".

SEC. 2003. PARTNERSHIPS AND COOPERATION.

Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is amended by adding at the end the following:

"(f) PARTNERSHIPS AND COOPERATION.—

"(1) IN GENERAL.—In carrying out any program under subtitle D, the Secretary may use resources provided under that subtitle to enter into stewardship agreements with State and

local agencies, Indian tribes, and nongovernmental organizations and to designate special projects, as recommended by the State Conservationist, after consultation with the State technical committee, to enhance technical and financial assistance provided to owners, operators, and producers to address natural resource issues related to agricultural production.

"(2) CRITERIA FOR SPECIAL PROJECTS.—The purposes of special projects carried out under this subsection shall be to encourage—

"(A) producers to cooperate in the installation and maintenance of conservation practices that affect multiple agricultural operations;

"(B) the sharing of information and technical and financial resources among producers;

"(C) cumulative conservation benefits in geographic areas; and

"(D) the development and demonstration of innovative conservation methods.

"(3) INCENTIVES.—To realize the purposes of the special projects under paragraph (1), the Secretary may provide special incentives to owners, operators, and producers participating in the special projects to encourage partnerships and enrollments of optimal conservation value.

"(4) FLEXIBILITY.—

"(A) IN GENERAL.—The Secretary may enter into stewardship agreements with States (including State agencies and units of local government), Indian tribes, and nongovernmental organizations that have a history of working with agricultural producers to allow greater flexibility to adjust the application of eligibility criteria, approved practices, innovative conservation practices, and other elements of the programs under this title to better reflect unique local circumstances and purposes in a manner that is consistent with—

"(i) conservation enhancement and long-term productivity of the natural resource base; and

"(ii) the purposes and requirements of this title.

"(B) PLAN.—Each party to a stewardship agreement under subparagraph (A) shall submit to the Secretary, for approval by the Secretary, a special project area plan for each program to be carried out by the party that includes—

"(i) a description of the requested resources and adjustments to program implementation (including a description of how those adjustments will accelerate the achievement of conservation benefits);

"(ii) an analysis of the contribution those adjustments will make to the effectiveness of programs in achieving the purposes of the special project;

"(iii) a timetable for reevaluating the need for or performance of the proposed adjustments;

"(iv) a description of non-Federal programs and resources that will contribute to achieving the purposes of the special project; and

"(v) a plan for the evaluation of progress toward the purposes of the special project.

"(5) FUNDING.—

"(A) IN GENERAL.—In addition to resources from programs under subtitle D, subject to subparagraph (B), the Secretary shall use not more than 5 percent of the funds made available for each fiscal year under section 1241(a) to carry out activities that are authorized under conservation programs under subtitle D.

"(B) UNUSED FUNDING.—Any funds made available for a fiscal year under subparagraph (A) that are not obligated by April 1 of the fiscal year may be used to carry out other activities under conservation programs under subtitle D during the fiscal year in which the funding becomes available.".

SEC. 2004. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

(a) IN GENERAL.—Subtitle E of title XII of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended by adding at the end the following:

"SEC. 1244. ADMINISTRATIVE REQUIREMENTS FOR CONSERVATION PROGRAMS.

"(a) BEGINNING FARMERS AND RANCHERS AND INDIAN TRIBES.—In carrying out any conservation program administered by the Secretary, the Secretary may provide to beginning farmers and ranchers and Indian tribes (as those terms are defined in section 1238) and limited resource agricultural producers incentives to participate in the conservation program to—

"(1) foster new farming and ranching opportunities; and

"(2) enhance environmental stewardship over the long term.

"(b) PRIVACY OF PERSONAL INFORMATION RELATING TO NATURAL RESOURCES CONSERVATION PROGRAMS.—

"(1) INFORMATION RECEIVED FOR TECHNICAL AND FINANCIAL ASSISTANCE.—

"(A) IN GENERAL.—In accordance with section 552(b)(3) of title 5, United States Code, except as provided in subparagraph (C) and paragraph (2), information described in subparagraph (B)—

"(i) shall not be considered to be public information; and

"(ii) shall not be released to any person or Federal, State, local agency or Indian tribe (as defined by the Secretary) outside the Department of Agriculture.

"(B) INFORMATION.—The information referred to in subparagraph (A) is information—

"(i) provided to the Secretary or a contractor of the Secretary (including information provided under subtitle D) for the purpose of providing technical or financial assistance to an owner, operator, or producer with respect to any natural resources conservation program administered by the Natural Resources Conservation Service or the Farm Service Agency; and

"(ii) that is proprietary (within the meaning of section 552(b)(4) of title 5, United States Code) to the agricultural operation or land that is a part of an agricultural operation of the owner, operator, or producer.

"(C) EXCEPTION.—Nothing in this section affects the availability of payment information (including payment amounts and the names and addresses of recipients of payments) under section 552 of title 5, United States Code.

"(2) EXCEPTIONS.—

"(A) RELEASE AND DISCLOSURE FOR ENFORCEMENT.—The Secretary may release or disclose to the Attorney General information covered by paragraph (1) to the extent necessary to enforce the natural resources conservation programs referred to in paragraph (1)(B)(i).

"(B) DISCLOSURE TO COOPERATING PERSONS AND AGENCIES.—

"(i) IN GENERAL.—The Secretary may release or disclose information covered by paragraph (1) to a person or Federal, State, local, or tribal agency working in cooperation with the Secretary in providing technical and financial assistance described in paragraph (1)(B)(i) or collecting information from data gathering sites.

"(ii) USE OF INFORMATION.—The person or Federal, State, local, or tribal agency that receives information described in clause (i) may release the information only for the purpose of assisting the Secretary—

"(I) in providing the requested technical or financial assistance; or

"(II) in collecting information from data gathering sites.

"(C) STATISTICAL AND AGGREGATE INFORMATION.—Information covered by paragraph (1) may be disclosed to the public if the information has been transformed into a statistical or aggregate form without naming any—

"(i) individual owner, operator, or producer; or

"(ii) specific data gathering site.

"(D) CONSENT OF OWNER, OPERATOR, OR PRODUCER.—

"(i) IN GENERAL.—An owner, operator, or producer may consent to the disclosure of information described in paragraph (1).

"(ii) CONDITION OF OTHER PROGRAMS.—The participation of the owner, operator, or producer in, and the receipt of any benefit by the owner, operator, or producer under, this title or any other program administered by the Secretary may not be conditioned on the owner, operator, or producer providing consent under this paragraph.

"(3) VIOLATIONS; PENALTIES.—Section 1770(c) shall apply with respect to the release of information collected in any manner or for any purpose prohibited by this subsection.

"(4) DATA COLLECTION, DISCLOSURE, AND REVIEW.—Nothing in this subsection—

"(A) affects any procedure for data collection or disclosure through the National Resources Inventory; or

"(B) limits the authority of Congress or the General Accounting Office to review information collected or disclosed under this subsection.".

(b) NATIONAL RESOURCES INVENTORY.—Section 1770 of the Food Security Act of 1985 (7 U.S.C. 2276) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "or" at the end;

(B) in paragraph (2), by striking the period and inserting "; or"; and

(C) by adding at the end the following:

"(3) in the case of information collected under the authority described in subsection (d)(12), disclose the information to any person or any Federal, State, local, or tribal agency outside the Department of Agriculture, unless the information has been converted into a statistical or aggregate form that does not allow the identification of the person that supplied particular information."; and

(2) in subsection (d)—

(A) in paragraph (9), by striking "or" at the end;

(B) in paragraph (11), by striking the period and inserting "; or"; and

(C) by adding at the end the following:

"(12) section 302 of the Rural Development Act of 1972 (7 U.S.C. 1010a) regarding the authority to collect data for the National Resources Inventory.".

SEC. 2005. REFORM AND ASSESSMENT OF CONSERVATION PROGRAMS.

(a) IN GENERAL.—The Secretary of Agriculture shall develop a plan to coordinate land retirement and agricultural working land conservation programs that are administered by the Secretary to achieve the goals of—

(1) eliminating redundancy;

(2) streamlining program delivery; and

(3) improving services provided to agricultural producers (including the reevaluation of the provision of technical assistance).

(b) REPORT.—Not later than December 31, 2005, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report that describes—

(1) the plan developed under subsection (a); and

(2) the means by which the Secretary intends to achieve the goals described in subsection (a).

SEC. 2006. CONFORMING AMENDMENTS.

(a) Chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.) is amended by striking the chapter heading and inserting the following:

"CHAPTER 1—COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM".

(b) Section 1230 of the Food Security Act of 1985 (16 U.S.C. 3830) is amended—

*(1) in the section heading, by striking "**ENVIRONMENTAL CONSERVATION ACREAGE RESERVE PROGRAM**" and inserting "**COMPREHENSIVE CONSERVATION ENHANCEMENT PROGRAM**";*

(2) in subsection (a)(1), by striking "an environmental conservation acreage reserve program" and inserting "a comprehensive conservation enhancement program";

(3) by striking subsection (c); and

(4) by striking "ECARP" each place it appears and inserting "CCEP".

(c) Section 1230A of the Food Security Act of 1985 (16 U.S.C. 3830a) is repealed.

(d) Section 1243 of the Food Security Act of 1985 (16 U.S.C. 3843) is amended by striking the section heading and inserting the following:

"SEC. 1243. ADMINISTRATION OF CCEP.".

Subtitle B—Conservation Reserve

SEC. 2101. CONSERVATION RESERVE PROGRAM.

(a) IN GENERAL.—Subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.) is amended to read as follows:

"Subchapter B—Conservation Reserve

"SEC. 1231. CONSERVATION RESERVE.

"(a) IN GENERAL.—Through the 2007 calendar year, the Secretary shall formulate and carry out a conservation reserve program under which land is enrolled through the use of contracts to assist owners and operators of land specified in subsection (b) to conserve and improve the soil, water, and wildlife resources of such land.

"(b) ELIGIBLE LAND.—The Secretary may include in the program established under this subchapter—

"(1) highly erodible cropland that—

"(A)(i) if permitted to remain untreated could substantially reduce the agricultural production capability for future generations; or

"(ii) cannot be farmed in accordance with a plan that complies with the requirements of subtitle B; and

"(B) the Secretary determines had a cropping history or was considered to be planted for 4 of the 6 years preceding the date of enactment of the Farm Security and Rural Investment Act of 2002 (except for land enrolled in the conservation reserve program as of that date).

"(2) marginal pasture land converted to wetland or established as wildlife habitat prior to November 28, 1990;

"(3) marginal pasture land to be devoted to appropriate vegetation, including trees, in or near riparian areas, or devoted to similar water quality purposes (including marginal pastureland converted to wetland or established as wildlife habitat);

"(4) cropland that is otherwise ineligible if the Secretary determines that—

"(A) if permitted to remain in agricultural production, the land would—

"(i) contribute to the degradation of soil, water, or air quality; or

"(ii) pose an on-site or off-site environmental threat to soil, water, or air quality;

"(B) the land is a—

"(i) newly-created, permanent grass sod waterway; or

"(ii) a contour grass sod strip established and maintained as part of an approved conservation plan;

"(C) the land will be devoted to newly established living snow fences, permanent wildlife habitat, windbreaks, shelterbelts, or filterstrips devoted to trees or shrubs; or

"(D) the land poses an off-farm environmental threat, or a threat of continued degradation of productivity due to soil salinity, if permitted to remain in production; and

"(E) enrollment of the land would facilitate a net savings in groundwater or surface water resources of the agricultural operation of the producer;

"(5) the portion of land in a field not enrolled in the conservation reserve in a case in which more than 50 percent of the land in the field is enrolled as a buffer, if—

"(A) the land is enrolled as part of the buffer; and

"(B) the remainder of the field is—

"(i) infeasible to farm; and

"(ii) enrolled at regular rental rates.

"(c) PLANTING STATUS OF CERTAIN LAND.—For purposes of determining the eligibility of land to be placed in the conservation reserve established under this subchapter, land shall be considered to be planted to an agricultural commodity during a crop year if—

"(1) during the crop year, the land was devoted to a conserving use; or

"(2)(A) during the crop year or during any of the 2 years preceding the crop year, the land was enrolled in the water bank program; and

"(B) the contract of the owner or operator of the cropland expired or will expire in calendar year 2000, 2001, or 2002.

"(d) MAXIMUM ENROLLMENT.—The Secretary may maintain up to 39,200,000 acres in the conservation reserve at any 1 time during the 2002 through 2007 calendar years (including contracts extended by the Secretary pursuant to section 1437(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 3831 note; Public Law 101–624)).

"(e) DURATION OF CONTRACT.—

"(1) IN GENERAL.—For the purpose of carrying out this subchapter, the Secretary shall enter into contracts of not less than 10, nor more than 15, years.

"(2) CERTAIN LAND.—

"(A) IN GENERAL.—In the case of land devoted to hardwood trees, shelterbelts, windbreaks, or wildlife corridors under a contract entered into under this subchapter after October 1, 1990, and land devoted to such uses under contracts modified under section 1235A, the owner or operator of the land may, within the limitations prescribed under this section, specify the duration of the contract.

"(B) HARDWOOD TREES.—In the case of land that is devoted to hardwood trees under a contract entered into under this subchapter prior to October 1, 1990, the Sec-

retary may extend the contract for a term of not to exceed 5 years, as agreed to by the owner or operator of such land and the Secretary.

"(3) 1-YEAR EXTENSION.—In the case of a contract described in paragraph (1) the term of which expires during calendar year 2002, an owner or operator of land enrolled under the contract may extend the contract for 1 additional year.

"(f) CONSERVATION PRIORITY AREAS.—

"(1) DESIGNATION.—On application by the appropriate State agency, the Secretary shall designate watershed areas of the Chesapeake Bay Region (Pennsylvania, Maryland, and Virginia), the Great Lakes Region, the Long Island Sound Region, and other areas of special environmental sensitivity as conservation priority areas.

"(2) ELIGIBLE WATERSHEDS.—Watersheds eligible for designation under this subsection shall include areas with actual and significant adverse water quality or habitat impacts related to agricultural production activities.

"(3) EXPIRATION.—Conservation priority area designation under this subsection shall expire after 5 years, subject to redesignation, except that the Secretary may withdraw a watershed's designation—

"(A) on application by the appropriate State agency; or

"(B) in the case of an area covered by this subsection, if the Secretary finds that the area no longer contains actual and significant adverse water quality or habitat impacts related to agricultural production activities.

"(4) DUTY OF SECRETARY.—In carrying out this subsection, the Secretary shall attempt to maximize water quality and habitat benefits in the watersheds described in paragraph (1) by promoting a significant level of enrollment of land within the watersheds in the program under this subchapter by whatever means the Secretary determines are appropriate and consistent with the purposes of this subchapter.

"(g) MULTI-YEAR GRASSES AND LEGUMES.—For purposes of this subchapter, alfalfa and other multi-year grasses and legumes in a rotation practice, approved by the Secretary, shall be considered agricultural commodities.

"(h) PILOT PROGRAM FOR ENROLLMENT OF WETLAND AND BUFFER ACREAGE IN CONSERVATION RESERVE.—

"(1) PROGRAM.—

"(A) IN GENERAL.—During the 2002 through 2007 calendar years, the Secretary shall carry out a program in each State under which the Secretary shall include eligible acreage described in paragraph (2) in the program established under this subchapter.

"(B) PARTICIPATION AMONG STATES.—The Secretary shall ensure, to the maximum extent practicable, that owners and operators in each State have an equitable opportunity to participate in the pilot program established under this subsection.

"(2) ELIGIBLE ACREAGE.—

"(A) IN GENERAL.—Subject to subparagraphs (B) through (D), an owner or operator may enroll in the conservation reserve under this subsection—

"(i) a wetland (including a converted wetland described in section 1222(b)(1)(A)) that was cropped during at least 3 of the immediately preceding 10 crop years; and

"(ii) buffer acreage that—

"(I) is contiguous to the wetland described in clause (i);

"(II) is used to protect the wetland; and

"(III) is of such width as the Secretary determines is necessary to protect the wetland, taking into consideration and accommodating the farming practices (including the straightening of boundaries to accommodate machinery) used with respect to the cropland that surrounds the wetland.

"(B) EXCLUSIONS.—An owner or operator may not enroll in the conservation reserve under this subsection—

"(i) any wetland, or land on a floodplain, that is, or is adjacent to, a perennial riverine system wetland identified on the final national wetland inventory map of the Secretary of the Interior; or

"(ii) in the case of an area that is not covered by the final national inventory map, any wetland, or land on a floodplain, that is adjacent to a perennial stream identified on a 1–24,000 scale map of the United States Geological Survey.

"(C) PROGRAM LIMITATIONS.—

"(i) IN GENERAL.—The Secretary may enroll in the conservation reserve under this subsection not more than—

"(I) 100,000 acres in any 1 State referred to in paragraph (1); and

"(II) not more than a total of 1,000,000 acres.

"(ii) RELATIONSHIP TO PROGRAM MAXIMUM.—Subject to clause (iii), for the purposes of subsection (d), any acreage enrolled in the conservation reserve under this subsection shall be considered acres maintained in the conservation reserve.

"(iii) RELATIONSHIP TO OTHER ENROLLED ACREAGE.—Acreage enrolled under this subsection shall not affect for any fiscal year the quantity of—

"(I) acreage enrolled to establish conservation buffers as part of the program announced on March 24, 1998 (63 Fed. Reg. 14109); or

"(II) acreage enrolled into the conservation reserve enhancement program announced on May 27, 1998 (63 Fed. Reg. 28965).

"(iv) REVIEW; POTENTIAL INCREASE IN ENROLLMENT ACREAGE.—Not later than 3 years after the date of enactment of this clause, the Secretary shall—

"(I) conduct a review of the program under this subsection with respect to each State that has enrolled land in the program; and

"(II) notwithstanding clause (i)(I), increase the number of acres that may be enrolled by a State

under clause (i)(I) to not more than 150,000 acres, as determined by the Secretary.

"(D) OWNER OR OPERATOR LIMITATIONS.—

"(i) WETLAND.—

"(I) IN GENERAL.—The maximum size of any wetland described in subparagraph (A)(i) of an owner or operator enrolled in the conservation reserve under this subsection shall be 10 contiguous acres, of which not more than 5 acres shall be eligible for payment.

"(II) COVERAGE.—All acres described in subclause (I) (including acres that are ineligible for payment) shall be covered by the conservation contract.

"(ii) BUFFER ACREAGE.—The maximum size of any buffer acreage described in subparagraph (A)(ii) of an owner or operator enrolled in the conservation reserve under this subsection shall be the greater of—

"(I) 3 times the size of any wetland described in subparagraph (A)(i) to which the buffer acreage is contiguous; or

"(II) 150 feet on either side of the wetland.

"(iii) TRACTS.—The maximum size of any eligible acreage described in subparagraph (A) in a tract (as determined by the Secretary) of an owner or operator enrolled in the conservation reserve under this subsection shall be 40 acres.

"(3) DUTIES OF OWNERS AND OPERATORS.—Under a contract entered into under this subsection, during the term of the contract, an owner or operator of a farm or ranch shall agree—

"(A) to restore the hydrology of the wetland within the eligible acreage to the maximum extent practicable, as determined by the Secretary;

"(B) to establish vegetative cover (which may include emerging vegetation in water) on the eligible acreage, as determined by the Secretary; and

"(C) to carry out other duties described in section 1232.

"(4) DUTIES OF THE SECRETARY.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), in return for a contract entered into by an owner or operator under this subsection, the Secretary shall make payments and provide assistance to the owner or operator in accordance with sections 1233 and 1234.

"(B) CONTINUOUS SIGNUP.—The Secretary shall use continuous signup under section 1234(c)(2)(B) to determine the acceptability of contract offers and the amount of rental payments under this subsection.

"(C) INCENTIVES.—The amounts payable to owners and operators in the form of rental payments under contracts entered into under this subsection shall reflect incentives that are provided to owners and operators to enroll filterstrips in the conservation reserve under section 1234.

"(i) ELIGIBILITY FOR CONSIDERATION.—On the expiration of a contract entered into under this subchapter, the land subject to the

contract shall be eligible to be considered for reenrollment in the conservation reserve.

"(j) BALANCE OF NATURAL RESOURCE PURPOSES.—In determining the acceptability of contract offers under this subchapter, the Secretary shall ensure, to the maximum extent practicable, an equitable balance among the conservation purposes of soil erosion, water quality, and wildlife habitat.

"SEC. 1232. DUTIES OF OWNERS AND OPERATORS.

"(a) IN GENERAL.—Under the terms of a contract entered into under this subchapter, during the term of the contract, an owner or operator of a farm or ranch shall agree—

"(1) to implement a plan approved by the local conservation district (or in an area not located within a conservation district, a plan approved by the Secretary) for converting eligible land normally devoted to the production of an agricultural commodity on the farm or ranch to a less intensive use (as defined by the Secretary), such as pasture, permanent grass, legumes, forbs, shrubs, or trees, substantially in accordance with a schedule outlined in the plan;

"(2) to place highly erodible cropland subject to the contract in the conservation reserve established under this subchapter;

"(3) not to use the land for agricultural purposes, except as permitted by the Secretary;

"(4) to establish approved vegetative cover (which may include emerging vegetation in water), water cover for the enhancement of wildlife, or, where practicable, maintain existing cover on the land, except that—

"(A) the water cover shall not include ponds for the purpose of watering livestock, irrigating crops, or raising fish for commercial purposes; and

"(B) the Secretary shall not terminate the contract for failure to establish approved vegetative or water cover on the land if—

"(i) the failure to plant the cover was due to excessive rainfall or flooding;

"(ii) the land subject to the contract that could practicably be planted to the cover is planted to the cover; and

"(iii) the land on which the owner or operator was unable to plant the cover is planted to the cover after the wet conditions that prevented the planting subsides;

"(5) on a violation of a term or condition of the contract at any time the owner or operator has control of the land—

"(A) to forfeit all rights to receive rental payments and cost sharing payments under the contract and to refund to the Secretary any rental payments and cost sharing payments received by the owner or operator under the contract, together with interest on the payments as determined by the Secretary, if the Secretary, after considering the recommendations of the soil conservation district and the Natural Resources Conservation Service, determines that the violation is of such nature as to warrant termination of the contract; or

"(B) to refund to the Secretary, or accept adjustments to, the rental payments and cost sharing payments provided to the owner or operator, as the Secretary considers appropriate, if the Secretary determines that the violation does not warrant termination of the contract;

"(6) on the transfer of the right and interest of the owner or operator in land subject to the contract—

"(A) to forfeit all rights to rental payments and cost sharing payments under the contract; and

"(B) to refund to the United States all rental payments and cost sharing payments received by the owner or operator, or accept such payment adjustments or make such refunds as the Secretary considers appropriate and consistent with the objectives of this subchapter;

unless the transferee of the land agrees with the Secretary to assume all obligations of the contract, except that no refund of rental payments and cost sharing payments shall be required if the land is purchased by or for the United States Fish and Wildlife Service, or the transferee and the Secretary agree to modifications to the contract, in a case in which the modifications are consistent with the objectives of the program, as determined by the Secretary;

"(7) not to conduct any harvesting or grazing, nor otherwise make commercial use of the forage, on land that is subject to the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that the Secretary may permit, consistent with the conservation of soil, water quality, and wildlife habitat (including habitat during nesting seasons for birds in the area)—

"(A) managed harvesting and grazing (including the managed harvesting of biomass), except that in permitting managed harvesting and grazing, the Secretary—

"(i) shall, in coordination with the State technical committee—

"(I) develop appropriate vegetation management requirements; and

"(II) identify periods during which harvesting and grazing under this paragraph may be conducted;

"(ii) may permit harvesting and grazing or other commercial use of the forage on the land that is subject to the contract in response to a drought or other emergency; and

"(iii) shall, in the case of routine managed harvesting or grazing or harvesting or grazing conducted in response to a drought or other emergency, reduce the rental payment otherwise payable under the contract by an amount commensurate with the economic value of the activity; and

"(B) the installation of wind turbines, except that in permitting the installation of wind turbines, the Secretary shall determine the number and location of wind turbines that may be installed, taking into account—

"(i) the location, size, and other physical characteristics of the land;

"(ii) the extent to which the land contains wildlife and wildlife habitat; and

"(iii) the purposes of the conservation reserve program under this subchapter;

"(8) not to conduct any planting of trees on land that is subject to the contract unless the contract specifies that the harvesting and commercial sale of trees such as Christmas trees are prohibited, nor otherwise make commercial use of trees on land that is subject to the contract unless it is expressly permitted in the contract, nor adopt any similar practice specified in the contract by the Secretary as a practice that would tend to defeat the purposes of the contract, except that no contract shall prohibit activities consistent with customary forestry practice, such as pruning, thinning, or stand improvement of trees, on land converted to forestry use;

"(9) not to adopt any practice specified by the Secretary in the contract as a practice that would tend to defeat the purposes of this subchapter; and

"(10) to comply with such additional provisions as the Secretary determines are desirable and are included in the contract to carry out this subchapter or to facilitate the practical administration of this subchapter.

"(b) CONSERVATION PLANS.—The plan referred to in subsection (a)(1)—

"(1) shall set forth—

"(A) the conservation measures and practices to be carried out by the owner or operator during the term of the contract; and

"(B) the commercial use, if any, to be permitted on the land during the term; and

"(2) may provide for the permanent retirement of any existing cropland base and allotment history for the land.

"(c) FORECLOSURE.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, an owner or operator who is a party to a contract entered into under this subchapter may not be required to make repayments to the Secretary of amounts received under the contract if the land that is subject to the contract has been foreclosed on and the Secretary determines that forgiving the repayments is appropriate in order to provide fair and equitable treatment.

"(2) RESUMPTION OF CONTROL.—

"(A) IN GENERAL.—This subsection shall not void the responsibilities of an owner or operator under the contract if the owner or operator resumes control over the land that is subject to the contract within the period specified in the contract.

"(B) CONTRACT.—On the resumption of the control over the land by the owner or operator, the provisions of the contract in effect on the date of the foreclosure shall apply.

"SEC. 1233. DUTIES OF THE SECRETARY.

"In return for a contract entered into by an owner or operator under section 1232, the Secretary shall—

"(1) share the cost of carrying out the conservation measures and practices set forth in the contract for which the Secretary determines that cost sharing is appropriate and in the public interest; and

"(2) for a period of years not in excess of the term of the contract, pay an annual rental payment in an amount necessary to compensate for—

"(A) the conversion of highly erodible cropland normally devoted to the production of an agricultural commodity on a farm or ranch to a less intensive use; and

"(B) the retirement of any cropland base and allotment history that the owner or operator agrees to retire permanently.

"SEC. 1234. PAYMENTS.

"(a) TIMING.—The Secretary shall provide payment for obligations incurred by the Secretary under a contract entered into under this subchapter—

"(1) with respect to any cost-sharing payment obligation incurred by the Secretary, as soon as practicable after the obligation is incurred; and

"(2) with respect to any annual rental payment obligation incurred by the Secretary—

"(A) as soon as practicable after October 1 of each calendar year; or

"(B) at the option of the Secretary, at any time prior to such date during the year that the obligation is incurred.

"(b) FEDERAL PERCENTAGE OF COST SHARING PAYMENTS.—

"(1) IN GENERAL.—In making cost sharing payments to an owner or operator under a contract entered into under this subchapter, the Secretary shall pay 50 percent of the cost of establishing water quality and conservation measures and practices required under each contract for which the Secretary determines that cost sharing is appropriate and in the public interest.

"(2) LIMITATION.—The Secretary shall not make any payment to an owner or operator under this subchapter to the extent that the total amount of cost sharing payments provided to the owner or operator from all sources would exceed 100 percent of the total cost of establishing measures and practices described in paragraph (1).

"(3) HARDWOOD TREES, WINDBREAKS, SHELTERBELTS, AND WILDLIFE CORRIDORS.—

"(A) APPLICABILITY.—This paragraph applies to—

"(i) land devoted to the production of hardwood trees, windbreaks, shelterbelts, or wildlife corridors under a contract entered into under this subchapter after November 28, 1990; and

"(ii) land converted to such production under section 1235A.

"(B) PAYMENTS.—In making cost share payments to an owner or operator of land described in subparagraph (A), the Secretary shall pay 50 percent of the reasonable and necessary costs, as determined by the Secretary, incurred by the owner or operator for maintaining trees or shrubs, including the cost of replanting (if the trees or shrubs were

lost due to conditions beyond the control of the owner or operator), during not less than the 2-year, and not more than the 4-year, period beginning on the date of the planting of the trees or shrubs, as determined appropriate by the Secretary.

"(4) HARDWOOD TREE PLANTING.—The Secretary may permit owners or operators that contract to devote at least 10 acres of land to the production of hardwood trees under this subchapter to extend the planting of the trees over a 3-year period if at least 1/3 of the trees are planted in each of the first 2 years.

"(5) OTHER FEDERAL COST SHARE ASSISTANCE.—An owner or operator shall not be eligible to receive or retain cost share assistance under this subsection if the owner or operator receives any other Federal cost share assistance with respect to the land under any other provision of law.

"(c) ANNUAL RENTAL PAYMENTS.—

"(1) IN GENERAL.—In determining the amount of annual rental payments to be paid to owners and operators for converting highly erodible cropland normally devoted to the production of an agricultural commodity to less intensive use, the Secretary may consider, among other things, the amount necessary to encourage owners or operators of highly erodible cropland to participate in the program established by this subchapter.

"(2) METHOD OF DETERMINATION.—The amounts payable to owners or operators in the form of rental payments under contracts entered into under this subchapter may be determined through—

"(A) the submission of bids for such contracts by owners and operators in such manner as the Secretary may prescribe; or

"(B) such other means as the Secretary determines are appropriate.

"(3) ACCEPTANCE OF CONTRACT OFFERS.—In determining the acceptability of contract offers, the Secretary may—

"(A) take into consideration the extent to which enrollment of the land that is the subject of the contract offer would improve soil resources, water quality, wildlife habitat, or provide other environmental benefits; and

"(B) establish different criteria in various States and regions of the United States based on the extent to which water quality or wildlife habitat may be improved or erosion may be abated.

"(4) HARDWOOD TREE ACREAGE.—In the case of acreage enrolled in the conservation reserve established under this subchapter that is to be devoted to hardwood trees, the Secretary may consider bids for contracts under this subsection on a continuous basis.

"(d) CASH OR IN-KIND PAYMENTS.—

"(1) IN GENERAL.—Except as otherwise provided in this section, payments under this subchapter—

"(A) shall be made in cash or in commodities in such amount and on such time schedule as is agreed on and specified in the contract; and

"(B) may be made in advance of determination of performance.

"(2) METHOD OF PROVIDING IN-KIND PAYMENTS.—If the payment to an owner or operator is made with in-kind commodities, the payment shall be made by the Commodity Credit Corporation—

"(A) by delivery of the commodity involved to the owner or operator at a warehouse or other similar facility located in the county in which the highly erodible cropland is located or at such other location as is agreed to by the Secretary and the owner or operator;

"(B) by the transfer of negotiable warehouse receipts; or

"(C) by such other method, including the sale of the commodity in commercial markets, as is determined by the Secretary to be appropriate to enable the owner or operator to receive efficient and expeditious possession of the commodity.

"(3) CASH PAYMENTS.—

"(A) COMMODITY CREDIT CORPORATION STOCKS.—If stocks of a commodity acquired by the Commodity Credit Corporation are not readily available to make full payment in kind to the owner or operator, the Secretary may substitute full or partial payment in cash for payment in kind.

"(B) SPECIAL CONSERVATION RESERVE ENHANCEMENT PROGRAM.—Payments to an owner or operator under a special conservation reserve enhancement program described in subsection (f)(4) shall be in the form of cash only.

"(e) PAYMENTS ON DEATH, DISABILITY, OR SUCCESSION.—If an owner or operator that is entitled to a payment under a contract entered into under this subchapter dies, becomes incompetent, is otherwise unable to receive the payment, or is succeeded by another person that renders or completes the required performance, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all of the circumstances.

"(f) PAYMENT LIMITATION FOR RENTAL PAYMENTS.—

"(1) IN GENERAL.—The total amount of rental payments, including rental payments made in the form of in-kind commodities, made to a person under this subchapter for any fiscal year may not exceed $50,000.

"(2) REGULATIONS.—

"(A) IN GENERAL.—The Secretary shall promulgate regulations—

"(i) defining the term 'person' as used in this subsection; and

"(ii) providing such terms and conditions as the Secretary determines necessary to ensure a fair and reasonable application of the limitation established by this subsection.

"(B) CORPORATIONS AND STOCKHOLDERS.—The regulations promulgated by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970 (7 U.S.C. 1307), shall be used to determine whether corporations and

their stockholders may be considered as separate persons under this subsection.

"(3) OTHER PAYMENTS.—Rental payments received by an owner or operator shall be in addition to, and not affect, the total amount of payments that the owner or operator is otherwise eligible to receive under the Farm Security and Rural Investment Act of 2002.

"(4) SPECIAL CONSERVATION RESERVE ENHANCEMENT PROGRAM.—

"(A) IN GENERAL.—The provisions of this subsection that limit payments to any person, and section 1305(d) of the Agricultural Reconciliation Act of 1987 (7 U.S.C. 1308 note; Public Law 100–203), shall not be applicable to payments received by a State, political subdivision, or agency thereof in connection with agreements entered into under a special conservation reserve enhancement program carried out by that entity that has been approved by the Secretary.

"(B) AGREEMENTS.—The Secretary may enter into such agreements for payments to States (including political subdivisions and agencies of States) that the Secretary determines will advance the purposes of this subchapter.

"(g) OTHER STATE OR LOCAL ASSISTANCE.—In addition to any payment under this subchapter, an owner or operator may receive cost share assistance, rental payments, or tax benefits from a State or subdivision thereof for enrolling land in the conservation reserve program.

"SEC. 1235. CONTRACTS.

"(a) OWNERSHIP OR OPERATION REQUIREMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), no contract shall be entered into under this subchapter concerning land with respect to which the ownership has changed in the 1-year period preceding the first year of the contract period unless—

"(A) the new ownership was acquired by will or succession as a result of the death of the previous owner;

"(B) the new ownership was acquired before January 1, 1985;

"(C) the Secretary determines that the land was acquired under circumstances that give adequate assurance that the land was not acquired for the purpose of placing the land in the program established by this subchapter; or

"(D) the ownership change occurred due to foreclosure on the land and the owner of the land immediately before the foreclosure exercises a right of redemption from the mortgage holder in accordance with State law.

"(2) EXCEPTIONS.—Paragraph (1) shall not—

"(A) prohibit the continuation of an agreement by a new owner after an agreement has been entered into under this subchapter; or

"(B) require a person to own the land as a condition of eligibility for entering into the contract if the person—

"(i) has operated the land to be covered by a contract under this section for at least 1 year preceding the date of the contract or since January 1, 1985, whichever is later; and

"(ii) controls the land for the contract period.

"(b) SALES OR TRANSFERS.—If, during the term of a contract entered into under this subchapter, an owner or operator of land subject to the contract sells or otherwise transfers the ownership or right of occupancy of the land, the new owner or operator of the land may—

"(1) continue the contract under the same terms or conditions;

"(2) enter into a new contract in accordance with this subchapter; or

"(3) elect not to participate in the program established by this subchapter.

"(c) MODIFICATIONS.—

"(1) IN GENERAL.—The Secretary may modify a contract entered into with an owner or operator under this subchapter if—

"(A) the owner or operator agrees to the modification; and

"(B) the Secretary determines that the modification is desirable—

"(i) to carry out this subchapter;

"(ii) to facilitate the practical administration of this subchapter; or

"(iii) to achieve such other goals as the Secretary determines are appropriate, consistent with this subchapter.

"(2) PRODUCTION OF AGRICULTURAL COMMODITIES.—The Secretary may modify or waive a term or condition of a contract entered into under this subchapter in order to permit all or part of the land subject to such contract to be devoted to the production of an agricultural commodity during a crop year, subject to such conditions as the Secretary determines are appropriate.

"(d) TERMINATION.—

"(1) IN GENERAL.—The Secretary may terminate a contract entered into with an owner or operator under this subchapter if—

"(A) the owner or operator agrees to the termination; and

"(B) the Secretary determines that the termination would be in the public interest.

"(2) NOTICE TO CONGRESSIONAL COMMITTEES.—At least 90 days before taking any action to terminate under paragraph (1) all conservation reserve contracts entered into under this subchapter, the Secretary shall provide to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate written notice of the action.

"(e) EARLY TERMINATION BY OWNER OR OPERATOR.—

"(1) EARLY TERMINATION.—

"(A) IN GENERAL.—The Secretary shall allow a participant that entered into a contract under this subchapter before January 1, 1995, to terminate the contract at any time if the contract has been in effect for at least 5 years.

"(B) LIABILITY FOR CONTRACT VIOLATION.—The termination shall not relieve the participant of liability for a contract violation occurring before the date of the termination.

"(C) NOTICE TO SECRETARY.—The participant shall provide the Secretary with reasonable notice of the desire of the participant to terminate the contract.

"(2) CERTAIN LAND EXCEPTED.—The following land shall not be subject to an early termination of contract under this subsection:

"(A) Filterstrips, waterways, strips adjacent to riparian areas, windbreaks, and shelterbelts.

"(B) Land with an erodibility index of more than 15.

"(C) Other land of high environmental value (including wetland), as determined by the Secretary.

"(3) EFFECTIVE DATE.—The contract termination shall become effective 60 days after the date on which the owner or operator submits the notice required under paragraph (1)(C).

"(4) PRORATED RENTAL PAYMENT.—If a contract entered into under this subchapter is terminated under this subsection before the end of the fiscal year for which a rental payment is due, the Secretary shall provide a prorated rental payment covering the portion of the fiscal year during which the contract was in effect.

"(5) RENEWED ENROLLMENT.—The termination of a contract entered into under this subchapter shall not affect the ability of the owner or operator that requested the termination to submit a subsequent bid to enroll the land that was subject to the contract into the conservation reserve.

"(6) CONSERVATION REQUIREMENTS.—If land that was subject to a contract is returned to production of an agricultural commodity, the conservation requirements under subtitles B and C shall apply to the use of the land to the extent that the requirements are similar to those requirements imposed on other similar land in the area, except that the requirements may not be more onerous than the requirements imposed on other land.

"SEC. 1235A. CONVERSION OF LAND SUBJECT TO CONTRACT TO OTHER CONSERVING USES.

"(a) CONVERSION TO TREES.—

"(1) IN GENERAL.—The Secretary shall permit an owner or operator that has entered into a contract under this subchapter that is in effect on November 28, 1990, to convert areas of highly erodible cropland that are subject to the contract, and that are devoted to vegetative cover, from that use to hardwood trees, windbreaks, shelterbelts, or wildlife corridors.

"(2) TERMS.—

"(A) EXTENSION OF CONTRACT.—With respect to a contract that is modified under this section that provides for the planting of hardwood trees, windbreaks, shelterbelts, or wildlife corridors, if the original term of the contract was less than 15 years, the owner or operator may extend the contract to a term of not to exceed 15 years.

"(B) COST SHARE ASSISTANCE.—The Secretary shall pay 50 percent of the cost of establishing conservation measures and practices authorized under this subsection for which the Secretary determines the cost sharing is appropriate and in the public interest.

"(b) CONVERSION TO WETLAND.—The Secretary shall permit an owner or operator that has entered into a contract under this subchapter that is in effect on November 28, 1990, to restore areas of highly erodible cropland that are devoted to vegetative cover under the contract to wetland if—

"(1) the areas are prior converted wetland;

"(2) the owner or operator of the areas enters into an agreement to provide the Secretary with a long-term or permanent easement under subchapter C covering the areas;

"(3) there is a high probability that the prior converted area can be successfully restored to wetland status; and

"(4) the restoration of the areas otherwise meets the requirements of subchapter C.

"(c) LIMITATION.—The Secretary shall not incur, through a conversion under this section, any additional expense on the acres, including the expense involved in the original establishment of the vegetative cover, that would result in cost share for costs under this section in excess of the costs that would have been subject to cost share for the new practice had that practice been the original practice.

"(d) CONDITION OF CONTRACT.—An owner or operator shall as a condition of entering into a contract under subsection (a) participate in the Forest Stewardship Program established under section 5 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103a).".

(b) STUDY ON ECONOMIC EFFECTS.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the economic and social effects on rural communities resulting from the conservation reserve program established under subchapter B of chapter 1 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.).

(2) COMPONENTS.—The study under paragraph (1) shall include analyses of—

(A) the impact that enrollments in the conservation reserve program have on rural businesses, civic organizations, and community services (such as schools, public safety, and infrastructure), particularly in communities with a large percentage of whole farm enrollments;

(B) the effect that those enrollments have on rural population and beginning farmers (including a description of any connection between the rate of enrollment and the incidence of absentee ownership);

(C)(i) the manner in which differential per acre payment rates potentially impact the types of land (by productivity) enrolled;

(ii) changes to the per acre payment rates that may affect that impact; and

(iii) the manner in which differential per acre payment rates could facilitate retention of productive agricultural land in agriculture; and

(D) the effect of enrollment on opportunities for recreational activities (including hunting and fishing).

Subtitle C—Wetlands Reserve Program

SEC. 2201. REAUTHORIZATION.

Section 1237(c) of the Food Security Act of 1985 (16 U.S.C. 3837(c)) is amended by striking "2002" and inserting "2007".

SEC. 2202. ENROLLMENT.

Section 1237 of the Food Security Act of 1985 (16 U.S.C. 3837) is amended—

(1) by striking subsection (b) and inserting the following:

"(b) ENROLLMENT CONDITIONS.—

"(1) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the wetlands reserve program shall not exceed 2,275,000 acres, of which, to the maximum extent practicable, the Secretary shall enroll 250,000 acres in each calendar year.

"(2) METHODS OF ENROLLMENT.—The Secretary shall enroll acreage into the wetlands reserve program through the use of permanent easements, 30-year easements, restoration cost share agreements, or any combination of those options."; and

(2) by striking subsection (g).

SEC. 2203. EASEMENTS AND AGREEMENTS.

Section 1237A of the Food Security Act of 1985 (16 U.S.C. 3837a) is amended by striking subsection (h).

SEC. 2204. CHANGES IN OWNERSHIP; AGREEMENT MODIFICATION; TERMINATION.

Section 1237E(a) of the Food Security Act of 1985 (16 U.S.C. 3837e(a)) is amended by striking paragraph (2) and inserting the following:

"(2)(A) the ownership change occurred because of foreclosure on the land; and

"(B) immediately before the foreclosure, the owner of the land exercises a right of redemption from the mortgage holder in accordance with State law; or".

Subtitle D—Environmental Quality Incentives

SEC. 2301. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

Chapter 4 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839aa et seq.) is amended to read as follows:

"SEC. 1240. PURPOSES.

"The purposes of the environmental quality incentives program established by this chapter are to promote agricultural production and environmental quality as compatible goals, and to optimize environmental benefits, by—

"(1) assisting producers in complying with local, State, and national regulatory requirements concerning—

"(A) soil, water, and air quality;

"(B) wildlife habitat; and

"(C) surface and ground water conservation;

"(2) avoiding, to the maximum extent practicable, the need for resource and regulatory programs by assisting producers in protecting soil, water, air, and related natural resources and meeting environmental quality criteria established by Federal, State, tribal, and local agencies;

"(3) providing flexible assistance to producers to install and maintain conservation practices that enhance soil, water, related natural resources (including grazing land and wetland), and wildlife while sustaining production of food and fiber;

"(4) assisting producers to make beneficial, cost effective changes to cropping systems, grazing management, nutrient management associated with livestock, pest or irrigation management, or other practices on agricultural land; and

"(5) consolidating and streamlining conservation planning and regulatory compliance processes to reduce administrative burdens on producers and the cost of achieving environmental goals.

"SEC. 1240A. DEFINITIONS.

"In this chapter:

"(1) BEGINNING FARMER OR RANCHER.—The term 'beginning farmer or rancher' has the meaning provided under section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999(a)).

"(2) ELIGIBLE LAND.—

"(A) IN GENERAL.—The term 'eligible land' means land on which agricultural commodities or livestock are produced.

"(B) INCLUSIONS.—The term 'eligible land' includes—

"(i) cropland;

"(ii) grassland;

"(iii) rangeland;

"(iv) pasture land;

"(v) private, nonindustrial forest land; and

"(vi) other agricultural land that the Secretary determines poses a serious threat to soil, air, water, or related resources.

"(3) LAND MANAGEMENT PRACTICE.—The term 'land management practice' means a site-specific nutrient or manure management, integrated pest management, irrigation management, tillage or residue management, grazing management, air quality management, or other land management practice carried out on eligible land that the Secretary determines is needed to protect from degradation, in the most cost-effective manner, water, soil, or related resources.

"(4) LIVESTOCK.—The term 'livestock' means dairy cattle, beef cattle, laying hens, broilers, turkeys, swine, sheep, and other such animals as are determined by the Secretary.

"(5) PRACTICE.—The term 'practice' means 1 or more structural practices, land management practices, and comprehensive nutrient management planning practices.

"(6) STRUCTURAL PRACTICE.—The term 'structural practice' means—

"(A) the establishment on eligible land of a site-specific animal waste management facility, terrace, grassed waterway, contour grass strip, filterstrip, tailwater pit, perma-

nent wildlife habitat, constructed wetland, or other structural practice that the Secretary determines is needed to protect, in the most cost effective manner, water, soil, or related resources from degradation; and

"(B) the capping of abandoned wells on eligible land.

"SEC. 1240B. ESTABLISHMENT AND ADMINISTRATION OF ENVIRONMENTAL QUALITY INCENTIVES PROGRAM.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—During each of the 2002 through 2007 fiscal years, the Secretary shall provide cost-share payments and incentive payments to producers that enter into contracts with the Secretary under the program.

"(2) ELIGIBLE PRACTICES.—With respect to practices implemented under this chapter—

"(A) a producer that implements a structural practice in accordance with this chapter shall be eligible to receive cost-share payments; and

"(B) a producer that implements a land management practice, or develops a comprehensive nutrient management plan, in accordance with this chapter shall be eligible to receive incentive payments.

"(b) PRACTICES AND TERM.—

"(1) PRACTICES.—A contract under this chapter may apply to 1 or more structural practices, land management practices, and comprehensive nutrient management practices.

"(2) TERM.—A contract under this chapter shall have a term that—

"(A) at a minimum, is equal to the period beginning on the date on which the contract is entered into and ending on the date that is 1 year after the date on which all practices under the contract have been implemented; but

"(B) not to exceed 10 years.

"(c) BIDDING DOWN.—If the Secretary determines that the environmental values of 2 or more applications for cost-share payments or incentive payments are comparable, the Secretary shall not assign a higher priority to the application only because it would present the least cost to the program established under the program.

"(d) COST-SHARE PAYMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the cost-share payments provided to a producer proposing to implement 1 or more practices under the program shall be not more than 75 percent of the cost of the practice, as determined by the Secretary.

"(2) EXCEPTIONS.—

"(A) LIMITED RESOURCE AND BEGINNING FARMERS.—The Secretary may increase the amount provided to a producer under paragraph (1) to not more than 90 percent if the producer is a limited resource or beginning farmer or rancher, as determined by the Secretary.

"(B) COST-SHARE ASSISTANCE FROM OTHER SOURCES.—Except as provided in paragraph (3), any cost-share payments received by a producer from a State or private organization or person for the implementation of 1 or more practices on eligible land of the producer shall be in addi-

tion to the payments provided to the producer under paragraph (1).

"(3) OTHER PAYMENTS.—A producer shall not be eligible for cost-share payments for practices on eligible land under the program if the producer receives cost-share payments or other benefits for the same practice on the same land under chapter 1 and the program.

"(e) INCENTIVE PAYMENTS.—

"(1) IN GENERAL.—The Secretary shall make incentive payments in an amount and at a rate determined by the Secretary to be necessary to encourage a producer to perform 1 or more land management practices.

"(2) SPECIAL RULE.—In determining the amount and rate of incentive payments, the Secretary may accord great significance to a practice that promotes residue, nutrient, pest, invasive species, or air quality management.

"(f) MODIFICATION OR TERMINATION OF CONTRACTS.—

"(1) VOLUNTARY MODIFICATION OR TERMINATION.—The Secretary may modify or terminate a contract entered into with a producer under this chapter if—

"(A) the producer agrees to the modification or termination; and

"(B) the Secretary determines that the modification or termination is in the public interest.

"(2) INVOLUNTARY TERMINATION.—The Secretary may terminate a contract under this chapter if the Secretary determines that the producer violated the contract.

"(g) ALLOCATION OF FUNDING.—For each of fiscal years 2002 through 2007, 60 percent of the funds made available for cost-share payments and incentive payments under this chapter shall be targeted at practices relating to livestock production.

"SEC. 1240C. EVALUATION OF OFFERS AND PAYMENTS.

"In evaluating applications for cost-share payments and incentive payments, the Secretary shall accord a higher priority to assistance and payments that—

"(1) encourage the use by producers of cost-effective conservation practices; and

"(2) address national conservation priorities.

"SEC. 1240D. DUTIES OF PRODUCERS.

"To receive technical assistance, cost-share payments, or incentive payments under the program, a producer shall agree—

"(1) to implement an environmental quality incentives program plan (including a comprehensive nutrient management plan, if applicable) that describes conservation and environmental purposes to be achieved through 1 or more practices that are approved by the Secretary;

"(2) not to conduct any practices on the farm or ranch that would tend to defeat the purposes of the program;

"(3) on the violation of a term or condition of the contract at anytime the producer has control of the land—

"(A) if the Secretary determines that the violation warrants termination of the contract—

"(i) to forfeit all rights to receive payments under the contract; and

"(ii) to refund to the Secretary all or a portion of the payments received by the owner or operator under the contract, including any interest on the payments, as determined by the Secretary; or

"(B) if the Secretary determines that the violation does not warrant termination of the contract, to refund to the Secretary, or accept adjustments to, the payments provided to the owner or operator, as the Secretary determines to be appropriate;

"(4) on the transfer of the right and interest of the producer in land subject to the contract, unless the transferee of the right and interest agrees with the Secretary to assume all obligations of the contract, to refund all cost-share payments and incentive payments received under the program, as determined by the Secretary;

"(5) to supply information as required by the Secretary to determine compliance with the program plan and requirements of the program; and

"(6) to comply with such additional provisions as the Secretary determines are necessary to carry out the program plan.

"SEC. 1240E. ENVIRONMENTAL QUALITY INCENTIVES PROGRAM PLAN.

"(a) IN GENERAL.—To be eligible to receive cost-share payments or incentive payments under the program, a producer shall submit to the Secretary for approval a plan of operations that—

"(1) specifies practices covered under the program;

"(2) includes such terms and conditions as the Secretary considers necessary to carry out the program, including a description of the purposes to be met by the implementation of the plan; and

"(3) in the case of a confined livestock feeding operation, provides for development and implementation of a comprehensive nutrient management plan, if applicable.

"(b) AVOIDANCE OF DUPLICATION.—The Secretary shall, to the maximum extent practicable, eliminate duplication of planning activities under the program under this chapter and comparable conservation programs.

"SEC. 1240F. DUTIES OF THE SECRETARY.

"To the extent appropriate, the Secretary shall assist a producer in achieving the conservation and environmental goals of a program plan by—

"(1) providing cost-share payments or incentive payments for developing and implementing 1 or more practices, as appropriate; and

"(2) providing the producer with information and training to aid in implementation of the plan.

"SEC. 1240G. LIMITATION ON PAYMENTS.

"An individual or entity may not receive, directly or indirectly, cost-share or incentive payments under this chapter that, in the aggregate, exceed $450,000 for all contracts entered into under this chapter by the individual or entity during the period of fiscal years 2002 through 2007, regardless of the number of contracts entered into under this chapter by the individual or entity.

"SEC. 1240H. CONSERVATION INNOVATION GRANTS.

"(a) IN GENERAL.—The Secretary may pay the cost of competitive grants that are intended to stimulate innovative approaches to leveraging Federal investment in environmental enhancement and protection, in conjunction with agricultural production, through the program.

"(b) USE.—The Secretary may provide grants under this section to governmental and nongovernmental organizations and persons, on a competitive basis, to carry out projects that—

"(1) involve producers that are eligible for payments or technical assistance under the program;

"(2) implement projects, such as—

"(A) market systems for pollution reduction; and

"(B) innovative conservation practices, including the storing of carbon in the soil; and

"(3) leverage funds made available to carry out the program under this chapter with matching funds provided by State and local governments and private organizations to promote environmental enhancement and protection in conjunction with agricultural production.

"(c) COST SHARE.—The amount of a grant made under this section to carry out a project shall not exceed 50 percent of the cost of the project.

"SEC. 1240I. GROUND AND SURFACE WATER CONSERVATION.

"(a) ESTABLISHMENT.—In carrying out the program under this chapter, subject to subsection (b), the Secretary shall promote ground and surface water conservation by providing cost-share payments, incentive payments, and loans to producers to carry out eligible water conservation activities with respect to the agricultural operations of producers, to—

"(1) improve irrigation systems;

"(2) enhance irrigation efficiencies;

"(3) convert to—

"(A) the production of less water-intensive agricultural commodities; or

"(B) dryland farming;

"(4) improve the storage of water through measures such as water banking and groundwater recharge;

"(5) mitigate the effects of drought; or

"(6) institute other measures that improve groundwater and surface water conservation, as determined by the Secretary, in the agricultural operations of producers.

"(b) NET SAVINGS.—The Secretary may provide assistance to a producer under this section only if the Secretary determines that the assistance will facilitate a conservation measure that results in a net savings in groundwater or surface water resources in the agricultural operation of the producer.

"(c) FUNDING.—Of the funds of the Commodity Credit Corporation, in addition to amounts made available under section 1241(a)(6) to carry out this chapter, the Secretary shall use—

"(1) to carry out this section—

"(A) $25,000,000 for fiscal year 2002;

"(B) $45,000,000 for fiscal year 2003; and

"(C) $60,000,000 for each of fiscal years 2004 through 2007; and

"(2) $50,000,000 to carry out water conservation activities in Klamath Basin, California and Oregon, to be made available as soon as practicable after the date of enactment of this section.".

Subtitle E—Grassland Reserve

SEC. 2401. GRASSLAND RESERVE PROGRAM.

Chapter 2 of the Food Security Act of 1985 (as amended by section 2001) is amended by adding at the end the following:

"Subchapter C—Grassland Reserve Program

"SEC. 1238N. GRASSLAND RESERVE PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall establish a grassland reserve program (referred to in this subchapter as the 'program') to assist owners in restoring and conserving eligible land described in subsection (c).

"(b) ENROLLMENT CONDITIONS.—

"(1) MAXIMUM ENROLLMENT.—The total number of acres enrolled in the program shall not exceed 2,000,000 acres of restored or improved grassland, rangeland, and pastureland.

"(2) METHODS OF ENROLLMENT.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the Secretary shall enroll in the program from a willing owner not less than 40 contiguous acres of land through the use of—

"(i) a 10-year, 15-year, or 20-year rental agreement;

"(ii)(I) a 30-year rental agreement or permanent or 30-year easement; or

"(II) in a State that imposes a maximum duration for easements, an easement for the maximum duration allowed under State law.

"(B) WAIVER.—The Secretary may enroll in the program such parcels of land that are less than 40 acres as the Secretary determines are appropriate to achieve the purposes of the program.

"(3) LIMITATION ON USE OF EASEMENTS AND RENTAL AGREEMENTS.—Of the total amount of funds expended under the program to acquire easements and rental agreements described in paragraph (2)(A)—

"(A) not more than 40 percent shall be used for rental agreements described in paragraph (2)(A)(i); and

"(B) not more than 60 percent shall be used for easements and rental agreements described in paragraph (2)(A)(ii).

"(c) ELIGIBLE LAND.—Land shall be eligible to be enrolled in the program if the Secretary determines that the land is private land that is—

"(1) grassland, land that contains forbs, or shrubland (including improved rangeland and pastureland); or

"(2) land that—

"(A) is located in an area that has been historically dominated by grassland, forbs, or shrubland; and

"(B) has potential to serve as habitat for animal or plant populations of significant ecological value if the land is—

"(i) retained in the current use of the land; or

"(ii) restored to a natural condition; or

"(3) land that is incidental to land described in paragraph (1) or (2), if the incidental land is determined by the Secretary to be necessary for the efficient administration of an agreement or easement.

"SEC. 1238O. REQUIREMENTS RELATING TO EASEMENTS AND AGREEMENTS.

"(a) REQUIREMENTS OF LANDOWNER.—

"(1) IN GENERAL.—To be eligible to enroll land in the program through the grant of an easement, the owner of the land shall enter into an agreement with the Secretary—

"(A) to grant an easement that applies to the land to the Secretary;

"(B) to create and record an appropriate deed restriction in accordance with applicable State law to reflect the easement;

"(C) to provide a written statement of consent to the easement signed by persons holding a security interest or any vested interest in the land;

"(D) to provide proof of unencumbered title to the underlying fee interest in the land that is the subject of the easement; and

"(E) to comply with the terms of the easement and restoration agreement.

"(2) AGREEMENTS.—To be eligible to enroll land in the program under an agreement, the owner or operator of the land shall agree—

"(A) to comply with the terms of the agreement (including any related restoration agreements); and

"(B) to the suspension of any existing cropland base and allotment history for the land under a program administered by the Secretary.

"(b) TERMS OF EASEMENT OR RENTAL AGREEMENT.—An easement or rental agreement under subsection (a) shall—

"(1) permit—

"(A) common grazing practices, including maintenance and necessary cultural practices, on the land in a manner that is consistent with maintaining the viability of grassland, forb, and shrub species common to that locality;

"(B) subject to appropriate restrictions during the nesting season for birds in the local area that are in significant decline or are conserved in accordance with Federal or State law, as determined by the Natural Resources Conservation Service State conservationist, haying, mowing, or harvesting for seed production; and

"(C) fire rehabilitation and construction of fire breaks and fences (including placement of the posts necessary for fences);

"(2) prohibit—

"(A) the production of crops (other than hay), fruit trees, vineyards, or any other agricultural commodity that requires breaking the soil surface; and

"(B) except as permitted under this subsection or subsection (d), the conduct of any other activity that would disturb the surface of the land covered by the easement or rental agreement; and

"(3) include such additional provisions as the Secretary determines are appropriate to carry out or facilitate the administration of this subchapter.

"(c) EVALUATION AND RANKING OF EASEMENT AND RENTAL AGREEMENT APPLICATIONS.—

"(1) IN GENERAL.—The Secretary shall establish criteria to evaluate and rank applications for easements and rental agreements under this subchapter.

"(2) CONSIDERATIONS.—In establishing the criteria, the Secretary shall emphasize support for—

"(A) grazing operations;

"(B) plant and animal biodiversity; and

"(C) grassland, land that contains forbs, and shrubland under the greatest threat of conversion.

"(d) RESTORATION AGREEMENTS.—

"(1) IN GENERAL.—The Secretary shall prescribe the terms of a restoration agreement by which grassland, land that contains forbs, or shrubland that is subject to an easement or rental agreement entered into under the program shall be restored.

"(2) REQUIREMENTS.—The restoration agreement shall describe the respective duties of the owner and the Secretary (including the Federal share of restoration payments and technical assistance).

"(e) VIOLATIONS.—On a violation of the terms or conditions of an easement, rental agreement, or restoration agreement entered into under this section—

"(1) the easement or rental agreement shall remain in force; and

"(2) the Secretary may require the owner to refund all or part of any payments received by the owner under this subchapter, with interest on the payments as determined appropriate by the Secretary.

"SEC. 1238P. DUTIES OF SECRETARY.

"(a) IN GENERAL.—In return for the granting of an easement, or the execution of a rental agreement, by an owner under this subchapter, the Secretary shall, in accordance with this section—

"(1) make easement or rental agreement payments to the owner in accordance with subsection (b); and

"(2) make payments to the owner for the Federal share of the cost of restoration in accordance with subsection (c).

"(b) PAYMENTS.—

"(1) EASEMENT PAYMENTS.—

"(A) AMOUNT.—In return for the granting of an easement by an owner under this subchapter, the Secretary shall make easement payments to the owner in an amount equal to—

"(i) in the case of a permanent easement, the fair market value of the land less the grazing value of the land encumbered by the easement; and

"(ii) in the case of a 30-year easement or an easement for the maximum duration allowed under applicable State law, 30 percent of the fair market value of the land less the grazing value of the land for the period during which the land is encumbered by the easement.

"(B) SCHEDULE.—Easement payments may be provided in not less than 1 payment nor more than 10 annual payments of equal or unequal amount, as agreed to by the Secretary and the owner.

"(2) RENTAL AGREEMENT PAYMENTS.—In return for entering into a rental agreement by an owner under this subchapter, the Secretary shall make annual payments to the owner during the term of the rental agreement in an amount that is not more than 75 percent of the grazing value of the land covered by the contract.

"(c) FEDERAL SHARE OF RESTORATION.—The Secretary shall make payments to an owner under this section of not more than—

"(1) in the case of grassland, land that contains forbs, or shrubland that has never been cultivated, 90 percent of the costs of carrying out measures and practices necessary to restore functions and values of that land; or

"(2) in the case of restored grassland, land that contains forbs, or shrubland, 75 percent of those costs.

"(d) PAYMENTS TO OTHERS.—If an owner that is entitled to a payment under this subchapter dies, becomes incompetent, is otherwise unable to receive the payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable in light of all the circumstances.

"SEC. 1238Q. DELEGATION TO PRIVATE ORGANIZATIONS.

"(a) IN GENERAL.—The Secretary may permit a private conservation or land trust organization (referred to in this section as a 'private organization') or a State agency to hold and enforce an easement under this subchapter, in lieu of the Secretary, subject to the right of the Secretary to conduct periodic inspections and enforce the easement, if—

"(1) the Secretary determines that granting the permission will promote protection of grassland, land that contains forbs, and shrubland;

"(2) the owner authorizes the private organization or State agency to hold and enforce the easement; and

"(3) the private organization or State agency agrees to assume the costs incurred in administering and enforcing the easement, including the costs of restoration or rehabilitation of the land as specified by the owner and the private organization or State agency.

"(b) APPLICATION.—A private organization or State agency that seeks to hold and enforce an easement under this subchapter shall apply to the Secretary for approval.

"(c) APPROVAL BY SECRETARY.—The Secretary may approve a private organization to hold and enforce an easement under this subchapter if (as determined by the Secretary) the private organization—

"(1)(A) is an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 that is exempt from taxation under section 501(a) of that Code; or

"(B) is described in section 509(a)(3), and is controlled by an organization described in section 509(a)(2), of that Code;

"(2) has the relevant experience necessary to administer grassland and shrubland easements;

"(3) has a charter that describes the commitment of the private organization to conserving ranchland, agricultural land, or grassland for grazing and conservation purposes; and

"(4) has the resources necessary to effectuate the purposes of the charter.

"(d) REASSIGNMENT.—

"(1) IN GENERAL.—If a private organization holding an easement on land under this subchapter terminates, not later than 30 days after termination of the private organization, the owner of the land shall reassign the easement to—

"(A) a new private organization that is approved by the Secretary; or

"(B) the Secretary.

"(2) NOTIFICATION OF SECRETARY.—

"(A) IN GENERAL.—If the easement is reassigned to a new private organization, not later than 60 days after the date of reassignment, the owner and the new organization shall notify the Secretary in writing that a reassignment for termination has been made.

"(B) FAILURE TO NOTIFY.—If the owner and the new organization fail to notify the Secretary of the reassignment in accordance with subparagraph (A), the easement shall revert to the control of the Secretary.".

Subtitle F—Other Conservation Programs

SEC. 2501. AGRICULTURAL MANAGEMENT ASSISTANCE.

Section 524 of the Federal Crop Insurance Act (7 U.S.C. 1524) is amended by striking subsection (b) and inserting the following:

"(b) AGRICULTURAL MANAGEMENT ASSISTANCE.—

"(1) AUTHORITY.—The Secretary shall provide financial assistance to producers in the States of Connecticut, Delaware, Maryland, Massachusetts, Maine, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia, and Wyoming.

"(2) USES.—A producer may use financial assistance provided under this subsection to—

"(A) construct or improve—

"(i) watershed management structures; or

"(ii) irrigation structures;

"(B) plant trees to form windbreaks or to improve water quality;

"(C) mitigate financial risk through production or marketing diversification or resource conservation practices, including—

"(i) soil erosion control;

"(ii) integrated pest management;

"(iii) organic farming; or

"(iv) to develop and implement a plan to create marketing opportunities for the producer, including through value-added processing;

"(D) enter into futures, hedging, or options contracts in a manner designed to help reduce production, price, or revenue risk;

"(E) enter into agricultural trade options as a hedging transaction to reduce production, price, or revenue risk; or

"(F) conduct any other activity relating to an activity described in subparagraphs (A) through (E), as determined by the Secretary.

"(3) PAYMENT LIMITATION.—The total amount of payments made to a person (as defined in section 1001(5) of the Food Security Act (7 U.S.C. 1308(5))) under this subsection for any year may not exceed $50,000.

"(4) COMMODITY CREDIT CORPORATION.—

"(A) IN GENERAL.—The Secretary shall carry out this subsection through the Commodity Credit Corporation.

"(B) FUNDING.—

"(i) IN GENERAL.—Except as provided in clause (ii), the Commodity Credit Corporation shall make available to carry out this subsection not less than $10,000,000 for each fiscal year.

"(ii) EXCEPTION.—For each of fiscal years 2003 through 2007, the Commodity Credit Corporation shall make available to carry out this subsection $20,000,000.".

SEC. 2502. GRAZING, WILDLIFE HABITAT INCENTIVE, SOURCE WATER PROTECTION, AND GREAT LAKES BASIN PROGRAMS.

(a) IN GENERAL.—Chapter 5 of subtitle D of title XII of the Food Security Act of 1985 (16 U.S.C. 3839bb et seq.) is amended to read as follows:

"CHAPTER 5—OTHER CONSERVATION PROGRAMS

"SEC. 1240M. CONSERVATION OF PRIVATE GRAZING LAND.

"(a) PURPOSE.—It is the purpose of this section to authorize the Secretary to provide a coordinated technical, educational, and related assistance program to conserve and enhance private grazing land resources and provide related benefits to all citizens of the United States by—

"(1) establishing a coordinated and cooperative Federal, State, and local grazing conservation program for management of private grazing land;

"(2) strengthening technical, educational, and related assistance programs that provide assistance to owners and managers of private grazing land;

"(3) conserving and improving wildlife habitat on private grazing land;

"(4) conserving and improving fish habitat and aquatic systems through grazing land conservation treatment;

"(5) protecting and improving water quality;

"(6) improving the dependability and consistency of water supplies;

"(7) identifying and managing weed, noxious weed, and brush encroachment problems on private grazing land; and

"(8) integrating conservation planning and management decisions by owners and managers of private grazing land, on a voluntary basis.

"(b) DEFINITIONS.—In this section:

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

"(2) PRIVATE GRAZING LAND.—The term 'private grazing land' means private, State-owned, tribally-owned, and any other non-federally owned rangeland, pastureland, grazed forest land, and hay land.

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

"(c) PRIVATE GRAZING LAND CONSERVATION ASSISTANCE.—

"(1) ASSISTANCE TO GRAZING LANDOWNERS AND OTHERS.—Subject to the availability of appropriations for this section, the Secretary shall establish a voluntary program to provide technical, educational, and related assistance to owners and managers of private grazing land and public agencies, through local conservation districts, to enable the landowners, managers, and public agencies to voluntarily carry out activities that are consistent with this section, including—

"(A) maintaining and improving private grazing land and the multiple values and uses that depend on private grazing land;

"(B) implementing grazing land management technologies;

"(C) managing resources on private grazing land, including—

"(i) planning, managing, and treating private grazing land resources;

"(ii) ensuring the long-term sustainability of private grazing land resources;

"(iii) harvesting, processing, and marketing private grazing land resources; and

"(iv) identifying and managing weed, noxious weed, and brush encroachment problems;

"(D) protecting and improving the quality and quantity of water yields from private grazing land;

"(E) maintaining and improving wildlife and fish habitat on private grazing land;

"(F) enhancing recreational opportunities on private grazing land;

"(G) maintaining and improving the aesthetic character of private grazing land;

"(H) identifying the opportunities and encouraging the diversification of private grazing land enterprises; and

"(I) encouraging the use of sustainable grazing systems, such as year-round, rotational, or managed grazing.

"(2) PROGRAM ELEMENTS.—

"(A) FUNDING.—If funding is provided to carry out this section, it shall be provided through a specific line-item in the annual appropriations for the Natural Resources Conservation Service.

"(B) TECHNICAL ASSISTANCE AND EDUCATION.—Personnel of the Department trained in pasture and range management shall be made available under the program to deliver and coordinate technical assistance and education to owners and managers of private grazing land, at the request of the owners and managers.

"(d) GRAZING TECHNICAL ASSISTANCE SELF-HELP.—

"(1) FINDINGS.—Congress finds that—

"(A) there is a severe lack of technical assistance for farmers and ranchers that graze livestock;

"(B) Federal budgetary constraints preclude any significant expansion, and may force a reduction of, current levels of technical support; and

"(C) farmers and ranchers have a history of cooperatively working together to address common needs in the promotion of their products and in the drainage of wet areas through drainage districts.

"(2) ESTABLISHMENT OF GRAZING DEMONSTRATION.—In accordance with paragraph (3), the Secretary may establish 2 grazing management demonstration districts at the recommendation of the grazing land conservation initiative steering committee.

"(3) PROCEDURE.—

"(A) PROPOSAL.—Within a reasonable time after the submission of a request of an organization of farmers or ranchers engaged in grazing, the Secretary shall propose that a grazing management district be established.

"(B) FUNDING.—The terms and conditions of the funding and operation of the grazing management district shall be proposed by the producers.

"(C) APPROVAL.—The Secretary shall approve the proposal if the Secretary determines that the proposal—

"(i) is reasonable;

"(ii) will promote sound grazing practices; and

"(iii) contains provisions similar to the provisions contained in the beef promotion and research order issued under section 4 of the Beef Research and Information Act (7 U.S.C. 2903) in effect on April 4, 1996.

"(D) AREA INCLUDED.—The area proposed to be included in a grazing management district shall be determined by the Secretary on the basis of an application by farmers or ranchers.

"(E) AUTHORIZATION.—The Secretary may use authority under the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, to operate, on a demonstration basis, a grazing management district.

"(F) ACTIVITIES.—The activities of a grazing management district shall be scientifically sound activities, as determined by the Secretary in consultation with a technical

advisory committee composed of ranchers, farmers, and technical experts.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $60,000,000 for each of fiscal years 2002 through 2007.

"SEC. 1240N. WILDLIFE HABITAT INCENTIVE PROGRAM.

"(a) IN GENERAL.—The Secretary, in consultation with the State technical committees established under section 1261, shall establish within the Natural Resources Conservation Service a program to be known as the wildlife habitat incentive program (referred to in this section as the 'program').

"(b) COST-SHARE PAYMENTS.—

"(1) IN GENERAL.—Under the program, the Secretary shall make cost-share payments to landowners to develop—

"(A) upland wildlife habitat;

"(B) wetland wildlife habitat;

"(C) habitat for threatened and endangered species;

"(D) fish habitat; and

"(E) other types of wildlife habitat approved by the Secretary.

"(2) INCREASED COST SHARE FOR LONG-TERM AGREEMENTS.—

"(A) IN GENERAL.—In a case in which the Secretary enters into an agreement or contract to protect and restore plant and animal habitat that has a term of at least 15 years, the Secretary may provide cost-share payments in addition to amounts provided under paragraph (1).

"(B) FUNDING LIMITATION.—The Secretary may use, for a fiscal year, not more than 15 percent of funds made available under section 1241(a)(7) for the fiscal year to carry out contracts and agreements described in subparagraph (A).

"(c) REGIONAL EQUITY.—In carrying out this section, the Secretary shall, to the maximum extent practicable, ensure that regional issues of concern relating to wildlife habitat are addressed in an appropriate manner.

"SEC. 1240O. GRASSROOTS SOURCE WATER PROTECTION PROGRAM.

"(a) IN GENERAL.—The Secretary shall establish a national grassroots water protection program to more effectively use onsite technical assistance capabilities of each State rural water association that, as of the date of enactment of this section, operates a wellhead or groundwater protection program in the State.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2007.

"SEC. 1240P. GREAT LAKES BASIN PROGRAM FOR SOIL EROSION AND SEDIMENT CONTROL.

"(a) IN GENERAL.—The Secretary, in consultation with the Great Lakes Commission created by Article IV of the Great Lakes Basin Compact (82 Stat. 415) and in cooperation with the Administrator of the Environmental Protection Agency and the Secretary of the Army, may carry out the Great Lakes basin program for soil erosion and sediment control (referred to in this section as the 'program').

"(b) ASSISTANCE.—In carrying out the program, the Secretary may—

"(1) provide project demonstration grants, provide technical assistance, and carry out information and education programs to improve water quality in the Great Lakes basin by reducing soil erosion and improving sediment control; and

"(2) provide a priority for projects and activities that directly reduce soil erosion or improve sediment control.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2002 through 2007.".

(b) CONFORMING AMENDMENT.—Sections 386 and 387 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 2005b, 3836a) are repealed.

SEC. 2503. FARMLAND PROTECTION PROGRAM.

(a) IN GENERAL.—Chapter 2 of the Food Security Act of 1985 (as amended by section 2001) is amended by adding at the end the following:

"Subchapter B—Farmland Protection Program

"SEC. 1238H. DEFINITIONS.

"In this subchapter:

"(1) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(A) any agency of any State or local government or an Indian tribe (including a farmland protection board or land resource council established under State law); or

"(B) any organization that—

"(i) is organized for, and at all times since the formation of the organization has been operated principally for, 1 or more of the conservation purposes specified in clause (i), (ii), (iii), or (iv) of section 170(h)(4)(A) of the Internal Revenue Code of 1986;

"(ii) is an organization described in section 501(c)(3) of that Code that is exempt from taxation under section 501(a) of that Code;

"(iii) is described in section 509(a)(2) of that Code; or

"(iv) is described in section 509(a)(3), and is controlled by an organization described in section 509(a)(2), of that Code.

"(2) ELIGIBLE LAND.—

"(A) IN GENERAL.—The term 'eligible land' means land on a farm or ranch that—

"(i)(I) has prime, unique, or other productive soil; or

"(II) contains historical or archaeological resources; and

"(ii) is subject to a pending offer for purchase from an eligible entity.

"(B) INCLUSIONS.—The term 'eligible land' includes, on a farm or ranch—

"(i) cropland;

"(ii) rangeland;

"(iii) grassland;

"(iv) pasture land; and

"(v) forest land that is an incidental part of an agricultural operation, as determined by the Secretary.

"(3) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(4) PROGRAM.—The term 'program' means the farmland protection program established under section 1238I(a).

"SEC. 1238I. FARMLAND PROTECTION.

"(a) IN GENERAL.—The Secretary, acting through the Natural Resources Conservation Service, shall establish and carry out a farmland protection program under which the Secretary shall purchase conservation easements or other interests in eligible land that is subject to a pending offer from an eligible entity for the purpose of protecting topsoil by limiting nonagricultural uses of the land.

"(b) CONSERVATION PLAN.—Any highly erodible cropland for which a conservation easement or other interest is purchased under this subchapter shall be subject to the requirements of a conservation plan that requires, at the option of the Secretary, the conversion of the cropland to less intensive uses.

"(c) COST SHARING.—

"(1) FARMLAND PROTECTION.—

"(A) SHARE PROVIDED UNDER THIS SUBSECTION.—The share of the cost of purchasing a conservation easement or other interest in eligible land described in subsection (a) provided under section 1241(d) shall not exceed 50 percent of the appraised fair market value of the conservation easement or other interest in eligible land.

"(B) SHARE NOT PROVIDED UNDER THIS SUBSECTION.—As part of the share of the cost of purchasing a conservation easement or other interest in eligible land described in subsection (a) that is not provided under section 1241(d), an eligible entity may include a charitable donation by the private landowner from which the eligible land is to be purchased of not more than 25 percent of the fair market value of the conservation easement or other interest in eligible land.

"(2) BIDDING DOWN.—If the Secretary determines that 2 or more applications for the purchase of a conservation easement or other interest in eligible land described in subsection (a) are comparable in achieving the purposes of this section, the Secretary shall not assign a higher priority to any 1 of those applications solely on the basis of lesser cost to the farmland protection program established under subsection (a).

"SEC. 1238J. FARM VIABILITY PROGRAM.

"(a) IN GENERAL.—The Secretary may provide to eligible entities identified by the Secretary grants for use in carrying out farm viability programs developed by the eligible entities and approved by the Secretary.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section such sums as are necessary for each of fiscal years 2002 through 2007.".

(b) CONFORMING AMENDMENTS.—

(1) IN GENERAL.—

(A) Section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note; Public Law 104–127) is repealed.

(B) Section 211 of the Agriculture Risk Protection Act of 2000 (16 U.S.C. 3830 note; Public Law 106–224) is amended—

(i) by striking subsection (a); and

(ii) in subsection (b)—

(I) by striking the subsection designation and the subsection heading;

(II) by redesignating paragraphs (1), (2), and (3) as subsections (a), (b), and (c), respectively, and indenting appropriately;

(III) in subsection (a) (as so redesignated), by redesignating subparagraphs (A), (B), and (C) as paragraphs (1), (2), and (3), respectively, and indenting appropriately;

(IV) in subsection (b) (as so redesignated), by striking "ASSISTANCE" and inserting "ASSISTANCE"; and

(V) by striking "subsection" each place it appears and inserting "section".

(2) EFFECT ON CONTRACTS.—The amendment made by paragraph (1)(A) shall have no effect on any contract entered into under section 388 of the Federal Agriculture Improvement and Reform Act of 1996 (16 U.S.C. 3830 note) that is in effect as of the date of enactment of this Act.

SEC. 2504. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

Subtitle H of title XV of the Agriculture and Food Act of 1981 (16 U.S.C. 3451 et seq.) is amended to read as follows:

"Subtitle H—Resource Conservation and Development Program

"SEC. 1528. DEFINITIONS.

"In this subtitle:

"(1) AREA PLAN.—The term 'area plan' means a resource conservation and use plan developed through a planning process by a council for a designated area of 1 or more States, or of land under the jurisdiction of an Indian tribe, that includes 1 or more of the following elements:

"(A) A land conservation element, the purpose of which is to control erosion and sedimentation.

"(B) A water management element that provides 1 or more clear environmental or conservation benefits, the purpose of which is to provide for—

"(i) the conservation, use, and quality of water, including irrigation and rural water supplies;

"(ii) the mitigation of floods and high water tables;

"(iii) the repair and improvement of reservoirs;

"(iv) the improvement of agricultural water management; and

"(v) the improvement of water quality.

"(C) A community development element, the purpose of which is to improve—

"(i) the development of resources-based industries;

"(ii) the protection of rural industries from natural resource hazards;

"(iii) the development of adequate rural water and waste disposal systems;

"(iv) the improvement of recreation facilities;

"(v) the improvement in the quality of rural housing;

"(vi) the provision of adequate health and education facilities;

"(vii) the satisfaction of essential transportation and communication needs; and

"(viii) the promotion of food security, economic development, and education.

"(D) A land management element, the purpose of which is—

"(i) energy conservation, including the production of energy crops;

"(ii) the protection of agricultural land, as appropriate, from conversion to other uses;

"(iii) farmland protection; and

"(iv) the protection of fish and wildlife habitats.

"(2) BOARD.—The term 'Board' means the Resource Conservation and Development Policy Advisory Board established under section 1533(a).

"(3) COUNCIL.—The term 'council' means a nonprofit entity (including an affiliate of the entity) operating in a State that is—

"(A) established by volunteers or representatives of States, local units of government, Indian tribes, or local nonprofit organizations to carry out an area plan in a designated area; and

"(B) designated by the chief executive officer or legislature of the State to receive technical assistance and financial assistance under this subtitle.

"(4) DESIGNATED AREA.—The term 'designated area' means a geographic area designated by the Secretary to receive technical assistance and financial assistance under this subtitle.

"(5) FINANCIAL ASSISTANCE.—The term 'financial assistance' means a grant or loan provided by the Secretary (or the Secretary and other Federal agencies) to, or a cooperative agreement entered into by the Secretary (or the Secretary and other Federal agencies) with, a council, or association of councils, to carry out an area plan in a designated area, including assistance provided for planning, analysis, feasibility studies, training, education, and other activities necessary to carry out the area plan.

"(6) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(7) LOCAL UNIT OF GOVERNMENT.—The term 'local unit of government' means—

"(A) any county, city, town, township, parish, village, or other general-purpose subdivision of a State; and

"(B) any local or regional special district or other limited political subdivision of a State, including any soil conservation district, school district, park authority, and water or sanitary district.

"(8) NONPROFIT ORGANIZATION.—The term 'nonprofit organization' means any organization that is—

"(A) described in section 501(c) of the Internal Revenue Code of 1986; and

"(B) exempt from taxation under section 501(a) of the Internal Revenue Code of 1986.

"(9) PLANNING PROCESS.—The term 'planning process' means actions taken by a council to develop and carry out an effective area plan in a designated area, including development of the area plan, goals, purposes, policies, implementation activities, evaluations and reviews, and the opportunity for public participation in the actions.

"(10) PROJECT.—The term 'project' means a project that is carried out by a council to achieve any of the elements of an area plan.

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

"(12) STATE.—The term 'State' means—

"(A) any State;

"(B) the District of Columbia; or

"(C) any territory or possession of the United States.

"(13) TECHNICAL ASSISTANCE.—The term 'technical assistance' means any service provided by the Secretary or agent of the Secretary, including—

"(A) inventorying, evaluating, planning, designing, supervising, laying out, and inspecting projects;

"(B) providing maps, reports, and other documents associated with the services provided;

"(C) providing assistance for the long-term implementation of area plans; and

"(D) providing services of an agency of the Department of Agriculture to assist councils in developing and carrying out area plans.

"SEC. 1529. RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM.

"The Secretary shall establish a resource conservation and development program under which the Secretary shall provide technical assistance and financial assistance to councils to develop and carry out area plans and projects in designated areas—

"(1) to conserve and improve the use of land, develop natural resources, and improve and enhance the social, economic, and environmental conditions in primarily rural areas of the United States; and

"(2) to encourage and improve the capability of State, units of government, Indian tribes, nonprofit organizations, and councils to carry out the purposes described in paragraph (1).

"SEC. 1530. SELECTION OF DESIGNATED AREAS.

"The Secretary shall select designated areas for assistance under this subtitle on the basis of the elements of area plans.

"SEC. 1531. POWERS OF THE SECRETARY.

"In carrying out this subtitle, the Secretary may—

"(1) provide technical assistance to any council to assist in developing and implementing an area plan for a designated area;

"(2) cooperate with other departments and agencies of the Federal Government, States, local units of government, local Indian tribes, and local nonprofit organizations in conducting surveys and inventories, disseminating information, and developing area plans;

"(3) assist in carrying out an area plan approved by the Secretary for any designated area by providing technical assistance and financial assistance to any council; and

"(4) enter into agreements with councils in accordance with section 1532.

"SEC. 1532. ELIGIBILITY; TERMS AND CONDITIONS.

"(a) ELIGIBILITY.—Technical assistance and financial assistance may be provided by the Secretary under this subtitle to any council to assist in carrying out a project specified in an area plan approved by the Secretary only if—

"(1) the council agrees in writing—

"(A) to carry out the project; and

"(B) to finance or arrange for financing of any portion of the cost of carrying out the project for which financial assistance is not provided by the Secretary under this subtitle;

"(2) the project is included in an area plan and is approved by the council;

"(3) the Secretary determines that assistance is necessary to carry out the area plan;

"(4) the project provided for in the area plan is consistent with any comprehensive plan for the area;

"(5) the cost of the land or an interest in the land acquired or to be acquired under the plan by any State, local unit of government, Indian tribe, or local nonprofit organization is borne by the State, local unit of government, Indian tribe, or local nonprofit organization, respectively; and

"(6) the State, local unit of government, Indian tribe, or local nonprofit organization participating in the area plan agrees to maintain and operate the project.

"(b) LOANS.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), a loan made under this subtitle shall be made on such terms and conditions as the Secretary may prescribe.

"(2) TERM.—A loan for a project made under this subtitle shall have a term of not more than 30 years after the date of completion of the project.

"(3) INTEREST RATE.—A loan made under this subtitle shall bear interest at the average rate of interest paid by the United States on obligations of a comparable term, as determined by the Secretary of the Treasury.

"(c) APPROVAL BY SECRETARY.—Technical assistance and financial assistance under this subtitle may not be made available to a council to carry out an area plan unless the area plan has been submitted to and approved by the Secretary.

"(d) WITHDRAWAL.—The Secretary may withdraw technical assistance and financial assistance with respect to any area plan if the Secretary determines that the assistance is no longer necessary or that sufficient progress has not been made toward developing or implementing the elements of the area plan.

"SEC. 1533. RESOURCE CONSERVATION AND DEVELOPMENT POLICY ADVISORY BOARD.

"(a) ESTABLISHMENT.—The Secretary shall establish within the Department of Agriculture a Resource Conservation and Development Policy Advisory Board.

"(b) COMPOSITION.—

"(1) IN GENERAL.—The Board shall be composed of at least 7 employees of the Department of Agriculture selected by the Secretary.

"(2) CHAIRPERSON.—A member of the Board shall be designated by the Secretary to serve as chairperson of the Board.

"(c) DUTIES.—The Board shall advise the Secretary regarding the administration of this subtitle, including the formulation of policies for carrying out this subtitle.

"SEC. 1534. EVALUATION OF PROGRAM.

"(a) IN GENERAL.—The Secretary, in consultation with councils, shall evaluate the program established under this subtitle to determine whether the program is effectively meeting the needs of, and the purposes identified by, States, units of government, Indian tribes, nonprofit organizations, and councils participating in, or served by, the program.

"(b) REPORT.—Not later than June 30, 2005, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the results of the evaluation, together with any recommendations of the Secretary for continuing, terminating, or modifying the program.

"SEC. 1535. LIMITATION ON ASSISTANCE.

"In carrying out this subtitle, the Secretary shall provide technical assistance and financial assistance with respect to not more than 450 active designated areas.

"SEC. 1536. SUPPLEMENTAL AUTHORITY OF THE SECRETARY.

"The authority of the Secretary under this subtitle to assist councils in the development and implementation of area plans shall be supplemental to, and not in lieu of, any authority of the Secretary under any other provision of law.

"SEC. 1537. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There are authorized to be such sums as are necessary to carry out this subtitle.

"(b) LOANS.—The Secretary shall not use more than $15,000,000 of any funds made available for a fiscal year to make loans under this subtitle.

"(c) AVAILABILITY.—Funds appropriated to carry out this subtitle shall remain available until expended.".

SEC. 2505. SMALL WATERSHED REHABILITATION PROGRAM.

Section 14 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012) is amended by striking subsection (h) and inserting the following:

"(h) FUNDING.—

"(1) FUNDS OF COMMODITY CREDIT CORPORATION.—In carrying out this section, of the funds of the Commodity Credit Corporation, the Secretary shall make available, to remain available until expended—

"(A) $45,000,000 for fiscal year 2003;
"(B) $50,000,000 for fiscal year 2004;
"(C) $55,000,000 for fiscal year 2005;
"(D) $60,000,000 for fiscal year 2006;
"(E) $65,000,000 for fiscal year 2007; and
"(F) $0 for fiscal year 2008.

"(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts made available under paragraph (1), there are authorized to be appropriated to the Secretary to carry out this section, to remain available until expended—

"(A) $45,000,000 for fiscal year 2003;
"(B) $55,000,000 for fiscal year 2004;
"(C) $65,000,000 for fiscal year 2005;
"(D) $75,000,000 for fiscal year 2006; and
"(E) $85,000,000 for fiscal year 2007.".

SEC. 2506. USE OF SYMBOLS, SLOGANS, AND LOGOS.

Section 356 of the Federal Agriculture Improvement Act of 1996 (16 U.S.C. 5801 et seq.) is amended—

(1) in subsection (c)—

(A) by redesignating paragraphs (4) through (7) as paragraphs (5) through (8), respectively; and

(B) by inserting after paragraph (3) the following:

"(4) on the written approval of the Secretary, to use, license, or transfer symbols, slogans, and logos of the Foundation (exclusive of any symbol or logo of a governmental entity);"; and

(2) in subsection (d), by adding at the end the following:

"(3) USE OF SYMBOLS, SLOGANS, AND LOGOS OF THE FOUNDATION.—

"(A) IN GENERAL.—The Secretary may authorize the Foundation to use, license, or transfer symbols, slogans, and logos of the Foundation.

"(B) INCOME.—

"(i) IN GENERAL.—All revenue received by the Foundation from the use, licensing, or transfer of symbols, slogans, and logos of the Foundation shall be transferred to the Secretary.

"(ii) CONSERVATION OPERATIONS.—The Secretary shall transfer all revenue received under clause (i) to the account within the Natural Resources Conservation Service that is used to carry out conservation operations.".

SEC. 2507. DESERT TERMINAL LAKES.

"(a) IN GENERAL.—Subject to subsection (b), as soon as practicable after the date of enactment of this Act, the Secretary of Agriculture shall transfer $200,000,000 of the funds of the Commodity Credit Corporation to the Bureau of Reclamation Water and Related Resources Account, which funds shall—

"(1) be used by the Secretary of the Interior, acting through the Commissioner of Reclamation, to provide water to at-risk natural desert terminal lakes; and

"(2) remain available until expended.

"(b) LIMITATION.—The funds described in subsection (a) shall not be used to purchase or lease water rights.

Subtitle G—Conservation Corridor Demonstration Program

SEC. 2601. DEFINITIONS.

In this subtitle:

(1) DELMARVA PENINSULA.—The term "Delmarva Peninsula" means land in the States of Delaware, Maryland, and Virginia located on the east side of the Chesapeake Bay.

(2) DEMONSTRATION PROGRAM.—The term "demonstration program" means the Conservation Corridor Demonstration Program established under this subtitle.

(3) CONSERVATION CORRIDOR PLAN; PLAN.—The terms "conservation corridor plan" and "plan" mean a conservation corridor plan required to be submitted and approved as a condition for participation in the demonstration program.

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

SEC. 2602. CONSERVATION CORRIDOR DEMONSTRATION PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall carry out a demonstration program, to be known as the "Conservation Corridor Demonstration Program", under which any of the States of Delaware, Maryland, and Virginia, a local government of any 1 of those States with jurisdiction over land on the Delmarva Peninsula, or a combination of those States, may submit a conservation corridor plan to integrate agriculture and forestry conservation programs of the Department of Agriculture with State and local efforts to address farm conservation needs.

(b) SUBMISSION OF CONSERVATION CORRIDOR PLAN.—

(1) SUBMISSION AND PROPOSAL.—To be eligible to participate in the demonstration program, a State, local government, or combination of States referred to in subsection (a) shall—

(A) submit to the Secretary a conservation corridor plan that—

(i) proposes specific criteria and commitment of resources in the geographic region designated in the plan; and

(ii) describes how the linkage of Federal, State, and local resources will improve—

(I) the economic viability of agriculture; and

(II) the environmental integrity of the watersheds in the Delmarva Peninsula; and

(B) demonstrate to the Secretary that, in developing the plan, the State, local government, or combination of States has solicited and taken into account the views of local residents.

(2) DRAFT MEMORANDUM OF AGREEMENT.—If the conservation corridor plan is submitted by more than 1 State, the plan

shall provide a draft memorandum of agreement among entities in each submitting State.

(c) REVIEW OF PLAN.—Not later than 90 days after the date of receipt of a conservation corridor plan, the Secretary—

(1) shall review the plan; and

(2) may approve the plan for implementation under this subtitle if the Secretary determines that the plan meets the requirements specified in subsection (d).

(d) CRITERIA FOR APPROVAL.—The Secretary may approve a conservation corridor plan only if, as determined by the Secretary, the plan provides for each of the following:

(1) VOLUNTARY ACTIONS.—Actions taken under the plan—

(A) are voluntary;

(B) require the consent of willing landowners; and

(C) provide a mechanism by which the landowner may withdraw such consent without adverse consequences other than the loss of any payments to the landowner conditioned on continued enrollment of the land.

(2) LAND OF HIGH CONSERVATION VALUE.—Criteria specified in the plan ensure that land enrolled in each conservation program incorporated through the plan are of exceptionally high conservation value, as determined by the Secretary.

(3) NO EFFECT ON UNENROLLED LAND.—The enrollment of land in a conservation program incorporated through the plan will neither—

(A) adversely affect any adjacent land not so enrolled; nor

(B) create any buffer zone on such unenrolled land.

(4) GREATER BENEFITS.—The conservation programs incorporated through the plan provide benefits greater than the benefits that would likely be achieved through individual application of the conservation programs.

(5) SUFFICIENT STAFFING.—Staffing, considering both Federal and non-Federal resources, is sufficient to ensure success of the plan.

SEC. 2603. IMPLEMENTATION OF CONSERVATION CORRIDOR PLAN.

(a) MEMORANDUM OF AGREEMENT.—On approval of a conservation corridor plan, the Secretary may enter into a memorandum of agreement with the State, local government, or combination of States that submitted the plan to—

(1) guarantee specific program resources for implementation of the plan;

(2) establish various compensation rates to the extent that the parties to the agreement consider justified; and

(3) provide streamlined and integrated paperwork requirements.

(b) CONTINUED COMPLIANCE WITH PLAN APPROVAL CRITERIA.—The Secretary shall terminate the memorandum of agreement entered into under subsection (a) with respect to an approved conservation corridor plan and cease the provision of resources for implementation of the plan if the Secretary determines that, in the implementation of the plan—

(1) the State, local government, or combination of States that submitted the plan has deviated from—

(A) the plan;

(B) the criteria specified in section 2602(d) on which approval of the plan was conditioned; or

(C) the cost-sharing requirements of section 2604(a) or any other condition of the plan; or

(2) the economic viability of agriculture in the geographic region designated in the plan is being hindered.

(c) PROGRESS REPORT.—At the end of the 3-year period that begins on the date on which funds are first provided with respect to a conservation corridor plan under the demonstration program, the State, local government, or combination of States that submitted the plan shall submit to the Secretary—

(1) a report on the effectiveness of the activities carried out under the plan; and

(2) an evaluation of the economic viability of agriculture in the geographic region designated in the plan.

(d) DURATION.—The demonstration program shall be carried out for not less than 3 nor more than 5 years beginning on the date on which funds are first provided under the demonstration program.

SEC. 2604. FUNDING REQUIREMENTS.

(a) COST SHARING.—

(1) REQUIRED NON-FEDERAL SHARE.—Subject to paragraph (2), as a condition on the approval of a conservation corridor plan, the Secretary shall require the State and local participants to contribute financial resources sufficient to cover at least 50 percent of the total cost of the activities carried out under the plan.

(2) EXCEPTION.—The Secretary may reduce the cost-sharing requirement in the case of a specific project or activity under the demonstration program on good cause and on demonstration that the project or activity is likely to achieve extraordinary natural resource benefits.

(b) RESERVATION OF FUNDS.—The Secretary may consider directing funds on a priority basis to the demonstration program and to projects in areas identified by the plan.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subtitle for each of fiscal years 2002 through 2007.

Subtitle H—Funding and Administration

SEC. 2701. FUNDING AND ADMINISTRATION.

Subtitle E of the Food Security Act of 1985 is amended by striking sections 1241 and 1242 (16 U.S.C. 3841, 3842) and inserting the following:

"SEC. 1241. COMMODITY CREDIT CORPORATION.

"(a) IN GENERAL.—For each of fiscal years 2002 through 2007, the Secretary shall use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out the following programs under subtitle D (including the provision of technical assistance):

"(1) The conservation reserve program under subchapter B of chapter 1.

"(2) The wetlands reserve program under subchapter C of chapter 1.

"(3) The conservation security program under subchapter A of chapter 2.

"(4) The farmland protection program under subchapter B of chapter 2, using, to the maximum extent practicable—

"(A) $50,000,000 in fiscal year 2002;

"(B) $100,000,000 in fiscal year 2003;

"(C) $125,000,000 in each of fiscal years 2004 and 2005;

"(D) $100,000,000 in fiscal year 2006; and

"(E) $97,000,000 in fiscal year 2007.

"(5) The grassland reserve program under subchapter C of chapter 2, using, to the maximum extent practicable $254,000,000 for the period of fiscal years 2003 through 2007.

"(6) The environmental quality incentives program under chapter 4, using, to the maximum extent practicable—

"(A) $400,000,000 in fiscal year 2002;

"(B) $700,000,000 in fiscal year 2003;

"(C) $1,000,000,000 in fiscal year 2004;

"(D) $1,200,000,000 in each of fiscal years 2005 and 2006; and

"(E) $1,300,000,000 in fiscal year 2007.

"(7) The wildlife habitat incentives program under section 1240N, using, to the maximum extent practicable—

"(A) $15,000,000 in fiscal year 2002;

"(B) $30,000,000 in fiscal year 2003;

"(C) $60,000,000 in fiscal year 2004; and

"(D) $85,000,000 in each of fiscal years 2005 through 2007.

"(b) SECTION 11.—Nothing in this section affects the limit on expenditures for technical assistance imposed by section 11 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714i).

"(c) REGIONAL EQUITY.—Before April 1 of each fiscal year, the Secretary shall give priority for funding under the conservation programs under subtitle D (excluding the conservation reserve program under subchapter B of chapter 1, the wetlands reserve program under subchapter C of chapter 1, and the conservation security program under subchapter A of chapter 2) to approved applications in any State that has not received, for the fiscal year, an aggregate amount of at least $12,000,000 for those conservation programs.

"SEC. 1242. DELIVERY OF TECHNICAL ASSISTANCE.

"(a) IN GENERAL.—The Secretary shall provide technical assistance under this title to a producer eligible for that assistance—

"(1) directly; or

"(2) at the option of the producer, through a payment, as determined by the Secretary, to the producer for an approved third party, if available.

"(b) CERTIFICATION OF THIRD-PARTY PROVIDERS.—

"(1) IN GENERAL.—Not later than 180 days after the date of enactment of the Farm Security and Rural Investment Act of 2002, the Secretary shall, by regulation, establish a system for—

"(A) approving individuals and entities to provide technical assistance to carry out programs under this title (including criteria for the evaluation of providers or potential providers of technical assistance); and

"(B) establishing the amounts and methods for payments for that assistance.

"(2) EXPERTISE.—In promulgating regulations to carry out this subsection the Secretary shall ensure that persons with expertise in the technical aspects of conservation planning, watershed planning, environmental engineering (including commercial entities, nonprofit entities, State or local governments or agencies, and other Federal agencies), are eligible to become approved providers of the technical assistance.

"(3) INTERIM ASSISTANCE.—

"(A) IN GENERAL.—A person that has provided technical assistance in accordance with an agreement between the person and the Secretary before the date of enactment of the Farm Security and Rural Investment Act of 2002 may continue to provide technical assistance under this section until the date on which the Secretary establishes the system described in paragraph (1).

"(B) EVALUATION.—If a person described in subparagraph (A) seeks to continue to provide technical assistance after the date referred to in subparagraph (A), the Secretary shall evaluate the person using criteria referred to in paragraph (1).

"(4) NON-FEDERAL ASSISTANCE.—The Secretary may request the services of, and enter into cooperative agreements or contracts with, non-Federal entities to assist the Secretary in providing technical assistance necessary to develop and implement conservation programs under this title.".

SEC. 2702. REGULATIONS.

(a) IN GENERAL.—Except as otherwise provided in this title or an amendment made by this title, not later than 90 days after the date of enactment of this Act, the Secretary of Agriculture, in consultation with the Commodity Credit Corporation, shall promulgate such regulations as are necessary to implement this title.

(b) APPLICABLE AUTHORITY.—The promulgation of regulations under subsection (a) and administration of this title—

(1) shall—

(A) be carried out without regard to chapter 35 of title 44, United States Code (commonly known as the Paperwork Reduction Act); and

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

(2) may—

(A) be promulgated with an opportunity for notice and comment; or

(B) if determined to be appropriate by the Secretary of Agriculture or the Commodity Credit Corporation, as an interim rule effective on publication with an opportunity for notice and comment.

(c) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this section, the Secretary shall use the authority provided under section 808(2) of title 5, United States Code.

TITLE III—TRADE

Subtitle A—Agricultural Trade Development and Assistance Act of 1954 and Related Statutes

SEC. 3001. UNITED STATES POLICY.

Section 2 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691) is amended—

(1) in paragraph (4), by striking "and" at the end;

(2) in paragraph (5), by striking the period at the end and inserting "; and"; and

(3) by adding at the end the following:

"(6) prevent conflicts.".

SEC. 3002. PROVISION OF AGRICULTURAL COMMODITIES.

Section 202 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1722) is amended—

(1) in subsection (b), by adding at the end the following:

"(3) PROGRAM DIVERSITY.—The Administrator shall—

"(A) encourage eligible organizations to propose and implement program plans to address 1 or more aspects of the program under section 201; and

"(B) consider proposals that incorporate a variety of program objectives and strategic plans based on the identification by eligible organizations of appropriate activities, consistent with section 201, to assist development of foreign countries.";

(2) in subsection (e)(1), by striking "not less than $10,000,000, and not more than $28,000,000," and inserting "not less than 5 percent nor more than 10 percent of the funds"; and

(3) by adding at the end the following:

"(h) STREAMLINED PROGRAM MANAGEMENT.—

"(1) IMPROVEMENTS.—Not later than 1 year after the date of enactment of this subsection, the Administrator shall—

"(A) streamline program procedures and guidelines under this title for agreements with eligible organizations for programs in 1 or more countries; and

"(B) effective beginning with fiscal year 2004, to the maximum extent practicable, incorporate the changes into the procedures and guidelines for programs and the guidelines for resource requests.

"(2) STREAMLINED PROCEDURES AND GUIDELINES.—In carrying out paragraph (1), the Administrator shall make improvements in the Office of Food for Peace management systems that include—

"(A) expedition of and greater consistency in the program review and approval process under this title;

"(B) streamlining of information collection and reporting systems by identifying the critical information that needs to be monitored and reported on by eligible organizations; and

"(C) for approved programs, provision of greater flexibility for an eligible organization to make modifications in program activities to achieve program results with streamlined procedures for reporting such modifications.

"(3) CONSULTATION.—

"(A) IN GENERAL.—Paragraphs (1) and (2) shall be carried out in accordance with section 205 and subsections (b) and (c) of section 207.

"(B) CONSULTATION WITH CONGRESSIONAL COMMITTEES.—Not later than 180 days after the date of enactment of this subsection, the Administrator shall consult with the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on progress made in carrying out this subsection.

"(4) REPORT.—Not later than 270 days after the date of enactment of this subsection, the Administrator shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the improvements made and planned upgrades in the information management, procurement, and financial management systems to administer this title.".

SEC. 3003. GENERATION AND USE OF CURRENCIES BY PRIVATE VOLUNTARY ORGANIZATIONS AND COOPERATIVES.

Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

*(1) in the section heading, by striking "**FOREIGN**";*

(2) in subsection (a), by striking "the recipient country, or in a country" and inserting "1 or more recipient countries, or 1 or more countries";

(3) in subsection (b)—

(A) by striking "in recipient countries, or in countries" and inserting "1 or more recipient countries, or in 1 or more countries"; and

(B) by striking "foreign currency";

(4) in subsection (c)—

(A) by striking "foreign currency"; and

(B) by striking "the recipient country, or in a country" and inserting "1 or more recipient countries, or in 1 or more countries"; and

(5) in subsection (d)—

(A) by striking "Foreign currencies" and inserting "Proceeds";

(B) in paragraph (2)—

(i) by striking "income generating" and inserting "income-generating"; and

(ii) by striking "the recipient country or within a country" and inserting "1 or more recipient countries or within 1 or more countries"; and

(C) in paragraph (3)—

(i) by inserting a comma after "invested"; and

(ii) by inserting a comma after "used".

SEC. 3004. LEVELS OF ASSISTANCE.

Section 204(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724(a)) is amended—

(1) by striking "1996 through 2002" each place it appears and inserting "2002 through 2007";

(2) in paragraph (1), by striking "2,025,000" and inserting "2,500,000"; and

(3) in paragraph (2), by striking "1,550,000 metric tons" and inserting "1,875,000 metric tons".

SEC. 3005. FOOD AID CONSULTATIVE GROUP.

Section 205(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1725(f)) is amended by striking "2002" and inserting "2007".

SEC. 3006. MAXIMUM LEVEL OF EXPENDITURES.

Section 206 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726) is repealed.

SEC. 3007. ADMINISTRATION.

Section 207 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726a) is amended—

(1) in subsection (a)—

(A) by redesignating paragraph (2) as paragraph (3); and

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

"(1) RECIPIENT COUNTRIES.—A proposal to enter into a nonemergency food assistance agreement under this title shall identify the recipient country or countries that are the subject of the agreement.

"(2) TIMING.—Not later than 120 days after the date of receipt by the Administrator of a proposal submitted by an eligible organization under this title, the Administrator shall determine whether to accept the proposal.";

(2) in subsection (b), by striking "guideline" each place it appears and inserting "guideline or annual policy guidance"; and

(3) by adding at the end the following:

"(e) TIMELY APPROVAL.—

"(1) IN GENERAL.—The Administrator is encouraged to finalize program agreements and resource requests for programs under this section before the beginning of each fiscal year.

"(2) REPORT.—Not later than December 1 of each year, the Administrator shall submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that contains—

"(A) a list of programs, countries, and commodities approved to date for assistance under this section; and

"(B) a statement of the total amount of funds approved to date for transportation and administrative costs under this section.".

SEC. 3008. ASSISTANCE FOR STOCKPILING AND RAPID TRANSPORTATION, DELIVERY, AND DISTRIBUTION OF SHELF-STABLE PREPACKAGED FOODS.

Section 208(f) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1726b(f)) is amended by striking "and 2002" and inserting "through 2007".

SEC. 3009. SALE PROCEDURE.

(a) IN GENERAL.—Section 403 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733) is amended—

(1) in subsection (e)—

(A) by striking "In carrying" and inserting the following:

"(1) IN GENERAL.—In carrying"; and

(B) by adding at the end the following:

"(2) SALE PRICE.—Sales of agricultural commodities described in paragraph (1) shall be made at a reasonable market price in the economy where the agricultural commodity is to be sold, as determined by the Secretary or the Administrator, as appropriate."; and

(2) by adding at the end the following:

"(l) SALE PROCEDURE.—

"(1) IN GENERAL.—Subsections (b) and (h) shall apply to sales of commodities in recipient countries to generate proceeds to carry out projects under—

"(A) titles I and II;

"(B) section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)); and

"(C) the Food for Progress Act of 1985 (7 U.S.C. 1736o).

"(2) CURRENCY.—A sale described in paragraph (1) may be made in United States dollars or other currencies.".

(b) CONFORMING AMENDMENTS.—

(1) Section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) is amended by adding at the end the following:

"(10) SALE PROCEDURE.—In approving sales of commodities under this subsection, the Secretary shall follow the sale procedure described in section 403(l) of the Agricultural Trade Development and Assistance Act of 1954.".

(2) Subsection (f) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(f)) is amended by adding at the end the following:

"(5) SALE PROCEDURE.—In making sales of eligible commodities under this section, the Secretary shall follow the sale procedure described in section 403(l) of the Agricultural Trade Development and Assistance Act of 1954.".

SEC. 3010. PREPOSITIONING.

Section 407(c)(4) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a(c)(4)) is amended by striking "and 2002" and inserting "through 2007".

SEC. 3011. TRANSPORTATION AND RELATED COSTS.

Section 407(c)(1) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736a(c)(1)) is amended—

(1) by striking "The Administrator" and inserting the following:

"(A) IN GENERAL.—The Administrator"; and

(2) by adding at the end the following:

"(B) CERTAIN COMMODITIES MADE AVAILABLE FOR NONEMERGENCY ASSISTANCE.—In the case of agricultural commodities made available for nonemergency assistance under title II for least developed countries that meet the poverty and other eligibility criteria established by the International Bank for Reconstruction and Development for financing under the International Development Association, the Administrator may pay the transportation costs incurred in moving the agricultural commodities from designated points of entry or ports of entry abroad to storage and distribution sites and associated storage and distribution costs.".

SEC. 3012. EXPIRATION DATE.

Section 408 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736b) is amended by striking "2002" and inserting "2007".

SEC. 3013. MICRONUTRIENT FORTIFICATION PROGRAMS.

Section 415 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736g–2) is amended—

*(1) in the section heading, by striking "***PILOT PROGRAM.***" and inserting "***PROGRAMS.***";*

(2) in subsection (a)—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and adjusting the margins appropriately;

(B) by striking the first sentence and inserting the following:

"(1) PROGRAMS.—Not later than September 30, 2003, the Administrator, in consultation with the Secretary, shall establish micronutrient fortification programs."; and

(C) in the second sentence, by striking "The purpose of the program" and inserting the following:

"(2) PURPOSE.—The purpose of a program"; and

(D) in paragraph (2) (as designated by subparagraph (C))—

(i) in subparagraph (A), by striking "and" at the end;

(ii) in subparagraph (B)—

(I) by striking "whole"; and

(II) by striking the period at the end and inserting "; and"; and

(iii) by adding at the end the following:

"(C) assess and apply technologies and systems to improve and ensure the quality, shelf life, bioavailability, and safety of fortified food aid commodities, and products of those commodities, that are provided to developing countries, by using the same mechanism that was used to assess the micronutrient fortification program in the report entitled 'Micronutrient Compliance Review of Fortified P.L. 480 Commodities', published October 2001 with funds from the Bureau for Humanitarian Response of the United States Agency for International Development.";

(3) in subsection (b), by striking "the pilot program" and inserting "a program under this section";

(4) in the first sentence of subsection (c)—

(A) by striking "the pilot program, whole" and inserting "a program,";

(B) by striking "the pilot program may" and inserting "a program may";

(C) by striking "including" and inserting "such as"; and

(D) by striking "and iodine" and inserting "iodine, and folic acid"; and

(5) in subsection (d)—

(A) by striking "the pilot program" and inserting "programs"; and

(B) by striking "2002" and inserting "2007".

SEC. 3014. JOHN OGONOWSKI FARMER-TO-FARMER PROGRAM.

Section 501 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737) is amended to read as follows:

"SEC. 501. JOHN OGONOWSKI FARMER-TO-FARMER PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) CARIBBEAN BASIN COUNTRY.—The term 'Caribbean Basin country' means a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702).

"(2) EMERGING MARKET.—The term 'emerging market' means a country that the Secretary determines—

"(A) is taking steps toward a market-oriented economy through the food, agriculture, or rural business sectors of the economy of the country; and

"(B) has the potential to provide a viable and significant market for United States agricultural commodities or products of United States agricultural commodities.

"(3) MIDDLE INCOME COUNTRY.—The term 'middle income country' means a country that has developed economically to the point at which the country does not receive bilateral development assistance from the United States.

"(4) SUB-SAHARAN AFRICAN COUNTRY.—The term 'sub-Saharan African country' has the meaning given the term in section 107 of the Trade and Development Act of 2000 (19 U.S.C. 3706).

"(b) PROVISION.—Notwithstanding any other provision of law, to further assist developing countries, middle-income countries, emerging markets, sub-Saharan African countries, and Caribbean Basin countries to increase farm production and farmer incomes, the President may—

"(1) establish and administer a program, to be known as the 'John Ogonowski Farmer-to-Farmer Program', of farmer-to-farmer assistance between the United States and such countries to assist in—

"(A) increasing food production and distribution; and

"(B) improving the effectiveness of the farming and marketing operations of agricultural producers in those countries;

"(2) use United States agricultural producers, agriculturalists, colleges and universities (including historically black colleges and universities, land grant colleges or universities, and foundations maintained by colleges or universities),

private agribusinesses, private organizations (including grassroots organizations with an established and demonstrated capacity to carry out such a bilateral exchange program), private corporations, and nonprofit farm organizations to work in conjunction with agricultural producers and farm organizations in those countries, on a voluntary basis—

"(A) to improve agricultural and agribusiness operations and agricultural systems in those countries, including improving—

"(i) animal care and health;
"(ii) field crop cultivation;
"(iii) fruit and vegetable growing;
"(iv) livestock operations;
"(v) food processing and packaging;
"(vi) farm credit;
"(vii) marketing;
"(viii) inputs; and
"(ix) agricultural extension; and

"(B) to strengthen cooperatives and other agricultural groups in those countries;

"(3) transfer the knowledge and expertise of United States agricultural producers and businesses, on an individual basis, to those countries while enhancing the democratic process by supporting private and public agriculturally related organizations that request and support technical assistance activities through cash and in-kind services;

"(4) to the maximum extent practicable, make grants to or enter into contracts or other cooperative agreements with private voluntary organizations, cooperatives, land grant universities, private agribusiness, or nonprofit farm organizations to carry out this section (except that any such contract or other agreement may obligate the United States to make outlays only to the extent that the budget authority for such outlays is available under subsection (d) or has otherwise been provided in advance in appropriation Acts);

"(5) coordinate programs established under this section with other foreign assistance programs and activities carried out by the United States; and

"(6) to the extent that local currencies can be used to meet the costs of a program established under this section, augment funds of the United States that are available for such a program through the use, within the country in which the program is being conducted, of—

"(A) foreign currencies that accrue from the sale of agricultural commodities and products under this Act; and

"(B) local currencies generated from other types of foreign assistance activities.

"(c) SPECIAL EMPHASIS ON SUB-SAHARAN AFRICAN AND CARIBBEAN BASIN COUNTRIES.—

"(1) FINDINGS.—Congress finds that—

"(A) agricultural producers in sub-Saharan African and Caribbean Basin countries need training in agricultural techniques that are appropriate for the majority of eligible agricultural producers in those countries, including training in—

"(i) standard growing practices;

"(ii) insecticide and sanitation procedures; and

"(iii) other agricultural methods that will produce increased yields of more nutritious and healthful crops;

"(B) agricultural producers in the United States (including African-American agricultural producers) and banking and insurance professionals have agribusiness expertise that would be invaluable for agricultural producers in sub-Saharan African and Caribbean Basin countries;

"(C) a commitment by the United States is appropriate to support the development of a comprehensive agricultural skills training program for those agricultural producers that focuses on—

"(i) improving knowledge of insecticide and sanitation procedures to prevent crop destruction;

"(ii) teaching modern agricultural techniques that would facilitate a continual analysis of crop production, including—

"(I) the identification and development of standard growing practices; and

"(II) the establishment of systems for recordkeeping;

"(iii) the use and maintenance of agricultural equipment that is appropriate for the majority of eligible agricultural producers in sub-Saharan African or Caribbean Basin countries;

"(iv) the expansion of small agricultural operations into agribusiness enterprises by increasing access to credit for agricultural producers through—

"(I) the development and use of village banking systems; and

"(II) the use of agricultural risk insurance pilot products; and

"(v) marketing crop yields to prospective purchasers (including businesses and individuals) for local needs and export; and

"(D) programs that promote the exchange of agricultural knowledge and expertise through the exchange of American and foreign agricultural producers have been effective in promoting improved agricultural techniques and food security and the extension of additional resources to such farmer-to-farmer exchanges is warranted.

"(2) GOALS FOR PROGRAMS CARRIED OUT IN SUB-SAHARAN AFRICAN AND CARIBBEAN COUNTRIES.—The goals of programs carried out under this section in sub-Saharan African and Caribbean Basin countries shall be—

"(A) to expand small agricultural operations in those countries into agribusiness enterprises by increasing access to credit for agricultural producers through—

"(i) the development and use of village banking systems; and

"(ii) the use of agricultural risk insurance pilot products;

"(B) to provide training to agricultural producers in those countries that will—

"(i) enhance local food security; and

"(ii) help mitigate and alleviate hunger;

"(C) to provide training to agricultural producers in those countries in groups to encourage participants to share and pass on to other agricultural producers in the home communities of the participants, the information and skills obtained from the training, rather than merely retaining the information and skills for the personal enrichment of the participants; and

"(D) to maximize the number of beneficiaries of the programs in sub-Saharan African and Caribbean Basin countries.

"(d) MINIMUM FUNDING.—Notwithstanding any other provision of law, in addition to any funds that may be specifically appropriated to carry out this section, not less than 0.5 percent of the amounts made available for each of fiscal years 2002 through 2007 to carry out this Act shall be used to carry out programs under this section, with—

"(1) not less than 0.2 percent to be used for programs in developing countries; and

"(2) not less than 0.1 percent to be used for programs in sub-Saharan African and Caribbean Basin countries.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There is authorized to be appropriated to carry out programs under this section in sub-Saharan African and Caribbean Basin countries $10,000,000 for each of fiscal years 2002 through 2007.

"(2) ADMINISTRATIVE COSTS.—Not more than 5 percent of the funds made available for a fiscal year under paragraph (1) may be used to pay administrative costs incurred in carrying out programs in sub-Saharan African and Caribbean Basin countries.".

Subtitle B—Agricultural Trade Act of 1978

SEC. 3101. EXPORTER ASSISTANCE INITIATIVE.

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

"SEC. 107. EXPORTER ASSISTANCE INITIATIVE.

"To provide a comprehensive source of information to facilitate exports of United States agricultural commodities, the Secretary shall maintain on a website on the Internet information to assist exporters and potential exporters of United States agricultural commodities.".

SEC. 3102. EXPORT CREDIT GUARANTEE PROGRAM.

(a) TERMS OF SUPPLIER CREDIT PROGRAM.—Section 202(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(a)) is amended by adding at the end the following:

"(3) EXTENDED SUPPLIER CREDITS.—

"(A) IN GENERAL.—Subject to the appropriation of funds under subparagraph (B), in carrying out this section, the Commodity Credit Corporation may issue guarantees for the repayment of credit made available for a period of

more than 180 days, but not more than 360 days, by a United States exporter to a buyer in a foreign country.

"(B) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to fund the additional costs attributable to the portion of any guarantee issued under this paragraph to cover the repayment of credit beyond the initial 180-day period.".

(b) PROCESSED AND HIGH-VALUE PRODUCTS.—Section 202(k)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5622(k)(1)) is amended by striking ", 2001, and 2002" and inserting "through 2007".

(c) REPORT.—Section 202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622) is amended by adding at the end the following:

"(l) CONSULTATION ON AGRICULTURAL EXPORT CREDIT PROGRAMS.—The Secretary and the United States Trade Representative shall consult on a regular basis with the Committee on Agriculture, and the Committee on International Relations, of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the status of multilateral negotiations regarding agricultural export credit programs.".

(d) REAUTHORIZATION.—Section 211(b)(1) of the Agricultural Trade Act of 1978 (7 U.S.C. 5641(b)(1)) is amended by striking "2002" and inserting "2007".

SEC. 3103. MARKET ACCESS PROGRAM.

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

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively, and indenting appropriately;

(2) by striking "The Commodity" and inserting the following:

"(1) IN GENERAL.—The Commodity";

(3) by striking subparagraph (A) (as so redesignated) and inserting the following:

"(A) in addition to any funds that may be specifically appropriated to implement a market access program, not more than $90,000,000 for fiscal year 2001, $100,000,000 for fiscal year 2002, $110,000,000 for fiscal year 2003, $125,000,000 for fiscal year 2004, $140,000,000 for fiscal year 2005, and $200,000,000 for each of fiscal years 2006 and 2007, of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation; and"; and

(4) by adding at the end the following:

"(2) PROGRAM PRIORITIES.—In providing any amount of funds made available under paragraph (1)(A) for any fiscal year that is in excess of the amount made available under paragraph (1)(A) for fiscal year 2001, the Secretary shall, to the maximum extent practicable—

"(A) give equal consideration to—

"(i) proposals submitted by organizations that were participating organizations in prior fiscal years; and

"(ii) proposals submitted by eligible trade organizations that have not previously participated in the program established under this title; and

"(B) give equal consideration to—

"(i) proposals submitted for activities in emerging markets; and

"(ii) proposals submitted for activities in markets other than emerging markets.".

SEC. 3104. EXPORT ENHANCEMENT PROGRAM.

(a) IN GENERAL.—Section 301(e)(1)(G) of the Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)(G)) is amended by striking "fiscal year 2002" and inserting "each of fiscal years 2002 through 2007".

(b) UNFAIR TRADE PRACTICES.—Section 102(5)(A) of the Agricultural Trade Act of 1978 (7 U.S.C. 5602(5)(A)) is amended—

(1) in clause (i), by striking "or" at the end; and

(2) by striking clause (ii) and inserting the following:

"(ii) in the case of a monopolistic state trading enterprise engaged in the export sale of an agricultural commodity, implements a pricing practice that is inconsistent with sound commercial practice;

"(iii) provides a subsidy that—

"(I) decreases market opportunities for United States exports; or

"(II) unfairly distorts an agricultural market to the detriment of United States exporters;

"(iv) imposes an unfair technical barrier to trade, including—

"(I) a trade restriction or commercial requirement (such as a labeling requirement) that adversely affects a new technology (including biotechnology); and

"(II) an unjustified sanitary or phytosanitary restriction (including any restriction that, in violation of the Uruguay Round Agreements, is not based on scientific principles;

"(v) imposes a rule that unfairly restricts imports of United States agricultural commodities in the administration of tariff rate quotas; or

"(vi) fails to adhere to, or circumvents any obligation under, any provision of a trade agreement with the United States.".

SEC. 3105. FOREIGN MARKET DEVELOPMENT COOPERATOR PROGRAM.

(a) VALUE-ADDED PRODUCTS.—

(1) IN GENERAL.—Section 702(a) of the Agricultural Trade Act of 1978 (7 U.S.C. 5722(a)) is amended by inserting ", with a continued significant emphasis on the importance of the export of value-added United States agricultural products into emerging markets" after "products".

(2) REPORT TO CONGRESS.—Section 702 of the Agricultural Trade Act of 1978 (7 U.S.C. 5722) is amended by adding at the end the following:

"(c) REPORT TO CONGRESS.—The Secretary shall annually submit to the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on activities under this section describing the amount of funding provided, the types of programs funded, the value-added products

that have been targeted, and the foreign markets for those products that have been developed.".

(b) FUNDING.—Section 703 of the Agricultural Trade Act of 1978 (7 U.S.C. 5723) is amended to read as follows:

"SEC. 703. FUNDING.

"(a) IN GENERAL.—To carry out this title, the Secretary shall use funds of the Commodity Credit Corporation, or commodities of the Commodity Credit Corporation of a comparable value, in the amount of $34,500,000 for each of fiscal years 2002 through 2007.

"(b) PROGRAM PRIORITIES.—In providing any amount of funds or commodities made available under subsection (a) for any fiscal year that is in excess of the amount made available under this section for fiscal year 2001, the Secretary shall, to the maximum extent practicable—

"(1) give equal consideration to—

"(A) proposals submitted by organizations that were participating organizations in prior fiscal years; and

"(B) proposals submitted by eligible trade organizations that have not previously participated in the program established under this title; and

"(2) give equal consideration to—

"(A) proposals submitted for activities in emerging markets; and

"(B) proposals submitted for activities in markets other than emerging markets.".

SEC. 3106. FOOD FOR PROGRESS.

(a) IN GENERAL.—Subsections (f)(3), (k), and (l)(1) of the Food for Progress Act of 1985 (7 U.S.C. 1736o) are each amended by striking "2002" and inserting "2007".

(b) DEFINITIONS; PROGRAM.—

(1) IN GENERAL.—The Food for Progress Act of 1985 (7 U.S.C. 1736o) is amended by striking subsections (b) and (c) and inserting the following:

"(b) DEFINITIONS.—In this section:

"(1) COOPERATIVE.—The term 'cooperative' has the meaning given the term in section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732).

"(2) CORPORATION.—The term 'Corporation' means the Commodity Credit Corporation.

"(3) DEVELOPING COUNTRY.—The term 'developing country' has the meaning given the term in section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732).

"(4) ELIGIBLE COMMODITY.—The term 'eligible commodity' means an agricultural commodity, or a product of an agricultural commodity, in inventories of the Corporation or acquired by the President or the Corporation for disposition through commercial purchases under a program authorized under this section.

"(5) ELIGIBLE ENTITY.—The term 'eligible entity' means—

"(A) the government of an emerging agricultural country;

"(B) an intergovernmental organization;

"(C) a private voluntary organization;

"(D) a nonprofit agricultural organization or cooperative;

"(E) a nongovernmental organization; and

"(F) any other private entity.

"(6) FOOD SECURITY.—The term 'food security' means access by all people at all times to sufficient food and nutrition for a healthy and productive life.

"(7) NONGOVERNMENTAL ORGANIZATION.—The term 'nongovernmental organization' has the meaning given the term in section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732).

"(8) PRIVATE VOLUNTARY ORGANIZATION.—The term 'private voluntary organization' has the meaning given the term in section 402 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1732).

"(9) PROGRAM.—The term 'program' means a food assistance or development initiative proposed by an eligible entity and approved by the President under this section.

"(c) PROGRAM.—In order to use the food resources of the United States more effectively in support of developing countries, and countries that are emerging democracies that have made commitments to introduce or expand free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement, the President may enter into agreements with eligible entities to furnish to the countries eligible commodities made available under subsections (e) and (f).".

(2) CONFORMING AMENDMENTS.—The Food for Progress Act of 1985 (7 U.S.C. 136o) is amended—

(A) in the first sentence of subsection (d), by striking "food";

(B) in subsection (l)(2), by striking "agricultural";

(C) in subsection (m)(1), by striking "these";

(D) in subsections (d), (e), (f), (h), (j), (l), and (m), by striking "commodities" each place it appears and inserting "eligible commodities"; and

(E) in subsections (e), (f), and (l), by striking "Commodity Credit Corporation" each place it appears and inserting "Corporation"; and

(F) by striking subsection (o).

(c) CONSIDERATION FOR AGREEMENTS.—Subsection (d) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(d)) is amended by striking "(d) In determining" and inserting "(d) CONSIDERATION FOR AGREEMENTS.—In determining".

(d) FUNDING OF ELIGIBLE COMMODITIES.—Subsection (e) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(e)) is amended—

(1) by striking "(e)" and inserting "(e) FUNDING OF ELIGIBLE COMMODITIES.—";

(2) in paragraph (2), by inserting ", and subsection (g) does not apply to eligible commodities furnished on a grant basis or on credit terms under that title" before the period at the end; and

(3) by adding at the end the following:

"(5) NO EFFECT ON DOMESTIC PROGRAMS.—The President shall not make an eligible commodity available for disposition

under this section in any amount that will reduce the amount of the eligible commodity that is traditionally made available through donations to domestic feeding programs or agencies, as determined by the President.

(e) PROVISION OF ELIGIBLE COMMODITIES TO DEVELOPING COUNTRIES.—Subsection (f) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(f)) is amended—

(1) by striking "(f)" and inserting "(f) PROVISION OF ELIGIBLE COMMODITIES TO DEVELOPING COUNTRIES.—"; and

(2) in paragraph (3), by striking "$30,000,000 (or in the case of fiscal year 1999, $35,000,000)" and inserting "$40,000,000".

(f) MINIMUM TONNAGE.—The Food for Progress Act of 1985 is amended by striking subsection (g) (7 U.S.C. 1736o(g)) and inserting the following:

"(g) MINIMUM TONNAGE.—Subject to subsection (f)(3), not less than 400,000 metric tons of eligible commodities may be provided under this section for the program for each of fiscal years 2002 through 2007.".

(g) PROHIBITION ON RESALE OR TRANSSHIPMENT OF ELIGIBLE COMMODITIES.—Subsection (h) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(h)) is amended by striking "(h) An agreement" and inserting "(h) PROHIBITION ON RESALE OR TRANSSHIPMENT OF ELIGIBLE COMMODITIES.—An agreement".

(h) DISPLACEMENT OF UNITED STATES COMMERCIAL SALES.—Subsection (i) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(i)) is amended by striking "(i) In entering" and inserting "(i) DISPLACEMENT OF UNITED STATES COMMERCIAL SALES.—In entering".

(i) MULTICOUNTRY OR MULTIYEAR BASIS.—Subsection (j) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(j)) is amended—

(1) by striking "(j) In carrying out this section, the President may," and inserting the following: "(j) MULTICOUNTRY OR MULTIYEAR BASIS.—

"(1) IN GENERAL.—In carrying out this section, the President,";

(2) by striking "approve" and inserting "is encouraged to approve";

(3) by striking "multiyear" and inserting "multicountry or multiyear"; and

(4) by adding at the end the following:

"(2) DEADLINE FOR PROGRAM ANNOUNCEMENTS.—Before the beginning of any fiscal year, the President shall, to the maximum extent practicable—

"(A) make all determinations concerning program agreements and resource requests for programs under this section; and

"(B) announce those determinations.

"(3) REPORT.—Not later than December 1 of each fiscal year, the President shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a list of programs, countries, and eligible commodities, and the total amount of funds for transportation and administrative costs, approved to date for the fiscal year under this section.".

(j) EFFECTIVE AND TERMINATION DATES.—Subsection (k) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(k)) is amended by striking "(k) This section" and inserting "(k) EFFECTIVE AND TERMINATION DATES.—This section".

(k) ADMINISTRATIVE EXPENSES.—Subsection (l) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(l)) is amended—

(1) by striking "(l)" and inserting "(l) ADMINISTRATIVE EXPENSES.—";

(2) in paragraph (1), by striking "$10,000,000" and inserting "$15,000,000";

(3) in paragraph (3), by striking "local currencies" and inserting "proceeds"; and

(4) by adding at the end the following:

"(4) HUMANITARIAN OR DEVELOPMENT PURPOSES.—The Secretary may authorize the use of proceeds to pay the costs incurred by an eligible entity under this section for—

"(A)(i) programs targeted at hunger and malnutrition; or

"(ii) development programs involving food security;

"(B) transportation, storage, and distribution of eligible commodities provided under this section; and

"(C) administration, sales, monitoring, and technical assistance.".

(l) PRESIDENTIAL APPROVAL.—Subsection (m) of the Food for Progress Act of 1985 (7 U.S.C. 1736o(m)) is amended by striking "(m) In carrying" and inserting "(m) PRESIDENTIAL APPROVAL.—In carrying".

(m) PROGRAM MANAGEMENT.—The Food for Progress Act of 1985 is amended by striking subsection (n) (7 U.S.C. 1736o(n)) and inserting the following:

"(n) PROGRAM MANAGEMENT.—

"(1) IN GENERAL.—The President shall ensure, to the maximum extent practicable, that each eligible entity participating in 1 or more programs under this section—

"(A) uses eligible commodities made available under this section—

"(i) in an effective manner;

"(ii) in the areas of greatest need; and

"(iii) in a manner that promotes the purposes of this section;

"(B) in using eligible commodities, assesses and takes into account the needs of recipient countries and the target populations of the recipient countries;

"(C) works with recipient countries, and indigenous institutions or groups in recipient countries, to design and carry out mutually acceptable programs authorized under this section; and

"(D) monitors and reports on the distribution or sale of eligible commodities provided under this section using methods that, as determined by the President, facilitate accurate and timely reporting.

"(2) REQUIREMENTS.—

"(A) IN GENERAL.—Not later than 270 days after the date of enactment of this paragraph, the President shall review and, as necessary, make changes in regulations and

internal procedures designed to streamline, improve, and clarify the application, approval, and implementation processes pertaining to agreements under this section.

"(B) CONSIDERATIONS.—In conducting the review, the President shall consider—

"(i) revising procedures for submitting proposals;

"(ii) developing criteria for program approval that separately address the objectives of the program;

"(iii) pre-screening organizations and proposals to ensure that the minimum qualifications are met;

"(iv) implementing e-government initiatives and otherwise improving the efficiency of the proposal submission and approval processes;

"(v) upgrading information management systems;

"(vi) improving commodity and transportation procurement processes; and

"(vii) ensuring that evaluation and monitoring methods are sufficient.

"(C) CONSULTATIONS.—Not later than 1 year after the date of enactment of this paragraph, the President shall consult with the Committee on Agriculture, and the Committee on International Relations, of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on changes made in regulations and procedures.

"(3) REPORTS.—Each eligible entity that enters into an agreement under this section shall submit to the President, at such time as the President may request, a report containing such information as the President may request relating to the use of eligible commodities and funds furnished to the eligible entity under this section.".

SEC. 3107. MCGOVERN-DOLE INTERNATIONAL FOOD FOR EDUCATION AND CHILD NUTRITION PROGRAM.

(a) DEFINITION OF AGRICULTURAL COMMODITY.—In this section, the term "agricultural commodity" means an agricultural commodity, or a product of an agricultural commodity, that is produced in the United States.

(b) PROGRAM.—Subject to subsection (l), the President may establish a program, to be known as "McGovern-Dole International Food for Education and Child Nutrition Program", requiring the procurement of agricultural commodities and the provision of financial and technical assistance to carry out—

(1) preschool and school food for education programs in foreign countries to improve food security, reduce the incidence of hunger, and improve literacy and primary education, particularly with respect to girls; and

(2) maternal, infant, and child nutrition programs for pregnant women, nursing mothers, infants, and children who are 5 years of age or younger.

(c) ELIGIBLE COMMODITIES AND COST ITEMS.—Notwithstanding any other provision of law—

(1) any agricultural commodity is eligible to be provided under this section;

(2) as necessary to achieve the purposes of this section, funds appropriated under this section may be used to pay—

(A)(i) the cost of acquiring agricultural commodities;

(ii) the costs associated with packaging, enrichment, preservation, and fortification of agricultural commodities;

(iii) the processing, transportation, handling, and other incidental costs up to the time of the delivery of agricultural commodities free on board vessels in United States ports;

(iv) the vessel freight charges from United States ports or designated Canadian transshipment ports, as determined by the Secretary, to designated ports of entry abroad;

(v) the costs associated with transporting agricultural commodities from United States ports to designated points of entry abroad in the case—

(I) of landlocked countries;

(II) of ports that cannot be used effectively because of natural or other disturbances;

(III) of the unavailability of carriers to a specific country; or

(IV) of substantial savings in costs or time that may be effected by the utilization of points of entry other than ports; and

(vi) the charges for general average contributions arising out of the ocean transport of agricultural commodities transferred pursuant thereto;

(B) all or any part of the internal transportation, storage, and handling costs incurred in moving the eligible commodity, if the President determines that—

(i) payment of the costs is appropriate; and

(ii) the recipient country is a low income, net food-importing country that—

(I) meets the poverty criteria established by the International Bank for Reconstruction and Development for Civil Works Preference; and

(II) has a national government that is committed to or is working toward, through a national action plan, the goals of the World Declaration on Education for All convened in 1990 in Jomtien, Thailand, and the followup Dakar Framework for Action of the World Education Forum, convened in 2000;

(C) the costs of activities conducted in the recipient countries by a nonprofit voluntary organization, cooperative, or intergovernmental agency or organization that would enhance the effectiveness of the activities implemented by such entities under this section; and

(D) the costs of meeting the allowable administrative expenses of private voluntary organizations, cooperatives, or intergovernmental organizations that are implementing activities under this section.

(d) GENERAL AUTHORITIES.—The President shall designate 1 or more Federal agencies to—

(1) implement the program established under this section;

(2) ensure that the program established under this section is consistent with the foreign policy and development assistance objectives of the United States; and

(3) consider, in determining whether a country should receive assistance under this section, whether the government of the country is taking concrete steps to improve the preschool and school systems in the country.

(e) ELIGIBLE ENTITIES.—Assistance may be provided under this section to private voluntary organizations, cooperatives, intergovernmental organizations, governments of developing countries and their agencies, and other organizations.

(f) PROCEDURES.—

(1) IN GENERAL.—In carrying out subsection (b), the President shall ensure that procedures are established that—

(A) provide for the submission of proposals by eligible entities, each of which may include 1 or more recipient countries, for commodities and other assistance under this section;

(B) provide for eligible commodities and assistance on a multiyear basis;

(C) ensure that eligible entities demonstrate the organizational capacity and the ability to develop, implement, monitor, report on, and provide accountability for activities conducted under this section;

(D) provide for the expedited development, review, and approval of proposals submitted in accordance with this section;

(E) ensure monitoring and reporting by eligible entities on the use of commodities and other assistance provided under this section; and

(F) allow for the sale or barter of commodities by eligible entities to acquire funds to implement activities that improve the food security of women and children or otherwise enhance the effectiveness of programs and activities authorized under this section.

(2) PRIORITIES FOR PROGRAM FUNDING.—In carrying out paragraph (1) with respect to criteria for determining the use of commodities and other assistance provided for programs and activities authorized under this section, the implementing agency may consider the ability of eligible entities to—

(A) identify and assess the needs of beneficiaries, especially malnourished or undernourished mothers and their children who are 5 years of age or younger, and school-age children who are malnourished, undernourished, or do not regularly attend school;

(B)(i) in the case of preschool and school-age children, target low-income areas where children's enrollment and attendance in school is low or girls' enrollment and participation in preschool or school is low, and incorporate developmental objectives for improving literacy and primary education, particularly with respect to girls; and

(ii) in the case of programs to benefit mothers and children who are 5 years of age or younger, coordinate supplementary feeding and nutrition programs with existing or newly-established maternal, infant, and children programs that provide health-needs interventions, including maternal, prenatal, and postnatal and newborn care;

(C) involve indigenous institutions as well as local communities and governments in the development and implementation of the programs and activities to foster local capacity building and leadership; and

(D) carry out multiyear programs that foster local self-sufficiency and ensure the longevity of programs in the recipient country.

(g) USE OF FOOD AND NUTRITION SERVICE.—The Food and Nutrition Service of the Department of Agriculture may provide technical advice on the establishment of programs under subsection (b)(1) and on implementation of the programs in the field in recipient countries.

(h) MULTILATERAL INVOLVEMENT.—

(1) IN GENERAL.—The President is urged to engage existing international food aid coordinating mechanisms to ensure multilateral commitments to, and participation in, programs similar to programs supported under this section.

(2) REPORTS.—The President shall annually submit to the Committee on International Relations and the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the commitments and activities of governments, including the United States government, in the global effort to reduce child hunger and increase school attendance.

(i) PRIVATE SECTOR INVOLVEMENT.—The President is urged to encourage the support and active involvement of the private sector, foundations, and other individuals and organizations in programs assisted under this section.

(j) GRADUATION.—An agreement with an eligible organization under this section shall include provisions—

(1) to—

(A) sustain the benefits to the education, enrollment, and attendance of children in schools in the targeted communities when the provision of commodities and assistance to a recipient country under a program under this section terminates; and

(B) estimate the period of time required until the recipient country or eligible organization is able to provide sufficient assistance without additional assistance under this section; or

(2) to provide other long-term benefits to targeted populations of the recipient country.

(k) REQUIREMENT TO SAFEGUARD LOCAL PRODUCTION AND USUAL MARKETING.—The requirement of section 403(a) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733(a)) applies with respect to the availability of commodities under this section.

(l) FUNDING.—

(1) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the President shall use $100,000,000 for fiscal year 2003 to carry out this section.

(2) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2004 through 2007.

(3) ADMINISTRATIVE EXPENSES.—Funds made available to carry out this section may be used to pay the administrative expenses of any Federal agency implementing or assisting in the implementation of this section.

Subtitle C—Miscellaneous

SEC. 3201. SURPLUS COMMODITIES FOR DEVELOPING OR FRIENDLY COUNTRIES.

(a) USE OF CURRENCIES.—Section 416(b)(7)(D) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)(7)(D)) is amended—

(1) in clauses (i) and (iii), by striking "foreign currency" each place it appears;

(2) in clause (ii)—

(A) by striking "Foreign currencies" and inserting "Proceeds"; and

(B) by striking "foreign currency"; and

(3) in clause (iv)—

(A) by striking "Foreign currency proceeds" and inserting "Proceeds";

(B) by striking "country of origin" the second place it appears and all that follows through "as necessary to expedite" and inserting "country of origin as necessary to expedite";

(C) by striking "; or" and inserting a period; and

(D) by striking subclause (II).

(b) IMPLEMENTATION OF AGREEMENTS.—Section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) (as amended by section 3009(b)) is amended—

(1) in paragraph (8), by striking "(8)(A)" and all that follows through "(B) The Secretary" and inserting the following:

"(8) ADMINISTRATIVE PROVISIONS.—

"(A) EXPEDITED PROCEDURES.—To the maximum extent practicable, expedited procedures shall be used in the implementation of this subsection.

"(B) ESTIMATE OF COMMODITIES.—The Secretary shall publish in the Federal Register, not later than October 31 of each fiscal year, an estimate of the types and quantities of commodities and products that will be available under this section for the fiscal year.

"(C) FINALIZATION OF AGREEMENTS.—The Secretary is encouraged to finalize program agreements under this section not later than December 31 of each fiscal year.

"(D) REGULATIONS.—The Secretary"; and

(2) by adding at the end the following:

"(11) REQUIREMENTS.—

"(A) IN GENERAL.—Not later than 270 days after the date of enactment of this subparagraph, the Secretary shall review and, as necessary, make changes in regulations and internal procedures designed to streamline, improve, and clarify the application, approval, and implementation processes pertaining to agreements under this section.

"(B) CONSIDERATIONS.—In conducting the review, the Secretary shall consider—

"(i) revising procedures for submitting proposals;

"(ii) developing criteria for program approval that separately address the objectives of the program;

"(iii) pre-screening organizations and proposals to ensure that the minimum qualifications are met;

"(iv) implementing e-government initiatives and otherwise improving the efficiency of the proposal submission and approval processes;

"(v) upgrading information management systems;

"(vi) improving commodity and transportation procurement processes; and

"(vii) ensuring that evaluation and monitoring methods are sufficient.

"(C) CONSULTATIONS.—Not later than 1 year after the date of enactment of this subparagraph, the Secretary shall consult with the Committee on Agriculture, and the Committee on International Relations, of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on changes made in regulations and procedures under this paragraph.".

SEC. 3202. BILL EMERSON HUMANITARIAN TRUST.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended by striking "2002" each place it appears in subsection (b)(2)(B)(i) and paragraphs (1) and (2) of subsection (h) and inserting "2007".

SEC. 3203. EMERGING MARKETS.

Section 1542 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5622 note) is amended in subsections (a) and (d)(1)(A)(i) by striking "2002" and inserting "2007".

SEC. 3204. BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.

The Food, Agriculture, Conservation, and Trade Act of 1990 is amended by inserting after section 1543 (7 U.S.C. 3293) the following:

"SEC. 1543A. BIOTECHNOLOGY AND AGRICULTURAL TRADE PROGRAM.

"(a) ESTABLISHMENT.—There is established in the Department the biotechnology and agricultural trade program.

"(b) PURPOSE.—The purpose of the program shall be to remove, resolve, or mitigate significant regulatory nontariff barriers to the export of United States agricultural commodities (as defined in section 102 of the Agricultural Trade Act of 1978 (7 U.S.C. 5602)) into foreign markets through public and private sector projects funded by grants that address—

"(1) quick response intervention regarding nontariff barriers to United States exports involving—

"(A) United States agricultural commodities produced through biotechnology;

"(B) food safety;

"(C) disease; or

"(D) other sanitary or phytosanitary concerns; or

"(2) developing protocols as part of bilateral negotiations with other countries on issues such as animal health, grain quality, and genetically modified commodities.

"(c) ELIGIBLE PROGRAMS.—Depending on need, as determined by the Secretary, activities authorized under this section may be carried out through—

"(1) this section;

"(2) the emerging markets program under section 1542; or

"(3) the Cochran Fellowship Program under section 1543.

"(d) FUNDING.—There is authorized to be appropriated $6,000,000 for each of fiscal years 2002 through 2007.".

SEC. 3205. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall establish an export assistance program (referred to in this section as the "program") to address unique barriers that prohibit or threaten the export of United States specialty crops.

(b) PURPOSE.—The program shall provide direct assistance through public and private sector projects and technical assistance to remove, resolve, or mitigate sanitary and phytosanitary and related barriers to trade.

(c) PRIORITY.—The program shall address time sensitive and strategic market access projects based on—

(1) trade effect on market retention, market access, and market expansion; and

(2) trade impact.

(d) FUNDING.—For each of fiscal years 2002 through 2007, the Secretary shall make available $2,000,000 of the funds of, or an equal value of commodities owned by, the Commodity Credit Corporation.

SEC. 3206. GLOBAL MARKET STRATEGY.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, and biennially thereafter, the Secretary of Agriculture shall consult with the Committee on Agriculture, and the Committee on International Relations, of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the formulation and implementation of a global market strategy for the Department of Agriculture that, to the maximum extent practicable—

(1) identifies opportunities for the growth of agricultural exports to overseas markets;

(2) ensures that the resources, programs, and policies of the Department are coordinated with those of other agencies; and

(3) remove barriers to agricultural trade in overseas markets.

(b) REVIEW.—The consultations under subsection (a) shall include a review of—

(1) the strategic goals of the Department; and

(2) the progress of the Department in implementing the strategic goals through the global market strategy.

SEC. 3207. REPORT ON USE OF PERISHABLE COMMODITIES AND LIVE ANIMALS.

Not later than 120 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on international food aid programs of the United States that evaluates—

(1) the implications of storage and transportation capacity and funding for the use of perishable agricultural commodities and semiperishable agricultural commodities; and

(2) the feasibility of the transport of lambs and other live animals under the program.

SEC. 3208. STUDY ON FEE FOR SERVICES.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture, and the Committee on International Relations, of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate a report on the feasibility of instituting a program under which the Secretary would charge and retain a fee to cover the costs incurred by the Department of Agriculture, acting through the Foreign Agricultural Service or any successor agency, in providing persons with commercial services provided outside the United States.

(b) PURPOSE OF PROGRAM.—The purpose of a program described in subsection (a) would be to supplement and not replace any services currently offered overseas by the Foreign Agricultural Service.

(c) MARKET DEVELOPMENT STRATEGY.—A program under subsection (b) would be part of an overall market development strategy for a particular country or region.

(d) PILOT PROGRAM.—A program under subsection (a) would be established on a pilot basis to ensure that the program does not disadvantage small- and medium-sized companies, including companies that have never engaged in exporting.

SEC. 3209. SENSE OF CONGRESS CONCERNING FOREIGN ASSISTANCE PROGRAMS.

(a) FINDINGS.—Congress finds that—

(1) the international community faces a continuing epidemic of ethnic, sectarian, and criminal violence;

(2) poverty, hunger, political uncertainty, and social instability are the principal causes of violence and conflict around the world;

(3) broad-based, equitable economic growth and agriculture development facilitates political stability, food security, democracy, and the rule of law;

(4) democratic governments are more likely to advocate and observe international laws, protect civil and human rights, pursue free market economies, and avoid external conflicts;

(5) the United States Agency for International Development has provided critical democracy and governance assistance to a majority of the nations that successfully made the transition to democratic governments during the past 2 decades;

(6) 43 of the top 50 consumer nations of American agricultural products were once United States foreign aid recipients;

(7) in the past 50 years, infant child death rates in the developing world have been reduced by 50 percent, and health conditions around the world have improved more during this period than in any other period;

(8) the United States Agency for International Development child survival programs have significantly contributed to a 10

percent reduction in infant mortality rates worldwide in just the past 8 years;

(9) in providing assistance by the United States and other donors in better seeds and teaching more efficient agricultural techniques over the past 2 decades have helped make it possible to feed an additional 1,000,000,000 people in the world;

(10) despite this progress, approximately 1,200,000,000 people, one-quarter of the world's population, live on less that $1 per day, and approximately 3,000,000,000 people live on only $2 per day;

(11) 95 percent of new births occur in developing countries, including the world's poorest countries; and

(12) only ½ percent of the Federal budget is dedicated to international economic and humanitarian assistance.

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

(1) United States foreign assistance programs should play an increased role in the global fight against terrorism to complement the national security objectives of the United States;

(2) the United States should lead coordinated international efforts to provide increased financial assistance to countries with impoverished and disadvantaged populations that are the breeding grounds for terrorism; and

(3) the United States Agency for International Development and the Department of Agriculture should substantially increase humanitarian, economic development, and agricultural assistance to foster international peace and stability and the promotion of human rights.

SEC. 3210. SENSE OF THE SENATE CONCERNING AGRICULTURAL TRADE.

(a) AGRICULTURE TRADE NEGOTIATING OBJECTIVES.—It is the sense of the Senate that the principal negotiating objective of the United States with respect to agricultural trade in all multilateral, regional, and bilateral negotiations is to obtain competitive opportunities for the export of United States agricultural commodities in foreign markets substantially equivalent to the competitive opportunities afforded foreign exports in United States markets and to achieve fairer and more open conditions of agricultural trade in bulk and value-added commodities by—

(1) reducing or eliminating, by a date certain, tariffs or other charges that decrease market opportunities for the export of United States agricultural commodities, giving priority to United States agricultural commodities that are subject to significantly higher tariffs or subsidy regimes of major producing countries;

(2) immediately eliminating all export subsidies on agricultural commodities worldwide while maintaining bona fide food aid and preserving United States agricultural market development and export credit programs that allow the United States to compete with other foreign export promotion efforts;

(3) leveling the playing field for United States agricultural producers by disciplining domestic supports such that no other country can provide greater support, measured as a percentage of total agricultural production value, than the United States does while preserving existing green box category to support conservation activities, family farms, and rural communities;

(4) developing, strengthening, and clarifying rules and effective dispute settlement mechanisms to eliminate practices that unfairly decrease United States market access opportunities for United States agricultural commodities or distort agricultural markets to the detriment of the United States, including—

(A) unfair or trade-distorting activities of state trading enterprises and other administrative mechanisms, with emphasis on—

(i) requiring price transparency in the operation of state trading enterprises and such other mechanisms; and

(ii) ending discriminatory pricing practices for agricultural commodities that amount to de facto export subsidies so that the enterprises or other mechanisms do not (except in cases of bona fide food aid) sell agricultural commodities in foreign markets at prices below domestic market prices or prices below the full costs of acquiring and delivering agricultural commodities to the foreign markets;

(B) unjustified trade restrictions or commercial requirements affecting new agricultural technologies, including biotechnology;

(C) unjustified sanitary or phytosanitary restrictions, including restrictions that are not based on scientific principles, in contravention of the Agreement on the Application of Sanitary and Phytosanitary Measures (as described in section 101(d)(3) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(3)));

(D) other unjustified technical barriers to agricultural trade; and

(E) restrictive and nontransparent rules in the administration of tariff rate quotas;

(5) improving import relief mechanisms to recognize the unique characteristics of perishable agricultural commodities;

(6) taking into account whether a party to negotiations with respect to trading in an agricultural commodity has—

(A) failed to adhere to the provisions of an existing bilateral trade agreement with the United States;

(B) circumvented obligations under a multilateral trade agreement to which the United States is a signatory; or

(C) manipulated its currency value to the detriment of United States agricultural producers or exporters; and

(7) otherwise ensuring that countries that accede to the World Trade Organization—

(A) have made meaningful market liberalization commitments in agriculture; and

(B) make progress in fulfilling those commitments over time.

(b) PRIORITY FOR AGRICULTURE TRADE.—It is the sense of the Senate that—

(1) reaching a successful agreement on agriculture should be the top priority of United States negotiators in World Trade Organization talks; and

(2) if the primary export competitors of the United States fail to reduce their trade distorting domestic supports and eliminate export subsidies in accordance with the negotiating objectives expressed in this section, the United States should take steps to increase the leverage of United States negotiators and level the playing field for United States producers, within existing World Trade Organization commitments.

(c) CONSULTATION WITH CONGRESSIONAL COMMITTEES.—It is the sense of the Senate that—

(1) before the United States Trade Representative negotiates a trade agreement that would reduce tariffs on agricultural commodities or require a change in United States agricultural law, the United States Trade Representative should consult with the Committee on Agriculture and the Committee on Ways and Means of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Finance of the Senate;

(2) not less than 48 hours before initialing an agreement relating to agricultural trade negotiated under the auspices of the World Trade Organization, the United States Trade Representative should consult closely with the committees referred to in paragraph (1) regarding—

(A) the details of the agreement;

(B) the potential impact of the agreement on United States agricultural producers; and

(C) any changes in United States law necessary to implement the agreement; and

(3) any agreement or other understanding (whether verbal or in writing) that relates to agricultural trade that is not disclosed to Congress before legislation implementing a trade agreement is introduced in either the Senate or the House of Representatives should not be considered to be part of the agreement approved by Congress and should have no force and effect under Unites States law or in any dispute settlement body.

TITLE IV—NUTRITION PROGRAMS

SEC. 4001. SHORT TITLE.

This title may be cited as the "Food Stamp Reauthorization Act of 2002".

Subtitle A—Food Stamp Program

SEC. 4101. ENCOURAGEMENT OF PAYMENT OF CHILD SUPPORT.

(a) EXCLUSION.—Section 5(d)(6) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(6)) is amended by adding at the end the following: "and child support payments made by a household member to or for an individual who is not a member of the household if the household member is legally obligated to make the payments,".

(b) SIMPLIFIED PROCEDURE.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e), by striking paragraph (4) and inserting the following:

"(4) DEDUCTION FOR CHILD SUPPORT PAYMENTS.—

"(A) IN GENERAL.—In lieu of providing an exclusion for legally obligated child support payments made by a household member under subsection (d)(6), a State agency may elect to provide a deduction for the amount of the payments.

"(B) ORDER OF DETERMINING DEDUCTIONS.—A deduction under this paragraph shall be determined before the computation of the excess shelter expense deduction under paragraph (6)."; and

(2) by adding at the end the following:

"(n) STATE OPTIONS TO SIMPLIFY DETERMINATION OF CHILD SUPPORT PAYMENTS.—Regardless of whether a State agency elects to provide a deduction under subsection (e)(4), the Secretary shall establish simplified procedures to allow State agencies, at the option of the State agencies, to determine the amount of any legally obligated child support payments made, including procedures to allow the State agency to rely on information from the agency responsible for implementing the program under part D of title IV of the Social Security Act (42 U.S.C. 651 et seq.) concerning payments made in prior months in lieu of obtaining current information from the households.".

SEC. 4102. SIMPLIFIED DEFINITION OF INCOME.

Section 5(d) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)) is amended—

(1) by striking "and (15)" and inserting "(15)"; and

(2) by inserting before the period at the end the following: ", (16) at the option of the State agency, any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like (other than loans, grants, scholarships, fellowships, veterans' educational benefits, and the like excluded under paragraph (3)), to the extent that they are required to be excluded under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.), (17) at the option of the State agency, any State complementary assistance program payments that are excluded for the purpose of determining eligibility for medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), and (18) at the option of the State agency, any types of income that the State agency does not consider when determining eligibility for (A) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the amount of such assistance, or (B) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1), except that this paragraph does not authorize a State agency to exclude wages or salaries, benefits under title I, II, IV, X, XIV, or XVI of the Social Security Act (42 U.S.C. 301 et seq.), regular payments from a government source (such as unemployment benefits and general assistance), worker's compensation, child support payments made to a household member by an individual who is legally obligated to make the payments, or such other types of income the consideration of which the Secretary determines by regulation to be essential to equitable determinations of eligibility and benefit levels".

SEC. 4103. STANDARD DEDUCTION.

Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking paragraph (1) and inserting the following:

"(1) STANDARD DEDUCTION.—

"(A) IN GENERAL.—

"(i) DEDUCTION.—The Secretary shall allow a standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, and the Virgin Islands of the United States in an amount that is—

"(I) equal to 8.31 percent of the income standard of eligibility established under subsection (c)(1); but

"(II) not more than 8.31 percent of the income standard of eligibility established under subsection (c)(1) for a household of 6 members.

"(ii) MINIMUM AMOUNT.—Notwithstanding clause (i), the standard deduction for each household in the 48 contiguous States and the District of Columbia, Alaska, Hawaii, and the Virgin Islands of the United States shall be not less than $134, $229, $189, and $118, respectively.

"(B) GUAM.—

"(i) IN GENERAL.—The Secretary shall allow a standard deduction for each household in Guam in an amount that is—

"(I) equal to 8.31 percent of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia; but

"(II) not more than 8.31 percent of twice the income standard of eligibility established under subsection (c)(1) for the 48 contiguous States and the District of Columbia for a household of 6 members.

"(ii) MINIMUM AMOUNT.—Notwithstanding clause (i), the standard deduction for each household in Guam shall be not less than $269.".

SEC. 4104. SIMPLIFIED UTILITY ALLOWANCE.

Section 5(e)(7)(C)(iii) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)(C)(iii)) is amended—

(1) in subclause (I)(bb), by inserting "(without regard to subclause (III))" after "Secretary finds"; and

(2) by adding at the end the following:

"(III) INAPPLICABILITY OF CERTAIN RESTRICTIONS.—Clauses (ii)(II) and (ii)(III) shall not apply in the case of a State agency that has made the use of a standard utility allowance mandatory under subclause (I).".

SEC. 4105. SIMPLIFIED DETERMINATION OF HOUSING COSTS.

(a) IN GENERAL.—Section 5(e)(7) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)(7)) is amended by adding at the end the following:

"(D) HOMELESS HOUSEHOLDS.—

"(i) ALTERNATIVE DEDUCTION.—In lieu of the deduction provided under subparagraph (A), a State agency may elect to allow a household in which all members are homeless individuals, but that is not receiving free shelter throughout the month, to receive a deduction of $143 per month.

"(ii) INELIGIBILITY.—The State agency may make a household with extremely low shelter costs ineligible for the alternative deduction under clause (i).".

(b) CONFORMING AMENDMENTS.—Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) in subsection (e)—

(A) by striking paragraph (5); and

(B) by redesignating paragraphs (6) and (7) as paragraphs (5) and (6), respectively; and

(2) in subsection (k)(4)(B), by striking "subsection (e)(7)" and inserting "subsection (e)(6)".

SEC. 4106. SIMPLIFIED DETERMINATION OF DEDUCTIONS.

Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended by adding at the end the following:

"(C) SIMPLIFIED DETERMINATION OF DEDUCTIONS.—

"(i) IN GENERAL.—Except as provided in clause (ii), for the purposes of subsection (e), a State agency may elect to disregard until the next recertification of eligibility under section 11(e)(4) 1 or more types of changes in the circumstances of a household that affect the amount of deductions the household may claim under subsection (e).

"(ii) CHANGES THAT MAY NOT BE DISREGARDED.—Under clause (i), a State agency may not disregard—

"(I) any reported change of residence; or

"(II) under standards prescribed by the Secretary, any change in earned income.".

SEC. 4107. SIMPLIFIED DEFINITION OF RESOURCES.

Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended—

(1) in paragraph (1), by striking "a member who is 60 years of age or older" and inserting "an elderly or disabled member"; and

(2) by adding at the end the following:

"(6) EXCLUSION OF TYPES OF FINANCIAL RESOURCES NOT CONSIDERED UNDER CERTAIN OTHER FEDERAL PROGRAMS.—

"(A) IN GENERAL.—Subject to subparagraph (B), a State agency may, at the option of the State agency, exclude from financial resources under this subsection any types of financial resources that the State agency does not consider when determining eligibility for—

"(i) cash assistance under a program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(ii) medical assistance under section 1931 of the Social Security Act (42 U.S.C. 1396u–1).

"(B) LIMITATIONS.—Except to the extent that any of the types of resources specified in clauses (i) through (iv) are ex-

cluded under another paragraph of this subsection, subparagraph (A) does not authorize a State agency to exclude—

"(i) cash;

"(ii) licensed vehicles;

"(iii) amounts in any account in a financial institution that are readily available to the household; or

"(iv) any other similar type of resource the inclusion in financial resources of which the Secretary determines by regulation to be essential to equitable determinations of eligibility under the food stamp program.".

SEC. 4108. ALTERNATIVE ISSUANCE SYSTEMS IN DISASTERS.

(a) IN GENERAL.—Section 5(h)(3)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2014(h)(3)(B)) is amended—

(1) in the first sentence, by inserting "issuance methods and" after "shall adjust"; and

(2) in the second sentence, by inserting ", any conditions that make reliance on electronic benefit transfer systems described in section 7(i) impracticable," after "personnel".

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

SEC. 4109. STATE OPTION TO REDUCE REPORTING REQUIREMENTS.

Section 6(c)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)(1)) is amended—

(1) in subparagraph (B), by striking "on a monthly basis"; and

(2) by adding at the end the following:

"(D) FREQUENCY OF REPORTING.—

"(i) IN GENERAL.—Except as provided in subparagraphs (A) and (C), a State agency may require households that report on a periodic basis to submit reports—

"(I) not less often than once each 6 months; but

"(II) not more often than once each month.

"(ii) REPORTING BY HOUSEHOLDS WITH EXCESS INCOME.—A household required to report less often than once each 3 months shall, notwithstanding subparagraph (B), report in a manner prescribed by the Secretary if the income of the household for any month exceeds the income standard of eligibility established under section 5(c)(2).".

SEC. 4110. COST NEUTRALITY FOR ELECTRONIC BENEFIT TRANSFER SYSTEMS.

Section 7(i)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2016(i)(2)) is amended—

(1) by striking subparagraph (A); and

(2) by redesignating subparagraphs (B) through (I) as subparagraphs (A) through (H), respectively.

SEC. 4111. REPORT ON ELECTRONIC BENEFIT TRANSFER SYSTEMS.

(a) DEFINITION OF EBT SYSTEM.—In this section, the term "EBT system" means an electronic benefit transfer system used in issuance of benefits under the food stamp program under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(b) REPORT.—Not later than October 1, 2003, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(1) describes the status of use by each State agency of EBT systems;

(2) specifies the number of vendors that have entered into a contract for an EBT system with a State agency;

(3)(A) specifies the number of State agencies that have entered into an EBT-system contract with multiple EBT-system vendors; and

(B) describes, for each State agency described in subparagraph (A), how responsibilities are divided among the various vendors;

(4) with respect to any State in which an EBT system is not operational throughout the State as of October 1, 2002—

(A) provides an explanation of the reasons why an EBT system is not operational throughout the State;

(B) describes how the reasons are being addressed; and

(C) specifies the expected date of operation of an EBT system throughout the State;

(5) provides a description of—

(A) the issues faced by any State agency that has awarded a second EBT-system contract in the 2-year period preceding the date of the report; and

(B) the steps that the State agency has taken to address those issues;

(6) provides a description of—

(A) the issues faced by any State agency that will award a second EBT-system contract within the 2-year period beginning on the date of the report; and

(B) strategies that the State agency is considering to address those issues;

(7) describes initiatives being considered or taken by the Department of Agriculture, food retailers, EBT-system vendors, and client advocates to address any outstanding issues with respect to EBT systems; and

(8) examines areas of potential advances in electronic benefit delivery in the 5- to 10-year period beginning on the date of the report, including—

(A) access to EBT systems at farmers' markets;

(B) increased use of transaction data from EBT systems to identify and prosecute fraud; and

(C) fostering of increased competition among EBT-system vendors to ensure cost containment and optimal service.

SEC. 4112. ALTERNATIVE PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.

(a) IN GENERAL.—Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end the following:

"(f) ALTERNATIVE PROCEDURES FOR RESIDENTS OF CERTAIN GROUP FACILITIES.—

"(1) IN GENERAL.—

"(A) APPLICABILITY.—

"(i) IN GENERAL.—Subject to clause (ii), at the option of the State agency, allotments for residents of any facility described in subparagraph (B), (C), (D), or (E) of section 3(i)(5) (referred to in this subsection as a 'covered facility') may be determined and issued under this paragraph in lieu of subsection (a).

"(ii) LIMITATION.—Unless the Secretary authorizes implementation of this paragraph in all States under paragraph (3), clause (i) shall apply only to residents of covered facilities participating in a pilot project under paragraph (2).

"(B) AMOUNT OF ALLOTMENT.—The allotment for each eligible resident described in subparagraph (A) shall be calculated in accordance with standardized procedures established by the Secretary that take into account the allotments typically received by residents of covered facilities.

"(C) ISSUANCE OF ALLOTMENT.—

"(i) IN GENERAL.—The State agency shall issue an allotment determined under this paragraph to a covered facility as the authorized representative of the residents of the covered facility.

"(ii) ADJUSTMENT.—The Secretary shall establish procedures to ensure that a covered facility does not receive a greater proportion of a resident's monthly allotment than the proportion of the month during which the resident lived in the covered facility.

"(D) DEPARTURES OF RESIDENTS OF COVERED FACILITIES.—

"(i) NOTIFICATION.—Any covered facility that receives an allotment for a resident under this paragraph shall—

"(I) notify the State agency promptly on the departure of the resident; and

"(II) notify the resident, before the departure of the resident, that the resident—

"(aa) is eligible for continued benefits under the food stamp program; and

"(bb) should contact the State agency concerning continuation of the benefits.

"(ii) ISSUANCE TO DEPARTED RESIDENTS.—On receiving a notification under clause (i)(I) concerning the departure of a resident, the State agency—

"(I) shall promptly issue the departed resident an allotment for the days of the month after the departure of the resident (calculated in a manner prescribed by the Secretary) unless the departed resident reapplies to participate in the food stamp program; and

"(II) may issue an allotment for the month following the month of the departure (but not any subsequent month) based on this paragraph unless the departed resident reapplies to participate in the food stamp program.

"(iii) STATE OPTION.—The State agency may elect not to issue an allotment under clause (ii)(I) if the

State agency lacks sufficient information on the location of the departed resident to provide the allotment.

"(iv) EFFECT OF REAPPLICATION.—If the departed resident reapplies to participate in the food stamp program, the allotment of the departed resident shall be determined without regard to this paragraph.

"(2) PILOT PROJECTS.—

"(A) IN GENERAL.—Before the Secretary authorizes implementation of paragraph (1) in all States, the Secretary shall carry out, at the request of 1 or more State agencies and in 1 or more areas of the United States, such number of pilot projects as the Secretary determines to be sufficient to test the feasibility of determining and issuing allotments to residents of covered facilities under paragraph (1) in lieu of subsection (a).

"(B) PROJECT PLAN.—To be eligible to participate in a pilot project under subparagraph (A), a State agency shall submit to the Secretary for approval a project plan that includes—

"(i) a specification of the covered facilities in the State that will participate in the pilot project;

"(ii) a schedule for reports to be submitted to the Secretary on the pilot project;

"(iii) procedures for standardizing allotment amounts that takes into account the allotments typically received by residents of covered facilities; and

"(iv) a commitment to carry out the pilot project in compliance with the requirements of this subsection other than paragraph (1)(B).

"(3) AUTHORIZATION OF IMPLEMENTATION IN ALL STATES.—

"(A) IN GENERAL.—The Secretary shall—

"(i) determine whether to authorize implementation of paragraph (1) in all States; and

"(ii) notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the determination.

"(B) DETERMINATION NOT TO AUTHORIZE IMPLEMENTATION IN ALL STATES.—

"(i) IN GENERAL.—If the Secretary makes a finding described in clause (ii), the Secretary—

"(I) shall not authorize implementation of paragraph (1) in all States; and

"(II) shall terminate all pilot projects under paragraph (2) within a reasonable period of time (as determined by the Secretary).

"(ii) FINDING.—The finding referred to in clause (i) is that—

"(I) an insufficient number of project plans that the Secretary determines to be eligible for approval are submitted by State agencies under paragraph (2)(B); or

"(II)(aa) a sufficient number of pilot projects have been carried out under paragraph (2)(A); and

"(bb) authorization of implementation of paragraph (1) in all States is not in the best interest of the food stamp program.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(A) by striking "(i) 'Household' means (1) an" and inserting the following:

"(i)(1) 'Household' means—

"(A) an";

(B) in the first sentence, by striking "others, or (2) a group" and inserting the following: "others; or

"(B) a group";

(C) in the second sentence, by striking "Spouses" and inserting the following:

"(2) Spouses";

(D) in the third sentence, by striking "Notwithstanding" and inserting the following:

"(3) Notwithstanding";

(E) in paragraph (3) (as designated by subparagraph (D)), by striking "the preceding sentences" and inserting "paragraphs (1) and (2)";

(F) in the fourth sentence, by striking "In no event" and inserting the following:

"(4) In no event";

(G) in the fifth sentence, by striking "For the purposes of this subsection, residents" and inserting the following:

"(5) For the purposes of this subsection, the following persons shall not be considered to be residents of institutions and shall be considered to be individual households:

"(A) Residents"; and

(H) in paragraph (5) (as designated by subparagraph (G))—

(i) by striking "Act, or are individuals" and inserting the following: "Act.

"(B) Individuals";

(ii) by striking "such section, temporary" and inserting the following: "that section.

"(C) Temporary";

(iii) by striking "children, residents" and inserting the following: "children.

"(D) Residents";

(iv) by striking "coupons, and narcotics" and inserting the following: "coupons.

"(E) Narcotics"; and

(v) by striking "shall not" and all that follows and inserting a period.

(2) Section 5(a) of the Food Stamp Act of 1977 (7 U.S.C. 2014(a)) is amended by striking "the third sentence of section 3(i)" each place it appears and inserting "section 3(i)(4)".

(3) Section 8(e)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2017(e)(1)) is amended by striking "the last sentence of section 3(i)" and inserting "section 3(i)(5)".

(4) Section 17(b)(1)(B)(iv)(III)(aa) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(iv)(III)(aa)) is amended by striking

"the last 2 sentences of section 3(i)" and inserting "paragraphs (4) and (5) of section 3(i)".

SEC. 4113. REDEMPTION OF BENEFITS THROUGH GROUP LIVING ARRANGEMENTS.

(a) IN GENERAL.—Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by inserting after the first sentence the following: "Notwithstanding the preceding sentence, a center, organization, institution, shelter, group living arrangement, or establishment described in that sentence may be authorized to redeem coupons through a financial institution described in that sentence if the center, organization, institution, shelter, group living arrangement, or establishment is equipped with 1 or more point-of-sale devices and is operating in an area in which an electronic benefit transfer system described in section 7(i) has been implemented.".

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

SEC. 4114. AVAILABILITY OF FOOD STAMP PROGRAM APPLICATIONS ON THE INTERNET.

(a) IN GENERAL.—Section 11(e)(2)(B)(ii) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)(B)(ii)) is amended—

(1) by inserting "(I)" after "(ii)";

(2) in subclause (I) (as designated by paragraph (1)), by adding "and" at the end; and

(3) by adding at the end the following:

"(II) if the State agency maintains a website for the State agency, shall make the application available on the website in each language in which the State agency makes a printed application available;".

(b) EFFECTIVE DATE.—The amendments made by this section take effect 18 months after the date of enactment of this Act.

SEC. 4115. TRANSITIONAL FOOD STAMPS FOR FAMILIES MOVING FROM WELFARE.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end the following:

"(s) TRANSITIONAL BENEFITS OPTION.—

"(1) IN GENERAL.—A State agency may provide transitional food stamp benefits to a household that ceases to receive cash assistance under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(2) TRANSITIONAL BENEFITS PERIOD.—Under paragraph (1), a household may receive transitional food stamp benefits for a period of not more than 5 months after the date on which cash assistance is terminated.

"(3) AMOUNT OF BENEFITS.—During the transitional benefits period under paragraph (2), a household shall receive an amount of food stamp benefits equal to the allotment received in the month immediately preceding the date on which cash assistance was terminated, adjusted for the change in household income as a result of—

"(A) the termination of cash assistance; and

"(B) at the option of the State agency, information from another program in which the household participates.

"(4) DETERMINATION OF FUTURE ELIGIBILITY.—In the final month of the transitional benefits period under paragraph (2), the State agency may—

"(A) require the household to cooperate in a recertification of eligibility; and

"(B) initiate a new certification period for the household without regard to whether the preceding certification period has expired.

"(5) LIMITATION.—A household shall not be eligible for transitional benefits under this subsection if the household—

"(A) loses eligibility under section 6;

"(B) is sanctioned for a failure to perform an action required by Federal, State, or local law relating to a cash assistance program described in paragraph (1); or

"(C) is a member of any other category of households designated by the State agency as ineligible for transitional benefits.

"(6) APPLICATIONS FOR RECERTIFICATION.—

"(A) IN GENERAL.—A household receiving transitional benefits under this subsection may apply for recertification at any time during the transitional benefits period under paragraph (2).

"(B) DETERMINATION OF ALLOTMENT.—If a household applies for recertification under subparagraph (A), the allotment of the household for all subsequent months shall be determined without regard to this subsection.".

(b) CONFORMING AMENDMENTS.—

(1) Section 3(c) of the Food Stamp Act of 1977 (7 U.S.C. 2012(c)) is amended by adding at the end the following: "The limits specified in this subsection may be extended until the end of any transitional benefit period established under section 11(s).".

(2) Section 6(c) of the Food Stamp Act of 1977 (7 U.S.C. 2015(c)) is amended by striking "No household" and inserting "Except in a case in which a household is receiving transitional benefits during the transitional benefits period under section 11(s), no household".

SEC. 4116. GRANTS FOR SIMPLE APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS TO BENEFITS.

(a) IN GENERAL.—Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) (as amended by section 4115(a)) is amended by adding at the end the following:

"(t) GRANTS FOR SIMPLE APPLICATION AND ELIGIBILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS TO BENEFITS.—

"(1) IN GENERAL.—For each of fiscal years 2003 through 2007, the Secretary shall use not more than $5,000,000 of funds made available under section 18(a)(1) to make grants to pay 100 percent of the costs of eligible entities approved by the Secretary to carry out projects to develop and implement—

"(A) simple food stamp application and eligibility determination systems; or

"(B) measures to improve access to food stamp benefits by eligible households.

"(2) TYPES OF PROJECTS.—A project under paragraph (1) may consist of—

"(A) coordinating application and eligibility determination processes, including verification practices, under the food stamp program and other Federal, State, and local assistance programs;

"(B) establishing methods for applying for benefits and determining eligibility that—

"(i) more extensively use—

"(I) communications by telephone; and

"(II) electronic alternatives such as the Internet; or

"(ii) otherwise improve the administrative infrastructure used in processing applications and determining eligibility;

"(C) developing procedures, training materials, and other resources aimed at reducing barriers to participation and reaching eligible households;

"(D) improving methods for informing and enrolling eligible households; or

"(E) carrying out such other activities as the Secretary determines to be appropriate.

"(3) LIMITATION.—A grant under this subsection shall not be made for the ongoing cost of carrying out any project.

"(4) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this subsection, an entity shall be—

"(A) a State agency administering the food stamp program;

"(B) a State or local government;

"(C) an agency providing health or welfare services;

"(D) a public health or educational entity; or

"(E) a private nonprofit entity such as a community-based organization, food bank, or other emergency feeding organization.

"(5) SELECTION OF ELIGIBLE ENTITIES.—The Secretary—

"(A) shall develop criteria for the selection of eligible entities to receive grants under this subsection; and

"(B) may give preference to any eligible entity that consists of a partnership between a governmental entity and a nongovernmental entity.".

(b) CONFORMING AMENDMENTS.—Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) is amended—

(1) by striking subsection (i); and

(2) by redesignating subsections (j) and (k) as subsections (i) and (j), respectively.

SEC. 4117. DELIVERY TO RETAILERS OF NOTICES OF ADVERSE ACTION.

(a) IN GENERAL.—Section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended by striking paragraph (2) and inserting the following:

"(2) DELIVERY OF NOTICES.—A notice under paragraph (1) shall be delivered by any form of delivery that the Secretary determines will provide evidence of the delivery.".

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

SEC. 4118. REFORM OF QUALITY CONTROL SYSTEM.

(a) IN GENERAL.—Section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) is amended—

(1) by striking "(c)(1) The program" and all that follows through the end of paragraph (1) and inserting the following:

"(c) QUALITY CONTROL SYSTEM.—

"(1) IN GENERAL.—

"(A) SYSTEM.—In carrying out the food stamp program, the Secretary shall carry out a system that enhances payment accuracy and improves administration by establishing fiscal incentives that require State agencies with high payment error rates to share in the cost of payment error.

"(B) ADJUSTMENT OF FEDERAL SHARE OF ADMINISTRATIVE COSTS FOR FISCAL YEARS BEFORE FISCAL YEAR 2003.—

"(i) IN GENERAL.—Subject to clause (ii), with respect to any fiscal year before fiscal year 2003, the Secretary shall adjust a State agency's federally funded share of administrative costs under subsection (a), other than the costs already shared in excess of 50 percent under the proviso in the first sentence of subsection (a) or under subsection (g), by increasing that share of all such administrative costs by 1 percentage point to a maximum of 60 percent of all such administrative costs for each full 1/10 of a percentage point by which the payment error rate is less than 6 percent.

"(ii) LIMITATION.—Only States with a rate of invalid decisions in denying eligibility that is less than a nationwide percentage that the Secretary determines to be reasonable shall be entitled to the adjustment under clause (i).

"(C) ESTABLISHMENT OF LIABILITY AMOUNT FOR FISCAL YEAR 2003 AND THEREAFTER.—With respect to fiscal year 2004 and any fiscal year thereafter for which the Secretary determines that, for the second or subsequent consecutive fiscal year, a 95 percent statistical probability exists that the payment error rate of a State agency exceeds 105 percent of the national performance measure for payment error rates announced under paragraph (6), the Secretary shall establish an amount for which the State agency may be liable (referred to in this paragraph as the 'liability amount') that is equal to the product obtained by multiplying—

"(i) the value of all allotments issued by the State agency in the fiscal year;

"(ii) the difference between—

"(I) the payment error rate of the State agency; and

"(II) 6 percent; and

"(iii) 10 percent.

"(D) AUTHORITY OF SECRETARY WITH RESPECT TO LIABILITY AMOUNT.—With respect to the liability amount established for a State agency under subparagraph (C) for any fiscal year, the Secretary shall—

"(i)(I) waive the responsibility of the State agency to pay all or any portion of the liability amount estab-

lished for the fiscal year (referred to in this paragraph as the 'waiver amount');

"(II) require that a portion, not to exceed 50 percent, of the liability amount established for the fiscal year be used by the State agency for new investment, approved by the Secretary, to improve administration by the State agency of the food stamp program (referred to in this paragraph as the 'new investment amount'), which new investment amount shall not be matched by Federal funds;

"(III) designate a portion, not to exceed 50 percent, of the amount established for the fiscal year for payment to the Secretary in accordance with subparagraph (E) (referred to in this paragraph as the 'at-risk amount'); or

"(IV) take any combination of the actions described in subclauses (I) through (III); or

"(ii) make the determinations described in clause (i) and enter into a settlement with the State agency, only with respect to any waiver amount or new investment amount, before the end of the fiscal year in which the liability amount is determined under subparagraph (C).

"(E) PAYMENT OF AT-RISK AMOUNT FOR CERTAIN STATES.—

"(i) IN GENERAL.—A State agency shall pay to the Secretary the at-risk amount designated under subparagraph (D)(i)(III) for any fiscal year in accordance with clause (ii), if, with respect to the immediately following fiscal year, a liability amount has been established for the State agency under subparagraph (C).

"(ii) METHOD OF PAYMENT OF AT-RISK AMOUNT.—

"(I) REMISSION TO THE SECRETARY.—In the case of a State agency required to pay an at-risk amount under clause (i), as soon as practicable after completion of all administrative and judicial reviews with respect to that requirement to pay, the chief executive officer of the State shall remit to the Secretary the at-risk amount required to be paid.

"(II) ALTERNATIVE METHOD OF COLLECTION.—

"(aa) IN GENERAL.—If the chief executive officer of the State fails to make the payment under subclause (I) within a reasonable period of time determined by the Secretary, the Secretary may reduce any amount due to the State agency under any other provision of this section by the amount required to be paid under clause (i).

"(bb) ACCRUAL OF INTEREST.—During any period of time determined by the Secretary under item (aa), interest on the payment under subclause (I) shall not accrue under section 13(a)(2).

"(F) USE OF PORTION OF LIABILITY AMOUNT FOR NEW INVESTMENT.—

"(i) REDUCTION OF OTHER AMOUNTS DUE TO STATE AGENCY.—In the case of a State agency that fails to comply with a requirement for new investment under subparagraph (D)(i)(II) or clause (iii)(I), the Secretary may reduce any amount due to the State agency under any other provision of this section by the portion of the liability amount that has not been used in accordance with that requirement.

"(ii) EFFECT OF STATE AGENCY'S WHOLLY PREVAILING ON APPEAL.—If a State agency begins required new investment under subparagraph (D)(i)(II), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is reduced to $0 on administrative or judicial review, the Secretary shall pay to the State agency an amount equal to 50 percent of the new investment amount that was included in the liability amount subject to the appeal.

"(iii) EFFECT OF SECRETARY'S WHOLLY PREVAILING ON APPEAL.—If a State agency does not begin required new investment under subparagraph (D)(i)(II), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is wholly upheld on administrative or judicial review, the Secretary shall—

"(I) require all or any portion of the new investment amount to be used by the State agency for new investment, approved by the Secretary, to improve administration by the State agency of the food stamp program, which amount shall not be matched by Federal funds; and

"(II) require payment of any remaining portion of the new investment amount in accordance with subparagraph (E)(ii).

"(iv) EFFECT OF NEITHER PARTY'S WHOLLY PREVAILING ON APPEAL.—The Secretary shall promulgate regulations regarding obligations of the Secretary and the State agency in a case in which the State agency appeals the liability amount of the State agency and neither the Secretary nor the State agency wholly prevails.

"(G) CORRECTIVE ACTION PLANS.—The Secretary shall foster management improvements by the States by requiring State agencies, other than State agencies with payment error rates of less than 6 percent, to develop and implement corrective action plans to reduce payment errors.";

(2) in paragraph (4), by striking "(4)" and all that follows through the end of the first sentence and inserting the following:

"(4) REPORTING REQUIREMENTS.—The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d).";

(3) in paragraph (5)—

(A) by striking "(5)" and all that follows through the end of the second sentence and inserting the following:

"(5) PROCEDURES.—To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the State agency's payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d).."; and

(B) in the last sentence, by striking "paragraph (1)(C)" and inserting "paragraph (1)";

(4) in paragraph (6)—

(A) by striking "(6) At" and inserting the following:

"(6) NATIONAL PERFORMANCE MEASURE FOR PAYMENT ERROR RATES.—

"(A) ANNOUNCEMENT.—At";

(B) in subparagraph (A) (as designated by subparagraph (A)), by striking "and incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C)";

(C) in the first and third sentences, by striking "paragraph (5)" each place it appears and inserting "paragraph (8)";

(D) by striking "Where a State" and inserting the following:

"(B) USE OF ALTERNATIVE MEASURE OF STATE ERROR.—Where a State";

(E) by striking "The announced" and inserting the following:

"(C) USE OF NATIONAL PERFORMANCE MEASURE.—The announced";

(F) in subparagraph (C) (as designated by subparagraph (E)), by striking "the State share of the cost of payment error under paragraph (1)(C)" and inserting "the liability amount of a State under paragraph (1)(C)"; and

(G) by adding at the end the following:

"(D) NO ADMINISTRATIVE OR JUDICIAL REVIEW.—The national performance measure announced under this paragraph shall not be subject to administrative or judicial review.";

(5) in paragraph (7)—

(A) by striking "(7) If the Secretary asserts a financial claim against" and inserting the following:

"(7) ADMINISTRATIVE AND JUDICIAL REVIEW.—

"(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), if the Secretary asserts a financial claim against or establishes a liability amount with respect to";

(B) in subparagraph (A) (as designated by subparagraph (A)), by striking "paragraph (1)(C)" and inserting "paragraph (1)"; and

(C) by adding at the end the following:

"(B) DETERMINATION OF PAYMENT ERROR RATE.—With respect to any fiscal year, a determination of the payment error rate of a State agency or a determination whether the

payment error rate exceeds 105 percent of the national performance measure for payment error rates shall be subject to administrative or judicial review only if the Secretary establishes a liability amount with respect to the fiscal year under paragraph (1)(C).

"(C) AUTHORITY OF SECRETARY WITH RESPECT TO LIABILITY AMOUNT.—An action by the Secretary under subparagraph (D) or (F)(iii) of paragraph (1) shall not be subject to administrative or judicial review."; and

(6) in paragraph (8)—

(A) in subparagraph (A), by striking "paragraph (1)(C)" and inserting "paragraph (1)";

(B) in subparagraph (C)—

(i) in clause (i), by striking "payment claimed against State agencies; and" and inserting "payment claimed against State agencies or liability amount established with respect to State agencies;";

(ii) in clause (ii), by striking "claims." and inserting "claims or liability amounts; and"; and

(iii) by adding at the end the following:

"(iii) provide a copy of the document providing notification under clause (ii) to the chief executive officer and the legislature of the State."; and

(C) in subparagraphs (D) and (H), by inserting "or liability amount" after "claim" each place it appears.

(b) AUTHORITY TO SETTLE CLAIMS CONCERNING AT-RISK AMOUNTS.—Section 13(a) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)) is amended—

(1) by striking "(a)(1) The" and inserting the following:

"(a) GENERAL AUTHORITY OF THE SECRETARY.—

"(1) DETERMINATION OF CLAIMS.—Except in the case of an at-risk amount required under section 16(c)(1)(D)(i)(III), the";

(2) by striking the fourth sentence;

(3) by striking "To the extent" and inserting the following:

"(2) CLAIMS ESTABLISHED UNDER QUALITY CONTROL SYSTEM.—To the extent";

(4) in paragraph (2) (as designated by paragraph (3)), by striking "section 16(c)(1)(C)" and inserting "section 16(c)(1)";

(5) by striking "Any interest" and inserting the following:

"(3) COMPUTATION OF INTEREST.—Any interest"; and

(6) by striking "(2) Each adult" and inserting the following:

"(4) JOINT AND SEVERAL LIABILITY OF HOUSEHOLD MEMBERS.—Each adult".

(c) CREDITING OF PAYMENTS TO FOOD STAMP APPROPRIATIONS ACCOUNT.—Section 18(e) of the Food Stamp Act of 1977 (7 U.S.C. 2027(e)) is amended in the first sentence—

(1) by striking "11(g) and (h), and" and inserting "subsections (g) and (h) of section 11,"; and

(2) by inserting "and section 16(c)(1)," after "section 13,".

(d) CONFORMING AMENDMENTS.—Section 22(h) of the Food Stamp Act of 1977 (7 U.S.C. 2031(h)) is amended—

(1) in the second sentence, by striking "section 16(c)(1)(C)" and inserting "section 16(c)(1)"; and

(2) by striking the third sentence.

(e) APPLICABILITY.—The amendments made by this section shall not apply with respect to any sanction, appeal, new investment agreement, or other action by the Secretary of Agriculture or a State agency that is based on a payment error rate calculated for any fiscal year before fiscal year 2003.

SEC. 4119. IMPROVEMENT OF CALCULATION OF STATE PERFORMANCE MEASURES.

(a) IN GENERAL.—Section 16(c)(8) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)(8)) is amended—

(1) in subparagraph (B), by striking "180 days after the end of the fiscal year" and inserting "the first May 31 after the end of the fiscal year referred to in subparagraph (A)"; and

(2) in subparagraph (C), by striking "30 days thereafter" and inserting "the first June 30 after the end of the fiscal year referred to in subparagraph (A)".

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

SEC. 4120. BONUSES FOR STATES THAT DEMONSTRATE HIGH OR MOST IMPROVED PERFORMANCE.

(a) IN GENERAL.—Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) is amended by striking subsection (d) and inserting the following:

"(d) BONUSES FOR STATES THAT DEMONSTRATE HIGH OR MOST IMPROVED PERFORMANCE.—

"(1) FISCAL YEARS 2003 AND 2004.—

"(A) GUIDANCE.—With respect to fiscal years 2003 and 2004, the Secretary shall establish, in guidance issued to State agencies not later than October 1, 2002—

"(i) performance criteria relating to—

"(I) actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and

"(II) other indicators of effective administration determined by the Secretary; and

"(ii) standards for high and most improved performance to be used in awarding performance bonus payments under subparagraph (B)(ii).

"(B) PERFORMANCE BONUS PAYMENTS.—With respect to each of fiscal years 2003 and 2004, the Secretary shall—

"(i) measure the performance of each State agency with respect to the criteria established under subparagraph (A)(i); and

"(ii) subject to paragraph (3), award performance bonus payments in the following fiscal year, in a total amount of $48,000,000 for each fiscal year, to State agencies that meet standards for high or most improved performance established by the Secretary under subparagraph (A)(ii).

"(2) FISCAL YEARS 2005 AND THEREAFTER.—

"(A) REGULATIONS.—With respect to fiscal year 2005 and each fiscal year thereafter, the Secretary shall—

"(i) establish, by regulation, performance criteria relating to—

"(I) actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and

"(II) other indicators of effective administration determined by the Secretary;

"(ii) establish, by regulation, standards for high and most improved performance to be used in awarding performance bonus payments under subparagraph (B)(ii); and

"(iii) before issuing proposed regulations to carry out clauses (i) and (ii), solicit ideas for performance criteria and standards for high and most improved performance from State agencies and organizations that represent State interests.

"(B) PERFORMANCE BONUS PAYMENTS.—With respect to fiscal year 2005 and each fiscal year thereafter, the Secretary shall—

"(i) measure the performance of each State agency with respect to the criteria established under subparagraph (A)(i); and

"(ii) subject to paragraph (3), award performance bonus payments in the following fiscal year, in a total amount of $48,000,000 for each fiscal year, to State agencies that meet standards for high or most improved performance established by the Secretary under subparagraph (A)(ii).

"(3) PROHIBITION ON RECEIPT OF PERFORMANCE BONUS PAYMENTS.—A State agency shall not be eligible for a performance bonus payment with respect to any fiscal year for which the State agency has a liability amount established under subsection (c)(1)(C).

"(4) PAYMENTS NOT SUBJECT TO JUDICIAL REVIEW.—A determination by the Secretary whether, and in what amount, to award a performance bonus payment under this subsection shall not be subject to administrative or judicial review.".

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

SEC. 4121. EMPLOYMENT AND TRAINING PROGRAM.

(a) LEVELS OF FUNDING.—Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is amended—

(1) in subparagraph (A), by striking clause (vii) and inserting the following:

"(vii) for each of fiscal years 2002 through 2007, $90,000,000.";

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

"(B) ALLOCATION.—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

"(i) is determined and adjusted by the Secretary; and

"(ii) takes into account the number of individuals who are not exempt from the work requirement under section 6(o).'; and

(3) by striking subparagraphs (E) through (G) and inserting the following:

"(E) ADDITIONAL ALLOCATIONS FOR STATES THAT ENSURE AVAILABILITY OF WORK OPPORTUNITIES.—

"(i) IN GENERAL.—In addition to the allocations under subparagraph (A), from funds made available under section 18(a)(1), the Secretary shall allocate not more than $20,000,000 for each of fiscal years 2002 through 2007 to reimburse a State agency that is eligible under clause (ii) for the costs incurred in serving food stamp recipients who—

"(I) are not eligible for an exception under section 6(o)(3); and

"(II) are placed in and comply with a program described in subparagraph (B) or (C) of section 6(o)(2).

"(ii) ELIGIBILITY.—To be eligible for an additional allocation under clause (i), a State agency shall make and comply with a commitment to offer a position in a program described in subparagraph (B) or (C) of section 6(o)(2) to each applicant or recipient who—

"(I) is in the last month of the 3-month period described in section 6(o)(2);

"(II) is not eligible for an exception under section 6(o)(3);

"(III) is not eligible for a waiver under section 6(o)(4); and

"(IV) is not exempt under section 6(o)(6).".

(b) CARRYOVER FUNDS.—Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall be rescinded on the date of enactment of this Act, unless obligated by a State agency before that date.

(c) PARTICIPANT EXPENSES.—Section 6(d)(4)(I)(i)(I) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)(4)(I)(i)(I)) is amended by striking ", except that the State agency may limit such reimbursement to each participant to $25 per month".

(d) FEDERAL REIMBURSEMENT.—Section 16(h)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(3)) is amended by striking "such total amount shall not exceed an amount representing $25 per participant per month for costs of transportation and other actual costs (other than dependent care costs) and" and inserting "the amount of the reimbursement for dependent care expenses shall not exceed".

(e) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 4122. REAUTHORIZATION OF FOOD STAMP PROGRAM AND FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS.

(a) REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE COSTS.—Section 16(k)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2025(k)(3)) is amended—

(1) in the first sentence of subparagraph (A), by striking "2002" and inserting "2007"; and

(2) in subparagraph (B)(ii), by striking "2002" and inserting "2007".

(b) CASH PAYMENT PILOT PROJECTS.—Section 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)(B)(vi)) is amended by striking "2002" and inserting "2007".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended in the first sentence by striking "1996 through 2002" and inserting "2003 through 2007".

SEC. 4123. EXPANDED GRANT AUTHORITY.

(a) IN GENERAL.—Section 17(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(a)(1)) is amended—

(1) by striking ", by way of making contracts with or grants to public or private organizations or agencies," and inserting "enter into contracts with or make grants to public or private organizations or agencies under this section to"; and

(2) by adding at the end the following: "The waiver authority of the Secretary under subsection (b) shall extend to all contracts and grants under this section.".

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

SEC. 4124. CONSOLIDATED BLOCK GRANTS FOR PUERTO RICO AND AMERICAN SAMOA.

(a) CONSOLIDATED FUNDING.—Section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended—

(1) by striking the section heading and "(a)(1)(A) From" and all that follows through "(2) The" and inserting the following:

"SEC. 19. CONSOLIDATED BLOCK GRANTS FOR PUERTO RICO AND AMERICAN SAMOA.

"(a) PAYMENTS TO GOVERNMENTAL ENTITIES.—

"(1) DEFINITION OF GOVERNMENTAL ENTITY.—In this subsection, the term 'governmental entity' means—

"(A) the Commonwealth of Puerto Rico; and

"(B) American Samoa.

"(2) BLOCK GRANTS.—

"(A) AMOUNT OF BLOCK GRANTS.—From the sums appropriated under this Act, the Secretary shall, subject to this section, pay to governmental entities to pay the expenditures for nutrition assistance programs for needy persons as described in subparagraphs (B) and (C)—

"(i) for fiscal year 2003, $1,401,000,000; and

"(ii) for each of fiscal years 2004 through 2007, the amount specified in clause (i), as adjusted by the percentage by which the thrifty food plan has been adjusted under section 3(o)(4) between June 30, 2002, and June 30 of the immediately preceding fiscal year.

"(B) PAYMENTS TO COMMONWEALTH OF PUERTO RICO.—

"(i) IN GENERAL.—For fiscal year 2003 and each fiscal year thereafter, the Secretary shall use 99.6 percent of the funds made available under subparagraph (A) for payment to the Commonwealth of Puerto Rico to pay—

"(I) 100 percent of the expenditures by the Commonwealth for the fiscal year for the provision of nutrition assistance included in the plan of the

Commonwealth approved under subsection (b); and

"(II) 50 percent of the related administrative expenses.

"(ii) EXCEPTION FOR EXPENDITURES FOR CERTAIN SYSTEMS.—Notwithstanding clause (i), the Commonwealth of Puerto Rico may spend in fiscal year 2002 or 2003 not more than $6,000,000 of the amount required to be paid to the Commonwealth for fiscal year 2002 under this paragraph (as in effect on the day before the date of enactment of this clause) to pay 100 percent of the costs of—

"(I) upgrading and modernizing the electronic data processing system used to carry out nutrition assistance programs for needy persons;

"(II) implementing systems to simplify the determination of eligibility to receive the nutrition assistance; and

"(III) operating systems to deliver the nutrition assistance through electronic benefit transfers.

"(C) PAYMENTS TO AMERICAN SAMOA.—For fiscal year 2003 and each fiscal year thereafter, the Secretary shall use 0.4 percent of the funds made available under subparagraph (A) for payment to American Samoa to pay 100 percent of the expenditures by American Samoa for a nutrition assistance program extended under section 601(c) of Public Law 96–597 (48 U.S.C. 1469d(c)).

"(D) CARRYOVER OF FUNDS.—For fiscal year 2002 and each fiscal year thereafter, not more than 2 percent of the funds made available under this paragraph for the fiscal year to each governmental entity may be carried over to the following fiscal year.

"(3) TIME AND MANNER OF PAYMENTS TO COMMONWEALTH OF PUERTO RICO.—The";

(2) in subsection (b), by striking "subsection (a)(1)(A)" each place it appears and inserting "subsection (a)(2)(B)"; and

(3) in subsection (c), by striking "subsection (a)(1)(A)" each place it appears and inserting "subsection (a)(2)(A)".

(b) CONFORMING AMENDMENT.—Section 24 of the Food Stamp Act of 1977 (7 U.S.C. 2033) is repealed.

(c) APPLICABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section apply beginning on October 1, 2002.

(2) EXCEPTIONS.—Subparagraphs (B)(ii) and (D) of section 19(a)(2) of the Food Stamp Act of 1977 (as amended by subsection (a)(1)) apply beginning on the date of enactment of this Act.

(d) EFFECTIVE DATE.—The amendments made by this section take effect on the date of enactment of this Act.

SEC. 4125. ASSISTANCE FOR COMMUNITY FOOD PROJECTS.

(a) IN GENERAL.—Section 25 of the Food Stamp Act of 1977 (7 U.S.C. 2034) is amended—

(1) in subsection (a)—

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

(B) by redesignating paragraphs (2) and (3) as subparagraphs (B) and (C), respectively, of paragraph (1);

(C) in paragraph (1)(C) (as redesignated by subparagraph (B)), by striking the period at the end and inserting "; or"; and

(D) by adding at the end the following:

"(2) meet specific State, local, or neighborhood food and agricultural needs, including needs for—

"(A) infrastructure improvement and development;

"(B) planning for long-term solutions; or

"(C) the creation of innovative marketing activities that mutually benefit agricultural producers and low-income consumers.";

(2) in subsection (b)(2)(B)—

(A) by striking "$2,500,000" and inserting "$5,000,000"; and

(B) by striking "2002" and inserting "2007";

(3) in subsection (d), by striking paragraph (4) and inserting the following:

"(4) encourage long-term planning activities, and multisystem, interagency approaches with multistakeholder collaborations, that build the long-term capacity of communities to address the food and agricultural problems of the communities, such as food policy councils and food planning associations."; and

(4) by striking subsection (h) and inserting the following:

"(h) INNOVATIVE PROGRAMS FOR ADDRESSING COMMON COMMUNITY PROBLEMS.—

"(1) IN GENERAL.—The Secretary shall offer to enter into a contract with, or make a grant to, 1 nongovernmental organization that meets the requirements of paragraph (2) to coordinate with Federal agencies, States, political subdivisions, and nongovernmental organizations (collectively referred to in this subsection as 'targeted entities') to gather information, and recommend to the targeted entities, innovative programs for addressing common community problems, including—

"(A) loss of farms and ranches;

"(B) rural poverty;

"(C) welfare dependency;

"(D) hunger;

"(E) the need for job training; and

"(F) the need for self-sufficiency by individuals and communities.

"(2) NONGOVERNMENTAL ORGANIZATION.—The nongovernmental organization referred to in paragraph (1) shall—

"(A) be selected by the Secretary on a competitive basis;

"(B) be experienced in working with other targeted entities and in organizing workshops that demonstrate programs to other targeted entities;

"(C) be experienced in identifying programs that effectively address community problems described in paragraph (1) that can be implemented by other targeted entities;

"(D) be experienced in, and capable of, receiving information from and communicating with other targeted entities throughout the United States;

"(E) be experienced in operating a national information clearinghouse that addresses 1 or more of the community problems described in paragraph (1); and

"(F) as a condition of entering into the contract or receiving the grant referred to in paragraph (1), agree—

"(i) to contribute in-kind resources toward implementation of the contract or grant;

"(ii) to provide to other targeted entities information and guidance on the innovative programs referred to in paragraph (1); and

"(iii) to operate a national information clearinghouse on innovative means for addressing community problems described in paragraph (1) that—

"(I) is easily usable by—

"(aa) Federal, State, and local government agencies;

"(bb) local community leaders;

"(cc) nongovernmental organizations; and

"(dd) the public; and

"(II) includes information on approved community food projects.

"(3) AUDITS; EFFECTIVE USE OF FUNDS.—The Secretary shall establish auditing procedures and otherwise ensure the effective use of funds made available to carry out this subsection.

"(4) FUNDING.—Not later than 90 days after the date of enactment of this paragraph, and on October 1 of each of fiscal years 2003 through 2007, the Secretary shall allocate to carry out this subsection $200,000 of the funds made available under subsection (b), to remain available until expended.".

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

SEC. 4126. AVAILABILITY OF COMMODITIES FOR THE EMERGENCY FOOD ASSISTANCE PROGRAM.

(a) IN GENERAL.—Section 27(a) of the Food Stamp Act of 1977 (7 U.S.C. 2036(a)) is amended—

(1) by striking "1997 through 2002" and inserting "2002 through 2007"; and

(2) by striking "$100,000,000" and inserting "$140,000,000".

(b) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2001.

Subtitle B—Commodity Distribution

SEC. 4201. COMMODITY SUPPLEMENTAL FOOD PROGRAM.

(a) COMMODITY DISTRIBUTION PROGRAM.—Section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended in the first sentence by striking "2002" and inserting "2007".

(b) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—Section 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is amended—

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

"(a) GRANTS PER ASSIGNED CASELOAD SLOT.—

"(1) IN GENERAL.—In carrying out the program under section 4 (referred to in this section as the 'commodity supplemental food program'), for each of fiscal years 2003 through 2007, the Secretary shall provide to each State agency from funds made available to carry out that section (including any such funds remaining available from the preceding fiscal year), a grant per assigned caseload slot for administrative costs incurred by the State agency and local agencies in the State in operating the commodity supplemental food program.

"(2) AMOUNT OF GRANTS.—

"(A) FISCAL YEAR 2003.—For fiscal year 2003, the amount of each grant per assigned caseload slot shall be equal to the amount of the grant per assigned caseload slot for administrative costs in 2001, adjusted by the percentage change between—

"(i) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30, 2001; and

"(ii) the value of that index for the 12-month period ending June 30, 2002.

"(B) FISCAL YEARS 2004 THROUGH 2007.—For each of fiscal years 2004 through 2007, the amount of each grant per assigned caseload slot shall be equal to the amount of the grant per assigned caseload slot for the preceding fiscal year, adjusted by the percentage change between—

"(i) the value of the State and local government price index, as published by the Bureau of Economic Analysis of the Department of Commerce, for the 12-month period ending June 30 of the second preceding fiscal year; and

"(ii) the value of that index for the 12-month period ending June 30 of the preceding fiscal year.";

(2) in subsection (d)(2), by striking "2002" each place it appears and inserting "2007"; and

(3) by striking subsection (l) and inserting the following:

"(l) USE OF APPROVED FOOD SAFETY TECHNOLOGY.—

"(1) IN GENERAL.—In acquiring commodities for distribution through a program specified in paragraph (2), the Secretary shall not prohibit the use of any technology to improve food safety that—

"(A) has been approved by the Secretary; or

"(B) has been approved or is otherwise allowed by the Secretary of Health and Human Services.

"(2) PROGRAMS.—A program referred to in paragraph (1) is a program authorized under—

"(A) this Act;

"(B) the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.);

"(C) the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.);

"(D) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.); or

"(E) the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.).".

(c) ADDITIONAL FUNDING FOR CERTAIN STATES.—

(1) IN GENERAL.—Not later than 30 days after the date of enactment of this Act, of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make available an amount equal to the amount that the Secretary of Agriculture determines to be necessary to permit each State that began administering the commodity supplemental food program under the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) in the 2000 caseload cycle to administer the program, through the 2002 caseload cycle, at a caseload level that is not less than the originally assigned caseload level of the State.

(2) PROVISION TO STATES.—The Secretary shall provide to each State described in paragraph (1) for the purpose described in that paragraph the funds made available under that paragraph.

(d) EFFECTIVE DATE.—The amendment made by subsection (b)(3) takes effect on the date of enactment of this Act.

SEC. 4202. COMMODITY DONATIONS.

(a) IN GENERAL.—The Commodity Distribution Reform Act and WIC Amendments of 1987 (7 U.S.C. 612c note; Public Law 100–237) is amended—

(1) by redesignating sections 17 and 18 as sections 18 and 19, respectively; and

(2) by inserting after section 16 the following:

"SEC. 17. COMMODITY DONATIONS.

"(a) IN GENERAL.—Notwithstanding any other provision of law concerning commodity donations, any commodities acquired in the conduct of the operations of the Commodity Credit Corporation and any commodities acquired under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to the extent that the commodities are in excess of the quantities of commodities that are essential to carry out other authorized activities of the Commodity Credit Corporation and the Secretary (including any quantity specifically reserved for a specific purpose), may be used for any program authorized to be carried out by the Secretary that involves the acquisition of commodities for use in a domestic feeding program, including any program conducted by the Secretary that provides commodities to individuals in cases of hardship.

"(b) PROGRAMS.—A program described in subsection (a) includes a program authorized by—

"(1) the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501 et seq.);

"(2) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);

"(3) the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.);

"(4) the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.); or

"(5) such other laws as the Secretary determines to be appropriate.".

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

SEC. 4203. DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS.

Section 1114(a)(2)(A) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is amended in the first sentence by striking "2002" and inserting "2007".

SEC. 4204. EMERGENCY FOOD ASSISTANCE.

Section 204(a)(1) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7508(a)(1)) is amended in the first sentence—

(1) by striking "$50,000,000" and inserting "$60,000,000";

(2) by striking "1991 through 2002" and inserting "2003 through 2007";

(3) by striking "administrative";

(4) by inserting "storage," after "processing,"; and

(5) by inserting ", including commodities secured by gleaning (as defined in section 111(a) of the Hunger Prevention Act of 1988 (7 U.S.C. 612c note; Public Law 100–435))" after "sources".

Subtitle C—Child Nutrition and Related Programs

SEC. 4301. COMMODITIES FOR SCHOOL LUNCH PROGRAM.

(a) IN GENERAL.—Section 6(e)(1)(B) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(e)(1)(B)) is amended by striking "2001" and inserting "2003".

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

SEC. 4302. ELIGIBILITY FOR FREE AND REDUCED PRICE MEALS.

(a) IN GENERAL.—Section 9(b) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end the following:

"(7) EXCLUSION OF CERTAIN MILITARY HOUSING ALLOWANCES.—For each of fiscal years 2002 and 2003, the amount of a basic allowance provided under section 403 of title 37, United States Code, on behalf of a member of a uniformed service for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law, shall not be considered to be income for the purpose of determining the eligibility of a child who is a member of the household of the member of a uniformed service for free or reduced price lunches under this Act.".

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

SEC. 4303. PURCHASES OF LOCALLY PRODUCED FOODS.

Section 9 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1758) is amended by adding at the end the following:

"(j) PURCHASES OF LOCALLY PRODUCED FOODS.—

"(1) IN GENERAL.—The Secretary shall—

"(A) encourage institutions participating in the school lunch program under this Act and the school breakfast program established by section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) to purchase, in addition to other

food purchases, locally produced foods for school meal programs, to the maximum extent practicable and appropriate;

"(B) advise institutions participating in a program described in subparagraph (A) of the policy described in that subparagraph and post information concerning the policy on the website maintained by the Secretary; and

"(C) in accordance with requirements established by the Secretary, provide startup grants to not more than 200 institutions to defray the initial costs of equipment, materials, and storage facilities, and similar costs, incurred in carrying out the policy described in subparagraph (A).

"(2) AUTHORIZATION OF APPROPRIATIONS.—

"(A) IN GENERAL.—There is authorized to be appropriated to carry out this subsection $400,000 for each of fiscal years 2003 through 2007, to remain available until expended.

"(B) LIMITATION.—No amounts may be made available to carry out this subsection unless specifically provided by an appropriation Act.".

SEC. 4304. APPLICABILITY OF BUY-AMERICAN REQUIREMENT TO PUERTO RICO.

Section 12(n) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1760(n)) is amended by adding at the end the following:

"(4) APPLICABILITY TO PUERTO RICO.—Paragraph (2)(A) shall apply to a school food authority in the Commonwealth of Puerto Rico with respect to domestic commodities or products that are produced in the Commonwealth of Puerto Rico in sufficient quantities to meet the needs of meals provided under the school lunch program under this Act or the school breakfast program under section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773).".

SEC. 4305. FRUIT AND VEGETABLE PILOT PROGRAM.

(a) IN GENERAL.—Section 18 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1769) is amended by adding at the end the following:

"(g) FRUIT AND VEGETABLE PILOT PROGRAM.—

"(1) IN GENERAL.—In the school year beginning July 2002, the Secretary shall carry out a pilot program to make available to students in 25 elementary or secondary schools in each of 4 States, and in elementary or secondary schools on 1 Indian reservation, free fresh and dried fruits and fresh vegetables throughout the school day in 1 or more areas designated by the school.

"(2) PUBLICITY.—A school that participates in the pilot program shall widely publicize within the school the availability of free fruits and vegetables under the pilot program.

"(3) REPORT.—Not later than May 1, 2003, the Secretary, acting through the Administrator of the Economic Research Service, shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the pilot program.

"(4) FUNDING.—The Secretary shall use not more than $6,000,000 of funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to carry out this subsection (other than paragraph (3)).".

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

SEC. 4306. ELIGIBILITY FOR ASSISTANCE UNDER THE SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN.

(a) IN GENERAL.—Section 17(d)(2)(B)(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)(B)(i)) is amended—

(1) by striking "basic allowance for housing" and inserting the following: "basic allowance—

"(I) for housing";

(2) by striking "and" at the end and inserting "or"; and

(3) by adding at the end the following:

"(II) provided under section 403 of title 37, United States Code, for housing that is acquired or constructed under subchapter IV of chapter 169 of title 10, United States Code, or any related provision of law; and".

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

SEC. 4307. WIC FARMERS' MARKET NUTRITION PROGRAM.

(a) IN GENERAL.—Section 17(m)(9) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(m)(9)) is amended—

(1) by striking "(9)(A) There" and inserting the following:

"(9) FUNDING.—

"(A) IN GENERAL.—

"(i) AUTHORIZATION OF APPROPRIATIONS.—There"; and

(2) in subparagraph (A), by adding at the end the following:

"(ii) MANDATORY FUNDING.—Not later than 30 days after the date of enactment of the Food Stamp Reauthorization Act of 2002, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection $15,000,000, to remain available until expended.".

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

Subtitle D—Miscellaneous

SEC. 4401. PARTIAL RESTORATION OF BENEFITS TO LEGAL IMMIGRANTS.

(a) RESTORATION OF BENEFITS TO DISABLED ALIENS.—Section 402(a)(2)(F) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(F)) is amended by striking "(i) was" and all that follows through "(II) in the case" and inserting the following:

"(i) in the case of the specified Federal program described in paragraph (3)(A)—

"(I) was lawfully residing in the United States on August 22, 1996; and

"(II) is blind or disabled (as defined in paragraph (2) or (3) of section 1614(a) of the Social Security Act (42 U.S.C. 1382c(a))); and

"(ii) in the case".

(b) RESTORATION OF BENEFITS TO ALL QUALIFIED ALIEN CHILDREN.—

(1) IN GENERAL.—Section 402(a)(2)(J) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)(J)) is amended by striking "who" and all that follows through "is under" and inserting "who is under".

(2) CONFORMING AMENDMENTS.—

(A) Section 403(c)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1613(c)(2)) is amended by adding at the end the following:

"(L) Assistance or benefits provided to individuals under the age of 18 under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).".

(B) Section 421(d) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1631(d)) is amended by adding at the end the following:

"(3) This section shall not apply to assistance or benefits under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) to the extent that a qualified alien is eligible under section 402(a)(2)(J).".

(C) Section 5(i)(2)(E) of the Food Stamp Act of 1977 (7 U.S.C. 2014(i)(2)(E)) is amended by inserting before the period at the end the following: ", or to any alien who is under 18 years of age".

(3) EFFECTIVE DATE.—The amendments made by this subsection take effect on October 1, 2003.

(c) FOOD STAMP EXCEPTION FOR CERTAIN QUALIFIED ALIENS.—

(1) IN GENERAL.—Section 402(a)(2) of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (8 U.S.C. 1612(a)(2)) is amended by adding at the end the following:

"(L) FOOD STAMP EXCEPTION FOR CERTAIN QUALIFIED ALIENS.—With respect to eligibility for benefits for the specified Federal program described in paragraph (3)(B), paragraph (1) shall not apply to any qualified alien who has resided in the United States with a status within the meaning of the term 'qualified alien' for a period of 5 years or more beginning on the date of the alien's entry into the United States.".

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) takes effect on April 1, 2003.

SEC. 4402. SENIORS FARMERS' MARKET NUTRITION PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture shall use $5,000,000 for fiscal year 2002, and $15,000,000 for each of fiscal years 2003 through 2007, of the funds available to the Commodity Credit Corporation to carry out and expand a seniors farmers' market nutrition program.

(b) PROGRAM PURPOSES.—The purposes of the seniors farmers' market nutrition program are—

(1) to provide resources in the form of fresh, nutritious, unprepared, locally grown fruits, vegetables, and herbs from farm-

ers' markets, roadside stands, and community supported agriculture programs to low-income seniors;

(2) to increase the domestic consumption of agricultural commodities by expanding or aiding in the expansion of domestic farmers' markets, roadside stands, and community supported agriculture programs; and

(3) to develop or aid in the development of new and additional farmers' markets, roadside stands, and community supported agriculture programs.

(c) REGULATIONS.—The Secretary may issue such regulations as the Secretary considers necessary to carry out the seniors farmers' market nutrition program.

SEC. 4403. NUTRITION INFORMATION AND AWARENESS PILOT PROGRAM.

(a) ESTABLISHMENT.—The Secretary of Agriculture may establish, in not more than 5 States, for a period not to exceed 4 years for each participating State, a pilot program to increase the domestic consumption of fresh fruits and vegetables.

(b) PURPOSE.—

(1) IN GENERAL.—Subject to paragraph (2), the purpose of the program shall be to provide funds to States solely for the purpose of assisting eligible public and private sector entities with cost-share assistance to carry out demonstration projects—

(A) to increase fruit and vegetable consumption; and

(B) to convey related health promotion messages.

(2) LIMITATION.—Funds made available to a State under the program shall not be used to disparage any agricultural commodity.

(c) SELECTION OF STATES.—

(1) IN GENERAL.—In selecting States to participate in the program, the Secretary shall take into consideration, with respect to projects and activities proposed to be carried out under the program—

(A) experience in carrying out similar projects or activities;

(B) innovative approaches; and

(C) the ability of the State to promote and track increases in levels of fruit and vegetable consumption.

(2) ENHANCEMENT OF EXISTING STATE PROGRAMS.—The Secretary may use the pilot program to enhance existing State programs that are consistent with the purpose of the pilot program specified in subsection (b).

(d) ELIGIBLE PUBLIC AND PRIVATE SECTOR ENTITIES.—

(1) IN GENERAL.—A participating State shall establish eligibility criteria under which the State may select public and private sector entities to carry out demonstration projects under the program.

(2) LIMITATION.—No funds made available to States under the program shall be provided by a State to any foreign for-profit corporation.

(e) FEDERAL SHARE.—The Federal share of the cost of any project or activity carried out using funds provided under this section shall be 50 percent.

(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2007.

SEC. 4404. HUNGER FELLOWSHIP PROGRAM.

(a) SHORT TITLE; FINDINGS.—

(1) SHORT TITLE.—This section may be cited as the "Congressional Hunger Fellows Act of 2002".

(2) FINDINGS.—The Congress finds as follows:

(A) There is a critical need for compassionate individuals who are committed to assisting people who suffer from hunger as well as a need for such individuals to initiate and administer solutions to the hunger problem.

(B) Bill Emerson, the distinguished late Representative from the 8th District of Missouri, demonstrated his commitment to solving the problem of hunger in a bipartisan manner, his commitment to public service, and his great affection for the institution and the ideals of the United States Congress.

(C) George T. (Mickey) Leland, the distinguished late Representative from the 18th District of Texas, demonstrated his compassion for those in need, his high regard for public service, and his lively exercise of political talents.

(D) The special concern that Mr. Emerson and Mr. Leland demonstrated during their lives for the hungry and poor was an inspiration for others to work toward the goals of equality and justice for all.

(E) These two outstanding leaders maintained a special bond of friendship regardless of political affiliation and worked together to encourage future leaders to recognize and provide service to others, and therefore it is especially appropriate to honor the memory of Mr. Emerson and Mr. Leland by creating a fellowship program to develop and train the future leaders of the United States to pursue careers in humanitarian service.

(b) ESTABLISHMENT.—There is established as an independent entity of the legislative branch of the United States Government the Congressional Hunger Fellows Program (hereinafter in this section referred to as the "Program").

(c) BOARD OF TRUSTEES.—

(1) IN GENERAL.—The Program shall be subject to the supervision and direction of a Board of Trustees.

(2) MEMBERS OF THE BOARD OF TRUSTEES.—

(A) APPOINTMENT.—The Board shall be composed of 6 voting members appointed under clause (i) and one nonvoting ex officio member designated in clause (ii) as follows:

(i) VOTING MEMBERS.—(I) The Speaker of the House of Representatives shall appoint two members.

(II) The minority leader of the House of Representatives shall appoint one member.

(III) The majority leader of the Senate shall appoint two members.

(IV) The minority leader of the Senate shall appoint one member.

(ii) NONVOTING MEMBER.—The Executive Director of the program shall serve as a nonvoting ex officio member of the Board.

(B) TERMS.—Members of the Board shall serve a term of 4 years.

(C) VACANCY.—

(i) AUTHORITY OF BOARD.—A vacancy in the membership of the Board does not affect the power of the remaining members to carry out this section.

(ii) APPOINTMENT OF SUCCESSORS.—A vacancy in the membership of the Board shall be filled in the same manner in which the original appointment was made.

(iii) INCOMPLETE TERM.—If a member of the Board does not serve the full term applicable to the member, the individual appointed to fill the resulting vacancy shall be appointed for the remainder of the term of the predecessor of the individual.

(D) CHAIRPERSON.—As the first order of business of the first meeting of the Board, the members shall elect a Chairperson.

(E) COMPENSATION.—

(i) IN GENERAL.—Subject to clause (ii), members of the Board may not receive compensation for service on the Board.

(ii) TRAVEL.—Members of the Board may be reimbursed for travel, subsistence, and other necessary expenses incurred in carrying out the duties of the program.

(3) DUTIES.—

(A) BYLAWS.—

(i) ESTABLISHMENT.—The Board shall establish such bylaws and other regulations as may be appropriate to enable the Board to carry out this section, including the duties described in this paragraph.

(ii) CONTENTS.—Such bylaws and other regulations shall include provisions—

(I) for appropriate fiscal control, funds accountability, and operating principles;

(II) to prevent any conflict of interest, or the appearance of any conflict of interest, in the procurement and employment actions taken by the Board or by any officer or employee of the Board and in the selection and placement of individuals in the fellowships developed under the program;

(III) for the resolution of a tie vote of the members of the Board; and

(IV) for authorization of travel for members of the Board.

(iii) TRANSMITTAL TO CONGRESS.—Not later than 90 days after the date of the first meeting of the Board, the Chairperson of the Board shall transmit to the appropriate congressional committees a copy of such bylaws.

(B) BUDGET.—For each fiscal year the program is in operation, the Board shall determine a budget for the program for that fiscal year. All spending by the program shall be pursuant to such budget unless a change is approved by the Board.

(C) PROCESS FOR SELECTION AND PLACEMENT OF FELLOWS.—The Board shall review and approve the process established by the Executive Director for the selection and placement of individuals in the fellowships developed under the program.

(D) ALLOCATION OF FUNDS TO FELLOWSHIPS.—The Board of Trustees shall determine the priority of the programs to be carried out under this section and the amount of funds to be allocated for the Emerson and Leland fellowships.

(d) PURPOSES; AUTHORITY OF PROGRAM.—

(1) PURPOSES.—The purposes of the program are—

(A) to encourage future leaders of the United States to pursue careers in humanitarian service, to recognize the needs of people who are hungry and poor, and to provide assistance and compassion for those in need;

(B) to increase awareness of the importance of public service; and

(C) to provide training and development opportunities for such leaders through placement in programs operated by appropriate organizations or entities.

(2) AUTHORITY.—The program is authorized to develop such fellowships to carry out the purposes of this section, including the fellowships described in paragraph (3).

(3) FELLOWSHIPS.—

(A) IN GENERAL.—The program shall establish and carry out the Bill Emerson Hunger Fellowship and the Mickey Leland Hunger Fellowship.

(B) CURRICULUM.—

(i) IN GENERAL.—The fellowships established under subparagraph (A) shall provide experience and training to develop the skills and understanding necessary to improve the humanitarian conditions and the lives of individuals who suffer from hunger, including—

(I) training in direct service to the hungry in conjunction with community-based organizations through a program of field placement; and

(II) experience in policy development through placement in a governmental entity or nonprofit organization.

(ii) FOCUS OF BILL EMERSON HUNGER FELLOWSHIP.—The Bill Emerson Hunger Fellowship shall address hunger and other humanitarian needs in the United States.

(iii) FOCUS OF MICKEY LELAND HUNGER FELLOWSHIP.—The Mickey Leland Hunger Fellowship shall address international hunger and other humanitarian needs.

(iv) WORKPLAN.—To carry out clause (i) and to assist in the evaluation of the fellowships under paragraph (4), the program shall, for each fellow, approve a work plan that identifies the target objectives for the fellow in the fellowship, including specific duties and responsibilities related to those objectives.

(C) PERIOD OF FELLOWSHIP.—

(i) EMERSON FELLOW.—A Bill Emerson Hunger Fellowship awarded under this paragraph shall be for no more than 1 year.

(ii) LELAND FELLOW.—A Mickey Leland Hunger Fellowship awarded under this paragraph shall be for no more than 2 years. Not less than 1 year of the fellowship shall be dedicated to fulfilling the requirement of subparagraph (B)(i)(I).

(D) SELECTION OF FELLOWS.—

(i) IN GENERAL.—A fellowship shall be awarded pursuant to a nationwide competition established by the program.

(ii) QUALIFICATION.—A successful applicant shall be an individual who has demonstrated—

(I) an intent to pursue a career in humanitarian service and outstanding potential for such a career;

(II) leadership potential or actual leadership experience;

(III) diverse life experience;

(IV) proficient writing and speaking skills;

(V) an ability to live in poor or diverse communities; and

(VI) such other attributes as determined to be appropriate by the Board.

(iii) AMOUNT OF AWARD.—

(I) IN GENERAL.—Each individual awarded a fellowship under this paragraph shall receive a living allowance and, subject to subclause (II), an end-of-service award as determined by the program.

(II) REQUIREMENT FOR SUCCESSFUL COMPLETION OF FELLOWSHIP.—Each individual awarded a fellowship under this paragraph shall be entitled to receive an end-of-service award at an appropriate rate for each month of satisfactory service as determined by the Executive Director.

(iv) RECOGNITION OF FELLOWSHIP AWARD.—

(I) EMERSON FELLOW.—An individual awarded a fellowship from the Bill Emerson Hunger Fellowship shall be known as an "Emerson Fellow".

(II) LELAND FELLOW.—An individual awarded a fellowship from the Mickey Leland Hunger Fellowship shall be known as a "Leland Fellow".

(4) EVALUATION.—The program shall conduct periodic evaluations of the Bill Emerson and Mickey Leland Hunger Fellowships. Such evaluations shall include the following:

(A) An assessment of the successful completion of the work plan of the fellow.

(B) An assessment of the impact of the fellowship on the fellows.

(C) An assessment of the accomplishment of the purposes of the program.

(D) An assessment of the impact of the fellow on the community.

(e) TRUST FUND.—

(1) ESTABLISHMENT.—There is established the Congressional Hunger Fellows Trust Fund (hereinafter in this section referred to as the "Fund") in the Treasury of the United States, consisting of amounts appropriated to the Fund under subsection (i), amounts credited to it under paragraph (3), and amounts received under subsection (g)(3)(A).

(2) INVESTMENT OF FUNDS.—The Secretary of the Treasury shall invest the full amount of the Fund. Each investment shall be made in an interest bearing obligation of the United States or an obligation guaranteed as to principal and interest by the United States that, as determined by the Secretary in consultation with the Board, has a maturity suitable for the Fund.

(3) RETURN ON INVESTMENT.—Except as provided in subsection (f)(2), the Secretary of the Treasury shall credit to the Fund the interest on, and the proceeds from the sale or redemption of, obligations held in the Fund.

(f) EXPENDITURES; AUDITS.—

(1) IN GENERAL.—The Secretary of the Treasury shall transfer to the program from the amounts described in subsection (e)(3) and subsection (g)(3)(A) such sums as the Board determines are necessary to enable the program to carry out the provisions of this section.

(2) LIMITATION.—The Secretary may not transfer to the program the amounts appropriated to the Fund under subsection (i).

(3) USE OF FUNDS.—Funds transferred to the program under paragraph (1) shall be used for the following purposes:

(A) STIPENDS FOR FELLOWS.—To provide for a living allowance for the fellows.

(B) TRAVEL OF FELLOWS.—To defray the costs of transportation of the fellows to the fellowship placement sites.

(C) INSURANCE.—To defray the costs of appropriate insurance of the fellows, the program, and the Board.

(D) TRAINING OF FELLOWS.—To defray the costs of preservice and midservice education and training of fellows.

(E) SUPPORT STAFF.—Staff described in subsection (g).

(F) AWARDS.—End-of-service awards under subsection (d)(3)(D)(iii)(II).

(G) ADDITIONAL APPROVED USES.—For such other purposes that the Board determines appropriate to carry out the program.

(4) AUDIT BY GAO.—

(A) IN GENERAL.—The Comptroller General of the United States shall conduct an annual audit of the accounts of the program.

(B) BOOKS.—The program shall make available to the Comptroller General all books, accounts, financial records (including records of salaries of the Executive Director and other personnel), reports, files, and all other papers, things, or property belonging to or in use by the program and necessary to facilitate such audit.

(C) REPORT TO CONGRESS.—The Comptroller General shall submit a copy of the results of each such audit to the appropriate congressional committees.

(g) STAFF; POWERS OF PROGRAM.—

(1) EXECUTIVE DIRECTOR.—

(A) IN GENERAL.—The Board shall appoint an Executive Director of the program who shall administer the program. The Executive Director shall carry out such other functions consistent with the provisions of this section as the Board shall prescribe.

(B) RESTRICTION.—The Executive Director may not serve as Chairperson of the Board.

(C) COMPENSATION.—The Executive Director shall be paid at a rate not to exceed the rate of basic pay payable for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(2) STAFF.—

(A) IN GENERAL.—With the approval of a majority of the Board, the Executive Director may appoint and fix the pay of additional personnel as the Executive Director considers necessary and appropriate to carry out the functions of the provisions of this section.

(B) COMPENSATION.—An individual appointed under subparagraph (A) shall be paid at a rate not to exceed the rate of basic pay payable for level GS–15 of the General Schedule.

(3) POWERS.—In order to carry out the provisions of this section, the program may perform the following functions:

(A) GIFTS.—The program may solicit, accept, use, and dispose of gifts, bequests, or devises of services or property, both real and personal, for the purpose of aiding or facilitating the work of the program. Gifts, bequests, or devises of money and proceeds from sales of other property received as gifts, bequests, or devises shall be deposited in the Fund and shall be available for disbursement upon order of the Board.

(B) EXPERTS AND CONSULTANTS.—The program may procure temporary and intermittent services under section 3109 of title 5, United States Code, but at rates for individuals not to exceed the daily equivalent of the maximum annual rate of basic pay payable for GS–15 of the General Schedule.

(C) CONTRACT AUTHORITY.—The program may contract, with the approval of a majority of the members of the Board, with and compensate Government and private agencies or persons without regard to section 3709 of the Revised Statutes (41 U.S.C. 5).

(D) OTHER NECESSARY EXPENDITURES.—The program shall make such other expenditures which the program con-

siders necessary to carry out the provisions of this section, but excluding project development.

(h) REPORT.—Not later than December 31 of each year, the Board shall submit to the appropriate congressional committees a report on the activities of the program carried out during the previous fiscal year, and shall include the following:

(1) An analysis of the evaluations conducted under subsection (d)(4) (relating to evaluations of the Emerson and Leland fellowships and accomplishment of the program purposes) during that fiscal year.

(2) A statement of the total amount of funds attributable to gifts received by the program in that fiscal year (as authorized under subsection (g)(3)(A)), and the total amount of such funds that were expended to carry out the program that fiscal year.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $18,000,000 to carry out the provisions of this section.

(j) DEFINITION.—In this section, the term "appropriate congressional committees" means—

(1) the Committee on Agriculture and the Committee on International Relations of the House of Representatives; and

(2) the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate.

SEC. 4405. GENERAL EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title take effect on October 1, 2002.

TITLE V—CREDIT

Subtitle A—Farm Ownership Loans

SEC. 5001. DIRECT LOANS.

Section 302(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(b)(1)) is amended by striking "operated" and inserting "participated in the business operations of".

SEC. 5002. FINANCING OF BRIDGE LOANS.

Section 303(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)(1)) is amended—

(1) in subparagraph (C), by striking "or" at the end;

(2) in subparagraph (D), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(E) refinancing a temporary bridge loan made by a commercial or cooperative lender to a farmer or rancher for the acquisition of land for a farm or ranch, if—

"(i) the Secretary approved an application for a direct farm ownership loan to the farmer or rancher for acquisition of the land; and

"(ii) funds for direct farm ownership loans under section 346(b) were not available at the time at which the application was approved.".

SEC. 5003. AMOUNT OF GUARANTEE OF LOANS FOR FARM OPERATIONS ON TRIBAL LANDS.

Section 309(h) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(h)) is amended—

(1) in paragraph (4), by striking "paragraphs (5) and (6)" and inserting "paragraphs (5), (6), and (7)"; and

(2) by adding at the end the following:

"(7) AMOUNT OF GUARANTEE OF LOANS FOR FARM OPERATIONS ON TRIBAL LANDS.—In the case of an operating loan made to a farmer or rancher whose farm or ranch land is subject to the jurisdiction of an Indian tribe and whose loan is secured by 1 or more security instruments that are subject to the jurisdiction of an Indian tribe, the Secretary shall guarantee 95 percent of the loan.".

SEC. 5004. GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.

Section 309 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929) is amended by adding at the end the following:

"(j) GUARANTEE OF LOANS MADE UNDER STATE BEGINNING FARMER OR RANCHER PROGRAMS.—The Secretary may guarantee under this title a loan made under a State beginning farmer or rancher program, including a loan financed by the net proceeds of a qualified small issue agricultural bond for land or property described in section 144(a)(12)(B)(ii) of the Internal Revenue Code of 1986.".

SEC. 5005. DOWN PAYMENT LOAN PROGRAM.

Section 310E of the Consolidated Farm and Rural Development Act (7 U.S.C. 1935) is amended—

(1) in subsection (b)—

(A) in paragraph (1), by striking "30 percent" and inserting "40 percent"; and

(B) in paragraph (3), by striking "10 years" and inserting "15 years"; and

(2) in subsection (c)(3)(B), by striking "10-year" and inserting "15-year".

SEC. 5006. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922 et seq.) is amended by adding at the end the following:

"SEC. 310F. BEGINNING FARMER AND RANCHER CONTRACT LAND SALES PROGRAM.

"(a) IN GENERAL.—If the Secretary makes a determination that the risk is comparable under subsection (b), the Secretary shall carry out a pilot program in not fewer than 5 States, as determined by the Secretary, to guarantee up to 5 loans per State in each of fiscal years 2003 through 2007 made by a private seller of a farm or ranch to a qualified beginning farmer or rancher on a contract land sale basis, if the loan meets applicable underwriting criteria and a commercial lending institution agrees to serve as escrow agent.

"(b) DATE OF COMMENCEMENT OF PROGRAM.—Not later than October 1, 2002, the Secretary shall make a determination on whether guarantees of contract land sales present a risk that is com-

parable with the risk presented in the case of guarantees to commercial lenders.".

Subtitle B—Operating Loans

SEC. 5101. DIRECT LOANS.

Section 311(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(c)) is amended—

(1) in paragraph (1)—

(A) in the matter that precedes subparagraph (A), by striking "paragraph (3)" and inserting "paragraphs (3) and (4)"; and

(B) in subparagraph (A), by striking "who has not" and all that follows through "5 years"; and

(2) by adding at the end the following:

"(4) WAIVERS.—

"(A) FARM AND RANCH OPERATIONS ON TRIBAL LANDS.—The Secretary shall waive the limitation under paragraph (1)(C) or (3) for a direct loan made under this subtitle to a farmer or rancher whose farm or ranch land is subject to the jurisdiction of an Indian tribe and whose loan is secured by 1 or more security instruments that are subject to the jurisdiction of an Indian tribe if the Secretary determines that commercial credit is not generally available for such farm or ranch operations.

"(B) OTHER FARM AND RANCH OPERATIONS.—On a case-by-case determination not subject to administrative appeal, the Secretary may grant a borrower a waiver, 1 time only for a period of 2 years, of the limitation under paragraph (1)(C) or (3) for a direct operating loan if the borrower demonstrates to the satisfaction of the Secretary that—

"(i) the borrower has a viable farm or ranch operation;

"(ii) the borrower applied for commercial credit from at least 2 commercial lenders;

"(iii) the borrower was unable to obtain a commercial loan (including a loan guaranteed by the Secretary); and

"(iv) the borrower successfully has completed, or will complete within 1 year, borrower training under section 359 (from which requirement the Secretary shall not grant a waiver under section 359(f)).".

SEC. 5102. SUSPENSION OF LIMITATION ON PERIOD FOR WHICH BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.

During the period beginning January 1, 2002, and ending December 31, 2006, section 319(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1949(b)) shall have no force or effect.

Subtitle C—Emergency Loans

SEC. 5201. EMERGENCY LOANS IN RESPONSE TO AN EMERGENCY RESULTING FROM QUARANTINES.

(a) LOAN AUTHORITY.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended—

(1) in each of the 1st and 3rd sentences, by striking "a natural disaster in the United States or by" and inserting "a quarantine imposed by the Secretary under the Plant Protection Act or the animal quarantine laws (as defined in section 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990), a natural disaster in the United States, or"; and

(2) in the 4th sentence—

(A) by striking "a natural disaster" and inserting "such a quarantine or natural disaster"; and

(B) by striking "by such natural disaster" and inserting "by such quarantine or natural disaster".

(b) CONFORMING AMENDMENT.—Section 323 of such Act (7 U.S.C. 1963) is amended by inserting "quarantine," before "natural disaster".

Subtitle D—Administrative Provisions

SEC. 5301. EVALUATIONS OF DIRECT AND GUARANTEED LOAN PROGRAMS.

(a) STUDIES.—The Secretary of Agriculture shall conduct 2 studies of the direct and guaranteed loan progams under sections 302 and 311 of the Consolidated Farm and Rural Development Act, each of which shall include an examination of the number, average principal amount, and delinquency and default rates of loans provided or guaranteed during the period covered by the study.

(b) PERIODS COVERED.—

(1) FIRST STUDY.—One study under subsection (a) shall cover the 1-year period that begins 1 year after the date of the enactment of this section.

(2) SECOND STUDY.—One study under subsection (a) shall cover the 1-year period that begins 3 years after such date of enactment.

(c) REPORTS TO THE CONGRESS.—At the end of the period covered by each study under this section, the Secretary of Agriculture shall submit to the Congress a report that contains an evaluation of the results of the study, including an analysis of the effectiveness of loan programs referred to in subsection (a) in meeting the credit needs of agricultural producers in an efficient and fiscally responsible manner.

SEC. 5302. ELIGIBILITY OF TRUSTS AND LIMITED LIABILITY COMPANIES FOR FARM OWNERSHIP LOANS, FARM OPERATING LOANS, AND EMERGENCY LOANS.

(a) IN GENERAL.—Sections 302(a), 311(a), and 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922(a), 1941(a), and 1961(a)) are each amended by striking "and joint operations" each place it appears and inserting "joint operations, trusts, and limited liability companies".

(b) CONFORMING AMENDMENT.—Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking "or joint operations" each place it appears and inserting "joint operations, trusts, or limited liability companies".

SEC. 5303. DEBT SETTLEMENT.

Section 331(b)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(b)(4)) is amended—

(1) by striking "The Secretary may release" and inserting "After consultation with a local or area county committee, the Secretary may release"; and

(2) by striking "carried out—" and all that follows through "(B) after" and inserting "carried out after".

SEC. 5304. TEMPORARY AUTHORITY TO ENTER INTO CONTRACTS; PRIVATE COLLECTION AGENCIES.

(a) IN GENERAL.—Section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981) is amended by striking subsections (d) and (e).

(b) APPLICATION.—The amendment made by subsection (a) shall not apply to a contract entered into before the effective date of this Act.

SEC. 5305. INTEREST RATE OPTIONS FOR LOANS IN SERVICING.

Section 331B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981b) is amended—

(1) by striking "lower of (1) the" and inserting the following: "lowest of—

"(1) the"; and

(2) by striking "original loan or (2) the" and inserting the following: "original loan;

"(2) the rate being charged by the Secretary for loans, other than guaranteed loans, of the same type at the time at which the borrower applies for a deferral, consolidation, rescheduling, or reamortization; or

"(3) the".

SEC. 5306. ELIMINATION OF REQUIREMENT THAT SECRETARY REQUIRE COUNTY COMMITTEES TO CERTIFY IN WRITING THAT CERTAIN LOAN REVIEWS HAVE BEEN CONDUCTED.

Section 333(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983(2)) is amended to read as follows:

"(2) except with respect to a loan under section 306, 310B, or 314—

"(A) an annual review of the credit history and business operation of the borrower; and

"(B) an annual review of the continued eligibility of the borrower for the loan;".

SEC. 5307. SIMPLIFIED LOAN GUARANTEE APPLICATION AVAILABLE FOR LOANS OF GREATER AMOUNTS.

Section 333A(g)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a(g)(1)) is amended by striking "$50,000" and inserting "$125,000".

SEC. 5308. INVENTORY PROPERTY.

Section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B)—

(i) in clause (i), by striking "75 days" and inserting "135 days"; and

(ii) by adding at the end the following:

"(iv) COMBINING AND DIVIDING OF PROPERTY.—To the maximum extent practicable, the Secretary shall maximize the opportunity for beginning farmers and ranchers to purchase real property acquired by the Sec-

retary under this title by combining or dividing inventory parcels of the property in such manner as the Secretary determines to be appropriate."; and

(B) in subparagraph (C)—

(i) by striking "75 days" and inserting "135 days"; and

(ii) by striking "75-day period" and inserting "135-day period"; and

(2) by striking paragraph (2) and inserting the following:

"(2) PREVIOUS LEASE.—In the case of real property acquired before April 4, 1996, that the Secretary leased before April 4, 1996, not later than 60 days after the lease expires, the Secretary shall offer to sell the property in accordance with paragraph (1).".

SEC. 5309. ADMINISTRATION OF CERTIFIED LENDERS AND PREFERRED CERTIFIED LENDERS PROGRAMS.

Section 339 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1989) is amended by adding at the end the following:

"(e) ADMINISTRATION OF CERTIFIED LENDERS AND PREFERRED CERTIFIED LENDERS PROGRAMS.—The Secretary may administer the loan guarantee programs under subsections (c) and (d) through central offices established in States or in multi-State areas.".

SEC. 5310. DEFINITIONS.

(a) QUALIFIED BEGINNING FARMER OR RANCHER.—Section 343(a)(11)(F) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(11)(F)) is amended by striking "25 percent" and inserting "30 percent".

(b) DEBT FORGIVENESS.—Section 343(a)(12)(B) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)(12)(B)) is amended to read as follows:

"(B) EXCEPTIONS.—The term 'debt forgiveness' does not include—

"(i) consolidation, rescheduling, reamortization, or deferral of a loan; or

"(ii) any write-down provided as part of a resolution of a discrimination complaint against the Secretary.".

SEC. 5311. LOAN AUTHORIZATION LEVELS.

Section 346(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(1)) is amended to read as follows:

"(1) IN GENERAL.—The Secretary may make or guarantee loans under subtitles A and B from the Agricultural Credit Insurance Fund provided for in section 309 for not more than $3,796,000,000 for each of fiscal years 2003 through 2007, of which, for each fiscal year—

"(A) $770,000,000 shall be for direct loans, of which—

"(i) $205,000,000 shall be for farm ownership loans under subtitle A; and

"(ii) $565,000,000 shall be for operating loans under subtitle B; and

"(B) $3,026,000,000 shall be for guaranteed loans, of which—

"(i) $1,000,000,000 shall be for guarantees of farm ownership loans under subtitle A; and

"(ii) $2,026,000,000 shall be for guarantees of operating loans under subtitle B.".

SEC. 5312. RESERVATION OF FUNDS FOR DIRECT OPERATING LOANS FOR BEGINNING FARMERS AND RANCHERS.

Section 346(b)(2)(A)(ii)(III) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)(2)(A)(ii)(III)) is amended by striking "2000 through 2002" and inserting "2003 through 2007".

SEC. 5313. INTEREST RATE REDUCTION PROGRAM.

Section 351 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1999) is amended—

(1) in subsection (a)—

(A) by striking "PROGRAM.—" and all that follows through "The Secretary" and inserting "PROGRAM.—The Secretary"; and

(B) by striking paragraph (2); and

(2) in subsection (e), by striking paragraph (2) and inserting the following:

"(2) MAXIMUM AMOUNT OF FUNDS.—

"(A) IN GENERAL.—The total amount of funds used by the Secretary to carry out this section for a fiscal year shall not exceed $750,000,000.

"(B) BEGINNING FARMERS AND RANCHERS.—

"(i) IN GENERAL.—The Secretary shall reserve not less than 15 percent of the funds used by the Secretary under subparagraph (A) to make payments for guaranteed loans made to beginning farmers and ranchers.

"(ii) DURATION OF RESERVATION OF FUNDS.—Funds reserved for beginning farmers or ranchers under clause (i) for a fiscal year shall be reserved only until March 1 of the fiscal year.".

SEC. 5314. REAMORTIZATION OF RECAPTURE PAYMENTS.

Section 353(e)(7) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2001(e)(7)) is amended by adding at the end the following:

"(D) REAMORTIZATION.—

"(i) IN GENERAL.—The Secretary may modify the amortization of a recapture payment referred to in subparagraph (A) of this paragraph on which a payment has become delinquent by using loan service tools under section 343(b)(3) if—

"(I) the default is due to circumstances beyond the control of the borrower; and

"(II) the borrower acted in good faith (as determined by the Secretary) in attempting to repay the recapture amount.

"(ii) LIMITATIONS.—

"(I) TERM OF REAMORTIZATION.—The term of a reamortization under this subparagraph may not exceed 25 years from the date of the original amortization agreement.

"(II) NO REDUCTION OR PRINCIPAL OR UNPAID INTEREST DUE.—A reamortization of a recapture payment under this subparagraph may not provide

for reducing the outstanding principal or unpaid interest due on the recapture payment.

SEC. 5315. ALLOCATION OF CERTAIN FUNDS FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

The last sentence of section 355(c)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(c)(2)) is amended to read as follows: "Any funds reserved and allocated under this paragraph but not used within a State shall, to the extent necessary to satisfy pending applications under this title, be available for use by socially disadvantaged farmers and ranchers in other States, as determined by the Secretary, and any remaining funds shall be reallocated within the State.".

SEC. 5316. WAIVER OF BORROWER TRAINING CERTIFICATION REQUIREMENT.

Section 359 of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a) is amended by striking subsection (f) and inserting the following:

"(f) WAIVERS.—

"(1) IN GENERAL.—The Secretary may waive the requirements of this section for an individual borrower if the Secretary determines that the borrower demonstrates adequate knowledge in areas described in this section.

"(2) CRITERIA.—The Secretary shall establish criteria providing for the application of paragraph (1) consistently in all counties nationwide.".

SEC. 5317. TIMING OF LOAN ASSESSMENTS.

Section 360(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(a)) is amended by striking "After an applicant is determined eligible for assistance under this title by the appropriate county committee established pursuant to section 332, the" and inserting "The".

SEC. 5318. ANNUAL REVIEW OF BORROWERS.

Section 360(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006b(d)(1)) is amended by striking "biannual" and inserting "annual".

SEC. 5319. LOAN ELIGIBILITY FOR BORROWERS WITH PRIOR DEBT FORGIVENESS.

Section 373(b)(2)(A) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2008h(b)(2)(A)) is amended—

(1) in clause (i), by striking "or";

(2) in clause (ii), by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(iii) received debt forgiveness on not more than 1 occasion resulting directly and primarily from a major disaster or emergency designated by the President on or after April 4, 1996, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).".

SEC. 5320. MAKING AND SERVICING OF LOANS BY PERSONNEL OF STATE, COUNTY, OR AREA COMMITTEES.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008j) is amended by adding at the end the following:

"SEC. 376. MAKING AND SERVICING OF LOANS BY PERSONNEL OF STATE, COUNTY, OR AREA COMMITTEES.

"The Secretary shall use personnel of a State, county or area committee established under section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C 590h(b)(5)) to make and service loans under this title to the extent the personnel have been trained to do so.".

SEC. 5321. ELIGIBILITY OF EMPLOYEES OF STATE, COUNTY, OR AREA COMMITTEE FOR LOANS AND LOAN GUARANTEES.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981–2008j) is further amended by adding at the end the following:

"SEC. 377. ELIGIBILITY OF EMPLOYEES OF STATE, COUNTY, OR AREA COMMITTEE FOR LOANS AND LOAN GUARANTEES.

"(a) IN GENERAL.—The Secretary shall not prohibit an employee of a State, county or area committee established under section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) or an employee of the Department of Agriculture from obtaining a loan or loan guarantee under subtitle A, B or C of this title.

"(b) APPROVALS.—

"(1) COUNTY OR AREA OFFICE.—In the case of a loan application from an employee in a county or area office, the Farm Service Agency State office shall be responsible for reviewing and approving the application.

"(2) STATE OFFICE.—In the case of a loan application from an employee of a State office, the Farm Service Agency national office shall be responsible for reviewing and approving the application.".

Subtitle E—Farm Credit

SEC. 5401. REPEAL OF BURDENSOME APPROVAL REQUIREMENTS.

(a) BANKS FOR COOPERATIVES.—Section 3.1(11)(B) of the Farm Credit Act of 1971 (12 U.S.C. 2122(11)(B)) is amended—

(1) by striking clause (iii); and

(2) by redesignating clause (iv) as clause (iii).

(b) OTHER SYSTEM BANKS; ASSOCIATIONS.—Section 4.18A of the Farm Credit Act of 1971 (12 U.S.C. 2206a) is amended—

(1) in subsection (a)(1), by striking "3.1(11)(B)(iv)" and inserting "3.1(11)(B)(iii)"; and

(2) by striking subsection (c).

SEC. 5402. BANKS FOR COOPERATIVES.

Section 3.7(b) of the Farm Credit Act of 1971 (12 U.S.C. 2128(b)) is amended—

(1) in paragraphs (1) and (2)(A)(i), by striking "farm supplies" each place it appears and inserting "agricultural supplies"; and

(2) by adding at the end the following:

"(4) DEFINITION OF AGRICULTURAL SUPPLY.—In this subsection, the term 'agricultural supply' includes—

"(A) a farm supply; and

"(B)(i) agriculture-related processing equipment;

"(ii) agriculture-related machinery; and

"(iii) other capital goods related to the storage or handling of agricultural commodities or products.".

SEC. 5403. INSURANCE CORPORATION PREMIUMS.

(a) REDUCTION IN PREMIUMS FOR GSE-GUARANTEED LOANS.—

(1) IN GENERAL.—Section 5.55 of the Farm Credit Act of 1971 (12 U.S.C. 2277a–4) is amended—

(A) in subsection (a)—

(i) in paragraph (1)—

(I) in subparagraph (A), by striking "government-guaranteed loans provided for in subparagraph (C)" and inserting "loans provided for in subparagraphs (C) and (D)";

(II) in subparagraph (B), by striking "and" at the end;

(III) in subparagraph (C), by striking the period at the end and inserting "; and"; and

(IV) by adding at the end the following:

"(D) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans made by the bank that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation at the sole discretion of the Corporation."; and

(ii) by adding at the end the following:

"(4) DEFINITION OF GOVERNMENT SPONSORED ENTERPRISE-GUARANTEED LOAN.—In this section and sections 1.12(b) and 5.56(a), the term 'Government Sponsored Enterprise-guaranteed loan' means a loan or credit, or portion of a loan or credit, that is guaranteed by an entity that is chartered by Congress to serve a public purpose and the debt obligations of which are not explicitly guaranteed by the United States, including the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Home Loan Bank System, and the Federal Agricultural Mortgage Corporation, but not including any other institution of the Farm Credit System."; and

(B) in subsection (e)(4)(B), by striking "government-guaranteed loans described in subsection (a)(1)(C)" and inserting "loans described in subparagraph (C) or (D) of subsection (a)(1)".

(2) CONFORMING AMENDMENTS.—

(A) Section 1.12(b) of the Farm Credit Act of 1971 (12 U.S.C. 2020(b)) is amended—

(i) in paragraph (1), by inserting "and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) provided for in paragraph (4)" after "government-guaranteed loans (as defined in section 5.55(a)(3)) provided for in paragraph (3)";

(ii) in paragraph (2), by striking "and" at the end;

(iii) in paragraph (3), by striking the period at the end and inserting "; and"; and

(iv) by adding at the end the following:

"(4) the annual average principal outstanding for such year on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as so defined) made by the association, or by the other financing institution and funded by or discounted with the Farm Credit Bank, that are in accrual status, multiplied by a factor, not to exceed 0.0015, determined by the Corporation for the purpose of setting the premium for such guaranteed portions of loans under section 5.55(a)(1)(D).".

(B) Section 5.56(a) of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5(a)) is amended—

(i) in paragraph (1), by inserting "and Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4))" after "government-guaranteed loans";

(ii) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(iii) by inserting after paragraph (3) the following:

"(4) the annual average principal outstanding on the guaranteed portions of Government Sponsored Enterprise-guaranteed loans (as defined in section 5.55(a)(4)) that are in accrual status;".

(b) APPLICABILITY.—The amendments made by this section shall apply with respect to determinations of premiums for calendar year 2002 and for any succeeding calendar year, and to certified statements with respect to such premiums.

Subtitle F—General Provisions

SEC. 5501. TECHNICAL AMENDMENTS.

(a) Section 321(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(a)) is amended by striking "Disaster Relief and Emergency Assistance Act" each place it appears and inserting "Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.)".

(b) Section 336(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1986(b)) is amended in the second sentence by striking "provided for in section 332 of this title".

(c) Section 359(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2006a(c)(1)) is amended by striking "established pursuant to section 332,".

TITLE VI—RURAL DEVELOPMENT

Subtitle A—Consolidated Farm and Rural Development Act

SEC. 6001. ELIGIBILITY OF RURAL EMPOWERMENT ZONES AND RURAL ENTERPRISE COMMUNITIES FOR DIRECT AND GUARANTEED LOANS FOR ESSENTIAL COMMUNITY FACILITIES.

Section 306(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(1)) is amended by inserting after the first sentence the following: "The Secretary may also make or insure

loans to communities that have been designated as rural empowerment zones or rural enterprise communities pursuant to part I of subchapter U of chapter 1 of the Internal Revenue Code of 1986, or as rural enterprise communities pursuant to section 766 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (Public Law 105–277; 112 Stat. 2681, 2681–37), to provide for the installation or improvement of essential community facilities including necessary related equipment, and to furnish financial assistance or other aid in planning projects for such purposes.".

SEC. 6002. WATER OR WASTE DISPOSAL GRANTS.

Section 306(a)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(2)) is amended—

(1) by striking "(2) The" and inserting the following:

"(2) WATER, WASTE DISPOSAL, AND WASTEWATER FACILITY GRANTS.—

"(A) AUTHORITY.—

"(i) IN GENERAL.—The";

(2) by striking "aggregating not to exceed $590,000,000 in any fiscal year";

(3) by striking "The amount" and inserting the following:

"(ii) AMOUNT.—The amount";

(4) by striking "paragraph" and inserting "subparagraph";

(5) by striking "The Secretary shall" and inserting the following:

"(iii) GRANT RATE.—The Secretary shall"; and

(6) by adding at the end the following:

"(B) REVOLVING FUNDS FOR FINANCING WATER AND WASTEWATER PROJECTS.—

"(i) IN GENERAL.—The Secretary may make grants to qualified private, nonprofit entities to capitalize revolving funds for the purpose of providing financing to eligible entities for—

"(I) predevelopment costs associated with proposed water and wastewater projects or with existing water and wastewater systems; and

"(II) short-term costs incurred for replacement equipment, small-scale extension services, or other small capital projects that are not part of the regular operations and maintenance activities of existing water and wastewater systems.

"(ii) ELIGIBLE ENTITIES.—To be eligible to obtain financing from a revolving fund under clause (i), an eligible entity must be eligible to obtain a loan, loan guarantee, or grant under paragraph (1) or this paragraph.

"(iii) MAXIMUM AMOUNT OF FINANCING.—The amount of financing made to an eligible entity under this subparagraph shall not exceed—

"(I) $100,000 for costs described in clause (i)(I); and

"(II) $100,000 for costs described in clause (i)(II).

"(iv) TERM.—The term of financing provided to an eligible entity under this subparagraph shall not exceed 10 years.

"(v) ADMINISTRATION.—The Secretary shall limit the amount of grant funds that may be used by a grant recipient for administrative costs incurred under this subparagraph.

"(vi) ANNUAL REPORT.—A nonprofit entity receiving a grant under this subparagraph shall submit to the Secretary an annual report that describes the number and size of communities served and the type of financing provided.

"(vii) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this subparagraph $30,000,000 for each of fiscal years 2002 through 2007.".

SEC. 6003. RURAL BUSINESS OPPORTUNITY GRANTS.

Section 306(a)(11)(D) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is amended—

(1) by striking "$7,500,000" and inserting "$15,000,000"; and

(2) by striking "2002" and inserting "2007".

SEC. 6004. CHILD DAY CARE FACILITIES.

Section 306(a)(19) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(19)) is amended by adding at the end the following:

"(C) RESERVATION OF FUNDS FOR CHILD DAY CARE FACILITIES.—

"(i) IN GENERAL.—For each fiscal year, not less than 10 percent of the funds made available to carry out this paragraph shall be reserved for grants to pay the Federal share of the cost of developing and constructing day care facilities for children in rural areas.

"(ii) RELEASE.—Funds reserved under clause (i) for a fiscal year shall be reserved only until April 1 of the fiscal year.".

SEC. 6005. RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by adding at the end the following:

"(22) RURAL WATER AND WASTEWATER CIRCUIT RIDER PROGRAM.—

"(A) IN GENERAL.—The Secretary shall establish a national rural water and wastewater circuit rider program that is based on the rural water circuit rider program of the National Rural Water Association that (as of the date of enactment of this paragraph) receives funding from the Secretary, acting through the Rural Utilities Service.

"(B) RELATIONSHIP TO EXISTING PROGRAM.—The program established under subparagraph (A) shall not affect the authority of the Secretary to carry out the circuit rider program for which funds are made available under the heading "RURAL COMMUNITY ADVANCEMENT PROGRAM" in

title III of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002 (115 Stat. 719).

"(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $15,000,000 for fiscal year 2003 and each fiscal year thereafter.".

SEC. 6006. MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 6005) is amended by adding at the end the following:

"(23) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS.—

"(A) GRANTS.—The Secretary shall provide grants to multijurisdictional regional planning and development organizations to pay the Federal share of the cost of providing assistance to local governments to improve the infrastructure, services, and business development capabilities of local governments and local economic development organizations.

"(B) PRIORITY.—In determining which organizations will receive a grant under this paragraph, the Secretary shall give priority to an organization that—

"(i) serves a rural area that, during the most recent 5-year period—

"(I) had a net out-migration of inhabitants, or other population loss, from the rural area that equals or exceeds 5 percent of the population of the rural area; or

"(II) had a median household income that is less than the nonmetropolitan median household income of the applicable State; and

"(ii) has a history of providing substantive assistance to local governments and economic development organizations.

"(C) FEDERAL SHARE.—A grant provided under this paragraph shall be for not more than 75 percent of the cost of providing assistance described in subparagraph (A).

"(D) MAXIMUM AMOUNT OF GRANTS.—The amount of a grant provided to an organization under this paragraph shall not exceed $100,000.

"(E) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $30,000,000 for each of fiscal years 2003 through 2007.".

SEC. 6007. LOAN GUARANTEES FOR CERTAIN RURAL DEVELOPMENT LOANS.

(a) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1925(a)) (as amended by section 6006) is amended by adding at the end the following:

"(24) LOAN GUARANTEES FOR WATER, WASTEWATER, AND ESSENTIAL COMMUNITY FACILITIES LOANS.—

"(A) IN GENERAL.—The Secretary may guarantee a loan made to finance a community facility or water or waste facility project in a rural area, including a loan financed by the net proceeds of a bond described in section 142(a) of the Internal Revenue Code of 1986.

"(B) REQUIREMENTS.—To be eligible for a loan guarantee under subparagraph (A), an individual or entity offering to purchase the loan shall demonstrate to the Secretary that the person has—

"(i) the capabilities and resources necessary to service the loan in a manner that ensures the continued performance of the loan, as determined by the Secretary; and

"(ii) the ability to generate capital to provide borrowers of the loan with the additional credit necessary to properly service the loan.".

(b) LOAN GUARANTEES FOR CERTAIN LOANS.—Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end the following:

"(h) LOAN GUARANTEES FOR CERTAIN LOANS.—The Secretary may guarantee loans made under subsection (a) to finance the issuance of bonds for the projects described in section 306(a)(24).".

SEC. 6008. TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL COMMUNITY FACILITIES.

Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) (as amended by section 6007(a)) is amended by adding at the end the following:

"(25) TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL COMMUNITY FACILITIES.—

"(A) IN GENERAL.—The Secretary may make grants to tribal colleges and universities (as defined in section 316 of the Higher Education Act of 1965 (20 U.S.C. 1059c)) to provide the Federal share of the cost of developing specific tribal college or university essential community facilities in rural areas.

"(B) FEDERAL SHARE.—

"(i) IN GENERAL.—Except as provided in clauses (ii) and (iii), the Secretary shall, by regulation, establish the maximum percentage of the cost of the facility that may be covered by a grant under this paragraph.

"(ii) MAXIMUM AMOUNT.—The amount of a grant provided under this paragraph for a facility shall not exceed 75 percent of the cost of developing the facility.

"(iii) GRADUATED SCALE.—The Secretary shall provide for a graduated scale of the percentages of the cost covered by a grant made under this paragraph that provides higher percentages for facilities in communities that have lower community population and income levels, as determined by the Secretary.

"(C) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this paragraph $10,000,000 for each of fiscal years 2003 through 2007.".

SEC. 6009. EMERGENCY AND IMMINENT COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a) is amended—

(1) in the section heading, by inserting "and imminent" after "emergency";

(2) in subsection (a)—

(A) in paragraph (1), by inserting ", or when such a decline is imminent" before the semicolon at the end; and

(B) in paragraph (2)—

(i) in subparagraph (A), by striking "acute" and inserting "acute, or imminent,"; and

(ii) in subparagraph (B), by striking "decline" and inserting "decline, or imminent decline,";

(3) in subsection (c)(2), by striking "occurred" and inserting "occurred, or will occur,";

(4) in subsection (d), by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—Grants made under this section may be used—

"(A) for waterline extensions from existing systems, laying of new waterlines, repairs, significant maintenance, digging of new wells, equipment replacement, and hook and tap fees;

"(B) for any other appropriate purpose associated with developing sources of, treating, storing, or distributing water;

"(C) to assist communities in complying with the requirements of the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.) or the Safe Drinking Water Act (42 U.S.C. 300f et seq.); and

"(D) to provide potable water to communities through other means.";

(5) in subsection (f)(2), by striking "$75,000" and inserting "$150,000";

(6) in subsection (h)—

(A) in the second sentence of paragraph (1), by striking "decline" and inserting "decline, or imminent decline,"; and

(B) by striking paragraph (2) and inserting the following:

"(2) TIMING OF REVIEW OF APPLICATIONS.—

"(A) SIMPLIFIED APPLICATION.—The application process developed by the Secretary under paragraph (1) shall include a simplified application form that will permit expedited consideration of an application for a grant filed under this section.

"(B) PRIORITY REVIEW.—In processing applications for any water or waste grant or loan authorized under this title, the Secretary shall afford priority processing to an application for a grant under this section to the extent funds will be available for an award on the application at the conclusion of priority processing.

"(C) TIMING.—The Secretary shall, to the maximum extent practicable, review and act on an application under

this section within 60 days after the date on which the application is submitted to the Secretary."; and

(7) by striking subsection (i) and inserting the following:

"(i) FUNDING.—

"(1) RESERVATION.—

"(A) IN GENERAL.—For each fiscal year, not less than 3 nor more than 5 percent of the total amount made available to carry out section 306(a)(2) for the fiscal year shall be reserved for grants under this section.

"(B) RELEASE.—Funds reserved under subparagraph (A) for a fiscal year shall be reserved only until July 1 of the fiscal year.

"(2) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds made available under paragraph (1), there is authorized to be appropriated to carry out this section $35,000,000 for each of fiscal years 2003 through 2007.".

SEC. 6010. WATER AND WASTE FACILITY GRANTS FOR NATIVE AMERICAN TRIBES.

Section 306C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926c) is amended by striking subsection (e) and inserting the following:

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—Subject to paragraph (2), there are authorized to be appropriated—

"(A) for grants under this section, $30,000,000 for each fiscal year;

"(B) for loans under this section, $30,000,000 for each fiscal year; and

"(C) in addition to grants provided under subparagraph (A), for grants under this section to benefit Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), $20,000,000 for each fiscal year.

"(2) EXCEPTION.—An entity eligible to receive funding through a grant made under section 306D shall not be eligible for a grant from funds made available under paragraph (1)(C).".

SEC. 6011. GRANTS FOR WATER SYSTEMS FOR RURAL AND NATIVE VILLAGES IN ALASKA.

Section 306D(d)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926d(d)(1)) is amended by striking "and 2002" and inserting "through 2007".

SEC. 6012. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.

(a) IN GENERAL.—The Consolidated Farm and Rural Development Act is amended by inserting after section 306D (7 U.S.C. 1926d) the following:

"SEC. 306E. GRANTS TO NONPROFIT ORGANIZATIONS TO FINANCE THE CONSTRUCTION, REFURBISHING, AND SERVICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH LOW OR MODERATE INCOMES.

"(a) DEFINITION OF ELIGIBLE INDIVIDUAL.—In this section, the term 'eligible individual' means an individual who is a member of a household the members of which have a combined income (for the most recent 12-month period for which the information is available) that is not more than 100 percent of the median nonmetropolitan household income for the State or territory in which the individual resides, according to the most recent decennial census of the United States.

"(b) GRANTS.—

"(1) IN GENERAL.—The Secretary may make grants to private nonprofit organizations for the purpose of providing loans to eligible individuals for the construction, refurbishing, and servicing of individual household water well systems in rural areas that are or will be owned by the eligible individuals.

"(2) TERMS OF LOANS.—A loan made with grant funds under this section—

"(A) shall have an interest rate of 1 percent;

"(B) shall have a term not to exceed 20 years; and

"(C) shall not exceed $8,000 for each water well system described in paragraph (1).

"(3) ADMINISTRATIVE EXPENSES.—A recipient of a grant made under this section may use grant funds to pay administrative expenses associated with providing the assistance described in paragraph (1), as determined by the Secretary.

"(c) PRIORITY IN AWARDING GRANTS.—In awarding grants under this section, the Secretary shall give priority to an applicant that has substantial expertise and experience in promoting the safe and productive use of individually-owned household water well systems and ground water.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2003 through 2007.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) takes effect on October 1, 2002.

SEC. 6013. LOANS AND LOAN GUARANTEES FOR RENEWABLE ENERGY SYSTEMS.

Section 310B(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(a)(3)) is amended by inserting "and other renewable energy systems (including wind energy systems and anaerobic digestors for the purpose of energy generation)" after "solar energy systems".

SEC. 6014. RURAL BUSINESS ENTERPRISE GRANTS.

Section 310B(c)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(c)(1)) is amended—

(1) by striking "(1) IN GENERAL.—The Secretary" and inserting the following:

"(1) GRANTS.—

"(A) IN GENERAL.—The Secretary"; and

(2) by adding at the end the following:

"(B) SMALL AND EMERGING PRIVATE BUSINESS ENTERPRISES.—

"(i) IN GENERAL.—For the purpose of subparagraph (A), a small and emerging private business enterprise shall include (regardless of the number of employees or operating capital of the enterprise) an eligible nonprofit entity, or other tax-exempt organization, with a principal office in an area that is located—

"(I) on land of an existing or former Native American reservation; and

"(II) in a city, town, or unincorporated area that has a population of not more than 5,000 inhabitants.

"(ii) USE OF GRANT.—An eligible nonprofit entity, or other tax exempt organization, described in clause (i) may use assistance provided under this paragraph to create, expand, or operate value-added processing in an area described in clause (i) in connection with production agriculture.

"(iii) PRIORITY.—In making grants under this paragraph, the Secretary shall give priority to grants that will be used to provide assistance to eligible nonprofit entities and other tax exempt organizations described in clause (i).".

SEC. 6015. RURAL COOPERATIVE DEVELOPMENT GRANTS.

Section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) is amended—

(1) in paragraph (5)(F), before the period at the end the following: ", except that the Secretary shall not require non-Federal financial support in an amount that is greater than 5 percent in the case of a 1994 institution (as defined in section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382))"; and

(2) in paragraph (9), by striking "2002" and inserting "2007".

SEC. 6016. GRANTS TO BROADCASTING SYSTEMS.

Section 310B(f) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(f)) is amended by adding at the end the following:

"(3) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $5,000,000 for each of fiscal years 2002 through 2007.".

SEC. 6017. BUSINESS AND INDUSTRY LOAN MODIFICATIONS.

Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by striking subsection (g) and inserting the following:

"(g) BUSINESS AND INDUSTRY DIRECT AND GUARANTEED LOANS.—

"(1) DEFINITION OF BUSINESS AND INDUSTRY LOAN.—In this subsection, the term 'business and industry loan' means a business and industry direct or guaranteed loan that is made or guaranteed by the Secretary under subsection (a)(1).

"(2) LOAN GUARANTEES FOR THE PURCHASE OF COOPERATIVE STOCK.—

"(A) IN GENERAL.—The Secretary may guarantee a business and industry loan to individual farmers or ranchers for the purpose of purchasing capital stock of a farmer or rancher cooperative established for the purpose of processing an agricultural commodity.

"(B) PROCESSING CONTRACTS DURING INITIAL PERIOD.—A cooperative described in subparagraph (A) for which a farmer or rancher receives a guarantee to purchase stock under subparagraph (A) may contract for services to process agricultural commodities, or otherwise process value-added agricultural products, during the 5-year period beginning on the date of the startup of the cooperative in order to provide adequate time for the planning and construction of the processing facility of the cooperative.

"(C) FINANCIAL INFORMATION.—Financial information required by the Secretary from a farmer or rancher as a condition of making a business and industry loan guarantee under this paragraph shall be provided in the manner generally required by commercial agricultural lenders in the area.

"(3) LOANS TO COOPERATIVES.—

"(A) IN GENERAL.—The Secretary may make or guarantee a business and industry loan to a cooperative organization that is headquartered in a metropolitan area if the loan is used for a project or venture described in subsection (a) that is located in a rural area or a loan guarantee that meets the requirements of paragraph (6).

"(B) REFINANCING.—A cooperative organization that is eligible for a business and industry loan shall be eligible to refinance an existing business and industry loan with a lender if—

"(i) the cooperative organization—

"(I) is current and performing with respect to the existing loan; and

"(II) is not, and has not been, in payment default, or the collateral of which has not been converted, with respect to the existing loan; and

"(ii) there is adequate security or full collateral for the refinanced loan.

"(4) LOAN APPRAISALS.—The Secretary may require that any appraisal made in connection with a business and industry loan be conducted by a specialized appraiser that uses standards that are similar to standards used for similar purposes in the private sector, as determined by the Secretary.

"(5) FEES.—The Secretary may assess a 1-time fee for any guaranteed business and industry loan in an amount that does not exceed 2 percent of the guaranteed principal portion of the loan.

"(6) LOAN GUARANTEES IN NONRURAL AREAS.—

"(A) IN GENERAL.—The Secretary may guarantee a business and industry loan to a cooperative organization for a facility that is not located in a rural area if—

"(i) the primary purpose of the loan guarantee is for a facility to provide value-added processing for ag-

ricultural producers that are located within 80 miles of the facility;

"(ii) the applicant demonstrates to the Secretary that the primary benefit of the loan guarantee will be to provide employment for residents of a rural area; and

"(iii) the total amount of business and industry loans guaranteed for a fiscal year under this paragraph does not exceed 10 percent of the business and industry loans guaranteed for the fiscal year under subsection (a)(1).

"(B) PRINCIPAL AMOUNTS.—The principal amount of a business and industry loan guaranteed under this paragraph may not exceed $25,000,000.

"(7) INTANGIBLE ASSETS.—In determining whether a cooperative organization is eligible for a guaranteed business and industry loan, the Secretary may consider the market value of a properly appraised brand name, patent, or trademark of the cooperative.

"(8) LIMITATIONS ON LOAN GUARANTEES FOR COOPERATIVE ORGANIZATIONS.—

"(A) PRINCIPAL AMOUNT.—

"(i) IN GENERAL.—Subject to clause (ii), the principal amount of a business and industry loan made to a cooperative organization and guaranteed under this subsection shall not exceed $40,000,000.

"(ii) USE.—To be eligible for a guarantee under this subsection for a business and industry loan made to a cooperative organization, the principal amount of the any such loan in excess of $25,000,000 shall be used to carry out a project—

"(I) in a rural area; and

"(II) that provides for the value-added processing of agricultural commodities.

"(B) APPLICATIONS.—If a cooperative organization submits an application for a guarantee under this subsection of a business and industry loan with a principal amount that is in excess of $25,000,000, the Secretary—

"(i) shall review and, if appropriate, approve the application; and

"(ii) may not delegate the approval authority.

"(C) MAXIMUM AMOUNT.—The total amount of business and industry loans made to cooperative organizations and guaranteed for a fiscal year under this subsection with principal amounts that are in excess of $25,000,000 may not exceed 10 percent of the business and industry loans guaranteed for the fiscal year under subsection (a)(1).".

SEC. 6018. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

Subtitle A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 5006) is amended by adding at the end the following:

"SEC. 310G. USE OF RURAL DEVELOPMENT LOANS AND GRANTS FOR OTHER PURPOSES.

"If, after making a loan or a grant described in section 381E(d), the Secretary determines that the circumstances under which the loan or grant was made have sufficiently changed to make the project or activity for which the loan or grant was made available no longer appropriate, the Secretary may allow the loan borrower or grant recipient to use property (real and personal) purchased or improved with the loan or grant funds, or proceeds from the sale of property (real and personal) purchased with such funds, for another project or activity that (as determined by the Secretary)—

"(1) will be carried out in the same area as the original project or activity;

"(2) meets the criteria for a loan or a grant described in section 381E(d); and

"(3) satisfies such additional requirements as are established by the Secretary.".

SEC. 6019. SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.

Section 333A of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983a) (as amended by section 5307) is amended by striking subsection (g) and inserting the following:

"(g) SIMPLIFIED APPLICATION FORMS FOR LOAN GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall provide to lenders a short, simplified application form for guarantees under this title of—

"(A) farmer program loans the principal amount of which is $125,000 or less; and

"(B) business and industry guaranteed loans under section 310B(a)(1) the principal amount of which is—

"(i) in the case of a loan guarantee made during fiscal year 2002 or 2003, $400,000 or less; and

"(ii) in the case of a loan guarantee made during any subsequent fiscal year—

"(I) $400,000 or less; or

"(II) if the Secretary determines that there is not a significant increased risk of a default on the loan, $600,000 or less.

"(2) WATER AND WASTE DISPOSAL GRANTS AND LOANS.—The Secretary shall develop an application process that accelerates, to the maximum extent practicable, the processing of applications for water and waste disposal grants or direct or guaranteed loans under paragraph (1) or (2) of section 306(a) the grant award amount or principal loan amount, respectively, of which is $300,000 or less.

"(3) ADMINISTRATION.—In developing an application under this subsection, the Secretary shall—

"(A) consult with commercial and cooperative lenders; and

"(B) ensure that—

"(i) the form can be completed manually or electronically, at the option of the lender;

"(ii) the form minimizes the documentation required to accompany the form;

"(iii) the cost of completing and processing the form is minimal; and

"(iv) the form can be completed and processed in an expeditious manner.".

SEC. 6020. DEFINITION OF RURAL AND RURAL AREA.

(a) IN GENERAL.—Section 343(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1991(a)) is amended by adding at the end the following:

"(13) RURAL AND RURAL AREA.—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, the terms 'rural' and 'rural area' mean any area other than—

"(i) a city or town that has a population of greater than 50,000 inhabitants; and

"(ii) the urbanized area contiguous and adjacent to such a city or town.

"(B) WATER AND WASTE DISPOSAL GRANTS AND DIRECT AND GUARANTEED LOANS.—For the purpose of water and waste disposal grants and direct and guaranteed loans provided under paragraphs (1), (2), and (24) of section 306(a), the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of no more than 10,000 inhabitants.

"(C) COMMUNITY FACILITY LOANS AND GRANTS.—For the purpose of community facility direct and guaranteed loans and grants under paragraphs (1), (19), (20), (21), and (24) of section 306(a), the terms 'rural' and 'rural area' mean a city, town, or unincorporated area that has a population of not more than 20,000 inhabitants.

"(D) MULTIJURISDICTIONAL REGIONAL PLANNING ORGANIZATIONS; NATIONAL RURAL DEVELOPMENT PARTNERSHIP.—In sections 306(a)(23) and 378, the term 'rural area' means—

"(i) all the territory of a State that is not within the boundary of any standard metropolitan statistical area; and

"(ii) all territory within any standard metropolitan statistical area within a census tract having a population density of less than 20 persons per square mile, as determined by the Secretary according to the most recent census of the United States as of any date.

"(E) RURAL BUSINESS INVESTMENT PROGRAM.—In subtitle H, the term 'rural area' means an area that is located—

"(i) outside a standard metropolitan statistical area; or

"(ii) within a community that has a population of 50,000 inhabitants or less.".

(b) CONFORMING AMENDMENTS.—

(1) Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by striking paragraph (7).

(2) Section 381A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) and (3) as paragraphs (1) and (2), respectively.

(3) Section 735 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999 (112 Stat. 2681–29) is repealed.

SEC. 6021. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 5321) is amended by adding at the end the following:

"SEC. 378. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.

"(a) DEFINITIONS.—In this section:

"(1) AGENCY WITH RURAL RESPONSIBILITIES.—The term 'agency with rural responsibilities' means any executive agency (as defined in section 105 of title 5, United States Code) that implements a Federal law, or administers a program, targeted at or having a significant impact on rural areas.

"(2) COORDINATING COMMITTEE.—The term 'Coordinating Committee' means the National Rural Development Coordinating Committee established by subsection (c).

"(3) PARTNERSHIP.—The term 'Partnership' means the National Rural Development Partnership continued by subsection (b).

"(4) STATE RURAL DEVELOPMENT COUNCIL.—The term 'State rural development council' means a State rural development council that meets the requirements of subsection (d).

"(b) PARTNERSHIP.—

"(1) IN GENERAL.—The Secretary shall continue the National Rural Development Partnership composed of—

"(A) the Coordinating Committee; and

"(B) State rural development councils.

"(2) PURPOSES.—The purposes of the Partnership are to empower and build the capacity of States and rural communities to design flexible and innovative responses to their own special rural development needs, with local determinations of progress and selection of projects and activities.

"(3) GOVERNING PANEL.—

"(A) IN GENERAL.—A panel consisting of representatives of the Coordinating Committee and State rural development councils shall be established to lead and coordinate the strategic operation, policies, and practices of the Partnership.

"(B) ANNUAL REPORTS.—In conjunction with the Coordinating Committee and State rural development councils, the panel shall prepare and submit to Congress an annual report on the activities of the Partnership.

"(4) ROLE OF FEDERAL GOVERNMENT.—The role of the Federal Government in the Partnership may be that of a partner and facilitator, with Federal agencies authorized—

"(A) to cooperate with States to implement the Partnership;

"(B) to provide States with the technical and administrative support necessary to plan and implement tailored rural development strategies to meet local needs;

"(C) to ensure that the head of each agency with rural responsibilities designates a senior-level agency official to represent the agency on the Coordinating Committee and

directs appropriate field staff to participate fully with the State rural development council within the jurisdiction of the field staff; and

"(D) to enter into cooperative agreements with, and to provide grants and other assistance to, the Coordinating Committee and State rural development councils.

"(c) NATIONAL RURAL DEVELOPMENT COORDINATING COMMITTEE.—

"(1) ESTABLISHMENT.—The Secretary shall establish a National Rural Development Coordinating Committee within the Department of Agriculture.

"(2) COMPOSITION.—The Coordinating Committee shall be composed of—

"(A) 1 representative of each agency with rural responsibilities; and

"(B) representatives, approved by the Secretary, of—

"(i) national associations of State, regional, local, and tribal governments and intergovernmental and multijurisdictional agencies and organizations;

"(ii) national public interest groups;

"(iii) other national nonprofit organizations that elect to participate in the activities of the Coordinating Committee; and

"(iv) the private sector.

"(3) DUTIES.—The Coordinating Committee shall—

"(A) support the work of the State rural development councils;

"(B) facilitate coordination of rural development policies, programs, and activities among Federal agencies and with those of State, local, and tribal governments, the private sector, and nonprofit organizations;

"(C) review and comment on policies, regulations, and proposed legislation that affect or would affect rural areas and gather and provide related information;

"(D) develop and facilitate strategies to reduce or eliminate administrative and regulatory impediments; and

"(E) require each State rural development council receiving funds under this section to submit an annual report on the use of the funds, including a description of strategic plans, goals, performance measures, and outcomes for the State rural development council of the State.

"(4) FEDERAL PARTICIPATION IN COORDINATING COMMITTEE.—

"(A) IN GENERAL.—A Federal employee shall fully participate in the governance and operations of the Coordinating Committee, including activities related to grants, contracts, and other agreements, in accordance with this section.

"(B) CONFLICTS.—Participation by a Federal employee in the Coordinating Committee in accordance with this paragraph shall not constitute a violation of section 205 or 208 of title 18, United States Code.

"(5) ADMINISTRATIVE SUPPORT.—The Secretary may provide such administrative support for the Coordinating Committee as

the Secretary determines is necessary to carry out the duties of the Coordinating Committee.

"(6) PROCEDURES.—The Secretary may prescribe such regulations, bylaws, or other procedures as are necessary for the operation of the Coordinating Committee.

"(d) STATE RURAL DEVELOPMENT COUNCILS.—

"(1) ESTABLISHMENT.—Notwithstanding chapter 63 of title 31, United States Code, each State may elect to participate in the Partnership by entering into an agreement with the Secretary to recognize a State rural development council.

"(2) COMPOSITION.—A State rural development council shall—

"(A) be composed of representatives of Federal, State, local, and tribal governments, nonprofit organizations, regional organizations, the private sector, and other entities committed to rural advancement; and

"(B) have a nonpartisan and nondiscriminatory membership that—

"(i) is broad and representative of the economic, social, and political diversity of the State; and

"(ii) shall be responsible for the governance and operations of the State rural development council.

"(3) DUTIES.—A State rural development council shall—

"(A) facilitate collaboration among Federal, State, local, and tribal governments and the private and nonprofit sectors in the planning and implementation of programs and policies that have an impact on rural areas of the State;

"(B) monitor, report, and comment on policies and programs that address, or fail to address, the needs of the rural areas of the State;

"(C) as part of the Partnership, in conjunction with the Coordinating Committee, facilitate the development of strategies to reduce or eliminate conflicting or duplicative administrative or regulatory requirements of Federal, State, local, and tribal governments; and

"(D)(i) provide to the Coordinating Committee an annual plan with goals and performance measures; and

"(ii) submit to the Coordinating Committee an annual report on the progress of the State rural development council in meeting the goals and measures.

"(4) FEDERAL PARTICIPATION IN STATE RURAL DEVELOPMENT COUNCILS.—

"(A) IN GENERAL.—A State Director for Rural Development of the Department of Agriculture, other employees of the Department, and employees of other Federal agencies with rural responsibilities shall fully participate as voting members in the governance and operations of State rural development councils (including activities related to grants, contracts, and other agreements in accordance with this section) on an equal basis with other members of the State rural development councils.

"(B) CONFLICTS.—Participation by a Federal employee in a State rural development council in accordance with

this paragraph shall not constitute a violation of section 205 or 208 of title 18, United States Code.

"(e) ADMINISTRATIVE SUPPORT OF THE PARTNERSHIP.—

"(1) DETAIL OF EMPLOYEES.—

"(A) IN GENERAL.—In order to provide experience in intergovernmental collaboration, the head of an agency with rural responsibilities that elects to participate in the Partnership may, and is encouraged to, detail to the Secretary for the support of the Partnership 1 or more employees of the agency with rural responsibilities without reimbursement for a period of up to 1 year.

"(B) CIVIL SERVICE STATUS.—The detail shall be without interruption or loss of civil service status or privilege.

"(2) ADDITIONAL SUPPORT.—The Secretary may provide for any additional support staff to the Partnership as the Secretary determines to be necessary to carry out the duties of the Partnership.

"(3) INTERMEDIARIES.—The Secretary may enter into a contract with a qualified intermediary under which the intermediary shall be responsible for providing administrative and technical assistance to a State rural development council, including administering the financial assistance available to the State rural development council.

"(f) MATCHING REQUIREMENTS FOR STATE RURAL DEVELOPMENT COUNCILS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), a State rural development council shall provide matching funds, or in-kind goods or services, to support the activities of the State rural development council in an amount that is not less than 33 percent of the amount of Federal funds received from a Federal agency under subsection (g)(2).

"(2) EXCEPTIONS TO MATCHING REQUIREMENT FOR CERTAIN FEDERAL FUNDS.—Paragraph (1) shall not apply to funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance received by a State rural development council from a Federal agency that are used—

"(A) to support 1 or more specific program or project activities; or

"(B) to reimburse the State rural development council for services provided to the Federal agency providing the funds, grants, funds provided under contracts or cooperative agreements, gifts, contributions, or technical assistance.

"(3) DEPARTMENT'S SHARE.—The Secretary shall develop a plan to decrease, over time, the share of the Department of Agriculture of the cost of the core operations of State rural development councils.

"(g) FUNDING.—

"(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2003 through 2007.

"(2) FEDERAL AGENCIES.—

"(A) IN GENERAL.—Notwithstanding any other provision of law limiting the ability of an agency, along with other agencies, to provide funds to the Coordinating Com-

mittee or a State rural development council in order to carry out the purposes of this section, a Federal agency may make grants, gifts, or contributions to, provide technical assistance to, or enter into contracts or cooperative agreements with, the Coordinating Committee or a State rural development council.

"(B) ASSISTANCE.—Federal agencies are encouraged to use funds made available for programs that have an impact on rural areas to provide assistance to, and enter into contracts with, the Coordinating Committee or a State rural development council, as described in subparagraph (A).

"(3) CONTRIBUTIONS.—The Coordinating Committee and a State rural development council may accept private contributions.

"(h) TERMINATION.—The authority provided under this section shall terminate on the date that is 5 years after the date of enactment of this section.".

SEC. 6022. RURAL TELEWORK.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6021) is amended by adding at the end the following:

"SEC. 379. RURAL TELEWORK.

"(a) DEFINITIONS.—In this section:

"(1) ELIGIBLE ORGANIZATION.—The term 'eligible organization' means a nonprofit entity, an educational institution, an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or any other organization, in a rural area (except for the institute), that meets the requirements of this section and such other requirements as are established by the Secretary.

"(2) INSTITUTE.—The term 'institute' means a rural telework institute established using a grant under subsection (b).

"(3) TELEWORK.—The term 'telework' means the use of telecommunications to perform work functions at a rural work center located outside the place of business of an employer.

"(b) RURAL TELEWORK INSTITUTE.—

"(1) IN GENERAL.—The Secretary shall make 1 or more grants to an eligible organization to pay the Federal share of the cost of establishing and operating a national rural telework institute to carry out projects described in paragraph (2).

"(2) PROJECTS.—The institute shall use grant funds received under this subsection to carry out a 5-year project—

"(A) to serve as a clearinghouse for telework research and development;

"(B) to conduct outreach to rural communities and rural workers;

"(C) to develop and share best practices in rural telework throughout the United States;

"(D) to develop innovative, market-driven telework projects and joint ventures with the private sector that employ workers in rural areas in jobs that promote economic self-sufficiency;

"(E) to share information about the design and implementation of telework arrangements;

"(F) to support private sector businesses that are transitioning to telework;

"(G) to support and assist telework projects and individuals at the State and local level; and

"(H) to perform such other functions as the Secretary considers appropriate.

"(3) NON-FEDERAL SHARE.—

"(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to—

"(i) during each of the first, second, and third years of a project, 30 percent of the amount of the grant; and

"(ii) during each of the fourth and fifth years of the project, 50 percent of the amount of the grant.

"(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use any Federal funds made available to the Indian tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

"(C) FORM.—The non-Federal contributions required under subparagraph (A) may be in the form of in-kind contributions, including office equipment, office space, computer software, consultant services, computer networking equipment, and related services.

"(c) TELEWORK GRANTS.—

"(1) IN GENERAL.—Subject to paragraphs (2) through (5), the Secretary shall make grants to eligible organizations to pay the Federal share of the cost of—

"(A) obtaining equipment and facilities to establish or expand telework locations in rural areas; and

"(B) operating telework locations in rural areas.

"(2) APPLICATIONS.—To be eligible to receive a grant under this subsection, an eligible organization shall submit to the Secretary, and receive the approval of the Secretary of, an application for the grant that demonstrates that the eligible organization has adequate resources and capabilities to establish or expand a telework location in a rural area.

"(3) NON-FEDERAL SHARE.—

"(A) IN GENERAL.—As a condition of receiving a grant under this subsection, an eligible organization shall agree to obtain, after the application of the eligible organization has been approved and notice of award has been issued, contributions from non-Federal sources that are equal to 50 percent of the amount of the grant.

"(B) INDIAN TRIBES.—Notwithstanding subparagraph (A), an Indian tribe may use Federal funds made available to the tribe for self-governance to pay the non-Federal contributions required under subparagraph (A).

"(C) SOURCES.—The non-Federal contributions required under subparagraph (A)—

"(i) may be in the form of in-kind contributions, including office equipment, office space, computer software, consultant services, computer networking equipment, and related services; and

"(ii) may not be made from funds made available for community development block grants under title I of the Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.).

"(4) DURATION.—The Secretary may not provide a grant under this subsection to expand or operate a telework location in a rural area after the date that is 3 years after the establishment of the telework location.

"(5) AMOUNT.—The amount of a grant provided to an eligible organization under this subsection shall be not less than $1,000,000 and not more than $2,000,000.

"(d) APPLICABILITY OF CERTAIN FEDERAL LAW.—An eligible organization that receives funds under this section shall be subject to the provisions of Federal law (including regulations) administered by the Secretary of Labor or the Equal Employment Opportunity Commission that govern the responsibilities of employers to employees.

"(e) REGULATIONS.—Not later than 180 days after the date of enactment of this section, the Secretary shall promulgate regulations to carry out this section.

"(f) AUTHORIZATION OF APPROPRIATION.—There is authorized to be appropriated to carry out this section $30,000,000 for each of fiscal years 2002 through 2007, of which $5,000,000 shall be provided to establish and support an institute under subsection (b).".

SEC. 6023. HISTORIC BARN PRESERVATION.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6022) is amended by adding at the end the following:

"SEC. 379A. HISTORIC BARN PRESERVATION.

"(a) DEFINITIONS.—In this section:

"(1) BARN.—The term 'barn' means a building (other than a dwelling) on a farm, ranch, or other agricultural operation for—

"(A) housing animals;

"(B) storing or processing crops;

"(C) storing and maintaining agricultural equipment; or

"(D) serving an essential or useful purpose related to agricultural activities conducted on the adjacent land.

"(2) ELIGIBLE APPLICANT.—The term 'eligible applicant' means—

"(A) a State department of agriculture (or a designee);

"(B) a national or State nonprofit organization that—

"(i) is described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; and

"(ii) has experience or expertise, as determined by the Secretary, in the identification, evaluation, rehabilitation, preservation, or protection of historic barns; and

"(C) a State historic preservation office.

"(3) HISTORIC BARN.—The term 'historic barn' means a barn that—

"(A) is at least 50 years old;

"(B) retains sufficient integrity of design, materials, and construction to clearly identify the barn as an agricultural building; and

"(C) meets the criteria for listing on National, State, or local registers or inventories of historic structures.

"(4) SECRETARY.—The term 'Secretary' means the Secretary, acting through the Under Secretary of Rural Development.

"(b) PROGRAM.—The Secretary shall establish a historic barn preservation program—

"(1) to assist States in developing a list of historic barns;

"(2) to collect and disseminate information on historic barns;

"(3) to foster educational programs relating to the history, construction techniques, rehabilitation, and contribution to society of historic barns; and

"(4) to sponsor and conduct research on—

"(A) the history of barns; and

"(B) best practices to protect and rehabilitate historic barns from the effects of decay, fire, arson, and natural disasters.

"(c) GRANTS.—

"(1) IN GENERAL.—The Secretary may make grants to, or enter into contracts or cooperative agreements with, eligible applicants to carry out an eligible project under paragraph (2).

"(2) ELIGIBLE PROJECTS.—A grant under this subsection may be made to an eligible applicant for a project—

"(A) to rehabilitate or repair a historic barn;

"(B) to preserve a historic barn through—

"(i) the installation of a fire protection system, including fireproofing or fire detection system and sprinklers; and

"(ii) the installation of a system to prevent vandalism; and

"(C) to identify, document, and conduct research on a historic barn to develop and evaluate appropriate techniques or best practices for protecting historic barns.

"(3) REQUIREMENTS.—An eligible applicant that receives a grant for a project under this subsection shall comply with any standards established by the Secretary of the Interior for historic preservation projects.

"(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.".

SEC. 6024. GRANTS FOR NOAA WEATHER RADIO TRANSMITTERS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6023)) is amended by adding at the end the following:

"SEC. 379B. GRANTS FOR NOAA WEATHER RADIO TRANSMITTERS.

"(a) IN GENERAL.—The Secretary, acting through the Administrator of the Rural Utilities Service, may make grants to public and

nonprofit entities, and borrowers of loans made by the Rural Utilities Service, for the Federal share of the cost of acquiring radio transmitters to increase coverage of rural areas by the all hazards weather radio broadcast system of the National Oceanic and Atmospheric Administration.

"(b) ELIGIBILITY.—To be eligible for a grant under this section, an applicant shall provide to the Secretary—

"(1) a binding commitment from a tower owner to place the transmitter on a tower; and

"(2) a description of how the tower placement will increase coverage of a rural area by the all hazards weather radio broadcast system of the National Oceanic and Atmospheric Administration.

"(c) FEDERAL SHARE.—A grant provided under this section shall be not more than 75 percent of the total cost of acquiring a radio transmitter, as described in subsection (a).

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.".

SEC. 6025. GRANTS TO TRAIN FARM WORKERS IN NEW TECHNOLOGIES AND TO TRAIN FARM WORKERS IN SPECIALIZED SKILLS NECESSARY FOR HIGHER VALUE CROPS.

Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6024) is amended by adding at the end the following:

"SEC. 379C. GRANTS TO TRAIN FARM WORKERS IN NEW TECHNOLOGIES AND TO TRAIN FARM WORKERS IN SPECIALIZED SKILLS NECESSARY FOR HIGHER VALUE CROPS.

"(a) IN GENERAL.—The Secretary shall make grants to nonprofit organizations, or to a consortium of nonprofit organizations, agribusinesses, State and local governments, agricultural labor organizations, farmer or rancher cooperatives, and community-based organizations with the capacity to train farm workers.

"(b) USE OF FUNDS.—An entity to which a grant is made under this section shall use the grant to train farm workers to use new technologies and develop specialized skills for agricultural development.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000 for each of fiscal years 2002 through 2007.".

SEC. 6026. RURAL COMMUNITY ADVANCEMENT PROGRAM.

(a) NATIONAL RESERVE PROGRAM.—Section 381E of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009d) is amended—

(1) in subsection (b)—

(A) by striking paragraph (4); and

(B) by redesignating paragraph (5) as paragraph (4);

(2) by striking subsection (e);

(3) by redesignating subsections (f) through (h) as subsections (e) through (g), respectively; and

(4) in subsection (g) (as so redesignated), by striking "subsection (g) of this section" and inserting "subsection (f)".

(b) RURAL VENTURE CAPITAL DEMONSTRATION PROGRAM.—Section 381O of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009n) is repealed.

(c) CONFORMING AMENDMENTS.—Section 381G of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009f(a)) is amended—

(1) in subsection (a), by striking "section 381E(g)" each place it appears and inserting "section 381E(f)"; and

(2) in subsection (b)(1), by striking "section 381E(h)" and inserting "section 381E(g)".

SEC. 6027. DELTA REGIONAL AUTHORITY.

(a) VOTING.—Section 382B(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–1(c)) is amended by striking paragraph (1) and inserting the following:

"(1) IN GENERAL.—

"(A) TEMPORARY METHOD.—During the period beginning on the date of enactment of this subparagraph and ending on December 31, 2004, a decision by the Authority shall require the affirmative vote of the Federal cochairperson and a majority of the State members (not including any member representing a State that is delinquent under subsection (g)(2)(C)) to be effective.

"(B) PERMANENT METHOD.—Effective beginning on January 1, 2005, a decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is delinquent under subsection (g)(2)(C)) to be effective.".

(b) AUTHORITY TO ISSUE REGULATIONS.—Section 382B(e)(4) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–1(e)(4)) is amended by striking "and rules" and inserting ", rules, and regulations".

(c) ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.—Section 382C(b) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–2(b)) is amended by striking paragraph (3).

(d) SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.—Section 382D of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–3) is amended to read as follows:

"SEC. 382D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.

"(a) FINDING.—Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

"(1) the States or communities lack the economic resources to provide the required matching share; or

"(2) there are insufficient funds available under the applicable Federal law authorizing the Federal grant program to meet pressing needs of the region.

"(b) FEDERAL GRANT PROGRAM FUNDING.—Notwithstanding any provision of law limiting the Federal share, the areas eligible for assistance, or the authorizations of appropriations of any Federal grant program, and in accordance with subsection (c), the Authority, with the approval of the Federal cochairperson and with respect to a project to be carried out in the region—

"(1) may increase the Federal share of the costs of a project under the Federal grant program to not more than 90 percent (except as provided in section 382F(b)); and

"(2) shall use amounts made available to carry out this subtitle to pay the increased Federal share.

"(c) CERTIFICATIONS.—

"(1) IN GENERAL.—In the case of any project for which all or any portion of the basic Federal share of the costs of the project is proposed to be paid under this section, no Federal contribution shall be made until the Federal official administering the Federal law that authorizes the Federal grant program certifies that the project—

"(A) meets (except as provided in subsection (b)) the applicable requirements of the applicable Federal grant program; and

"(B) could be approved for Federal contribution under the Federal grant program if funds were available under the law for the project.

"(2) CERTIFICATION BY AUTHORITY.—

"(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this Act in accordance with section 382I—

"(i) shall be controlling; and

"(ii) shall be accepted by the Federal agencies.

"(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—In the case of any project described in paragraph (1), any finding, report, certification, or documentation required to be submitted with respect to the project to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of the Federal grant program under which the project is carried out shall be accepted by the Federal cochairperson.".

(e) GRANTS TO LOCAL DEVELOPMENT AGENCIES.—Section 382E(b)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–4(b)(1)) is amended by striking "may" and inserting "shall".

(f) APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.—Section 382I of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–8) is amended—

(1) in subsection (a), by inserting "and approved" after "reviewed"; and

(2) in subsection (d), by striking "VOTES FOR DECISIONS.—" and inserting "APPROVAL OF GRANT APPLICATIONS.—".

(g) AUTHORIZATION OF APPROPRIATIONS.—Section 382M(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–12(a)) is amended by striking "2002" and inserting "2007".

(h) TERMINATION OF AUTHORITY.—Section 382N of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009aa–13) is amended by striking "2002" and inserting "2007".

(i) DELTA REGION AGRICULTURAL ECONOMIC DEVELOPMENT.—Subtitle D of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981 et seq.) (as amended by section 6025) is amended by adding at the end the following:

"SEC. 379D. DELTA REGION AGRICULTURAL ECONOMIC DEVELOPMENT.

"(a) IN GENERAL.—The Secretary may make grants to assist in the development of state-of-the-art technology in animal nutrition (including research and development of the technology) and value-

added manufacturing to promote an economic platform for the Delta region (as defined in section 382A) to relieve severe economic conditions.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $7,000,000 for each of fiscal years 2002 through 2007.".

(j) DEFINITION OF LOWER MISSISSIPPI.—Section 4(2)(I) of the Delta Development Act (42 U.S.C. 3121 note; Public Law 100–460) is amended by inserting "Butler, Conecuh, Escambia, Monroe," after "Russell,".

SEC. 6028. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end the following:

"Subtitle G—Northern Great Plains Regional Authority

"SEC. 383A. DEFINITIONS.

"In this subtitle:

"(1) AUTHORITY.—The term 'Authority' means the Northern Great Plains Regional Authority established by section 383B.

"(2) FEDERAL GRANT PROGRAM.—The term 'Federal grant program' means a Federal grant program to provide assistance in—

"(A) implementing the recommendations of the Northern Great Plains Rural Development Commission established by the Northern Great Plains Rural Development Act (7 U.S.C. 2661 note; Public Law 103–318);

"(B) acquiring or developing land;

"(C) constructing or equipping a highway, road, bridge, or facility;

"(D) carrying out other economic development activities; or

"(E) conducting research activities related to the activities described in subparagraphs (A) through (D).

"(3) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(4) REGION.—The term 'region' means the States of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota.

"SEC. 383B. NORTHERN GREAT PLAINS REGIONAL AUTHORITY.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—There is established the Northern Great Plains Regional Authority.

"(2) COMPOSITION.—The Authority shall be composed of—

"(A) a Federal member, to be appointed by the President, by and with the advice and consent of the Senate;

"(B) the Governor (or a designee of the Governor) of each State in the region that elects to participate in the Authority; and

"(C) a member of an Indian tribe, who shall be a chairperson of an Indian tribe in the region or a designee of

such a chairperson, to be appointed by the President, by and with the advice and consent of the Senate.

"(3) COCHAIRPERSONS.—The Authority shall be headed by—

"(A) the Federal member, who shall serve—

"(i) as the Federal cochairperson; and

"(ii) as a liaison between the Federal Government and the Authority;

"(B) a State cochairperson, who—

"(i) shall be a Governor of a participating State in the region; and

"(ii) shall be elected by the State members for a term of not less than 1 year; and

"(C) the member of an Indian tribe, who shall serve—

"(i) as the tribal cochairperson; and

"(ii) as a liaison between the governments of Indian tribes in the region and the Authority.

"(b) ALTERNATE MEMBERS.—

"(1) ALTERNATE FEDERAL COCHAIRPERSON.—The President shall appoint an alternate Federal cochairperson.

"(2) STATE ALTERNATES.—

"(A) IN GENERAL.—The State member of a participating State may have a single alternate, who shall be—

"(i) a resident of that State; and

"(ii) appointed by the Governor of the State.

"(B) QUORUM.—A State alternate member shall not be counted toward the establishment of a quorum of the members of the Authority in any case in which a quorum of the State members is required to be present.

"(3) ALTERNATE TRIBAL COCHAIRPERSON.—The President shall appoint an alternate tribal cochairperson, by and with the advice and consent of the Senate.

"(4) DELEGATION OF POWER.—No power or responsibility of the Authority specified in paragraphs (2) and (3) of subsection (c), and no voting right of any member of the Authority, shall be delegated to any person who is not—

"(A) a member of the Authority; or

"(B) entitled to vote in Authority meetings.

"(c) VOTING.—

"(1) IN GENERAL.—A decision by the Authority shall require a majority vote of the Authority (not including any member representing a State that is delinquent under subsection (g)(2)(D)) to be effective.

"(2) QUORUM.—A quorum of State members shall be required to be present for the Authority to make any policy decision, including—

"(A) a modification or revision of an Authority policy decision;

"(B) approval of a State or regional development plan; and

"(C) any allocation of funds among the States.

"(3) PROJECT AND GRANT PROPOSALS.—The approval of project and grant proposals shall be—

"(A) a responsibility of the Authority; and

"(B) conducted in accordance with section 383I.

"(4) VOTING BY ALTERNATE MEMBERS.—An alternate member shall vote in the case of the absence, death, disability, removal, or resignation of the Federal, State, or Indian tribe member for whom the alternate member is an alternate.

"(d) DUTIES.—The Authority shall—

"(1) develop, on a continuing basis, comprehensive and coordinated plans and programs to establish priorities and approve grants for the economic development of the region, giving due consideration to other Federal, State, tribal, and local planning and development activities in the region;

"(2) not later than 220 days after the date of enactment of this subtitle, establish priorities in a development plan for the region (including 5-year regional outcome targets);

"(3) assess the needs and assets of the region based on available research, demonstrations, investigations, assessments, and evaluations of the region prepared by Federal, State, tribal, and local agencies, universities, local development districts, and other nonprofit groups;

"(4) formulate and recommend to the Governors and legislatures of States that participate in the Authority forms of interstate cooperation;

"(5) work with State, tribal, and local agencies in developing appropriate model legislation;

"(6)(A) enhance the capacity of, and provide support for, local development districts in the region; or

"(B) if no local development district exists in an area in a participating State in the region, foster the creation of a local development district;

"(7) encourage private investment in industrial, commercial, and other economic development projects in the region; and

"(8) cooperate with and assist State governments with economic development programs of participating States.

"(e) ADMINISTRATION.—In carrying out subsection (d), the Authority may—

"(1) hold such hearings, sit and act at such times and places, take such testimony, receive such evidence, and print or otherwise reproduce and distribute a description of the proceedings and reports on actions by the Authority as the Authority considers appropriate;

"(2) authorize, through the Federal, State, or tribal cochairperson or any other member of the Authority designated by the Authority, the administration of oaths if the Authority determines that testimony should be taken or evidence received under oath;

"(3) request from any Federal, State, tribal, or local agency such information as may be available to or procurable by the agency that may be of use to the Authority in carrying out the duties of the Authority;

"(4) adopt, amend, and repeal bylaws and rules governing the conduct of business and the performance of duties of the Authority;

"(5) request the head of any Federal agency to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

"(6) request the head of any State agency, tribal government, or local government to detail to the Authority such personnel as the Authority requires to carry out duties of the Authority, each such detail to be without loss of seniority, pay, or other employee status;

"(7) provide for coverage of Authority employees in a suitable retirement and employee benefit system by—

"(A) making arrangements or entering into contracts with any participating State government or tribal government; or

"(B) otherwise providing retirement and other employee benefit coverage;

"(8) accept, use, and dispose of gifts or donations of services or real, personal, tangible, or intangible property;

"(9) enter into and perform such contracts, leases, cooperative agreements, or other transactions as are necessary to carry out Authority duties, including any contracts, leases, or cooperative agreements with—

"(A) any department, agency, or instrumentality of the United States;

"(B) any State (including a political subdivision, agency, or instrumentality of the State);

"(C) any Indian tribe in the region; or

"(D) any person, firm, association, or corporation; and

"(10) establish and maintain a central office and field offices at such locations as the Authority may select.

"(f) FEDERAL AGENCY COOPERATION.—A Federal agency shall—

"(1) cooperate with the Authority; and

"(2) provide, on request of the Federal cochairperson, appropriate assistance in carrying out this subtitle, in accordance with applicable Federal laws (including regulations).

"(g) ADMINISTRATIVE EXPENSES.—

"(1) FEDERAL SHARE.—The Federal share of the administrative expenses of the Authority shall be—

"(A) for fiscal year 2002, 100 percent;

"(B) for fiscal year 2003, 75 percent; and

"(C) for fiscal year 2004 and each fiscal year thereafter, 50 percent.

"(2) NON-FEDERAL SHARE.—

"(A) IN GENERAL.—The non-Federal share of the administrative expenses of the Authority shall be paid by non-Federal sources in the States that participate in the Authority.

"(B) SHARE PAID BY EACH STATE.—The share of administrative expenses of the Authority to be paid by non-Federal sources in each State shall be determined by the Authority.

"(C) NO FEDERAL PARTICIPATION.—The Federal cochairperson shall not participate or vote in any decision under subparagraph (B).

"(D) DELINQUENT STATES.—If a State is delinquent in payment of the State's share of administrative expenses of the Authority under this subsection—

"(i) no assistance under this subtitle shall be provided to the State (including assistance to a political subdivision or a resident of the State); and

"(ii) no member of the Authority from the State shall participate or vote in any action by the Authority.

"(h) COMPENSATION.—

"(1) FEDERAL AND TRIBAL COCHAIRPERSONS.—The Federal cochairperson and the tribal cochairperson shall be compensated by the Federal Government at the annual rate of basic pay prescribed for level III of the Executive Schedule in subchapter II of chapter 53 of title 5, United States Code.

"(2) ALTERNATE FEDERAL AND TRIBAL COCHAIRPERSONS.—The alternate Federal cochairperson and the alternate tribal cochairperson—

"(A) shall be compensated by the Federal Government at the annual rate of basic pay prescribed for level V of the Executive Schedule described in paragraph (1); and

"(B) when not actively serving as an alternate, shall perform such functions and duties as are delegated by the Federal cochairperson or the tribal cochairperson, respectively.

"(3) STATE MEMBERS AND ALTERNATES.—

"(A) IN GENERAL.—A State shall compensate each member and alternate representing the State on the Authority at the rate established by State law.

"(B) NO ADDITIONAL COMPENSATION.—No State member or alternate member shall receive any salary, or any contribution to or supplementation of salary from any source other than the State for services provided by the member or alternate member to the Authority.

"(4) DETAILED EMPLOYEES.—

"(A) IN GENERAL.—No person detailed to serve the Authority under subsection (e)(6) shall receive any salary or any contribution to or supplementation of salary for services provided to the Authority from—

"(i) any source other than the State, tribal, local, or intergovernmental agency from which the person was detailed; or

"(ii) the Authority.

"(B) VIOLATION.—Any person that violates this paragraph shall be fined not more than $5,000, imprisoned not more than 1 year, or both.

"(C) APPLICABLE LAW.—The Federal cochairperson, the alternate Federal cochairperson, and any Federal officer or employee detailed to duty on the Authority under subsection (e)(5) shall not be subject to subparagraph (A), but shall remain subject to sections 202 through 209 of title 18, United States Code.

"(5) ADDITIONAL PERSONNEL.—

"(A) COMPENSATION.—

"(i) IN GENERAL.—The Authority may appoint and fix the compensation of an executive director and such other personnel as are necessary to enable the Authority to carry out the duties of the Authority.

"(ii) EXCEPTION.—Compensation under clause (i) shall not exceed the maximum rate for the Senior Executive Service under section 5382 of title 5, United States Code, including any applicable locality-based comparability payment that may be authorized under section 5304(h)(2)(C) of that title.

"(B) EXECUTIVE DIRECTOR.—The executive director shall be responsible for—

"(i) the carrying out of the administrative duties of the Authority;

"(ii) direction of the Authority staff; and

"(iii) such other duties as the Authority may assign.

"(C) NO FEDERAL EMPLOYEE STATUS.—No member, alternate, officer, or employee of the Authority (except the Federal cochairperson of the Authority, the alternate and staff for the Federal cochairperson, and any Federal employee detailed to the Authority under subsection (e)(5)) shall be considered to be a Federal employee for any purpose.

"(i) CONFLICTS OF INTEREST.—

"(1) IN GENERAL.—Except as provided under paragraph (2), no State member, Indian tribe member, State alternate, officer, or employee of the Authority shall participate personally and substantially as a member, alternate, officer, or employee of the Authority, through decision, approval, disapproval, recommendation, the rendering of advice, investigation, or otherwise, in any proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other matter in which, to knowledge of the member, alternate, officer, or employee—

"(A) the member, alternate, officer, or employee;

"(B) the spouse, minor child, partner, or organization (other than a State or political subdivision of the State or the Indian tribe) of the member, alternate, officer, or employee, in which the member, alternate, officer, or employee is serving as officer, director, trustee, partner, or employee; or

"(C) any person or organization with whom the member, alternate, officer, or employee is negotiating or has any arrangement concerning prospective employment;

has a financial interest.

"(2) DISCLOSURE.—Paragraph (1) shall not apply if the State member, Indian tribe member, alternate, officer, or employee—

"(A) immediately advises the Authority of the nature and circumstances of the proceeding, application, request for a ruling or other determination, contract, claim, controversy, or other particular matter presenting a potential conflict of interest;

"(B) makes full disclosure of the financial interest; and

"(C) before the proceeding concerning the matter presenting the conflict of interest, receives a written determination by the Authority that the interest is not so substantial as to be likely to affect the integrity of the services that the

Authority may expect from the State member, Indian tribe member, alternate, officer, or employee.

"(3) VIOLATION.—Any person that violates this subsection shall be fined not more than $10,000, imprisoned not more than 2 years, or both.

"(j) VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—The Authority may declare void any contract, loan, or grant of or by the Authority in relation to which the Authority determines that there has been a violation of any provision under subsection (h)(4) or subsection (i) of this subtitle, or sections 202 through 209 of title 18, United States Code.

"SEC. 383C. ECONOMIC AND COMMUNITY DEVELOPMENT GRANTS.

"(a) IN GENERAL.—The Authority may approve grants to States, Indian tribes, local governments, and public and nonprofit organizations for projects, approved in accordance with section 383I—

"(1) to develop the transportation and telecommunication infrastructure of the region for the purpose of facilitating economic development in the region (except that grants for this purpose may be made only to States, Indian tribes, local governments, and nonprofit organizations);

"(2) to assist the region in obtaining the job training, employment-related education, and business development (with an emphasis on entrepreneurship) that are needed to build and maintain strong local economies;

"(3) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for improving basic public services;

"(4) to provide assistance to severely distressed and underdeveloped areas that lack financial resources for equipping industrial parks and related facilities; and

"(5) to otherwise achieve the purposes of this subtitle.

"(b) FUNDING.—

"(1) IN GENERAL.—Funds for grants under subsection (a) may be provided—

"(A) entirely from appropriations to carry out this section;

"(B) in combination with funds available under another Federal grant program; or

"(C) from any other source.

"(2) PRIORITY OF FUNDING.—To best build the foundations for long-term economic development and to complement other Federal, State, and tribal resources in the region, Federal funds available under this subtitle shall be focused on the activities in the following order or priority:

"(A) Basic public infrastructure in distressed counties and isolated areas of distress.

"(B) Transportation and telecommunication infrastructure for the purpose of facilitating economic development in the region.

"(C) Business development, with emphasis on entrepreneurship.

"(D) Job training or employment-related education, with emphasis on use of existing public educational institutions located in the region.

"SEC. 383D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.

"(a) FINDING.—Congress finds that certain States and local communities of the region, including local development districts, may be unable to take maximum advantage of Federal grant programs for which the States and communities are eligible because—

"(1) they lack the economic resources to provide the required matching share; or

"(2) there are insufficient funds available under the applicable Federal law authorizing the Federal grant program to meet pressing needs of the region.

"(b) FEDERAL GRANT PROGRAM FUNDING.—Notwithstanding any provision of law limiting the Federal share, the areas eligible for assistance, or the authorizations of appropriations, under any Federal grant program, and in accordance with subsection (c), the Authority, with the approval of the Federal cochairperson and with respect to a project to be carried out in the region—

"(1) may increase the Federal share of the costs of a project under any Federal grant program to not more than 90 percent (except as provided in section 383F(b)); and

"(2) shall use amounts made available to carry out this subtitle to pay the increased Federal share.

"(c) CERTIFICATIONS.—

"(1) IN GENERAL.—In the case of any project for which all or any portion of the basic Federal share of the costs of the project is proposed to be paid under this section, no Federal contribution shall be made until the Federal official administering the Federal law that authorizes the Federal grant program certifies that the project—

"(A) meets (except as provided in subsection (b)) the applicable requirements of the applicable Federal grant program; and

"(B) could be approved for Federal contribution under the Federal grant program if funds were available under the law for the project.

"(2) CERTIFICATION BY AUTHORITY.—

"(A) IN GENERAL.—The certifications and determinations required to be made by the Authority for approval of projects under this Act in accordance with section 383I—

"(i) shall be controlling; and

"(ii) shall be accepted by the Federal agencies.

"(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—In the case of any project described in paragraph (1), any finding, report, certification, or documentation required to be submitted with respect to the project to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of the Federal grant program under which the project is carried out shall be accepted by the Federal cochairperson.

"SEC. 383E. LOCAL DEVELOPMENT DISTRICTS AND ORGANIZATIONS AND NORTHERN GREAT PLAINS INC.

"(a) DEFINITION OF LOCAL DEVELOPMENT DISTRICT.—In this section, the term 'local development district' means an entity—

"(1) that—

"(A) is a planning district in existence on the date of enactment of this subtitle that is recognized by the Eco-

nomic Development Administration of the Department of Commerce; or

"(B) is—

"(i) organized and operated in a manner that ensures broad-based community participation and an effective opportunity for other nonprofit groups to contribute to the development and implementation of programs in the region;

"(ii) governed by a policy board with at least a simple majority of members consisting of—

"(I) elected officials or employees of a general purpose unit of local government who have been appointed to represent the government; or

"(II) individuals appointed by the general purpose unit of local government to represent the government;

"(iii) certified to the Authority as having a charter or authority that includes the economic development of counties or parts of counties or other political subdivisions within the region—

"(I) by the Governor of each State in which the entity is located; or

"(II) by the State officer designated by the appropriate State law to make the certification; and

"(iv)(I) a nonprofit incorporated body organized or chartered under the law of the State in which the entity is located;

"(II) a nonprofit agency or instrumentality of a State or local government;

"(III) a public organization established before the date of enactment of this subtitle under State law for creation of multi-jurisdictional, area-wide planning organizations; or

"(IV) a nonprofit association or combination of bodies, agencies, and instrumentalities described in subclauses (I) through (III); and

"(2) that has not, as certified by the Federal cochairperson—

"(A) inappropriately used Federal grant funds from any Federal source; or

"(B) appointed an officer who, during the period in which another entity inappropriately used Federal grant funds from any Federal source, was an officer of the other entity.

"(b) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—

"(1) IN GENERAL.—The Authority may make grants for administrative expenses under this section.

"(2) CONDITIONS FOR GRANTS.—

"(A) MAXIMUM AMOUNT.—The amount of any grant awarded under paragraph (1) shall not exceed 80 percent of the administrative expenses of the local development district receiving the grant.

"(B) MAXIMUM PERIOD.—No grant described in paragraph (1) shall be awarded to a State agency certified as

a local development district for a period greater than 3 years.

"(C) LOCAL SHARE.—The contributions of a local development district for administrative expenses may be in cash or in kind, fairly evaluated, including space, equipment, and services.

"(c) DUTIES OF LOCAL DEVELOPMENT DISTRICTS.—A local development district shall—

"(1) operate as a lead organization serving multicounty areas in the region at the local level; and

"(2) serve as a liaison between State, tribal, and local governments, nonprofit organizations (including community-based groups and educational institutions), the business community, and citizens that—

"(A) are involved in multijurisdictional planning;

"(B) provide technical assistance to local jurisdictions and potential grantees; and

"(C) provide leadership and civic development assistance.

"(d) NORTHERN GREAT PLAINS INC.—Northern Great Plains Inc., a nonprofit corporation incorporated in the State of Minnesota to implement the recommendations of the Northern Great Plains Rural Development Commission established by the Northern Great Plains Rural Development Act (7 U.S.C. 2661 note; Public Law 103–318)—

"(1) shall serve as an independent, primary resource for the Authority on issues of concern to the region;

"(2) shall advise the Authority on development of international trade;

"(3) may provide research, education, training, and other support to the Authority; and

"(4) may carry out other activities on its own behalf or on behalf of other entities.

"SEC. 383F. DISTRESSED COUNTIES AND AREAS AND NONDISTRESSED COUNTIES.

"(a) DESIGNATIONS.—Not later than 90 days after the date of enactment of this subtitle, and annually thereafter, the Authority, in accordance with such criteria as the Authority may establish, shall designate—

"(1) as distressed counties, counties in the region that are the most severely and persistently distressed and underdeveloped and have high rates of poverty, unemployment, or outmigration;

"(2) as nondistressed counties, counties in the region that are not designated as distressed counties under paragraph (1); and

"(3) as isolated areas of distress, areas located in nondistressed counties (as designated under paragraph (2)) that have high rates of poverty, unemployment, or outmigration.

"(b) DISTRESSED COUNTIES.—

"(1) IN GENERAL.—The Authority shall allocate at least 75 percent of the appropriations made available under section 383M for programs and projects designed to serve the needs of distressed counties and isolated areas of distress in the region.

"(2) FUNDING LIMITATIONS.—The funding limitations under section 383D(b) shall not apply to a project to provide transportation or telecommunication or basic public services to residents of 1 or more distressed counties or isolated areas of distress in the region.

"(c) NONDISTRESSED COUNTIES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), no funds shall be provided under this subtitle for a project located in a county designated as a nondistressed county under subsection (a)(2).

"(2) EXCEPTIONS.—

"(A) IN GENERAL.—The funding prohibition under paragraph (1) shall not apply to grants to fund the administrative expenses of local development districts under section 383E(b).

"(B) MULTICOUNTY PROJECTS.—The Authority may waive the application of the funding prohibition under paragraph (1) to—

"(i) a multicounty project that includes participation by a nondistressed county; or

"(ii) any other type of project;

if the Authority determines that the project could bring significant benefits to areas of the region outside a nondistressed county.

"(C) ISOLATED AREAS OF DISTRESS.—For a designation of an isolated area of distress for assistance to be effective, the designation shall be supported—

"(i) by the most recent Federal data available; or

"(ii) if no recent Federal data are available, by the most recent data available through the government of the State in which the isolated area of distress is located.

"(d) TRANSPORTATION, TELECOMMUNICATION, AND BASIC PUBLIC INFRASTRUCTURE.—The Authority shall allocate at least 50 percent of any funds made available under section 383M for transportation, telecommunication, and basic public infrastructure projects authorized under paragraphs (1) and (3) of section 383C(a).

"SEC. 383G. DEVELOPMENT PLANNING PROCESS.

"(a) STATE DEVELOPMENT PLAN.—In accordance with policies established by the Authority, each State member shall submit a development plan for the area of the region represented by the State member.

"(b) CONTENT OF PLAN.—A State development plan submitted under subsection (a) shall reflect the goals, objectives, and priorities identified in the regional development plan developed under section 383B(d)(2).

"(c) CONSULTATION WITH INTERESTED LOCAL PARTIES.—In carrying out the development planning process (including the selection of programs and projects for assistance), a State may—

"(1) consult with—

"(A) local development districts; and

"(B) local units of government; and

"(2) take into consideration the goals, objectives, priorities, and recommendations of the entities described in paragraph (1).

"(d) PUBLIC PARTICIPATION.—

"(1) IN GENERAL.—The Authority and applicable State and local development districts shall encourage and assist, to the maximum extent practicable, public participation in the development, revision, and implementation of all plans and programs under this subtitle.

"(2) REGULATIONS.—The Authority shall develop guidelines for providing public participation described in paragraph (1), including public hearings.

"SEC. 383H. PROGRAM DEVELOPMENT CRITERIA.

"(a) IN GENERAL.—In considering programs and projects to be provided assistance under this subtitle, and in establishing a priority ranking of the requests for assistance provided to the Authority, the Authority shall follow procedures that ensure, to the maximum extent practicable, consideration of—

"(1) the relationship of the project or class of projects to overall regional development;

"(2) the per capita income and poverty and unemployment and outmigration rates in an area;

"(3) the financial resources available to the applicants for assistance seeking to carry out the project, with emphasis on ensuring that projects are adequately financed to maximize the probability of successful economic development;

"(4) the importance of the project or class of projects in relation to other projects or classes of projects that may be in competition for the same funds;

"(5) the prospects that the project for which assistance is sought will improve, on a continuing rather than a temporary basis, the opportunities for employment, the average level of income, or the economic development of the area to be served by the project; and

"(6) the extent to which the project design provides for detailed outcome measurements by which grant expenditures and the results of the expenditures may be evaluated.

"(b) NO RELOCATION ASSISTANCE.—No financial assistance authorized by this subtitle shall be used to assist a person or entity in relocating from one area to another, except that financial assistance may be used as otherwise authorized by this title to attract businesses from outside the region to the region.

"(c) MAINTENANCE OF EFFORT.—Funds may be provided for a program or project in a State under this subtitle only if the Authority determines that the level of Federal or State financial assistance provided under a law other than this subtitle, for the same type of program or project in the same area of the State within the region, will not be reduced as a result of funds made available by this subtitle.

"SEC. 383I. APPROVAL OF DEVELOPMENT PLANS AND PROJECTS.

"(a) IN GENERAL.—A State or regional development plan or any multistate subregional plan that is proposed for development under this subtitle shall be reviewed by the Authority.

"(b) EVALUATION BY STATE MEMBER.—An application for a grant or any other assistance for a project under this subtitle shall be made through and evaluated for approval by the State member of the Authority representing the applicant.

"(c) CERTIFICATION.—An application for a grant or other assistance for a project shall be approved only on certification by the State member that the application for the project—

"(1) describes ways in which the project complies with any applicable State development plan;

"(2) meets applicable criteria under section 383H;

"(3) provides adequate assurance that the proposed project will be properly administered, operated, and maintained; and

"(4) otherwise meets the requirements of this subtitle.

"(d) VOTES FOR DECISIONS.—On certification by a State member of the Authority of an application for a grant or other assistance for a specific project under this section, an affirmative vote of the Authority under section 383B(c) shall be required for approval of the application.

"SEC. 383J. CONSENT OF STATES.

"Nothing in this subtitle requires any State to engage in or accept any program under this subtitle without the consent of the State.

"SEC. 383K. RECORDS.

"(a) RECORDS OF THE AUTHORITY.—

"(1) IN GENERAL.—The Authority shall maintain accurate and complete records of all transactions and activities of the Authority.

"(2) AVAILABILITY.—All records of the Authority shall be available for audit and examination by the Comptroller General of the United States and the Inspector General of the Department of Agriculture (including authorized representatives of the Comptroller General and the Inspector General of the Department of Agriculture).

"(b) RECORDS OF RECIPIENTS OF FEDERAL ASSISTANCE.—

"(1) IN GENERAL.—A recipient of Federal funds under this subtitle shall, as required by the Authority, maintain accurate and complete records of transactions and activities financed with Federal funds and report to the Authority on the transactions and activities to the Authority.

"(2) AVAILABILITY.—All records required under paragraph (1) shall be available for audit by the Comptroller General of the United States, the Inspector General of the Department of Agriculture, and the Authority (including authorized representatives of the Comptroller General, the Inspector General of the Department of Agriculture, and the Authority).

"(c) ANNUAL AUDIT.—The Inspector General of the Department of Agriculture shall audit the activities, transactions, and records of the Authority on an annual basis.

"SEC. 383L. ANNUAL REPORT.

"Not later than 180 days after the end of each fiscal year, the Authority shall submit to the President and to Congress a report describing the activities carried out under this subtitle.

"SEC. 383M. AUTHORIZATION OF APPROPRIATIONS.

"(a) IN GENERAL.—There is authorized to be appropriated to the Authority to carry out this subtitle $30,000,000 for each of fiscal years 2002 through 2007, to remain available until expended.

"(b) ADMINISTRATIVE EXPENSES.—Not more than 5 percent of the amount appropriated under subsection (a) for a fiscal year shall be used for administrative expenses of the Authority.

"(c) MINIMUM STATE SHARE OF GRANTS.—Notwithstanding any other provision of this subtitle, for any fiscal year, the aggregate amount of grants received by a State and all persons or entities in the State under this subtitle shall be not less than 1/3 of the product obtained by multiplying—

"(1) the aggregate amount of grants under this subtitle for the fiscal year; and

"(2) the ratio that—

"(A) the population of the State (as determined by the Secretary of Commerce based on the most recent decennial census for which data are available); bears to

"(B) the population of the region (as so determined).

"SEC. 383N. TERMINATION OF AUTHORITY.

"The authority provided by this subtitle terminates effective October 1, 2007.".

SEC. 6029. RURAL BUSINESS INVESTMENT PROGRAM.

The Consolidated Farm and Rural Development Act (as amended by section 6028) is amended by adding at the end the following:

"Subtitle H—Rural Business Investment Program

"SEC. 384A. DEFINITIONS.

"In this subtitle:

"(1) ARTICLES.—The term 'articles' means articles of incorporation for an incorporated body or the functional equivalent or other similar documents specified by the Secretary for other business entities.

"(2) DEVELOPMENTAL VENTURE CAPITAL.—The term 'developmental venture capital' means capital in the form of equity capital investments in rural business investment companies with an objective of fostering economic development in rural areas.

"(3) EMPLOYEE WELFARE BENEFIT PLAN; PENSION PLAN.—

"(A) IN GENERAL.—The terms 'employee welfare benefit plan' and 'pension plan' have the meanings given the terms in section 3 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002).

"(B) INCLUSIONS.—The terms 'employee welfare benefit plan' and 'pension plan' include—

"(i) public and private pension or retirement plans subject to this subtitle; and

"(ii) similar plans not covered by this subtitle that have been established, and that are maintained, by the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State) for the benefit of employees.

"(4) EQUITY CAPITAL.—The term 'equity capital' means common or preferred stock or a similar instrument, including subordinated debt with equity features.

"(5) LEVERAGE.—The term 'leverage' includes—

"(A) debentures purchased or guaranteed by the Secretary;

"(B) participating securities purchased or guaranteed by the Secretary; and

"(C) preferred securities outstanding as of the date of enactment of this subtitle.

"(6) LICENSE.—The term 'license' means a license issued by the Secretary as provided in section 384D(e).

"(7) LIMITED LIABILITY COMPANY.—The term 'limited liability company' means a business entity that is organized and operating in accordance with a State limited liability company law approved by the Secretary.

"(8) MEMBER.—The term 'member' means, with respect to a rural business investment company that is a limited liability company, a holder of an ownership interest or a person otherwise admitted to membership in the limited liability company.

"(9) OPERATIONAL ASSISTANCE.—The term 'operational assistance' means management, marketing, and other technical assistance that assists a rural business concern with business development.

"(10) PARTICIPATION AGREEMENT.—The term 'participation agreement' means an agreement, between the Secretary and a rural business investment company granted final approval under section 384D(e), that requires the rural business investment company to make investments in smaller enterprises in rural areas.

"(11) PRIVATE CAPITAL.—

"(A) IN GENERAL.—The term 'private capital' means the total of—

"(i)(I) the paid-in capital and paid-in surplus of a corporate rural business investment company;

"(II) the contributed capital of the partners of a partnership rural business investment company; or

"(III) the equity investment of the members of a limited liability company rural business investment company; and

"(ii) unfunded binding commitments from investors that meet criteria established by the Secretary to contribute capital to the rural business investment company, except that—

"(I) unfunded commitments may be counted as private capital for purposes of approval by the Secretary of any request for leverage; but

"(II) leverage shall not be funded based on the commitments.

"(B) EXCLUSIONS.—The term 'private capital' does not include—

"(i) any funds borrowed by a rural business investment company from any source;

"(ii) any funds obtained through the issuance of leverage; or

"(iii) any funds obtained directly or indirectly from the Federal Government or any State (including by a political subdivision, agency, or instrumentality of the Federal Government or a State), except for—

"(I) funds obtained from the business revenues (excluding any governmental appropriation) of any federally chartered or government-sponsored enterprise established prior to the date of enactment of this subtitle;

"(II) funds invested by an employee welfare benefit plan or pension plan; and

"(III) any qualified nonprivate funds (if the investors of the qualified nonprivate funds do not control, directly or indirectly, the management, board of directors, general partners, or members of the rural business investment company).

"(12) QUALIFIED NONPRIVATE FUNDS.—The term 'qualified nonprivate funds' means any—

"(A) funds directly or indirectly invested in any applicant or rural business investment company on or before the date of enactment of this subtitle, by any Federal agency, other than the Department of Agriculture, under a provision of law explicitly mandating the inclusion of those funds in the definition of the term 'private capital'; and

"(B) funds invested in any applicant or rural business investment company by 1 or more entities of any State (including by a political subdivision, agency, or instrumentality of the State and including any guarantee extended by those entities) in an aggregate amount that does not exceed 33 percent of the private capital of the applicant or rural business investment company.

"(13) RURAL BUSINESS CONCERN.—The term 'rural business concern' means—

"(A) a public, private, or cooperative for-profit or nonprofit organization;

"(B) a for-profit or nonprofit business controlled by an Indian tribe on a Federal or State reservation or other federally recognized Indian tribal group; or

"(C) any other person or entity;

that primarily operates in a rural area, as determined by the Secretary.

"(14) RURAL BUSINESS INVESTMENT COMPANY.—The term 'rural business investment company' means a company that—

"(A) has been granted final approval by the Secretary under section 384D(e); and

"(B) has entered into a participation agreement with the Secretary.

"(15) SMALLER ENTERPRISE.—The term 'smaller enterprise' means any rural business concern that, together with its affiliates—

"(A) has—

"(i) a net financial worth of not more than $6,000,000, as of the date on which assistance is provided under this subtitle to the rural business concern; and

"(ii) an average net income for the 2-year period preceding the date on which assistance is provided under this subtitle to the rural business concern, of not more than $2,000,000, after Federal income taxes (excluding any carryover losses), except that, for purposes of this clause, if the rural business concern is not required by law to pay Federal income taxes at the enterprise level, but is required to pass income through to the shareholders, partners, beneficiaries, or other equitable owners of the business concern, the net income of the business concern shall be determined by allowing a deduction in an amount equal to the total of—

"(I) if the rural business concern is not required by law to pay State (and local, if any) income taxes at the enterprise level, the net income (determined without regard to this clause), multiplied by the marginal State income tax rate (or by the combined State and local income tax rates, as applicable) that would have applied if the business concern were a corporation; and

"(II) the net income (so determined) less any deduction for State (and local) income taxes calculated under subclause (I), multiplied by the marginal Federal income tax rate that would have applied if the rural business concern were a corporation; or

"(B) satisfies the standard industrial classification size standards established by the Administrator of the Small Business Administration for the industry in which the rural business concern is primarily engaged.

"SEC. 384B. PURPOSES.

"The purposes of the Rural Business Investment Program established under this subtitle are—

"(1) to promote economic development and the creation of wealth and job opportunities in rural areas and among individuals living in those areas by encouraging developmental venture capital investments in smaller enterprises primarily located in rural areas; and

"(2) to establish a developmental venture capital program, with the mission of addressing the unmet equity investment needs of small enterprises located in rural areas, by authorizing the Secretary—

"(A) to enter into participation agreements with rural business investment companies;

"(B) to guarantee debentures of rural business investment companies to enable each rural business investment company to make developmental venture capital investments in smaller enterprises in rural areas; and

"(C) to make grants to rural business investment companies, and to other entities, for the purpose of providing operational assistance to smaller enterprises financed, or expected to be financed, by rural business investment companies.

"SEC. 384C. ESTABLISHMENT.

"In accordance with this subtitle, the Secretary shall establish a Rural Business Investment Program, under which the Secretary may—

"(1) enter into participation agreements with companies granted final approval under section 384D(e) for the purposes set forth in section 384B;

"(2) guarantee the debentures issued by rural business investment companies as provided in section 384E; and

"(3) make grants to rural business investment companies, and to other entities, under section 384H.

"SEC. 384D. SELECTION OF RURAL BUSINESS INVESTMENT COMPANIES.

"(a) ELIGIBILITY.—A company shall be eligible to apply to participate, as a rural business investment company, in the program established under this subtitle if—

"(1) the company is a newly formed for-profit entity or a newly formed for-profit subsidiary of such an entity;

"(2) the company has a management team with experience in community development financing or relevant venture capital financing; and

"(3) the company will invest in enterprises that will create wealth and job opportunities in rural areas, with an emphasis on smaller enterprises.

"(b) APPLICATION.—To participate, as a rural business investment company, in the program established under this subtitle, a company meeting the eligibility requirements of subsection (a) shall submit an application to the Secretary that includes—

"(1) a business plan describing how the company intends to make successful developmental venture capital investments in identified rural areas;

"(2) information regarding the community development finance or relevant venture capital qualifications and general reputation of the management of the company;

"(3) a description of how the company intends to work with community-based organizations and local entities (including local economic development companies, local lenders, and local investors) and to seek to address the unmet equity capital needs of the communities served;

"(4) a proposal describing how the company intends to use the grant funds provided under this subtitle to provide operational assistance to smaller enterprises financed by the company, including information regarding whether the company intends to use licensed professionals, as necessary, on the staff of the company or from an outside entity;

"(5) with respect to binding commitments to be made to the company under this subtitle, an estimate of the ratio of cash to in-kind contributions;

"(6) a description of the criteria to be used to evaluate whether and to what extent the company meets the purposes of the program established under this subtitle;

"(7) information regarding the management and financial strength of any parent firm, affiliated firm, or any other firm essential to the success of the business plan of the company; and

"(8) such other information as the Secretary may require.

"(c) STATUS.—Not later than 90 days after the initial receipt by the Secretary of an application under this section, the Secretary shall provide to the applicant a written report describing the status of the application and any requirements remaining for completion of the application.

"(d) MATTERS CONSIDERED.—In reviewing and processing any application under this section, the Secretary—

"(1) shall determine whether—

"(A) the applicant meets the requirements of subsection (e); and

"(B) the management of the applicant is qualified and has the knowledge, experience, and capability necessary to comply with this subtitle;

"(2) shall take into consideration—

"(A) the need for and availability of financing for rural business concerns in the geographic area in which the applicant is to commence business;

"(B) the general business reputation of the owners and management of the applicant; and

"(C) the probability of successful operations of the applicant, including adequate profitability and financial soundness; and

"(3) shall not take into consideration any projected shortage or unavailability of grant funds or leverage.

"(e) APPROVAL; LICENSE.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may approve an applicant to operate as a rural business investment company under this subtitle and license the applicant as a rural business investment company, if—

"(A) the Secretary determines that the application satisfies the requirements of subsection (b);

"(B) the area in which the rural business investment company is to conduct its operations, and establishment of branch offices or agencies (if authorized by the articles), are approved by the Secretary; and

"(C) the applicant enters into a participation agreement with the Secretary.

"(2) CAPITAL REQUIREMENTS.—

"(A) IN GENERAL.—Notwithstanding any other provision of this subtitle, the Secretary may approve an applicant to operate as a rural business investment company under this subtitle and designate the applicant as a rural business investment company, if the Secretary determines that the applicant—

"(i) has private capital of more than $2,500,000;

"(ii) would otherwise be approved under this subtitle, except that the applicant does not satisfy the requirements of section 384I(c); and

"(iii) has a viable business plan that—

"(I) reasonably projects profitable operations; and

"(II) has a reasonable timetable for achieving a level of private capital that satisfies the requirements of section 384I(c).

"(B) LEVERAGE.—An applicant approved under subparagraph (A) shall not be eligible to receive leverage under this subtitle until the applicant satisfies the requirements of section 384I(c).

"(C) GRANTS.—An applicant approved under subparagraph (A) shall be eligible for grants under section 384H in proportion to the private capital of the applicant, as determined by the Secretary.

"SEC. 384E. DEBENTURES.

"(a) IN GENERAL.—The Secretary may guarantee the timely payment of principal and interest, as scheduled, on debentures issued by any rural business investment company.

"(b) TERMS AND CONDITIONS.—The Secretary may make guarantees under this section on such terms and conditions as the Secretary considers appropriate, except that the term of any debenture guaranteed under this section shall not exceed 15 years.

"(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee under this section.

"(d) MAXIMUM GUARANTEE.—Under this section, the Secretary may—

"(1) guarantee the debentures issued by a rural business investment company only to the extent that the total face amount of outstanding guaranteed debentures of the rural business investment company does not exceed the lesser of—

"(A) 300 percent of the private capital of the rural business investment company; or

"(B) $105,000,000; and

"(2) provide for the use of discounted debentures.

"SEC. 384F. ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES.

"(a) ISSUANCE.—The Secretary may issue trust certificates representing ownership of all or a fractional part of debentures issued by a rural business investment company and guaranteed by the Secretary under this subtitle, if the certificates are based on and backed by a trust or pool approved by the Secretary and composed solely of guaranteed debentures.

"(b) GUARANTEE.—

"(1) IN GENERAL.—The Secretary may, under such terms and conditions as the Secretary considers appropriate, guarantee the timely payment of the principal of and interest on trust certificates issued by the Secretary or agents of the Secretary for purposes of this section.

"(2) LIMITATION.—Each guarantee under this subsection shall be limited to the extent of principal and interest on the guaranteed debentures that compose the trust or pool.

"(3) PREPAYMENT OR DEFAULT.—

"(A) IN GENERAL.—In the event a debenture in a trust or pool is prepaid, or in the event of default of such a debenture, the guarantee of timely payment of principal and interest on the trust certificates shall be reduced in proportion to the amount of principal and interest the prepaid debenture represents in the trust or pool.

"(B) INTEREST.—Interest on prepaid or defaulted debentures shall accrue and be guaranteed by the Secretary only through the date of payment of the guarantee.

"(C) REDEMPTION.—At any time during its term, a trust certificate may be called for redemption due to prepayment or default of all debentures.

"(c) FULL FAITH AND CREDIT OF THE UNITED STATES.—Section 381H(i) shall apply to any guarantee of a trust certificate issued by the Secretary under this section.

"(d) SUBROGATION AND OWNERSHIP RIGHTS.—

"(1) SUBROGATION.—If the Secretary pays a claim under a guarantee issued under this section, the claim shall be subrogated fully to the rights satisfied by the payment.

"(2) OWNERSHIP RIGHTS.—No Federal, State, or local law shall preclude or limit the exercise by the Secretary of the ownership rights of the Secretary in a debenture residing in a trust or pool against which 1 or more trust certificates are issued under this section.

"(e) MANAGEMENT AND ADMINISTRATION.—

"(1) REGISTRATION.—The Secretary shall provide for a central registration of all trust certificates issued under this section.

"(2) CREATION OF POOLS.—The Secretary may—

"(A) maintain such commercial bank accounts or investments in obligations of the United States as may be necessary to facilitate the creation of trusts or pools backed by debentures guaranteed under this subtitle; and

"(B) issue trust certificates to facilitate the creation of those trusts or pools.

"(3) FIDELITY BOND OR INSURANCE REQUIREMENT.—Any agent performing functions on behalf of the Secretary under this paragraph shall provide a fidelity bond or insurance in such amount as the Secretary considers to be necessary to fully protect the interests of the United States.

"(4) REGULATION OF BROKERS AND DEALERS.—The Secretary may regulate brokers and dealers in trust certificates issued under this section.

"(5) ELECTRONIC REGISTRATION.—Nothing in this subsection prohibits the use of a book-entry or other electronic form of registration for trust certificates issued under this section.

"SEC. 384G. FEES.

"(a) IN GENERAL.—The Secretary may charge such fees as the Secretary considers appropriate with respect to any guarantee or grant issued under this subtitle.

"(b) TRUST CERTIFICATE.—Notwithstanding subsection (a), the Secretary shall not collect a fee for any guarantee of a trust certificate under section 384F, except that any agent of the Secretary may collect a fee approved by the Secretary for the functions described in section 384F(e)(2).

"(c) LICENSE.—

"(1) IN GENERAL.—The Secretary may prescribe fees to be paid by each applicant for a license to operate as a rural business investment company under this subtitle.

"(2) USE OF AMOUNTS.—Fees collected under this subsection—

"(A) shall be deposited in the account for salaries and expenses of the Secretary; and

"(B) are authorized to be appropriated solely to cover the costs of licensing examinations.

"SEC. 384H. OPERATIONAL ASSISTANCE GRANTS.

"(a) IN GENERAL.—In accordance with this section, the Secretary may make grants to rural business investment companies and to other entities, as authorized by this subtitle, to provide operational assistance to smaller enterprises financed, or expected to be financed, by the entities.

"(b) TERMS.—Grants made under this section shall be made over a multiyear period (not to exceed 10 years) under such terms as the Secretary may require.

"(c) USE OF FUNDS.—The proceeds of a grant made under this section may be used by the rural business investment company receiving the grant only to provide operational assistance in connection with an equity or prospective equity investment in a business located in a rural area.

"(d) SUBMISSION OF PLANS.—A rural business investment company shall be eligible for a grant under this section only if the rural business investment company submits to the Secretary, in such form and manner as the Secretary may require, a plan for use of the grant.

"(e) GRANT AMOUNT.—

"(1) RURAL BUSINESS INVESTMENT COMPANIES.—The amount of a grant made under this section to a rural business investment company shall be equal to the lesser of—

"(A) 10 percent of the private capital raised by the rural business investment company; or

"(B) $1,000,000.

"(2) OTHER ENTITIES.—The amount of a grant made under this section to any entity other than a rural business investment company shall be equal to the resources (in cash or in kind) raised by the entity in accordance with the requirements applicable to rural business investment companies under this subtitle.

"SEC. 384I. RURAL BUSINESS INVESTMENT COMPANIES.

"(a) ORGANIZATION.—For the purpose of this subtitle, a rural business investment company shall—

"(1) be an incorporated body, a limited liability company, or a limited partnership organized and chartered or otherwise existing under State law solely for the purpose of performing the functions and conducting the activities authorized by this subtitle;

"(2)(A) if incorporated, have succession for a period of not less than 30 years unless earlier dissolved by the shareholders of the rural business investment company; and

"(B) if a limited partnership or a limited liability company, have succession for a period of not less than 10 years; and

"(3) possess the powers reasonably necessary to perform the functions and conduct the activities.

"(b) ARTICLES.—The articles of any rural business investment company—

"(1) shall specify in general terms—

"(A) the purposes for which the rural business investment company is formed;

"(B) the name of the rural business investment company;

"(C) the area or areas in which the operations of the rural business investment company are to be carried out;

"(D) the place where the principal office of the rural business investment company is to be located; and

"(E) the amount and classes of the shares of capital stock of the rural business investment company;

"(2) may contain any other provisions consistent with this subtitle that the rural business investment company may determine appropriate to adopt for the regulation of the business of the rural business investment company and the conduct of the affairs of the rural business investment company; and

"(3) shall be subject to the approval of the Secretary.

"(c) CAPITAL REQUIREMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the private capital of each rural business investment company shall be not less than—

"(A) $5,000,000; or

"(B) $10,000,000, with respect to each rural business investment company authorized or seeking authority to issue participating securities to be purchased or guaranteed by the Secretary under this subtitle.

"(2) EXCEPTION.—The Secretary may, in the discretion of the Secretary and based on a showing of special circumstances and good cause, permit the private capital of a rural business investment company described in paragraph (1)(B) to be less than $10,000,000, but not less than $5,000,000, if the Secretary determines that the action would not create or otherwise contribute to an unreasonable risk of default or loss to the Federal Government.

"(3) ADEQUACY.—In addition to the requirements of paragraph (1), the Secretary shall—

"(A) determine whether the private capital of each rural business investment company is adequate to ensure a reasonable prospect that the rural business investment company will be operated soundly and profitably, and managed actively and prudently in accordance with the articles of the rural business investment company;

"(B) determine that the rural business investment company will be able to comply with the requirements of this subtitle;

"(C) require that at least 75 percent of the capital of each rural business investment company is invested in rural business concerns and not more than 10 percent of the investments shall be made in an area containing a city of over 150,000 in the last decennial census and the Census Bureau defined urbanized area containing or adjacent to that city;

"(D) ensure that the rural business investment company is designed primarily to meet equity capital needs of the businesses in which the rural business investment company invests and not to compete with traditional small business financing by commercial lenders; and

"(E) require that the rural business investment company makes short-term non-equity investments of less than 5 years only to the extent necessary to preserve an existing investment.

"(d) DIVERSIFICATION OF OWNERSHIP.—The Secretary shall ensure that the management of each rural business investment company licensed after the date of enactment of this subtitle is sufficiently diversified from and unaffiliated with the ownership of the rural business investment company so as to ensure independence and objectivity in the financial management and oversight of the investments and operations of the rural business investment company.

"SEC. 384J. FINANCIAL INSTITUTION INVESTMENTS.

"(a) IN GENERAL.—Except as otherwise provided in this section and notwithstanding any other provision of law, the following banks, associations, and institutions are eligible both to establish and invest in any rural business investment company or in any entity established to invest solely in rural business investment companies:

"(1) Any bank or savings association the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.).

"(2) Any Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)).

"(b) LIMITATION.—No bank, association, or institution described in subsection (a) may make investments described in subsection (a) that are greater than 5 percent of the capital and surplus of the bank, association, or institution.

"(c) LIMITATION ON RURAL BUSINESS INVESTMENT COMPANIES CONTROLLED BY FARM CREDIT SYSTEM INSTITUTIONS.—If a Farm Credit System institution described in section 1.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2002(a)) holds more than 15 percent of the shares of a rural business investment company, either alone or in conjunction with other System institutions (or affiliates), the rural business investment company shall not provide equity investments in, or provide other financial assistance to, entities that are not otherwise eligible to receive financing from the Farm Credit System under that Act (12 U.S.C. 2001 et seq.).

"SEC. 384K. REPORTING REQUIREMENTS.

"(a) RURAL BUSINESS INVESTMENT COMPANIES.—Each rural business investment company that participates in the program established under this subtitle shall provide to the Secretary such information as the Secretary may require, including—

"(1) information relating to the measurement criteria that the rural business investment company proposed in the program application of the rural business investment company; and

"(2) in each case in which the rural business investment company under this subtitle makes an investment in, or a loan or grant to, a business that is not located in a rural area, a report on the number and percentage of employees of the business who reside in those areas.

"(b) PUBLIC REPORTS.—

"(1) IN GENERAL.—The Secretary shall prepare and make available to the public an annual report on the program established under this subtitle, including detailed information on—

"(A) the number of rural business investment companies licensed by the Secretary during the previous fiscal year;

"(B) the aggregate amount of leverage that rural business investment companies have received from the Federal Government during the previous fiscal year;

"(C) the aggregate number of each type of leveraged instruments used by rural business investment companies during the previous fiscal year and how each number compares to previous fiscal years;

"(D) the number of rural business investment company licenses surrendered and the number of rural business investment companies placed in liquidation during the previous fiscal year, identifying the amount of leverage each rural business investment company has received from the Federal Government and the type of leverage instruments each rural business investment company has used;

"(E) the amount of losses sustained by the Federal Government as a result of operations under this subtitle during the previous fiscal year and an estimate of the total losses that the Federal Government can reasonably expect to incur as a result of the operations during the current fiscal year;

"(F) actions taken by the Secretary to maximize recoupment of funds of the Federal Government expended to implement and administer the Rural Business Investment Program under this subtitle during the previous fiscal year and to ensure compliance with the requirements of this subtitle (including regulations);

"(G) the amount of Federal Government leverage that each licensee received in the previous fiscal year and the types of leverage instruments each licensee used;

"(H) for each type of financing instrument, the sizes, types of geographic locations, and other characteristics of the small business investment companies using the instrument during the previous fiscal year, including the extent to which the investment companies have used the leverage from each instrument to make loans or equity investments in rural areas; and

"(I) the actions of the Secretary to carry out this subtitle.

"(2) PROHIBITION.—In compiling the report required under paragraph (1), the Secretary may not—

"(A) compile the report in a manner that permits identification of any particular type of investment by an individual rural business investment company or small business concern in which a rural business investment company invests; and

"(B) may not release any information that is prohibited under section 1905 of title 18, United States Code.

"SEC. 384L. EXAMINATIONS.

"(a) IN GENERAL.—Each rural business investment company that participates in the program established under this subtitle

shall be subject to examinations made at the direction of the Secretary in accordance with this section.

"(b) ASSISTANCE OF PRIVATE SECTOR ENTITIES.—An examination under this section may be conducted with the assistance of a private sector entity that has the qualifications and the expertise necessary to conduct such an examination.

"(c) COSTS.—

"(1) IN GENERAL.—The Secretary may assess the cost of an examination under this section, including compensation of the examiners, against the rural business investment company examined.

"(2) PAYMENT.—Any rural business investment company against which the Secretary assesses costs under this paragraph shall pay the costs.

"(d) DEPOSIT OF FUNDS.—Funds collected under this section shall—

"(1) be deposited in the account that incurred the costs for carrying out this section;

"(2) be made available to the Secretary to carry out this section, without further appropriation; and

"(3) remain available until expended.

"SEC. 384M. INJUNCTIONS AND OTHER ORDERS.

"(a) IN GENERAL.—

"(1) APPLICATION BY SECRETARY.—Whenever, in the judgment of the Secretary, a rural business investment company or any other person has engaged or is about to engage in any act or practice that constitutes or will constitute a violation of a provision of this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may apply to the appropriate district court of the United States for an order enjoining the act or practice, or for an order enforcing compliance with the provision, rule, regulation, order, or participation agreement.

"(2) JURISDICTION; RELIEF.—The court shall have jurisdiction over the action and, on a showing by the Secretary that the rural business investment company or other person has engaged or is about to engage in an act or practice described in paragraph (1), a permanent or temporary injunction, restraining order, or other order, shall be granted without bond.

"(b) JURISDICTION.—

"(1) IN GENERAL.—In any proceeding under subsection (a), the court as a court of equity may, to such extent as the court considers necessary, take exclusive jurisdiction over the rural business investment company and the assets of the rural business investment company, wherever located.

"(2) TRUSTEE OR RECEIVER.—The court shall have jurisdiction in any proceeding described in paragraph (1) to appoint a trustee or receiver to hold or administer the assets.

"(c) SECRETARY AS TRUSTEE OR RECEIVER.—

"(1) AUTHORITY.—The Secretary may act as trustee or receiver of a rural business investment company.

"(2) APPOINTMENT.—On the request of the Secretary, the court shall appoint the Secretary to act as a trustee or receiver of a rural business investment company unless the court con-

siders the appointment inequitable or otherwise inappropriate by reason of any special circumstances involved.

"SEC. 384N. ADDITIONAL PENALTIES FOR NONCOMPLIANCE.

"(a) IN GENERAL.—With respect to any rural business investment company that violates or fails to comply with this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), the Secretary may, in accordance with this section—

"(1) void the participation agreement between the Secretary and the rural business investment company; and

"(2) cause the rural business investment company to forfeit all of the rights and privileges derived by the rural business investment company under this subtitle.

"(b) ADJUDICATION OF NONCOMPLIANCE.—

"(1) IN GENERAL.—Before the Secretary may cause a rural business investment company to forfeit rights or privileges under subsection (a), a court of the United States of competent jurisdiction must find that the rural business investment company committed a violation, or failed to comply, in a cause of action brought for that purpose in the district, territory, or other place subject to the jurisdiction of the United States, in which the principal office of the rural business investment company is located.

"(2) PARTIES AUTHORIZED TO FILE CAUSES OF ACTION.—Each cause of action brought by the United States under this subsection shall be brought by the Secretary or by the Attorney General.

"SEC. 384O. UNLAWFUL ACTS AND OMISSIONS; BREACH OF FIDUCIARY DUTY.

"(a) PARTIES DEEMED TO COMMIT A VIOLATION.—Whenever any rural business investment company violates this subtitle (including any rule, regulation, order, or participation agreement under this subtitle), by reason of the failure of the rural business investment company to comply with this subtitle or by reason of its engaging in any act or practice that constitutes or will constitute a violation of this subtitle, the violation shall also be deemed to be a violation and an unlawful act committed by any person that, directly or indirectly, authorizes, orders, participates in, causes, brings about, counsels, aids, or abets in the commission of any acts, practices, or transactions that constitute or will constitute, in whole or in part, the violation.

"(b) FIDUCIARY DUTIES.—It shall be unlawful for any officer, director, employee, agent, or other participant in the management or conduct of the affairs of a rural business investment company to engage in any act or practice, or to omit any act or practice, in breach of the fiduciary duty of the officer, director, employee, agent, or participant if, as a result of the act or practice, the rural business investment company suffers or is in imminent danger of suffering financial loss or other damage.

"(c) UNLAWFUL ACTS.—Except with the written consent of the Secretary, it shall be unlawful—

"(1) for any person to take office as an officer, director, or employee of any rural business investment company, or to become an agent or participant in the conduct of the affairs or

management of a rural business investment company, if the person—

"(A) has been convicted of a felony, or any other criminal offense involving dishonesty or breach of trust; or

"(B) has been found liable in a civil action for damages, or has been permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust; and

"(2) for any person to continue to serve in any of the capacities described in paragraph (1), if—

"(A) the person is convicted of a felony or any other criminal offense involving dishonesty or breach of trust; or

"(B) the person is found liable in a civil action for damages, or is permanently or temporarily enjoined by an order, judgment, or decree of a court of competent jurisdiction, by reason of any act or practice involving fraud or breach of trust.

"SEC. 384P. REMOVAL OR SUSPENSION OF DIRECTORS OR OFFICERS.

"Using the procedures established by the Secretary for removing or suspending a director or an officer of a rural business investment company, the Secretary may remove or suspend any director or officer of any rural business investment company.

"SEC. 384Q. CONTRACTING OF FUNCTIONS.

"(a) IN GENERAL.—Notwithstanding any other provision of law, to carry out the day-to-day management and operation of the program authorized by this subtitle on behalf of the Secretary, the Secretary shall enter into an interagency agreement under section 1535 of title 31, United States Code, with another Federal agency that has considerable expertise in operating a program under which capital is provided for equity investments in private sector companies.

"(b) FUNDING.—The costs incurred by a Federal agency entering into an agreement under subsection (a) shall be reimbursed in accordance with section 1535 of title 31, United States Code, from amounts made available under section 384S(a)(2).

"SEC. 384R. REGULATIONS.

"The Secretary may promulgate such regulations as the Secretary considers necessary to carry out this subtitle.

"SEC. 384S. FUNDING.

"(a) IN GENERAL.—Notwithstanding any other provision of law, of the funds of the Commodity Credit Corporation, the Secretary shall make available—

"(1) such sums as may be necessary for the cost of guaranteeing $280,000,000 of debentures under this subtitle; and

"(2) $44,000,000 to make grants under this subtitle.

"(b) AVAILABILITY OF FUNDS.—Funds transferred under subsection (a) shall remain available until expended.".

SEC. 6030. RURAL STRATEGIC INVESTMENT PROGRAM.

The Consolidated Farm and Rural Development Act (as amended by section 6029) is amended by adding at the end the following:

"Subtitle I—Rural Strategic Investment Program

"SEC. 385A. PURPOSE.

"The purpose of this subtitle is to establish a rural strategic investment program—

"(1) to provide rural communities with flexible resources to develop comprehensive, collaborative, and locally-based strategic planning processes; and

"(2) to implement innovative community and economic development strategies that optimize regional competitive advantages.

"SEC. 385B. DEFINITIONS.

"In this subtitle:

"(1) BENCHMARK.—The term 'benchmark' means an annual set of strategies and goals of a Regional Board established for the purpose of measuring performance in meeting the regional plan of the Regional Board.

"(2) CONFERENCE.—The term "Conference" means the National Conference on Rural America conducted under section 385H.

"(3) ELIGIBLE AREA.—

"(A) IN GENERAL.—The term 'eligible area' means a nonmetropolitan county (as defined by the Secretary) that has a population of 50,000 inhabitants or less.

"(B) INCLUSION.—

"(i) IN GENERAL.—Subject to clause (ii), the term 'eligible area' includes an unincorporated or other area of a county that has a population of more than 50,000 inhabitants if the unincorporated area or other area is adjacent to an eligible rural area described in subparagraph (A).

"(ii) PARTICIPATION.—An area described in clause (i) may be represented on a Regional Board.

"(C) EXCLUSION.—The term 'eligible area' does not include any area designated by the Secretary as a rural empowerment zone or rural enterprise community.

"(4) INNOVATION GRANT.—The term 'innovation grant' means an innovation grant made by the National Board to a Regional Board under section 385G.

"(5) NATIONAL BOARD.—The term 'National Board' means the National Board on Rural America established under section 385D(a).

"(6) NATIONAL PLAN.—The term 'national plan' means a national strategic investment plan of the National Board developed under section 385D(d)(3).

"(7) PLANNING GRANT.—The term 'planning grant' means a regional strategic investment planning grant made by the National Board to a Regional Board under section 385F.

"(8) PROGRAM.—The term 'program' means the rural strategic investment program established under this subtitle.

"(9) REGION.—The term 'region' means the eligible areas that—

"(A) are under the jurisdiction of a Regional Board; and

"(B) meet criteria established by the National Board not later than 1 year after the date of enactment of this subtitle.

"(10) REGIONAL BOARD.—The term 'Regional Board' means a Regional Investment Board certified under section 385C(a).

"(11) REGIONAL PLAN.—The term 'regional plan' means a regional strategic investment plan of a Regional Board developed under section 385C(b)(3)(B).

"SEC. 385C. REGIONAL INVESTMENT BOARDS.

"(a) IN GENERAL.—The National Board may certify a group representing the interests described in subsection (b)(2)(A) as a Regional Investment Board created to develop and implement a regional strategic investment plan for grants made under this subtitle to promote investment in eligible areas.

"(b) REQUIREMENTS FOR CERTIFICATION.—

"(1) IN GENERAL.—A Regional Board shall meet the requirements of this subsection for certification.

"(2) COMPOSITION.—

"(A) IN GENERAL.—A Regional Board shall be composed of residents of the region that broadly represent diverse public, nonprofit, and private sector interests in investment in the region, including (to the maximum extent practicable) representatives of—

"(i) units of local government (including multijurisdictional units of local government);

"(ii) in the case of regions with Indian populations, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

"(iii) private nonprofit community-based development organizations;

"(iv) regional development organizations;

"(v) private business organizations;

"(vi) other entities and organizations, as determined by the Regional Board; and

"(vii) consortia of entities and organizations described in clauses (i) through (vii).

"(B) LOCAL PUBLIC-PRIVATE REPRESENTATION.—Of the members of a Regional Board, to the maximum extent practicable—

"(i) ½ of the members shall be representatives of units of local government and Indian tribes described in subparagraph (A); and

"(ii) ½ of the members shall be representatives of nonprofit, regional, private, and other entities and organizations described in subparagraph (A).

"(C) EX-OFFICIO MEMBERS.—

"(i) IN GENERAL.—An officer or employee of a Federal or State agency may serve as an ex-officio, non-voting member of a Regional Board representing the agency.

"(ii) CONFLICTS.—Participation by a Federal officer or employee in activities of the Regional Board shall

not constitute a violation of section 205 or 208 of title 18, United States Code.

"(D) CERTIFICATION.—To be certified by the National Board, a Regional Board shall demonstrate to the National Board that the Regional Board is broadly representative of the interests described in subparagraph (A).

"(E) APPEALS.—

"(i) IN GENERAL.—Prior to certification of the Regional Board by the National Board, representatives of interests described in subparagraph (A) that participated in the development of a Regional Board may appeal the composition of the Regional Board to the National Board on the ground that—

"(I) the composition of the Regional Board does not adequately reflect the purposes of the program; or

"(II) the selection process for the Regional Board unfairly disadvantaged those interests.

"(ii) ACTION BY NATIONAL BOARD.—The National Board shall act on any appeal of the composition of a Regional Board before taking action on the certification of the Regional Board.

"(3) DUTIES AND PURPOSE.—The organizational documents of the proposed Regional Board shall demonstrate that, on certification, the Regional Board shall—

"(A) create a collaborative, inclusive public-private planning process;

"(B) develop, and submit to the National Board for approval, a regional strategic investment plan that meets the requirements of section 385F, with benchmarks, to promote investment in eligible areas through the use of grants made available under this subtitle;

"(C) implement the approved regional plan;

"(D) provide annual reports to the Secretary and the National Board on progress made in achieving the benchmarks of the regional plan, including an annual financial statement; and

"(E) select a non-Federal organization (such as a regional development organization) in the local area served by the Regional Board that has previous experience in the management of Federal funds to serve as fiscal manager of any funds of the Regional Board.

"SEC. 385D. NATIONAL BOARD ON RURAL AMERICA.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary shall establish a National Board on Rural America to carry out the rural strategic investment program established under this subtitle.

"(2) SUPERVISION AND DIRECTION.—Except as otherwise provided in this subtitle, the National Board shall be subject to the general supervision and direction of the Secretary.

"(b) COMPOSITION.—

"(1) IN GENERAL.—

"(A) APPOINTMENT.—In addition to the Secretary or the designee of the Secretary, the National Board shall consist of 14 members appointed by the Secretary from among—

"(i) representatives of nationally recognized entrepreneurship organizations;

"(ii) representatives of regional planning and development organizations;

"(iii) representatives of community-based organizations;

"(iv) elected members of county governments;

"(v) elected members of State legislatures;

"(vi) representatives of the rural philanthropic community; and

"(vii) representatives of Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)).

"(B) RECOMMENDATIONS.—In appointing the members of the National Board under subparagraph (A), the Secretary shall consider recommendations made by—

"(i) the chairman and ranking member of each of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate;

"(ii) the Majority Leader of the Senate; and

"(iii) the Speaker of the House of Representatives.

"(3) TERM OF OFFICE.—

"(A) IN GENERAL.—Subject to subparagraph (B), the term of office of a member of the National Board appointed under paragraph (1)(A) shall be 4 years.

"(B) STAGGERED INITIAL TERMS.—Of the initial members of the National Board appointed under paragraph (1)(A), the term of office of—

"(i) 5 members shall be 4 years;

"(ii) 5 members shall be 3 years; and

"(iii) 4 members shall be 2 years.

"(4) INITIAL APPOINTMENTS.—Not later than 90 days after the date of enactment of this subtitle, the Secretary shall appoint the initial members of the National Board under paragraph (1)(A).

"(5) EX-OFFICIO MEMBERS.—

"(A) SPECIAL ASSISTANT TO THE PRESIDENT FOR RURAL POLICY.—If appointed by the President under section 6406(1) of the Farm Security and Rural Investment Act of 2002, the Special Assistant to the President for Rural Policy shall serve as an ex-officio, non-voting member of the National Board.

"(B) OTHER MEMBERS.—In consultation with the chairman and ranking member of each of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Secretary may appoint not more than 3 other officers or employees of the Executive Branch to serve as ex-officio, non-voting members of the National Board.

"(6) VACANCIES.—A vacancy on the National Board shall be filled in the same manner as the original appointment.

"(7) COMPENSATION.—A member of the National Board shall receive no compensation for service on the National Board, but shall be reimbursed for travel and other expenses in-

curred in carrying out the duties of the member of the National Board in accordance with section 5702 and 5703 of title 5, United States Code.

"(8) CHAIRPERSON.—The National Board shall select a chairperson from among the members of the National Board.

"(9) MEETINGS.—

"(A) TIME AND PLACE.—The National Board shall meet at the call of the chairperson.

"(B) QUORUM.—A quorum of the National Board shall consist of a majority of the members.

"(C) MAJORITY VOTE.—A decision of the National Board shall be made by majority vote.

"(10) FEDERAL STATUS.—For purposes of Federal law, a member of the National Board shall be considered a special Government employee (as defined in section 202(a) of title 18, United States Code).

"(11) CONFLICT OF INTEREST.—

"(A) IN GENERAL.—Except as provided in subparagraph (C), no member of the National Board shall vote on any matter respecting any application for a grant or other particular matter pending before the National Board in which, to the knowledge of the member, the member, spouse, or child of the member, partner, or organization in which the member is serving as officer, director, trustee, partner, or employee, or any person or organization with whom the member is negotiating or has any arrangement concerning prospective employment, has a financial interest.

"(B) VIOLATIONS.—A violation of subparagraph (A) by a member of the National Board shall be cause for removal of the member, but shall not impair or otherwise affect the validity of any otherwise lawful action by the National Board in which the member participated.

"(C) EXCEPTION.—Subparagraph (A) shall not apply to the extent a member of the National Board advises the National Board of the nature of the particular matter in which the member proposes to participate, if—

"(i) the member makes a full disclosure of the financial interest; and

"(ii) prior to any participation by the member, the National Board determines, by majority vote of the other members of the National Board, that the financial interest is too remote or too inconsequential to affect the integrity of the services of the member to the National Board in that matter.

"(c) ADMINISTRATIVE SUPPORT.—The Secretary, on a reimbursable basis, may provide such administrative support to the National Board as the Secretary determines is necessary to carry out the duties of the National Board.

"(d) DUTIES.—The National Board shall—

"(1) certify Regional Boards in accordance with section 385C, with the initial certification of Regional Boards occurring not later than 540 days after the date of enactment of this subtitle;

"(2) approve, negotiate, or disapprove each regional plan that is submitted by a Regional Board to the National Board under section 385C;

"(3) develop, and submit to the Secretary for approval, a national strategic investment plan;

"(4) use the amount received from the Secretary under section 385E to make planning grants and innovation grants to Regional Boards and to otherwise carry out the program;

"(5) provide leadership and advice to Regional Boards on issues, best practices, and emerging trends relating to rural development;

"(6) evaluate the progress of each Regional Board in achieving the benchmarks of the regional plan using annual reports submitted under section 385C(b)(3)(D) and any other information that is available to the Regional Board; and

"(7) submit an annual report on the performance of Regional Boards and the program to—

"(A) the Committee on Agriculture of the House of Representatives;

"(B) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

"(C) the Secretary.

"SEC. 385E. RURAL STRATEGIC INVESTMENT PROGRAM.

"(a) IN GENERAL.—If the Secretary approves a national strategic investment plan submitted by the National Board, of the funds of the Commodity Credit Corporation, the Secretary shall transfer to the National Board $100,000,000, to remain available until expended, for the Board to use to make planning grants and innovation grants to Regional Boards and to otherwise carry out this subtitle.

"(b) USE BY NATIONAL BOARD.—Of the amount transferred by the Secretary to the National Board under subsection (a), the National Board shall use—

"(1) not less than $8,000,000 to make planning grants to Regional Boards under section 385F;

"(2) not less than $87,000,000 to make innovation grants to Regional Boards under section 385G; and

"(3) the remainder of the funds to carry out section 385H and administer this subtitle (other than section 385H).

"SEC. 385F. REGIONAL STRATEGIC INVESTMENT PLANNING GRANTS.

"(a) IN GENERAL.—The National Board shall use amounts made available under section 385E(b)(1) to make not fewer than 80 planning grants, on a competitive basis, to applicant Regional Boards to develop, maintain, evaluate, and report progress on regional strategic investment plans in accordance with section 385C and this section.

"(b) REGIONAL PLANS.—A regional plan for a region covered by a Regional Board shall, to the maximum extent practicable, cover—

"(1) basic infrastructure needs of the region;

"(2) basic services within the region;

"(3) opportunities for economic diversification and innovation within the region, with particular attention to entrepreneurial support and innovation;

"(4) the current and future human resource capacity of the region;

"(5) access to market-based financing and venture and equity capital in the region;

"(6) the development of innovative public and private collaborations for investments in the region; and

"(7) other appropriate matters, as determined by the National Board and the Secretary.

"(c) PREFERENCES.—In awarding planning grants, the National Board shall give a preference to planning grants that will be used to address community capacity building and community sustainability.

"(d) AMOUNT.—The total amount of a planning grant made to a Regional Board shall not exceed $100,000.

"(e) COST SHARING.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), the share of the costs of developing, maintaining, evaluating, and reporting on a regional plan funded by a grant under this section shall not exceed 50 percent.

"(2) FORM.—

"(A) IN GENERAL. Except as provided in subparagraph (B), a Regional Board shall pay the grantee share of the costs described in paragraph (1) in the form of cash, services, materials, or other in-kind contributions.

"(B) LIMITATION.—A grantee shall not pay more than 50 percent of the grantee share in the form of services, materials, or other in-kind contributions.

"(3) INCREASED SHARE.—The National Board may increase the share of the costs covered by a planning grant made to a Regional Board under this section if a limited ability of the Regional Board to pay would otherwise create a barrier to full participation in the program.

"SEC. 385G. INNOVATION GRANTS.

"(a) IN GENERAL.—The National Board shall use amounts made available under section 385E(b)(2) to make innovation grants, on a competitive basis, to Regional Boards to implement projects that are identified in the regional plans of the Regional Boards.

"(b) ELIGIBILITY.—

"(1) IN GENERAL.—For a Regional Board to be eligible to receive an innovation grant, the National Board shall determine that—

"(A) the regional plan of a Regional Board meets the requirements of this subtitle;

"(B) the management and organizational structure of the Regional Board is sufficient to oversee grant projects;

"(C) the Regional Board will be able to provide the grantee share required under this section; and

"(D) the Regional Board agrees to achieve, to the maximum extent practicable, the performance-based benchmarks of the regional plan.

"(2) RELATIONSHIP TO PLANNING GRANTS.—A Regional Board that meets the requirements of paragraph (1) shall be eligible to receive an innovation grant, regardless of whether the Regional Board receives a planning grant.

"(c) SELECTION.—Subject to subsection (d), of the applications submitted by Regional Boards for innovation grants, the National Board shall, to the maximum extent practicable, select not fewer than 30 regional boards to receive innovation grants.

"(d) PREFERENCES.—In awarding innovation grants, the National Board shall give a preference (in order of priority) to Regional Boards that—

"(1) exhibit collaborative innovation and entrepreneurship, particularly within a public-private partnership;

"(2) represent a broad coalition of interests described in section 385C(b)(2)(A);

"(3) demonstrate a plan to leverage public (Federal and non-federal) and private funds and existing assets, including natural assets and public infrastructure;

"(4) address gaps in existing basic services within a region;

"(5) address economic diversification, including agricultural and non-agriculturally based economies, within a regional framework;

"(6) demonstrate a plan to achieve multijurisdictional regional planning and development, with particular evidence of economic development successes within diverse stakeholder frameworks; or

"(7) meet other community development needs identified by a Regional Board.

"(e) USES.—

"(1) LEVERAGE.—A Regional Board shall prioritize projects, in part, on the degree to which the Regional Board is able to leverage additional funds for the implementation of the projects.

"(2) PURPOSES.—A Regional Board may use an innovation grant provided for a region—

"(A) to support the development of critical infrastructure necessary to facilitate economic development in the region;

"(B) to provide assistance to entities within the region that provide basic public services;

"(C) to assist with job training, workforce development, or other needs related to the development and maintenance of strong local and regional economies;

"(D) to assist in the development of unique new collaborations that link public, private, and philanthropic resources to achieve collaboratively designed regional advancement; and

"(E) to provide support to business investment.

"(3) OTHER DEPARTMENT PROGRAMS.—A Regional Board may not use an innovation grant provided for a region for any purpose for which funding may be obtained under any other rural development program of the Department of Agriculture unless—

"(A) the Regional Board—

"(i) has submitted an application for the funding under the other program; and

"(ii) withdraws the application; and

"(B) the National Board approves use of the innovation grant for that purpose.

"(4) OPERATING EXPENSES.—A Regional Board may use for administrative costs in carrying out programs and activities related to the grant the greater of—

"(A) $100,000; or

"(B) 5 percent of the amount of an innovation grant provided.

"(f) AMOUNT.—

"(1) IN GENERAL.—The amount of an innovation grant made to a Regional Board shall not exceed $3,000,000.

"(2) AVAILABILITY.—The amount of an innovation grant made to a Regional Board shall remain available until expended.

"(g) COST SHARING.—

"(1) IN GENERAL.—Subject to paragraphs (2) and (3), the share of the costs of projects covered by an innovation grant made to a Regional Board under this section shall not exceed 75 percent, as determined by the National Board.

"(2) FORM.—A Regional Board may pay the grantee share of the costs of projects covered by an innovation grant in the form of cash or services, materials, or other in-kind contributions.

"(3) WAIVER OF GRANTEE SHARE.—The National Board may waive the grantee share of the costs of projects covered by an innovation grant made to a Regional Board under this section if the National Board determines that such a waiver is appropriate.

"(4) OTHER FEDERAL PROGRAMS.—For the purpose of determining grantee share requirements for any other Federal programs, funds provided for innovation grants shall be considered to be non-Federal funds.

"(h) NEGOTIATION.—The National Board may—

"(1) negotiate with a Regional Board on the substance, size, and scope of a regional plan; and

"(2) approve an innovation grant for an amount that is lower than the amount requested by the Regional Board.

"(i) NONCOMPLIANCE.—If a Regional Board fails to comply with the requirements of this section, the National Board may take such actions as are necessary to obtain reimbursement of unused grant funds.

"(j) OTHER USES.—The National Board may use not more than 5 percent of the amounts made available for innovation grants—

"(1) to provide assistance to interests described in section 385C(b)(2)(A) to obtain certification of a Regional Board;

"(2) to provide assistance for emergent innovative opportunities that are not covered by existing regional plans;

"(3) to provide technical assistance, research, organizational support, and other capacity building infrastructure to support existing Regional Boards;

"(4) to provide assistance for other entrepreneurial opportunities to advance the goals of the program; or

"(5) to advance a more integrative rural policy framework for the United States.

"(k) TRANSFERS.—To ensure maximum use of funds provided under this subtitle, the National Board may transfer not more than

10 percent of the amount of funds made available between planning grants and innovation grants.

"SEC. 385H. NATIONAL CONFERENCE ON RURAL AMERICA.

"(a) IN GENERAL.—The President shall call and conduct a National Conference on Rural America, which shall be held not earlier than November 1, 2002, and not later than October 30, 2004.

"(b) PURPOSE.—The purpose of the Conference shall be to bring together the resources of governmental agencies and the private and nonprofit sectors to develop—

"(1) policy recommendations and integrative strategies for addressing the unique challenges facing rural areas of the United States; and

"(2) an implementation plan, with outcome-based measurements, for addressing the challenges.

"(c) COMPOSITION.—

"(1) IN GENERAL.—The Conference shall be comprised of—

"(A) representatives of organizations devoted to rural development;

"(B) Members of Congress, including the chairman and ranking member of each of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate;

"(C) representatives of the Department of Agriculture and other Federal agencies;

"(D) State, local, and tribal elected officials and representatives;

"(E) representatives of colleges and universities, State and tribal extension services, and State rural development councils; and

"(F) individuals with specialized knowledge of and expertise in rural and community development, cooperative business, agricultural credit, venture capital, health care, and rural demography.

"(2) SELECTION.—Of the participants in the Conference described in paragraph (1)—

"(A) 1/3 of the members shall be selected by the President;

"(B) 1/3 of the members shall be selected by the Chairman and the ranking member of the Committee on Agriculture of the House of Representatives; and

"(C) 1/3 of the members shall be selected by the Chairman and the ranking member of the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(3) REPRESENTATION.—In selecting the participants of the Conference, the President and the Chairman of each Committee referred to in paragraph (2) shall ensure, to the maximum extent practicable, that the participants are representative of the ethnic, racial, and linguistic diversity of rural areas of the United States.

"(d) REPORT.—

"(1) REPORT TO PRESIDENT.—Not later than 120 days after the termination of the Conference, the Conference shall submit to the President a report that contains the findings and recommendations of the Conference, including findings and recommendations to address needs related to—

"(A) telecommunications;

"(B) rural health issues;

"(C) transportation;

"(D) opportunities for economic diversification and innovation within rural America, with particular attention to entrepreneurial support and innovation;

"(E) the current and future human resource capacity of rural America;

"(F) access to market-based financing and venture and equity capital in rural America; and

"(G) the development of innovative public and private collaborations for investments in rural America.

"(2) REPORT MADE PUBLIC AND TO CONGRESS.—Not later than 90 days after receipt by the President, the President shall—

"(A) make the report public; and

"(B) transmit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a copy of the report and a statement of the President containing recommendations for implementing the report.

"(3) PUBLICATION AND DISTRIBUTION.—

"(A) IN GENERAL.—The Conference shall publish and distribute the report described in paragraph (1).

"(B) MANDATORY DISTRIBUTION.—The Conference shall provide a copy of a report published under subparagraph (A), at no cost, to—

"(i) each Federal depository library; and

"(ii) on request, each State, tribal, and local elected official in a rural area of the United States.

"(e) FUNDING.—Not later than 180 days after the establishment of the National Board, the National Board shall transfer not more than $2,000,000 to the Office of the President to carry out this section, to remain available until expended.".

SEC. 6031. FUNDING OF PENDING RURAL DEVELOPMENT LOAN AND GRANT APPLICATIONS.

(a) DEFINITION OF APPLICATION.—In this section, the term "application" does not include an application for a loan or grant that, as of the date of enactment of this Act, is in the preapplication phase of consideration under regulations of the Secretary of Agriculture in effect on the date of enactment of this Act.

(b) USE OF FUNDS.—Subject to subsection (c), the Secretary of Agriculture shall use funds made available under subsection (d) to provide funds for applications that are pending on the date of enactment of this Act for—

(1) water or waste disposal grants or direct loans under paragraph (1) or (2) of section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)); and

(2) emergency community water assistance grants under section 306A of that Act (7 U.S.C. 1926a).

(c) LIMITATIONS.—

(1) APPROPRIATED AMOUNTS.—Funds made available under this section shall be available to the Secretary to provide funds for applications for loans and grants described in subsection (b) that are pending on the date of enactment of this Act only to

the extent that funds for the loans and grants appropriated in the annual appropriations Act for fiscal year 2002 have been exhausted.

(2) PROGRAM REQUIREMENTS.—The Secretary may use funds made available under this section to provide funds for a pending application for a loan or grant described in subsection (b) only if the Secretary processes, reviews, and approves the application in accordance with regulations in effect on the date of enactment of this Act.

(3) PRIORITY.—In providing funding under this section for pending applications for loans or grants described in subsection (b), the Secretary shall provide funding in the following order of priority (until funds made available under this section are exhausted):

(A) Pending applications for water systems.

(B) Pending applications for waste disposal systems.

(d) FUNDING.—Notwithstanding any other provision of law, of the funds of the Commodity Credit Corporation, the Secretary shall use $360,000,000 to carry out this section, to remain available until expended.

Subtitle B—Rural Electrification Act of 1936

SEC. 6101. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

(a) IN GENERAL.—The Rural Electrification Act of 1936 is amended by inserting after section 313 (7 U.S.C. 940c) the following:

"SEC. 313A. GUARANTEES FOR BONDS AND NOTES ISSUED FOR ELECTRIFICATION OR TELEPHONE PURPOSES.

"(a) IN GENERAL.—Subject to subsection (b), the Secretary shall guarantee payments on bonds or notes issued by cooperative or other lenders organized on a not-for-profit basis if the proceeds of the bonds or notes are used to make loans for any electrification or telephone purpose eligible for assistance under this Act, including section 4 or 201 or to refinance bonds or notes issued for such purposes.

"(b) LIMITATIONS.—

"(1) OUTSTANDING LOANS.—A lender shall not receive a guarantee under this section for a bond or note if, at the time of the guarantee, the total principal amount of such guaranteed bonds or notes outstanding of the lender would exceed the principal amount of outstanding loans of the lender for electrification or telephone purposes that have been made concurrently with loans approved for such purposes under this Act.

"(2) GENERATION OF ELECTRICITY.—The Secretary shall not guarantee payment on a bond or note issued by a lender, the proceeds of which are used for the generation of electricity.

"(3) QUALIFICATIONS.—The Secretary may deny the request of a lender for the guarantee of a bond or note under this section if the Secretary determines that—

"(A) the lender does not have appropriate expertise or experience or is otherwise not qualified to make loans for electrification or telephone purposes;

"(B) the bond or note issued by the lender would not be investment grade quality without a guarantee; or

"(C) the lender has not provided to the Secretary a list of loan amounts approved by the lender that the lender certifies are for eligible purposes described in subsection (a).

"(4) INTEREST RATE REDUCTION.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), a lender may not use any amount obtained from the reduction in funding costs as a result of the guarantee of a bond or note under this section to reduce the interest rate on a new or outstanding loan.

"(B) CONCURRENT LOANS.—A lender may use any amount described in subparagraph (A) to reduce the interest rate on a loan if the loan is—

"(i) made by the lender for electrification or telephone projects that are eligible for assistance under this Act; and

"(ii) made concurrently with a loan approved by the Secretary under this Act for such a project, as provided in section 307.

"(c) FEES.—

"(1) IN GENERAL.—A lender that receives a guarantee issued under this section on a bond or note shall pay a fee to the Secretary.

"(2) AMOUNT.—The amount of an annual fee paid for the guarantee of a bond or note under this section shall be equal to 30 basis points of the amount of the unpaid principal of the bond or note guaranteed under this section.

"(3) PAYMENT.—A lender shall pay the fees required under this subsection on a semiannual basis.

"(4) RURAL ECONOMIC DEVELOPMENT SUBACCOUNT.—Subject to subsection (e)(2), fees collected under this subsection shall be—

"(A) deposited into the rural economic development subaccount maintained under section 313(b)(2)(A), to remain available until expended; and

"(B) used for the purposes described in section 313(b)(2)(B).

"(d) GUARANTEES.—

"(1) IN GENERAL.—A guarantee issued under this section shall—

"(A) be for the full amount of a bond or note, including the amount of principal, interest, and call premiums;

"(B) be fully assignable and transferable; and

"(C) represent the full faith and credit of the United States.

"(2) LIMITATION.—To ensure that the Secretary has the resources necessary to properly examine the proposed guarantees, the Secretary may limit the number of guarantees issued under this section to 5 per year.

"(3) DEPARTMENT OPINION.—On the timely request of a lender, the General Counsel of the Department of Agriculture

shall provide the Secretary with an opinion regarding the validity and authority of a guarantee issued to the lender under this section.

"(e) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this section.

"(2) FEES.—To the extent that the amount of funds appropriated for a fiscal year under paragraph (1) are not sufficient to carry out this section, the Secretary may use up to 1/3 of the fees collected under subsection (c) for the cost of providing guarantees of bonds and notes under this section before depositing the remainder of the fees into the rural economic development subaccount maintained under section 313(b)(2)(A).

"(f) TERMINATION.—The authority provided under this section shall terminate on September 30, 2007.".

(b) ADMINISTRATION.—

(1) REGULATIONS.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to carry out the amendments made by this section.

(2) IMPLEMENTATION.—Not later than 240 days after the date of enactment of this Act, the Secretary shall implement the amendment made by this section.

SEC. 6102. EXPANSION OF 911 ACCESS.

Title III of the Rural Electrification Act of 1936 (7 U.S.C. 931 et seq.) is amended by adding at the end the following:

"SEC. 315. EXPANSION OF 911 ACCESS.

"(a) IN GENERAL.—Subject to such terms and conditions as the Secretary may prescribe, the Secretary may make telephone loans under this title to borrowers of loans made by the Rural Utilities Service, State or local governments, Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)), or other public entities for facilities and equipment to expand or improve 911 access and integrated emergency communications systems in rural areas.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.".

SEC. 6103. ENHANCEMENT OF ACCESS TO BROADBAND SERVICE IN RURAL AREAS.

(a) IN GENERAL.—The Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) is amended by adding at the end the following:

"TITLE VI—RURAL BROADBAND ACCESS

"SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS SERVICES IN RURAL AREAS.

"(a) PURPOSE.—The purpose of this section is to provide loans and loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in eligible rural communities.

"(b) DEFINITIONS.—In this section:

"(1) BROADBAND SERVICE.—The term 'broadband service' means any technology identified by the Secretary as having the

capacity to transmit data to enable a subscriber to the service to originate and receive high-quality voice, data, graphics, and video.

"(2) ELIGIBLE RURAL COMMUNITY.—The term 'eligible rural community' means any incorporated or unincorporated place that—

"(A) has not more than 20,000 inhabitants, based on the most recent available population statistics of the Bureau of the Census; and

"(B) is not located in an area designated as a standard metropolitan statistical area.

"(c) LOANS AND LOAN GUARANTEES.—

"(1) IN GENERAL.—The Secretary shall make or guarantee loans to eligible entities described in subsection (d) to provide funds for the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

"(2) PRIORITY.—In making or guaranteeing loans under paragraph (1), the Secretary shall give priority to eligible rural communities in which broadband service is not available to residential customers.

"(d) ELIGIBLE ENTITIES.—

"(1) IN GENERAL.—To be eligible to obtain a loan or loan guarantee under this section, an entity shall—

"(A) have the ability to furnish, improve, or extend a broadband service to an eligible rural community; and

"(B) submit to the Secretary a proposal for a project that meets the requirements of this section.

"(2) STATE AND LOCAL GOVERNMENTS.—A State or local government (including any agency, subdivision, or instrumentality thereof (including consortia thereof)) shall be eligible for a loan or loan guarantee under this section to provide broadband services to an eligible rural community only if, not later than 90 days after the Administrator has promulgated regulations to carry out this section, no other eligible entity is already offering, or has committed to offer, broadband services to the eligible rural community.

"(3) SUBSCRIBER LINES.—An entity shall not be eligible to obtain a loan or loan guarantee under this section if the entity serves more than 2 percent of the telephone subscriber lines installed in the aggregate in the United States.

"(e) BROADBAND SERVICE.—The Secretary shall, from time to time as advances in technology warrant, review and recommend modifications of rate-of-data transmission criteria for purposes of the identification of broadband service technologies under subsection (b)(1).

"(f) TECHNOLOGICAL NEUTRALITY.—For purposes of determining whether or not to make a loan or loan guarantee for a project under this section, the Secretary shall use criteria that are technologically neutral.

"(g) TERMS AND CONDITIONS FOR LOANS AND LOAN GUARANTEES.—Notwithstanding any other provision of law, a loan or loan guarantee under subsection (c) shall—

"(1) bear interest at an annual rate of, as determined by the Secretary—

"(A) in the case of a direct loan—

"(i) the cost of borrowing to the Department of the Treasury for obligations of comparable maturity; or

"(ii) 4 percent; and

"(B) in the case of a guaranteed loan, the current applicable market rate for a loan of comparable maturity; and

"(2) have a term not to exceed the useful life of the assets constructed, improved, or acquired with the proceeds of the loan or extension of credit.

"(h) USE OF LOAN PROCEEDS TO REFINANCE LOANS FOR DEPLOYMENT OF BROADBAND SERVICE.—Notwithstanding any other provision of this Act, the proceeds of any loan made or guaranteed by the Secretary under this Act may be used by the recipient of the loan for the purpose of refinancing an outstanding obligation of the recipient on another telecommunications loan made under this Act if the use of the proceeds for that purpose will further the construction, improvement, or acquisition of facilities and equipment for the provision of broadband service in eligible rural communities.

"(i) REPORTS.—Not later than 1 year after the date of enactment of this section, and biennially thereafter, the Administrator shall submit to Congress a report that—

"(1) describes how the Administrator determines under subsection (a)(1) that a service enables a subscriber to originate and receive high-quality voice, data, graphics, and video; and

"(2) provides a detailed list of services that have been granted assistance under this section.

"(j) FUNDING.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section—

"(A) $20,000,000 for each of fiscal years 2002 through 2005, to remain available until expended; and

"(B) $10,000,000 for each of fiscal years 2006 and 2007, to remain available until expended.

"(2) TELEVISION FUNDS.—

"(A) IN GENERAL.—The Secretary shall be entitled to receive, shall accept, and shall use to carry out this section, without further appropriation any funds made available under section 1011(a)(2)(B) of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1109(a)(2)(B)).

"(B) USE OF TELEVISION FUNDS.—The Secretary shall use any funds received under subparagraph (A) in equal amounts for each remaining fiscal year on receipt of the funds (including the fiscal year of receipt) through fiscal year 2007.

"(3) AUTHORIZATION OF APPROPRIATIONS.—In addition to funds otherwise made available under this subsection, there are authorized to be appropriated such sums as necessary to carry out this section for each of fiscal years 2003 through 2007.

"(4) ALLOCATION OF FUNDS.—

"(A) IN GENERAL.—From amounts made available for each fiscal year under this subsection, the Secretary shall—

"(i) establish a national reserve for loans and loan guarantees to eligible entities in States under this section; and

"(ii) allocate amounts in the reserve to each State for each fiscal year for loans and loan guarantees to eligible entities in the State.

"(B) AMOUNT.—The amount of an allocation made to a State for a fiscal year under subparagraph (A) shall bear the same ratio to the amount of allocations made for all States for the fiscal year as the number of communities with a population of 2,500 inhabitants or less in the State bears to the number of communities with a population of 2,500 inhabitants or less in all States, as determined on the basis of the latest available census.

"(C) UNOBLIGATED AMOUNTS.—Any amounts in the reserve established for a State for a fiscal year under subparagraph (B) that are not obligated by April 1 of the fiscal year shall be available to the Secretary to make loans and loan guarantees under this section to eligible entities in any State, as determined by the Secretary.

"(k) TERMINATION OF AUTHORITY.—No loan or loan guarantee may be made under this section after September 30, 2007.".

(b) REGULATIONS.—

(1) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate such regulations as are necessary to implement the amendment made by subsection (a).

(2) PROCEDURE.—The promulgation of the regulations shall be made without regard to—

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

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

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

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

Subtitle C—Food, Agriculture, Conservation, and Trade Act of 1990

SEC. 6201. ALTERNATIVE AGRICULTURAL RESEARCH AND COMMERCIALIZATION CORPORATION.

(a) REPEAL OF CORPORATION AUTHORIZATION.—Subtitle G of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.) is repealed.

(b) DISPOSITION OF ASSETS.—On the date of enactment of this Act—

(1) the assets, both tangible and intangible, of the Alternative Agricultural Research and Commercialization Corporation (referred to in this section as the "Corporation"), including

the funds in the Alternative Agricultural Research and Commercialization Revolving Fund as of the date of enactment of this Act, are transferred to the Secretary of Agriculture; and

(2) notwithstanding the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.) and any other law that prescribes procedures for procurement, use, and disposal of property by a Federal agency, the Secretary shall have authority to manage and dispose of the assets transferred under paragraph (1) in a manner that, to the maximum extent practicable, provides the best value to the Federal Government.

(c) USE OF ASSETS.—

(1) IN GENERAL.—Funds transferred under subsection (b), and any income from assets or proceeds from the sale of assets transferred under subsection (b), shall be deposited in an account in the Treasury, and shall remain available to the Secretary until expended, without further appropriation, to pay—

(A) any claims against, or obligations of, the Corporation; and

(B) the costs incurred by the Secretary in carrying out this section.

(2) FINAL DISPOSITION.—On final disposition of all assets transferred under subsection (b), any funds remaining in the account described in paragraph (1) shall be transferred into miscellaneous receipts in the Treasury.

(d) CONFORMING AMENDMENTS.—

(1) Section 5315 of title 5, United States Code, is amended by striking "Executive Director of the Alternative Agricultural Research and Commercialization Corporation".

(2) Section 730 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 5902 note; Public Law 104–127) is repealed.

(3) Section 211(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6911(b)) is amended by striking paragraph (5).

(4) Section 404(d) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(d)) is amended—

(A) by striking paragraph (2); and

(B) by redesignating paragraphs (3) and (4) as paragraphs (2) and (3), respectively.

(5) The Herger-Feinstein Quincy Library Group Forest Recovery Act (16 U.S.C. 2104; Public Law 105–277; 112 Stat. 2681–305) is amended by striking subsection (m).

(6) Section 9101(3) of title 31, United States Code, is amended by striking subparagraph (Q).

SEC. 6202. RURAL ELECTRONIC COMMERCE EXTENSION PROGRAM.

Subtitle H of title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 is amended by inserting after section 1669 (7 U.S.C. 5922) the following:

"SEC. 1670. RURAL ELECTRONIC COMMERCE EXTENSION PROGRAM.

"(a) DEFINITIONS.—In this section:

"(1) DEVELOPMENT CENTER.—The term 'development center' means—

"(A) the North Central Regional Center for Rural Development;

"(B) the Northeast Regional Center for Rural Development or its designee;

"(C) the Southern Rural Development Center; and

"(D) the Western Rural Development Center or its designee.

"(2) EXTENSION PROGRAM.—The term 'extension program' means the rural electronic commerce extension program established under subsection (b).

"(3) MICROENTERPRISE.—The term 'microenterprise' means a commercial enterprise that has 5 or fewer employees, 1 or more of whom own the enterprise.

"(4) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Administrator of the Cooperative State Research, Education, and Extension Service.

"(5) SMALL BUSINESS.—The term 'small business' has the meaning given the term 'small-business concern' by section 3(a) of the Small Business Act (15 U.S.C. 632(a)).

"(b) ESTABLISHMENT.—The Secretary shall establish a rural electronic commerce extension program to expand and enhance electronic commerce practices and technology to be used by small businesses and microenterprises in rural areas.

"(c) GRANTS.—

"(1) IN GENERAL.—The Secretary shall carry out the program established under subsection (b) by making—

"(A) grants to each of the development centers; and

"(B) competitive grants to land-grant colleges and universities (or consortia of land-grant colleges and universities) and to colleges and universities (including community colleges) with agricultural or rural development programs—

"(i) to develop and facilitate innovative rural electronic commerce business strategies; and

"(ii) to assist small businesses and microenterprises in identifying, adapting, implementing, and using electronic commerce business practices and technologies.

"(2) ELIGIBILITY.—The selection criteria established for grants awarded under paragraph (1)(B) shall include—

"(A) the ability of an applicant to provide training and education on best practices, technology transfer, adoption, and use of electronic commerce in rural communities by small businesses and microenterprises;

"(B) the extent and geographic diversity of the area served by the proposed project or activity under the extension program;

"(C) in the case of a land-grant college or university, the extent of participation of the land-grant college or university in the extension program (including any economic benefits that would result from that participation);

"(D) the percentage of funding and in-kind commitments from non-Federal sources that would be needed by and available for a proposed project or activity under the extension program; and

"(E) the extent of participation of low-income and minority businesses or microenterprises in a proposed project or activity under the extension program.

"(3) NON-FEDERAL SHARE.—

"(A) IN GENERAL.—As a condition of the receipt of funds under this section, a development center or grant applicant shall agree to obtain from non-Federal sources (including State, local, nonprofit, or private sector sources) contributions of an amount equal to 50 percent of the grant amount.

"(B) FORM.—The non-Federal share required under subparagraph (A) may be provided in the form of in-kind contributions.

"(C) EXCEPTION.—The non-Federal share required under subparagraph (A) may be reduced to 25 percent if the grant recipient serves low-income or minority-owned businesses or microenterprises, as determined by the Secretary.

"(d) REPORT.—Not later than 2 years after the date of enactment of this section, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

"(1) the policies, practices, and procedures used to assist rural communities in efforts to adopt and use electronic commerce techniques; and

"(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $60,000,000 for each of fiscal years 2002 through 2007, of which not less than 1/3 of the amount made available for each fiscal year shall be used to carry out activities under subsection (c)(1)(A).".

SEC. 6203. TELEMEDICINE AND DISTANCE LEARNING SERVICES IN RURAL AREAS.

(a) IN GENERAL.—Section 2335A of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking "2002" and inserting "2007".

(b) CONFORMING AMENDMENT.—Section 1(b) of Public Law 102–551 (7 U.S.C. 950aaa note) is amended by striking "1997" and inserting "2007".

Subtitle D—SEARCH Grants for Small Communities

SEC. 6301. DEFINITIONS.

In this subtitle:

(1) COUNCIL.—The term "council" means an independent citizens' council established by a State rural development director under section 6302(c).

(2) ENVIRONMENTAL PROJECT.—

(A) IN GENERAL.—The term "environmental project" means a project that—

(i) improves environmental quality; and

(ii) is necessary to comply with an applicable environmental law (including a regulation).

(B) INCLUSION.—The term "environmental project" includes an initial feasibility study of a project.

(3) REGION.—The term "region" means a geographic area of a State, as determined by the State rural development director, in coordination with the environmental protection director of the State.

(4) SEARCH GRANT.—The term "SEARCH grant" means a grant awarded under section 6302(f).

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

(6) SMALL COMMUNITY.—The term "small community" means an incorporated or unincorporated rural community with a population of 2,500 inhabitants or less.

(7) STATE.—The term "State" has the meaning given the term in section 381A of the Consolidated Farm and Rural Development Act (7 U.S.C. 2009).

SEC. 6302. SEARCH GRANT PROGRAM.

(a) IN GENERAL.—The Secretary, in coordination with the Administrator of the Environmental Protection Agency, may establish the SEARCH grant program.

(b) ALLOCATION TO STATE RURAL DEVELOPMENT DIRECTORS.—

(1) IN GENERAL.—Subject to paragraph (2) and section 6304(a)(2), not later than 60 days after the date on which the Director of the Office of Management and Budget apportions any amounts made available under this subtitle for any of fiscal years 2002 through 2007, the Secretary, on request of a State rural development director (in coordination with the environmental protection director of the State), shall allocate to the State rural development director an amount not to exceed $1,000,000, to be used by the State rural development director to award SEARCH grants under subsection (d).

(2) GRANTS TO STATES.—The total amount of funds allocated to State rural development directors in all States other than Alaska, Hawaii, or the 48 contiguous States for a fiscal year under this subsection shall not exceed $1,000,000.

(c) INDEPENDENT CITIZENS' COUNCIL.—

(1) ESTABLISHMENT.—The State rural development director of a State shall establish an independent citizens' council to carry out the duties described in this section.

(2) COMPOSITION.—

(A) IN GENERAL.—A council shall be composed of 9 members, appointed by the State rural development director, in coordination with the environmental protection director of the State.

(B) REPRESENTATION; RESIDENCE.—Each member of a council shall—

(i) represent an individual region of the State, as determined by the State rural development director; and

(ii) reside in a small community in the State.

(d) ELIGIBILITY.—A SEARCH grant shall be awarded under this section only to a small community for 1 or more environmental projects for which the small community—

(1) needs funds to carry out initial feasibility or environmental studies as required by Federal or State law before applying to traditional funding sources; and

(2) demonstrates that the small community has been unable to obtain sufficient funding from traditional funding sources.

(e) APPLICATIONS.—To be eligible to receive a SEARCH grant, a small community in a State shall submit to the State rural development director of the State an application that includes—

(1) a description of the proposed environmental project (including an explanation of how the project would assist the small community in complying with a Federal or State environmental law (including a regulation);

(2) an explanation of why the project is important to the small community;

(3) a description of all actions taken with respect to the project as of the date of the application, including any attempt to secure funding; and

(4) a description of demonstrated need for funding for the project.

(f) AWARDS.—

(1) IN GENERAL.—Not later than May 1 of each fiscal year, a State rural development director, in coordination with the council and the environmental protection director of the State, shall—

(A) review all applications received by the State rural development director under subsection (e); and

(B) award SEARCH grants to small communities based on—

(i) an evaluation of whether the proposed project meets the eligibility criteria under subsection (d); and

(ii) the content of the application.

(2) ADMINISTRATION.—In awarding a SEARCH grant, a State rural development director—

(A) shall award the funds for any recommended environmental project in a timely and expeditious manner; and

(B) shall not award a SEARCH grant to a grantee or project in violation of any Federal or State law (including a regulation).

(3) MATCHING REQUIREMENT.—A small community that receives a SEARCH grant under this section may be required to provide matching funds.

(g) UNEXPENDED FUNDS.—

(1) IN GENERAL.—If, for any fiscal year, any unexpended funds remain after SEARCH grants are awarded by a State rural development director under subsection (f), the State rural development director, in coordination with the environmental protection director of the State, may repeat the application and review process so that any remaining funds are recommended for award, and awarded, not later than July 30 of the fiscal year.

(2) RETENTION OF FUNDS.—

(A) IN GENERAL.—Any unexpended funds that are not awarded under subsection (f) or paragraph (1) shall be retained by the State rural development director for award during the following fiscal year.

(B) LIMITATION.—A State SEARCH account that accumulates a balance of unexpended funds described in subparagraph (A) in excess of $2,000,000 shall be ineligible to receive additional funds for SEARCH grants until such time as the State rural development director awards grants in the amount of the excess.

SEC. 6303. REPORT.

Not later than 30 days after the end of the first fiscal year for which SEARCH grants are awarded, and annually thereafter, the Secretary shall submit to the Committee on Energy and Commerce and the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(1) describes the number of SEARCH grants awarded during the fiscal year;

(2) identifies each small community that received a SEARCH grant during the fiscal year;

(3) describes the project or purpose for which each SEARCH grant was awarded, including a statement of the benefit to public health or the environment of the environmental project receiving the grant funds; and

(4) describes the status of each project or portion of a project for which a SEARCH grant was awarded, including a project or portion of a project for which a SEARCH grant was awarded for any previous fiscal year.

SEC. 6304. FUNDING.

(a) ALLOCATION TO STATE RURAL DEVELOPMENT DIRECTORS.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out section 6302(b) $51,000,000 for each of fiscal years 2002 through 2007, of which not to exceed $1,000,000 shall be used to make grants under section 6302(b)(2).

(2) ACTUAL APPROPRIATION.—If funds to carry out section 6302(b) are made available for a fiscal year in an amount that is less than the amount authorized under paragraph (1) for the fiscal year, the Secretary shall divide the appropriated funds for the fiscal year equally among the 50 States.

(b) OTHER EXPENSES.—There are authorized to be appropriated such sums as are necessary to carry out this subtitle (other than section 6302(b)).

Subtitle E—Miscellaneous

SEC. 6401. VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANTS.

(a) IN GENERAL.—Section 231 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) is amended—

(1) by redesignating subsections (b) through (d) as subsections (c) through (e), respectively;

(2) by striking subsection (a) and inserting the following:

"(a) DEFINITION OF VALUE-ADDED AGRICULTURAL PRODUCT.—

"(1) IN GENERAL.—The term 'value-added agricultural product' means any agricultural commodity or product that—

"(A)(i) has undergone a change in physical state;

"(ii) was produced in a manner that enhances the value of the agricultural commodity or product, as demonstrated through a business plan that shows the enhanced value, as determined by the Secretary; or

"(iii) is physically segregated in a manner that results in the enhancement of the value of the agricultural commodity or product; and

"(B) as a result of the change in physical state or the manner in which the agricultural commodity or product was produced or segregated—

"(i) the customer base for the agricultural commodity or product has been expanded; and

"(ii) a greater portion of the revenue derived from the marketing, processing, or physical segregation of the agricultural commodity or product is available to the producer of the commodity or product.

"(2) INCLUSION.—The term 'value-added agricultural product' includes farm- or ranch-based renewable energy.

"(b) GRANT PROGRAM.—

"(1) IN GENERAL.—From amounts made available under paragraph (4), the Secretary shall award competitive grants—

"(A) to an eligible independent producer (as determined by the Secretary) of a value-added agricultural product to assist the producer—

"(i) in developing a business plan for viable marketing opportunities for the value-added agricultural product; or

"(ii) in developing strategies that are intended to create marketing opportunities for the producer; and

"(B) to an eligible agricultural producer group, farmer or rancher cooperative, or majority-controlled producer-based business venture (as determined by the Secretary) to assist the entity—

"(i) in developing a business plan for viable marketing opportunities in emerging markets for a value-added agricultural product; or

"(ii) in developing strategies that are intended to create marketing opportunities in emerging markets for the value-added agricultural product.

"(2) AMOUNT OF GRANT.—

"(A) IN GENERAL.—The total amount provided under this subsection to a grant recipient shall not exceed $500,000.

"(B) MAJORITY-CONTROLLED PRODUCER-BASED BUSINESS VENTURES.—The amount of grants provided to majority-controlled producer-based business ventures under paragraph (1)(B) for a fiscal year may not exceed 10 percent of the amount of funds that are used to make grants for the fiscal year under this subsection.

"(3) GRANTEE STRATEGIES.—A grantee under paragraph (1) shall use the grant—

"(A) to develop a business plan or perform a feasibility study to establish a viable marketing opportunity for a value-added agricultural product; or

"(B) to provide capital to establish alliances or business ventures that allow the producer of the value-added agricultural product to better compete in domestic or international markets.

"(4) FUNDING.—Not later than 30 days after the date of enactment of this paragraph, on October 1, 2002, and on each October 1 thereafter through October 1, 2006, of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this subsection $40,000,000, to remain available until expended.";

(3) in subsection (c)(1) (as redesignated by paragraph (1))—

(A) by striking "subsection (a)(2)" and inserting "subsection (b)(2)";

(B) by striking "$5,000,000" and inserting "5 percent"; and

(C) by striking "subsection (a)" and inserting "subsection (b)"; and

(4) in subsection (d) (as redesignated by paragraph (1)), by striking "subsections (a) and (b)" and inserting "subsections (b) and (c)".

(b) APPLICABILITY.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by subsection (a) apply beginning on October 1, 2002.

(2) FUNDING.—Funds made available under section 231(b)(4)(A)(i) of the Agricultural Risk Protection Act of 2000 (as amended by subsection (a)(2)) shall be made available not later than 30 days after the date of enactment of this Act.

SEC. 6402. AGRICULTURE INNOVATION CENTER DEMONSTRATION PROGRAM.

(a) PURPOSE.—The purpose of this section is to direct the Secretary of Agriculture to establish a demonstration program under which agricultural producers are provided—

(1) technical assistance, consisting of engineering services, applied research, scale production, and similar services, to enable the agricultural producers to establish businesses to produce value-added agricultural commodities or products;

(2) assistance in marketing, market development, and business planning; and

(3) organizational, outreach, and development assistance to increase the viability, growth, and sustainability of businesses that produce value-added agricultural commodities or products.

(b) DEFINITIONS.—In this section:

(1) PROGRAM.—The term "Program" means the Agriculture Innovation Center Demonstration Program established under subsection (c).

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

(c) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a demonstration program, to be known as the "Agriculture Innovation Center Demonstration Program" under which the Secretary shall—

(1) make grants to assist eligible entities in establishing Agriculture Innovation Centers to enable agricultural producers to obtain the assistance described in subsection (a); and

(2) provide assistance to eligible entities in establishing Agriculture Innovation Centers through the research and technical services of the Department of Agriculture.

(d) ELIGIBILITY REQUIREMENTS.—

(1) IN GENERAL.—An entity shall be eligible for a grant and assistance described in subsection (c) to establish an Agriculture Innovation Center if—

(A) the entity—

(i) has provided services similar to the services described in subsection (a); or

(ii) demonstrates the capability of providing such services;

(B) the application of the entity for the grant and assistance includes a plan, in accordance with regulations promulgated by the Secretary, that outlines—

(i) the support for the entity in the agricultural community;

(ii) the technical and other expertise of the entity; and

(iii) the goals of the entity for increasing and improving the ability of local agricultural producers to develop markets and processes for value-added agricultural commodities or products;

(C) the entity demonstrates that adequate resources (in cash or in kind) are available, or have been committed to be made available, to the entity, to increase and improve the ability of local agricultural producers to develop markets and processes for value-added agricultural commodities or products; and

(D) the Agriculture Innovation Center of the entity has a board of directors established in accordance with paragraph (2).

(2) BOARD OF DIRECTORS.—Each Agriculture Innovation Center of an eligible entity shall have a board of directors composed of representatives of each of the following groups:

(A) The 2 general agricultural organizations with the greatest number of members in the State in which the eligible entity is located.

(B) The department of agriculture, or similar State department or agency, of the State in which the eligible entity is located.

(C) Entities representing the 4 highest grossing commodities produced in the State, determined on the basis of annual gross cash sales.

(e) GRANTS AND ASSISTANCE.—

(1) IN GENERAL.—Subject to subsection (i), under the Program, the Secretary shall make, on a competitive basis, annual grants to eligible entities.

(2) MAXIMUM AMOUNT OF GRANTS.—A grant under paragraph (1) shall be in an amount that does not exceed the lesser of—

(A) $1,000,000; or

(B) twice the dollar amount of the resources (in cash or in kind) that the eligible entity demonstrates are available,

or have been committed to be made available, to the eligible entity in accordance with subsection (d)(1)(C).

(3) MAXIMUM NUMBER OF GRANTS.—

(A) FIRST FISCAL YEAR OF PROGRAM.—In the first fiscal year of the Program, the Secretary shall make grants to not more than 5 eligible entities.

(B) SECOND FISCAL YEAR OF PROGRAM.—In the second fiscal year of the Program, the Secretary may make grants to—

(i) the eligible entities to which grants were made under subparagraph (A); and

(ii) not more than 10 additional eligible entities.

(4) STATE LIMITATION.—

(A) IN GENERAL.—Subject to subparagraph (B), in the first 3 fiscal years of the Program, the Secretary shall not make a grant under the Program to more than 1 entity in any 1 State.

(B) COLLABORATION.—Nothing in subparagraph (A) precludes a recipient of a grant under the Program from collaborating with any other institution with respect to activities conducted using the grant.

(f) USE OF FUNDS.—An eligible entity to which a grant is made under the Program may use the grant only for the following purposes (but only to the extent that the use is not described in section 231(d) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224)):

(1) Applied research.

(2) Consulting services.

(3) Hiring of employees, at the discretion of the board of directors of the Agriculture Innovation Center of the eligible entity.

(4) The making of matching grants, each of which shall be in an amount not to exceed $5,000, to agricultural producers, except that the aggregate amount of all such matching grants made by the eligible entity shall be not more than $50,000.

(5) Legal services.

(6) Any other related cost, as determined by the Secretary.

(g) RESEARCH ON EFFECTS ON THE AGRICULTURAL SECTOR.—

(1) IN GENERAL.—Of the amount made available under subsection (i) for each fiscal year, the Secretary shall use $300,000 to support research at a university concerning the effects of projects for value-added agricultural commodities or products on agricultural producers and the commodity markets.

(2) RESEARCH ELEMENTS.—Research under paragraph (1) shall systematically examine, using linked, long-term, global projections of the agricultural sector, the potential effects of projects described in subparagraph (A) on—

(A) demand for agricultural commodities;

(B) market prices;

(C) farm income; and

(D) Federal outlays on commodity programs.

(h) REPORT TO CONGRESS.—

(1) IN GENERAL.—Not later than 3 years after the date on which the last of the first 10 grants is made under the Program, the Secretary shall submit to the Committee on Agri-

culture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on—

(A) the effectiveness of the Program in improving and expanding the production of value-added agricultural commodities or products; and

(B) the effects of the Program on the economic viability of agricultural producers.

(2) REQUIRED ELEMENTS.—The report under paragraph (1) shall—

(A) include a description of the best practices and innovations found at each of the Agriculture Innovation Centers established under the Program; and

(B) specify the number and type of activities assisted, and the type of assistance provided, under the Program.

(i) FUNDING.—Of the amount made available under section 231(a)(1) of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public Law 106–224) for each fiscal year, the Secretary shall use to carry out this section—

(1) not less than $3,000,000 for fiscal year 2002; and

(2) not less than $6,000,000 for each of fiscal years 2003 and 2004.

SEC. 6403. FUND FOR RURAL AMERICA.

(a) IN GENERAL.—Section 793 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2204f) is repealed.

(b) CONFORMING AMENDMENT.—Section 2(b)(8)(B) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(8)(B)) is amended in the second sentence by striking "smaller college or university (as described in section 793(c)(2)(ii) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2204f(c)(2)(ii))" and inserting "college, university, or research foundation maintained by a college or university that ranks in the lowest 1/3 of such colleges, universities, and research foundations on the basis of Federal research funds received".

SEC. 6404. RURAL LOCAL TELEVISION BROADCAST SIGNAL LOAN GUARANTEES.

(a) IN GENERAL.—Section 1011(a) of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1109(a)) is amended—

(1) by striking "For" and inserting the following:

"(1) AUTHORIZATION OF APPROPRIATIONS.—For"; and

(2) by adding at the end the following:

"(2) COMMODITY CREDIT CORPORATION FUNDS.—

"(A) IN GENERAL.—Notwithstanding any other provision of law, subject to subparagraph (B), in addition to amounts made available under paragraph (1), of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall make available for loan guarantees to carry out this title $80,000,000 for the period beginning on the date of enactment of this paragraph and ending on December 31, 2006, to remain available until expended.

"(B) BROADBAND LOANS AND LOAN GUARANTEES.—

"(i) IN GENERAL.—Amounts made available under subparagraph (A) that are not obligated as of the release date described in clause (ii) shall be available to

the Secretary to make loans and loan guarantees under section 601 of the Rural Electrification Act of 1936.

"(ii) RELEASE DATE.—For purposes of clause (i), the release date is the date that is the earlier of—

"(I) the date the Secretary determines that at least 75 percent of the designated market areas (as defined in section 122(j) of title 17, United States Code) not in the top 40 designated market areas described in section 1004(e)(1)(C)(i) of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1103(e)(1)(C)(i)) have access to local television broadcast signals for virtually all households (as determined by the Secretary); or

"(II) December 31, 2006.

"(C) ADVANCED APPROPRIATIONS.—Subsections (c) and (h)(1)(B) of section 1004 and section 1005(n)(3)(B) shall not apply to amounts made available under this paragraph.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) APPROVAL OF LOAN GUARANTEES.—Section 1004 of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1103) is amended—

(A) in subsection (b)(1)—

(i) by striking "section 5" and inserting "section 1005"; and

(ii) by striking "section 11" and inserting "section 1011";

(B) in subsection (d)(1), by striking "section 3" and inserting "section 1003"; and

(C) in the first sentence of subsection (h)(2)(D), by striking "section 5" and inserting "section 1005".

(2) ADMINISTRATION OF LOAN GUARANTEES.—Section 1005 of the Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1104) is amended—

(A) in subsection (a), by striking "sections 3 and 4" and inserting "sections 1003 and 1004";

(B) in subsection (b)—

(i) in paragraph (1)(D), by striking "section 6(a)(2)" and inserting "section 1006(a)(2)"; and

(ii) in paragraph (3), by striking "section 4(d)(3)(B)(iii)" and inserting "section 1004(d)(3)(B)(iii)"; and

(C) in subsection (e)(3), by striking "section 4(g)" and inserting "section 1004(g)".

SEC. 6405. RURAL FIREFIGHTERS AND EMERGENCY PERSONNEL GRANT PROGRAM.

(a) IN GENERAL.—The Secretary of Agriculture may make grants to units of general local government and Indian tribes (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) to pay the cost of training firefighters and emergency medical personnel in firefighting, emergency medical practices, and responding to hazardous materials and bioagents in rural areas.

(b) USE OF FUNDS.—

(1) SCHOLARSHIPS.—

(A) IN GENERAL.—Not less than 60 percent of the amounts made available for competitively-awarded grants under this section shall be used to provide grants to fund partial scholarships for training of individuals at training centers approved by the Secretary.

(B) PRIORITY.—In awarding grants under this paragraph, the Secretary shall give priority to grant applicants that provide for training within the region (or locality) of the applicant.

(2) GRANTS FOR TRAINING CENTERS.—

(A) IN GENERAL.—A grant under subsection (a) may be used to provide financial assistance to State and regional centers that provide training for firefighters and emergency medical personnel for improvements to the training facility, equipment, curricula, and personnel.

(B) LIMITATION.—Not more than $750,000 shall be provided to any single training center for any fiscal year under this paragraph.

(c) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section $10,000,000 for each of fiscal years 2003 through 2007, to remain available until expended.

SEC. 6406. SENSE OF CONGRESS ON RURAL POLICY COORDINATION.

It is the sense of Congress that the President should—

(1) appoint a Special Assistant to the President for Rural Policy;

(2) designate within each Federal agency with jurisdiction over rural programs or activities 1 or more senior officers or employees to provide rural policy leadership for the agency; and

(3) create an intergovernmental rural policy working group comprised of—

(A) the Special Assistant to the President for Rural Policy, who should serve as Chairperson; and

(B) the senior officers and employees designated under paragraph (2).

TITLE VII—RESEARCH AND RELATED MATTERS

Subtitle A—Extensions

SEC. 7101. NATIONAL RURAL INFORMATION CENTER CLEARINGHOUSE.

Section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by striking "2002" and inserting "2007".

SEC. 7102. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

Section 1417 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152) is amended—

(1) in subsection (a)—

(A) by striking "and" after "economics,"; and

(B) by inserting ", and rural economic, community, and business development" before the period;

(2) in subsection (b)—

(A) in paragraph (1), by inserting ", or in rural economic, community, and business development" before the semicolon;

(B) in paragraph (2), by inserting ", or in rural economic, community, and business development" before the semicolon;

(C) in paragraph (3), by inserting ", or teaching programs emphasizing rural economic, community, and business development" before the semicolon;

(D) in paragraph (4), by inserting ", or programs emphasizing rural economic, community, and business development," after "programs"; and

(E) in paragraph (5), by inserting ", or professionals in rural economic, community, and business development" before the semicolon;

(3) in subsection (d)—

(A) in paragraph (1), by inserting ", or in rural economic, community, and business development," after "sciences"; and

(B) in paragraph (2), by inserting ", or in the rural economic, community, and business development workforce," after "workforce"; and

(4) in subsection (l), by striking "2002" and inserting "2007".

SEC. 7103. POLICY RESEARCH CENTERS.

Section 1419A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155(d)) is amended by striking "2002" and inserting "2007".

SEC. 7104. HUMAN NUTRITION INTERVENTION AND HEALTH PROMOTION RESEARCH PROGRAM.

Section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) is amended by striking "2002" and inserting "2007".

SEC. 7105. PILOT RESEARCH PROGRAM TO COMBINE MEDICAL AND AGRICULTURAL RESEARCH.

Section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) is amended by striking "2002" and inserting "2007".

SEC. 7106. NUTRITION EDUCATION PROGRAM.

Section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) is amended by striking "2002" and inserting "2007".

SEC. 7107. CONTINUING ANIMAL HEALTH AND DISEASE RESEARCH PROGRAMS.

Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking "2002" and inserting "2007".

SEC. 7108. APPROPRIATIONS FOR RESEARCH ON NATIONAL OR REGIONAL PROBLEMS.

Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) is amended by striking "2002" and inserting "2007".

SEC. 7109. GRANTS TO UPGRADE AGRICULTURAL AND FOOD SCIENCES FACILITIES AT 1890 LAND-GRANT COLLEGES, INCLUDING TUSKEGEE UNIVERSITY.

Section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) is amended by striking "$15,000,000 for each of fiscal years 1996 through 2002" and inserting "$25,000,000 for each of fiscal years 2002 through 2007".

SEC. 7110. NATIONAL RESEARCH AND TRAINING VIRTUAL CENTERS.

(a) AUTHORIZATION.—Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended by striking "2002" each place it appears in subsections (a)(1) and (f) and inserting "2007".

(b) REDESIGNATION.—Section 1448 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c) is amended—

*(1) in the section heading, by striking "**CENTENNIAL**" and inserting "**VIRTUAL**"; and*

(2) by striking "centennial" each place it appears and inserting "virtual".

SEC. 7111. HISPANIC-SERVING INSTITUTIONS.

Section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) is amended by striking "2002" and inserting "2007".

SEC. 7112. COMPETITIVE GRANTS FOR INTERNATIONAL AGRICULTURAL SCIENCE AND EDUCATION PROGRAMS.

Section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b(c)) is amended by striking "2002" and inserting "2007".

SEC. 7113. UNIVERSITY RESEARCH.

Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended—

(1) in subsection (a), by striking "$850,000,000 for each of the fiscal years 1991 through 2002" and inserting "such sums as may be necessary for each of fiscal years 1991 through 2007"; and

(2) in subsection (b), by striking "$310,000,000 for each of the fiscal years 1991 through 2002" and inserting "such sums as may be necessary for each of fiscal years 1991 through 2007".

SEC. 7114. EXTENSION SERVICE.

Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking "$420,000,000 for fiscal year 1991, $430,000,000 for fiscal year 1992, $440,000,000 for fiscal year 1993, $450,000,000 for fiscal year 1994, and $460,000,000 for each of fiscal years 1995 through 2002" and inserting "such sums as may be necessary for each of fiscal years 1991 through 2007".

SEC. 7115. SUPPLEMENTAL AND ALTERNATIVE CROPS.

Section 1473D(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) is amended by striking "2002" and inserting "2007".

SEC. 7116. AQUACULTURE RESEARCH FACILITIES.

The first sentence of section 1477 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended by striking "2002" and inserting "2007".

SEC. 7117. RANGELAND RESEARCH.

Section 1483(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is amended by striking "2002" and inserting "2007".

SEC. 7118. NATIONAL GENETICS RESOURCES PROGRAM.

Section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is amended by striking "2002" and inserting "2007".

SEC. 7119. HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.

Section 1672(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(h)) is amended by striking "2002" and inserting "2007.

SEC. 7120. NUTRIENT MANAGEMENT RESEARCH AND EXTENSION INITIATIVE.

Section 1672A(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a(g)) is amended by striking "2002" and inserting "2007".

SEC. 7121. AGRICULTURAL TELECOMMUNICATIONS PROGRAM.

Section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended by striking "2002" and inserting "2007".

SEC. 7122. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.

Section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is amended by striking "2002" and inserting "2007".

SEC. 7123. PARTNERSHIPS FOR HIGH-VALUE AGRICULTURAL PRODUCT QUALITY RESEARCH.

Section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) is amended by striking "2002" and inserting "2007".

SEC. 7124. BIOBASED PRODUCTS.

(a) PILOT PROJECT.—Section 404(e)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(e)(2)) is amended by striking "2001" and inserting "2007".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 404(h) of such Act (7 U.S.C. 7624(h)) is amended by striking "2002" and inserting "2007".

SEC. 7125. INTEGRATED RESEARCH, EDUCATION, AND EXTENSION COMPETITIVE GRANTS PROGRAM.

Section 406 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626) is amended—

(1) by redesignating subsection (e) as subsection (f);

(2) by inserting after subsection (d) the following:

"(e) TERM OF GRANT.—A grant under this section shall have a term of not more than 5 years."; and

(3) in subsection (f) (as so redesignated), by striking "2002" and inserting "2007".

SEC. 7126. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(f) INSTITUTIONAL CAPACITY BUILDING GRANTS.—Section 535 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended—

(1) in subsection (b)(1), by striking "2002" and inserting "2007"; and

(2) in subsection (c), by striking "$1,700,000 for each of fiscal years 1996 through 2002" and inserting "such sums as are necessary for each of fiscal years 2002 through 2007".

SEC. 7127. 1994 INSTITUTION RESEARCH GRANTS.

Section 536(c) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking "2002" and inserting "2007".

SEC. 7128. ENDOWMENT FOR 1994 INSTITUTIONS.

The first sentence of section 533(b) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking "$4,600,000" and all that follows through the period and inserting "such sums as are necessary to carry out this section for each of fiscal years 1996 through 2007.".

SEC. 7129. PRECISION AGRICULTURE.

Section 403(i) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i)) is amended by striking "2002" and inserting "2007".

SEC. 7130. THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.

Section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h)) is amended by striking "2002" and inserting "2007".

SEC. 7131. SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.

Section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is amended—

(1) by striking "$5,200,000" and inserting "such sums as may be necessary"; and

(2) by striking "2002" and inserting "2007".

SEC. 7132. OFFICE OF PEST MANAGEMENT POLICY.

Section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) is amended by striking "2002" and inserting "2007".

SEC. 7133. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMICS ADVISORY BOARD.

Section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h)) is amended by striking "2002" and inserting "2007".

SEC. 7134. GRANTS FOR RESEARCH ON PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.

Section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) is amended by striking "2002" and inserting "2007".

SEC. 7135. AGRICULTURAL EXPERIMENT STATIONS RESEARCH FACILITIES.

Section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) is amended by striking "2002" and inserting "2007".

SEC. 7136. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS NATIONAL RESEARCH INITIATIVE.

Section 2(b)(10) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(10)) is amended by striking "2002" and inserting "2007".

SEC. 7137. FEDERAL AGRICULTURAL RESEARCH FACILITIES AUTHORIZATION OF APPROPRIATIONS.

Section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1556) is amended by striking "2002" and inserting "2007".

SEC. 7138. CRITICAL AGRICULTURAL MATERIALS RESEARCH.

Section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) is amended by striking "2002" and inserting "2007".

SEC. 7139. AQUACULTURE.

Section 10 of the National Aquaculture Act of 1980 (16 U.S.C. 2809) is amended by striking "2002" each place it appears and inserting "2007".

Subtitle B—Modifications

SEC. 7201. EQUITY IN EDUCATIONAL LAND-GRANT STATUS ACT OF 1994.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 534(a)(1)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) is amended by striking "$50,000" and inserting "$100,000".

(b) CHANGE OF INDIAN STUDENT COUNT FORMULA.—Section 533(c)(4)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking "(as defined in section 390(3) of the Carl D. Perkins Vocational and Applied Technology Education Act, as such section was in effect on the day preceding the date of enactment of the Carl. D. Perkins Vocational and Applied Technology Education Amendments of 1998 (Oct. 31, 1998)) for each 1994 Institution for the fiscal year" and inserting "(as defined in section 2(a) of the Tribally Controlled College or University Assistance Act of 1978 (25 U.S.C. 1801(a)))".

(c) ACCREDITATION REQUIREMENT FOR RESEARCH GRANTS.—Section 533(a)(3) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking "sections 534 and 535" and inserting "sections 534, 535, and 536".

(d) TECHNICAL AMENDMENT TO REFLECT NAME CHANGES.—Section 532 of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended by striking paragraphs (1) through (30) and inserting the following:

"(1) Bay Mills Community College.
"(2) Blackfeet Community College.
"(3) Cankdeska Cikana Community College.
"(4) College of Menominee Nation.
"(5) Crownpoint Institute of Technology.

"(6) D-Q University.
"(7) Dine College.
"(8) Chief Dull Knife Memorial College.
"(9) Fond du Lac Tribal and Community College.
"(10) Fort Belknap College.
"(11) Fort Berthold Community College.
"(12) Fort Peck Community College.
"(13) Haskell Indian Nations University.
"(14) Institute of American Indian and Alaska Native Culture and Arts Development.
"(15) Lac Courte Oreilles Ojibwa Community College.
"(16) Leech Lake Tribal College.
"(17) Little Big Horn College.
"(18) Little Priest Tribal College.
"(19) Nebraska Indian Community College.
"(20) Northwest Indian College.
"(21) Oglala Lakota College.
"(22) Salish Kootenai College.
"(23) Sinte Gleska University.
"(24) Sisseton Wahpeton Community College.
"(25) Si Tanka/Huron University.
"(26) Sitting Bull College.
"(27) Southwestern Indian Polytechnic Institute.
"(28) Stone Child College.
"(29) Turtle Mountain Community College.
"(30) United Tribes Technical College.
"(31) White Earth Tribal and Community College.".

(e) REPORT RECOMMENDING CRITERIA FOR ADDITIONAL ELIGIBLE ENTITIES.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit a report containing recommended criteria for designating additional 1994 Institutions to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SEC. 7202. CARRYOVER FOR EXPERIMENT STATIONS.

Section 7 of the Hatch Act of 1887 (7 U.S.C. 361g) is amended by striking subsection (c) and inserting the following:

"(c) CARRYOVER.—

"(1) IN GENERAL.—The balance of any annual funds provided under this Act to a State agricultural experiment station for a fiscal year that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

"(2) FAILURE TO EXPEND FULL ALLOTMENT.—

"(A) IN GENERAL.—If any unexpended balance carried over by a State is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the next succeeding annual allotment to the State.

"(B) REDISTRIBUTION.—Federal funds that are deducted under subparagraph (A) for a fiscal year shall be redistributed by the Secretary in accordance with the formula set forth in section 3(c) to those States for which no deduction under subparagraph (A) has been taken for that fiscal year.".

SEC. 7203. 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 2003, 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".

(b) RESEARCH.—Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(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 inserting the following:

"(2) MINIMUM AMOUNT.—Beginning with fiscal year 2003, there shall be appropriated under this section for each fiscal year an amount that is not less than 25 percent of the total appropriations for the fiscal year under section 3 of the Hatch Act of 1887 (7 U.S.C. 361c).";

(3) by striking "Funds appropriated" and inserting the following:

"(3) USES.—Funds appropriated";

(4) by striking "The eligible" and inserting the following:

"(4) COORDINATION.—The eligible"; and

(5) by striking "No more" and inserting the following:

"(5) CARRYOVER.—No more".

SEC. 7204. CARRYOVER FOR ELIGIBLE INSTITUTIONS.

Section 1445(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(a)) (as amended by section 7203 of this Act) is further amended by striking paragraph (5) and inserting the following:

"(5) CARRYOVER.—

"(A) IN GENERAL.—The balance of any annual funds provided to an eligible institution for a fiscal year under this section that remains unexpended at the end of the fiscal year may be carried over for use during the following fiscal year.

"(B) FAILURE TO EXPEND FULL AMOUNT.—

"(i) IN GENERAL.—If any unexpended balance carried over by an eligible institution is not expended by the end of the second fiscal year, an amount equal to the unexpended balance shall be deducted from the

next succeeding annual allotment to the eligible institution.

"(ii) REDISTRIBUTION.—Federal funds that are deducted under clause (i) for a fiscal year shall be redistributed by the Secretary in accordance with the formula set forth in subsection (b)(2)(B) to those eligible institutions for which no deduction under clause (i) has been taken for that fiscal year.".

SEC. 7205. INITIATIVE FOR FUTURE AGRICULTURE AND FOOD SYSTEMS.

(a) FUNDING.—Section 401(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(b)) is amended—

(1) in paragraph (1), by striking "2002" and inserting "2001"; and

(2) by adding at the end the following:

"(3) OTHER FUNDING.—Out of funds in the Commodity Credit Corporation, the Secretary shall transfer to the Account—

"(A) on October 1, 2003, $120,000,000;

"(B) on October 1, 2004, $140,000,000;

"(C) on October 1, 2005, $160,000,000; and

"(D) on October 1, 2006, and each October 1 thereafter, $200,000,000.".

(2) by amending subsection (c)(1) to read as follows:

"(1) CRITICAL EMERGING AGRICULTURAL AND RURAL ISSUES.—The Secretary shall use the funds in the Account for research, extension, and education grants (referred to in this section as 'grants') to address critical emerging agricultural and rural issues related to—

"(A) future food production;

"(B) environmental quality and natural resource management;

"(C) farm income; or

"(D) rural economic and business and community development policy."; and

(3) in subsection (e)(1), by striking "small and mid-sized" and inserting "small, mid-sized, and minority-serving".

SEC. 7206. ELIGIBILITY FOR INTEGRATED GRANTS PROGRAM.

Section 406(b) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(b)) is amended by inserting "and 1994 Institutions" before "on a competitive basis".

SEC. 7207. AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION REFORM ACT OF 1998.

(a) PRECISION AGRICULTURE.—Section 403 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623) is amended—

(1) in subsection (a)—

(A) in paragraph (3)—

(i) in subparagraph (A), inserting ", horticultural," following "agronomic" the second place it appears; and

(ii) in subparagraph (C), by striking "or" at the end;

(iii) in subparagraph (D), by striking the period at the end and inserting "; or"; and

(iv) by adding at the end the following:

"(E) using such information to enable intelligent mechanized harvesting and sorting systems for horticultural crops.";

(B) in paragraph (4)—

(i) in subparagraph (C), by striking "or" at the end;

(ii) in subparagraph (D), by striking the period at the end and inserting "; or"; and

(iii) by adding at the end the following:

"(E) robotic and other intelligent machines for use in horticultural cropping systems."; and

(C) in paragraph (5)(F), by inserting "(including improved use of energy inputs)" after "farm production efficiencies";

(2) in subsection (c)(2)—

(A) by inserting "or horticultural" after "agronomic"; and

(B) by striking "and meteorological variability" and inserting "product variability, and meteorological variability";

(3) in subsection (d)—

(A) by redesignating paragraphs (4) and (5) as paragraphs (5) and (6), respectively; and

(B) by inserting after paragraph (3) the following:

"(4) Improve farm energy use efficiencies.".

(b) THOMAS JEFFERSON INITIATIVE FOR CROP DIVERSIFICATION.—Section 405(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(a)) is amended by striking "and marketing" and inserting ", marketing, and efficient use".

(c) COORDINATED PROGRAM OF RESEARCH, EXTENSION, AND EDUCATION TO IMPROVE VIABILITY OF SMALL- AND MEDIUM-SIZE DAIRY, LIVESTOCK, AND POULTRY OPERATIONS.—Section 407(b)(3) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7627(b)(3)) is amended by inserting "(including improved use of energy inputs)" after "poultry systems that increase efficiencies".

(d) SUPPORT FOR RESEARCH REGARDING DISEASES OF WHEAT, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA.—

(1) RESEARCH GRANT AUTHORIZED.—Section 408(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(a)) is amended to read as follows:

"(a) RESEARCH GRANT AUTHORIZED.—The Secretary of Agriculture may make grants to consortia of land-grant colleges and universities to enhance the ability of the consortia to carry out multi-State research projects aimed at understanding and combating diseases of wheat, triticale, and barley caused by Fusarium graminearum and related fungi (referred to in this section as 'wheat scab') or by Tilletia indica and related fungi (referred to in this section as 'Karnal bunt').".

(2) RESEARCH COMPONENTS.—Section 408(b) of such Act (7 U.S.C. 7628(b)) is amended—

(A) in paragraph (1), by inserting "or of Karnal bunt," after "epidemiology of wheat scab";

(B) in paragraph (1), by inserting ", triticale," after "occurring in wheat";

(C) in paragraph (2), by inserting "or Karnal bunt" after "wheat scab";

(D) in paragraph (3)(A), by striking "and barley for the presence of" and inserting ", triticale, and barley for the presence of Karnal bunt or of";

(E) in paragraph (3)(B), by striking "and barley infected with wheat scab" and inserting ", triticale, and barley infected with wheat scab or with Karnal bunt";

(F) in paragraph (3)(C), by inserting "wheat scab" after "to render";

(G) in paragraph (4), by striking "and barley to wheat scab" and inserting ", triticale, and barley to wheat scab and to Karnal bunt"; and

(H) in paragraph (5)—

(i) by inserting "and Karnal bunt" after "wheat scab"; and

(ii) by inserting ", triticale," after "resistant wheat".

(3) COMMUNICATIONS NETWORKS.—Section 408(c) of such Act (7 U.S.C. 7628(c)) is amended by inserting "or Karnal bunt" after "wheat scab".

*(4) TECHNICAL AMENDMENTS.—(A) The section heading for section 408 of such Act is amended by striking "**AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM**" and inserting "**, TRITICALE, AND BARLEY CAUSED BY FUSARIUM GRAMINEARUM OR BY TILLETIA INDICA**".*

(B) The table of sections for such Act is amended by striking "and barley caused by fusarium graminearum" in the item relating to section 408 and inserting ", triticale, and barley caused by Fusarium graminearum or by Tilletia indica".

(e) PROGRAM TO CONTROL JOHNE'S DISEASE.—Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following new section:

"SEC. 409. BOVINE JOHNE'S DISEASE CONTROL PROGRAM.

"(a) ESTABLISHMENT.—The Secretary of Agriculture, in coordination with State veterinarians and other appropriate State animal health professionals, may establish a program to conduct research, testing, and evaluation of programs for the control and management of Johne's disease in livestock.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary such sums as may be necessary to carry out this section for each of fiscal years 2003 through 2007.".

SEC. 7208. FOOD, AGRICULTURE, CONSERVATION, AND TRADE ACT OF 1990.

(a) AGRICULTURAL GENOME INITIATIVE.—Section 1671(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924(b)) is amended—

(1) in paragraph (3), by inserting "pathogens and" before "diseases causing economic hardship";

(2) in paragraph (6), by striking "and" at the end;

(3) by redesignating paragraph (7) as paragraph (8); and

(4) by inserting after paragraph (6) the following new paragraph:

"(7) reducing the economic impact of plant pathogens on commercially important crop plants; and".

(b) HIGH-PRIORITY RESEARCH AND EXTENSION INITIATIVES.—Section 1672(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925) is amended by adding at the end the following new paragraphs:

"(25) GENETICALLY MODIFIED AGRICULTURE PRODUCTS (GMAP) RESEARCH.—Research grants may be made under this section for the purposes of providing unbiased, science-based evaluation of the risks and benefits to the public and the environment of specific genetically modified plant and animal products. Grants may be used to form interdisciplinary teams to review and conduct research on scientific, social, economic, and ethical issues during the review process, to answer questions raised by the release of new genetically modified agriculture products, to conduct fundamental studies on the health and environmental safety of genetically modified agriculture products (including quantitative risk assessment, the effect of specific genetically modified agriculture products on human health, and gene flow studies), to communicate the risk of genetically modified agriculture products through extension and education programs, and to engage the public and industry in relevant issues.

"(26) WIND EROSION RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of validating wind erosion models.

"(27) CROP LOSS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of validating crop loss models.

"(28) LAND USE MANAGEMENT RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purposes of evaluating the environmental benefits of land use management tools such as those provided in the Farmland Protection Program.

"(29) WATER AND AIR QUALITY RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of better understanding agricultural impacts to air and water quality and means to address them.

"(30) REVENUE AND INSURANCE TOOLS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purposes of better understanding the impact of revenue and insurance tools on farm income.

"(31) AGROTOURISM RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of better understanding the economic, environmental, and food systems impacts of agrotourism.

"(32) HARVESTING PRODUCTIVITY FOR FRUITS AND VEGETABLES.—Research and extension grants may be made under this section for the purpose of improving harvesting productivity for fruits and vegetables (including citrus), including the development of mechanical harvesting technologies and effective, economical, and safe abscission compounds.

"(33) NITROGEN-FIXATION BY PLANTS.—Research and extension grants may be made under this section for the purpose of enhancing the nitrogen-fixing ability and efficiency of legumes, developing new varieties of legumes that fix nitrogen more efficiently, and developing new varieties of other commercially important crops that potentially are able to fix nitrogen.

"(34) AGRICULTURAL MARKETING.—Extension grants may be made under this section for the purpose of providing education materials, information, and outreach programs regarding commodity and livestock marketing strategies for agricultural producers and for cooperatives and other marketers of any agricultural commodity, including livestock.

"(35) ENVIRONMENT AND PRIVATE LANDS RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of researching the use of computer models to aid in assessment of best management practices on a watershed basis, working with government, industry, and private landowners to help craft industry-led solutions to identified environmental issues, researching and monitoring water, air, or soil environmental quality to aid in the development of new approaches to local environmental concerns, and working with local, State, and federal officials to help craft effective environmental solutions that respect private property rights and agricultural production realities.

"(36) LIVESTOCK DISEASE RESEARCH AND EXTENSION.—Research and extension grants may be made under this section for the purpose of identifying possible livestock disease threats, educating the public regarding livestock disease threats, training persons to deal with such threats, and conducting related research.

"(37) PLANT GENE EXPRESSION.—Research grants may be made under this section for the purpose of plant gene expression research to accelerate the application of basic plant genomic science to the development and testing of new varieties of enhanced food crops, crops that can be used as renewable energy sources, and other alternative uses of agricultural crops.

"(38) ANIMAL INFECTIOUS DISEASES RESEARCH.—Research and extension grants may be made under this section for the purpose of developing prevention and control methodologies for animal infectious diseases (including evaluation under field conditions in countries in which an animal disease occurs) such as laboratory tests for quicker detection of infected animals and presence of disease, prevention strategies (including vaccination programs), and rapid diagnostic techniques for animal disease agents considered to be risks for agricultural bioterrorism attack.

"(39) PROGRAM TO COMBAT CHILDHOOD OBESITY.—Research and extension grants may be made under this section to institutions of higher education with demonstrated capacity in basic and clinical obesity research, nutrition research, and community health education research to develop and evaluate community-wide strategies that catalyze partnerships between families and health care, education, recreation, mass media, and other community resources to reduce the incidence of childhood obesity.

"(40) INTEGRATED PEST MANAGEMENT.—Research and extension grants may be made under this section to coordinate and improve research, education, and outreach on, and implementation on farms of, integrated pest management.

"(41) BEEF CATTLE GENETICS.—Research and extension grants for beef cattle genetics evaluation research may be made under this section to consortia of institutions of higher education that have expertise in beef cattle genetic evaluation research and technology and that have been actively involved for at least 20 years in the estimation and prediction of progeny differences for publication and use by seed stock producer breed associations.

"(42) DAIRY PIPELINE CLEANER.—Research and extension grants may be made under this section for the purpose of preventing and eliminating the dangers of dairy pipeline cleaner, including development of safer packaging and transfer mechanisms, outlining accident causes and potential prevention measures, and other means of improving efforts to prevent ingestion of dairy pipeline cleaner.

"(43) DEVELOPMENT OF PUBLICLY HELD PLANTS AND ANIMAL VARIETIES.—Research and extension grants may be made under this section for the purpose of development of publicly held plants and animal varieties (including germplasm for identity-preserved markets) and genetic resource conservation activities.

"(44) SUGARCANE GENETICS.—Research grants may be made under this section for the purpose of maintaining acceptable yields under reduced production inputs, implementing marker-assisted breeding strategies and other basic plant genomic technologies to screen for improved plant resistance to diseases, weeds, and insects toward minimizing pesticide use, enhancing food, fiber and energy production, and developing varieties for maximum performance under prevailing conditions, including management for improved soil and water conservation.".

(c) ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS WITH DISABILITIES.—Section 1680(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(a)) is amended by adding at the end the following new paragraph:

"(6) CONSIDERATION FOR GRANTS FOR NEW PROGRAMS.—For each fiscal year that amounts are made available for grants under this subsection, the Secretary may make grants in a manner that ensures that eligible entities who apply for grants, but have not previously received a grant under this subsection, are given full consideration.".

SEC. 7209. NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT OF 1977.

(a) NATIONAL AGRICULTURAL RESEARCH, EXTENSION, EDUCATION, AND ECONOMIC ADVISORY BOARD.—Section 1408 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123) is amended—

(1) in subsection (b)(1), by striking "30 members" and inserting "31 members";

(2) in subsection (b)(3)—

(A) by redesignating subparagraphs (R) through (DD) as subparagraphs (S) through (EE), respectively; and

(B) by inserting after subparagraph (Q) the following new subparagraph:

"(R) 1 member representing a non-land grant college or university with a historic commitment to research in the food and agricultural sciences.";

(3) in subsection (c)(1), by striking "and land-grant colleges and universities" and inserting ", land-grant colleges and universities, and the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, the Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies of the Committee on Appropriations of the House of Representatives, and the Subcommittee on Agriculture, Rural Development and Related Agencies of the Committee on Appropriations of the Senate"; and

(4) in subsection (d)(1), inserting "consult with any appropriate agencies of the Department of Agriculture and" after "the Advisory Board shall".

(b) GRANTS FOR RESEARCH ON PRODUCTION AND MARKETING OF ALCOHOLS AND INDUSTRIAL HYDROCARBONS FROM AGRICULTURAL COMMODITIES AND FOREST PRODUCTS.—Section 1419 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154) is amended—

(1) in subsection (a)(2), by inserting "and animal fats and oils" after "industrial oilseed crops"; and

(2) in subsection (a)(4), by inserting "or triglycerides" after "other industrial hydrocarbons".

(c) FAS OVERSEAS INTERN PROGRAM.—Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended—

(1) by striking "and" at the end of paragraph (8);

(2) by striking the period at the end of paragraph (9) and inserting "; and"; and

(3) by adding at the end the following new paragraph:

"(10) establish a program, to be coordinated by the Cooperative State Research, Education, and Extension Service and the Foreign Agricultural Service, to place interns from United States colleges and universities at Foreign Agricultural Service field offices overseas.".

(d) RANGELAND RESEARCH GRANTS.—Section 1480 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3333) is amended to read as follows:

"SEC. 1480. RANGELAND RESEARCH GRANTS.

"(a) IN GENERAL.—The Secretary may make grants to—

"(1) land-grant colleges and universities, State agricultural experiment stations, and colleges, universities, and Federal laboratories having a demonstrable capacity in rangeland research, as determined by the Secretary, to carry out rangeland research; and

"(2) the Joe Skeen Institute for Rangeland Restoration for the purposes of facilitating and expanding ongoing State-Federal range management, animal husbandry, and agricultural research, education, and extension programs to meet the targeted, emerging, and future needs of western United States rangelands and associated natural resources.

"(b) MATCHING REQUIREMENTS.—

"(1) IN GENERAL.—Except as provided in paragraph (2), this grant program shall be based on a matching formula of 50 percent Federal and 50 percent non-Federal funding.

"(2) EXCEPTION.—Paragraph (1) shall not apply to a grant to a Federal laboratory or a grant under subsection (a)(2).".

SEC. 7210. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

Section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921) is amended to read as follows:

"SEC. 1668. BIOTECHNOLOGY RISK ASSESSMENT RESEARCH.

"(a) PURPOSE.—It is the purpose of this section—

"(1) to authorize and support environmental assessment research to help identify and analyze environmental effects of biotechnology; and

"(2) to authorize research to help regulators develop long-term policies concerning the introduction of such technology.

"(b) GRANT PROGRAM.—The Secretary of Agriculture shall establish a grant program within the Cooperative State Research, Education, and Extension Service and the Agricultural Research Service to provide the necessary funding for environmental assessment research concerning the introduction of genetically engineered animals, plants, and microorganisms into the environment.

"(c) RESEARCH PRIORITIES.— The following types of research shall be given priority for funding:

"(1) Research designed to identify and develop appropriate management practices to minimize physical and biological risks associated with genetically engineered animals, plants, and microorganisms.

"(2) Research designed to develop methods to monitor the dispersal of genetically engineered animals, plants, and microorganisms.

"(3) Research designed to further existing knowledge with respect to the characteristics, rates, and methods of gene transfer that may occur between genetically engineered animals, plants, and microorganisms and related wild and agricultural organisms.

"(4) Environmental assessment research designed to provide analysis which compares the relative impacts of animals, plants, and microorganisms modified through genetic engineering to other types of production systems.

"(5) Other areas of research designed to further the purposes of this section.

"(d) ELIGIBILITY REQUIREMENTS.—Grants under this section shall be—

"(1) made on the basis of the quality of the proposed research project; and

"(2) available to any public or private research or educational institution or organization.

"(e) CONSULTATION.— In considering specific areas of research for funding under this section, the Secretary of Agriculture shall consult with the Administrator of the Animal and Plant Health Inspection Service and the National Agricultural Research, Extension, Education, and Economics Advisory Board.

"(f) PROGRAM COORDINATION.— The Secretary of Agriculture shall coordinate research funded under this section with the Office of Research and Development of the Environmental Protection Agency in order to avoid duplication of research activities.

"(g) AUTHORIZATION OF APPROPRIATIONS.—

"(1) IN GENERAL.— There are authorized to be appropriated such sums as necessary to carry out this section.

"(2) WITHHOLDINGS FROM BIOTECHNOLOGY OUTLAYS.—The Secretary of Agriculture shall withhold from outlays of the Department of Agriculture for research on biotechnology, as defined and determined by the Secretary, at least 2 percent of such amount for the purpose of making grants under this section for research on biotechnology risk assessment.

"(3) APPLICATION OF FUNDS.—Funds made available under this subsection shall be applied, to the maximum extent practicable, to risk assessment research on all categories identified in subsection (c).".

SEC. 7211. COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS.

Section 2(b)(2) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(b)(2)) is amended by striking "in— " and inserting the following: "in the areas described in subparagraphs (A) through (F). Such needs shall be determined by the Secretary, in consultation with the National Agricultural Research, Extension, Education, and Economics Advisory Board, not later than July 1 of each fiscal year for the purposes of the following fiscal year.".

SEC. 7212. MATCHING FUNDS REQUIREMENT FOR RESEARCH AND EXTENSION ACTIVITIES OF 1890 INSTITUTIONS.

Section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) is amended—

(1) by amending subsection (c) to read as follows:

"(c) MATCHING FORMULA.—Notwithstanding any other provision of this subtitle, for each of fiscal years 2003 through 2007, the State shall provide matching funds from non-Federal sources. Such matching funds shall be for an amount equal to not less than—

"(1) 60 percent of the formula funds to be distributed to the eligible institution for fiscal year 2003;

"(2) 70 percent of the formula funds to be distributed to the eligible institution for fiscal year 2004;

"(3) 80 percent of the formula funds to be distributed to the eligible institution for fiscal year 2005;

"(4) 90 percent of the formula funds to be distributed to the eligible institution for fiscal year 2006; and

"(5) 100 percent of the formula funds to be distributed to the eligible institution for fiscal year 2007 and each fiscal year thereafter."; and

(2) by amending subsection (d) to read as follows:

"(d) WAIVER AUTHORITY.—Notwithstanding subsection (f), the Secretary may waive the matching funds requirement under subsection (c) above the 50 percent level for any fiscal year for an eligible institution of a State if the Secretary determines that the State will be unlikely to satisfy the matching requirement.".

SEC. 7213. MATCHING REQUIREMENTS FOR RESEARCH AND EXTENSION FORMULA FUNDS FOR INSULAR AREA LAND-GRANT INSTITUTIONS.

(a) EXPERIMENT STATIONS.—Section 3(d) of the Hatch Act of 1887 (7 U.S.C. 361c(d)) is amended by striking paragraph (4) and inserting the following:

"(4) EXCEPTION FOR INSULAR AREAS.—

"(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

"(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.".

(b) COOPERATIVE AGRICULTURAL EXTENSION.—Section 3(e) of the Smith-Lever Act (7 U.S.C. 343(e)) is amended by striking paragraph (4) and inserting the following:

"(4) EXCEPTION FOR INSULAR AREAS.—

"(A) IN GENERAL.—Effective beginning for fiscal year 2003, in lieu of the matching funds requirement of paragraph (1), the insular areas of the Commonwealth of Puerto Rico, Guam, and the Virgin Islands of the United States shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the formula funds distributed by the Secretary to each of the insular areas, respectively, under this section.

"(B) WAIVERS.—The Secretary may waive the matching fund requirement of subparagraph (A) for any fiscal year if the Secretary determines that the government of the insular area will be unlikely to meet the matching requirement for the fiscal year.".

SEC. 7214. DEFINITION OF FOOD AND AGRICULTURAL SCIENCES.

Section 2(3) of the Research Facilities Act (7 U.S.C. 390(2)(3)) is amended to read as follows:

"(3) FOOD AND AGRICULTURAL SCIENCES.—The term 'food and agricultural sciences' has the meaning given that term in section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)).".

SEC. 7215. FEDERAL EXTENSION SERVICE.

Section 3(b)(3) of the Smith-Lever Act (7 U.S.C. 343(b)(3)) is amended—

(1) by striking "$5,000,000" and inserting "such sums as are necessary"; and

(2) by adding after the first sentence the following new sentence: "The balance of any annual funds provided under the preceding sentence for a fiscal year that remains unexpended at the end of that fiscal year shall remain available without fiscal year limitation.".

SEC. 7216. POLICY RESEARCH CENTERS.

Section 1419A(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155(c)(3)) is amended by striking "collect and analyze" and inserting "collect, analyze, and disseminate".

SEC. 7217. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1469 (7 U.S.C. 3315) the following:

"SEC. 1469A. AVAILABILITY OF COMPETITIVE GRANT FUNDS.

"Except as otherwise provided by law, funds made available to the Secretary to carry out a competitive agricultural research, education, or extension grant program under this or any other Act shall be available for obligation for a 2-year period beginning on October 1 of the fiscal year for which the funds are made available.".

SEC. 7218. ORGANIC AGRICULTURE RESEARCH AND EXTENSION INITIATIVE.

Section 1672B of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925b) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by inserting ", breeding," after "production";

(B) in paragraph (2), by striking "and" at the end;

(C) in paragraph (3), by striking the period at the end and inserting a semicolon; and

(D) by adding at the end the following:

"(4) determining desirable traits for organic commodities;

"(5) identifying marketing and policy constraints on the expansion of organic agriculture; and

"(6) conducting advanced on-farm research and development that emphasizes observation of, experimentation with, and innovation for working organic farms, including research relating to production and marketing and to socioeconomic conditions."; and

(2) by amending subsection (e) to read as follows:

"(e) FUNDING.—On October 1, 2003, and each October 1 thereafter through October 1, 2007, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer $3,000,000 to the Secretary of Agriculture for this section.".

SEC. 7219. SENIOR SCIENTIFIC RESEARCH SERVICE.

Subtitle B of title VI of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7651 et seq.) is amended by adding at the end the following:

"SEC. 620. SENIOR SCIENTIFIC RESEARCH SERVICE.

"(a) IN GENERAL.—There is established in the Department of Agriculture the Senior Scientific Research Service (referred to in this section as the 'Service').

"(b) MEMBERS.—

"(1) IN GENERAL.—Subject to paragraphs (2) through (4), the Secretary shall appoint the members of the Service.

"(2) QUALIFICATIONS.—To be eligible for appointment to the Service, an individual shall—

"(A) have conducted outstanding research in the field of agriculture or forestry;

"(B) have earned a doctoral level degree at an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)); and

"(C) meet qualification standards prescribed by the Director of the Office of Personnel Management for appointment to a position at level GS–15 of the General Schedule.

"(3) NUMBER.—Not more than 100 individuals may serve as members of the Service at any 1 time.

"(4) OTHER REQUIREMENTS.—

"(A) IN GENERAL.—Subject to subparagraph (B) and subsection (d)(2), the Secretary may appoint and employ a member of the Service without regard to—

"(i) the provisions of title 5, United States Code, governing appointments in the competitive service;

"(ii) the provisions of subchapter I of chapter 35 of title 5, United States Code, relating to retention preference;

"(iii) the provisions of chapter 43 of title 5, United States Code, relating to performance appraisal and performance actions;

"(iv) the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates; and

"(v) the provisions of chapter 75 of title 5, United States Code, relating to adverse actions.

"(B) EXCEPTION.—A member of the Service appointed and employed by the Secretary under subparagraph (A) shall have the same right of appeal to the Merit Systems Protection Board and the same right to file a complaint with the Office of Special Counsel as an employee appointed to a position at level GS–15 of the General Schedule.

"(c) PERFORMANCE APPRAISAL SYSTEM.—The Secretary shall develop a performance appraisal system for members of the Service that is designed to—

"(1) provide for the systematic appraisal of the employment performance of the members; and

"(2) encourage excellence in employment performance by the members.

"(d) COMPENSATION.—

"(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall determine the compensation of members of the Service.

"(2) LIMITATIONS.—The rate of pay for a member of the Service shall—

"(A) not be less than the minimum rate payable for a position at level GS–15 of the General Schedule; and

"(B) not be more than the rate payable for a position at level I of the Executive Schedule, unless the rate is approved by the President under section 5377(d)(2) of title 5, United States Code.

"(e) RETIREMENT CONTRIBUTIONS.—

"(1) IN GENERAL.—On the request of a member of the Service who was an employee of an institution of higher education

(as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) immediately prior to appointment as a member of the Service and who retains the right to continue to make contributions to the retirement system of the institution, the Secretary may contribute an amount not to exceed 10 percent of the basic pay of the member to the retirement system of the institution on behalf of the member.

"(2) FEDERAL RETIREMENT SYSTEM.—

"(A) IN GENERAL.—Subject to subparagraph (B), a member for whom a contribution is made under paragraph (1) shall not, as a result of serving as a member of the Service, be covered by, or earn service credit under, chapter 83 or 84 of title 5, United States Code.

"(B) ANNUAL LEAVE.—Service of a member of the Service described in subparagraph (A) shall be creditable for determining years of service under section 6303(a) of title 5, United States Code.

"(f) INVOLUNTARY SEPARATION.—

"(1) IN GENERAL.—Subject to paragraph (2) and notwithstanding the provisions of title 5, United States Code, governing appointment in the competitive service, in the case of an individual who is separated from the Service involuntarily and without cause—

"(A) the Secretary may appoint the individual to a position in the competitive civil service at level GS–15 of the General Schedule; and

"(B) the appointment shall be a career appointment.

"(2) EXCEPTED CIVIL SERVICE.—In the case of an individual described in paragraph (1) who immediately prior to appointment as a member of the Service was not a career appointee in the civil service or the Senior Executive Service, the appointment of the individual under paragraph (1)—

"(A) shall be to the excepted civil service; and

"(B) may not exceed a period of 2 years.".

SEC. 7220. TERMINATION OF CERTAIN SCHEDULE A APPOINTMENTS.

(a) TERMINATION.—Not later than January 31, 2003, the Secretary of Agriculture shall terminate each appointment listed as an excepted position under schedule A of the General Schedule made by the Secretary to the Federal civil service of an individual who holds dual government appointments, and who carries out agricultural extension work in a program at a college or university eligible to receive funds, under—

(1) the Smith-Lever Act (7 U.S.C. 341 et seq.);

(2) section 1444 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221); or

(3) section 208(e) of the District of Columbia Public Postsecondary Education Reorganization Act (88 Stat. 1428).

(b) CONTINUATION OF CERTAIN FEDERAL BENEFITS.—

(1) IN GENERAL.—Notwithstanding title 5, United States Code, and subject to paragraph (2), an individual described in subsection (a), during the period the individual is employed in an agricultural extension program described in subsection (a) without a break in service, shall continue to—

(A) be eligible to participate, to the same extent that the individual was eligible to participate (on the day before the date of enactment of this Act), in—

(i) the Federal Employee Health Benefits Program;

(ii) the Federal Employee Group Life Insurance Program;

(iii) the Civil Service Retirement System;

(iv) the Federal Employee Retirement System;

(v) the Thrift Savings Plan; and

(vi) the Federal Long Term Care Insurance Program; and

(B) receive Federal Civil Service employment credit to the same extent that the individual was receiving such credit on the day before the date of enactment of this Act.

(2) LIMITATIONS.—An individual may continue to be eligible for the benefits described in paragraph (1) if—

(A) in the case of an individual who remains employed in the agricultural extension program described in subsection (a) on the date of enactment of this Act, the employing college or university continues to fulfill the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits, as determined by the Secretary of Agriculture; and

(B) in the case of an individual who changes employment to a second college or university described in subsection (a)—

(i) the individual continues to work in an agricultural extension program described in subsection (a), as determined by the Secretary of Agriculture;

(ii) the second college or university—

(I) fulfills the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits, as determined by the Secretary of Agriculture; and

(II) within 1 year before the date of the employment of the individual, had employed a different individual described in subsection (a) who had performed the same duties of employment; and

(iii) the individual was eligible for those benefits on the day before the date of enactment of this Act.

SEC. 7221. BIOSECURITY PLANNING AND RESPONSE PROGRAMS.

(a) BIOSECURITY.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding at the end the following:

"Subtitle N—Biosecurity

"SEC. 1484. SPECIAL AUTHORIZATION FOR BIOSECURITY PLANNING AND RESPONSE.

"(a) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts for agricultural research, extension, and education under this Act, there are authorized to be appropriated for agricultural research, education, and extension activities for biosecurity planning

and response such sums as are necessary for each of fiscal years 2002 through 2007.

"(b) USE OF FUNDS.—Using any authority available to the Secretary, the Secretary shall use funds made available under this section to carry out agricultural research, education, and extension activities (including through competitive grants) for the following:

"(1) To reduce the vulnerability of the United States food and agricultural system to chemical or biological attack.

"(2) To continue partnerships with institutions of higher education and other institutions to help form stable, long-term programs to enhance the biosecurity of the United States, including the coordination of the development, implementation, and enhancement of diverse capabilities for addressing threats to the Nation's agricultural economy and food supply with special emphasis on planning, training, outreach, and research activities related to vulnerability analyses, incident response, and detection and prevention technologies.

"(3) To make competitive grants to universities and qualified research institutions for research on counterbioterrorism.

"(4) To counter or otherwise respond to chemical or biological attack.

"SEC. 1485. AGRICULTURE RESEARCH FACILITY EXPANSION AND SECURITY UPGRADES.

"(a) IN GENERAL.—To enhance the security of agriculture in the United States against threats posed by bioterrorism, the Secretary shall make expansion or security upgrade grants on a competitive basis to colleges and universities (as defined in section 1404(4)).

"(b) LIMITATION ON GRANTS.—Grants to a recipient under this section shall not exceed $10,000,000 in any fiscal year.

"(c) REQUIREMENTS FOR GRANTS.—The Secretary shall make a grant under this section only if the grant applicant provides satisfactory assurances to the Secretary that—

"(1) sufficient funds are available to pay the non-Federal share of the cost of the proposed expansion or security upgrades; and

"(2) the proposed expansion or security upgrades meet such reasonable qualifications as may be established by the Secretary with respect to biosafety and biosecurity requirements necessary to protect facility staff, members of the public, and the food supply.

"(d) ADDITIONAL REQUIREMENTS FOR GRANTS FOR FACILITY EXPANSION.—The Secretary shall make a grant under this section for the expansion, renovation, remodeling, or alteration (collectively referred to in this section as "expansion") of a facility only if the grant applicant provides such assurances as the Secretary determines to be satisfactory to ensure the following:

"(1) For not less than 20 years after the grant is awarded, the facility shall be used for the purposes of the research for which the facility was expanded, as described in the grant application.

"(2) Sufficient funds will be available, as of the date of completion of the expansion, for the effective use of the facility for the purposes of the research for which the facility was expanded.

"(3) The proposed expansion—

"(A) will increase the capability of the applicant to conduct research for which the facility was expanded; or

"(B) is necessary to improve the quality of the research of the applicant.

"(e) AMOUNT OF GRANT.—The amount of a grant awarded under this section shall be determined by the Secretary.

"(f) FEDERAL SHARE.—The Federal share of the cost of any expansion or security upgrade carried out using funds from a grant provided under this section shall not exceed 50 percent.

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as are necessary for each fiscal year.".

(b) SENSE OF CONGRESS ON INCREASING CAPACITY FOR RESEARCH ON BIOSECURITY AND ANIMAL AND PLANT HEALTH DISEASES.—It is the sense of Congress that funding for the Agricultural Research Service, the Animal and Plant Health Inspection Service, and other agencies of the Department of Agriculture with responsibilities for biosecurity should be increased as necessary to improve the capacity of the agencies to conduct research and analysis of, and respond to, bioterrorism and animal and plant diseases.

SEC. 7222. INDIRECT COSTS FOR SMALL BUSINESS INNOVATION RESEARCH GRANTS.

Section 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3310) is amended—

(1) by inserting "(a) IN GENERAL.—" before "Except"; and

(2) by adding at the end the following:

"(b) EXCEPTION.—Subsection (a) shall not apply to a grant awarded competitively under section 9 of the Small Business Act (15 U.S.C. 638).".

SEC. 7223. CARBON CYCLE RESEARCH.

Section 221 of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 114 Stat. 407), as amended by section 9009 of this Act, is amended—

(1) in subsection (a), by striking "Of the amount" and all that follows through "to provide" and inserting "To the extent funds are made available for this purpose, the Secretary shall provide";

(2) in subsection (f), by striking "under subsection (a)" and inserting "for this section"; and

(3) by adding at the end the following new subsection:

"(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for fiscal years 2002 through 2007 such sums as may be necessary to carry out this section.".

Subtitle C—Repeal of Certain Activities and Authorities

SEC. 7301. FOOD SAFETY RESEARCH INFORMATION OFFICE AND NATIONAL CONFERENCE.

(a) REPEAL.—Subsections (b) and (c) of section 615 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7654(b) and (c)) are repealed.

(b) CONFORMING AMENDMENTS.—

(1) GENERALLY.—Section 615 of such Act is amended—

(A) in the section heading, by striking ***"AND NATIONAL CONFERENCE"****;*

(B) by striking "(a) FOOD SAFETY RESEARCH INFORMATION OFFICE.—";

(C) by redesignating paragraphs (1), (2), and (3) as subsections (a), (b), and (c), respectively, and moving the margins 2 ems to the left;

(D) in subsection (b) (as so redesignated), by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and moving the margins 2 ems to the left; and

(E) in subsection (c) (as so redesignated), by striking "this subsection" and inserting "this section".

(2) TABLE OF SECTIONS.—The table of sections for such Act is amended by striking "and National Conference" in the item relating to section 615.

SEC. 7302. REIMBURSEMENT OF EXPENSES UNDER SHEEP PROMOTION, RESEARCH, AND INFORMATION ACT OF 1994.

Section 617 of the Agricultural Research, Extension, and Education Reform Act of 1998 (Public Law 105–185; 112 Stat. 607) is repealed.

SEC. 7303. MARKET EXPANSION RESEARCH.

Section 1436 of the Food Security Act of 1985 (7 U.S.C. 1632) is repealed.

SEC. 7304. NATIONAL ADVISORY BOARD ON AGRICULTURAL WEATHER.

(a) REPEAL.—Section 1639 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5853) is repealed.

(b) CONFORMING AMENDMENT.—Section 1640(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5854(b)) is amended by striking "take into" and all that follows through "Weather and".

SEC. 7305. AGRICULTURAL INFORMATION EXCHANGE WITH IRELAND.

Section 1420 of the National Agricultural Research, Extension and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1551) is repealed.

SEC. 7306. PESTICIDE RESISTANCE STUDY.

Section 1437 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1558) is repealed.

SEC. 7307. EXPANSION OF EDUCATION STUDY.

Section 1438 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (Public Law 99–198; 99 Stat. 1559) is repealed.

SEC. 7308. TASK FORCE ON 10-YEAR STRATEGIC PLAN FOR AGRICULTURAL RESEARCH FACILITIES.

(a) REPEAL.—Section 4 of the Research Facilities Act (7 U.S.C. 390b) is repealed.

(b) CONFORMING AMENDMENT.—Section 2 of such Act (7 U.S.C. 390) is amended by striking paragraph (5).

Subtitle D—New Authorities

SEC. 7401. SUBTITLE DEFINITIONS.

In this subtitle:

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

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

SEC. 7402. RESEARCH EQUIPMENT GRANTS.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1462 (7 U.S.C. 3310) the following:

"SEC. 1462A. RESEARCH EQUIPMENT GRANTS.

"(a) IN GENERAL.—The Secretary may make competitive grants for the acquisition of special purpose scientific research equipment for use in the food and agricultural sciences programs of eligible institutions described in subsection (b).

"(b) ELIGIBLE INSTITUTIONS.—The Secretary may make a grant under this section to—

"(1) a college or university; or

"(2) a State cooperative institution.

"(c) MAXIMUM AMOUNT.—The amount of a grant made to an eligible institution under this section may not exceed $500,000.

"(d) PROHIBITION ON CHARGE OF EQUIPMENT AS INDIRECT COSTS.—The cost of acquisition or depreciation of equipment purchased with a grant under this section shall not be—

"(1) charged as an indirect cost against another Federal grant; or

"(2) included as part of the indirect cost pool for purposes of calculating the indirect cost rate of an eligible institution.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 2002 through 2007.".

SEC. 7403. JOINT REQUESTS FOR PROPOSALS.

(a) PURPOSES.—The purposes of this section are—

(1) to reduce the duplication of administrative functions relating to grant awards and administration among Federal agencies conducting similar types of research, education, and extension programs;

(2) to maximize the use of peer review resources in research, education, and extension programs; and

(3) to reduce the burden on potential recipients that may offer similar proposals to receive competitive grants under different Federal programs in overlapping subject areas.

(b) AUTHORITY.—The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1473A (7 U.S.C. 3319a) the following:

"SEC. 1473B. JOINT REQUESTS FOR PROPOSALS.

"(a) IN GENERAL.—In carrying out any competitive agricultural research, education, or extension grant program authorized under this or any other Act, the Secretary may cooperate with 1 or more other Federal agencies (including the National Science Foundation) in issuing joint requests for proposals, awarding grants, and ad-

ministering grants, for similar or related research, education, or extension projects or activities.

"(b) ADMINISTRATION.—

"(1) SECRETARY.—The Secretary may delegate authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part, to a cooperating Federal agency.

"(2) COOPERATING FEDERAL AGENCY.—The cooperating Federal agency may delegate to the Secretary authority to issue requests for proposals, make grant awards, or administer grants, in whole or in part.

"(c) REGULATIONS.—The Secretary and a cooperating Federal agency may agree to make applicable to recipients of grants—

"(1) the post-award grant administration regulations applicable to recipients of grants from the Secretary; or

"(2) the post-award grant administration regulations applicable to recipients of grants from the cooperating Federal agency.

"(d) JOINT PEER REVIEW PANELS.—Subject to section 1413B, the Secretary and a cooperating Federal agency may establish joint peer review panels for the purpose of evaluating grant proposals.".

SEC. 7404. REVIEW OF AGRICULTURAL RESEARCH SERVICE.

(a) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Secretary shall establish a task force to—

(1) conduct a review of the Agricultural Research Service; and

(2) evaluate the merits of establishing one or more National Institutes focused on disciplines important to the progress of food and agricultural science.

(b) MEMBERSHIP.—

(1) IN GENERAL.—The Task Force shall consist of 8 members, appointed by the Secretary, that—

(A) have a broad-based background in plant, animal, and agricultural sciences research, food, nutrition, biotechnology, crop production methods, environmental science, or related disciplines; and

(B) are familiar with the role and infrastructure used to conduct Federal and private research, including—

(i) the Agricultural Research Service;

(ii) the National Institutes of Health;

(iii) the National Science Foundation;

(iv) the National Aeronautics and Space Administration;

(v) the Department of Energy laboratory system; or

(vi) the Cooperative State Research, Education, and Extension Service.

(2) PRIVATE SECTOR.—Of the members appointed under paragraph (1), the Secretary shall appoint at least 6 members that are members of the private sector or come from institutions of higher education.

(3) PLANT AND AGRICULTURAL SCIENCES RESEARCH.—Of the members appointed under paragraph (1), the Secretary shall appoint at least 3 members that have an extensive background and preeminence in the field of plant, animal, and agricultural sciences research.

(4) CHAIRPERSON.—Of the members appointed under paragraph (1), the Secretary shall designate a Chairperson that has significant leadership experience in educational and research institutions and indepth knowledge of the research enterprises of the United States.

(5) CONSULTATION.—Before appointing members of the Task Force under this subsection, the Secretary shall consult with the National Academy of Sciences and the Office of Science and Technology Policy.

(c) DUTIES.—The Task Force shall—

(1) conduct a review of the purpose, efficiency, effectiveness, and impact on agricultural research of the Agricultural Research Service;

(2) conduct a review and evaluation of the merits of establishing one or more National Institutes (such as National Institutes for Plant and Agricultural Sciences) focused on disciplines important to the progress of food and agricultural sciences, and, if establishment of one or more National Institutes is recommended, provide further recommendations to the Secretary, including the structure for establishing each Institute, the multistate area location of each Institute, and the amount of funding necessary to establish each Institute; and

(3) submit the reports required by subsection (d).

(d) REPORTS.—Not later than 12 months after the date of enactment of this Act, the Task Force shall submit to the Committee on Agriculture of the House of Representatives, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Secretary—

(1) a report on the review and evaluation required under subsection (c)(1); and

(2) a report on the review and evaluation required under subsection (c)(2).

(e) FUNDING.—The Secretary shall use to carry out this section not more than 0.1 percent of the amount of appropriations available to the Agricultural Research Service for fiscal year 2003.

SEC. 7405. BEGINNING FARMER AND RANCHER DEVELOPMENT PROGRAM.

(a) DEFINITION OF BEGINNING FARMER OR RANCHER.—In this section, the term "beginning farmer or rancher" means a person that—

(1)(A) has not operated a farm or ranch; or

(B) has operated a farm or ranch for not more than 10 years; and

(2) meets such other criteria as the Secretary may establish.

(b) PROGRAM.—The Secretary shall establish a beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers.

(c) GRANTS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall make competitive grants to support new and established local and regional training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers, including programs and services (as appropriate) relating to—

(A) mentoring, apprenticeships, and internships;

(B) resources and referral;

(C) assisting beginning farmers or ranchers in acquiring land from retiring farmers and ranchers;

(D) innovative farm and ranch transfer strategies;

(E) entrepreneurship and business training;

(F) model land leasing contracts;

(G) financial management training;

(H) whole farm planning;

(I) conservation assistance;

(J) risk management education;

(K) diversification and marketing strategies;

(L) curriculum development;

(M) understanding the impact of concentration and globalization;

(N) basic livestock and crop farming practices;

(O) the acquisition and management of agricultural credit;

(P) environmental compliance;

(Q) information processing; and

(R) other similar subject areas of use to beginning farmers or ranchers.

(2) ELIGIBILITY.—To be eligible to receive a grant under this subsection, the recipient shall be a collaborative State, tribal, local, or regionally-based network or partnership of public or private entities, which may include—

(A) a State cooperative extension service;

(B) a Federal, State, or tribal agency;

(C) a community-based and nongovernmental organization;

(D) a college or university (including an institution awarding an associate's degree) or foundation maintained by a college or university; or

(E) any other appropriate partner, as determined by the Secretary.

(3) TERM OF GRANT.—The term of a grant under this subsection shall not exceed 3 years.

(4) MATCHING REQUIREMENT.—To be eligible to receive a grant under this subsection, a recipient shall provide a match in the form of cash or in-kind contributions in an amount equal to 25 percent of the funds provided by the grant.

(5) SET-ASIDE.—Not less than 25 percent of funds used to carry out this subsection for a fiscal year shall be used to support programs and services that address the needs of—

(A) limited resource beginning farmers or ranchers (as defined by the Secretary);

(B) socially disadvantaged beginning farmers or ranchers (as defined in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)); and

(C) farmworkers desiring to become farmers or ranchers.

(6) PROHIBITION.—A grant made under this subsection may not be used for the planning, repair, rehabilitation, acquisition, or construction of a building or facility.

(7) ADMINISTRATIVE COSTS.—The Secretary shall use not more than 4 percent of the funds made available to carry out

this subsection for administrative costs incurred by the Secretary in carrying out this section.

(d) EDUCATION TEAMS.—

(1) IN GENERAL.—In carrying out this section, the Secretary shall establish beginning farmer and rancher education teams to develop curricula and conduct educational programs and workshops for beginning farmers or ranchers in diverse geographical areas of the United States.

(2) CURRICULUM.—In promoting the development of curricula, the Secretary shall, to the maximum extent practicable, include modules tailored to specific audiences of beginning farmers or ranchers, based on crop or regional diversity.

(3) COMPOSITION.—In establishing an education team for a specific program or workshop, the Secretary shall, to the maximum extent practicable—

(A) obtain the short-term services of specialists with knowledge and expertise in programs serving beginning farmers or ranchers; and

(B) use officers and employees of the Department with direct experience in programs of the Department that may be taught as part of the curriculum for the program or workshop.

(4) COOPERATION.—

(A) IN GENERAL.—In carrying out this subsection, the Secretary shall cooperate, to the maximum extent practicable, with—

(i) State cooperative extension services;

(ii) Federal and State agencies;

(iii) community-based and nongovernmental organizations;

(iv) colleges and universities (including an institution awarding an associate's degree) or foundations maintained by a college or university; and

(v) other appropriate partners, as determined by the Secretary.

(B) COOPERATIVE AGREEMENT.—Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into a cooperative agreement to reflect the terms of any cooperation under subparagraph (A).

(e) CURRICULUM AND TRAINING CLEARINGHOUSE.—The Secretary shall establish an online clearinghouse that makes available to beginning farmers or ranchers education curricula and training materials and programs, which may include online courses for direct use by beginning farmers or ranchers.

(f) STAKEHOLDER INPUT.—In carrying out this section, the Secretary shall seek stakeholder input from—

(1) beginning farmers and ranchers;

(2) national, State, tribal, and local organizations and other persons with expertise in operating beginning farmer and rancher programs; and

(3) the Advisory Committee on Beginning Farmers and Ranchers established under section 5 of the Agricultural Credit Improvement Act of 1992 (7 U.S.C. 1929 note; Public Law 102–554).

(g) PARTICIPATION BY OTHER FARMERS AND RANCHERS.—Nothing in this section prohibits the Secretary from allowing farmers and ranchers who are not beginning farmers or ranchers from participating in programs authorized under this section to the extent that the Secretary determines that such participation is appropriate and will not detract from the primary purpose of educating beginning farmers and ranchers.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 2002 through 2007.

SEC. 7406. SENSE OF CONGRESS REGARDING DOUBLING OF FUNDING FOR AGRICULTURAL RESEARCH.

It is the sense of Congress that—

(1) Federal funding for food and agricultural research has been essentially constant for 2 decades, putting at risk the scientific base on which food and agricultural advances have been made;

(2) the resulting increase in the relative proportion of private sector, industry investments in food and agricultural research has led to questions about the independence and objectivity of research and outreach conducted by the Federal and university research sectors; and

(3) funding for food and agricultural research should be at least doubled over the next 5 fiscal years—

(A) to restore the balance between public and private sector funding for food and agricultural research; and

(B) to maintain the scientific base on which food and agricultural advances are made.

SEC. 7407. ORGANIC PRODUCTION AND MARKET DATA INITIATIVES.

The Secretary shall ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collection regarding agricultural production and marketing.

SEC. 7408. INTERNATIONAL ORGANIC RESEARCH COLLABORATION.

The Secretary, acting through the Agricultural Research Service (including the National Agricultural Library) and the Economic Research Service, shall facilitate access by research and extension professionals, farmers, and other interested persons in the United States to, and the use by those persons of, organic research conducted outside the United States.

SEC. 7409. REPORT ON PRODUCERS AND HANDLERS OF ORGANIC AGRICULTURAL PRODUCTS.

Not later than 1 year after funds are made available to carry out this section, the Secretary shall submit to Congress a report that—

(1) describes—

(A) the extent to which producers and handlers of organic agricultural products are contributing to research and promotion programs of the Department;

(B) the extent to which producers and handlers of organic agricultural products are surveyed for ideas for research and promotion;

(C) ways in which the programs reflect the contributions made by producers and handlers of organic agricul-

tural products and directly benefit the producers and handlers; and

(D) the implementation of initiatives that directly benefit organic producers and handlers; and

(2) evaluates industry and other proposals for improving the treatment of certified organic agricultural products under Federal marketing orders, including proposals to target additional resources for research and promotion of organic products and to differentiate between certified organic and other products in new or existing volume limitations or other orderly marketing requirements.

SEC. 7410. REPORT ON GENETICALLY MODIFIED PEST-PROTECTED PLANTS.

It is the sense of Congress that, not later than 1 year after the date of enactment of this Act, the Secretary should—

(1) review the recommendations of the Committee on Genetically Modified Pest-Protected Plants of the Board on Agriculture and Natural Resources of the National Research Council made during 2000 and the Committee on Environmental Impacts Associated with Commercialization of Transgenic Plants made during 2002, concerning food safety, ecological research, monitoring needs for transgenic crops with plant incorporated protectants, and the environmental effects of transgenic plants; and

(2) submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes actions taken to implement those recommendations by agencies within the Department, including agencies that develop or implement programs or objectives relating to marketing, regulation, food safety, research, education, or economics.

SEC. 7411. STUDY OF NUTRIENT BANKING.

(a) IN GENERAL.—The Secretary may conduct a study to evaluate nutrient banking for the purpose of enhancing the health and viability of watersheds in areas with large concentrations of animal producing units.

(b) COMPONENTS.—In conducting any study under subsection (a), the Secretary shall evaluate the costs, needs, and means by which litter may be collected and distributed outside the applicable watershed to reduce potential point source and nonpoint source phosphorous pollution.

(c) REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of any study conducted under subsection (a).

SEC. 7412. GRANTS FOR YOUTH ORGANIZATIONS.

Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) (as amended by section 7206(e)) is amended by adding at the end the following:

"SEC. 410. GRANTS FOR YOUTH ORGANIZATIONS.

"(a) IN GENERAL.—The Secretary, acting through the Administrator of the Cooperative State Research, Education, and Extension Service, shall make grants to the Girl Scouts of the United States of America, the Boy Scouts of America, the National 4–H Council,

and the National FFA Organization to establish pilot projects to expand the programs carried out by the organizations in rural areas and small towns (including, with respect to the National 4–H Council, activities provided for in Public Law 107–19 (115 Stat. 153)).

"(b) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available $8,000,000 for fiscal year 2002, which shall remain available until expended.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section such sums as are necessary for each of fiscal years 2003 through 2007.".

Subtitle E—Miscellaneous

SEC. 7501. RESIDENT INSTRUCTION AND DISTANCE EDUCATION AT INSTITUTIONS OF HIGHER EDUCATION IN UNITED STATES INSULAR AREAS.

(a) PURPOSE.—It is the purpose of this subtitle to promote and strengthen higher education in the food and agricultural sciences at institutions of higher education (as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a))) that have demonstrable capacity to carry out teaching and extension programs in food and agricultural sciences and that are located in the insular areas of the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, the Republic of the Marshall Islands, or the Republic of Palau by formulating and administering programs to enhance teaching programs in agriculture, natural resources, forestry, veterinary medicine, home economics, and disciplines closely allied to the food and agriculture production and delivery systems.

SEC. 7502. DEFINITIONS.

(a) IN GENERAL.—Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended—

(1) by redesignating paragraphs (10) through (17) as paragraphs (11) through (18), respectively;

(2) by inserting after paragraph (9) the following:

"(10) INSULAR AREA.—The term 'insular area' means—

"(A) the Commonwealth of Puerto Rico;

"(B) Guam;

"(C) American Samoa;

"(D) the Commonwealth of the Northern Mariana Islands;

"(E) the Federated States of Micronesia;

"(F) the Republic of the Marshall Islands;

"(G) the Republic of Palau; and

"(H) the Virgin Islands of the United States."; and

(3) by striking paragraph (13) (as so redesignated) and inserting the following:

"(13) STATE.—The term 'State' means—

"(A) a State;

"(B) the District of Columbia; and

"(C) any insular area.".

(b) EFFECT OF AMENDMENTS.—The amendments made by subsection (a) shall not affect any basis for distribution of funds by formula (in effect on the date of enactment of this Act) to—

(1) the Federated States of Micronesia;

(2) the Republic of the Marshall Islands; or

(3) the Republic of Palau.

SEC. 7503. RESIDENT INSTRUCTION AND DISTANCE EDUCATION GRANTS PROGRAM FOR INSULAR AREA INSTITUTIONS OF HIGHER EDUCATION.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding at the end the following:

"Subtitle O—Institutions of Higher Education in Insular Areas

"SEC. 1489. DEFINITION.

"For the purposes of this subtitle, the term 'eligible institution' means an institution of higher education (as defined in section 101(a) of the Higher Education Act of 1965 (20 U.S.C. 1001(a)) in an insular area that has demonstrable capacity to carry out teaching and extension programs in the food and agricultural sciences.

"SEC. 1490. DISTANCE EDUCATION GRANTS FOR INSULAR AREAS.

"(a) IN GENERAL.—The Secretary may make competitive or noncompetitive grants to eligible institutions in insular areas to strengthen the capacity of such institutions to carry out distance food and agricultural education programs using digital network technologies.

"(b) USE.—Grants made under this section shall be used—

"(1) to acquire the equipment, instrumentation, networking capability, hardware and software, digital network technology, and infrastructure necessary to teach students and teachers about technology in the classroom;

"(2) to develop and provide educational services (including faculty development) to prepare students or faculty seeking a degree or certificate that is approved by the State or a regional accrediting body recognized by the Secretary of Education;

"(3) to provide teacher education, library and media specialist training, and preschool and teacher aid certification to individuals who seek to acquire or enhance technology skills in order to use technology in the classroom or instructional process;

"(4) to implement a joint project to provide education regarding technology in the classroom with a local educational agency, community-based organization, national nonprofit organization, or business; or

"(5) to provide leadership development to administrators, board members, and faculty of eligible institutions with institutional responsibility for technology education.

"(c) LIMITATION ON USE OF GRANT FUNDS.—Funds provided under this section shall not be used for the planning, acquisition, construction, rehabilitation, or repair of a building or facility.

"(d) ADMINISTRATION OF PROGRAM.—The Secretary may carry out this section in a manner that recognizes the different needs and

opportunities for eligible institutions in the Atlantic and Pacific Oceans.

"(e) MATCHING REQUIREMENT.—

"(1) IN GENERAL.—The Secretary may establish a requirement that an eligible institution receiving a grant under this section shall provide matching funds from non-Federal sources in an amount equal to not less than 50 percent of the grant.

"(2) WAIVERS.—If the Secretary establishes a matching requirement under paragraph (1), the Secretary shall retain an option to waive the requirement for an eligible institution for any fiscal year if the Secretary determines that the institution will be unlikely to meet the matching requirement for the fiscal year.

"(f) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section such sums as may be necessary for each of fiscal years 2002 through 2007.

"SEC. 1491. RESIDENT INSTRUCTION GRANTS FOR INSULAR AREAS.

"(a) IN GENERAL.—The Secretary of Agriculture shall make competitive grants to eligible institutions to—

"(1) strengthen institutional educational capacities, including libraries, curriculum, faculty, scientific instrumentation, instruction delivery systems, and student recruitment and retention, in order to respond to identified State, regional, national, or international education needs in the food and agricultural sciences;

"(2) attract and support undergraduate and graduate students in order to educate them in identified areas of national need in the food and agriculture sciences;

"(3) facilitate cooperative initiatives between two or more insular area eligible institutions, or between those institutions and units of State Government or organizations in the private sector, to maximize the development and use of resources such as faculty, facilities, and equipment to improve food and agricultural sciences teaching programs; and

"(4) conduct undergraduate scholarship programs to assist in meeting national needs for training food and agricultural scientists

"(b) GRANT REQUIREMENTS.—

"(1) The Secretary of Agriculture shall ensure that each eligible institution, prior to receiving grant funds under subsection (a), shall have a significant demonstrable commitment to higher education programs in the food and agricultural sciences and to each specific subject area for which grant funds under this section are to be used.

"(2) The Secretary of Agriculture may require that any grant awarded under this section contain provisions that require funds to be targeted to meet the needs identified in section 1402.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary for each of the fiscal years 2002 through 2007 to carry out this section.".

SEC. 7504. DECLARATION OF EXTRAORDINARY EMERGENCY AND RESULTING AUTHORITIES.

(a) REVIEW OF PAYMENT OF COMPENSATION.—Section 415(e) of the Plant Protection Act (7 U.S.C. 7715(e)) is amended by inserting before the final period the following: "or a review of longer than 60 days by any officer or employee of the Federal Government other than the Secretary or the designee of the Secretary".

(b) REVIEW OF CERTAIN DECISIONS.—Section 442 of the Plant Protection Act (7 U.S.C. 7772) is amended by adding at the end the following new subsection:

"(c) SECRETARIAL DISCRETION.—The action of any officer, employee, or agent of the Secretary in carrying out this Act, including determining the amount of and making any payment authorized to be made under this title, shall not be subject to a review of longer than 60 days by any officer or employee of the Federal Government other than the Secretary or the designee of the Secretary.".

(c) METHYL BROMIDE.—The Plant Protection Act (7 U.S.C. 7701 et seq.) is amended by inserting after section 418 the following new section:

"SEC. 419. METHYL BROMIDE.

"(a) IN GENERAL.—The Secretary, upon request of State, local, or tribal authorities, shall determine whether methyl bromide treatments or applications required by State, local, or tribal authorities to prevent the introduction, establishment, or spread of plant pests (including diseases) or noxious weeds should be authorized as an official control or official requirement. The Secretary shall not authorize such treatments or applications unless the Secretary finds there is no other registered, effective, and economically feasible alternative available.

"(b) METHYL BROMIDE ALTERNATIVE.—The Secretary, in consultation with State, local and tribal authorities, shall establish a program to identify alternatives to methyl bromide for treatment and control of plant pests and weeds. For uses where no registered, effective, economically feasible alternatives available can currently be identified, the Secretary shall initiate research programs to develop alternative methods of control and treatment.

"(c) REGISTRY.—Not later than 180 days after the date of enactment of this section, the Secretary shall publish, and thereafter maintain, a registry of State, local, and tribal requirements authorized by the Secretary under this section.

"(d) ADMINISTRATION.—

"(1) TIMELINE FOR DETERMINATION.—Upon the promulgation of regulations to carry out this section, the Secretary shall make the determination required by subsection (a) not later than 90 days after receiving the request for such a determination.

"(2) CONSTRUCTION.—Nothing in this section shall be construed to alter or modify the authority of the Administrator of the Environmental Protection Agency or to provide any authority to the Secretary of Agriculture under the Clean Air Act or regulations promulgated under the Clean Air Act.".

SEC. 7505. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR DEVELOPING COUNTRIES.

Title IV of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is amended by adding at the end the following:

"SEC. 411. AGRICULTURAL BIOTECHNOLOGY RESEARCH AND DEVELOPMENT FOR DEVELOPING COUNTRIES.

"(a) ELIGIBLE ENTITY.—In this section, the term 'eligible entity' means—

"(A) an institution of higher education that offers a curriculum in agriculture or the biosciences;

"(B) a nonprofit organization; or

"(C) a consortium of for-profit institutions and agricultural research institutions.

"(b) GRANT PROGRAM.—

"(1) IN GENERAL.—The Secretary (acting through the Foreign Agricultural Service) shall establish and administer a program to make competitive grants to eligible entities to develop agricultural biotechnology for developing countries.

"(2) USE OF FUNDS.—Funds provided to an eligible entity under this section may be used for projects that use biotechnology to—

"(A) enhance the nutritional content of agricultural products that can be grown in developing countries;

"(B) increase the yield and safety of agricultural products that can be grown in developing countries;

"(C) increase the yield of agricultural products that are drought- and stress-resistant and that can be grown in developing countries;

"(D) extend the growing range of crops that can be grown in developing countries;

"(E) enhance the shelf-life of fruits and vegetables grown in developing countries;

"(F) develop environmentally sustainable agricultural products that can be grown in developing countries; and

"(G) develop vaccines to immunize against life-threatening illnesses and other medications that can be administered by consuming genetically-engineered agricultural products.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section for each of fiscal years 2002 through 2007.".

SEC. 7506. LAND ACQUISITION AUTHORITY, NATIONAL PEANUT RESEARCH LABORATORY, DAWSON, GEORGIA.

The limitation on the authority of the Agricultural Research Service to acquire lands by purchase using funds appropriated under the heading AGRICULTURAL RESEARCH SERVICE-SALARIES AND EXPENSES in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002 (Public Law 107–76; 115 Stat. 708), shall not apply to the purchase of land for a research farm for the National Peanut Research Laboratory in Dawson, Georgia, for which a lease with an option to purchase has been entered into before the date of enactment of this Act.

TITLE VIII—FORESTRY

Subtitle A—Cooperative Forestry Assistance Act of 1978

SEC. 8001. REPEAL OF FORESTRY INCENTIVES PROGRAM AND STEWARDSHIP INCENTIVE PROGRAM.

(a) REPEAL.—The Cooperative Forestry Assistance Act of 1978 is amended by striking section 4 (16 U.S.C. 2103) and section 6 (16 U.S.C. 2103b).

(b) USE OF REMAINING FUNDS.—Notwithstanding the amendment made by subsection (a), the Secretary of Agriculture may use funds appropriated for fiscal year 2002 for the forestry incentives program or the stewardship incentive program, but not expended before the date of enactment of this Act, to carry out sections 4 and 6 of the Cooperative Forestry Assistance Act of 1978, as in effect on the date before the date of enactment of this Act.

SEC. 8002. ESTABLISHMENT OF FOREST LAND ENHANCEMENT PROGRAM.

(a) PURPOSES.—The purposes of this section are—

(1) to strengthen the commitment of the Secretary of Agriculture to sustainable forest management to enhance the productivity of timber, fish and wildlife habitat, soil and water quality, wetland, recreational resources, and aesthetic values of forest land; and

(2) to establish a coordinated and cooperative Federal, State, and local sustainable forestry program for the establishment, management, maintenance, enhancement, and restoration of forests on nonindustrial private forest land.

(b) FOREST LAND ENHANCEMENT PROGRAM.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 3 (16 U.S.C. 2102) the following:

"SEC. 4. FOREST LAND ENHANCEMENT PROGRAM.

"(a) ESTABLISHMENT.—

"(1) IN GENERAL.—The Secretary of Agriculture shall establish a forest land enhancement program—

"(A) to provide financial assistance to State foresters; and

"(B) to encourage the long-term sustainability of nonindustrial private forest lands in the United States by assisting the owners of nonindustrial private forest lands, through State foresters, in more actively managing the nonindustrial private forest lands and related resources of those owners through the use of State, Federal, and private sector resource management expertise, financial assistance, and educational programs.

"(2) COORDINATION AND CONSULTATION.—The Secretary, acting through State foresters, shall implement the program—

"(A) in coordination with the State Forest Stewardship Coordinating Committees; and

"(B) in consultation with other Federal, State, and local natural resource management agencies, institutions of

higher education, and a broad range of private sector interests.

"(b) PROGRAM OBJECTIVES.—In implementing the program, the Secretary shall target resources to achieve the following objectives:

"(1) Investing in practices to establish, restore, protect, manage, maintain, and enhance the health and productivity of the nonindustrial private forest lands in the United States for timber, habitat for flora and fauna, soil, water, and air quality, wetlands, and riparian buffers.

"(2) Ensuring that afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices occur where needed to enhance and sustain the long-term productivity of timber and nontimber forest resources to help meet future public demand for all forest resources and provide environmental benefits.

"(3) Reducing the risks and helping restore, recover, and mitigate the damage to forests caused by fire, insects, invasive species, disease, and damaging weather.

"(4) Increasing and enhancing carbon sequestration opportunities.

"(5) Enhancing implementation of agroforestry practices.

"(6) Maintaining and enhancing the forest landbase and leverage State and local financial and technical assistance to owners that promote the same conservation and environmental values.

"(7) Preserving the aesthetic quality of nonindustrial private forest lands and providing opportunities for outdoor recreation.

"(c) STATE PRIORITY PLAN.—

"(1) DEVELOPMENT.—The State Forester and State Forest Stewardship Coordinating Committee of a State shall jointly develop and submit to the Secretary a State priority plan that is intended to promote forest management objectives in that State.

"(2) REPORT.—Not later than September 30, 2006, each State that implemented a State priority plan shall submit to the Secretary a report describing the status of all activities and practices funded under the program as of that date.

"(d) OWNER ELIGIBILITY FOR ASSISTANCE.—

"(1) ELIGIBILITY CRITERIA.—To be eligible for cost-share assistance under the program, an owner of nonindustrial private forest lands shall agree—

"(A) to develop and implement, in cooperation with a State forester, another State official, or a professional resources manager, a management plan that—

"(i) except as provided in paragraph (2) or (3), provides for the treatment of not more than 1,000 acres of nonindustrial private forest lands;

"(ii) is approved by the State forester; and

"(iii) addresses site specific activities and practices; and

"(B) to implement approved activities and practices in a manner consistent with the management plan for a pe-

riod of not less than 10 years, unless the State forester approves a modification to the plan.

"(2) PUBLIC BENEFIT EXCEPTION.—The Secretary may increase the acreage limitation specified in paragraph (1)(A)(i) to not more than 5,000 acres for an owner of nonindustrial private forest lands if the Secretary, in consultation with the State forester, determines that significant public benefits will accrue as a result of the provision of cost-share assistance under the program for the treatment of the additional acreage.

"(3) PLAN DEVELOPMENT EXCEPTION.—An owner may receive cost-share assistance under the program for the purpose of developing a management plan under subsection (e) that provides for the treatment of acreage in excess of the acreage limitations specified in paragraphs (1)(A)(i) and (2), except that the owner's eligibility for cost-share assistance to implement approved activities and practices under the management plan remains subject to the acreage limitation specified in paragraph (1)(A)(i) or, if the Secretary makes the determination described in paragraph (2), the acreage limitation specified in that paragraph.

"(e) MANAGEMENT PLAN.—

"(1) SUBMISSION AND CONTENT.—An owner of nonindustrial private forest lands that seeks to participate in the program shall submit to the State forester of the State in which the lands are located a management plan that—

"(A) identifies and describes projects and activities to be carried out by the owner to protect or enhance soil, water, air, range and aesthetic quality, recreation, timber, water, wetland, or fish and wildlife resources on the lands in a manner that is compatible with the objectives of the owner;

"(B) addresses any criteria established by the State and the applicable Committee; and

"(C) meets the other requirements of this section.

"(2) LANDS COVERED.—At a minimum, the management plan shall apply to those portions of the nonindustrial private forest lands of the owner on which any project or activity funded under the program will be carried out. In a case in which a project or activity may affect acreage outside the portion of the land on which the project or activity is carried out, the management plan shall apply to all lands of the owner that are in forest cover and may be affected by the project or activity.

"(f) APPROVED ACTIVITIES.—

"(1) STATE LIST.—The Secretary shall develop for each State a list of approved forest activities and practices eligible for cost-share assistance that meets the purposes of the program. The Secretary shall develop the list for a State in consultation with the State forester and the Committee for that State.

"(2) TYPES OF ACTIVITIES.—Approved activities and practices under paragraph (1) may consist of activities and practices for the following purposes:

"(A) The establishment, management, maintenance, and restoration of forests for shelterbelts, windbreaks, aesthetic quality, and other conservation purposes.

"(B) The sustainable growth and management of forests for timber production.

"(C) The restoration, use, and enhancement of forest wetland and riparian areas.

"(D) The protection of water quality and watersheds through—

"(i) the planting of trees in riparian areas; and

"(ii) the enhanced management and maintenance of native vegetation on land vital to water quality.

"(E) The management, maintenance, restoration, or development of habitat for plants, fish, and wildlife.

"(F) The control, detection, monitoring, and prevention of the spread of invasive species and pests on nonindustrial private forest lands.

"(G) The restoration of nonindustrial private forest land affected by invasive species and pests.

"(H) The conduct of other management activities, such as the reduction of hazardous fuels, that reduce the risks to forests posed by, and that restore, recover, and mitigate the damage to forests caused by, fire or any other catastrophic event, as determined by the Secretary.

"(I) The development of management plans;

"(J) The conduct of energy conservation and carbon sequestration activities.

"(K) The conduct of other activities approved by the Secretary, in consultation with the State forester and the appropriate Committees.

"(g) REIMBURSEMENT OF ELIGIBLE ACTIVITIES.—

"(1) IN GENERAL.—In the case of an eligible owner that has an approved management plan, the Secretary shall share the cost of implementing the approved activities and practices that the Secretary determines are appropriate.

"(2) RATE.—The Secretary shall determine the appropriate reimbursement rate for cost-share payments under paragraph (1) and the schedule for making those payments.

"(3) MAXIMUM COST SHARE.—The Secretary shall not make cost-share payments under this subsection to an owner in an amount in excess of 75 percent, or a lower percentage as determined by the State forester, of the total cost to the owner to implement the approved activities and practices under the management plan.

"(4) AGGREGATE PAYMENT LIMIT.—The Secretary shall determine the maximum aggregate amount of cost-share payments that an owner may receive under the program.

"(5) CONSULTATION.—The Secretary shall make determinations under this subsection in consultation with the State forester.

"(h) RECAPTURE.—

"(1) IN GENERAL.—The Secretary shall establish and implement a mechanism to recapture payments made to an owner in the event that the owner fails to implement an approved activity or practice specified in the management plan for which the owner received cost-share payments.

"(2) ADDITIONAL REMEDY.—The remedy provided in paragraph (1) is in addition to any other remedy available to the Secretary.

"(i) DISTRIBUTION OF COST-SHARE FUNDS.—The Secretary, acting through the State foresters, shall distribute funds available for cost sharing under the program only after giving appropriate consideration to the following factors:

"(1) The public benefits that would result from the distribution.

"(2) The total acreage of nonindustrial private forest lands in each State.

"(3) The potential productivity of those lands, as determined by the Secretary.

"(4) The number of owners eligible for cost sharing in each State.

"(5) The opportunities to enhance nontimber resources on those lands, including—

"(A) the protection of riparian buffers and forest wetland;

"(B) the preservation of fish and wildlife habitat;

"(C) the enhancement of soil, air, and water quality; and

"(D) the preservation of aesthetic quality and opportunities for outdoor recreation.

"(6) The anticipated demand for timber and nontimber resources in each State.

"(7) The need to improve forest health to minimize the damaging effects of catastrophic fire, insects, disease, or weather.

"(8) The need and demand for agroforestry practices in each State.

"(9) The need to maintain and enhance the forest landbase.

"(10) The need for afforestation, reforestation, and timber stand improvement.

"(j) AVAILABILITY OF FUNDS.—The Secretary shall use $100,000,000 of funds of the Commodity Credit Corporation to carry out the Program during the period beginning on the date of enactment of the Farm Security and Rural Investment Act of 2002 and ending on September 30, 2007.

"(k) DEFINITIONS.—In this section:

"(1) NONINDUSTRIAL PRIVATE FOREST LANDS.—The term 'nonindustrial private forest lands' means rural lands, as determined by the Secretary, that—

"(A) have existing tree cover or are suitable for growing trees; and

"(B) are owned by any nonindustrial private individual, group, association, corporation, Indian tribe, or other private legal entity so long as the individual, group, association, corporation, tribe, or entity has definitive decision-making authority over the lands.

"(2) COMMITTEE.—The terms 'State Forest Stewardship Coordinating Committee' and 'Committee' means a State Forest Stewardship Coordinating Committee established under section 19(b).

"(3) INDIAN TRIBE.—The term 'Indian tribe' has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

"(4) OWNER.—The term 'owner' means an owner of non-industrial private forest land.

"(5) PROGRAM.—The term 'program' means the forest land enhancement program established by this section.

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

"(7) STATE FORESTER.—The term 'State forester' means the director or other head of a State Forestry Agency or equivalent State official.".

(c) CONFORMING AMENDMENT.—Section 246(b)(2) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6962(b)(2)) is amended by striking "forestry incentive program" and inserting "forest land enhancement program".

SEC. 8003. ENHANCED COMMUNITY FIRE PROTECTION.

(a) FINDINGS.—Congress finds the following:

(1) The severity and intensity of wildland fires has increased dramatically over the past few decades as a result of past fire and land management policies.

(2) The record 2000 fire season is a prime example of what can be expected if action is not taken.

(3) Wildland fires threaten not only the forested resources of the United States, but also the thousands of communities intermingled with the wildlands in the wildland-urban interface.

(4) The National Fire Plan, if implemented to achieve appropriate priorities, is the proper, coordinated, and most effective means to address the issue of wildfires.

(5) While adequate authorities exist to tackle the wildfire issues at the landscape level on Federal lands, there is limited authority to take action on most private lands, and the largest threat to life and property exists on private lands.

(6) There is a significant Federal interest in enhancing community protection from wildfire.

(b) ENHANCED PROTECTION.—The Cooperative Forestry Assistance Act of 1978 is amended by inserting after section 10 (16 U.S.C. 2106) the following:

"SEC. 10A. ENHANCED COMMUNITY FIRE PROTECTION.

"(a) COOPERATIVE MANAGEMENT RELATED TO WILDFIRE THREATS.—The Secretary may cooperate with State foresters and equivalent State officials in the management of lands in the United States for the following purposes:

"(1) Aid in wildfire prevention and control.

"(2) Protect communities from wildfire threats.

"(3) Enhance the growth and maintenance of trees and forests that promote overall forest health.

"(4) Ensure the continued production of all forest resources, including timber, outdoor recreation opportunities, wildlife habitat, and clean water, through conservation of forest cover on watersheds, shelterbelts, and windbreaks.

"(b) COMMUNITY AND PRIVATE LAND FIRE ASSISTANCE PROGRAM.—

"(1) ESTABLISHMENT; PURPOSE.—The Secretary shall establish a Community and Private Land Fire Assistance program (in this subsection referred to as the 'Program')—

"(A) to focus the Federal role in promoting optimal firefighting efficiency at the Federal, State, and local levels;

"(B) to augment Federal projects that establish landscape level protection from wildfires;

"(C) to expand outreach and education programs to homeowners and communities about fire prevention; and

"(D) to establish space around homes and property of private landowners that is defensible against wildfires.

"(2) ADMINISTRATION AND IMPLEMENTATION.—The Program shall be administered by the Forest Service and implemented through State foresters or equivalent State officials.

"(3) COMPONENTS.—In coordination with existing authorities under this Act, the Secretary, in consultation with the State forester or equivalent State official, may undertake on non-Federal lands—

"(A) fuel hazard mitigation and prevention;

"(B) invasive species management;

"(C) multiresource wildfire planning;

"(D) community protection planning;

"(E) community and landowner education enterprises, including the program known as FIREWISE;

"(F) market development and expansion;

"(G) improved wood utilization; and

"(H) special restoration projects.

"(4) CONSENT REQUIRED.—Program activities undertaken by the Secretary on non-Federal lands shall be undertaken only with the consent of the owner of the lands.

"(5) CONSIDERATIONS.—The Secretary shall use persons in the local community wherever possible to carry out projects under the Program.

"(c) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Administrator of the United States Fire Administration, the Director of the National Institute of Standards and Technology, and the heads of other Federal agencies, as necessary.

"(d) AUTHORIZATION OF APPROPRIATIONS.—There are hereby authorized to be appropriated to the Secretary to carry out this section—

(1) $35,000,000 for each of fiscal years 2002 through 2007; and

(2) such sums as are necessary for fiscal years thereafter.".

Subtitle B—Amendments to Other Laws

SEC. 8101. SUSTAINABLE FORESTRY OUTREACH INITIATIVE; RENEWABLE RESOURCES EXTENSION ACTIVITIES.

(a) SUSTAINABLE FORESTRY OUTREACH INITIATIVE.—The Renewable Resources Extension Act of 1978 is amended by inserting after section 5A (16 U.S.C. 1674a) the following:

"SEC. 5B. SUSTAINABLE FORESTRY OUTREACH INITIATIVE.

"The Secretary shall establish a program, to be known as the 'Sustainable Forestry Outreach Initiative', to educate landowners concerning the following:

"(1) The value and benefits of practicing sustainable forestry.

"(2) The importance of professional forestry advice in achieving sustainable forestry objectives.

"(3) The variety of public and private sector resources available to assist the landowners in planning for and practicing sustainable forestry.".

(b) RENEWABLE RESOURCES EXTENSION ACTIVITIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—Section 6 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1675) is amended by striking the first sentence and inserting the following: "There is authorized to be appropriated to carry out this Act $30,000,000 for each of fiscal years 2002 through 2007.".

(2) TERMINATION DATE.—Section 8 of the Renewable Resources Extension Act of 1978 (16 U.S.C. 1671 note; Public Law 95–306) is amended by striking "2000" and inserting "2007".

SEC. 8102. OFFICE OF INTERNATIONAL FORESTRY.

Section 2405(d) of the Global Climate Change Prevention Act of 1990 (7 U.S.C. 6704(d)) is amended by striking "2002" and inserting "2007".

Subtitle C—Miscellaneous Provisions

SEC. 8201. MCINTIRE-STENNIS COOPERATIVE FORESTRY RESEARCH PROGRAM.

It is the sense of Congress to reaffirm the importance of Public Law 87–788 (16 U.S.C. 582a et seq.), commonly known as the "McIntire-Stennis Cooperative Forestry Act".

TITLE IX—ENERGY

SEC. 9001. DEFINITIONS.

In this title:

(1) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

(2) BIOBASED PRODUCT.—The term "biobased product" means a product determined by the Secretary to be a commercial or industrial product (other than food or feed) that is composed, in whole or in significant part, of biological products or renewable domestic agricultural materials (including plant, animal, and marine materials) or forestry materials.

(3) BIOMASS.—

(A) IN GENERAL.—The term "biomass" means any organic material that is available on a renewable or recurring basis.

(B) INCLUSIONS.—The term "biomass" includes—

(i) agricultural crops;

(ii) trees grown for energy production;

(iii) wood waste and wood residues;

(iv) plants (including aquatic plants and grasses);
(v) residues;
(vi) fibers;
(vii) animal wastes and other waste materials; and
(viii) fats, oils, and greases (including recycled fats, oils, and greases).

(C) EXCLUSIONS.—The term "biomass" does not include—
(i) paper that is commonly recycled; or
(ii) unsegregated solid waste.

(4) RENEWABLE ENERGY.—The term "renewable energy" means energy derived from—
(A) a wind, solar, biomass, or geothermal source; or
(B) hydrogen derived from biomass or water using an energy source described in subparagraph (A).

(5) RURAL SMALL BUSINESS.—The term "rural small business" has the meaning that the Secretary shall prescribe by regulation.

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

SEC. 9002. FEDERAL PROCUREMENT OF BIOBASED PRODUCTS.

(a) APPLICATION OF SECTION.—Except as provided in subsection (c), each Federal agency shall comply with the requirements set forth in this section and any regulations issued under this section, with respect to any purchase or acquisition of a procurement item where the purchase price of the item exceeds $10,000 or where the quantity of such items or of functionally equivalent items purchased or acquired in the course of the preceding fiscal year was $10,000 or more.

(b) PROCUREMENT SUBJECT TO OTHER LAW.—Any procurement, by any Federal agency, which is subject to regulations of the Administrator under section 6002 of the Solid Waste Disposal Act (42 U.S.C. 6962), shall not be subject to the requirements of this section to the extent that such requirements are inconsistent with such regulations.

(c) PROCUREMENT PREFERENCE.—(1) Except as provided in paragraph (2), after the date specified in applicable guidelines prepared pursuant to subsection (e) of this section, each Federal agency which procures any items designated in such guidelines shall, in making procurement decisions, give preference to such items composed of the highest percentage of biobased products practicable, consistent with maintaining a satisfactory level of competition, considering such guidelines.

(2) AGENCY FLEXIBILITY.—Notwithstanding paragraph (1), an agency may decide not to procure such items if the agency determines that the items—
(A) are not reasonably available within a reasonable period of time;
(B) fail to meet the performance standards set forth in the applicable specifications or fail to meet the reasonable performance standards of the procuring agencies; or
(C) are available only at an unreasonable price.

(3) After the date specified in any applicable guidelines prepared pursuant to subsection (e) of this section, contracting offices shall require that, with respect to biobased products, vendors certify

that the biobased products to be used in the performance of the contract will comply with the applicable specifications or other contractual requirements.

(d) SPECIFICATIONS.—All Federal agencies that have the responsibility for drafting or reviewing specifications for procurement items procured by Federal agencies shall, within one year after the date of publication of applicable guidelines under subsection (e), or as otherwise specified in such guidelines, assure that such specifications require the use of biobased products consistent with the requirements of this section.

(e) GUIDELINES.—

(1) IN GENERAL.—The Secretary, after consultation with the Administrator, the Administrator of General Services, and the Secretary of Commerce (acting through the Director of the National Institute of Standards and Technology), shall prepare, and from time to time revise, guidelines for the use of procuring agencies in complying with the requirements of this section. Such guidelines shall—

(A) designate those items which are or can be produced with biobased products and whose procurement by procuring agencies will carry out the objectives of this section;

(B) set forth recommended practices with respect to the procurement of biobased products and items containing such materials and with respect to certification by vendors of the percentage of biobased products used; and

(C) provide information as to the availability, relative price, performance, and environmental and public health benefits, of such materials and items and where appropriate shall recommend the level of biobased material to be contained in the procured product.

(2) CONSIDERATIONS.—In making the designation under paragraph (1)(A), the Secretary shall, at a minimum, consider—

(A) the availability of such items; and

(B) the economic and technological feasibility of using such items, including life cycle costs.

(3) FINAL GUIDELINES.—The Secretary shall prepare final guidelines under this section within 180 days after the date of enactment of this Act.

(f) OFFICE OF FEDERAL PROCUREMENT POLICY.—The Office of Federal Procurement Policy, in cooperation with the Secretary, shall implement the requirements of this section. It shall be the responsibility of the Office of Federal Procurement Policy to coordinate this policy with other policies for Federal procurement to implement the requirements of this section, and, every two years beginning in 2003, to report to the Congress on actions taken by Federal agencies and the progress made in the implementation of this section, including agency compliance with subsection (d).

(g) PROCUREMENT PROGRAM.—(1) Within one year after the date of publication of applicable guidelines under subsection (e), each Federal agency shall develop a procurement program which will assure that items composed of biobased products will be purchased to the maximum extent practicable and which is consistent with applicable provisions of Federal procurement law.

(2) Each procurement program required under this subsection shall, at a minimum, contain—

(A) a biobased products preference program;

(B) an agency promotion program to promote the preference program adopted under subparagraph (A); and

(C) annual review and monitoring of the effectiveness of an agency's procurement program.

(3) In developing the preference program, the following options shall be considered for adoption:

(A) CASE-BY-CASE POLICY DEVELOPMENT.—Subject to the limitations of subsection (c)(2) (A) through (C), a policy of awarding contracts to the vendor offering an item composed of the highest percentage of biobased products practicable. Subject to such limitations, agencies may make an award to a vendor offering items with less than the maximum biobased products content.

(B) MINIMUM CONTENT STANDARDS.—Minimum biobased products content specifications which are set in such a way as to assure that the biobased products content required is consistent with the requirements of this section, without violating the limitations of subsection (c)(2) (A) through (C).

Federal agencies shall adopt one of the options set forth in subparagraphs (A) and (B) or a substantially equivalent alternative, for inclusion in the procurement program.

(h) LABELING.—

(1) IN GENERAL.—The Secretary, in consultation with the Administrator, shall establish a voluntary program under which the Secretary authorizes producers of biobased products to use the label "U.S.D.A. Certified Biobased Product".

(2) ELIGIBILITY CRITERIA.—Within one year after the date of enactment of this Act, the Secretary, in consultation with the Administrator, shall issue criteria for determining which products may qualify to receive the label under paragraph (1). The criteria shall encourage the purchase of products with the maximum biobased content, and should, to the maximum extent possible, be consistent with the guidelines issued under subsection (e).

(3) USE OF THE LABEL.—The Secretary shall ensure that the label referred to in paragraph (1) is used only on products that meet the criteria issued pursuant to paragraph (2).

(4) RECOGNITION.—The Secretary shall establish a voluntary program to recognize Federal agencies and private entities that use a substantial amount of biobased products.

(i) LIMITATION.—Nothing in this section shall apply to the procurement of motor vehicle fuels or electricity.

(j) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as may be necessary to carry out this section.

(2) FUNDING FOR TESTING OF BIOBASED PRODUCTS.—

(A) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary shall use $1,000,000 for each of fiscal years 2002 through 2007 to support testing of biobased products to carry out this section.

(B) USE OF FUNDS.—Amounts made available under subparagraph (A) may be used to support contracts or cooperative agreements with entities that have experience and special skills to conduct such testing.

(C) PRIORITY.—At the discretion of the Secretary, the Secretary may give priority to the testing of products for which private sector firms provide cost sharing for the testing.

SEC. 9003. BIOREFINERY DEVELOPMENT GRANTS.

(a) PURPOSE.—The purpose of this section is to assist in the development of new and emerging technologies for the use of biomass, including lignocellulosic biomass, so as to—

(1) develop transportation and other fuels, chemicals, and energy from renewable sources;

(2) increase the energy independence of the United States;

(3) provide beneficial effects on conservation, public health, and the environment;

(4) diversify markets for raw agricultural and forestry products; and

(5) create jobs and enhance the economic development of the rural economy.

(b) DEFINITIONS.—In this section:

(1) ADVISORY COMMITTEE.—The term "Advisory Committee" means the Biomass Research and Development Technical Advisory Committee established by section 306 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

(2) BIOREFINERY.—The term "biorefinery" means equipment and processes that—

(A) convert biomass into fuels and chemicals; and

(B) may produce electricity.

(3) BOARD.—The term "Board" means the Biomass Research and Development Board established by section 305 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224).

(4) INDIAN TRIBE.—The term "Indian tribe" has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(c) GRANTS.—The Secretary shall award grants to eligible entities to assist in paying the cost of development and construction of biorefineries to carry out projects to demonstrate the commercial viability of 1 or more processes for converting biomass to fuels or chemicals.

(d) ELIGIBLE ENTITIES.—An individual, corporation, farm cooperative, association of farmers, national laboratory, institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)), State or local energy agency or office, Indian tribe, or consortium comprised of any of those entities shall be eligible to receive a grant under subsection (c).

(e) COMPETITIVE BASIS FOR AWARDS.—

(1) IN GENERAL.—The Secretary shall award grants under subsection (c) on a competitive basis after consulting the Board and Advisory Committee.

(2) SELECTION CRITERIA.—

(A) IN GENERAL.—In selecting projects to receive grants under subsection (c), the Secretary—

(i) shall select projects based on the likelihood that the projects will demonstrate the commercial viability of a new and emerging process for converting biomass into fuels, chemicals, or energy; and

(ii) may consider the likelihood that the projects will produce electricity.

(B) FACTORS.—The factors to be considered under subparagraph (A) may include—

(i) the potential market for the product or products;

(ii) the level of financial participation by the applicants;

(iii) the availability of adequate funding from other sources;

(iv) the beneficial impact on resource conservation, public health, and the environment;

(v) the participation of producer associations and cooperatives;

(vi) the timeframe in which the project will be operational;

(vii) the potential for rural economic development;

(viii) the participation of multiple eligible entities; and

(ix) the potential for developing advanced industrial biotechnology approaches.

(f) COST SHARING.—

(1) IN GENERAL.—The amount of a grant for a project awarded under subsection (c) shall not exceed 30 percent of the cost of the project.

(2) FORM OF GRANTEE SHARE.—

(A) IN GENERAL.—The grantee share of the cost of a project may be made in the form of cash or the provision of services, material, or other in-kind contributions.

(B) LIMITATION.—The amount of the grantee share of the cost of a project that is made in the form of the provision of services, material, or other in-kind contributions shall not exceed 25 percent of the amount of the grantee share determined under paragraph (1).

(g) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

(h) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.

SEC. 9004. BIODIESEL FUEL EDUCATION PROGRAM.

(a) ESTABLISHMENT.—The Secretary shall, under such terms and conditions as are appropriate, make competitive grants to eligible entities to educate governmental and private entities that operate vehicle fleets, other interested entities (as determined by the Secretary), and the public about the benefits of biodiesel fuel use.

(b) ELIGIBLE ENTITIES.—To receive a grant under subsection (a), an entity—

(1) shall be a nonprofit organization or institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));

(2) shall have demonstrated knowledge of biodiesel fuel production, use, or distribution; and

(3) shall have demonstrated the ability to conduct educational and technical support programs.

(c) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

(d) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section $1,000,000 for each of fiscal years 2003 through 2007.

SEC. 9005. ENERGY AUDIT AND RENEWABLE ENERGY DEVELOPMENT PROGRAM.

(a) IN GENERAL.—The Secretary shall make competitive grants to eligible entities to carry out a program to assist farmers, ranchers, and rural small businesses in becoming more energy efficient and in using renewable energy technology and resources.

(b) ELIGIBLE ENTITIES.—Entities eligible to carry out a program under subsection (a) are—

(1) a State energy or agricultural office;

(2) a regional or State-based energy organization or energy organization of an Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b));

(3) a land-grant college or university (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)) or other institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001));

(4) a rural electric cooperative or utility;

(5) a nonprofit organization; and

(6) any other entity, as determined by the Secretary.

(c) MERIT REVIEW.—

(1) MERIT REVIEW PROCESS.—The Secretary shall establish a merit review process to review applications for grants under subsection (a) that uses the expertise of other Federal agencies, industry, and nongovernmental organizations.

(2) SELECTION CRITERIA.—In reviewing applications of eligible entities to receive grants under subsection (a), the Secretary shall consider—

(A) the ability and expertise of the eligible entity in providing professional energy audits and renewable energy assessments;

(B) the geographic scope of the program proposed by the eligible entity;

(C) the number of farmers, ranchers, and rural small businesses to be assisted by the program;

(D) the potential for energy savings and environmental and public health benefits resulting from the program; and

(E) the plan of the eligible entity for educating farmers, ranchers, and rural small businesses on the benefits of energy efficiency and renewable energy development.

(d) USE OF GRANT FUNDS.—

(1) REQUIRED USES.—A recipient of a grant under subsection (a) shall use the grant funds to conduct and promote energy audits for farmers, ranchers, and rural small businesses to provide farmers, ranchers, and rural small businesses rec-

ommendations on how to improve energy efficiency and use renewable energy technology and resources.

(2) PERMITTED USES.—In addition to the uses described in paragraph (1), a recipient of a grant may use the grant funds to make farmers, ranchers, and rural small businesses aware of, and ensure that they have access to—

(A) financial assistance under section 9006; and

(B) other Federal, State, and local financial assistance programs for which farmers, ranchers, and rural small businesses may be eligible.

(e) COST SHARING.—A recipient of a grant under subsection (a) that conducts an energy audit for a farmer, rancher, or rural small business under subsection (d)(1) shall require that, as a condition of the energy audit, the farmer, rancher, or rural small business pay at least 25 percent of the cost of the audit.

(f) USE OF COST-SHARE FUNDS.—Funds collected by a recipient of a grant under subsection (e) as a result of activities carried out using the grant funds shall be used to conduct activities authorized under this section, as approved by the Secretary.

(g) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

(h) REPORTS.—Not later than 4 years after the date of enactment of this Act, the Secretary shall submit to Congress a report on the implementation of this section.

(i) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.

SEC. 9006. RENEWABLE ENERGY SYSTEMS AND ENERGY EFFICIENCY IMPROVEMENTS.

(a) IN GENERAL.—In addition to exercising authority to make loans and loan guarantees under other law, the Secretary shall make loans, loan guarantees, and grants to farmers, ranchers, and rural small businesses to—

(1) purchase renewable energy systems; and

(2) make energy efficiency improvements.

(b) ELIGIBILITY.—To be eligible to receive a grant under subsection (a), a farmer, rancher, or rural small business shall demonstrate financial need as determined by the Secretary.

(c) COST SHARING.—

(1) IN GENERAL.—

(A) GRANTS.—The amount of a grant shall not exceed 25 percent of the cost of the activity funded under subsection (a).

(B) MAXIMUM AMOUNT OF COMBINED GRANT AND LOAN.—The combined amount of a grant and loan made or guaranteed shall not exceed 50 percent of the cost of the activity funded under subsection (a).

(2) FACTORS.—In determining the amount of a grant or loan, the Secretary shall take into consideration, as applicable—

(A) the type of renewable energy system to be purchased;

(B) the estimated quantity of energy to be generated by the renewable energy system;

(C) the expected environmental benefits of the renewable energy system;

(D) the extent to which the renewable energy system will be replicable;

(E) the amount of energy savings expected to be derived from the activity, as demonstrated by an energy audit comparable to an energy audit under section 9005;

(F) the estimated length of time it would take for the energy savings generated by the activity to equal the cost of the activity; and

(G) other factors as appropriate.

(d) INTEREST RATE.—

(1) IN GENERAL.—A loan made by the Secretary under subsection (a) shall bear interest at the rate equivalent to the rate of interest charged on Treasury securities of comparable maturity on the date the loan is approved.

(2) DURATION.—The interest rate for each loan will remain in effect for the term of the loan.

(e) CONSULTATION.—In carrying out this section, the Secretary shall consult with the Secretary of Energy.

(f) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this section $23,000,000 for each of fiscal years 2003 through 2007.

SEC. 9007. HYDROGEN AND FUEL CELL TECHNOLOGIES.

(a) IN GENERAL.—The Secretary and the Secretary of Energy shall enter into a memorandum of understanding under which the Secretary and the Secretary of Energy shall cooperate in the application of hydrogen and fuel cell technology programs for rural communities and agricultural producers.

(b) DISSEMINATION OF INFORMATION.—Under the memorandum of understanding, the Secretary shall work with the Secretary of Energy to disseminate information to rural communities and agricultural producers on potential applications of hydrogen and fuel cell technologies.

SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT.

(a) FUNDING.—The Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) is amended—

(1) in section 307, by striking subsection (f);

(2) by redesignating section 310 as section 311; and

(3) by inserting after section 309 the following:

"SEC. 310. FUNDING.

"(a) FUNDING.—Of funds of the Commodity Credit Corporation, the Secretary shall make available to carry out this title—

"(1) $5,000,000 for fiscal year 2002; and

"(2) $14,000,000 for each of fiscal years 2003 through 2007;

to remain available until expended.

"(b) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts transferred under subsection (a), there are authorized to be appropriated to carry out this title $49,000,000 for each of fiscal years 2002 through 2007.".

(b) TERMINATION OF AUTHORITY.—Section 311 of the Biomass Research and Development Act of 2000 (7 U.S.C. 7624 note; Public Law 106–224) (as redesignated by subsection (a)) is amended by striking "December 31, 2005" and inserting "September 30, 2007".

SEC. 9009. COOPERATIVE RESEARCH AND EXTENSION PROJECTS.

Section 221 of the Agricultural Risk Protection Act of 2000 (114 Stat. 407) is amended—

(1) by redesignating subsection (d) as subsection (f); and

(2) by inserting after subsection (c) the following:

"(d) COOPERATIVE RESEARCH.—

"(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary, in cooperation with departments and agencies participating in the U.S. Global Change Research Program (which may use any of their statutory authorities) and with eligible entities, may carry out research to promote understanding of—

"(A) the flux of carbon in soils and plants (including trees); and

"(B) the exchange of other greenhouse gases from agriculture.

"(2) ELIGIBLE ENTITIES.—Research under this subsection may be carried out through the competitive awarding of grants and cooperative agreements to colleges and universities (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 1303)).

"(3) COOPERATIVE RESEARCH PURPOSES.—Research conducted under this subsection shall encourage collaboration among scientists with expertise in the areas of soil science, agronomy, agricultural economics, forestry, and other agricultural sciences to focus on—

"(A) developing data addressing carbon losses and gains in soils and plants (including trees) and the exchange of methane and nitrous oxide from agriculture;

"(B) understanding how agricultural and forestry practices affect the sequestration of carbon in soils and plants (including trees) and the exchange of other greenhouse gases, including the effects of new technologies such as biotechnology and nanotechnology;

"(C) developing cost-effective means of measuring and monitoring changes in carbon pools in soils and plants (including trees), including computer models;

"(D) evaluating the linkage between federal conservation programs and carbon sequestration;

"(E) developing methods, including remote sensing, to measure the exchange of carbon and other greenhouse gases sequestered, and to evaluate leakage, performance, and permanence issues; and

"(F) assessing the applicability of the results of research conducted under this subsection for developing methods to account for the impact of agricultural activities (including forestry) on the exchange of greenhouse gases.

"(4) AUTHORIZATION OF APPROPRIATION.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2002 through 2007.

"(e) EXTENSION PROJECTS.—

"(1) IN GENERAL.—The Secretary, in cooperation with departments and agencies participating in the U.S. Global Change Research Program (which may use any of their statutory authorities), and local extension agents, experts from insti-

tutions of higher education that offer a curriculum in agricultural and biological sciences, and other local agricultural or conservation organizations, may implement extension projects (including on-farm projects with direct involvement of agricultural producers) that combine measurement tools and modeling techniques into integrated packages to monitor the carbon sequestering benefits of conservation practices and the exchange of greenhouse gas emissions from agriculture which demonstrate the feasibility of methods of measuring and monitoring—

"(A) changes in carbon content and other carbon pools in soils and plants (including trees); and

"(B) the exchange of other greenhouse gases.

"(2) EXTENSION PROJECT RESULTS.—The Secretary may disseminate to farmers, ranchers, private forest landowners, and appropriate State agencies in each State information concerning—

"(A) the results of projects under this subsection; and

"(B) the manner in which the methods used in the projects might be applicable to the operations of the farmers, ranchers, private forest landowners, and State agencies.

"(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection for each of fiscal years 2002 through 2007.".

SEC. 9010. CONTINUATION OF BIOENERGY PROGRAM.

(a) DEFINITIONS.—In this section:

(1) BIOENERGY.—The term "bioenergy" means—

(A) biodiesel; and

(B) fuel grade ethanol.

(2) BIODIESEL.—The term "biodiesel" means a monoalkyl ester that meets the requirements of an appropriate American Society for Testing and Materials standard.

(3) ELIGIBLE COMMODITY.—The term "eligible commodity" means—

(A) wheat, corn, grain sorghum, barley, oats, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard, crambe, sesame seed, and cottonseed;

(B) a cellulosic commodity (such as hybrid poplar and switch grass);

(C) fats, oils, and greases (including recycled fats, oils, and greases) derived from an agricultural product; and

(D) any animal byproduct (in addition to oils, fats, and greases) that may be used to produce bioenergy, as determined by the Secretary.

(4) ELIGIBLE PRODUCER.—The term "eligible producer" means a producer that uses an eligible commodity to produce bioenergy.

(b) BIOENERGY PROGRAM.—

(1) CONTINUATION.—The Secretary shall continue the program under part 1424 of title 7, Code of Federal Regulations (or any successor regulation), under which the Secretary makes payments to eligible producers to encourage increased purchases of eligible commodities for the purpose of expanding production of such bioenergy and supporting new production capacity for such bioenergy.

(2) CONTRACTS.—To be eligible to receive a payment, an eligible producer shall—

(A) enter into a contract with the Secretary to increase bioenergy production for 1 or more fiscal years; and

(B) submit to the Secretary such records as the Secretary may require as evidence of increased purchase and use of eligible commodities for the production of bioenergy.

(3) PAYMENT.—

(A) IN GENERAL.—Under the program, the Secretary shall make payments to eligible producers, based on the quantity of bioenergy produced by the eligible producer during a fiscal year that exceeds the quantity of bioenergy produced by the eligible producer during the preceding fiscal year.

(B) PAYMENT RATE.—

(i) PRODUCERS OF LESS THAN 65,000,000 GALLONS.—An eligible producer that produces less than 65,000,000 gallons of bioenergy shall be reimbursed 1 feedstock unit for every 2.5 feedstock units of eligible commodity used for increased production.

(ii) PRODUCERS OF 65,000,000 OR MORE GALLONS.—An eligible producer that produces 65,000,000 or more gallons of bioenergy shall be reimbursed 1 feedstock unit for every 3.5 feedstock units of eligible commodity used for increased production.

(C) QUARTERLY PAYMENTS.—The Secretary shall make payments to an eligible producer for each quarter of the fiscal year.

(4) PRORATION.—If the amount made available for a fiscal year under subsection (c) is insufficient to allow the payment of the amount of the payments that eligible producers (that apply for the payments) otherwise would receive under this subsection, the Secretary shall prorate the amount of the funds among all such eligible producers.

(5) OVERPAYMENTS.—If the total amount of payments that an eligible producer receives for a fiscal year under this section exceeds the amount that the eligible producer should have received under this subsection, the eligible producer shall repay the amount of the overpayment to the Secretary, with interest (as determined by the Secretary).

(6) LIMITATION.—No eligible producer shall receive more than 5 percent of the total amount made available under subsection (c) for a fiscal year.

(7) OTHER REQUIREMENTS.—To be eligible to receive a payment under this subsection, an eligible producer shall meet other requirements of Federal law (including regulations) applicable to the production of bioenergy.

(c) FUNDING.—Of the funds of the Commodity Credit Corporation, the Secretary shall use to carry out this section—

(1) not more than $150,000,000 for each of fiscal years 2003 through 2006; and

(2) $0 for fiscal year 2007.

TITLE X—MISCELLANEOUS

Subtitle A—Crop Insurance

SEC. 10001. EQUAL CROP INSURANCE TREATMENT OF POTATOES AND SWEET POTATOES.

Section 508(a)(2) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)(2)) is amended in the first sentence by striking "and potatoes" and inserting ", potatoes, and sweet potatoes".

SEC. 10002. CONTINUOUS COVERAGE.

Section 508(e)(4) of the Federal Crop Insurance Act (7 U.S.C. 1508(e)(4)) is amended—

(1) in the paragraph heading, by striking "TEMPORARY PROHIBITION" and inserting "PROHIBITION"; and

(2) by striking "through 2005" and inserting "and subsequent".

SEC. 10003. QUALITY LOSS ADJUSTMENT PROCEDURES.

Section 508(m) of the Federal Crop Insurance Act (7 U.S.C. 1508(m)) is amended—

(1) in paragraph (3)—

(A) by striking "The Corporation" and inserting the following:

"(A) REVIEW.—The Corporation"; and

(B) by striking "Based on" and inserting the following:

"(B) PROCEDURES.—Effective beginning not later than the 2004 reinsurance year, based on"; and

(2) by adding at the end the following:

"(4) QUALITY OF AGRICULTURAL COMMODITIES DELIVERED TO WAREHOUSE OPERATORS.—In administering this title, the Secretary shall accept, in the same manner and under the same terms and conditions, evidence of the quality of agricultural commodities delivered to—

"(A) warehouse operators that are licensed under the United States Warehouse Act (7 U.S.C. 241 et seq.);

"(B) warehouse operators that—

"(i) are licensed under State law; and

"(ii) have entered into a storage agreement with the Commodity Credit Corporation; and

"(C) warehouse operators that—

"(i) are not licensed under State law but are in compliance with State law regarding warehouses; and

"(ii) have entered into a commodity storage agreement with the Commodity Credit Corporation.".

SEC. 10004. ADJUSTED GROSS REVENUE INSURANCE PILOT PROGRAM.

Section 523 of the Federal Crop Insurance Act (7 U.S.C. 1523) is amended by adding at the end the following:

"(e) ADJUSTED GROSS REVENUE INSURANCE PILOT PROGRAM.—

"(1) IN GENERAL.—The Corporation shall carry out, through at least the 2004 reinsurance year, the adjusted gross revenue insurance pilot program in effect for the 2002 reinsurance year.

"(2) ADDITIONAL COUNTIES.—

"(A) IN GENERAL.—In addition to counties otherwise included in the pilot program, the Corporation shall include

in the pilot program for the 2003 reinsurance year at least 8 counties in the State of California and at least 8 counties in the State of Pennsylvania.

"(B) SELECTION CRITERIA.—In carrying out subparagraph (A), the Corporation shall work with the respective State Departments of Agriculture to establish criteria to determine which counties to include in the pilot program.".

SEC. 10005. SENSE OF CONGRESS ON EXPANSION OF CROP INSURANCE COVERAGE.

It is the sense of Congress that the Federal Crop Insurance Corporation should address needs of producers through the expansion of pilot programs and coverage under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), including—

(1) crop revenue insurance for the producers of pecans in the State of Georgia; and

(2) coverage for continuous crops of wheat produced in the State of Kansas.

SEC. 10006. REPORT ON SPECIALTY CROP INSURANCE.

Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

(1) the progress made by the Federal Crop Insurance Corporation in research and development of innovative risk management products to include cost of production insurance that provides coverage for specialty crops, paying special attention to apples, asparagus, blueberries (wild and domestic), cabbage, canola, carrots, cherries, Christmas trees, citrus fruits, cucumbers, dry beans, eggplants, floriculture, grapes, greenhouse and nursery agricultural commodities, green peas, green peppers, hay, lettuce, maple, mushrooms, pears, potatoes, pumpkins, snap beans, spinach, squash, strawberries, sugar beets, and tomatoes; and

(2) the progress made by the Corporation in increasing the use of risk management products offered through the Corporation by producers of specialty crops, by small- and moderate-sized farms, and in areas that are underserved, as determined by the Secretary.

Subtitle B—Disaster Assistance

SEC. 10101. REFERENCE TO SEA GRASS AND SEA OATS AS CROPS COVERED BY NONINSURED CROP DISASTER ASSISTANCE PROGRAM.

Section 196(a)(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333(a)(2)(B)) is amended by inserting "sea grass and sea oats," after "fish),".

SEC. 10102. EMERGENCY GRANTS TO ASSIST LOW-INCOME MIGRANT AND SEASONAL FARMWORKERS.

Section 2281(a) of the Food, Agriculture, Conservation, and Trade Act of 1990 (42 U.S.C. 5177a(a)) is amended by striking ", not to exceed $20,000,000 annually,".

SEC. 10103. EMERGENCY LOANS FOR SEED PRODUCERS.

Section 253(b)(5)(B) of the Agricultural Risk Protection Act of 2000 (Public Law 106–224; 114 Stat. 423) is amended by striking "18 months" and inserting "36 months".

SEC. 10104. ASSISTANCE FOR LIVESTOCK PRODUCERS.

(a) AVAILABILITY OF ASSISTANCE.—In such amounts as are provided in advance in appropriation Acts, the Secretary of Agriculture may provide assistance to dairy and other livestock producers to cover economic losses incurred by such producers in connection with the production of livestock.

(b) TYPES OF ASSISTANCE.—The assistance provided to livestock producers may be in the following forms:

(1) Indemnity payments to livestock producers who incur livestock mortality losses.

(2) Livestock feed assistance to livestock producers affected by shortages of feed.

(3) Compensation for sudden increases in production costs.

(4) Such other assistance, and for such other economic losses, as the Secretary considers appropriate.

(c) LIMITATIONS.—The Secretary may not use the funds of the Commodity Credit Corporation to provide assistance under this section.

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary such sums as may be necessary to carry out this section.

SEC. 10105. MARKET LOSS ASSISTANCE FOR APPLE PRODUCERS.

(a) IN GENERAL.—Of the funds of the Commodity Credit Corporation, the Secretary of Agriculture shall use $94,000,000 for fiscal year 2002 to make payments, as soon as practicable after the date of enactment of this Act, to apple producers for the loss of markets during the 2000 crop year.

(b) PAYMENT QUANTITY.—The payment quantity of apples for which the producers on a farm are eligible for payments under this section shall be equal to the lesser of—

(1) the quantity of the 2000 crop of apples produced by the producers on the farm; or

(2) 5,000,000 pounds of apples produced on the farm.

(c) LIMITATIONS.—Subject to subsection (b)(2), the Secretary shall not establish a payment limitation, or income eligibility limitation, with respect to payments made under this section.

(d) REGULATIONS.—

(1) IN GENERAL.—The Secretary shall promulgate such regulations as are necessary to implement this section.

(2) PROCEDURE.—The promulgation of the regulations and administration of this section shall be made without regard to—

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

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

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

(3) CONGRESSIONAL REVIEW OF AGENCY RULEMAKING.—In carrying out this subsection, the Secretary shall use the authority provided under section 808 of title 5, United States Code.

SEC. 10106. MARKET LOSS ASSISTANCE FOR ONION PRODUCERS.

The Secretary of Agriculture shall use $10,000,000 of the funds of the Commodity Credit Corporation to make a grant to the State of New York to be used to support onion producers in Orange County, New York, that have suffered losses to onion crops during 1 or more of the 1996 through 2000 crop years.

SEC. 10107. COMMERCIAL FISHERIES FAILURE.

(a) IN GENERAL.—The Secretary of Agriculture, in consultation with the Secretary of Commerce, shall provide emergency disaster assistance for the commercial fishery failure under section 308(b)(1) of the Interjurisdictional Fisheries Act of 1986 (16 U.S.C. 4107(b)(1)) with respect to Northeast multispecies fisheries.

(b) PROGRAM REQUIREMENTS.—Amounts made available to carry out this section shall be used to support a voluntary fishing capacity reduction program in the Northeast multispecies fishery that—

(1) is certified by the Secretary of Commerce to be consistent with section 312(b) of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1861a(b)); and

(2) permanently revokes multispecies limited access fishing permits so as to obtain the maximum sustained reduction in fishing capacity at the least cost and in the minimum period of time and to prevent the replacement of fishing capacity removed by the program.

(c) APPLICATION OF REGULATIONS.—The program shall be carried out in accordance with the regulations codified at part 648 of title 50, Code of Federal Regulations, and any corresponding rule issued in accordance with the regulations.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

(e) TERMINATION OF AUTHORITY.—The authority provided under this section terminates on the date that is 1 year after the date of enactment of this Act.

SEC. 10108. STUDY OF FEASIBILITY OF PRODUCER INDEMNIFICATION FROM GOVERNMENT-CAUSED DISASTERS.

(a) FINDINGS.—Congress finds that the implementation of Federal disaster assistance programs fails to adequately address situations in which disaster conditions are caused primarily by Federal action.

(b) AUTHORITY.—The Secretary of Agriculture shall conduct a study of the feasibility of expanding eligibility for crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.), and noninsured crop assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7333), to agricultural producers experiencing disaster conditions caused primarily by Federal agency action restricting access to irrigation water, including any lack of access to an adequate supply of water caused by failure by the Secretary of the Interior to fulfill a contract in accordance with the Central Valley Project Improvement Act (106 Stat. 4706).

(c) REPORT.—Not later than 150 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the results of the study, including any recommendations.

Subtitle C—Tree Assistance Program

SEC. 10201. DEFINITIONS.

In this subtitle:

(1) ELIGIBLE ORCHARDIST.—The term "eligible orchardist" means a person that produces annual crops from trees for commercial purposes.

(2) NATURAL DISASTER.—The term "natural disaster" means plant disease, insect infestation, drought, fire, freeze, flood, earthquake, lightning, and other occurrence, as determined by the Secretary.

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

(4) TREE.—The term "tree" includes a tree, bush, and vine.

SEC. 10202. ELIGIBILITY.

(a) LOSS.—Subject to subsection (b), the Secretary shall provide assistance under section 10203 to eligible orchardists that planted trees for commercial purposes but lost the trees as a result of a natural disaster, as determined by the Secretary.

(b) LIMITATION.—An eligible orchardist shall qualify for assistance under subsection (a) only if the tree mortality of the eligible orchardist, as a result of damaging weather or related condition, exceeds 15 percent (adjusted for normal mortality).

SEC. 10203. ASSISTANCE.

Subject to section 10204, the assistance provided by the Secretary to eligible orchardists for losses described in section 10202 shall consist of—

(1) reimbursement of 75 percent of the cost of replanting trees lost due to a natural disaster, as determined by the Secretary, in excess of 15 percent mortality (adjusted for normal mortality); or

(2) at the option of the Secretary, sufficient seedlings to reestablish a stand.

SEC. 10204. LIMITATIONS ON ASSISTANCE.

(a) AMOUNT.—The total amount of payments that a person shall be entitled to receive under this subtitle may not exceed $75,000, or an equivalent value in tree seedlings.

(b) ACRES.—The total quantity of acres planted to trees or tree seedlings for which a person shall be entitled to receive payments under this subtitle may not exceed 500 acres.

(c) REGULATIONS.—The Secretary shall promulgate regulations—

(1) defining the term "person" for the purposes of this subtitle, which shall conform, to the maximum extent practicable, to the regulations defining the term "person" promulgated under section 1001 of the Food Security Act of 1985 (7 U.S.C. 1308); and

(2) promulgating such regulations as the Secretary determines necessary to ensure a fair and reasonable application of the limitation established under this section.

SEC. 10205. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as are necessary to carry out this subtitle.

Subtitle D—Animal Welfare

SEC. 10301. DEFINITION OF ANIMAL UNDER THE ANIMAL WELFARE ACT.

Section 2(g) of the Animal Welfare Act (7 U.S.C. 2132(g)) is amended in the first sentence by striking "excludes horses not used for research purposes and" and inserting the following: "excludes (1) birds, rats of the genus Rattus, and mice of the genus Mus, bred for use in research, (2) horses not used for research purposes, and (3)".

SEC. 10302. PROHIBITION ON INTERSTATE MOVEMENT OF ANIMALS FOR ANIMAL FIGHTING.

(a) IN GENERAL.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

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

"(a) SPONSORING OR EXHIBITING AN ANIMAL IN AN ANIMAL FIGHTING VENTURE.—

"(1) IN GENERAL.—Except as provided in paragraph (2), it shall be unlawful for any person to knowingly sponsor or exhibit an animal in an animal fighting venture, if any animal in the venture was moved in interstate or foreign commerce.

"(2) SPECIAL RULE FOR CERTAIN STATES.—With respect to fighting ventures involving live birds in a State where it would not be in violation of the law, it shall be unlawful under this subsection for a person to sponsor or exhibit a bird in the fighting venture only if the person knew that any bird in the fighting venture was knowingly bought, sold, delivered, transported, or received in interstate or foreign commerce for the purpose of participation in the fighting venture.";

(2) in subsection (b), by striking "or deliver to another person or receive from another person" and inserting "deliver, or receive"; and

(3) in subsection (d), by striking "subsections (a), (b), or (c) of this section" and inserting "subsection (c)".

(b) EFFECTIVE DATE.—The amendments made by this section take effect 1 year after the date of enactment of this Act.

SEC. 10303. PENALTIES AND FOREIGN COMMERCE PROVISIONS OF THE ANIMAL WELFARE ACT.

(a) IN GENERAL.—Section 26 of the Animal Welfare Act (7 U.S.C. 2156) is amended—

(1) in subsection (e)—

(A) by inserting "PENALTIES.—" after "(e)"; and

(B) by striking "$5,000" and inserting "$15,000"; and

(2) in subsection (g)(2)(B), by inserting before the semicolon at the end the following: "or from any State into any foreign country".

(b) EFFECTIVE DATE.—The amendment made by this section takes effect 1 year after the date of enactment of this Act.

SEC. 10304. REPORT ON RATS, MICE, AND BIRDS.

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the National Research Council shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a report on the implications of including rats, mice, and birds within the definition of animal under the regulations promulgated under the Animal Welfare Act (7 U.S.C. 2131 et seq.)

(b) REQUIREMENTS.—The report under subsection (a) shall—

(1) be completed with input, consultation, and recommendations from—

(A) the Secretary of Agriculture;

(B) the Secretary of Health and Human Services; and

(C) the Institute for Animal Laboratory Research within the National Academy of Sciences;

(2) contain an estimate of—

(A) the number and types of entities that use rats, mice, and birds for research purposes; and

(B) which of the entities—

(i) are subject to regulations of the Department of Agriculture;

(ii) are subject to regulations or guidelines of the Department of Health and Human Services; or

(iii) voluntarily comply with the accreditation requirements of the Association for Assessment and Accreditation of Laboratory Animal Care;

(3) contain an estimate of the numbers of rats, mice, and birds used in research facilities, with an indication of which of the facilities—

(A) are subject to regulations of the Department of Agriculture;

(B) are subject to regulations or guidelines of the Department of Health and Human Services; or

(C) voluntarily comply with the accreditation requirements of the Association for Assessment and Accreditation of Laboratory Animal Care;

(4) contain an estimate of the additional costs likely to be incurred by breeders and research facilities resulting from the additional regulatory requirements needed in order to afford the same level of protection to rats, mice, and birds as is provided for species regulated by the Department of Agriculture, detailing the costs associated with individual regulatory requirements;

(5) contain recommendations for minimizing such costs, including—

(A) an estimate of the cost savings that would result from providing a different level of protection to rats, mice, and birds than is provided for species regulated by the Department of Agriculture; and

(B) an estimate of the cost savings that would result if new regulatory requirements were substantially equivalent to, and harmonized with, guidelines of the National Institutes of Health;

(6) contain an estimate of the additional funding that the Animal and Plant Health Inspection Service would require to

be able to ensure that the level of compliance with respect to other regulated animals is not diminished by the increase in the number of facilities that would require inspections if a rule extending the regulatory definition of animal to rats, mice, and birds were to become effective; and

(7) contain recommendations for—

(A) minimizing the regulatory burden on facilities subject to—

(i) regulations of the Department of Agriculture;

(ii) regulations or guidelines of the Department of Health and Human Services; or

(iii) accreditation requirements of the Association for Assessment and Accreditation of Laboratory Animal Care; and

(B) preventing any duplication of regulatory requirements.

SEC. 10305. ENFORCEMENT OF HUMANE METHODS OF SLAUGHTER ACT OF 1958.

(a) SENSE OF CONGRESS.—It is the sense of Congress that the Secretary of Agriculture should—

(1) continue tracking the number of violations of Public Law 85–765 (7 U.S.C. 1901 et seq.; commonly known as the "Humane Methods of Slaughter Act of 1958") and report the results and relevant trends annually to Congress; and

(2) fully enforce Public Law 85–765 by ensuring that humane methods in the slaughter of livestock—

(A) prevent needless suffering;

(B) result in safer and better working conditions for persons engaged in slaughtering operations;

(C) bring about improvement of products and economies in slaughtering operations; and

(D) produce other benefits for producers, processors, and consumers that tend to expedite an orderly flow of livestock and livestock products in interstate and foreign commerce.

(b) UNITED STATES POLICY.—It is the policy of the United States that the slaughtering of livestock and the handling of livestock in connection with slaughter shall be carried out only by humane methods, as provided by Public Law 85–765.

Subtitle E—Animal Health Protection

SEC. 10401. SHORT TITLE.

This subtitle may be cited as the "Animal Health Protection Act".

SEC. 10402. FINDINGS.

Congress finds that—

(1) the prevention, detection, control, and eradication of diseases and pests of animals are essential to protect—

(A) animal health;

(B) the health and welfare of the people of the United States;

(C) the economic interests of the livestock and related industries of the United States;

(D) the environment of the United States; and

(E) interstate commerce and foreign commerce of the United States in animals and other articles;

(2) animal diseases and pests are primarily transmitted by animals and articles regulated under this subtitle;

(3) the health of animals is affected by the methods by which animals and articles are transported in interstate commerce and foreign commerce;

(4) the Secretary must continue to conduct research on animal diseases and pests that constitute a threat to the livestock of the United States; and

(5)(A) all animals and articles regulated under this subtitle are in or affect interstate commerce or foreign commerce; and

(B) regulation by the Secretary and cooperation by the Secretary with foreign countries, States or other jurisdictions, or persons are necessary—

(i) to prevent and eliminate burdens on interstate commerce and foreign commerce;

(ii) to regulate effectively interstate commerce and foreign commerce; and

(iii) to protect the agriculture, environment, economy, and health and welfare of the people of the United States.

SEC. 10403. DEFINITIONS.

In this subtitle:

(1) ANIMAL.—The term "animal" means any member of the animal kingdom (except a human).

(2) ARTICLE.—The term "article" means any pest or disease or any material or tangible object that could harbor a pest or disease.

(3) DISEASE.—The term "disease" has the meaning given the term by the Secretary.

(4) ENTER.—The term "enter" means to move into the commerce of the United States.

(5) EXPORT.—The term "export" means to move from a place within the territorial limits of the United States to a place outside the territorial limits of the United States.

(6) FACILITY.—The term "facility" means any structure.

(7) IMPORT.—The term "import" means to move from a place outside the territorial limits of the United States to a place within the territorial limits of the United States.

(8) INDIAN TRIBE.—The term "Indian tribe" has the meaning given the term in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b).

(9) INTERSTATE COMMERCE.—The term "interstate commerce" means trade, traffic, or other commerce—

(A) between a place in a State and a place in another State, or between places within the same State but through any place outside that State; or

(B) within the District of Columbia or any territory or possession of the United States.

(10) LIVESTOCK.—The term "livestock" means all farm-raised animals.

(11) MEANS OF CONVEYANCE.—The term "means of conveyance" means any personal property used for or intended for use for the movement of any other personal property.

(12) MOVE.—The term "move" means—

(A) to carry, enter, import, mail, ship, or transport;

(B) to aid, abet, cause, or induce carrying, entering, importing, mailing, shipping, or transporting;

(C) to offer to carry, enter, import, mail, ship, or transport;

(D) to receive in order to carry, enter, import, mail, ship, or transport;

(E) to release into the environment; or

(F) to allow any of the activities described in this paragraph.

(13) PEST.—The term "pest" means any of the following that can directly or indirectly injure, cause damage to, or cause disease in livestock:

(A) A protozoan.

(B) A plant.

(C) A bacteria.

(D) A fungus.

(E) A virus or viroid.

(F) An infectious agent or other pathogen.

(G) An arthropod.

(H) A parasite.

(I) A prion.

(J) A vector.

(K) Any organism similar to or allied with any of the organisms described in this paragraph.

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

(15) STATE.—The term "State" means any of the States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States, or any territory or possession of the United States.

(16) THIS SUBTITLE.—Except when used in this section, the term "this subtitle" includes any regulation or order issued by the Secretary under the authority of this subtitle.

(17) UNITED STATES.—The term "United States" means all of the States.

SEC. 10404. RESTRICTION ON IMPORTATION OR ENTRY.

(a) IN GENERAL.—With notice to the Secretary of the Treasury and public notice as soon as practicable, the Secretary may prohibit or restrict—

(1) the importation or entry of any animal, article, or means of conveyance, or use of any means of conveyance or facility, if the Secretary determines that the prohibition or restriction is necessary to prevent the introduction into or dissemination within the United States of any pest or disease of livestock;

(2) the further movement of any animal that has strayed into the United States if the Secretary determines that the prohibition or restriction is necessary to prevent the introduction into or dissemination within the United States of any pest or disease of livestock; and

(3) the use of any means of conveyance in connection with the importation or entry of livestock if the Secretary determines that the prohibition or restriction is necessary because the

means of conveyance has not been maintained in a clean and sanitary condition or does not have accommodations for the safe and proper movement of livestock.

(b) REGULATIONS.—

(1) RESTRICTIONS ON IMPORT AND ENTRY.—The Secretary may issue such orders and promulgate such regulations as are necessary to carry out subsection (a).

(2) POST IMPORTATION QUARANTINE.—The Secretary may promulgate regulations requiring that any animal imported or entered be raised or handled under post-importation quarantine conditions by or under the supervision of the Secretary for the purpose of determining whether the animal is or may be affected by any pest or disease of livestock.

(c) DESTRUCTION OR REMOVAL.—

(1) IN GENERAL.—The Secretary may order the destruction or removal from the United States of—

(A) any animal, article, or means of conveyance that has been imported but has not entered the United States if the Secretary determines that destruction or removal from the United States is necessary to prevent the introduction into or dissemination within the United States of any pest or disease of livestock;

(B) any animal or progeny of any animal, article, or means of conveyance that has been imported or entered in violation of this subtitle; or

(C) any animal that has strayed into the United States if the Secretary determines that destruction or removal from the United States is necessary to prevent the introduction into or dissemination within the United States of any pest or disease of livestock.

(2) REQUIREMENTS OF OWNERS.—

(A) ORDERS TO DISINFECT.—The Secretary may require the disinfection of—

(i) a means of conveyance used in connection with the importation of an animal;

(ii) an individual involved in the importation of an animal and personal articles of the individual; and

(iii) any article used in the importation of an animal.

(B) FAILURE TO COMPLY WITH ORDERS.—If an owner fails to comply with an order of the Secretary under this section, the Secretary may—

(i) take remedial action, destroy, or remove from the United States the animal or progeny of any animal, article, or means of conveyance as authorized under paragraph (1); and

(ii) recover from the owner the costs of any care, handling, disposal, or other action incurred by the Secretary in connection with the remedial action, destruction, or removal.

SEC. 10405. EXPORTATION.

(a) IN GENERAL.—The Secretary may prohibit or restrict—

(1) the exportation of any animal, article, or means of conveyance if the Secretary determines that the prohibition or re-

striction is necessary to prevent the dissemination from or within the United States of any pest or disease of livestock;

(2) the exportation of any livestock if the Secretary determines that the livestock is unfit to be moved;

(3) the use of any means of conveyance or facility in connection with the exportation of any animal or article if the Secretary determines that the prohibition or restriction is necessary to prevent the dissemination from or within the United States of any pest or disease of livestock; or

(4) the use of any means of conveyance in connection with the exportation of livestock if the Secretary determines that the prohibition or restriction is necessary because the means of conveyance has not been maintained in a clean and sanitary condition or does not have accommodations for the safe and proper movement and humane treatment of livestock.

(b) REQUIREMENTS OF OWNERS.—

(1) ORDERS TO DISINFECT.—The Secretary may require the disinfection of—

(A) a means of conveyance used in connection with the exportation of an animal;

(B) an individual involved in the exportation of an animal and personal articles of the individual; and

(C) any article used in the exportation of an animal.

(2) FAILURE TO COMPLY WITH ORDERS.—If an owner fails to comply with an order of the Secretary under this section, the Secretary may—

(A) take remedial action with respect to the animal, article, or means of conveyance referred to in paragraph (1); and

(B) recover from the owner the costs of any care, handling, disposal, or other action incurred by the Secretary in connection with the remedial action.

(c) CERTIFICATION.—The Secretary may certify the classification, quality, quantity, condition, processing, handling, or storage of any animal or article intended for export.

SEC. 10406. INTERSTATE MOVEMENT.

The Secretary may prohibit or restrict—

(1) the movement in interstate commerce of any animal, article, or means of conveyance if the Secretary determines that the prohibition or restriction is necessary to prevent the introduction or dissemination of any pest or disease of livestock; and

(2) the use of any means of conveyance or facility in connection with the movement in interstate commerce of any animal or article if the Secretary determines that the prohibition or restriction is necessary to prevent the introduction or dissemination of any pest or disease of livestock.

SEC. 10407. SEIZURE, QUARANTINE, AND DISPOSAL.

(a) IN GENERAL.—The Secretary may hold, seize, quarantine, treat, destroy, dispose of, or take other remedial action with respect to—

(1) any animal or progeny of any animal, article, or means of conveyance that—

(A) is moving or has been moved in interstate commerce or has been imported and entered; and

(B) the Secretary has reason to believe may carry, may have carried, or may have been affected with or exposed to any pest or disease of livestock at the time of movement or that is otherwise in violation of this subtitle;

(2) any animal or progeny of any animal, article, or means of conveyance that is moving or is being handled, or has moved or has been handled, in interstate commerce in violation of this subtitle;

(3) any animal or progeny of any animal, article, or means of conveyance that has been imported, and is moving or is being handled or has moved or has been handled, in violation of this subtitle; or

(4) any animal or progeny of any animal, article, or means of conveyance that the Secretary finds is not being maintained, or has not been maintained, in accordance with any post-importation quarantine, post-importation condition, post-movement quarantine, or post-movement condition in accordance with this subtitle.

(b) EXTRAORDINARY EMERGENCIES.—

(1) IN GENERAL.—Subject to paragraph (2), if the Secretary determines that an extraordinary emergency exists because of the presence in the United States of a pest or disease of livestock and that the presence of the pest or disease threatens the livestock of the United States, the Secretary may—

(A) hold, seize, treat, apply other remedial actions to, destroy (including preventative slaughter), or otherwise dispose of, any animal, article, facility, or means of conveyance if the Secretary determines the action is necessary to prevent the dissemination of the pest or disease; and

(B) prohibit or restrict the movement or use within a State, or any portion of a State of any animal or article, means of conveyance, or facility if the Secretary determines that the prohibition or restriction is necessary to prevent the dissemination of the pest or disease.

(2) STATE ACTION.—

(A) IN GENERAL.—The Secretary may take action in a State under this subsection only on finding that measures being taken by the State are inadequate to control or eradicate the pest or disease, after review and consultation with—

"(i) the Governor or an appropriate animal health official of the State; or

"(ii) in the case of any animal, article, facility, or means of conveyance under the jurisdiction of an Indian tribe, the head of the Indian tribe.

(B) NOTICE.—Subject to subparagraph (C), before any action is taken in a State under subparagraph (A), the Secretary shall—

(i) notify the Governor, an appropriate animal health official of the State, or head of the Indian tribe of the proposed action;

(ii) issue a public announcement of the proposed action; and

(iii) publish in the Federal Register—

(I) the findings of the Secretary;

(II) a description of the proposed action; and

(III) a statement of the reasons for the proposed action.

(C) NOTICE AFTER ACTION.—If it is not practicable to publish in the Federal Register the information required under subparagraph (B)(iii) before taking action under subparagraph (A), the Secretary shall publish the information as soon as practicable, but not later than 10 business days, after commencement of the action.

(c) QUARANTINE, DISPOSAL, OR OTHER REMEDIAL ACTION.—

(1) IN GENERAL.—The Secretary, in writing, may order the owner of any animal, article, facility, or means of conveyance referred to in subsection (a) or (b) to maintain in quarantine, dispose of, or take other remedial action with respect to the animal, article, facility, or means of conveyance, in a manner determined by the Secretary.

(2) FAILURE TO COMPLY WITH ORDERS.—If the owner fails to comply with the order of the Secretary, the Secretary may—

(A) seize, quarantine, dispose of, or take other remedial action with respect to the animal, article, facility, or means of conveyance under subsection (a) or (b); and

(B) recover from the owner the costs of any care, handling, disposal, or other remedial action incurred by the Secretary in connection with the seizure, quarantine, disposal, or other remedial action.

(d) COMPENSATION.—

(1) IN GENERAL.—Except as provided in paragraph (3), the Secretary shall compensate the owner of any animal, article, facility, or means of conveyance that the Secretary requires to be destroyed under this section.

(2) AMOUNT.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), the compensation shall be based on the fair market value, as determined by the Secretary, of the destroyed animal, article, facility, or means of conveyance.

(B) LIMITATION.—Compensation paid any owner under this subsection shall not exceed the difference between—

(i) the fair market value of the destroyed animal, article, facility, or means of conveyance; and

(ii) any compensation received by the owner from a State or other source for the destroyed animal, article, facility, or means of conveyance.

(C) REVIEWABILITY.—The determination by the Secretary of the amount to be paid under this subsection shall be final and not subject to judicial review or review of longer than 60 days by any officer or employee of the Federal Government other than the Secretary or the designee of the Secretary.

(3) EXCEPTIONS.—No payment shall be made by the Secretary under this subsection for—

(A) any animal, article, facility, or means of conveyance that has been moved or handled by the owner in violation of an agreement for the control and eradication of diseases or pests or in violation of this subtitle;

(B) any progeny of any animal or article, which animal or article has been moved or handled by the owner of the animal or article in violation of this subtitle;

(C) any animal, article, or means of conveyance that is refused entry under this subtitle; or

(D) any animal, article, facility, or means of conveyance that becomes or has become affected with or exposed to any pest or disease of livestock because of a violation of an agreement for the control and eradication of diseases or pests or a violation of this subtitle by the owner.

SEC. 10408. INSPECTIONS, SEIZURES, AND WARRANTS.

(a) GUIDELINES.—The activities authorized by this section shall be carried out consistent with guidelines approved by the Attorney General.

(b) WARRANTLESS INSPECTIONS.—The Secretary may stop and inspect, without a warrant, any person or means of conveyance moving—

(1) into the United States, to determine whether the person or means of conveyance is carrying any animal or article regulated under this subtitle;

(2) in interstate commerce, on probable cause to believe that the person or means of conveyance is carrying any animal or article regulated under this subtitle; or

(3) in intrastate commerce from any State, or any portion of a State, quarantined under section 10407(b), on probable cause to believe that the person or means of conveyance is carrying any animal or article quarantined under section 10407(b).

(c) INSPECTIONS WITH WARRANTS.—

(1) IN GENERAL.—The Secretary may enter, with a warrant, any premises in the United States for the purpose of making inspections and seizures under this subtitle.

(2) APPLICATION AND ISSUANCE OF WARRANTS.—

(A) IN GENERAL.—On proper oath or affirmation showing probable cause to believe that there is on certain premises any animal, article, facility, or means of conveyance regulated under this subtitle, a United States judge, a judge of a court of record in the United States, or a United States magistrate judge may issue a warrant for the entry on premises within the jurisdiction of the judge or magistrate to make any inspection or seizure under this subtitle.

(B) EXECUTION.—The warrant may be applied for and executed by the Secretary or any United States marshal.

SEC. 10409. DETECTION, CONTROL, AND ERADICATION OF DISEASES AND PESTS.

(a) IN GENERAL.—The Secretary may carry out operations and measures to detect, control, or eradicate any pest or disease of livestock (including the drawing of blood and diagnostic testing of animals), including animals at a slaughterhouse, stockyard, or other point of concentration.

(b) COMPENSATION.—

(1) IN GENERAL.—The Secretary may pay a claim arising out of the destruction of any animal, article, or means of conveyance consistent with the purposes of this subtitle.

(2) REVIEWABILITY.—The action of the Secretary in carrying out paragraph (1) shall not be subject to review of longer than 60 days by any officer or employee of the Federal Government other than the Secretary or the designee of the Secretary.

SEC. 10410. VETERINARY ACCREDITATION PROGRAM.

(a) IN GENERAL.—The Secretary may establish a veterinary accreditation program that is consistent with this subtitle, including the establishment of standards of conduct for accredited veterinarians.

(b) CONSULTATION.—The Secretary shall consult with State animal health officials and veterinary professionals regarding the establishment of the veterinary accreditation program.

(c) SUSPENSION OR REVOCATION OF ACCREDITATION.—

(1) IN GENERAL.—The Secretary may, after notice and opportunity for a hearing on the record, suspend or revoke the accreditation of any veterinarian accredited under this title who violates this subtitle.

(2) FINAL ORDER.—The order of the Secretary suspending or revoking accreditation shall be treated as a final order reviewable under chapter 158 of title 28, United States Code.

(3) SUMMARY SUSPENSION.—

(A) IN GENERAL.—The Secretary may summarily suspend the accreditation of a veterinarian whom the Secretary has reason to believe knowingly violated this subtitle.

(B) HEARINGS.—The Secretary shall provide the veterinarian with a subsequent notice and an opportunity for a prompt post-suspension hearing on the record.

(d) APPLICATION OF PENALTY PROVISIONS.—The criminal and civil penalties described in section 10414 shall not apply to a violation of this section that is not a violation of any other provision of this subtitle.

SEC. 10411. COOPERATION.

(a) IN GENERAL.—To carry out this subtitle, the Secretary may cooperate with other Federal agencies, States or political subdivisions of States, national governments of foreign countries, local governments of foreign countries, domestic or international organizations, domestic or international associations, Indian tribes, and other persons.

(b) RESPONSIBILITY.—The person or other entity cooperating with the Secretary shall be responsible for the authority necessary to carry out operations or measures—

(1) on all land and property within a foreign country or State, or under the jurisdiction of an Indian tribe, other than on land and property owned or controlled by the United States; and

(2) using other facilities and means, as determined by the Secretary.

(c) SCREWWORMS.—

(1) IN GENERAL.—The Secretary may, independently or in cooperation with national governments of foreign countries or international organizations or associations, produce and sell sterile screwworms to any national government of a foreign country or international organization or association, if the Sec-

retary determines that the livestock industry and related industries of the United States will not be adversely affected by the production and sale.

(2) PROCEEDS.—

(A) INDEPENDENT PRODUCTION AND SALE.—If the Secretary independently produces and sells sterile screwworms under paragraph (1), the proceeds of the sale shall be—

(i) deposited into the Treasury of the United States; and

(ii) credited to the account from which the operating expenses of the facility producing the sterile screwworms have been paid.

(B) COOPERATIVE PRODUCTION AND SALE.—

(i) IN GENERAL.—If the Secretary cooperates to produce and sell sterile screwworms under paragraph (1), the proceeds of the sale shall be divided between the United States and the cooperating national government or international organization or association in a manner determined by the Secretary.

(ii) ACCOUNT.—The United States portion of the proceeds shall be—

(I) deposited into the Treasury of the United States; and

(II) credited to the account from which the operating expenses of the facility producing the sterile screwworms have been paid.

(d) COOPERATION IN PROGRAM ADMINISTRATION.—The Secretary may cooperate with State authorities, Indian tribe authorities, or other persons in the administration of regulations for the improvement of livestock and livestock products.

(e) CONSULTATION AND COORDINATION WITH OTHER FEDERAL AGENCIES.—

(1) IN GENERAL.—The Secretary shall consult and coordinate with the head of a Federal agency with respect to any activity that is under the jurisdiction of the Federal agency.

(2) LEAD AGENCY.—Subject to the consultation and coordination requirement in paragraph (1), the Department of Agriculture shall be the lead agency with respect to issues related to pests and diseases of livestock.

SEC. 10412. REIMBURSABLE AGREEMENTS.

(a) AUTHORITY TO ENTER INTO AGREEMENTS.—The Secretary may enter into reimbursable fee agreements with persons for preclearance of animals or articles at locations outside the United States for movement into the United States.

(b) FUNDS COLLECTED FOR PRECLEARANCE.—Funds collected for preclearance activities shall—

(1) be credited to accounts that may be established by the Secretary for carrying out this section; and

(2) remain available until expended for the preclearance activities, without fiscal year limitation.

(c) PAYMENT OF EMPLOYEES.—

(1) IN GENERAL.—Notwithstanding any other law, the Secretary may pay an officer or employee of the Department of Agriculture performing services under this subtitle relating to imports into and exports from the United States for all overtime,

night, or holiday work performed by the officer or employee at a rate of pay determined by the Secretary.

(2) REIMBURSEMENT.—

(A) IN GENERAL.—The Secretary may require a person for whom the services are performed to reimburse the Secretary for any expenses paid by the Secretary for the services under this subsection.

(B) USE OF FUNDS.—All funds collected under this subsection shall—

(i) be credited to the account that incurs the costs; and

(ii) remain available until expended, without fiscal year limitation.

(d) LATE PAYMENT PENALTIES.—

(1) COLLECTION.—On failure by a person to reimburse the Secretary in accordance with this section, the Secretary may assess a late payment penalty against the person, including interest on overdue funds, as required by section 3717 of title 31, United States Code.

(2) USE OF FUNDS.—Any late payment penalty and any accrued interest shall—

(A) be credited to the account that incurs the costs; and

(B) remain available until expended, without fiscal year limitation.

SEC. 10413. ADMINISTRATION AND CLAIMS.

(a) ADMINISTRATION.—To carry out this subtitle, the Secretary may—

(1) acquire and maintain real or personal property;

(2) employ a person;

(3) make a grant; and

(4) notwithstanding chapter 63 of title 31, United States Code, enter into a contract, cooperative agreement, memorandum of understanding, or other agreement.

(b) TORT CLAIMS.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may pay a tort claim, in the manner authorized by the first paragraph of section 2672 of title 28, United States Code, if the claim arises outside the United States in connection with an activity authorized under this subtitle.

(2) REQUIREMENTS.—A claim may not be allowed under this subsection unless the claim is presented in writing to the Secretary not later than 2 years after the date on which the claim arises.

SEC. 10414. PENALTIES.

(a) CRIMINAL PENALTIES.—

(1) OFFENSES.—

(A) IN GENERAL.—A person that knowingly violates this subtitle, or knowingly forges, counterfeits, or, without authority from the Secretary, uses, alters, defaces, or destroys any certificate, permit, or other document provided for in this subtitle shall be fined under title 18, United States Code, imprisoned not more than 1 year, or both.

(B) DISTRIBUTION OR SALE.—A person that knowingly imports, enters, exports, or moves any animal or article, for

distribution or sale, in violation of this subtitle, shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.

(2) MULTIPLE VIOLATIONS.—On the second and any subsequent conviction of a person of a violation of this subtitle under paragraph (1), the person shall be fined under title 18, United States Code, imprisoned not more than 10 years, or both.

(b) CIVIL PENALTIES.—

(1) IN GENERAL.—Except as provided in section 10410(d), any person that violates this subtitle, or that forges, counterfeits, or, without authority from the Secretary, uses, alters, defaces, or destroys any certificate, permit, or other document provided under this subtitle may, after notice and opportunity for a hearing on the record, be assessed a civil penalty by the Secretary that does not exceed the greater of—

(A)(i) $50,000 in the case of any individual, except that the civil penalty may not exceed $1,000 in the case of an initial violation of this subtitle by an individual moving regulated articles not for monetary gain;

(ii) $250,000 in the case of any other person for each violation; and

(iii) $500,000 for all violations adjudicated in a single proceeding; or

(B) twice the gross gain or gross loss for any violation or forgery, counterfeiting, or unauthorized use, alteration, defacing or destruction of a certificate, permit, or other document provided under this subtitle that results in the person's deriving pecuniary gain or causing pecuniary loss to another person.

(2) FACTORS IN DETERMINING CIVIL PENALTY.—In determining the amount of a civil penalty, the Secretary shall take into account the nature, circumstance, extent, and gravity of the violation or violations and the Secretary may consider, with respect to the violator—

(A) the ability to pay;

(B) the effect on ability to continue to do business;

(C) any history of prior violations;

(D) the degree of culpability; and

(E) such other factors as the Secretary considers to be appropriate.

(3) SETTLEMENT OF CIVIL PENALTIES.—The Secretary may compromise, modify, or remit, with or without conditions, any civil penalty that may be assessed under this subsection.

(4) FINALITY OF ORDERS.—

(A) FINAL ORDER.—The order of the Secretary assessing a civil penalty shall be treated as a final order reviewable under chapter 158 of title 28, United States Code.

(B) REVIEW.—The validity of the order of the Secretary may not be reviewed in an action to collect the civil penalty.

(C) INTEREST.—Any civil penalty not paid in full when due under an order assessing the civil penalty shall thereafter accrue interest until paid at the rate of interest applicable to civil judgments of the courts of the United States.

(c) LIABILITY FOR ACTS OF AGENTS.—In the construction and enforcement of this subtitle, the act, omission, or failure of any offi-

cer, agent, or person acting for or employed by any other person within the scope of the employment or office of the officer, agent, or person, shall be deemed also to be the act, omission, or failure of the other person.

(d) GUIDELINES FOR CIVIL PENALTIES.—Subject to the approval of the Attorney General, the Secretary shall establish guidelines to determine under what circumstances the Secretary may issue a civil penalty or suitable notice of warning in lieu of prosecution by the Attorney General of a violation of this subtitle.

SEC. 10415. ENFORCEMENT.

(a) COLLECTION OF INFORMATION.—

(1) IN GENERAL.—The Secretary may gather and compile information and conduct any inspection or investigation that the Secretary considers to be necessary for the administration or enforcement of this subtitle.

(2) SUBPOENAS.—

(A) IN GENERAL.—The Secretary shall have power to issue a subpoena to compel the attendance and testimony of any witness and the production of any documentary evidence relating to the administration or enforcement of this subtitle or any matter under investigation in connection with this subtitle.

(B) LOCATION OF PRODUCTION.—The attendance of any witness and production of documentary evidence relevant to the inquiry may be required from any place in the United States.

(C) ENFORCEMENT.—

(i) IN GENERAL.—In case of disobedience to a subpoena by any person, the Secretary may request the Attorney General to invoke the aid of any court of the United States within the jurisdiction in which the investigation is conducted, or where the person resides, is found, transacts business, is licensed to do business, or is incorporated, to require the attendance and testimony of any witness and the production of documentary evidence.

(ii) NONCOMPLIANCE.—In case of a refusal to obey a subpoena issued to any person, a court may order the person to appear before the Secretary and give evidence concerning the matter in question or to produce documentary evidence.

(iii) CONTEMPT.—Any failure to obey the order of the court may be punished by the court as contempt of the court.

(D) COMPENSATION.—

(i) WITNESSES.—A witness summoned by the Secretary under this subtitle shall be paid the same fees and mileage that are paid to a witness in a court of the United States.

(ii) DEPOSITIONS.—A witness whose deposition is taken, and the person taking the deposition, shall be entitled to the same fees that are paid for similar services in a court of the United States.

(E) PROCEDURES.—

(i) PUBLICATION.—The Secretary shall publish procedures for the issuance of subpoenas under this section.

(ii) REVIEW.—The procedures shall include a requirement that subpoenas be reviewed for legal sufficiency and, to be effective, be signed by the Secretary.

(iii) DELEGATION.—If the authority to sign a subpoena is delegated to an agency other than the Office of Administrative Law Judges, the agency receiving the delegation shall seek review of the subpoena for legal sufficiency outside that agency.

(b) AUTHORITY OF ATTORNEY GENERAL.—The Attorney General may—

(1) prosecute, in the name of the United States, all criminal violations of this subtitle that are referred to the Attorney General by the Secretary or are brought to the notice of the Attorney General by any person;

(2) bring an action to enjoin the violation of or to compel compliance with this subtitle, or to enjoin any interference by any person with the Secretary in carrying out this subtitle, in any case in which the Secretary has reason to believe that the person has violated, or is about to violate this subtitle or has interfered, or is about to interfere, with the actions of the Secretary; or

(3) bring an action for the recovery of any unpaid civil penalty, funds under a reimbursable agreement, late payment penalty, or interest assessed under this subtitle.

(c) COURT JURISDICTION.—

(1) IN GENERAL.—The United States district courts, the District Court of Guam, the District Court of the Northern Mariana Islands, the District Court of the Virgin Islands, the highest court of American Samoa, and the United States courts of the other territories and possessions are vested with jurisdiction in all cases arising under this subtitle.

(2) VENUE.—Any action arising under this subtitle may be brought, and process may be served, in the judicial district where a violation or interference occurred or is about to occur, or where the person charged with the violation, interference, impending violation, impending interference, or failure to pay resides, is found, transacts business, is licensed to do business, or is incorporated.

(3) EXCEPTION.—Paragraphs (1) and (2) do not apply to sections 10410(c) and 10414(b).

SEC. 10416. REGULATIONS AND ORDERS.

The Secretary may promulgate such regulations, and issue such orders, as the Secretary determines necessary to carry out this subtitle.

SEC. 10417. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to carry out this subtitle.

(b) TRANSFER OF FUNDS.—

(1) IN GENERAL.—In connection with an emergency under which a pest or disease of livestock threatens any segment of agricultural production in the United States, the Secretary may

transfer from other appropriations or funds available to the agencies or corporations of the Department of Agriculture such funds as the Secretary determines are necessary for the arrest, control, eradication, or prevention of the spread of the pest or disease of livestock and for related expenses.

(2) AVAILABILITY.—Any funds transferred under this subsection shall remain available until expended, without fiscal year limitation.

(3) REVIEWABILITY.—The action of any officer, employee, or agent of the Secretary in carrying out this section (including determining the amount of and making any payment authorized to be made under this subtitle) shall not be subject to review of longer than 60 days by any officer or employee of the Federal Government other than the Secretary or the designee of the Secretary.

(c) USE OF FUNDS.—In carrying out this subtitle, the Secretary may use funds made available to carry out this subtitle for—

(1) the employment of civilian nationals in foreign countries; and

(2) the construction and operation of research laboratories, quarantine stations, and other buildings and facilities for special purposes.

SEC. 10418. REPEALS AND CONFORMING AMENDMENTS.

(a) REPEALS.—The following provisions of law are repealed:

(1) Public Law 97–46 (7 U.S.C. 147b).

(2) Section 101(b) of the Act of September 21, 1944 (7 U.S.C. 429).

(3) The Act of August 28, 1950 (7 U.S.C. 2260).

(4) Section 919 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2260a).

(5) Section 306 of the Tariff Act of 1930 (19 U.S.C. 1306).

(6) Sections 6 through 8 and 10 of the Act of August 30, 1890 (21 U.S.C. 102 through 105).

(7) The Act of February 2, 1903 (21 U.S.C. 111, 120 through 122).

(8) Sections 2 through 9, 11, and 13 of the Act of May 29, 1884 (21 U.S.C. 112, 113, 114, 114a, 114a–1, 115 through 120, 130).

(9) The first section and sections 2, 3, and 5 of the Act of February 28, 1947 (21 U.S.C. 114b, 114c, 114d, 114d–1).

(10) The Act of June 16, 1948 (21 U.S.C. 114e, 114f).

(11) Public Law 87–209 (21 U.S.C. 114g, 114h).

(12) The third and fourth provisos of the fourth paragraph under the heading "BUREAU OF ANIMAL INDUSTRY" of the Act of May 31, 1920 (21 U.S.C. 116).

(13) The first section and sections 2, 3, 4, and 6 of the Act of March 3, 1905 (21 U.S.C. 123 through 127).

(14) The first proviso under the heading "GENERAL EXPENSES, BUREAU OF ANIMAL INDUSTRY" under the heading "BUREAU OF ANIMAL INDUSTRY" of the Act of June 30, 1914 (21 U.S.C. 128).

(15) The fourth proviso under the heading "SALARIES AND EXPENSES" under the heading "ANIMAL AND PLANT HEALTH INSPECTION SERVICE" of title I of the Agriculture, Rural Develop-

ment, Food and Drug Administration, and Related Agencies Appropriations Act, 2001 (21 U.S.C. 129).

(16) The third paragraph under the heading "MISCELLANEOUS" of the Act of May 26, 1910 (21 U.S.C. 131).

(17) The first section and sections 2 through 6 and 11 through 13 of Public Law 87–518 (21 U.S.C. 134 through 134h).

(18) Public Law 91–239 (21 U.S.C. 135 through 135b).

(19) Sections 12 through 14 of the Federal Meat Inspection Act (21 U.S.C. 612 through 614).

(20) Chapter 39 of title 46, United States Code.

(b) CONFORMING AMENDMENTS.—

(1) Section 414(b) of the Plant Protection Act (7 U.S.C. 7714(b)) is amended—

(A) in paragraph (1), by striking ", or the owner's agent,"; and

(B) in paragraph (2), by striking "or agent of the owner" each place it appears.

(2) Section 423 of the Plant Protection Act (7 U.S.C. 7733) is amended—

(A) by striking subsection (b) and inserting the following:

"(b) LOCATION OF PRODUCTION.—The attendance of any witness and production of documentary evidence relevant to the inquiry may be required from any place in the United States.";

(B) in the third sentence of subsection (e), by inserting "to an agency other than the Office of Administrative Law Judges" after "is delegated"; and

(C) by striking subsection (f).

(3) Section 11(h) of the Endangered Species Act of 1973 (16 U.S.C. 1540(h)) is amended in the first sentence by striking "animal quarantine laws (21 U.S.C. 101–105, 111–135b, and 612–614)" and inserting "animal quarantine laws (as defined in section 2509(f) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136a(f))".

(4) Section 18 of the Federal Meat Inspection Act (21 U.S.C. 618) is amended by striking "of the cattle" and all that follows through "as herein described" and inserting "of the carcasses and products of cattle, sheep, swine, goats, horses, mules, and other equines".

(5) Section 2509 of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 136a) is amended—

(A) in subsection (c), by inserting after paragraph (1) the following:

"(2) VETERINARY DIAGNOSTICS.—The Secretary may prescribe and collect fees to recover the costs of carrying out the provisions of the Animal Health Protection Act that relate to veterinary diagnostics."; and

(B) in subsection (f)(1), by striking subparagraphs (B) through (O) and inserting the following:

"(B) section 9 of the Act of August 30, 1890 (21 U.S.C. 101);

"(C) the Animal Health Protection Act; or

"(D) any other Act administered by the Secretary relating to plant or animal diseases or pests.".

(c) EFFECT ON REGULATIONS.—A regulation issued under a provision of law repealed by subsection (a) shall remain in effect until the Secretary issues a regulation under section 10404(b) or 10416 that supersedes the earlier regulation.

Subtitle F—Livestock

SEC. 10501. TRANSPORTATION OF POULTRY AND OTHER ANIMALS.

Section 5402(d)(2) of title 39, United States Code, is amended—

(1) in subparagraph (A), by inserting ", honeybees," after "poultry"; and

(2) by striking subparagraph (C).

SEC. 10502. SWINE CONTRACTORS.

(a) DEFINITIONS.—Section 2(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 182(a)), is amended by adding at the end the following:

"(12) SWINE CONTRACTOR.—The term 'swine contractor' means any person engaged in the business of obtaining swine under a swine production contract for the purpose of slaughtering the swine or selling the swine for slaughter, if—

"(A) the swine is obtained by the person in commerce; or

"(B) the swine (including products from the swine) obtained by the person is sold or shipped in commerce.

"(13) SWINE PRODUCTION CONTRACT.—The term 'swine production contract' means any growout contract or other arrangement under which a swine production contract grower raises and cares for the swine in accordance with the instructions of another person.

"(14) SWINE PRODUCTION CONTRACT GROWER.—The term 'swine production contract grower' means any person engaged in the business of raising and caring for swine in accordance with the instructions of another person.".

(b) SWINE CONTRACTORS.—

(1) IN GENERAL.—The Packers and Stockyards Act, 1921, is amended by striking "packer" each place it appears in sections 202, 203, 204, and 205 (7 U.S.C. 192, 193, 194, 195) (other than section 202(c)) and inserting "packer or swine contractor".

(2) CONFORMING AMENDMENTS.—

(A) Section 202(c) of the Packers and Stockyards Act, 1921 (7 U.S.C. 192(c)), is amended by inserting ", swine contractor," after "other packer" each place it appears.

(B) Section 308(a) of the Packers and Stockyards Act, 1921 (7 U.S.C. 209(a)), is amended by inserting "or swine production contract" after "poultry growing arrangement".

(C) Sections 401 and 403 of the Packers and Stockyards Act, 1921 (7 U.S.C. 221, 223), are amended by inserting "any swine contractor, and" after "packer," each place it appears.

SEC. 10503. RIGHT TO DISCUSS TERMS OF CONTRACT.

(a) DEFINITIONS.—In this section:

(1) PRODUCER.—The term "producer" means any person engaged in the raising and caring for livestock or poultry for slaughter.

(2) PROCESSOR.—The term "processor" means any person engaged in the business of obtaining livestock or poultry for the purpose of slaughtering the livestock or poultry.

(b) NO PROHIBITION OF DISCUSSION.—Notwithstanding a provision in any contract between a producer and a processor for the production of livestock or poultry, or in any marketing agreement between a producer and a processor for the sale of livestock or poultry for a term of 1 year or more, that provides that information contained in the contract is confidential, a party to the contract shall not be prohibited from discussing any terms or details of the contract with—

(1) a Federal or State agency;

(2) a legal adviser to the party;

(3) a lender to the party;

(4) an accountant hired by the party;

(5) an executive or manager of the party;

(6) a landlord of the party; or

(7) a member of the immediate family of the party.

(c) EFFECT ON STATE LAWS.—Subsection (b) does not—

(1) preempt any State law that addresses confidentiality provisions in contracts for the sale or production of livestock or poultry, except any provision of State law that makes lawful a contract provision that prohibits a party from, or limits a party in, engaging in discussion that subsection (b) requires to be permitted; or

(2) deprive any State court of jurisdiction under any such State law.

(d) APPLICABILITY.—This section applies to each contract described in subsection (b) that is entered into, amended, renewed, or extended after the date of enactment of this Act.

SEC. 10504. VETERINARY TRAINING.

The Secretary of Agriculture may develop a program to maintain in all regions of the United States a sufficient number of Federal and State veterinarians who are well trained in recognition and diagnosis of exotic and endemic animal diseases.

SEC. 10505. PSEUDORABIES ERADICATION PROGRAM.

Section 2506(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 (21 U.S.C. 114i(d)) is amended by striking "2002" and inserting "2007".

Subtitle G—Specialty Crops

SEC. 10601. MARKETING ORDERS FOR CANEBERRIES.

(a) IN GENERAL.—Section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in subsection (2)(A), by inserting "caneberries (including raspberries, blackberries, and loganberries)," after "other than pears, olives, grapefruit, cherries,"; and

(2) in subsection (6)(I), by striking "tomatoes,," and inserting "tomatoes, caneberries (including raspberries, blackberries, and loganberries),".

(b) CONFORMING AMENDMENT.—Section 8e(a) of the Agricultural Adjustment Act (7 U.S.C. 608e–l(a)), reenacted with amend-

ments by the Agricultural Marketing Agreement Act of 1937, is amended in the first sentence by striking "or apples" and inserting "apples, or caneberries (including raspberries, blackberries, and loganberries)".

SEC. 10602. AVAILABILITY OF SECTION 32 FUNDS.

The second undesignated paragraph of section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), is amended by striking "$300,000,000" and inserting "$500,000,000".

SEC. 10603. PURCHASE OF SPECIALTY CROPS.

(a) GENERAL PURCHASE AUTHORITY.—Of the funds made available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), for fiscal year 2002 and each subsequent fiscal year, the Secretary of Agriculture shall use not less than $200,000,000 each fiscal year to purchase fruits, vegetables, and other specialty food crops.

(b) PURCHASE AUTHORITY.—

(1) PURCHASE.—Of the amount specified in subsection (a), the Secretary of Agriculture shall use not less than $50,000,000 each fiscal year for the purchase of fresh fruits and vegetables for distribution to schools and service institutions in accordance with section 6(a) of the Richard B. Russell National School Lunch Act (42 U.S.C. 1755(a)).

(2) SERVICING AGENCY.—The Secretary of Agriculture shall provide for the Secretary of Defense to serve as the servicing agency for the procurement of the fresh fruits and vegetables under this subsection on the same terms and conditions as provided in the memorandum of agreement entered into between the Agricultural Marketing Service, the Food and Consumer Service, and the Defense Personnel Support Center during August 1995 (or any successor memorandum of agreement).

(c) DEFINITIONS.—In this section, the terms "fruits", "vegetables", and "other specialty food crops" shall have the meaning given the terms by the Secretary of Agriculture.

SEC. 10604. PROTECTION FOR PURCHASERS OF FARM PRODUCTS.

(a) DEFINITION OF EFFECTIVE FINANCING STATEMENT.—Section 1324(c)(4) of the Food Security Act of 1985 (7 U.S.C. 1631(c)(4)) is amended—

(1) in subparagraph (B), by striking "signed" and inserting "signed, authorized, or otherwise authenticated by the debtor,";

(2) by striking subparagraph (C);

(3) in subparagraph (D)—

(A) in clause (iii), by adding "and" after the semicolon at the end; and

(B) in clause (iv), by striking "applicable;" and all that follows and inserting "applicable, and the name of each county or parish in which the farm products are produced or located,";

(4) in subparagraph (E), by striking "signed" and inserting "signed, authorized, or otherwise authenticated by the debtor";

(5) in subparagraph (G), by striking "notice signed" and inserting "notice signed, authorized, or otherwise authenticated"; and

(6) by redesignating subparagraphs (D) through (I) as subparagraphs (C) through (H), respectively.

(b) PURCHASES SUBJECT TO SECURITY INTERESTS.—Section 1324(e) of the Food Security Act of 1985 (7 U.S.C. 1631(e)) is amended—

(1) in paragraph (1)(A)(ii)—

(A) in subclause (III), by adding "and" after the semicolon at the end; and

(B) in subclause (IV), by striking "crop year," and all that follows and inserting "crop year, and the name of each county or parish in which the farm products are produced or located,";

(2) in paragraph (1)(A)(iii), by striking "similarly signed" and inserting "similarly signed, authorized, or otherwise authenticated";

(3) in paragraph (1)(A)(iv), by striking "notice signed" and inserting "notice signed, authorized, or otherwise authenticated";

(4) in paragraph (1)(A)(v), by inserting "contains" before "any payment"; and

(5) in paragraph (3)—

(A) in subparagraph (A), by striking "subparagraph" and inserting "subsection"; and

(B) in subparagraph (B), by striking "; and" and inserting a period.

(c) CERTAIN SALES SUBJECT TO SECURITY INTEREST.—Section 1324(g)(2)(A) of the Food Security Act of 1985 (7 U.S.C. 1631(g)(2)(A)) is amended—

(1) in clause (ii)—

(A) in subclause (III), by adding "and" after the semicolon at the end; and

(B) in subclause (IV), by striking "crop year," and all that follows and inserting "crop year, and the name of each county or parish in which the farm products are produced or located,";

(2) in clause (iii), by striking "similarly signed" and inserting "similarly signed, authorized, or otherwise authenticated";

(3) in clause (iv), by striking "notice signed" and inserting "notice signed, authorized, or otherwise authenticated"; and

(4) in clause (v), by inserting "contains" before "any payment".

SEC. 10605. FARMERS' MARKET PROMOTION PROGRAM.

(a) IN GENERAL.—The Farmer-to-Consumer Direct Marketing Act of 1976 is amended by inserting after section 5 (7 U.S.C. 3004) the following:

"SEC. 6. FARMERS' MARKET PROMOTION PROGRAM.

"(a) ESTABLISHMENT.—The Secretary shall carry out a program, to be known as the 'Farmers' Market Promotion Program' (referred to in this section as the 'Program'), to make grants to eligible entities for projects to establish, expand, and promote farmers' markets.

"(b) PROGRAM PURPOSES.—

"(1) IN GENERAL.—The purposes of the Program are—

"(A) to increase domestic consumption of agricultural commodities by improving and expanding, or assisting in the improvement and expansion of, domestic farmers' mar-

kets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer market opportunities; and

"(B) to develop, or aid in the development of, new farmers' markets, roadside stands, community-supported agriculture programs, and other direct producer-to-consumer infrastructure.

"(2) LIMITATIONS.—An eligible entity may not use a grant or other assistance provided under the Program for the purchase, construction, or rehabilitation of a building or structure.

"(c) ELIGIBLE ENTITIES.—An entity shall be eligible to receive a grant under the Program if the entity is—

"(1) an agricultural cooperative;

"(2) a local government;

"(3) a nonprofit corporation;

"(4) a public benefit corporation;

"(5) an economic development corporation;

"(6) a regional farmers' market authority; or

"(7) such other entity as the Secretary may designate.

"(d) CRITERIA AND GUIDELINES.—The Secretary shall establish criteria and guidelines for the submission, evaluation, and funding of proposed projects under the Program.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.".

(b) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) SURVEY.—Section 4 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3003) is amended—

(A) in the first sentence, by striking "a continuing" and inserting "an annual"; and

(B) by striking the second sentence.

(2) DIRECT MARKETING ASSISTANCE.—Section 5 of the Farmer-to-Consumer Direct Marketing Act of 1976 (7 U.S.C. 3004) is amended—

(A) in subsection (a)—

(i) in the first sentence, by striking "Extension Service of the United States Department of Agriculture" and inserting "Secretary"; and

(ii) in the second sentence—

(I) by striking "Extension Service" and inserting "Secretary"; and

(II) by striking "and on the basis of which of these two agencies, or combination thereof, can best perform these activities" and inserting ", as determined by the Secretary";

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

(C) by inserting after subsection (a) the following:

"(b) DEVELOPMENT OF FARMERS' MARKETS.—The Secretary shall—

"(1) work with the Governor of a State, and a State agency designated by the Governor, to develop programs to train managers of farmers' markets;

"(2) develop opportunities to share information among managers of farmers' markets;

"(3) establish a program to train cooperative extension service employees in the development of direct marketing techniques; and

"(4) work with producers to develop farmers' markets.".

SEC. 10606. NATIONAL ORGANIC CERTIFICATION COST-SHARE PROGRAM.

(a) IN GENERAL.—Of funds of the Commodity Credit Corporation, the Secretary of Agriculture (acting through the Agricultural Marketing Service) shall use $5,000,000 for fiscal year 2002, to remain available until expended, to establish a national organic certification cost-share program to assist producers and handlers of agricultural products in obtaining certification under the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

(b) FEDERAL SHARE.—

(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall pay under this section not more than 75 percent of the costs incurred by a producer or handler in obtaining certification under the national organic production program, as certified to and approved by the Secretary.

(2) MAXIMUM AMOUNT.—The maximum amount of a payment made to a producer or handler under this section shall be $500.

SEC. 10607. EXEMPTION OF CERTIFIED ORGANIC PRODUCTS FROM ASSESSMENTS.

(a) IN GENERAL.—Section 501 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7401) is amended by adding at the end the following:

"(e) EXEMPTION OF CERTIFIED ORGANIC PRODUCTS FROM ASSESSMENTS.—

"(1) IN GENERAL.—Notwithstanding any provision of a commodity promotion law, a person that produces and markets solely 100 percent organic products, and that does not produce any conventional or nonorganic products, shall be exempt from the payment of an assessment under a commodity promotion law with respect to any agricultural commodity that is produced on a certified organic farm (as defined in section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502)).

"(2) REGULATIONS.—Not later than 1 year after the date of enactment of this subsection, the Secretary shall promulgate regulations concerning eligibility and compliance for an exemption under paragraph (1).".

(b) TECHNICAL AMENDMENTS.—Section 501(a) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7401(a)) is amended—

(1) in paragraph (17), by striking "or";

(2) in paragraph (18), by striking the period and inserting "; or"; and

(3) by adding at the end the following:

"(19) any other provision of law enacted after April 4, 1996, that provides for the establishment and operation of a promotion program described in the first sentence.".

SEC. 10608. CRANBERRY ACREAGE RESERVE PROGRAM.

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE AREA.—The term "eligible area" means a wetland or buffer strip adjacent to a wetland that, as determined by the Secretary—

(A)(i) is used, and has a history of being used, for the cultivation of cranberries; or

(ii) is an integral component of a cranberry-growing operation;

(B) is located in an environmentally sensitive area.

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

(b) PROGRAM.—The Secretary shall establish a program to purchase permanent easements in eligible areas from willing sellers.

(c) PURCHASE PRICE.—The Secretary shall ensure, to the maximum extent practicable, that each easement purchased under this section is for an amount that appropriately reflects the range of values for agricultural and nonagricultural land in the region in which the eligible area subject to the easement is located (including whether that land is located in 1 or more environmentally sensitive areas, as determined by the Secretary).

(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $10,000,000.

Subtitle H—Administration

SEC. 10701. INITIAL RATE OF BASIC PAY FOR EMPLOYEES OF COUNTY COMMITTEES.

Section 5334 of title 5, United States Code, is amended by striking subsection (e) and inserting the following:

"(e) An employee of a county committee established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) may, on appointment to a position subject to this subchapter, have the initial rate of basic pay of the employee fixed at—

"(1) the lowest rate of the higher grade that exceeds the rate of basic pay of the employee with the county committee by not less than 2 step-increases of the grade from which the employee was promoted, if the Federal Civil Service position under this subchapter is at a higher grade than the last grade the employee had while an employee of the county committee;

"(2) the same step of the grade as the employee last held during service with the county committee, if the Federal Civil Service position under this subchapter is at the same grade as the last grade the employee had while an employee of the county committee; or

"(3) the lowest step of the Federal grade for which the rate of basic pay is equal to or greater than the highest previous rate of pay of the employee, if the Federal Civil Service position under this subchapter is at a lower grade than the last grade the employee had while an employee of the county committee.".

SEC. 10702. COMMODITY FUTURES TRADING COMMISSION PAY COMPARABILITY.

(a) APPOINTMENT AND COMPENSATION OF EMPLOYEES OF THE COMMISSION.—Section 2(a) of the Commodity Exchange Act (7 U.S.C. 2(a)) is amended—

(1) by redesignating paragraphs (7) through (11) as paragraphs (8) through (12), respectively; and

(2) by inserting after paragraph (6) the following:

"(7) APPOINTMENT AND COMPENSATION.—

"(A) IN GENERAL.—The Commission may appoint and fix the compensation of such officers, attorneys, economists, examiners, and other employees as may be necessary for carrying out the functions of the Commission under this Act.

"(B) RATES OF PAY.—Rates of basic pay for all employees of the Commission may be set and adjusted by the Commission without regard to chapter 51 or subchapter III of chapter 53 of title 5, United States Code.

"(C) COMPARABILITY.—

"(i) IN GENERAL.—The Commission may provide additional compensation and benefits to employees of the Commission if the same type of compensation or benefits are provided by any agency referred to in section 1206(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b(a)) or could be provided by such an agency under applicable provisions of law (including rules and regulations).

"(ii) CONSULTATION.—In setting and adjusting the total amount of compensation and benefits for employees, the Commission shall consult with, and seek to maintain comparability with, the agencies referred to in section 1206(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b(a)).".

(b) REPORTING OF INFORMATION BY THE COMMISSION.—Section 1206 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1833b) is amended—

(1) by striking "The Federal" and inserting the following:

"(a) IN GENERAL.—The Federal"; and

(2) by adding at the end the following:

"(b) COMMODITY FUTURES TRADING COMMISSION.—In establishing and adjusting schedules of compensation and benefits for employees of the Commodity Futures Trading Commission under applicable provisions of law, the Commission shall—

"(1) inform the heads of the agencies referred to in subsection (a) and Congress of such compensation and benefits; and

"(2) seek to maintain comparability with those agencies regarding compensation and benefits.".

(c) CONFORMING AMENDMENTS.—

(1) Section 3132(a)(1) of title 5, United States Code, is amended—

(A) in subparagraph (C), by striking "or" at the end;

(B) in subparagraph (D), by adding "or" at the end; and

(C) by adding at the end the following:

"(E) the Commodity Futures Trading Commission;".

(2) Section 5316 of title 5, United States Code, is amended—

(A) by striking "General Counsel, Commodity Futures Trading Commission."; and

(B) by striking "Executive Director, Commodity Futures Trading Commission.".

(3) Section 5373(a) of title 5, United States Code, is amended—

(A) in paragraph (2), by striking "or" at the end;

(B) in paragraph (3), by striking the period at the end and inserting "; or"; and

(C) by adding at the end the following:

"(4) section 2(a)(7) of the Commodity Exchange Act (7 U.S.C. 2(a)(7)).".

SEC. 10703. OVERTIME AND HOLIDAY PAY.

(a) IN GENERAL.—The Secretary of Agriculture may—

(1) pay employees of the Department of Agriculture employed in an establishment subject to the Federal Meat Inspection Act (21 U.S.C. 601 et seq.) or the Poultry Products Inspection Act (21 U.S.C. 451 et seq.) for all overtime and holiday work performed at the establishment at rates determined by the Secretary, subject to applicable law relating to minimum wages and maximum hours; and

(2) accept from the establishment reimbursement for any sums paid by the Secretary for the overtime and holiday work, at rates determined under paragraph (1).

(b) AVAILABILITY.—Sums received by the Secretary under this section shall remain available until expended without further appropriation and without fiscal year limitation, to carry out subsection (a).

(c) CONFORMING AMENDMENTS.—

(1) Section 25 of the Poultry Products Inspection Act (21 U.S.C. 468) is amended by striking "except that the cost" and all that follows and inserting "except the cost of overtime and holiday pay paid pursuant to the section 10703 of the Farm Security and Rural Investment Act of 2002.".

(2) The Act of June 5, 1948 (21 U.S.C. 695), is amended by striking "overtime" and all that follows and inserting "overtime and holiday pay paid pursuant to section 10703 of the Farm Security and Rural Investment Act of 2002.".

(3) The matter under the heading "BUREAU OF ANIMAL INDUSTRY" of the Act of July 24, 1919, is amended by striking the next to the last paragraph (7 U.S.C. 394).

(4) Section 5549 of title 5, United States Code is amended by striking paragraph (1) and inserting the following:

"(1) section 10703 of the Farm Security and Rural Investment Act of 2002;".

SEC. 10704. ASSISTANT SECRETARY OF AGRICULTURE FOR CIVIL RIGHTS.

(a) IN GENERAL.—Section 218 of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 6918) is amended—

(1) in subsection (a)—

(A) in paragraph (1), by striking "and" at the end;

(B) in paragraph (2), by striking the period at the end and inserting "; and"; and

(C) by adding at the end the following:

"(3) Assistant Secretary of Agriculture for Civil Rights."; and

(2) by striking subsections (d) and (e) and inserting the following:

"(d) DUTIES OF ASSISTANT SECRETARY OF AGRICULTURE FOR CIVIL RIGHTS.—The Secretary may delegate to the Assistant Secretary for Civil Rights responsibility for—

"(1) ensuring compliance with all civil rights and related laws by all agencies and under all programs of the Department;

"(2) coordinating administration of civil rights laws (including regulations) within the Department for employees of, and participants in, programs of the Department; and

"(3) ensuring that necessary and appropriate civil rights components are properly incorporated into all strategic planning initiatives of the Department and agencies of the Department.".

(b) COMPENSATION.—Section 5315 of title 5, United States Code, is amended by striking "Assistant Secretaries of Agriculture (2)" and inserting "Assistant Secretaries of Agriculture (3)".

(c) CONFORMING AMENDMENTS.—Section 296(b) of the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. 7014(b)) is amended—

(1) in paragraph (3), by striking "or" at the end;

(2) in paragraph (4), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following:

"(5) the authority of the Secretary to establish within the Department the position of Assistant Secretary of Agriculture for Civil Rights, and delegate duties to the Assistant Secretary, under section 218.".

SEC. 10705. OPERATION OF GRADUATE SCHOOL OF DEPARTMENT OF AGRICULTURE.

(a) AUDITS OF RECORDS.—Section 921 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 2279b) is amended by adding at the end the following:

"(k) AUDITS OF RECORDS.—The financial records of the Graduate School (including records relating to contracts or agreements entered into under subsection (c)) shall be made available to the Comptroller General for purposes of conducting an audit.".

(b) CONFORMING REPEAL.—Section 1669 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5922) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on October 1, 2002.

SEC. 10706. IMPLEMENTATION FUNDING AND INFORMATION MANAGEMENT.

(a) ADDITIONAL FUNDS FOR ADMINISTRATIVE COSTS.—

(1) IN GENERAL.—The Secretary of Agriculture, acting through the Farm Service Agency, may use not more than $55,000,000 of funds of the Commodity Credit Corporation to cover administrative costs associated with the implementation of title I and the amendments made by that title.

(2) AVAILABILITY.—The funds referred to in paragraph (1) shall remain available to the Secretary until expended.

(3) SET-ASIDE.—Of the amount specified in paragraph (1), the Secretary shall use not less than $5,000,000, but not more than $8,000,000, to carry out subsection (b).

(b) INFORMATION MANAGEMENT.—

(1) DEVELOPMENT OF SYSTEM.—The Secretary of Agriculture shall develop a comprehensive information management system, using appropriate technologies, to be used in implementing the programs administered by the Federal Crop Insurance Corporation and the Farm Service Agency.

(2) ELEMENTS.—The information management system developed under this subsection shall be designed to—

(A) improve access by agricultural producers to programs described in paragraph (1);

(B) improve and protect the integrity of the information collected;

(C) meet the needs of the agencies that require the data in the administration of their programs;

(D) improve the timeliness of the collection of the information;

(E) contribute to the elimination of duplication of information collection;

(F) lower the overall cost to the Department of Agriculture for information collection; and

(G) achieve such other goals as the Secretary considers appropriate.

(3) RECONCILIATION OF CURRENT INFORMATION MANAGEMENT.—The Secretary shall ensure that all current information of the Federal Crop Insurance Corporation and the Farm Service Agency is combined, reconciled, redefined, and reformatted in such a manner so that the agencies can use the common information management system developed under this subsection.

(4) ASSISTANCE FOR DEVELOPMENT OF SYSTEM.—The Secretary shall enter into an agreement or contract with a non-Federal entity to assist the Secretary in the development of the information management system. The Secretary shall give preference in entering into an agreement or contract to entities that have—

(A) prior experience with the information and management systems of the Federal Crop Insurance Corporation; and

(B) collaborated with the Corporation in the development of the identification procedures required by section 515(f) of the Federal Crop Insurance Act (7 U.S.C. 1515(f)).

(5) USE.—The information collected using the information management system developed under this subsection may be made available to—

(A) any Federal agency that requires the information to carry out the functions of the agency; and

(B) any approved insurance provider, as defined in section 502(b) of the Federal Crop Insurance Act (7 U.S.C. 1502(b)), with respect to producers insured by the approved insurance provider.

(6) RELATION TO OTHER ACTIVITIES.—This subsection shall not interfere with, or delay, existing agreements or requests for proposals of the Federal Crop Insurance Corporation or the

Farm Service Agency regarding the information management activities known as data mining or data warehousing.

(c) AUTHORIZATION OF APPROPRIATIONS.—In addition to amounts made available under subsection (a)(3), there are authorized to be appropriated such sums as are necessary to carry out subsection (b) for each of fiscal years 2003 through 2008.

SEC. 10707. OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

(a) DEFINITIONS.—Section 2501(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279(e)) is amended by adding at the end the following:

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

"(5) ELIGIBLE ENTITY.—The term 'eligible entity' means any of the following:

"(A) Any community-based organization, network, or coalition of community-based organizations that—

"(i) has demonstrated experience in providing agricultural education or other agriculturally related services to socially disadvantaged farmers and ranchers;

"(ii) has provided to the Secretary documentary evidence of work with socially disadvantaged farmers and ranchers during the 2-year period preceding the submission of an application for assistance under subsection (a); and

"(iii) does not engage in activities prohibited under section 501(c)(3) of the Internal Revenue Code of 1986.

"(B) An 1890 institution or 1994 institution (as defined in section 2 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601)), including West Virginia State College.

"(C) An Indian tribal community college or an Alaska Native cooperative college.

"(D) An Hispanic-serving institution (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103)).

"(E) Any other institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) that has demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged farmers and ranchers in a region.

"(F) An Indian tribe (as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b)) or a national tribal organization that has demonstrated experience in providing agriculture education or other agriculturally related services to socially disadvantaged farmers and ranchers in a region.

"(G) An organization or institution that received funding under subsection (a) before January 1, 1996, but only with respect to projects that the Secretary considers are similar to projects previously carried out by the organization or institution under such subsection.

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

(b) OUTREACH AND ASSISTANCE.—Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended by striking subsection (a) and inserting the following:

"(a) OUTREACH AND ASSISTANCE.—

"(1) PROGRAM.—The Secretary of Agriculture shall carry out an outreach and technical assistance program to encourage and assist socially disadvantaged farmers and ranchers—

"(A) in owning and operating farms and ranches; and

"(B) in participating equitably in the full range of agricultural programs offered by the Department.

"(2) REQUIREMENTS.—The outreach and technical assistance program under paragraph (1) shall—

"(A) enhance coordination of the outreach, technical assistance, and education efforts authorized under various agriculture programs; and

"(B) include information on, and assistance with—

"(i) commodity, conservation, credit, rural, and business development programs;

"(ii) application and bidding procedures;

"(iii) farm and risk management;

"(iv) marketing; and

"(v) other activities essential to participation in agricultural and other programs of the Department.

"(3) GRANTS AND CONTRACTS.—

"(A) IN GENERAL.—The Secretary may make grants to, and enter into contracts and other agreements with, an eligible entity to provide information and technical assistance under this subsection.

"(B) RELATIONSHIP TO OTHER LAW.—The authority to carry out this section shall be in addition to any other authority provided in this or any other Act.

"(C) OTHER PROJECTS.—Notwithstanding paragraph (1), the Secretary may make grants to, and enter into contracts and other agreements with, an organization or institution that received funding under this section before January 1, 1996, to carry out a project that is similar to a project for which the organization or institution received such funding.

"(4) FUNDING.—

"(A) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection $25,000,000 for each of fiscal years 2002 through 2007.

"(B) INTERAGENCY FUNDING.—In addition to funds authorized to be appropriated under subparagraph (A), any agency of the Department may participate in any grant, contract, or agreement entered into under this subsection by contributing funds, if the agency determined that the objectives of the grant, contract, or agreement will further the authorized programs of the contributing agency.".

(c) CONFORMING AMENDMENTS.—Section 2501 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 2279) is amended—

(1) in subsection (d)(1), by striking "of Agriculture" after "Department"; and

(2) in subsection (g)(1), by striking "of Agriculture" after "Department".

SEC. 10708. TRANSPARENCY AND ACCOUNTABILITY FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS; PUBLIC DISCLOSURE REQUIREMENTS FOR COUNTY COMMITTEE ELECTIONS.

(a) TRANSPARENCY AND ACCOUNTABILITY FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.—The Food, Agriculture, Conservation, and Trade Act of 1990 is amended by inserting after section 2501 (7 U.S.C. 2279) the following:

"SEC. 2501A. TRANSPARENCY AND ACCOUNTABILITY FOR SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.

"(a) PURPOSE.—The purpose of this section is to ensure compilation and public disclosure of data to assess and hold the Department of Agriculture accountable for the nondiscriminatory participation of socially disadvantaged farmers and ranchers in programs of the Department.

"(b) DEFINITION OF SOCIALLY DISADVANTAGED FARMER OR RANCHER.—In this section, the term 'socially disadvantaged farmer or rancher' has the meaning given the term in section 355(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)).

"(c) COMPILATION OF PROGRAM PARTICIPATION DATA.—

"(1) ANNUAL REQUIREMENT.—For each county and State in the United States, the Secretary shall compute annually the participation rate of socially disadvantaged farmers and ranchers as a percentage of the total participation of all farmers and ranchers for each program of the Department of Agriculture established for farmers or ranchers.

"(2) REPORTING PARTICIPATION.—In reporting the rates of participation under paragraph (1), the Secretary shall report the participation rate of socially disadvantaged farmers and ranchers according to race, ethnicity, and gender.".

(b) PUBLIC DISCLOSURE REQUIREMENTS FOR COUNTY COMMITTEE ELECTIONS.—Section 8(b)(5) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)(5)) is amended by striking subparagraph (B) and inserting the following:

"(B) ESTABLISHMENT AND ELECTIONS FOR COUNTY, AREA, OR LOCAL COMMITTEES.—

"(i) ESTABLISHMENT.—

"(I) IN GENERAL.—In each county or area in which activities are carried out under this section, the Secretary shall establish a county or area committee.

"(II) LOCAL ADMINISTRATIVE AREAS.—The Secretary may designate local administrative areas within a county or a larger area under the jurisdiction of a committee established under subclause (I).

"(ii) COMPOSITION OF COUNTY, AREA, OR LOCAL COMMITTEES.—A committee established under clause (i) shall consist of not fewer than 3 nor more than 5 members that—

"(I) are fairly representative of the agricultural producers within the area covered by the county, area, or local committee; and

"(II) are elected by the agricultural producers that participate or cooperate in programs administered within the area under the jurisdiction of the county, area, or local committee.

"(iii) ELECTIONS.—

"(I) IN GENERAL.—Subject to subclauses (II) through (V), the Secretary shall establish procedures for nominations and elections to county, area, or local committees.

"(II) NONDISCRIMINATION STATEMENT.—Each solicitation of nominations for, and notice of elections of, a county, area, or local committee shall include the nondiscrimination statement used by the Secretary.

"(III) NOMINATIONS.—

"(aa) ELIGIBILITY.—To be eligible for nomination and election to the applicable county, area, or local committee, as determined by the Secretary, an agricultural producer shall be located within the area under the jurisdiction of a county, area, or local committee, and participate or cooperate in programs administered within that area.

"(bb) OUTREACH.—In addition to such nominating procedures as the Secretary may prescribe, the Secretary shall solicit and accept nominations from organizations representing the interests of socially disadvantaged groups (as defined in section 355(e)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 2003(e)(1)).

"(IV) OPENING OF BALLOTS.—

"(aa) PUBLIC NOTICE.—At least 10 days before the date on which ballots are to be opened and counted, a county, area, or local committee shall announce the date, time, and place at which election ballots will be opened and counted.

"(bb) OPENING OF BALLOTS.—Election ballots shall not be opened until the date and time announced under item (aa).

"(cc) OBSERVATION.—Any person may observe the opening and counting of the election ballots.

"(V) REPORT OF ELECTION.—Not later than 20 days after the date on which an election is held, a county, area, or local committee shall file an election report with the Secretary and the State office of the Farm Service Agency that includes—

"(aa) the number of eligible voters in the area covered by the county, area, or local committee;

"(bb) the number of ballots cast in the election by eligible voters (including the percentage of eligible voters that cast ballots);

"(cc) the number of ballots disqualified in the election;

"(dd) the percentage that the number of ballots disqualified is of the number of ballots received;

"(ee) the number of nominees for each seat up for election;

"(ff) the race, ethnicity, and gender of each nominee, as provided through the voluntary self-identification of each nominee; and

"(gg) the final election results (including the number of ballots received by each nominee).

"(VI) NATIONAL REPORT.—Not later than 90 days after the date on which the first election of a county, area, or local committee that occurs after the date of enactment of the Farm Security and Rural Investment Act of 2002 is held, the Secretary shall complete a report that consolidates all the election data reported to the Secretary under subclause (V).

"(VII) ELECTION REFORM.—

"(aa) ANALYSIS.—If determined necessary by the Secretary after analyzing the data contained in the report under subclause (VI), the Secretary shall promulgate and publish in the Federal Register proposed uniform guidelines for conducting elections for members and alternate members of county, area, and local committees not later than 1 year after the date of completion of the report.

"(bb) INCLUSION.—The procedures promulgated by the Secretary under item (aa) shall ensure fair representation of socially disadvantaged groups described in subclause (III)(bb) in an area covered by the county, area, or local committee, in cases in which those groups are underrepresented on the county, area, or local committee for that area.

"(cc) METHODS OF INCLUSION.—Notwithstanding clause (ii), the Secretary may ensure inclusion of socially disadvantaged farmers and ranchers through provisions allowing for appointment of 1 additional voting member to a county, area, or local committee or through other methods.

"(iv) TERM OF OFFICE.—The term of office for a member of a county, area, or local committee shall not exceed 3 years.

"(v) PUBLIC AVAILABILITY AND REPORT TO CONGRESS.—

"(I) PUBLIC DISCLOSURE.—The Secretary shall maintain and make readily available to the public, via website and otherwise in electronic and paper form, all data required to be collected and com-

puted under section 2501A(c) of the Food, Agriculture, Conservation, and Trade Act of 1990 and clause (iii)(V) collected annually since the most recent Census of Agriculture.

"(II) REPORT TO CONGRESS.—After each Census of Agriculture, the Secretary shall report to Congress the rate of loss or gain in participation by each socially disadvantaged group, by race, ethnicity, and gender, since the previous Census.".

Subtitle I—General Provisions

SEC. 10801. COTTON CLASSIFICATION SERVICES.

(a) EXTENSION OF AUTHORITY TO PROVIDE SERVICES.—The first sentence of section 3a of the Act of March 3, 1927 (commonly known as the "Cotton Statistics and Estimates Act"; 7 U.S.C. 473a), is amended by striking "2002" and inserting "2007".

(b) REPEAL OF OBSOLETE EFFECTIVE DATE PROVISIONS.—

(1) 1984 AMENDMENT.—The first section of Public Law 98–403 (98 Stat. 1479) is amended by striking ", effective for the period beginning October 1, 1984, and ending September 30, 1988,".

(2) 1987 AMENDMENTS.—Section 2 of the Uniform Cotton Classing Fees Act of 1987 (Public Law 100–108; 101 Stat. 728) is amended by striking "Effective for the period beginning on the date of enactment of this Act and ending September 30, 1992, section" and inserting "Section".

(3) 1991 AMENDMENTS.—Section 120 of the Food, Agriculture, Conservation, and Trade Act Amendments of 1991 (Public Law 102–237; 105 Stat. 1842) is amended by striking subsection (e).

SEC. 10802. PROGRAM OF PUBLIC EDUCATION REGARDING USE OF BIOTECHNOLOGY IN PRODUCING FOOD FOR HUMAN CONSUMPTION.

(a) PUBLIC INFORMATION CAMPAIGN.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall develop and implement a program to communicate with the public regarding the use of biotechnology in producing food for human consumption. The information provided under the program shall include the following:

(1) Science-based evidence on the safety of foods produced with biotechnology.

(2) Scientific data on the human outcomes of the use of biotechnology to produce food for human consumption.

(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2002 through 2007.

SEC. 10803. CHINO DAIRY PRESERVE PROJECT.

Notwithstanding any other provision of law, the Secretary of Agriculture, acting through the Natural Resources Conservation Service, may provide financial and technical assistance to the Chino Dairy Preserve Project, San Bernadino County, California.

SEC. 10804. GRAZINGLANDS RESEARCH LABORATORY.

Notwithstanding any other provision of law, before December 31, 2007, the Federal land and facilities at El Reno, Oklahoma, currently administered by the Secretary of Agriculture as the Grazinglands Research Laboratory shall not, without specific authorization by Congress—

(1) be declared to be excess or surplus under the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 471 et seq.); or

(2) be conveyed or otherwise transferred in whole or in part.

SEC. 10805. FOOD AND AGRICULTURAL POLICY RESEARCH INSTITUTE.

(a) AUTHORITY.—The Secretary of Agriculture may award grants to the Food and Agricultural Policy Research Institute for the purpose of funding prospective, independent research on the effects of alternative domestic, foreign, and trade policies, on the agricultural sector, including research on the effects of those policies on—

(1) commodity prices for—

(A) feed; and

(B) food grains, oilseeds, cotton, livestock, and products thereof;

(2) supply and demand conditions for similar products;

(3) costs to the Federal Government;

(4) farm income;

(5) food costs;

(6) the volume and value of trade in agricultural commodities; and

(7) exporter and importer supply, demand, and trade.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $6,000,000 for each of fiscal years 2003 through 2007.

SEC. 10806. MARKET NAMES FOR CATFISH AND GINSENG.

(a) CATFISH LABELING.—

(1) IN GENERAL.—Notwithstanding any other provision of law, for purposes of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.)—

(A) the term "catfish" may only be considered to be a common or usual name (or part thereof) for fish classified within the family Ictaluridae; and

(B) only labeling or advertising for fish classified within that family may include the term "catfish".

(2) AMENDMENT.—Section 403 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 343) is amended by adding at the end the following:

"(t) If it purports to be or is represented as catfish, unless it is fish classified within the family Ictaluridae.".

(b) GINSENG LABELING.—

(1) IN GENERAL.—Notwithstanding any other provision of law, for purposes of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 et seq.)—

(A) the term "ginseng" may only be considered to be a common or usual name (or part thereof) for any herb or herbal ingredient derived from a plant classified within the genus Panax; and

(B) only labeling or advertising for herbs or herbal ingredients classified within that genus may include the term "ginseng".

(2) AMENDMENT.—Section 403 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 343) (as amended by subsection (a)(2)) is amended by adding at the end the following:

"(u) If it purports to be or is represented as ginseng, unless it is an herb or herbal ingredient derived from a plant classified within the genus Panax.".

SEC. 10807. FOOD SAFETY COMMISSION.

(a) ESTABLISHMENT.—

(1) IN GENERAL.—There is established a commission to be known as the "Food Safety Commission" (referred to in this section as the "Commission").

(2) MEMBERSHIP.—

(A) COMPOSITION.—The Commission shall be composed of 15 members (including a Chairperson, appointed by the President.

(B) ELIGIBILITY.—

(i) IN GENERAL.—Members of the Commission—

(I) shall have specialized training or significant experience in matters under the jurisdiction of the Commission; and

(II) shall represent, at a minimum—

(aa) consumers;

(bb) food scientists;

(cc) the food industry; and

(dd) health professionals.

(ii) FEDERAL EMPLOYEES.—Not more than 3 members of the Commission may be Federal employees.

(C) DATE OF APPOINTMENTS.—The appointment of the members of the Commission shall be made as soon as practicable after the date on which funds authorized to be appropriated under subsection (e)(1) are made available.

(D) VACANCIES.—A vacancy on the Commission—

(i) shall not affect the powers of the Commission; and

(ii) shall be filled—

(I) not later than 60 days after the date on which the vacancy occurs; and

(II) in the same manner as the original appointment was made.

(3) MEETINGS.—

(A) INITIAL MEETING.—The initial meeting of the Commission shall be conducted not later than 30 days after the date of appointment of the final member of the Commission.

(B) OTHER MEETINGS.—The Commission shall meet at the call of the Chairperson.

(4) QUORUM; STANDING RULES.—

(A) QUORUM.—A majority of the members of the Commission shall constitute a quorum to conduct business.

(B) STANDING RULES.—At the first meeting of the Commission, the Commission shall adopt standing rules of the

Commission to guide the conduct of business and decision-making of the Commission.

(b) DUTIES.—

(1) RECOMMENDATIONS.—The Commission shall make specific recommendations to enhance the food safety system of the United States, including a description of how each recommendation would improve food safety.

(2) COMPONENTS.—Recommendations made by the Commission under paragraph (1) shall address all food available commercially in the United States.

(3) REPORT.—Not later than 1 year after the date on which the Commission first meets, the Commission shall submit to the President and Congress—

(A) the findings, conclusions, and recommendations of the Commission, including a description of how each recommendation would improve food safety;

(B) a summary of any other material used by the Commission in the preparation of the report under this paragraph; and

(C) if requested by 1 or more members of the Commission, a statement of the minority views of the Commission.

(c) POWERS OF THE COMMISSION.—

(1) HEARINGS.—The Commission may, for the purpose of carrying out this section, hold such hearings, meet and act at such times and places, take such testimony, and receive such evidence as the Commission considers advisable.

(2) INFORMATION FROM FEDERAL AGENCIES.—

(A) IN GENERAL.—The Commission may secure directly, from any Federal agency, such information as the Commission considers necessary to carry out this section.

(B) PROVISION OF INFORMATION.—

(i) IN GENERAL.—Subject to subparagraph (C), on the request of the Commission, the head of a Federal agency described in subparagraph (A) may furnish information requested by the Commission to the Commission.

(ii) ADMINISTRATION.—The furnishing of information by a Federal agency to the Commission shall not be considered a waiver of any exemption available to the agency under section 552 of title 5, United States Code.

(C) INFORMATION TO BE KEPT CONFIDENTIAL.—

(i) IN GENERAL.—For purposes of section 1905 of title 18, United States Code—

(I) the Commission shall be considered an agency of the Federal Government; and

(II) any individual employed by an individual, entity, or organization that is a party to a contract with the Commission under this section shall be considered an employee of the Commission.

(ii) PROHIBITION ON DISCLOSURE.—Information obtained by the Commission, other than information that is available to the public, shall not be disclosed to any person in any manner except to an employee of the

Commission as described in clause (i), for the purpose of receiving, reviewing, or processing the information.

(d) COMMISSION PERSONNEL MATTERS.—

(1) MEMBERS.—

(A) COMPENSATION.—A member of the Commission shall serve without compensation for the services of the member on the Commission.

(B) TRAVEL EXPENSES.—A member of the Commission shall be allowed travel expenses, including per diem in lieu of subsistence, at rates authorized for an employee of an agency under subchapter I of chapter 57 of title 5, United States Code, while away from the home or regular place of business of the member in the performance of the duties of the Commission.

(2) STAFF.—

(A) IN GENERAL.—The Chairperson of the Commission may, without regard to the civil service laws (including regulations), appoint and terminate the appointment of an executive director and such other additional personnel as are necessary to enable the Commission to perform the duties of the Commission.

(B) CONFIRMATION OF EXECUTIVE DIRECTOR.—The employment of an executive director shall be subject to confirmation by the Commission.

(C) COMPENSATION.—

(i) IN GENERAL.—Except as provided in clause (ii), the Chairperson of the Commission may fix the compensation of the executive director and other personnel without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification of positions and General Schedule pay rates.

(ii) MAXIMUM RATE OF PAY.—The rate of pay for the executive director and other personnel shall not exceed the rate payable for level II of the Executive Schedule under section 5316 of title 5, United States Code.

(3) DETAIL OF FEDERAL GOVERNMENT EMPLOYEES.—

(A) IN GENERAL.—An employee of the Federal Government may be detailed to the Commission, without reimbursement, for such period of time as is permitted by law.

(B) CIVIL SERVICE STATUS.—The detail of the employee shall be without interruption or loss of civil service status or privilege.

(4) PROCUREMENT OF TEMPORARY AND INTERMITTENT SERVICES.—The Chairperson of the Commission may procure temporary and intermittent services in accordance with section 3109(b) of title 5, United States Code, at rates for individuals that do not exceed the daily equivalent of the annual rate of basic pay prescribed for level II of the Executive Schedule under section 5316 of that title.

(e) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated such sums as are necessary to carry out this section.

(2) LIMITATION.—No payment may be made under subsection (d) except to the extent provided for in advance in an appropriations Act.

(f) TERMINATION.—The Commission shall terminate on the date that is 60 days after the date on which the Commission submits the recommendations and report under subsection (b)(3).

SEC. 10808. PASTEURIZATION.

(a) PASTEURIZATION OF MEAT AND POULTRY.—

(1) IN GENERAL.—Effective beginning not later than 30 days after the date of enactment of this Act, the Secretary of Agriculture shall conduct an education program regarding the availability and safety of processes and treatments that eliminate or substantially reduce the level of pathogens on meat, meat food products, poultry, and poultry products.

(2) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as are necessary to carry out this subsection.

(b) PASTEURIZATION OF FOOD AS PASTEURIZED.—Section 403(h) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 343(h)) is amended—

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

(2) by striking the period at the end of paragraph (2) and inserting "; or"; and

(3) by adding at the end the following:

"(3) a food that is pasteurized unless—

"(A) such food has been subjected to a safe process or treatment that is prescribed as pasteurization for such food in a regulation promulgated under this Act; or

"(B)(i) such food has been subjected to a safe process or treatment that—

"(I) is reasonably certain to achieve destruction or elimination in the food of the most resistant microorganisms of public health significance that are likely to occur in the food;

"(II) is at least as protective of the public health as a process or treatment described in subparagraph (A);

"(III) is effective for a period that is at least as long as the shelf life of the food when stored under normal and moderate abuse conditions; and

"(IV) is the subject of a notification to the Secretary, including effectiveness data regarding the process or treatment; and

"(ii) at least 120 days have passed after the date of receipt of such notification by the Secretary without the Secretary making a determination that the process or treatment involved has not been shown to meet the requirements of subclauses (I) through (III) of clause (i).

For purposes of paragraph (3), a determination by the Secretary that a process or treatment has not been shown to meet the requirements of subclauses (I) through (III) of subparagraph (B)(i) shall constitute final agency action under such subclauses.".

SEC. 10809. RULEMAKING ON LABELING OF IRRADIATED FOOD; CERTAIN PETITIONS.

The Secretary of Health and Human Services (referred to in this section as the "Secretary") shall publish a proposed rule and, with due consideration to public comment, a final rule to revise, as appropriate, the current regulation governing the labeling of foods that have been treated to reduce pest infestation or pathogens by treatment by irradiation using radioactive isotope, electronic beam, or x-ray. Pending promulgation of the final rule required by this subsection, any person may petition the Secretary for approval of labeling, which is not false or misleading in any material respect, of a food which has been treated by irradiation using radioactive isotope, electronic beam, or x-ray. The Secretary shall approve or deny such a petition within 180 days of receipt of the petition, or the petition shall be deemed denied, except to the extent additional agency review is mutually agreed upon by the Secretary and the petitioner. Any denial of a petition under this subsection shall constitute final agency action subject to judicial review by the United States Court of Appeals for the District of Columbia Circuit. Any labeling approved through the foregoing petition process shall be subject to the provisions of the final rule referred to in the first sentence of the subparagraph on the effective date of such final rule.

SEC. 10810. PENALTIES FOR VIOLATIONS OF PLANT PROTECTION ACT.

Section 424 of the Plant Protection Act (7 U.S.C. 7734) is amended by striking subsection (a) and inserting the following:

"(a) CRIMINAL PENALTIES.—

"(1) OFFENSES.—

"(A) IN GENERAL.—A person that knowingly violates this title, or knowingly forges, counterfeits, or, without authority from the Secretary, uses, alters, defaces, or destroys any certificate, permit, or other document provided for in this title shall be fined under title 18, United States Code, imprisoned not more than 1 year, or both.

"(B) MOVEMENT.—A person that knowingly imports, enters, exports, or moves any plant, plant product, biological control organism, plant pest, noxious weed, or article, for distribution or sale, in violation of this title, shall be fined under title 18, United States Code, imprisoned not more than 5 years, or both.

"(2) MULTIPLE VIOLATIONS.—On the second and any subsequent conviction of a person of a violation of this title under paragraph (1), the person shall be fined under title 18, United States Code, imprisoned not more than 10 years, or both.".

SEC. 10811. PRECLEARANCE QUARANTINE INSPECTIONS.

(a) PRECLEARANCE INSPECTIONS REQUIRED.—The Secretary of Agriculture, acting through the Administrator of the Animal and Plant Health Inspection Service, shall conduct preclearance quarantine inspections of persons, baggage, cargo, and any other articles destined for movement from the State of Hawaii to any of the following—

(1) The continental United States.

(2) Guam.

(3) Puerto Rico.

(4) The United States Virgin Islands.

(b) INSPECTION LOCATIONS.—The preclearance quarantine inspections required by subsection (a) shall be conducted at all direct departure and interline airports in the State of Hawaii.

(c) LIMITATION.—The Secretary shall not implement this section unless appropriations for necessary expenses of the Animal and Plant Health Inspection Service for inspection, quarantine, and regulatory activities are increased by an amount not less than $3,000,000 in an Act making appropriations for fiscal year 2003.

SEC. 10812. CONNECTICUT RIVER ATLANTIC SALMON COMMISSION.

Section 3(2) of Public Law 98–138 (Public Law 98–138; 97 Stat. 870) is amended by striking "twenty" and inserting "40".

SEC. 10813. PINE POINT SCHOOL.

Section 802(b)(2) of the No Child Left Behind Act of 2001 (Public Law 107–110) is amended by striking "2002" each place it appears and inserting "2000".

SEC. 10814. 7-MONTH EXTENSION OF CHAPTER 12 OF TITLE 11 OF THE UNITED STATES CODE.

(a) AMENDMENTS.—Section 149 of title I of division C of Public Law 105–277 is amended—

(1) by striking "June 1, 2002" each place it appears and inserting "January 1, 2003"; and

(2) in subsection (a)—

(A) by striking "September 30, 2001" and inserting "May 31, 2002"; and

(B) by striking "October 1, 2001" and inserting "June 1, 2002".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect on June 1, 2002.

SEC. 10815. PRACTICES INVOLVING NONAMBULATORY LIVESTOCK.

(a) REPORT.—The Secretary of Agriculture shall investigate and submit to Congress a report on—

(1) the scope of nonambulatory livestock;

(2) the causes that render livestock nonambulatory;

(3) the humane treatment of nonambulatory livestock; and

(4) the extent to which nonambulatory livestock may present handling and disposition problems for stockyards, market agencies, and dealers.

(b) AUTHORITY.—Based on the findings of the report, if the Secretary determines it necessary, the Secretary shall promulgate regulations to provide for the humane treatment, handling, and disposition of nonambulatory livestock by stockyards, market agencies, and dealers.

(c) ADMINISTRATION AND ENFORCEMENT.—For the purpose of administering and enforcing any regulations promulgated under subsection (b), the authorities provided under sections 10414 and 10415 shall apply to the regulations in a similar manner as those sections apply to the Animal Health Protection Act. Any person that violates regulations promulgated under subsection (b) shall be subject to penalties provided in section 10414.

SEC. 10816. COUNTRY OF ORIGIN LABELING.

The Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.) is amended by adding at the end the following:

"Subtitle D—Country of Origin Labeling

"SEC. 281. DEFINITIONS.

"In this subtitle:

"(1) BEEF.—The term 'beef' means meat produced from cattle (including veal).

"(2) COVERED COMMODITY.—

"(A) IN GENERAL.—The term 'covered commodity' means—

"(i) muscle cuts of beef, lamb, and pork;

"(ii) ground beef, ground lamb, and ground pork;

"(iii) farm-raised fish;

"(iv) wild fish;

"(v) a perishable agricultural commodity; and

"(vi) peanuts.

"(B) EXCLUSIONS.—The term 'covered commodity' does not include an item described in subparagraph (A) if the item is an ingredient in a processed food item.

"(3) FARM-RAISED FISH.—The term 'farm-raised fish' includes—

"(A) farm-raised shellfish; and

"(B) fillets, steaks, nuggets, and any other flesh from a farm-raised fish or shellfish.

"(4) FOOD SERVICE ESTABLISHMENT.—The term 'food service establishment' means a restaurant, cafeteria, lunch room, food stand, saloon, tavern, bar, lounge, or other similar facility operated as an enterprise engaged in the business of selling food to the public.

"(5) LAMB.—The term 'lamb' means meat, other than mutton, produced from sheep.

"(6) PERISHABLE AGRICULTURAL COMMODITY; RETAILER.—The terms 'perishable agricultural commodity' and 'retailer' have the meanings given the terms in section 1(b) of the Perishable Agricultural Commodities Act of 1930 (7 U.S.C. 499a(b)).

"(7) PORK.—The term 'pork' means meat produced from hogs.

"(8) SECRETARY.—The term 'Secretary' means the Secretary of Agriculture, acting through the Agricultural Marketing Service.

"(9) WILD FISH.—

"(A) IN GENERAL.—The term 'wild fish' means naturally-born or hatchery-raised fish and shellfish harvested in the wild.

"(B) INCLUSIONS.—The term 'wild fish' includes a fillet, steak, nugget, and any other flesh from wild fish or shellfish.

"(C) EXCLUSIONS.—The term 'wild fish' excludes net-pen aquacultural or other farm-raised fish.

"SEC. 282. NOTICE OF COUNTRY OF ORIGIN.

"(a) IN GENERAL.—

"(1) REQUIREMENT.—Except as provided in subsection (b), a retailer of a covered commodity shall inform consumers, at the final point of sale of the covered commodity to consumers, of the country of origin of the covered commodity.

"(2) UNITED STATES COUNTRY OF ORIGIN.—A retailer of a covered commodity may designate the covered commodity as having a United States country of origin only if the covered commodity—

"(A) in the case of beef, is exclusively from an animal that is exclusively born, raised, and slaughtered in the United States (including from an animal exclusively born and raised in Alaska or Hawaii and transported for a period not to exceed 60 days through Canada to the United States and slaughtered in the United States);

"(B) in the case of lamb and pork, is exclusively from an animal that is exclusively born, raised, and slaughtered in the United States;

"(C) in the case of farm-raised fish, is hatched, raised, harvested, and processed in the United States;

"(D) in the case of wild fish, is—

"(i) harvested in waters of the United States, a territory of the United States, or a State; and

"(ii) processed in the United States, a territory of the United States, or a State, including the waters thereof; and

"(E) in the case of a perishable agricultural commodity or peanuts, is exclusively produced in the United States.

"(3) WILD FISH AND FARM-RAISED FISH.—The notice of country of origin for wild fish and farm-raised fish shall distinguish between wild fish and farm-raised fish.

"(b) EXEMPTION FOR FOOD SERVICE ESTABLISHMENTS.—Subsection (a) shall not apply to a covered commodity if the covered commodity is—

"(1) prepared or served in a food service establishment; and

"(2)(A) offered for sale or sold at the food service establishment in normal retail quantities; or

"(B) served to consumers at the food service establishment.

"(c) METHOD OF NOTIFICATION.—

"(1) IN GENERAL.—The information required by subsection (a) may be provided to consumers by means of a label, stamp, mark, placard, or other clear and visible sign on the covered commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

"(2) LABELED COMMODITIES.—If the covered commodity is already individually labeled for retail sale regarding country of origin, the retailer shall not be required to provide any additional information to comply with this section.

"(d) AUDIT VERIFICATION SYSTEM.—The Secretary may require that any person that prepares, stores, handles, or distributes a covered commodity for retail sale maintain a verifiable recordkeeping audit trail that will permit the Secretary to verify compliance with this subtitle (including the regulations promulgated under section 284(b)).

"(e) INFORMATION.—Any person engaged in the business of supplying a covered commodity to a retailer shall provide information to the retailer indicating the country of origin of the covered commodity.

"(f) CERTIFICATION OF ORIGIN.—

"(1) MANDATORY IDENTIFICATION.—The Secretary shall not use a mandatory identification system to verify the country of origin of a covered commodity.

"(2) EXISTING CERTIFICATION PROGRAMS.—To certify the country of origin of a covered commodity, the Secretary may use as a model certification programs in existence on the date of enactment of this Act, including—

"(A) the carcass grading and certification system carried out under this Act;

"(B) the voluntary country of origin beef labeling system carried out under this Act;

"(C) voluntary programs established to certify certain premium beef cuts;

"(D) the origin verification system established to carry out the child and adult care food program established under section 17 of the Richard B. Russell National School Lunch Act (42 U.S.C. 1766); or

"(E) the origin verification system established to carry out the market access program under section 203 of the Agricultural Trade Act of 1978 (7 U.S.C. 5623).

"SEC. 283. ENFORCEMENT.

"(a) IN GENERAL.—Except as provided in subsections (b) and (c), section 253 shall apply to a violation of this subtitle.

"(b) WARNINGS.—If the Secretary determines that a retailer is in violation of section 282, the Secretary shall—

"(1) notify the retailer of the determination of the Secretary; and

"(2) provide the retailer a 30-day period, beginning on the date on which the retailer receives the notice under paragraph (1) from the Secretary, during which the retailer may take necessary steps to comply with section 282.

"(c) FINES.—If, on completion of the 30-day period described in subsection (b)(2), the Secretary determines that the retailer has willfully violated section 282, after providing notice and an opportunity for a hearing before the Secretary with respect to the violation, the Secretary may fine the retailer in an amount of not more than $10,000 for each violation.

"SEC. 284. REGULATIONS.

"(a) GUIDELINES.—Not later than September 30, 2002, the Secretary shall issue guidelines for the voluntary country of origin labeling of covered commodities based on the requirements of section 282.

"(b) REGULATIONS.—Not later than September 30, 2004, the Secretary shall promulgate such regulations as are necessary to implement this subtitle.

"(c) PARTNERSHIPS WITH STATES.—In promulgating the regulations, the Secretary shall, to the maximum extent practicable, enter into partnerships with States with enforcement infrastructure to assist in the administration of this subtitle.

"SEC. 285. APPLICABILITY.

"This subtitle shall apply to the retail sale of a covered commodity beginning September 30, 2004.".

Subtitle J—Miscellaneous Studies and Reports

SEC. 10901. REPORT ON SPECIALTY CROP PURCHASES.

Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the quantity and type of—

(1) fruits, vegetables, and other specialty food crops that are purchased under section 10603; and

(2) other commodities that are purchased under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c).

SEC. 10902. REPORT ON POUCHED AND CANNED SALMON.

(a) IN GENERAL.—Not later than 180 days after the date of enactment of this Act, the Secretary of Agriculture shall submit to Congress a report on efforts to expand the promotion, marketing, and purchasing of pouched and canned salmon harvested and processed in the United States under food and nutrition programs administered by the Secretary.

(b) COMPONENTS.—The report under subsection (a) shall include—

(1) an analysis of pouched and canned salmon inventories in the United States that, as of the date on which the report is submitted, are available for purchase;

(2) an analysis of the demand for pouched and canned salmon and value-added products (such as salmon "nuggets") by—

(A) partners of the Department of Agriculture (including other appropriate Federal agencies); and

(B) consumers; and

(3) an analysis of impediments to additional purchases of pouched and canned salmon, including—

(A) any marketing issues; and

(B) recommendations for methods to resolve those impediments.

SEC. 10903. STUDY ON UPDATING YIELDS.

(a) IN GENERAL.—The Comptroller General shall conduct a study and make findings and recommendations with respect to determining how producer income would be affected by updating yield bases, including—

(1) whether crop yields have increased over the past 20 crop years for program crops and oilseeds;

(2) whether program payments would be disbursed differently under title I if yield bases were updated further;

(3) what impact the target prices under title I would have on producer income if the yield bases of the target prices were further updated; and

(4) what impact lower target prices with updated yield bases would have on producer income, as compared with the impact of target prices under title I.

(b) REPORT.—Not later than 180 days after the date of enactment of this Act, the Comptroller General shall submit to Congress

a report on the study, findings, and recommendations required by subsection (a).

SEC. 10904. REPORT ON EFFECT OF FARM PROGRAM PAYMENTS.

(a) IN GENERAL.—The Secretary of Agriculture shall conduct a review of the effects that payments under production flexibility contracts and market loss assistance payments have had, and that direct payments and counter-cyclical payments are likely to have, on the economic viability of producers and the farming infrastructure, particularly in areas where climate, soil types, and other agronomic conditions severely limit the covered crops that producers can choose to successfully and profitably produce.

(b) CASE STUDY RELATED TO RICE PRODUCTION.—The review shall include a case study of the effects that the payments described in subsection (a), and the forecast effects of increasing these or other fixed payments, are likely to have on rice producers (including tenant rice producers), the rice milling industry, and the economies of rice farming areas in Texas, where harvested rice acreage has fallen from 320,000 acres in 1995 to only 211,000 acres in 2001.

(c) REPORT AND RECOMMENDATIONS.—

(1) REPORT.—Not later than 90 days after the date of the enactment of this Act, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report describing the information collected for the review and the case study and any findings made on the basis of the information.

(2) RECOMMENDATIONS.—The report shall include recommendations for minimizing the adverse effects on producers, with a special focus on—

(A) producers who are tenants;

(B) the agricultural economies in farming areas generally;

(C) particular areas described in subsection (a); and

(D) on the area that is the subject of the case study conducted under subsection (b).

SEC. 10905. CHILOQUIN DAM FISH PASSAGE FEASIBILITY STUDY.

(a) IN GENERAL.—The Secretary of the Interior, in collaboration with all interested parties (including the Modoc Point Irrigation District, the Klamath Tribes, and the Oregon Department of Fish and Wildlife), shall conduct a study of the feasibility of providing adequate upstream and downstream passage for fish at the Chiloquin Dam on the Sprague River, Oregon.

(b) SUBJECTS.—The study shall include—

(1) a review of all alternatives for providing passage described in subsection (a), including the removal of the dam;

(2) the determination of the most appropriate alternative;

(3) the development of recommendations for implementing that alternative; and

(4) examination of mitigation needed for upstream and downstream water users, and for Klamath tribal nonconsumptive uses, as a result of the implementation of the alternative.

(c) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of the Interior shall submit to Congress a

report that describes the findings, conclusions, and recommendations of the study.

SEC. 10906. REPORT ON GEOGRAPHICALLY DISADVANTAGED FARMERS AND RANCHERS.

(a) DEFINITION OF GEOGRAPHICALLY DISADVANTAGED FARMER OR RANCHER.—In this section, the term "geographically disadvantaged farmer or rancher' means a farmer or rancher in—

(1) an insular area (as defined in section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) (as amended by section 7502(a)); or

(2) a State other than 1 of the 48 contiguous States.

(b) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes—

(1) barriers to efficient and competitive transportation of inputs and products by geographically disadvantaged farmers and ranchers; and

(2) means of encouraging and assisting geographically disadvantaged farmers and ranchers—

(A) to own and operate farms and ranches; and

(B) to participate equitably in the full range of agricultural programs offered by the Department of Agriculture.

SEC. 10907. STUDIES ON AGRICULTURAL RESEARCH AND TECHNOLOGY.

(a) SCIENTIFIC STUDIES.—

(1) IN GENERAL.—The Secretary of Agriculture may conduct scientific studies on—

(A) the transmission of spongiform encephalopathy in deer, elk, and moose; and

(B) chronic wasting disease (including the risks that chronic wasting disease poses to livestock).

(2) REPORT.—The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the results of any scientific studies conducted under paragraph (1).

(b) VACCINES.—

(1) VACCINE STORAGE STUDY.—The Secretary may—

(A) conduct a study to determine the number of doses of livestock disease vaccines that should be available to protect against livestock diseases that could be introduced into the United States; and

(B) compare that number with the number of doses of the livestock disease vaccines that are available as of that date.

(2) STOCKPILING OF VACCINES.—If, after conducting the study and comparison described in paragraph (1), the Secretary determines that there is an insufficient number of doses of a particular vaccine referred to in that paragraph, the Secretary may take such actions as are necessary to obtain the required additional doses of the vaccine.

SEC. 10908. REPORT ON TOBACCO SETTLEMENT AGREEMENT.

Not later than December 31, 2002, and annually thereafter through 2006, the Comptroller General shall submit to Congress a report that describes all programs and activities that States have carried out using funds received under all phases of the Master Settlement Agreement of 1997.

SEC. 10909. REPORT ON SALE AND USE OF PESTICIDES FOR AGRICULTURAL USES.

Not later than 180 days after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the manner in which the Agency is applying regulations of the Agency governing the sale and use of pesticides for agricultural use to electronic commerce transactions.

SEC. 10910. REVIEW OF OPERATION OF AGRICULTURAL AND NATURAL RESOURCE PROGRAMS ON TRIBAL TRUST LAND.

(a) REVIEW.—The Secretary of Agriculture (referred to in this section as the "Secretary") shall conduct a review of the operation of agricultural and natural resource programs available to farmers and ranchers operating on tribal and trust land, including—

(1) agricultural commodity, price support, and farm income support programs (collectively referred to in this section as "agricultural commodity programs");

(2) conservation programs (including financial and technical assistance);

(3) agricultural credit programs;

(4) rural development programs; and

(5) forestry programs.

(b) CRITERIA FOR REVIEW.—In carrying out the review under subsection (a), the Secretary shall consider—

(1) the extent to which agricultural commodity programs and conservation programs are consistent with tribal goals and priorities regarding the sustainable use of agricultural land;

(2) strategies for increasing tribal participation in agricultural commodity programs and conservation programs;

(3) the educational and training opportunities available to Indian tribes and members of Indian tribes in the practical, technical, and professional aspects of agriculture and land management; and

(4) the development and management of agricultural land under the jurisdiction of Indian tribes in accordance with integrated resource management plans that—

(A) ensure proper management of the land;

(B) produce increased economic returns;

(C) promote employment opportunities; and

(D) improve the social and economic well-being of Indian tribes and members of Indian tribes.

(c) CONSULTATION.—In carrying out this section, the Secretary shall consult with—

(1) the Secretary of the Interior;

(2) local officers and employees of the Department of Agriculture; and

(3) program recipients.

(d) REPORT.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report that contains—

(1) a description of the results of the review conducted under this section;

(2) recommendations for program improvements; and

(3) a description of actions that will be taken to carry out the improvements.

And the Senate agree to the same.

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

In lieu of the matter proposed to be inserted by the amendment of the Senate to the title of the bill, insert the following: "An Act to provide for the continuation of agricultural programs through fiscal year 2007, and for other purposes.".

And the Senate agree to the same.

From the Committee on Agriculture, for consideration of the House bill and the Senate amendment, and modifications committed to conference:

LARRY COMBEST,
BOB GOODLATTE,
RICHARD POMBO,
TERRY EVERETT,
FRANK D. LUCAS,
SAXBY CHAMBLISS,
JERRY MORAN,
CHARLES W. STENHOLM,
GARY CONDIT,
COLLIN C. PETERSON,
EVA M. CLAYTON,
TIM HOLDEN,

As additional conferees from the Committee on the Budget, for consideration of sec. 197 of the Senate amendment, and modifications committed to conference:

JIM NUSSLE,

From the Committee on Education and the Workforce, for consideration of secs. 453–5, 457–9, 460–1, and 464 of the Senate amendment, and modifications committed to conference:

MICHAEL N. CASTLE,
TOM OSBORNE,
DALE E. KILDEE,

From the Committee on Energy and Commerce, for consideration of secs. 213, 605, 627, 648, 652, 902, 1041, and 1079E of the Senate amendment, and modifications committed to conference:

BILLY TAUZIN,
JOE BARTON,
JOHN D. DINGELL,

From the Committee on Financial Services, for consideration of secs. 335 and 601 of the Senate amendment, and modifications committed to conference:

MICHAEL G. OXLEY,
SPENCER BACHUS,

JOHN J. LAFALCE
(except for sec. 335),

From the Committee on International Relations, for consideration of title III of the House bill and title III of the Senate amendment, and modifications committed to conference:

HENRY HYDE,
CHRISTOPHER SMITH,
TOM LANTOS,

From the Committee on the Judiciary, for consideration of secs. 940–1 of the House bill and secs. 602, 1028–9, 1033–5, 1046, 1049, 1052–3, 1058, 1068–9, 1070–1, 1098, and 1098A of the Senate amendment, and modifications committed to conference:

MARK GREEN,

From the Committee on Resources, for consideration of secs. 201, 203, 211, 213, 215–7, 262, 721, 786, 806, 810, 817–8, 1069, 1070, and 1076 of the Senate amendment, and modifications committed to conference:

JAMES V. HANSEN,
DON YOUNG,

From the Committee on Science, for consideration of secs. 808, 811, 902–3, and 1079 of the Senate amendment, and modifications committed to conference:

SHERWOOD BOEHLERT,
ROSCOE G. BARTLETT,
RALPH M. HALL,

From the Committee on Ways and Means, for consideration of secs. 127 and 146 of the House bill and sections 144, 1024, 1038, and 1070 of the Senate amendment, and modifications committed to conference:

CHARLES B. RANGEL,
Managers on the Part of the House.

TOM HARKIN,
PATRICK LEAHY,
KENT CONRAD,
TOM DASCHLE,
THAD COCHRAN,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The Managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2646) to provide for the continuation of agricultural programs through fiscal year 2011, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

SHORT TITLE; TABLE OF CONTENTS

(1) Short Title

The House bill cites that this Act may be cited as the "Farm Security Act of 2001". (Section 1)

The Senate amendment cites that the Act may be cited as the "Agriculture, Conservation, and Rural Enhancement Act of 2002". (Section 1)

The Conference substitute cites this Act as the "Farm Security and Rural Investment Act of 2002". (Section 1000)

TITLE I—COMMODITY PROGRAMS

(2) Definitions

The House bill defines terms necessary for implementation of this Act: Agricultural Act of 1949, base acres, counter-cyclical payment, covered commodity, effective price, eligible producer, fixed decoupled payment, other oilseed, payment acres, payment yield, producer, Secretary, State, target price and United States. (Section 101)

The Senate amendment defines terms necessary for implementation of this Act: Agricultural Act of 1949, considered planted, contract, contract acreage, contract commodity, contract payment, Department, ELS Cotton, loan commodity, oilseed, payment yield, producer, Secretary, State and United States. (Section 101)

The Conference substitute defines terms necessary for implementation of this Act: Agricultural Act of 1949, base acres, counter-cyclical payment, covered commodity, direct payment, effective

price, extra long staple cotton, loan commodity, other oilseed, payment acres, payment yield, updated payment yield, producer, Secretary, State, target price and United States. (Section 1001)

SUBTITLE A—FIXED DECOUPLED PAYMENTS AND COUNTER-CYCLICAL PAYMENTS

(3) Payments to Eligible Producers

The House bill provides that beginning with the 2002 crop year, the Secretary will make fixed decoupled payments and counter-cyclical payments to eligible producers, including producers that would have been eligible for an AMTA contract payment in 2002 and other producers of a covered commodity on a farm in the United States as described in section 103(a).

Defines a producer eligible to share in a fixed, decoupled and counter-cyclical payment as "an owner, operator, landlord, tenant, or sharecropper who shares in the risk of producing a crop and who is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced. In determining whether a grower of hybrid seed is a producer, the Secretary shall not take into consideration the existence of a hybrid seed contract and shall ensure that program requirements do not adversely affect the ability of the grower to receive a payment under this title".

Requires the Secretary to protect the interests of tenants and sharecroppers in carrying out this title.

Sharing of Contract Payments.—The Secretary shall provide for the sharing of fixed, decoupled payments and counter-cyclical payments among the eligible producers on a farm on a fair and equitable basis.

The Senate amendment provides that the Secretary shall offer to enter into a contract with an eligible owner or producer on a farm containing eligible cropland under which the eligible owner or producer will receive direct and counter-cyclical payments under sections 113 and 114, respectively.

For each of the 2002 through 2006 fiscal years, the Secretary shall make direct payments available to eligible owners and producers on a farm that have entered into a contract to receive payments under this section.

For each of the 2002 through 2006 crop years, the Secretary shall make counter-cyclical payments to eligible owners and producers on a farm of each contract commodity that have entered into a contract to receive payments under this section.

An eligible owner or producer on a farm, subject to the provisions for share-rent tenants, cash-rent tenants and cash-rent owners, shall be eligible to enter into a contract.

Share-rent Tenant.—A producer on eligible cropland that is a tenant with a share-rent lease of the eligible cropland shall be eligible to enter into a contract, regardless of the length of the lease, if the owner enters into the same contract.

Cash-Rent Tenant.—Contracts With Long-Term Lease—A producer on eligible cropland that cash rents the eligible cropland under a lease expiring on or after the termination of the contract shall be eligible to enter into a contract.

Contracts With Short-Term Lease.—A producer that cash rents the eligible cropland under a lease expiring before the termination of the contract shall be eligible to enter into a contract in addition to the owner. Provides that the owner must consent if a producer elects to enroll less than 100 percent of the eligible cropland in the contract.

Cash-Rent Owner.—An owner of eligible cropland that cash rents under a lease that expires before the end of the 2006 crop year shall be eligible to enter into a contract if the tenant declines to do so, however the Secretary shall not make contract payments to the owner under the contract until the lease held by the tenant terminates.

Requires the Secretary to protect the interest of tenants and sharecroppers in carrying out this subtitle.

Requires the Secretary to provide for the sharing of contract payments among the eligible producers on a farm on a fair and equitable basis. (Section 111)

The Conference substitute deletes both the House and the Senate provisions, except provides in section 1105 for the protection of the interest of tenants and sharecroppers and requires the sharing of direct and counter-cyclical payments among the producers on a farm on a fair and equitable basis. (Section 1105)

The Managers intend that the Secretary will consider acreage and production data from producers' federal crop insurance records, as well as records provided to the Farm Service Agency to qualify for market assistance loan benefits during the relevant crop years.

(4) Establishment of Payment Yield

The House bill requires the Secretary to establish payment yields for each farm for each covered commodity. The yield for a farm will be the payment yield in effect for the 2002 crop of the commodity as provided under section 505 of the Agricultural Act of 1949. If no yield is available, the Secretary shall establish an appropriate payment yield taking into account the payment yields applicable to the commodity for similar farms in the area.

Relative to soybeans and other oilseeds, the Secretary will establish a yield for a farm by determining the average yield from 1998 through 2001, excluding years where the acreage planted to the oilseed was zero. If a farm would have satisfied disaster eligibility requirements under the FY1999 Agriculture Appropriations Bill in any of the 1998 through 2001 crop years, the Secretary will assign a yield to the farm equal to 65 percent of the county yield for that year in determining the 4–year average.

The payment yield for a farm for an oilseed shall be equal to the product of the following: (A) the average yield for the oilseed determined under paragraph (1). The ratio resulting from dividing the national average yield for the oilseed for the 1981 through 1985 crops by the national average yield for the oilseed for the 1998 through 2001 crops. (Section 102)

The Senate amendment provides that subject to subsection (h), an eligible owner or producer that has entered into a contract under this subtitle may make a 1–time election to have the payment yield for each of the contract commodities for a farm be equal to an amount that is the greater of: (1) the average yield per har-

vested acre for the crop of the contract commodity for the farm for the 1998–2001 crop years, excluding any crop year for which the producers on the farm did not plant the contract crop and, at the option of the producers, 1 additional crop year or the farm program payment yield adjusted for any additional yields. If no yield records are available for a contract commodity, including land devoted to oilseed under a conservation reserve contract, the Secretary shall establish an appropriate payment yield taking into account the payment yields applicable to the commodity for similar farms in the area. (Section 111)

The Conference substitute requires the Secretary to establish payment yields for each farm for each covered commodity. The yield for a farm will be the payment yield in effect for the 2002 crop of the commodity as provided under section 505 of the Agricultural Act of 1949, as adjusted by the Secretary to account for any additional yield payments. If no yield is available, the Secretary shall establish an appropriate payment yield taking into account the payment yields applicable to the commodity for similar farms in the area, but before the yields for the similar farms are updated to reflect the actual yield per planted acre for the period 1998 through 2001.

Relative to soybeans and other oilseeds, the Secretary will establish a yield for a farm by determining the average yield from 1998 through 2001, excluding years where the acreage planted to the oilseed was zero.

The payment yield for a farm for an oilseed shall be equal to the product of the following: (A) The average yield for the oilseed for the 1998 through 2001 crops. (B) The ratio resulting from dividing the national average yield for the oilseed for the 1981 through 1985 crops by the national average yield for the oilseed for the 1998 through 2001 crops.

If the yield per planted acre for a crop of an oilseed for a farm for any of the 1998 through 2001 crop years was less than 75 percent of the county yield for that oilseed, the Secretary shall assign a yield for that crop year equal to 75 percent of the county yield for purposes of determining the average yield for the 1998 through 2001 crop years.

If the owner of a farm elects to update the crop acreage base for all covered commodities using the average of the planted and prevented from planting acreage for 1998 through 2001, the owner shall also have a 1–time opportunity to elect to partially update the payment yields that would be used in calculating any counter-cyclical payments for covered commodities on the farm. If yields are updated for counter-cyclical payments for one covered commodity, they must be updated for all covered commodities on the farm.

If the owner of a farm elects to update yields for payments, the counter-cyclical payment yield for a covered commodity on the farm shall be equal to the yield determined using either of the following: (A) The sum of the payment yield applicable for direct payments for the covered commodity on the farm and 70 percent of the difference between the average of the yield per planted acre for the crop of the covered commodity on the farm for the 1998 through 2001 crop years and the payment yield applicable for direct payments for the covered commodity on the farm, or (B) 93.5 percent

of the average yield per planted acre for the crop of the covered commodity for the farm for the 1998 through 2001 crop years.

If the yield per planted acre for a crop of the covered commodity for a farm for any of the 1998 through 2001 crop years was less than 75 percent of the county yield for that commodity, the Secretary shall assign a yield for that crop year equal to 75 percent of the county for the purpose of determining the average yield.

Owners electing to partially update yields are required to have the partially updated yield determined on the average yield per planted acre, excluding any year in which the crop was not planted. The Managers intend that the Secretary recognize that those producers planting crops for grazing that will be included as base acreage are unable to furnish production evidence similar to that furnished by producers that harvest crops for grain. For those owners intending to partially update a crop's counter-cyclical yield that have this situation, the Managers intend for the Secretary to equitably determine the yield on the grazed acreage to be used for purposes of proven yields by either assigning a yield based on the actual production for that year on similar farms that harvested for grain or other method determined appropriate by the Secretary. (Section 1102)

(5) Establishment of Base Acres and Payment Acres for a Farm

The House bill provides that the Secretary will give producers a choice in determining their base acres. Producers may choose base acres reflecting the four-year average of acreage planted or prevented from being planted to the commodity for harvest, grazing, haying, silage, and other similar purposes during the 1998 through 2001 crop years. Alternatively, producers may choose base acres reflecting contract acreage that would otherwise be used to calculate the fiscal year 2002 production flexibility contract payments.

Producers may make an election of base acres only once and provide notice of the election to the Secretary no later than 180 days after the date of enactment of this Act. If a producer fails to make an election of base acreage, or fails to timely notify the Secretary of the selected base acreage, the producers shall be deemed to have chosen base acres reflecting the production flexibility contract acreage.

The election made by the producer shall apply to all covered commodities on the farm.

In the case of producers on a farm that elect as their base acreage the contract acreage used by the Secretary to calculate the fiscal year 2002 payment, the Secretary will restore base acres when land under a conservation reserve contract expires, is voluntary terminated, or is released by the Secretary. (Conservation Reserve Program Sign-up 1–14)

For the fiscal year and crop year in which a base acre adjustment is first made, the producers on the farm shall elect to receive either fixed decoupled payments and counter-cyclical payments with respect to the acreage added to the farm or a prorated payment under the conservation reserve contract, but not both.

In the case of producers on a farm that elect as their base acreage the contract acreage used by the Secretary to calculate the fis-

cal year 2002 payment, the Secretary will restore base acres when land under a conservation reserve contract expires, is voluntary terminated, or is released by the Secretary. (Conservation Reserve Program Sign-up 15 and greater)

Payment acres for both the fixed decoupled and the counter-cyclical payment shall be equal to 85% of the base acres.

The sum of base acres, peanut acres and acreage enrolled in CRP, WRP, or other programs in which a producer agrees not to produce a commodity on acreage in exchange for a payment, cannot exceed the actual cropland acreage on the farm. The Secretary shall give producers on the farm the opportunity to select base acres or peanuts acres against which the reduction will be made. The Secretary shall make an exception in the case of double cropping. (Section 103)

The Senate amendment provides that land shall be considered to be cropland eligible for coverage under a contract only if the land has with respect to a contract commodity, contract acreage attributable to the land and a payment yield or was subject to a conservation reserve contract with a term that expired, or was voluntarily terminated on or after the date of enactment.

Provides that an eligible owner or producer may enroll as contract acreage under this subtitle all or a portion of the eligible cropland on the farm.

Provides that an owner or producer that enters into a contract may subsequently reduce the quantity of contract acreage covered by the contract.

Subject to subsection (h) the Secretary shall provide eligible owners and producers on the farm with an opportunity to elect 1 of the following methods as the method by which the contract acreage for the 2002 through 2006 crops of all contract commodities for a farm are determined: (1) the 4-year average of acreage planted or considered planted to a contract commodity for harvest, grazing, haying, silage, or other similar purposes during the 1998 through 2001 crop years or (2) contract acreage that would be used to calculate the fiscal year 2002 production flexibility contract payments and the 4-year average for each oilseed produced on the farm.

In making the contract acreage and yield elections, eligible owners and producers on a farm shall elect to update the contract acreage using the 4-year 1998 through 2001 average acreage and the 1998 through 2001 average yield per harvested acre (adjusted for years with no planted acreage and at the option of the producer, 1 additional crop year) or the 2002 production flexibility contract crop acreage plus the 4-year average of oilseeds and the farm program payment yield for current contract crops and for oilseeds, the 1998 through 2001 average yield per harvested acre (adjusted for years with no planted acreage and at the option of the producer, 1 additional crop year).

At the beginning of each fiscal year, the Secretary shall allow an eligible owner or producer on a farm covered by a conservation reserve contract that terminated after 180 days after the enactment of this Act to enter into or expand a contract to cover the eligible cropland of the farm that was subject to the former conservation reserve contract.

For the fiscal year and crop year for which a contract acreage adjustment is made as a result of the termination of a conservation reserve program contract the eligible owners and producers on the farm shall elect to receive direct payments and counter-cyclical payments with respect to the acreage added to the farm or a prorated payment under the conservation reserve contract.

The sum of the contract acreage, peanut acres and acreage enrolled in CRP, WRP, or other acreage on a farm enrolled in a voluntary Federal conservation program under which production of any agricultural commodity is prohibited, cannot exceed the actual cropland acreage on a farm. The Secretary shall give owners and producers on the farm the opportunity to select contract acreage or peanut acres against which the reduction will be made. The Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm. (Section 111)

The Conference substitute provides that for the purpose of making direct and counter-cyclical payments to a farm, the Secretary shall give an owner of the farm an opportunity to elect the method by which the base acres of all covered commodities on the farm are to be determined. Subject to the provision requiring the base acreage to be determined based on a 4-year average, including the years in which the crop was not planted, and the treatment of multiple plantings or prevented planting on the same acreage, owners may choose the farms crop acreage base by either: (1) using the acreage planted on the farm to covered commodities for harvest, grazing, haying, silage, or other similar purposes for the 1998 through 2001 crop years including any acreage on the farm that the producers were prevented from planting to covered commodities because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, as determined by the Secretary or (2) contract acreage that would be used to calculate the fiscal year 2002 production flexibility contract payments and the 4-year average for each oilseed produced on the farm for the 1998 through 2001 crop years. The eligible acreage for each oilseed on a farm shall be the average of each oilseed for the 1998 through 2001 crop years, except that the total acreage for all oilseeds on the farm for a crop year may not exceed the difference between the total acreage determined for all covered commodities for that crop year and the total contract acreage used by the Secretary to calculate the fiscal year 2002 production flexibility contract payment.

The owner of a farm may increase the eligible acreage for an oilseed on the farm by reducing the production flexibility contract acreage for one or more covered commodities on an acre-for-acre-basis, except that the total base acreage for each oilseed on the farm may not exceed the 4-year average of each oilseed.

The Secretary shall not exclude any crop year in which a covered commodity was not planted for purposes of determining a 4-year acreage average.

For the purposes of determining the 4-year average of acreage planted or prevented from being planted during the 1998 through 2001 crop years to covered commodities, acreage that was planted or prevented from being planted that was devoted to another covered commodity in the same crop year may only be used in the base calculation after the owner determines whether the initial

commodity or the subsequent commodity, but not both, will be used.

As soon as practicable after the date of enactment of this Act, the Secretary shall provide notice to owners of farms regarding their opportunity to make the applicable base election. The notice shall include: (1) notice that the opportunity of an owner to make the election is being provided only once and (2) information regarding the manner in which the election must be made and the time periods and manner in which notice of the election must be submitted to the Secretary.

The owner may make an election of base acres only once and must provide notice of the election to the Secretary within the time period and in the manner prescribed by the Secretary. If an owner fails to make an election of base acreage, or fails to timely notify the Secretary of the election made, the owner shall be deemed to have chosen base acres reflecting the production flexibility contract acreage, plus oilseeds if applicable.

The election made by the producer shall apply to all covered commodities on the farm.

The Secretary shall provide for an appropriate adjustment in the base acres for covered commodities for a farm whenever land under a conservation reserve contract expires, is voluntary terminated, or is released by the Secretary.

For the crop year in which a base acre adjustment is first made, the owner on the farm shall elect to receive either direct payments and counter-cyclical payments with respect to the acreage added to the farm or a prorated payment under the conservation reserve contract, but not both.

Payment acres for both the direct and the counter-cyclical payment shall be equal to 85% of the base acres.

The sum of base acres, base acres for peanuts and acreage enrolled in CRP, WRP, or other conservation programs which restrict or prohibit the production of an agricultural commodity cannot exceed the actual cropland acreage on the farm. The Secretary shall give producers on the farm the opportunity to select base acres or base acres for peanuts against which the reduction will be made. The Secretary shall make an exception in the case of double cropping.

The owner of a farm may reduce, at any time, base acreage for any covered commodity for the farm provided the reduction of base acreage is permanent.

In implementing Section 1101, the Secretary shall also allow owners of a farm who did not hold a production flexibility contract under the Federal Agriculture Improvement and Reform Act of 1996 to elect to calculate base acreage for planting history on the farm for crop years 1998–2001. The intent of this section is to provide the opportunity to owners to update base acreage to reflect a more recent planting history, to allow owners not holding a production flexibility contract to receive farm program benefits under this Act, and to allow owners holding production flexibility contracts the opportunity to retain their base acreage and add oilseeds in a limited manner.

The Managers expect the Secretary to recognize that although the owner of the farm will be allowed the opportunity to make the

applicable base election under Section 1101, it is important that other producers on the farm are notified of the acreage options available to the owner. In addition to providing notice to the owner of the farm, the Managers expect the Secretary to provide notice to operators or producers on a farm of the owner's opportunity to elect the method in which to calculate base acres at the time the Secretary provides notice to the owner.

The Managers are aware that production flexibility contract acreage was not protected on acreage enrolled into the Conservation Reserve Program during CRP signup number 15 and later. The Managers intend that the Secretary develop a method that provides for the restoration of base acreage on farms that permanently reduced contract acreage because of enrollment in CRP. Since soybeans and other oilseeds did not have contract acreage prior to this Act, the Managers expect the Secretary to treat soybeans and other oilseeds in a manner that is similar and consistent with other covered commodities. (Section 1101)

(6) Elements of Contracts

The Senate amendment provides the Time for Contracting—

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

(2) Except as provided in paragraph the Secretary may not enter into a contract after the date that is 180 days after the date of enactment.

(3) At the beginning of each fiscal year, the Secretary shall allow an eligible owner or producer on a farm with a conservation reserve contract that terminated after the final date to enroll eligible cropland in a direct and counter-cyclical payment contract to enter into or expand a contract to cover the eligible cropland that was subject to the former conservation reserve contract.

Duration of Contract.—The term of a contract shall begin with the 2002 crop or in the case of acreage that was subject to a conservation reserve contract that is subsequently terminated, the date the contract was entered into or expanded to cover the terminated acreage. Unless earlier terminated by eligible owners or producer, the contract shall extend through the 2006 crop. (Section 111)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(7) Availability of Fixed, Decoupled Payments

The House bill provides that the Secretary shall make fixed decoupled payments to eligible producers for each of the 2002 through 2011 crop years at a payment rate of $0.53 per bushel for wheat, $0.30 per bushel for corn, $0.36 per bushel for grain sorghum, $0.25 per bushel for barley, $0.025 per bushel for oats, $0.0667 per pound for upland cotton, $2.35 per hundredweight for rice, $0.42 per bushel for soybeans, and $0.0074 per pound for other oilseeds.

The amount of the fixed, decoupled payment will be equal to the product of the payment rate of the applicable base crop, the payment acres, and the payment yield.

Fixed decoupled payments shall be paid no later than September 30 of fiscal years 2002 through 2011, except that in fiscal year 2002 payments may be made on or after December 1, 2001.

A producer may elect to receive 50 percent of the fixed decoupled payment in advance anytime on or after December 1 of a fiscal year. The producer may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

If a producer who receives an advance fixed decoupled payment ceases to be an eligible producer by the time final fixed decoupled payments are to be made, the producer must repay the advance amount.

The Senate amendment provides that the Secretary shall make direct payments available to eligible owners and producers that have entered into a contract at a payment rate as follows:

	2002–03	2004–05	2006
Wheat (bu)	$0.45	$0.225	$0.113
Corn (bu)	0.27	0.135	0.068
Barley (bu)	0.20	0.100	0.050
Oats (bu)	0.05	0.025	0.013
Cotton (lb)	0.13	0.065	0.0325
Rice (cwt)	2.45	2.400	2.400
Soybeans (bu)	0.55	0.275	0.138
Other oilseeds (lb)	0.01	0.005	0.0025
Grain sorghum (bu)	2002—0.31 2003—0.27	0.135	0.068

The amount of direct payment will be equal to the product of the payment rate for the contract crop for the applicable year, contract acreage and the payment yield.

A final direct payment (less the amount of any initial payment made to the producers on the farm of the contract commodity) shall be made not later than September 30 of the fiscal year.

A producer may elect to receive 50% of the direct payment in advance anytime on or after December 1 of the fiscal year. (Section 111)

The Conference substitute provides that the Secretary shall make direct payments to eligible producers for each of the 2002 through 2007 crop years at a payment rate of $0.52 per bushel for wheat, $0.28 per bushel for corn, $0.35 per bushel for grain sorghum, $0.24 per bushel for barley, $0.024 per bushel for oats, $0.0667 per pound for upland cotton, $2.35 per hundredweight for rice, $0.44 per bushel for soybeans, and $0.008 per pound for other oilseeds.

The amount of the direct payment will be equal to the product of the payment rate of the applicable base crop, the payment acres, and the payment yield.

For 2002, the Secretary is directed to make payments as soon as practicable after the date of enactment of this Act and for 2002 through 2007, but not before October 1 of the calendar year in which the crop of the covered commodity is harvested.

A producer may elect to receive up to 50 percent of the direct payment in advance in any month after December 1 of the calendar year before the calendar year in which the crop of the covered commodity is harvested. The producer may change the selected month

for a subsequent crop year by providing advance notice to the Secretary.

If a producer who receives an advance fixed decoupled payment ceases to be a producer or changes share before the date the remainder of the direct payments are to be made, the producer must repay the applicable amount of the advance payment.

The Managers are aware that producers that elect to receive up to 50 percent of an advance direct payment might cease to be a producer on the farm before the date the remainder of the direct payment is made. The Managers assume the Secretary recognizes that different reasons exist for a producer ceasing to be a producer on a farm. These reasons would include bankruptcy, foreclosure and other similar situations that would preclude the producer from repaying the advance direct payment. Specifically, the Managers would not intend for this provision to apply in situations where a producer with winter wheat harvested a crop or failed to harvest the crop for weather related reasons beyond their control and the acreage was subsequently under the control of another producer that intended to plant a subsequent crop, or other similar situations. Conversely, the Managers expect there are a number of situations where the producer receiving the advance direct payment ceases to be a producer on the farm and should refund the advance direct payment. (Section 1103)

(8) Availability of Counter-Cyclical Payments

The House bill provides that the Secretary shall make counter-cyclical payments relative to a covered commodity whenever the effective price is less than the target price.

The target price is $4.04 per bushel for wheat, $2.78 per bushel for corn, $2.64 per bushel for grain sorghum, $2.39 per bushel for barley, $1.47 per bushel for oats, $0.736 per pound for upland cotton, $10.82 per hundredweight for rice, $5.86 per bushel for soybeans, and $0.1036 per pound for other oilseeds.

The effective price is equal to the sum of (1) the higher of the national average market price during the 12-month marketing year for the commodity or the national average loan rate for the commodity, and (2) the payment rate for fixed decoupled payments for the commodity.

The payment rate for counter-cyclical payments is equal to the difference between the target price and the effective price for the commodity.

The payment amount for counter-cyclical payments is the product of the payment rate, the payment acres, and the payment yield.

The Secretary shall make counter-cyclical payments for a covered commodity as soon as possible after determining that such payments are required.

The Secretary may provide a partial payment up to 40 percent of the projected counter-cyclical payment to producers upon completion of the first 6 months of the marketing year for that crop.

The producer must repay the amount, if any, by which the partial payment exceeds the counter-cyclical payment to be made in that crop year.

If the Secretary uses the authority to designate another oilseed for counter-cyclical payments the Secretary may modify the target price in subsection (c)(9) that would otherwise apply to that oilseed.

For purposes of calculating the effective price for barley the Secretary shall use the loan rate in effect for barley under section 122(b)(3) except in the case of producers who received the higher loan rate provided under such section for barley used only for feed purposes, the Secretary shall use the that higher loan rate. (Section 105)

The Senate amendment provides that the Secretary shall make counter-cyclical payments relative to a contract commodity to owners and producers on a farm that have entered into a contract to receive such payments.

The income protection price is $3.4460 per bushel for wheat, $2.3472 per bushel for corn, $2.3472 per bushel for grain sorghum, $2.1973 per bushel for barley, $1.5480 per bushel for oats, $0.6793 per pound for upland cotton, $9.2914 per hundredweight for rice, $5.7431 per bushel for soybeans, and $0.1049 per pound for other oilseeds.

The payment rate for counter-cyclical payments shall equal the difference between the income protection price and the total of the higher of (1) the average price of the contract commodity during the first 5 months of the marketing year of the contract commodity or the loan rate for the commodity, and (2) the direct payment for the contract crop for the fiscal year that precedes the date of payment under this section.

The payment amount for counter-cyclical payments is the product of the payment rate for the contract crop, the contract acreage, and the payment yield.

The Secretary shall make counter-cyclical payments not later than 190 days after the beginning of the marketing year for the applicable contract crop. (Section 114)

The Conference substitute provides that the Secretary shall make counter-cyclical payments to producers on farms for which payment yields and bases acres are established with respect to a covered commodity whenever the effective price is less than the target price.

The effective price is equal to the sum of (1) the higher of the national average market price during the 12-month marketing year for the commodity or the national average loan rate for the commodity, and (2) the payment rate for direct payments for the commodity.

For the 2002 and 2003 crop years, the target price is $3.86 per bushel for wheat, $2.60 per bushel for corn, $2.54 per bushel for grain sorghum, $2.21 per bushel for barley, $1.40 per bushel for oats, $0.724 per pound for upland cotton, $10.50 per hundredweight for rice, $5.80 per bushel for soybeans, and $0.098 per pound for other oilseeds.

For the 2004 and 2007 crop years, the target price is $3.92 per bushel for wheat, $2.63 per bushel for corn, $2.57 per bushel for grain sorghum, $2.24 per bushel for barley, $1.44 per bushel for oats, $0.724 per pound for upland cotton, $10.50 per hundredweight for rice, $5.80 per bushel for soybeans, and $0.1010 per pound for other oilseeds.

The payment rate for counter-cyclical payments is equal to the difference between the target price and the effective price for the commodity.

The payment amount for counter-cyclical payments is the product of the payment rate, the payment acres, and the payment yield or updated payment yield, depending on the election of the owner of the farm.

If the Secretary determines that a counter-cyclical payment is required to be made for a covered commodity, the Secretary shall make the counter-cyclical payments for the crop as soon as practicable after the end of the 12-month marketing year for the covered commodity.

If the Secretary estimates counter-cyclical payments will be required, the Secretary shall give producers the option to receive partial payments.

When the Secretary makes partial payments for any of the 2002 through 2006 crop years, the first partial payment for the crop shall be made not earlier than October 1 and to the maximum extent practicable, not later than October 31, of the calendar year in which the crop is harvested. The second partial payment shall be made not earlier than February 1 of the next calendar year and the third and final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for the covered commodity.

For the 2002 through 2006 crop years, the first partial payment may not exceed 35 percent of the projected counter-cyclical payment for the covered commodity for the crop year. The second partial payment may not exceed the difference between 70 percent of the revised projection of the counter-cyclical payment for the crop of the covered commodity and the amount of the payment made under clause (i). The final payment shall be equal to the difference between the actual counter-cyclical payment to be made to the producer and the amount of the first and second partial payment.

For the 2007 crop year, the first partial payment shall be made after completion of the first 6 months of the marketing year and the second and final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for the covered commodity.

For the 2007 crop year, the first partial payment may not exceed 40 percent of the projected counter-cyclical payment. The final payment shall be equal to the difference between the actual counter-cyclical payment to be made to the producer and the amount of the partial payment.

The producer must repay the amount, if any, by which the partial payment exceeds the counter-cyclical payment to be made in that crop year. (Section 1104)

(9) Producer Agreement Required as Condition on Provision of Fixed, Decoupled Payments and Counter-Cyclical Payments

The House bill provides that before producers on a farm may receive fixed, decoupled payments or counter-cyclical payments with respect to the farm, the producers shall agree, in exchange for the payments to comply with applicable conservation requirements,

applicable wetland protection requirements, planting flexibility requirements and to use the land on the farm, in an amount equal to the base acres, for an agricultural or conserving use, and not for a nonagricultural commercial or industrial use, as determined by the Secretary.

The Secretary may issue such rules to ensure compliance with these requirements.

A producer may not be required to make repayments to the Secretary of fixed, decoupled payments and counter-cyclical payments if the farm has been foreclosed on and the Secretary determines that forgiving the repayments is appropriate to provide fair and equitable treatment. This subsection shall not void the responsibilities of the producer to comply with conservation, wetlands protection, planting flexibility and agriculture land use requirements if the producer continues or resumes operation, or control of the farm. On the resumption of operation or control over the farm by the producer, the above noted requirements in effect on the date of the foreclosure shall apply.

A transfer of (or change in) the interest of a producer in base acres for which fixed decoupled or counter-cyclical payments are made shall result in the termination of the payments with respect to bases acres, unless the transferee or owner of the acreage agrees to assume all obligations under conservation, wetland, planting flexibility or agriculture land use provisions. The termination shall be effective on the date of the transfer or change.

There is no restriction on the transfer of base acres or payment yield as part of a change in the producers on the farm.

At the request of the transferee or owner, the Secretary may modify the conservation, wetlands protection, planting flexibility and agriculture land use requirements if the modifications are consistent with the objectives of such subsection, as determined by the Secretary.

If a producer entitled to a fixed, decoupled payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

Requires a producer who receives fixed decoupled payments, counter-cyclical payments, or marketing loan assistance to submit acreage reports to the Secretary.

A determination of the Secretary under this section shall be considered an adverse decision for purposes of availability of administrative review. (Section 106)

The Senate amendment provides that under the terms of a contract, the owner or producer shall agree, in exchange for annual payments to comply with applicable highly erodible land conservation requirements, applicable wetland conservation requirements, planting flexibility requirements and to use a quantity of land on the farm equal to the contract acreage, for an agricultural or conserving use, and not for a nonagricultural commercial or industrial use, as determined by the Secretary. (Section 111)

The Conference substitute provides that before producers on a farm may receive direct payments or counter-cyclical payments with respect to the farm, the producers shall agree, in exchange for the payments to comply with applicable conservation requirements,

applicable wetland protection requirements, planting flexibility requirements, to use the land on the farm in a quantity attributable to the base acres for an agricultural or conserving use and not for a nonagricultural commercial or industrial use, as determined by the Secretary and on noncultivated land attributable to the base acres, control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices.

The Secretary may issue rules to ensure compliance with these requirements.

At the request of the transferee or owner, the Secretary may modify the requirements of this subsection if the modifications are consistent with the objectives of such subsection, as determined by the Secretary.

A transfer of (or change in) the interest of a producer in base acres for which direct or counter-cyclical payments are made shall result in the termination of the payments with respect to base acres, unless the transferee or owner of the acreage agrees to assume all obligations under conservation, wetland, planting flexibility, agriculture land use provisions and controlling noxious weeds provisions. The termination shall take effect on the date determined by the Secretary.

If a producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

A producer who receives direct payments, counter-cyclical payments, or marketing loan benefits is required to submit annual acreage reports with respect to all cropland on the farm to the Secretary.

The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

The Secretary shall provide for the sharing of direct payments and counter-cyclical payments among the producers on a farm on a fair and equitable basis.

When there is a transfer (or change in) the interest of a producer in base acres for which direct or counter-cyclical payments are made, the Managers intend for the Secretary to provide a time frame for the succession to occur that is farmer-friendly.

Acreage reports provide important information such as assisting in determining the eligibility of land to be accepted into the Conservation Reserve Program. The Managers are aware that in prior years, the Secretary has imposed penalties on producers that submit acreage reports that the Secretary later determines to be inaccurate. The Managers understand that under prior acreage limiting and acreage reduction programs there was a need for very accurate reporting. However, under this Act, with the exception of determining the amount of fruits, vegetables, and wild rice planted on base acreage, there is no such need or requirement for the level of accuracy. Therefore, under this provision the Managers do not intend for any penalty to be applicable to inaccurate acreage reports on covered commodities or peanuts, provided the producer has made a good faith effort to accurately report acreage. (Section 1105)

(10) Violations of Contracts

The Senate amendment is the same as current law except for amending language in existing law to add a provision for a planting flexibility violation. Makes corrections to add:

Planting Flexibility.—In the case of a first violation of the planting flexibility provisions by an eligible owner or producer that has entered into a contract and that acted in good faith, in lieu of terminating the contract under subsection (a), the Secretary shall require a refund or reduce a future contract payment under subsection (b) in an amount that does not exceed twice the amount otherwise payable under the contract on the number of acres involved in the violation. (Section 112)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(11) Planting Flexibility

The House bill provides that all rules concerning planting flexibility are unchanged with the exception of adding wild rice as a prohibited crop.

Subject to the limitations in subsection (b), any commodity may be planted on base acres on a farm.

The planting of fruits, vegetables (excluding lentils, mung beans, and dry peas) and wild rice are prohibited on base acres.

The 3 exceptions to this rule in current law are also unchanged.

(1) Fruits, vegetables or wild rice may be planted on base acres in a region where the Secretary determines there is a history of double cropping of covered commodities with fruits, vegetables or wild rice.

(2) Fruits, vegetables or wild rice may be planted on base acres on a farm that the Secretary determines has a history of planting fruits, vegetables or wild rice on base acres, except that fixed decoupled payments and counter-cyclical payments will be reduced for each acre planted. Fruits and vegetables also may be planted by a producer who the Secretary determines has an established planting history of a specific fruit, vegetable or wild rice, except that the quantity planted may not exceed the producer's annual planting history of such agricultural commodity from the 1991 through 1995 crop years, as determined by the Secretary, and fixed, decoupled payments and counter-cyclical payments will be reduced for each acre planted. (Section 107)

The Senate amendment provides that all rules concerning planting flexibility are unchanged with the exception of adding chickpeas as a permitted exception, wild rice as a prohibited crop for 2003 and beyond, and by changing the base period from 1991 through 1995 to 1996 through 2001 to establish a planting history for a producer.

Limitations.—The planting of the following agricultural commodities shall be prohibited on contract acreage: (A) Fruits. (B) Vegetables (other than lentils, mung beans, dry peas, and chickpeas). (C) In the case of the 2003 and subsequent crops of an agricultural commodity, wild rice;

Same as current law except for the change in base period (for a producer) as noted directly below.

Sec. 118(b)(2)(C) by striking "1991 through 1995" and inserting "1996 through 2001". (Section 113)

The Conference substitute adopts the House provision with an amendment that provides that the planting of fruits, vegetables (other than lentils, mung beans and dry peas) and wild rice shall be prohibited on base acreage unless the commodity, if planted, is destroyed before harvest.

The planting of fruits and vegetables produced on trees and other perennials shall be prohibited on base acres.

The Secretary shall establish a producer planting history for fruits, vegetables and wild rice planted by the producers on the farm in the 1991 through 1995 or 1998 through 2001 crop years.

For the 2002 crop year, if the calculation of base acres results in total base acres for a farm in excess of the contract acreage for the farm that was used to calculate the fiscal year 2002 payment, the planting of fruits, vegetables and wild rice on new base acres is allowed, provided the direct and counter-cyclical payments for the 2002 crop year are reduced on an acre-for-acre basis. (Section 1106)

(12) Relation to Remaining Payment Authority Under Production Flexibility Contracts

The House bill provides authority to make production flexibility contract payments for the 2002 fiscal year is terminated upon enactment. If a producer receives a PFC contract payment for the 2002 fiscal year before enactment of this legislation, the amount of the producer's fixed decoupled payment for fiscal year 2002 will be reduced by the amount of the PFC contract payment. (Section 108)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment that terminates the authority of the Secretary to make production flexibility contract payments on the date of the enactment of this Act, unless requested by the producer. Any direct payments due a producer under this Act would be reduced by any fiscal year 2002 payments made under a production flexibility contract. (Section 1107)

(13) Payment Limitations

The House bill provides fixed decoupled payments and counter-cyclical payments are subject to the payment limitations contained in sections 1001 through 1001C of the Food Security Act of 1985 as amended. Limitations are based on a crop year and the fixed, decoupled limitation is $50,000 and the counter-cyclical limitation is $75,000. (Section 109)

The Senate amendment amends Section 1001 of the Food Security Act of 1985. The total of direct and counter-cyclical payments that an individual or entity may receive during any fiscal year for program commodities shall not exceed $75,000. The total of marketing loan gains, forfeiture gains, gains from marketing certificates and loan deficiency payments that a person is entitled to receive for program crops, peanuts, honey and wool is $150,000 per crop year.

During a fiscal and corresponding crop year, the total amount of payments and benefits that a married couple may receive from

direct, counter-cyclical and marketing loan is $75,000 and $150,000 respectively, plus a combined total of an additional $50,000.

Provides that an individual or entity shall not be eligible for a direct, income-protection and marketing loan program benefits if the average adjusted gross income of the individual or entity exceeds $2.5 million. (Section 169)

The Conference substitute provides the total direct and counter-cyclical payments to a person for corn, grain sorghum, barley, oats, wheat, soybeans, minor oilseeds, cotton and rice may not exceed $40,000 and $65,000, respectively. The total marketing loan gains and loan deficiency payments for corn, grain sorghum, barley, oats, wheat, soybeans, minor oilseeds, cotton, rice, lentils, dry peas and small chickpeas that a person is entitled to receive is $75,000.

Provides for a separate direct and counter-cyclical payment limitation for peanuts of $40,000 and $65,000, respectively. Provides for a separate marketing loan gain and loan deficiency payments limitation for peanuts, wool, mohair and honey of $75,000.

Retains current rules on husband and wife, 3-entities, actively engaged, generic certificates and adopts the $2.5 million adjusted gross income means test.

The Conference substitute refers to levels of adjusted gross income or comparable measures of income. The Managers intend that the comparable measure provision be utilized when necessary and in cases of applicants for whom, because of their status under the Internal Revenue Code, adjusted gross income is not measured or reported. For example, participants who are organized as C Corporations, S Corporations, or as nonprofit organizations, the Managers intend for the Secretary to use this direction to adopt alternative income measurements that compare most closely to adjusted gross income. The Managers expect the Secretary to implement this provision in a manner that provides equitable treatment, to the maximum extent practicable to all producers regardless of the legal structure of their farming operation.

For purposes of subsection (b), the Managers expect the Secretary to determine the individual or entity to be ineligible only if the adjusted gross income or similar equivalent exceeds $2.5 million and less than 75 percent of the adjusted gross income is derived from farming, ranching or forestry operations as determined by the Secretary. (Section 1603)

(14) Period of Effectiveness

The House bill provides that the subtitle is effective from the 2002 crop year through the 2011 crop year. (Section 110)

The Senate amendment provides that the term of a contract shall extend through the 2006 crop, unless earlier terminated by the eligible owners or producers on a farm. (Section 111)

The Conference substitute adopts the House provision with an amendment that the subtitle is effective through the 2007 crop year. (Section 1109)

(15) Pilot Program for Farm Counter-Cyclical Savings Accounts

The Senate amendment amends Subtitle B of title I of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C 7211 et seq.) to authorize and fund a pilot program for farm

counter-cyclical savings accounts. Eligible producers may establish such accounts in the name of the producer in a bank or financial institution selected by the producer and approved by the Secretary of Agriculture. A savings account shall consist of B contributions of the producer; matching contributions of the Secretary; and interest earned on account balances.

To be eligible, a producer must share in the risk of producing an agricultural commodity for the applicable year; have filed a farm business-related federal income tax return during each of the previous 5 years, or be a beginning farmer or rancher, and have at least $50,000 in average adjusted gross farm revenue, except for limited resource farmers as determined by the Secretary.

An eligible producer may deposit such amounts in the account of the producer as the producer considers appropriate. The Secretary shall provide a matching contribution on the amount deposited by the producer into the account, except that matching contributions may not exceed 2 percent of the producer's average adjusted gross farm revenue, or $5,000 for any applicable fiscal year. The Secretary shall provide the required matching contributions for a producer as of the date that a majority of the commodities grown by the producer are harvested.

In any year, a producer may withdraw funds from the account in an amount up to the difference between 90 percent of the producer's average adjusted gross revenue and the producers adjusted gross revenue in that year. A producer that ceases to be actively engaged in farming, as determined by the Secretary, may withdraw the full balance from, and close, the account; and may not establish another account.

The Secretary shall administer this program through the Farm Service Agency and local, county, and area offices of the Agriculture Department. For each of fiscal years 2003 through 2005, the Secretary shall establish a farm counter-cyclical savings account pilot program in 3 States, as determined by the Secretary. The total amount of matching contributions in a State may not exceed $4 million per State for each of fiscal years 2003 through 2005. (Section 114)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

SUBTITLE B—MARKETING ASSISTANCE LOANS AND LOAN DEFICIENCY PAYMENTS

(16) Availability of Nonrecourse Marketing Assistance Loans for Covered Commodities

The House bill provides that the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for covered commodities produced on the farm, including extra long staple cotton, for each of the 2002 through 2011 crop years.

Any production of a covered commodity on a farm is eligible for a marketing assistance loan.

Producers that would otherwise be eligible for the assistance, but for the fact the covered commodity is commingled with covered commodities of other producers in facilities unlicensed for the stor-

age of commodities, if the producer obtaining the loan agrees to immediately redeem the loan collateral.

Producers are required to comply with applicable conservation requirements and applicable wetland protection requirements as a condition to receiving marketing loan assistance.

Extra long staple cotton is defined.

Marketing assistance loans for the 2002 crop of covered commodities shall not be made under subtitle C of title I of such Act. (Section 121)

The Senate amendment provides that the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for loan commodities produced on the farm through the 2006 crop.

The FAIR Act is amended by striking the definition of eligible production and redefining as: Eligible Production.—The producers on a farm shall be eligible for a marketing loan under subsection (a) for any quantity of a loan commodity produced on the farm.

Sec. 169 may restrict quantity. (Section 121)

The Conference substitute provides that the Secretary shall make available to producers on a farm nonrecourse marketing assistance loans for loan commodities produced on the farm, including extra long staple cotton, wool, mohair, honey, dry peas, lentils and small chickpeas for each of the 2002 through 2007 crop years.

Any production of a loan commodity on a farm is eligible for a marketing assistance loan, however loan commodities harvested for hay and silage, and unshorn pelts are eligible only for a loan deficiency payment.

The Secretary shall make loans to producers that would otherwise be eligible for the assistance, but for the fact the loan commodity is commingled with loan commodities of other producers in facilities unlicensed for the storage of commodities, if the producer obtaining the loan agrees to immediately redeem the loan collateral.

Producers are required to comply with applicable conservation requirements and applicable wetland protection requirements as a condition to receiving marketing loan assistance.

Marketing assistance loans for the 2002 crop of loan commodities shall not be made under subtitle C of title I of the Federal Agriculture Improvement and Reform Act of 1996.

Beginning with the 2002 crop, the Managers intend for marketing loan and loan deficiency program benefits to be made available for all farms producing loan commodities, regardless of whether the farm does or does not have base acreage. (Section 1201)

(17) Loan Rates for Nonrecourse Marketing Assistance Loans

The House bill provides loan rates (per bushel or pound, as applicable) are maintained at not more than $2.58 for wheat, $1.89 for corn and grain sorghum, $1.65 for barley except not more than $1.70 for barley used only for feed purposes, $1.21 for oats, $0.5192 for upland cotton (and not less than $0.50), $0.7965 for extra long staple cotton, $4.92 for soybeans, and $0.087 for other oilseeds, and equal to $6.50 per cwt. for rice.

Amends section 162(b) of the FAIR Act by striking "this title" and inserting "this title and title I of the Farm Security Act of 2001". (Section 122)

The Senate amendment provides loan rates are $2.9960 per bushel for wheat, $2.0772 per bushel for corn and grain sorghum, $1.9973 per bushel for barley, $1.4980 per bushel for oats, $0.5493 per pound for upland cotton, $0.7965 per pound for extra long staple cotton, $6.4914 per hundredweight for rice, $5.1931 per bushel for soybeans, $0.0949 per pound for other oilseeds, $6.78 per hundredweight for dry peas, $12.79 per hundredweight for lentils, $17.44 per hundredweight for large chickpeas and $8.10 per hundredweight for small chickpeas.

Sec. 132(b)(1) of the FAIR Act. No change from existing law except instead of referencing "commodity", "loan commodity" is referenced.

Sec. 132(b)(2) of the FAIR Act is consistent with Sec 162(b) of existing law. Sec. 123(b) Repeals Sec. 162(c) of current law, but Sec. 171(b)(2) repeals Sec. 123(b). (Section 123)

The Conference substitute provides for loan rates for the 2002 and 2003 crop years that are different than loan rates for the 2004 through 2007 crop years for most crops.

Loan rates for the 2002 and 2003 crop years are $2.80 per bushel for wheat, $1.98 per bushel for corn, $1.98 per bushel for grain sorghum, $1.88 per bushel for barley, $1.35 per bushel for oats, $0.52 per pound for upland cotton, $0.7977 per pound for extra long staple cotton, $5.00 per bushel for soybeans, $0.096 per pound for other oilseeds, and $6.50 per hundredweight for rice, $6.33 per hundredweight for dry peas, $11.94 per hundredweight for lentils and $7.56 per hundredweight for small chickpeas.

Loan rates for the 2004 through 2007 crop years are $2.75 per bushel for wheat, $1.95 per bushel for corn, $1.95 per bushel for grain sorghum, $1.85 per bushel for barley, $1.33 per bushel for oats, $0.52 per pound for upland cotton, $0.7977 per pound for extra long staple cotton, $5.00 per bushel for soybeans, $0.093 per pound for other oilseeds, and $6.50 per hundredweight for rice, $6.22 per hundredweight for dry peas, $11.72 per hundredweight for lentils and $7.43 per hundredweight for small chickpeas.

Loan rates for the 2002 through 2007 crop years are $1.00 per pound for graded wool, $0.40 per pound for ungraded wool and unshorn pelts and $4.20 per pound for mohair.

Loan rate for the 2002 through 2007 crop years for honey is $0.60 per pound.

The Managers anticipate the Secretary will take advantage of the change in national average loan rates to review and adjust as appropriate the county loan rates.

To the extent practicable, for purposes of making loans and loan deficiency payments, the Secretary should designate loan rates in those units that are consistent with the units in common usage in the industry.

It is the intention of the Committee that the provision for nongraded wool be made available for wool that has not been objectively measured for fiber diameter (micron) and yield. Documentation of objective measurement is commonly known as a core test, which is available through laboratory analysis. It is the intent of

the Mangers that the Secretary provide the graded wool loan rate to wool that meets the terminology used by the wool industry to define graded wool, such as core tested. (Section 1202)

(18) Term of Loans

The House bill provides that the term for marketing assistance loans is unchanged. For all covered commodities except upland cotton and extra long staple cotton, the term of the loan is nine months beginning on the first day of the first month after the month in which the loan is made.

For upland cotton and extra long staple cotton, the term of the loan is 10 months beginning on the first day of the month in which the loan is made.

Prohibits extension of a marketing assistance loan for a covered commodity. (Section 123)

The Senate amendment provides that the term for marketing assistance loans for all commodities shall be 9 months beginning on the first day of the first month after the month in which the loan is made. (Section 124)

The Conference substitute adopts the Senate provision with respect to the term of loans and adopts the House provision with respect to the prohibition on extension of loans. (Section 1203)

(19) Repayment of Loans

The House bill provides repayment of marketing assistance loans is unchanged. The Secretary will permit producers of wheat, corn, grain sorghum, barley, oats, soybeans, and other oilseeds to repay a marketing assistance loan at a rate that is the lesser of the loan rate for the commodity plus interest or a rate that the Secretary determines will minimize forfeitures, accumulation of stocks, storage costs, and allow the commodity to be marketed freely and competitively.

The Secretary will permit producers of upland cotton and rice to repay a marketing assistance loan at a rate that is the lesser of the loan rate for the commodity plus interest or the prevailing world market price (adjusted to U.S. quality and location), as determined by the Secretary.

The Secretary will permit producers of extra long staple cotton to repay a marketing assistance loan at the loan rate plus interest.

The Secretary will prescribe by regulation the formula to determine the prevailing world market price and a mechanism to periodically announce this price.

The adjustment of the prevailing world market price for upland cotton is unchanged.

In the case of a producer that marketed or lost beneficial interest before repaying the loan, the Secretary shall permit the producer to repay the loan at the lowest repayment rate that was in effect for the covered commodity under this section as of the date that the producer lost beneficial interest. (Section 124)

The Senate amendment amends Section 134(a) of the FAIR Act by striking the reference to wheat, corn, grain sorghum, barley, oats and oilseeds and inserting "a loan commodity (other than upland cotton, rice, and extra long staple cotton)" (in effect, adding wool, honey, dry peas, lentils and chickpeas to the list of commod-

ities) and adding "minimize discrepancies in marketing loan benefits across State boundaries and across county boundaries" to the other 4 factors the Secretary is required to use in determining a loan repayment rate.

Amends Sec. 1001 of the Food Security Act of 1985. Sec. 1001(c) Limitations on marketing loan gains, loan deficiency payments, and commodity certificate transactions and Sec. 1001(d) Settlement of certain loans may restrict the eligibility of some producers to repay loans at a lower repayment rate.

Amends Sec. 134(e)(1) of the FAIR Act by authorizing the program through July 31, 2007. (Section 125, 121, and 169)

The Conference substitute permits producers of wheat, corn, grain sorghum, barley, oats, soybeans, other oilseeds, dry peas, lentils, small chickpeas, wool, mohair, and honey to repay a marketing assistance loan at a rate that is the lesser of the loan rate for the commodity plus interest or a rate that the Secretary determines will minimize forfeitures, accumulation of stocks, storage costs, allow the commodity to be marketed freely and competitively, and minimizes discrepancies in marketing loan benefits across State boundaries and county boundaries.

The Secretary will permit producers of upland cotton and rice to repay a marketing assistance loan at a rate that is the lesser of the loan rate for the commodity plus interest or the prevailing world market price (adjusted to U.S. quality and location), as determined in accordance with section 163 of the FAIR Act.

The Secretary will permit producers of extra long staple cotton to repay a marketing assistance loan at the loan rate plus interest as determined in accordance with section 163 of the FAIR Act.

The Secretary will prescribe by regulation the formula to determine the prevailing world market price for upland cotton and rice and a mechanism to periodically announce this price.

The adjustment of the prevailing world market price for upland cotton is unchanged.

For the 2001 crop, in the case of a producer that marketed or lost beneficial interest before repaying the loan, the Secretary shall permit the producer to repay the loan at the appropriate repayment rate that was in effect for the loan commodity under as of the date that the producer lost beneficial interest, if the Secretary determines the producers acted in good faith.

The Managers intend that in determining loan repayment rates for loan commodities other than upland cotton and rice, the Secretary will consider alternative methodologies, including establishing the Posted County Prices for grains and oilseeds at levels that reflect market prices at both terminal markets for counties with two terminal markets. The Managers expect the Secretary to determine whether assigning equal weight to two terminal markets will better reflect local market prices than the current system of using the higher of the two terminal markets to establish the Posted County Price.

In implementing the marketing assistance loan program for minor oilseeds, the Managers expect the Secretary to establish a single sunflower loan rate in each county for oil-type, confection and other-type sunflowers combined. Managers also expect the Secretary to continue to announce weekly loan repayment rates for

sunflowers reflecting local market prices that minimize potential loan forfeitures. Accordingly, sunflower seed loan repayment rates should reflect oil-type sunflower seed local market prices.

The Conference substitute established a marketing assistance loan program for pulse crops—dry peas, lentils and small chickpeas. The loan rate for dry peas is based on U.S. feed pea prices; the loan rate for lentils is based on the price of U.S. No. 3 lentils; and the loan rate for small chickpeas is based on the price of chickpeas that drop below a 20/64 screen. Accordingly, the Managers expect the Secretary to calculate regional pulse loan rates and repayment rates based on the prices of feed peas, No. 3 lentils, and chickpeas that drop below a 20/64 screen. (Section 1204)

(20) Loan Deficiency Payments

The House bill provides loan deficiency payments are maintained. The Secretary will make loan deficiency payments available to producers who, although eligible for a marketing assistance loan, agree to forgo a loan in favor of receiving a payment.

The loan deficiency payment is determined by multiplying the loan payment rate by the quantity of the covered commodity produced, excluding any commodity for which the producer obtained a loan.

The loan payment rate is the amount by which the loan rate exceeds the rate at which the loan may be repaid.

Loan deficiency payments do not apply to extra long staple cotton.

The Secretary shall make a loan deficiency payment on the earlier of the date the producer marketed or lost beneficial interest in the commodity, or the date the producer requests the payment.

Provides for loan deficiency payments on crop year 2001 covered commodities on farms that do not have an AMTA contract. (Section 125)

The Senate amendment amends Sec. 135 of the FAIR Act. Makes loan deficiency payments available to producers on a farm that, although eligible to obtain a marketing assistance loan with respect to a loan commodity, agree to forgo obtaining the loan in return for payments under this section.

Strikes subsections (e) and (f) of section 135 of the FAIR Act and inserts language comparable to the House provision except the provision is applicable for the 2001–2006 crops. The Secretary shall make a loan deficiency payment only if the producer has beneficial interest in the loan commodity as of the earlier of the date on which the producers on the farm marketed or otherwise lost beneficial interest in the loan commodity or the date the producers on the farm request the payment.

Amends section 135(a)(2) to provide for loan deficiency payments on crop year 2001 contract commodities on farms that do not have a production flexibility contract. (Section 126)

The Conference substitute provides for the continuation of loan deficiency payments. The Secretary will make loan deficiency payments available to producers who, although eligible for a marketing assistance loan, agree to forgo a loan in favor of receiving a payment.

Unshorn pelts, hay and silage derived from a loan commodity are not eligible for a marketing assistance loan, however the commodities are eligible for loan deficiency payments when unshorn pelts, hay or silage are derived from a loan commodity.

The loan deficiency payment is determined by multiplying the payment rate by the quantity of the loan commodity produced, excluding any commodity for which the producer obtained a loan.

The payment rate is the amount by which the loan rate exceeds the rate at which the loan may be repaid.

Provides that the loan deficiency payment for unshorn pelts is based on the rate in effect for ungraded wool and the loan deficiency payment for hay and silage is based on the loan commodity from which the hay and silage is derived.

Loan deficiency payments do not apply to extra long staple cotton.

The Secretary shall make a loan deficiency payment on the date the producer requests the payment.

Provides for loan deficiency payments on crop year 2001 loan commodities on farms that do not have an AMTA contract.

For the 2001 crop, the Secretary shall make a loan deficiency payment on the earlier of the date the producer marketed or lost beneficial interest in the loan commodity, or the date the producer requested the payment. (Section 1205)

(21) Payments in Lieu of Loan Deficiency Payments for Grazed Acreage

The House bill provide that the Secretary will make payments in lieu of loan deficiency payments for grazed acreage to producers that would be eligible for such a loan deficiency payment for wheat, barley, or oats but elects to use the acreage planted to the crops for livestock grazing.

To receive a payment, the producer must agree to forgo any other harvesting of the commodity on that acreage.

The payment amount is determined by multiplying the loan deficiency payment rate by the payment quantity, which is determined by multiplying the quantity of grazed acreage in which the producer elects to forgo harvesting by the payment yield.

The time, manner, and availability of these payments are to be consistent with the general loan deficiency payment and marketing assistance loan provisions for wheat, barley, and oats.

Producers who receive a loan deficiency payment under this section are ineligible for crop insurance or noninsured crop assistance as to that acreage. (Section 126)

The Senate amendment adds Sec. 138 to Subtitle C of the FAIR Act. The Secretary will make payments in lieu of loan deficiency payments for grazed acreage to producers that would be eligible for such a loan deficiency payment for wheat, grain sorghum, barley, or oats but who elect to use the acreage planted to the crops for livestock grazing.

To receive a payment, the producer must agree to forgo any other harvesting of the commodity on that acreage.

The payment amount is determined by multiplying the loan deficiency payment rate by the payment quantity, which is deter-

mined by multiplying the quantity of grazed acreage in which the producer elects to forgo harvesting by the payment yield.

The time, manner, and availability of these payments are to be consistent with the general loan deficiency payment and marketing assistance loan provisions for wheat, grain sorghum, barley, and oats.

Producers who receive a loan deficiency payment under this section are ineligible for crop insurance or noninsured crop assistance as to that acreage. (Section 127)

The Conference substitute adopts the House provision with an amendment that provides payments to producers with triticale for grazing when the producer agrees to forgo any other harvesting of the acreage.

For purposes of determining the loan deficiency payment to be used in calculating the payment for the grazing of triticale acreage only, the Managers intend for the Secretary to take into account the predominate class of wheat grown in the county in which the farm is located. (Section 1206)

(22) Special Marketing Loan Provisions for Upland Cotton

The House bill provides that the special marketing loan provisions for upland cotton remain unchanged, including provisions relating to cotton user marketing certificates, the special import quota, and the limited global import quota for upland cotton.

Authorizes through July 31, 2012. (Section 127)

The Senate amendment amends section 136(a) of the FAIR Act by adding language that removes the 1.25-cent threshold for Step-2 cotton payments beginning on the date of enactment of this paragraph and ending on July 31, 2003.

Amends Sec. 136 of the FAIR Act by authorizing program through July 31, 2007. (Section 121 and 128)

The Conference substitute adopts the House provision with an amendment that accepts the Senate provision removing the 1.25-cent threshold for cotton Step-2 payments through July 31, 2006. (Section 1207)

(23) Special Competitive Provisions for Extra Long Staple Cotton

The House bill provides that the special competitive provisions for extra long staple cotton remain unchanged, including provisions relating to the competitiveness program, payments under the program, eligibility, and the amount and form of payment. (Section 128)

The Senate amendment amends Sec. 136(A)(a) of the FAIR Act by authorizing the program through July 31, 2007. (Section 121)

The Conference substitute adopts the House provisions through July 31, 2008. (Section 1208)

(24) Availability of Recourse Loans for High Moisture Feed Grains and Seed Cotton and other Fibers

The House bill provides that the availability of recourse loans for high moisture feed grains and seed cotton remains unchanged. Authority under the FAIR Act to provide this assistance for the 2002 crop year is terminated. (Section 129)

The Senate amendment amends Sec. 137 of the FAIR Act by authorizing the loans through the 2006 crops. Otherwise retains current law. (Section 121)

The Conference substitute adopts the House provision with an amendment that provides that a loan under this subsection shall be made on a quantity of acquired grain determined by multiplying the acreage in a high moisture state on the farm by the lower of the farm program payment yield used for counter-cyclical payments under subtitle A or the actual yield on a field, as determined by the Secretary. (Section 1209)

(25) Availability of Nonrecourse Marketing Assistance Loans for Wool and Mohair

The House bill provides that the Secretary will make nonrecourse marketing assistance loans available to producers of wool and mohair for the 2002 through 2011 marketing years.

The graded wool loan rate is not more than $1.00 per pound. The non-graded wool loan rate is not more than $0.40 per pound. The mohair loan rate is not more than $4.20 per pound.

The term of the loan is one year beginning on the first day of the first month after the month in which the loan is made.

Producers may repay the loan at a rate that is the lesser of the loan rate established for the commodity plus interest or at a rate that the Secretary determines will minimize forfeitures, accumulation of stocks, storage costs, and that allows the commodity to be marketed freely and competitively.

Loan deficiency payments are also authorized to those producers who agree to forgo obtaining a loan.

The loan payment rate shall be the amount by which the loan rate in effect for the commodity exceeds the rate at which a loan may be repaid.

The Secretary shall make a loan deficiency payment on the earlier of the date the producer marketed or lost beneficial interest in the commodity or the date the producer requests the payment.

The marketing loan gains and loan deficiency payment a producer may receive under the wool and mohair program is subject to a separate but equal payment limitation than other covered commodities receiving marketing loan benefits. (Section 130)

The Senate amendment amends Sec. 132 of the FAIR Act. Loan rates are $1.00 per pound for graded wool, $0.40 per pound for nongraded wool and unshorn pelts. The Senate amendment contains no provisions for mohair.

Amends Sec. 133 of the FAIR Act to establish a 9-month loan term for all loan commodities.

Amends Sec. 134(a) of the FAIR Act to provide loan repayment rate criteria for wool and other loan commodities. (Section 123, 124 and 125)

The Conference substitute accepts the House provisions with an amendment that adds unshorn pelts as a commodity eligible for a loan deficiency payment. In addition, all marketing loan and loan deficiency provisions for wool and mohair are integrated into the same sections in subtitle B as for other loan commodities.

(26) Availability of Nonrecourse Marketing Assistance Loans for Honey

The House bill provides that the Secretary will make nonrecourse marketing assistance loans available to producers of honey for the 2002 through 2011 marketing years.

The honey loan rate shall be equal to $0.60 per pound.

The term of the loan is one year beginning on the first day of the first month after the month in which the loan is made.

Producers may repay the loan at a rate that is the lesser of the loan rate established for the commodity plus interest or at the prevailing domestic market price for honey.

Loan deficiency payments are also authorized to those producers who agree to forgo obtaining a loan.

The loan payment rate shall be the amount by which the loan rate in effect for the commodity exceeds the rate at which a loan may be repaid.

The Secretary shall make a loan deficiency payment on the earlier of the date the producer marketed or lost beneficial interest in the commodity or the date the producer requests the payment.

The marketing loan gains and loan deficiency payment a producer may receive under the honey program is subject to a separate but equal payment limitation than other covered commodities receiving marketing loan benefits.

This section shall be carried out in a manner as to minimize forfeitures of honey. (Section 131)

The Senate amendment amends Sec. 132 of the FAIR Act. Loan rate is $0.60 per pound.

Amends Sec. 133 of the FAIR Act to establish a 9-month loan term for all loan commodities.

Amends Sec. 134(a) of the FAIR Act to provide loan repayment rate criteria for honey and other loan commodities. (Section 123, 124, and 125)

The Conference substitute accepts the House provisions with an amendment that includes honey in the same marketing loan and loan deficiency sections as for other loan commodities in subtitle B.

(26) Availability of Nonrecourse Marketing Assistance Loans for Dry Peas, Lentils and Chickpeas

The Senate amendment amends Sec. 132 of the FAIR Act. Loan rate for dry peas is $6.78 per hundredweight, loan rate for lentils is $12.79 per hundredweight, loan rate for large chickpeas is $17.44 per hundredweight, and loan rate for small chickpeas is $8.10 per hundredweight.

Amends Sec. 133 of the FAIR Act to establish a 9-month loan term for all loan commodities.

Amends Sec. 134(a) of the FAIR Act to provide loan repayment rate criteria for dry peas, lentils, chickpeas and other loan commodities. (Section 123, 124, and 125)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that provides a loan rate for the 2002 and 2003 crop years at $7.56 per hundredweight for small chickpeas, $11.94 per

hundredweight for lentils and $6.33 per hundredweight for dry peas.

Provides a loan rate for the 2004 through 2007 crop years at $7.43 per hundredweight for small chickpeas, $11.72 per hundredweight for lentils and $6.22 per hundredweight for dry peas. (Section 1202)

(28) Producer Retention of Erroneously Paid Loan Deficiency Payments and Marketing Loan Gains

The House bill provides that neither the Secretary nor CCC shall require producers in Erie County, Pennsylvania, to repay 1998 and 1999 loan deficiency payments and marketing loan gains erroneously paid or determined to have been earned. In the case of a producer who has already made repayment, CCC shall reimburse the producer the full amount of the repayment. (Section 132)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 1618)

SUBTITLE C—OTHER COMMODITIES

Chapter 1—Dairy

(29) Milk Price Support Program

The House bill provides that the Milk Price Support Program is authorized through December 31, 2011 at a rate of $9.90/cwt on a 3.67% milk fat basis. The Secretary is authorized to purchase butter, nonfat dry milk powder or cheese at established prices in order to maintain the $9.90/cwt support price. The purchase prices for butter and nonfat dry milk powder may be allocated so as to minimize expenditures from the Commodity Credit Corporation. The Secretary may modify purchase prices for butter and nonfat dry milk not more than 2 times per year. (Section 141)

The Senate amendment amends the Federal Agriculture Improvement and Reform Act of 1996 extending the price support program through December 31, 2006. It also retains provisions of the 1996 Act to provide that at the program's termination, it shall be considered to have expired notwithstanding section 257 (relating to the baseline) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 907). (Section 131)

The Conference substitute adopts the House provision (including an enduring budgetary baseline) with an amendment providing for the program's operation through December 31, 2007.

(30) Repeal of Recourse Loan Program For Processors

The House bill provides that the Recourse Loan Program for Processors (7 U.S.C. 7252) is repealed (Section 142)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision. P.L. 107–76 repealed the Recourse Loan Program.

(31) Extension of Dairy Export Incentive and Dairy Indemnity Programs

The House bill provides that the Dairy Export Incentive Program (15 U.S.C. 713a–14(a)) is extended through 2011. The Dairy

Indemnity Program (7 U.S.C. 4501) is extended through 2011. (Section 143)

The Senate amendment extends the Dairy Export Incentive Program and the Dairy Indemnity Program through 2006. (Section 133)

The Conference substitute adopts the House provision with an amendment to extend both programs through 2007.

(32) Fluid Milk Promotion

The House bill provides that the Fluid Milk Processor Promotion Program (7 U.S.C. 6402) is amended to repeal the termination of authority, and to make technical changes to the definitions of "Fluid Milk Product" and "Fluid Milk Processor." (Section 144)

The Senate amendment is similar with technical amendments within the definition of fluid milk processor regarding exclusion for products delivered directly to the place of residence of a consumer. (Section 134)

The Conference substitute adopts the Senate provision.

(33) Dairy Product Mandatory Reporting

The House bill provides that the Dairy Product Mandatory Reporting (7 U.S.C. 1637a(1)) is amended to make technical corrections regarding products to be reported. (Section 145)

The Senate amendment is similar with technical amendments regarding the definition of manufactured dairy products. (Section 135)

The Conference substitute adopts the Senate provision.

The managers want to ensure the enforcement of federal standards of identity that apply for fluid milk products purchased by the federal government for distribution in all federally supported feeding and nutrition programs. If the Secretary of Health and Human Services determines that the federal standards are not being enforced, the Secretary is urged to develop and implement procedures for the enforcement of federal standards of identity for fluid milk products purchased by the federal government within 1 year of enactment of this legislation.

(34) Funding of Dairy Promotion and Research Program

The House bill provides that the Dairy Promotion Program (7 U.S.C. 4502) is amended to require dairy importers to pay an assessment equivalent to domestic dairy producers. Importers would be eligible to vote in referenda and would have representation on the National Dairy Promotion and Research Board. (Section 146)

The Senate amendment is the same (Section 136)

The Conference substitute adopts the House provision with amendments to authorize the Secretary of Agriculture to reapportion the representation levels of domestic producers and importers to reflect a proportion of domestic production and imports supplying the United States market; to make clear that assessments from importers will not be used for foreign export promotion purposes; to clarify when the importer must pay the assessment; to make clear that the domestic milk rate shall be applied to imports on a milk-equivalent basis; to make clear that national dairy pro-

motion program and order must promote milk and dairy products without regard to origin; and to require that in implementing an order under this section, the Secretary consults with the United States Trade Representative in order to ensure consistency with the international trade obligations of the United States.

The Conferees note that since 1990, the provisions of 7 U.S.C. 2278 have been in effect and apply generally to research and promotion programs administered by the Department of Agriculture. Those provisions require that the Secretary consult with the U.S. Trade Representative when research and promotion orders are modified or implemented to apply to imported products, and take steps to ensure that international trade obligations are met. The Conferees intend that the similar provision included specifically in the conference substitute with respect to assessments on imports for the dairy promotion program not be regarded as being in conflict with current law.

(35) Study of National Dairy Policy and Studies of Effects of Changes in Approach to National Dairy Policy and Fluid Milk Identity Standards

The House bill requires the Secretary of Agriculture to conduct an economic analysis of various options for a National Dairy Program and report to Congress not later than April 30, 2002. (Section 147)

The Senate amendment requires studies of the effects of terminating all Federal dairy programs and establishing regional compacts, and a study of the effects of establishing minimum protein standards to be reported to Congress not later than September 30, 2002. (Section 137)

The Conference substitute adopts the both the House and Senate provisions with an amendment to require that each report be issued one year after the date of enactment of this Act.

(36) National Dairy Program

The Senate amendment creates a national dairy support program with two components. The National Dairy Market Loss Assistance Program is authorized from December 1, 2001, through September 30, 2005. The program covers producers in states not included in the Northeast Dairy Market Loss Payment program. Payment is calculated by taking 40% of the difference between the all-milk price and the historical five-year average multiplied by eligible production. Eligible production is based on taking the lesser of (A) the average quantity of milk marketed for commercial use in which the producer has had a direct or indirect interest during each of the 1999 through 2001 fiscal years, (B) 8,000,000 pounds, or (C) actual production for the time period. The program is capped at $1.5 billion.

The Northeast Dairy Market Loss Payment program is authorized from December 1, 2001 through September 30, 2005. The program covers the states of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, and West Virginia. Payment is based on a target price of $16.94. Eligible production is based on the lesser of (A) the average quantity of milk marketed for commer-

cial use in which the producer had a direct or indirect interest during each of the 1999 through 2001 fiscal years, (B) 8,000,000 pounds, or (C) actual production for the time period. The program is capped at $500 million. (Section 132)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision to create a single national program using the payment formula established under the proposed Northeast Dairy Market Loss Assistance Program. Under this program, participating dairy producers will receive monthly payments equal to 45 percent of the difference between $16.94 and the price per hundredweight of Class I fluid milk in Boston under the applicable federal milk marketing order. No payments will be made for months during which the fluid milk price in Boston is $16.94 or higher. Payments will be made not later than 60 days after the end of the month for which a payment is made. Producers, on an operation-by-operation basis, may receive payments on no more than 2.4 million pounds of milk marketed per year. Retroactive payments will be made covering market losses due to low prices since December 1, 2001. The program is authorized through September 30, 2005.

The Managers understand that previous Dairy Market Loss Assistance Programs provided discretion to the Secretary to limit payments to individual dairy operations. It is the intent of the Managers that this program shall be administered in the same manner, thereby limiting payments on an operation-by-operation basis. Accordingly, a producer might qualify for separate limits on separate operations.

The managers intend that in carrying out this section, the Secretary utilize information available through the Agricultural Marketing Service monthly milk marketing's by producers.

Chapter 2—Sugar

(37) Sugar Program

The House bill subsection (a) reauthorizes the sugar program through the 2011 crop year.

Subsection (b) terminates the marketing assessment on sugar effective October 1, 2001.

Subsection (c) provides the Secretary of Agriculture the discretion to reduce loan rates for U.S. sugar producers in the event that support for foreign competitors is reduced beyond that required under the Agreement on Agriculture.

Subsection (d) ensures that notification requirements do not frustrate the purposes of the nonrecourse loan program.

Subsection (e) authorizes nonrecourse loans on in-process sugars.

Subsection (f) requires the Secretary of Agriculture to administer the sugar program at no net cost to the federal government to the maximum extent practicable. The subsection also authorizes the CCC to accept bids from processors for the purchase of sugar inventory in exchange for reduced production.

Subsection (g) establishes reporting guidelines for producers and importers relative to yields and acreage planted and amounts

imported. Requires reporting by sugar cane producers in proportionate share states.

Subsection (h) makes section 163 of the FAIR Act inapplicable to sugar. (Section 151)

The Senate amendment subsection (i) reauthorizes the sugar program through the 2006 crop year.

Subsection (c) terminates the marketing assessment on sugar effective October 1, 2001.

Subsection (a) provides the Secretary of Agriculture the discretion to reduce loan rates for U.S. sugar producers in the event that support for foreign competitors is reduced beyond that required under the Agreement on Agriculture.

Paragraph (2) of subsection (b) ensures that notification requirements do not frustrate the purposes of the nonrecourse loan program.

Subsection (e) authorizes nonrecourse loans on in-process sugars.

Subsection (f) requires the Secretary of Agriculture to administer the sugar program at no net cost to the federal government to the maximum extent practicable and subject to subsection (e)(3) (which bars the Secretary from imposing pre notification requirements as a condition to forfeiture). The subsection also authorizes the CCC to accept bids from processors for the purchase of sugar inventory in exchange for reduced production.

Subsection (g) establishes reporting guidelines for producers and importers relative to yields and acreage planted and amounts imported. Loan assistance is conditioned on reporting by sugar cane producers located in proportionate share states.

Subsection (j) makes section 163 of the FAIR Act inapplicable to sugar.

Subsection (b)(1) modifies provisions to assure that loan benefits are passed through to producers by allowing beet producers to contract minimum payments and by providing for the use of CCC funds to compensate producers in the event of bankruptcy or insolvency of the processor.

Subsection (h) allows substitutability of all refined sugar for re-export. (Section 141)

The Conference substitute adopts the Senate sugar provisions, with technical and clarifying amendments, except that the provision providing for the use of CCC funds to compensate producers in the event of processor bankruptcy or insolvency is excluded.

(38) Reauthorize Provisions of Agricultural Adjustment Act of 1938 Regarding Sugar

The House bill subsection (a) repeals repetitive reporting provisions.

Subsection (b) requires the Secretary to establish marketing allotments for domestically grown sugar to eliminate forfeitures through 2011.

Subsection (c) updates the allotment formula to take into account current U.S. import obligations. The subsection also assigns allotments between sugarcane and sugar beets. Finally the subsection authorizes the Secretary to suspend allotments whenever imports exceed a certain level.

Subsection (d) updates the base periods and other factors applicable to the allocation of sugarcane and sugar beet allotments among sugarcane and sugar beet processors, respectively.

Subsection (e) establishes procedures for the Secretary to reassign allotments if a processor cannot meet the allocation.

Subsection (f) prescribes the manner in which allotment disputes are settled and provides for certain adjustments in the event a processor closes.

Subsection (g) allows the Secretary to preserve certain acreage base history for a longer period and also defines the term "offshore states".

Subsection (h) lifts the suspension on allotments for the 2002 crop. (Section 152)

The Senate amendment subsection (a) repeals repetitive reporting provisions.

Subsection (b) requires the Secretary to establish marketing allotments for domestically grown sugar to eliminate forfeitures through 2006.

Subsection (c) updates the allotment formula to take into account current U.S. import obligations. The subsection also assigns allotments between sugarcane and sugar beets. Finally the subsection authorizes the Secretary to suspend allotments whenever imports exceed a certain level.

Subsection (d) updates the base periods and other factors applicable to the allocation of sugarcane and sugar beet allotments among sugarcane and sugar beet processors, respectively. Adds provisions for new entrant states. Provides formula for beet sugar allocation.

Subsection (e) establishes procedures for the Secretary to reassign allotments if a processor cannot meet the allocation.

Subsection (f) prescribes the manner in which allotment disputes are settled and provides for certain adjustments in the event a processor closes.

Subsection (g) allows the Secretary to preserve certain acreage base history for a longer period and also defines the term "offshore states".

Sec. 165(2)(A) strikes the suspension of price support authority for sugar. (Section 143)

The Conference substitute adopts the Senate sugar provisions, with technical and clarifying amendments.

Subsections (b)(1)(D) and (b)(2)(C) of section 359(e) of the Agricultural Adjustment Act of 1938, as amended by section 1403 of the conference agreement, provide for the reassignment of unused marketing allotments for cane sugar and beet sugar, respectively to imports of sugar under certain specified conditions. It is the intent of the conferees that in the event that any allotments are reassigned to imports, the appropriate agency shall accommodate the allotted imports by increasing the tariff-rate quota for sugar in an amount equal to the total amount of the allotments reassigned to imports. By doing so, the market balance sought by the allotment system should be maintained and will not result in a reduction in the overall allotment quantity, a suspension of the allotments, or any increase in the prospect of the forfeiture of domestically produced sugar to the Commodity Credit Corporation.

(39) Storage Facility Loans

The House bill subsection (a) requires the CCC to amend the Code of Federal Regulations to establish a sugar storage facility loan program. Subsection (b) requires the CCC to make such loans to processors of domestically produced sugar that have satisfactory credit history, that need increased storage, and that demonstrate an ability to repay the loan. Subsection (c) provides for a 7-year term for the loan. Subsection (d) requires the program be administered using the services, facilities, and funds of the CCC. (Section 153)

The Senate amendment subsection (a) requires the CCC to amend the Code of Federal Regulations to establish a sugar storage facility loan program. Subsection (b) requires the CCC to make such loans to processors of domestically produced sugar that have satisfactory credit history, that need increased storage, and that demonstrate an ability to repay the loan. Subsection (c) provides for a 7-year term for the loan. (Section 142)

The Conference substitute adopts the Senate provision.

(40) Reallocation of Sugar Quota

The Senate amendment requires the U.S. Trade Representative in consultation with the Secretary, by June 1 of each year, to determine the amount of the quota of cane sugar used by each qualified supplying country for that country for that fiscal year. The Trade Representative may reallocate the unused quota. (Section 144)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate amendment with technical amendments.

Chapter 3—Peanuts

(41) Definitions

The House bill defines terms necessary for implementation of this act, including counter-cyclical payment, effective price, historic peanut producer, fixed, decoupled payment, payment acres, peanut acres, payment yield, peanut producer, Secretary, State, target price, and United States. (Section 161)

The Senate amendment defines terms necessary for implementation of this act, including counter-cyclical payment, direct payment, effective price, historical peanut producers on a farm, income protection price, payment acres, peanut acres, payment yield, and peanut producer. (Section 151)

The Conference substitute adopts the House provision with an amendment that clarifies the definition of "producer", changes the term "peanut acres" to "base acres for peanuts", changes the term "fixed, decoupled payment" to "direct payment", and provides 2002 transitional payment language under the term "payment acres". (Section 1301)

(42) Establishment of Payment Yield, Peanut Acres, and Payment Acres for a Farm

The House bill provides that the Secretary shall determine, for each historic peanut producer, the average yield for peanuts on

each farm on which the historic peanut producer produced peanuts for the 1998 through 2001 crops years, excluding any crop year in which the producer did not produce peanuts.

If, for any of these four crop years in which peanuts were planted on a farm by the producer, the farm would have satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act 1999, the Secretary shall assign a yield for the producer for that year equal to 65 percent of the county yield, as determined by the Secretary. (Section 162)

The Secretary shall determine, for each historic peanut producer, the four-year average of acreage actually planted in peanuts by the historic peanut producer for harvest on one or more farms during crop years 1998, 1999, 2000, and 2001 and any acreage that the producer was prevented from planting to peanuts during such crops years because of drought, flood or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary.

If more than one historic peanut producer shared in the risk of producing the crop on the farm, the historic peanut producers shall receive their proportional share of the number of acres planted (or prevented from being planted) to peanuts for harvest on the farm based on the sharing arrangement that was in effect among the producers for the crop.

The Secretary shall make the determinations required by this subsection not later than 90 days after the date of the enactment of this Act. In making such determinations, the Secretary shall take into account changes in the number and identity of persons sharing in the risk of producing a peanut crop since the 1998 crop year, including providing a method for the assignment of average acres and average yield to a farm when the historic peanut producer is no longer living or an entity composed of historic peanut producers has been dissolved.

The Secretary shall give each historic peanut producer an opportunity to assign the average peanut yield and average acreage determined under subsection (a) for the producer to cropland on a farm.

The average of all of the yields assigned by historic peanut producers to a farm shall be deemed to be the payment yield for that farm for the purpose of making fixed, decoupled payments and counter-cyclical payments under this chapter.

Subject to subsection (e), the total number of acres assigned by historic peanut producers to a farm shall be deemed to be the peanut acres for a farm for the purpose of making fixed, decoupled payments and counter-cyclical payments under this chapter.

The opportunity to make the assignments described in subsection (b) shall be available to historic peanut producers only once. The historic peanut producers shall notify the Secretary of the assignments made by such producers under such subsections not later than 180 days after the date of the enactment of this Act.

The payment acres for peanuts on a farm shall be equal to 85 percent of the peanut acres assigned to the farm.

If the sum of the peanut acres for a farm, together with the base acres for the farm under subtitle A, any acreage on the farm

enrolled in the conservation reserve program or wetlands reserve program, and any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage, exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of peanut acres for the farm or base acres for one of more covered commodities for the farm as necessary so that sum of peanut acres and other covered acreage does not exceed the actual cropland acreage of the farm. The Secretary shall give the peanut producers on the farm the opportunity to select the peanut acres or base acres against which the reduction will be made.

In applying paragraph (1), the Secretary shall make an exception in the case of double cropping as determined by the Secretary (Section 162)

The Senate amendment provides that the Secretary shall determine, for each historical peanut producer, the average yield for peanuts on all farms of the historical peanut producer for the 1998 through 2001 crop years, excluding any crop year during which the producers did not produce peanuts.

If, for any of the crop years in which peanuts were planted on a farm by the historical peanut producer, the historical peanut producer has satisfied the eligibility criteria established to carry out section 1102 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 1999, the Secretary shall assign to the historical peanut producer a yield for the farm for the crop year equal to 65 percent of the average yield for peanuts for the previous 5 crop years.

Except as provided in paragraph (3), the Secretary shall determine, for the historical peanut producer, the 4-year average of acreage planted to peanuts on all farms for harvest during the 1998 through 2001 crop years, and any acreage that was prevented from being planted to peanuts during the crop years because of drought, flood or other natural disaster, or other condition beyond the control of the historical peanut producer, as determined by the Secretary.

If a county in which a historical peanut producer is located is declared a disaster area during 1 or more of the four crop years, for purposes of determining the 4–year average acreage for the historical peanut producer, the historical peanut producer may elect to substitute, for not more than 1 year of the crop years during which a disaster is declared (A) the State average of acreage actually planted to peanuts; or (B) the average of acreage for the historical peanut producer determined by the Secretary under paragraph (2)

The Secretary shall make the determinations required by this subsection not later than 90 days after the date of enactment of this section. In making the determinations, the Secretary shall take into account changes in the number and identity of historical peanut producers sharing in the risk of producing a peanut crop since the 1998 crop year, including providing a method for the assignment of average acres and average yield to a farm when a historical peanut producer is no longer living or an entity composed of historical peanut producers has been dissolved.

The Secretary shall provide each historical peanut producer with an opportunity to assign the average peanut yield and average acreage determined under subsection (a) for the historical peanut producer to cropland on a farm

The average of all of the yields assigned by historical peanut producers to a farm shall be considered to be the payment yield for the farm for the purpose of making direct payments and counter-cyclical payments under this chapter.

Subject to subsection (e), the total number of acres assigned by historical peanut producers to a farm shall be considered to be the peanut acres for the farm for the purpose of making direct payments and counter-cyclical payments under this chapter

Not later than 180 days after the date of enactment of this section, a historical peanut producer shall notify the Secretary of the assignments described in subsection (b).

The payment acres for peanuts on a farm shall be equal to 85 percent of the peanut acres assigned to the farm.

If the total of the peanut acres for a farm, together with the contract acreage for the farm under subtitle B, any acreage on the farm enrolled in the conservation reserve program or wetlands reserve program, and any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agriculture commodity on the acreage, exceeds the actual cropland acreage of the farm, the Secretary shall reduce the quantity of peanut acres for the farm or contract acreage for one or more covered commodities for the farm as necessary so that the total of the peanut acres and other covered acreage does not exceed the actual cropland acreage of the farm. The Secretary shall give the peanut producers on the farm the opportunity to select the peanut acres or contact acreage against which the reduction will be made.

In applying paragraph (1), the Secretary shall take into account additional acreage as a result of an established double-cropping history on a farm, as determined by the Secretary. (Section 151)

The Conference substitute adopts the House provision with an amendment. The amendment allows the historic peanut producer to elect to substitute for a farm, for not more than 3 of the 1998 through 2001 crop years in which the producer planted peanuts on the farm, the average yield for peanuts produced in the county in which the farm is located for the 1990 through 1997 crop years.

The amendment requires the historic peanut producer to assign average base acreage and average yield to a farm by March 31, 2003. In addition, the amendment sets a series of criteria that a historic peanut producer must meet for them to assign average base acreage and average yield across state lines. The Secretary shall provide notice to historic peanut producers regarding their opportunity to assign average peanut yields and average acreages to farms. The amendment states that the notice shall include: notice that the opportunity to make the assignments is being provided once, a description of the limitation of assigning average acres and average yields across state lines, and information regarding the manner in which the assignments must be made and the time peri-

ods and manner in which the notice of the assignments must be submitted to the Secretary.

The amendment further states the Secretary shall provide for an adjustment in the base acres for peanuts for a farm whenever a conservation reserve contract with respect to the farm expires or is voluntarily terminated, or the Secretary releases cropland from coverage under a conservation reserve contract. Also included is a provision to allow the owner of a farm to reduce at any time the base acres for peanuts assigned to the farm. (Section 1302)

The Managers are aware that AMTA contract acreage was not protected on acreage enrolled into CRP during CRP signups 15 and later. The Managers intend that the Secretary develop a method that provides for the restoration of base acreage on farms that permanently reduced contract acreage because of enrollment in CRP. Since soybeans and other oilseeds did not have contract acreage prior to this Act, the Managers expect the Secretary to treat soybeans and other oilseeds in a manner that is similar and consistent with other covered commodities. (Section 1302)

(43) Availability of Fixed, Decoupled Payments for Peanuts

The House bill provides that for each of the 2002 through 2011 crop years, the Secretary shall make fixed, decoupled payments to peanut producers on a farm. The payment rate used to make fixed, decoupled payments with respect to peanuts for a crop year shall be equal to $36 per ton.

The amount of the fixed, decoupled payment to be paid to the peanut producers on a farm for a covered commodity for a crop year shall be equal to the product of the payment rate, the payment acres and the payment yield.

Fixed, decoupled payments shall be paid not later than September 30 of each of the fiscal years 2002 through 2011. In the case of the 2002 crop, payments may begin to be made on or after December 1, 2001.

At the option of a peanut producer, 50 percent of the fixed, decoupled payment for a fiscal year shall be paid on a date selected by the peanut producer. The selected date shall be on or after December 1 of that fiscal year, and the peanut producer may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

If a peanut producer that receives an advance fixed, decoupled payment for a fiscal year ceases to be a peanut producer before the date the fixed, decoupled payment would otherwise have been made by the Secretary, the peanut producer shall be responsible for repaying the Secretary the full amount of the advance payment. (Section 163)

The Senate amendment provides that for each of the 2002 through 2006 fiscal years, the Secretary shall make direct payments to peanut producers on a farm with peanut acres under section 158B and a payment yield for peanuts under section 158B. The payment rate used to make direct payments with respect to peanuts for a fiscal year shall be equal to $0.018 per pound.

The amount of the direct payment to be paid to the peanut producers on a farm for peanuts for a fiscal year shall be equal to the

product obtained by multiplying the payment rate, the payment acres, and the payment yield.

The Secretary shall make direct payments in the case of the 2002 fiscal year, during the period beginning December 1, 2001, and ending September 30, 2002; and in the case of each of the 2003 through 2006 fiscal years, not later than September 30 of the fiscal year.

At the option of the peanut producers on a farm, the Secretary shall pay 50 percent of the direct payment for a fiscal year for the producers on the farm on a date selected by the peanut producers on the farm. The selected date for a fiscal year shall be on or after December 1 of the fiscal year. The peanut producers on a farm may change the selected date for a subsequent fiscal year by providing advance notice to the Secretary.

If any peanut producer on a farm that receives an advance direct payment for a fiscal year ceases to be eligible for a direct payment before the date the direct payment would have been made by the Secretary, the peanut producer shall be responsible for repaying the Secretary the full amount of the advance payment. (Section 151)

The Conference substitute adopts the House provision with an amendment to clarify payment rules for the 2002 crop year by directing the Secretary to make direct payments to historic peanut producers for the 2002 crop year. For each of the 2003 through 2007 crop years for peanuts, the Secretary shall make direct payments to the producers on a farm to which a payment yield and base acres for peanuts are assigned under section 1302.

The payment rate used to make direct payments with respect to peanuts for a crop year shall be equal to $36 per ton. (Section 1303)

(43) Availability of Counter-Cyclical Payment for Peanuts

The House bill provides that during the 2002 through 2011 crop years for peanuts, the Secretary shall make counter-cyclical payments with respect to peanuts whenever the Secretary determines that the effective price for peanuts is less than the target price.

The effective price for peanuts is equal to the sum of higher of either (A) the national average market price received by peanut producers during the 12–month marketing year for peanuts, as determined by the Secretary; or (B) the national average loan rate for a marketing assistance loan for peanuts in effect for the same period under this chapter; and the payment rate in effect under section 163 for the purpose of making fixed, decoupled payments.

The target price for peanuts is $480 per ton.

The payment rate for counter-cyclical payments is equal to the difference between the target price for peanuts and the effective price for the peanuts.

The amount of the counter-cyclical payment to be paid to the peanut producers on a farm for a crop year shall be equal to the product of the payment rate, the payment acres, by the payment yield.

The Secretary shall make counter-cyclical payments for a peanut crop as soon as possible after determining that such payments are required for that crop year.

The Secretary may permit, and, if so permitted, a peanut producer may elect to receive, up to 40 percent of the projected counter-cyclical payment, as determined by the Secretary, to be made under this section for a peanut crop upon completion of the first six months of the marketing year for that crop. The peanut producer shall repay the Secretary the amount, if any, by which the partial payment exceeds the actual counter-cyclical payment to be made for that crop. (Section 164)

The Senate amendment provides for each of the 2002 through 2006 crops of peanuts, the Secretary shall make counter-cyclical payments with respect to peanuts if the Secretary determines that the effective price for peanuts is less than the income protection price for peanuts.

The effective price for peanuts is equal to the total of the greater of either (A) the national average market price received by peanut producers during the 12-month marketing year for peanuts or (B) the national average loan rate for a marketing assistance loan for peanuts under section 158G in effect for the 12-month marketing year for peanuts under this chapter; and the payment rate in effect for peanuts under section 158C for the purpose of making direct payments with respect to peanuts.

The income protection price for peanuts is $520 per ton.

The amount of the counter-cyclical payment to be paid to the peanut producers on a farm for a crop year shall be equal to the product obtained by multiplying the payment rate, the payment acres, by the payment yield.

The payment rate used to make counter-cyclical payments with respect to peanuts for a crop year shall be equal to the difference between the income protection price for peanuts and the effective price for peanuts.

The Secretary shall make counter-cyclical payments to peanut producers on a farm under this section for a crop of peanuts as soon as practicable after determining under subsection (a) that the payments are required for the crop year.

At the option of the Secretary, the peanut producers on a farm may elect to receive up to 40 percent of the projected counter-cyclical payment to be made under this section for a crop of peanuts on completion of the first six months of the marketing year for the crop. The peanut producers on a farm shall repay to the Secretary the amount, if any, by which the payment received by producers on the farm (including partial payments) exceeds the counter-cyclical payment the producers on the farm are eligible for under this section. (Section 151)

The Conference substitute adopts the Senate provision with an amendment to clarify payment rules for the 2002 crop year by directing the Secretary to make counter-cyclical payments to historic peanut producers for the 2002 crop year. For each of the 2003 through 2007 crop years for peanuts, the Secretary shall make counter-cyclical payments to the producers on a farm to which a payment yield and base acres for peanuts are assigned under section 1302.

The amendment changes the effective price definition to state the effective price for peanuts is equal to the sum of the higher of (a) the national average market price for peanuts received by producers during the 12-month marketing year for peanuts or (b) the national average loan rate for a marketing assistance loan for peanuts in effect for the applicable period under this subtitle; plus the payment rate in effect under section 1303 for the purpose of making direct payments.

If before the end of the 12-month marketing year, the Secretary estimates that counter-cyclical payments will be required under this section for a crop year, the Secretary shall give producers on a farm (or, in the case of the 2002 crop year, historic peanut producers) the option to receive partial payments of the counter-cyclical payment projected to be made for that crop.

When the Secretary makes partial payments for any of the 2002 through 2006 crop years the first partial payment for the crop year shall be made not earlier than October 1, and, to the maximum extent practicable, not later than October 31, of the calendar year in which the crop is harvested; the second partial payment shall be made not earlier than February 1 of the next calendar year; and the final payment shall be made as soon as practicable after the end of the 12-month marketing year for that crop.

When the Secretary makes partial payments available for the 2007 crop year the first partial payment shall be made after completion of the first 6 months of the marketing year for that crop; and the final partial payment shall be made as soon as practicable after the end of the 12-month marketing year for that crop.

In the case of the 2002 crop year, the first partial payment to an historic peanut producer may not exceed 35 percent of the projected counter-cyclical payment for the crop year, as determined by the Secretary. The second partial payment may not exceed the difference between 70 percent of the revised projection of the counter-cyclical payment for the 2002 crop year and the amount of the first partial payment. The final payment shall be equal to the difference between the actual counter-cyclical payment to be made to the historic peanut producer and the amount of the partial payment already made to the historic peanut producers under clauses (i) and (ii).

For each of the 2003 through 2006 crop years, the first partial payment to the producers on a farm may not exceed 35 percent of the projected counter-cyclical payment for the crop year, as determined by the Secretary. The second partial payment may not exceed the difference between 70 percent of the revised projection of the counter-cyclical payment for the 2002 crop year and the amount of the first partial payment. The final payment shall be equal to the difference between the actual counter-cyclical payment to be made to the producers for that crop year and the amount of the partial payment already made to the producers under clauses (i) and (ii) for that crop year.

For the 2007 crop year, the first partial payment to the producers on a farm may not exceed 40 percent of the projected counter-cyclical payment for that crop year, as determined by the Secretary. The final payment for the 2007 crop year shall be equal to the difference between the actual counter-cyclical payment to be

made to the producers for that crop year and the amount of the partial payment made to the producers under clause (i).

The producers on a farm (or, in the case of the 2002 crop year, historic peanut producers) must repay the amount, if any, by which the partial payment exceeds the counter-cyclical payment to be made in that crop year. (Section 1304)

The target price for peanuts shall be equal to $495 per ton. (Section 1304)

(45) Producer Agreement Required As Condition on Provision of Fixed, Decoupled Payments and Counter-Cyclical Payments

The House bill provides that before the peanut producers on a farm may receive fixed, decoupled payments or counter-cyclical payments with respect to the farm, the peanut producers shall agree, in exchange for the payments to comply with applicable conservation and wetland protection requirements, to comply with the planting flexibility requirements, and to use the land on the farm, in an amount equal to the peanut acres for an agriculture or conserving use.

The Secretary may issue such rules as the Secretary considers necessary to ensure peanut producer compliance with the requirements of paragraph (1).

A peanut producer may not be required to make repayments to the Secretary of fixed, decoupled payments and counter-cyclical payments if the farm has been foreclosed on and the Secretary determines that the forgiving the repayments is appropriate to provide fair and equitable treatment.

This subsection shall not void the responsibilities of the peanut producer under subsection (a) if the peanut producer continues or resumes operation or control of the farm.

On the resumption of operation or control over the farm by the producer, the requirements of subsection (a) in effect on the date of foreclosure shall apply.

Except as provided in paragraph (4), a transfer or change in the interest of a peanut producer in peanut acres for which fixed, decoupled payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the peanut acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a). The termination shall be effective on the date of the transfer or change.

There is no restriction on the transfer of a farm's peanut acres or payment yield as part of a change in the peanut producers on the farm.

At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the objectives of such subsection, as determined by the Secretary.

If a peanut producer entitled to a fixed, decoupled payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

As a condition on the receipt of any benefits under this chapter, the Secretary shall require peanut producers to submit to the Secretary acreage reports.

In carrying out this chapter, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

The Secretary shall provide for the sharing of fixed, decoupled payments and counter-cyclical payments among the peanut producers on a farm on a fair and equitable basis. (Section 165)

The Senate amendment provide that before the peanut producers on a farm may receive direct payments or counter cyclical payments with respect to the farm, the peanut producers on the farm shall agree during the fiscal year or crop year, respectively, for which the payments are received, in exchange for payments to comply with applicable highly erodible land conservation requirements, to comply with applicable wetland conservation requirements, to comply with planting flexibility requirements, and to agree to use a quantity of the land on the farm equal to peanut acres for an agriculture or conserving use.

The Secretary may promulgate such regulations as the Secretary considers necessary to ensure peanut producer compliance with paragraph (1).

The Secretary shall not require the peanut producers on a farm to repay a direct payment or counter-cyclical payment if a foreclosure has occurred with respect to the farm and the Secretary determines that forgiving the repayment is appropriate to provide fair and equitable treatment.

This subsection shall not void the responsibilities of the peanut producers on a farm under subsection (a), if the peanut producers on the farm continue or resume operation, or control, of the farm.

On the resumption of operation or control over the farm by the peanut producers on the farm, the requirements of subsection (a) in effect on the date of the foreclosure shall apply.

Except as provided in paragraph (5), a transfer of or change in the interest of the peanut producers on a farm in peanut acres for which direct payments or counter-cyclical payments are made shall result in the termination of the payments with respect to the peanut acres, unless the transferee or owner of the acreage agrees to assume all obligations under subsection (a). The termination takes effect on the date of the transfer or change.

The Secretary shall not impose any restrictions on the transfer of the peanut acres or payment yield of a farm as part of a transfer or change described in paragraph (1).

At the request of the transferee or owner, the Secretary may modify the requirements of subsection (a) if the modifications are consistent with the purposes of subsection (a), as determined by the Secretary.

If a peanut producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations promulgated by the Secretary.

As a condition on the receipt of any benefits under this chapter, the Secretary shall require the peanut producers on a farm to submit to the Secretary acreage reports for the farm.

In carrying out this chapter, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

The Secretary shall provide for the sharing of direct payments and counter-cyclical payments among the peanut producers on a farm on a fair and equitable basis. (Section 151)

The Conference substitute provides that before producers on a farm may receive direct payments or counter-cyclical payments with respect to the farm, the producers shall agree, in exchange for the payments to comply with applicable conservation requirements, applicable wetland protection requirements, planting flexibility requirements, to use the land on the farm in a quantity attributable to the base acres for an agricultural or conserving use and not for a nonagricultural commercial or industrial use, as determined by the Secretary and on noncultivated land attributable to the base acres, control noxious weeds and otherwise maintain the land in accordance with sound agricultural practices.

The Secretary may issue rules to ensure compliance with these requirements.

At the request of the transferee or owner, the Secretary may modify the requirements of this subsection if the modifications are consistent with the objectives of such subsection, as determined by the Secretary.

A transfer of (or change in) the interest of a producer in base acres for which direct or counter-cyclical payments are made shall result in the termination of the payments with respect to bases acres, unless the transferee or owner of the acreage agrees to assume all obligations under conservation, wetland, planting flexibility, agriculture land use provisions and controlling noxious weeds provisions. The termination shall take effect on the date determined by the Secretary.

If a producer entitled to a direct payment or counter-cyclical payment dies, becomes incompetent, or is otherwise unable to receive the payment, the Secretary shall make the payment, in accordance with regulations prescribed by the Secretary.

A producer who receives direct payments, counter-cyclical payments, or marketing loan benefits is required to submit annual acreage reports with respect to all cropland on the farm to the Secretary.

The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

The Secretary shall provide for the sharing of direct payments and counter-cyclical payments among the producers on a farm on a fair and equitable basis.

When there is a transfer (or change in) the interest of a producer in base acres for which direct or counter-cyclical payments are made, the Managers intend for the Secretary to provide a time frame for the succession to occur that is farmer-friendly.

Acreage reports provide important information such as assisting in determining the eligibility of land to be accepted into the Conservation Reserve Program. The Managers are aware that in prior years, the Secretary has imposed penalties on producers that submit acreage reports that the Secretary later determines to be inaccurate. The Managers understand that under prior acreage limiting and acreage reduction programs there was a need for very accurate reporting. However, under this Act, with the exception of determining the amount of fruits, vegetables, and wild rice planted

on base acreage, there is no such need or requirement for the level of accuracy. Therefore, under this provision the Managers do not intend for any penalty to be applicable to inaccurate acreage reports on covered commodities or peanuts, provided the producer has made a good faith effort to accurately report acreage. (Section 1305)

(46) Planting Flexibility

The House bill provides that generally, producers may plant any commodity on the peanut acres of a farm, except fruits and vegetables (other than lentils, mung beans, and dry peas), and wild rice.

Paragraph (1) shall not limit the planting of an agriculture commodity in (A) any region in which there is a history of double-cropping of peanuts with agriculture commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted; (B) on a farm that the Secretary determines has a history of planting agriculture commodities specified in paragraph (1) on peanut acres, except that fixed, decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to such an agriculture commodity; or (C) by a peanut producer who the Secretary determines has an established planting history of a specific agriculture commodity specified in paragraph (1), except that the quantity planted may not exceed the peanut producer's average annual planting history of such agriculture commodity in the 1991 through 1995 crop years (excluding any crop year in which no plantings were made); and fixed decoupled payments and counter-cyclical payments shall be reduced by an acre for each acre planted to such agriculture commodity. (Section 166)

The Senate amendment provides that generally, producers may plant any commodity on the peanut acres of a farm, except fruits and vegetables (other than lentils, mung beans, and dry peas), and in the case of the 2003 and subsequent crops of an agriculture commodity, wild rice.

Paragraph (1) shall not limit the planting of an agriculture commodity in (A) any region in which there is a history of double-cropping of peanuts with agriculture commodities specified in paragraph (1), as determined by the Secretary, in which case the double-cropping shall be permitted; (B) on a farm that the Secretary determines has a history of planting agriculture commodities specified in paragraph (1) on peanut acres, except that direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agriculture commodity; or (C) by the peanut producers on a farm that the Secretary determines has an established planting history of a specific agriculture commodity specified in paragraph (1), except that the quantity planted may not exceed the average annual planting history of the agricultural commodity by the peanut producers on the farm during the 1996 through 2001 crop years (excluding any crop year in which no plantings were made), as determined by the Secretary and direct payments and counter-cyclical payments shall be reduced by an acre for each acre planted to the agriculture commodity. (Section 151)

The Conference substitute adopts the House provision with an amendment that provides that the planting of fruits, vegetables (other than lentils, mung beans and dry peas) and wild rice shall be prohibited on base acreage unless the commodity, if planted, is destroyed before harvest.

The planting of fruits and vegetables produced on trees and other perennials shall be prohibited on base acres.

The Secretary shall establish a producer planting history for fruits, vegetables and wild rice planted by the producers on the farm in the 1991 through 1995 or 1998 through 2001 crop years. (Section 1306)

(47) Marketing Assistance Loans and Loan Deficiency Payments for Peanuts

The House bill provides that for each of the 2002 through 2011 crop of peanuts, the Secretary shall make available to peanut producers on a farm non-recourse marketing assistance loans for peanuts produced on the farm. Any production of peanuts on a farm shall be eligible for a marketing assistance loan.

In carrying out this subsection, the Secretary shall make loans to a peanut producer that is otherwise eligible to obtain a marketing assistance loan, but for the fact the peanuts owned by the peanut producer are commingled with other peanuts in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the peanut producer obtaining the loan agrees to immediately redeem the loan collateral in accordance with section 166 of the Federal Improvement and Reform Act of 1996.

A marketing assistance loan and loan deficiency payments may be obtained at the option of the peanut producer through a designated marketing association of peanut producers that is approved by the Secretary; or the Farm Service Agency.

The loan rate for a marketing assistance loan for peanuts shall be equal to $350 per ton.

A marketing assistance loan for peanuts under subsection (a) shall have a term of nine months beginning on the first day of the first month after the month in which the loan is made. The Secretary may not extend the term of a marketing assistance loan under subsection (a).

The Secretary shall permit producers to repay a marketing assistance loan for peanuts at a rate that is the lesser of the loan rate for the commodity plus interest; or a rate that the Secretary determines will minimize loan forfeitures, accumulation of stocks, storage costs, and allow peanuts produced in the United States to be marketed freely and competitively.

The Secretary may make loan deficiency payments available to peanut producers who, although eligible to obtain a marketing assistance loan for peanuts, agree to forgo obtaining the loan for the peanuts in return for payments.

A loan deficiency payment shall be computed by multiplying the loan payment rate and the quantity of the peanuts produced by the peanut producers, excluding any quantity for which the producers obtain a loan under subsection (a).

The loan payment rate shall be the amount by which the loan rate exceeds the rate at which a loan may be repaid.

The Secretary shall make a payment under this subsection to a peanut producer with respect to a quantity of peanuts as of the earlier of (A) the date on which the peanut producer marketed or otherwise lost beneficial interest in the peanuts or (B) the date the peanut producer requests the payment.

As a condition of the receipt of a marketing assistance loan, the peanut producer shall comply with applicable conservation and wetland protection requirements, during the term of the loan.

To the extent practicable, the Secretary shall implement any reimbursable agreements or provide for the payment of expenses under this chapter in a manner that is consistent with such activities in regard to other commodities.

This section terminates section 155 of the Federal Agriculture Improvement and Reform Act of 1996, which provided superseded price support authority. (Section 166)

The Senate amendment provides that for each of the 2002 through 2006 crops of peanuts, the Secretary shall make available to peanut producers on a farm non-recourse marketing assistance loans for peanuts produced on the farm. The producers on a farm shall be eligible for a marketing assistance loan under this section for any quantity of peanuts produced on the farm.

In carrying out this section, the Secretary shall make loans to peanut producers on a farm that would be eligible to obtain a marketing assistance loan, but for the fact the peanuts owned by the peanut producers on the farm are commingled with other peanuts of other producers in facilities unlicensed for the storage of agricultural commodities by the Secretary or a State licensing authority, if the peanut producers on a farm obtaining the loan agree to immediately redeem the loan collateral in accordance with section 158E.

A marketing assistance loan and loan deficiency payments may be obtained at the option of the peanut producers on a farm through (A) a designated marketing association of peanut producers that is approved by the Secretary, (B) the Farm Service Agency, or (C) a loan servicing agent approved by the Secretary.

The loan rate for a marketing assistance loan for peanuts shall be equal to $400 per ton.

A marketing assistance loan for peanuts under subsection (a) shall have a term of nine months beginning on the first day of the first month after the month in which the loan is made. The Secretary may not extend the term of a marketing assistance loan for peanuts under subsection (a).

The Secretary shall permit peanut producers on a farm to repay a marketing assistance loan for peanuts at a rate that is the lesser of the loan rate for peanuts plus interest or a rate that the Secretary determines will minimize forfeitures, accumulation of stocks, storage costs; and allow peanuts produced in the United States to be marketed freely and competitively.

The Secretary may make loan deficiency payments available to the peanut producers on a farm that, although eligible to obtain a marketing assistance loan for peanuts under subsection (a), agree

to forgo obtaining the loan for the peanuts in return for payments under this subsection.

A loan deficiency payment shall be obtained by multiplying the loan payment rate by the quantity of the peanuts produced by the peanut producers on the farm, excluding any quantity for which the producers on a farm obtain a loan under subsection (a).

The loan payment rate shall be the amount by which the loan rate exceeds the rate at which a loan may be repaid.

The Secretary shall make a payment under this subsection to the peanut producers on a farm with respect to a quantity of peanuts as of the earlier of (A) the date on which the peanut producers on the farm marketed or otherwise lost beneficial interest in the peanuts, as determined by the Secretary or (B) the date the peanut producers on the farm request the payment.

As a condition of the receipt of a marketing assistance loan under subsection (a), the peanut producers on a farm shall comply during the term of the loan with applicable conservation and wetland protection requirements.

To the maximum extent practicable, the Secretary shall implement any reimbursable agreements or provide for the payment of expenses under this chapter in a manner that is consistent with the implementation of the agreements or payment of the expenses for other commodities.

This section terminates Section 155 of the Federal Agriculture Improvement and Reform Act of 1996 is repealed. (Section 151)

The Conference substitute adopts the House provision with an amendment modifying the options the producer has for obtaining a marketing assistance loan and loan deficiency payments to not only include a designated marketing association and the Farm Service Agency, but also a marketing cooperative of producers.

Effective for the 2002 through 2006 crop of peanuts, to ensure proper storage of peanuts for which a loan is made under this section, the Secretary shall use the funds of the Commodity Credit Corporation to pay storage, handling, and other associated costs. This authority terminates beginning with the 2007 crop of peanuts. Also included is nondiscriminatory language for individuals or entities seeking approval to store peanuts for which a marketing loan is made.

The amendment added language that a marketing association or cooperative may market peanuts for which a loan is made under this section in any manner that conforms to consumer needs, including the separation of peanuts by type and quality.

The amendment added language on good faith exemptions to the beneficial interest requirement for the 2002 crop of peanuts. In the case of the producers on a farm that marketed or otherwise lost beneficial interest in the peanuts for which a marketing assistance loan was made under this section before repaying the loan, the Secretary shall permit the producers to repay the loan at the appropriate repayment rate that was in effect for peanuts under this subsection as of the date that the producers lost beneficial interest, as determined by the Secretary, if the Secretary determines the producers acted in good faith.

The amendment establishes a special rule for the 2002 crop year loan deficiency payments. For the 2002 crop year only, the

Secretary shall determine the amount of the loan deficiency payment to be made to the producers on a farm with respect to a quantity of peanuts using the payment rate for peanuts as of the earlier of the following: the date on which the producers marketed or otherwise lost beneficial interest in the crop, as determined by the Secretary, or the date the producers request the payment.

The loan rate for a marketing assistance loan for peanuts shall be equal to $355 per ton. (Section 1307)

The Managers encourage the Department to continue its traditional practice of accounting for all commingled peanuts such that all peanuts stored commingled with peanuts covered by a marketing assistance loan are graded and exchanged on a dollar value basis unless it is the determination of the Secretary that the beneficial interest in peanuts covered by the marketing assistance loan have been transferred to other parties prior to demand for delivery.

(48) Quality Improvement

The House bill peanuts placed under a marketing assistance loan under section 167 shall be officially inspected and graded by Federal or State inspectors. Peanuts not placed under a marketing assistance loan may be graded at the option of the producer.

This section terminates the Peanut Administrative Committee and the Secretary is directed to establish a Peanut Standards Board for the purpose of assisting in the establishment of quality standards for peanuts. The authority of the Board is limited to assisting in the establishment of quality standards for peanuts. The members of the Board should fairly reflect all regions and segments of the peanut industry.

This section shall take effect with the 2002 crop of peanuts. (Section 168)

The Senate amendment provides that all peanuts placed under a marketing assistance loan under section 158G shall be officially inspected and graded by a Federal or State inspector. Peanuts not placed under a marketing assistance loan may be graded at the option of the peanut producers on a farm.

The Senate amendment provides that this section terminates the Peanut Administrative Committee. The Secretary shall establish a Peanut Standards Board for the purpose of assisting in the establishment of quality standards with respect to peanuts. The Secretary shall appoint members to the Board that, to the maximum extent practicable, reflect all regions and segments of the peanut industry. The Board shall assist the Secretary in establishing quality standards for peanuts.

This section shall apply beginning with the 2002 crop of peanuts. (Section 151)

The Conference substitute adopts the Senate provision with an amendment requiring all peanuts marketed in the United States to be officially inspected and graded by Federal or Federal-State inspectors.

The amendment clarifies the composition of the Peanut Standards Board, the terms for members, and provides language to transition from the Peanut Administrative Committee to the Peanut Standards Board. (Section 1308)

It is the Managers' intention that the definition of "peanut industry representatives" includes, but is not limited to, representatives of the manufacturers, shellers, buying points, marketing associations and marketing cooperatives.

The Managers expect the Secretary, when developing inspection and grading standards, to encourage the use of the latest technology and evaluation systems to eliminate costs and increase efficiency in the inspection and grading process. The Secretary should also encourage the use of the latest research and technology to assist in the elimination and prevention of aflatoxin.

(49) Payment Limitations

The House bill provides that separate payment limitations shall apply to peanuts with respect to fixed, decoupled payments, counter-cyclical payments, and limitations on marketing loan gains and loan deficiency payments.

The Senate amendment contains no comparable provision in Chapter 3.

The Conference substitute provides the total direct and counter-cyclical payments to a person for corn, grain sorghum, barley, oats, wheat, soybeans, minor oilseeds, cotton and rice may not exceed $40,000 and $65,000, respectively. The total marketing loan gains and loan deficiency payments for corn, grain sorghum, barley, oats, wheat, soybeans, minor oilseeds, cotton, rice, lentils, dry peas and small chickpeas that a person is entitled to receive is $75,000.

Provides for a separate direct and counter-cyclical payment limitation for peanuts of $40,000 and $65,000, respectively. Provides for a separate marketing loan gain and loan deficiency payments limitation for peanuts, wool, mohair and honey of $75,000.

Retains current rules on husband and wife, 3-entities, actively engaged and generic certificates.

Adopts the $2.5 million adjusted gross income means test.

The Conference substitute refers to levels of adjusted gross income or comparable measures of income. The Managers intend that the comparable measure provision be utilized when necessary and in cases of applicants for whom, because of their status under the Internal Revenue Code, adjusted gross income is not measured or reported. For example, participants who are organized as C Corporations, S Corporations, or as nonprofit organizations, the Managers intend for the Secretary to use this direction to adopt alternative income measurements that compare most closely to adjusted gross income. (Section 1309)

The Managers expect the Secretary to implement this provision in a manner that provides equitable treatment, to the maximum extent practicable to all producers regardless of the legal structure of their farming operation.

For purposes of subsection (b), the Managers expect the Secretary to determine the individual or entity to be ineligible only if the adjusted gross income or similar equivalent exceeds $2.5 million and less than 75 percent of the adjusted gross income is derived from farming, ranching or forestry operations as determined by the Secretary.

(50) Termination of Marketing Quota Programs for Peanuts and Compensation to Peanut Quota Holders for Loss of Quota Asset Value

The House bill repeals the marketing quota for peanuts, part VI of subtitle B of title III of the Agricultural Adjustment Act of 1938.

The marketing quota as in effect the day before the date of enactment of this Act, shall continue to apply with respect to the 2001 crop of peanuts.

The Secretary shall offer to enter into a contract with eligible peanut quota holders for the purpose of providing compensation for the lost value of the quota on account of the repeal of the marketing quota program for peanuts. Under the contracts, the Secretary shall make payments to eligible peanut quota holders during fiscal years 2002 through 2006. The payments required under the contracts shall be provided in five equal installments not later than September 30 of each of the fiscal years 2002 through 2006.

The amount of the payment for a fiscal year to a peanut quota holder under a contract shall be equal to the product obtained by multiplying $0.10 per pound by the actual farm poundage quota (excluding seed and experimental peanuts) established for the peanut quota holder's farm for the 2001 marketing year.

The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act, relating to the assignment of payments, shall apply to the payments made to peanut quota holders under the contracts. The peanut quota holder making the assignment or the assignee, shall provide the Secretary with notice, in such a manner as the Secretary may require, of any assignment made under this subsection.

This section defines peanut quota holder as a person or enterprise that owns a farm that was eligible, immediately before the date of the enactment of this Act, to have a peanut quota established upon it; if there are not quotas currently established, would be eligible to have a quota established upon it for the succeeding crop year; or is otherwise a farm that was eligible for such a quota at the time the general quota establishment authority was repealed.

The Secretary shall apply this definition without regard to temporary leases or transfers or quotas for seed or experimental purposes. (Section 170)

The Senate amendment provides the effective beginning with the 2002 crop of peanuts, part VI of subtitle B of title III of the Agriculture Adjustment Act of 1938 is repealed.

This section and the amendments made by this section apply beginning with the 2002 crop of peanuts.

The Secretary shall offer to enter into a contract with peanut quota holders for the purpose of providing compensation for the lost value of quota as a result of the repeal of the marketing quota program for peanuts. Under a contract, the Secretary shall make payments to an eligible peanut quota holder for each of fiscal years 2002 through 2006. The payments required under the contracts shall be provided in 5 equal installments not later than September 30 of each of the fiscal years 2002 through 2006.

The amount of the payment for a fiscal year to a peanut quota holder under contract shall be equal to the product obtained by multiplying $0.11 by the actual farm poundage quota (excluding any quantity for seed and experimental peanuts) established for the farm of a peanut quota holder for the 2001 marketing year.

The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act, relating to assignment of payments, shall apply to the payments made to peanut quota holders under the contracts. The peanut quota holder making the assignment, or the assignee, shall provide the Secretary with notice, in such a manner as the Secretary may require, of any assignment made under this subsection.

This section defines peanut quota holder as a person or entity that owns a farm that (I) held a peanut quota established for the farm for the 2001 crop of peanuts; (II) if there was not such a quota established for the farm for the 2001 crop of peanuts, would be eligible to have such a quota established for the farm for the 2002 crop of peanuts; (III) is otherwise a farm that was eligible for such a quota as of the effective date of the amendments made by this section.

The Secretary shall apply the definition of peanut quota holder without regard to temporary leases, transfers, or quotas for seed or experimental purposes. (Section 152)

The Conference substitute adopts the House provision with clarifying language to the quota holder definition. The quota compensation payment shall be $0.11 per year for a total of five years. The amendment gives an option to eligible peanut quota holders entitled to payments under a contract to receive the entire payment in a single lump sum.

The amendment adds disposal language to allow the Secretary to ensure that the disposal of peanuts for which a loan for the 2001 crop was made is carried out in a manner that prevents price disruptions in the domestic and international markets for peanuts.

The amendment adds language on the effect of termination on crop insurance policies. The subsection shall apply for the 2002 crop year only notwithstanding any other provision of law or crop insurance policy. The nonquota price election for segregation I, II, and III shall be 17.75 cents per pound and shall be used for all aspects of the policy relating to the calculations of premium, liability, and indemnities. For the purposes of quality adjustment only, the average support price per pound of peanuts shall be a price equal to 17.75 cents per pound. Quality under the crop insurance policy for peanuts shall be adjusted under procedures issued by the Federal Crop Insurance Corporation. (Section 1310)

SUBTITLE D—ADMINISTRATION

(51) Administration Generally

The House bill provides that:

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

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

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

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

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

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

(d) PROTECTION OF PRODUCERS.—The protection afforded producers that elect the option to accelerate the receipt of any payment under a production flexibility contract payable under the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7212 note) shall also apply to the advance payment of fixed, decoupled payments and counter-cyclical payments.

(e) ADJUSTMENT AUTHORITY RELATED TO URUGUAY ROUND COMPLIANCE.—If the Secretary determines that expenditures under subtitles A, B, and C that are subject to the total allowable domestic support levels under the Uruguay Round Agreements (as defined in section 2(7) of the Uruguay Round Agreements Act (19 U.S.C. 3501(7))), as in effect on the date of the enactment of this Act, will exceed such allowable levels for any applicable reporting period, the Secretary may make adjustments in the amount of such expenditures during that period to ensure that such expenditures do not exceed, but in no case are less than, such allowable levels. (Section 181)

The Senate amendment provides that:

(a) IN GENERAL.—The Secretary of Agriculture may promulgate such regulations as are necessary to implement this Act and the amendments made by this Act.

(b) PROCEDURE.—The promulgation of the regulations and administration of title I and sections 456 and 508 and the amendments made by title I and sections 456 and 508 shall be made without regard to—

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

(2) the Statement of Policy of the Secretary of Agriculture effective July 24, 1971 (36 Fed. Reg. 13804), relating to notices of proposed rulemaking and public participation in rulemaking; and (3) chapter 35 of title 44, United States Code (commonly known as the "Paperwork Reduction Act").

(c) CONGRESSIONAL REVIEW OF AGENCY RULE-MAKING.—In carrying out subsection (b), the Secretary shall use the authority provided under section 808 of title 5, United States Code.

Amends Section 161 of the FAIR Act to allow the Secretary to adjust the amount of domestic support to assure compliance with Uruguay Round obligations.

Requires the Secretary to report to Congress of intent to make adjustment and allows adjustment unless a joint resolution dis-

approving the adjustments is enacted by both Houses of Congress within 60 days.

Requires annual reports on domestic support by April 30 of each year. (Section 164 and 1099)

The Conference substitute adopts the House provision with an amendment that provides for the Secretary, to the maximum extent practicable, make adjustments in the amount of such expenditures during that period to ensure that such expenditures do not exceed such allowable levels.

Before making any adjustment, the Secretary shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives a report describing the determination made and the extent of the adjustment made.

The Conference has made it a priority to craft a program that provides assistance to producers in a way that is consistent with our obligations under the Uruguay Round Agreement on Agriculture. (Section 1601)

(52) Extension of Suspension of Permanent Price Support Authority

The House bill amends Section 171 of the FAIR Act.

(a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—Section 171(a)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(a)(1)) is amended by striking "2002" both places it appears and inserting "2011".

(b) AGRICULTURAL ACT OF 1949.—Section 171(b)(1) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(b)(1)) is amended by striking "2002" both places it appears and inserting "2011".

(c) SUSPENSION OF CERTAIN QUOTA PROVISIONS.—Section 171(c) of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301(c)) is amended by striking "2002" and inserting "2011". (Section 182)

The Senate amendment amends Section 171 of the Fair Act. Section 171 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7301) is amended—

(1) by striking "2002" each place it appears and inserting "2006"; and

(2) in subsection (a)(1)—

(A) by striking subparagraph (E); and

(B) by redesignating subparagraphs (F) through (I) as subparagraphs (E) through (H), respectively. (Section 165)

The Conference substitute adopts the House provision with an amendment. (Section 1602)

(53) Commodity Purchases

The Senate Amendment provides new mandatory spending for commodity purchases with a specific amount for specialty crops, for the Department of Defense nutrition program and for the Emergency Food Assistance Program. (Section 166)

The House Bill contains no similar provision.

The Conference Substitute adopts the Senate provision with an amendment to provide a minimum of $200 million per year from Section 32 funds for the purchase of fruits, vegetables and other

specialty food crops. A minimum of $50 million per year of these funds is to be spent on the Department of Defense Fresh Program. And the Secretary shall submit a report not later than 1 year after the date of the enactment of this Act, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate that analyzes by type the commodities purchased under this section as well as by type the commodities purchased using all other Section 32 funds. (Section 10603)

The Managers intend that the funds made available under this section are to be used for additional purchases of fruits and vegetables, over and above the purchases made under current law or that might otherwise be made without this authority. The Managers expect the $200 million to be a minimum amount for fruit and vegetable purchases under Section 32 funds; it is not intended to interfere with or decrease from Agricultural Marketing Service's historical purchases of fruits and vegetables [e.g. $243 million in 2001; $232 million in 2000] or to decrease or displace other commodity purchases. It is the Managers' further intention that tree nuts may be included in the Secretary's definition of "other specialty food crops" purchases for this section. The Managers intend that none of the amounts made available under this section for the purchases of fruits, vegetables, and other specialty food crops may be used to purchase apples for 2002 and 2003. The Secretary may continue to purchase apples under other existing authority.

The amendment requires that a minimum of $50 million from the $200 million made available under section 10603 be used exclusively for additional purchases of fresh fruits and vegetables for the schools through the "DoD Fresh" program. The Department of Agriculture currently provides $25 million in funding each year for the purchase of fresh fruits and vegetables for the schools, pursuant to existing authority under the School Lunch Act. Through a 1995 memorandum of agreement between the Agricultural Marketing Service, the Food & Consumer Service, and the Defense Personnel Support Center, the Department of Defense serves as the servicing agency for the procurement of these fresh fruits and vegetables through the "DoD Fresh" program. The Managers strongly support efforts to fully utilize this program to assist small businesses, specialty crop producers, and schools in providing greater quantities of fresh fruits and vegetables in USDA feeding programs, and expects the Secretary to review the effectiveness of the program in meeting these goals on an on-going basis.

(54) Hard White Wheat Incentive Payments

The Senate amendment amends Sec. 193 of the FAIR Act. For crop years 2003 through 2005, this section requires the Secretary to use $40 million of funds of the Commodity Credit Corporation to provide incentive payments to producers of hard white wheat. The program offers wheat producers an alternative crop to meet a growing international market opportunity. (Section 167)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that provides for the 2003 through 2005 crop years, a total of $20 million in hard white wheat incentive payments to

growers that demonstrate that buyers and end-users are available for the wheat to be covered by the incentive payment. (Section 1616)

(55) Limitations

The House bill amends section 1001 of the Food Security Act of 1985 to delete the references to production flexibility contract and AMTA and include fixed, decoupled and counter-cyclical payment limitations. The total fixed, decoupled payments and counter-cyclical payments to a person may not exceed $50,000 and $75,000, respectively. The total of marketing loan gains and loan deficiency payments that a person is entitled to receive is $150,000.

Peanuts, honey and wool and mohair have limitations for the applicable programs separate from other commodities. (Section 183)

The Senate amendment amends Section 1001 of the Food Security Act of 1985. The total of direct and counter-cyclical payments that an individual or entity may receive during any fiscal year for program commodities shall not exceed $75,000. The total of marketing loan gains, forfeiture gains, gains from marketing certificates and loan deficiency payments that a person is entitled to receive for program crops, peanuts, honey and wool is $150,000 per crop year.

During a fiscal and corresponding crop year, the total amount of payments and benefits that a married couple may receive from direct, counter-cyclical and marketing loan is $75,000 and $150,000 respectively, plus a combined total of an additional $50,000. (Section 169)

The Conference substitute provides the total direct and counter-cyclical payments to a person for corn, grain sorghum, barley, oats, wheat, soybeans, minor oilseeds, cotton and rice may not exceed $40,000 and $65,000, respectively. The total marketing loan gains and loan deficiency payments for corn, grain sorghum, barley, oats, wheat, soybeans, minor oilseeds, cotton, rice, lentils, dry peas and small chickpeas that a person is entitled to receive is $75,000.

Provides for a separate direct and counter-cyclical payment limitation for peanuts of $40,000 and $65,000, respectively. Provides for a separate marketing loan gain and loan deficiency payments limitation for peanuts, wool, mohair and honey of $75,000.

Retains current rules on husband and wife, 3-entities, actively engaged, generic certificates and adopts the $2.5 million adjusted gross income means test.

The Conference substitute refers to levels of adjusted gross income or comparable measures of income. The Managers intend that the comparable measure provision be utilized when necessary and in cases of applicants for whom, because of their status under the Internal Revenue Code, adjusted gross income is not measured or reported. For example, participants who are organized as C Corporations, S Corporations, or as nonprofit organizations, the Managers intend for the Secretary to use this direction to adopt the use of income measure terms that compare most closely to adjusted gross income. The Managers expect the Secretary to implement this provision in a manner that provides equal treatment, to the maximum extent practicable across all producers regardless of the legal structure of their farming operation.

For purposes of subsection (b), the Managers expect the Secretary to determine the individual or entity to be ineligible only if the adjusted gross income or similar equivalent exceeds $2.5 million and less than 75 percent of the adjusted gross income is derived from farming, ranching or forestry operations as determined by the Secretary. (Section 1603)

(56) Adjustments of Loans

The House bill extends current authority to adjust loans so, to the maximum extent practicable, the average loan level for a commodity will be equal to the level of support determined appropriate under this Act. (Section 184)

The Senate amendment retains current law as section 162 of the FAIR Act with "loan commodity" reference. (Section 171)

The Conference substitute adopts the House provision. (Section 1606)

(57) Personal Liability of Producers for Deficiencies

The House bill amends Section 164 of the FAIR Act by striking "this title" and inserting "this title and title I of the Farm Security Act of 2001". The liability of a producer is limited if the collateral securing any nonrecourse loan is sold as long as the sale was not fraudulent. (Section 185)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 1607)

(58) Extension of Existing Administrative Authority Regarding Loans

The House bill amends Section 166 of the FAIR Act. The full protection of marketing loan assistance to producers is extended under this Act. (Section 186)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment that includes a reference to this Act. (Section 1608)

(59) Assignment of Payments

The House bill provides that producers may assign any payments received under this Act by providing notice in a manner prescribed by the Secretary. (Section 187)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 1612)

(60) Report on Effect of Certain Farm Payments

The House bill requires the Secretary to review the effects that payments under production flexibility contracts and market loss assistance payments have had, and that fixed, decoupled and counter-cyclical payments are likely to have, on the economic viability of producers and the farming infrastructure. The review shall include a case study on the effects these payments are likely to have on rice producers, millers and the economies of rice farming areas in Texas. (Section 187)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section ???)

(62) Reserve Stock Level

The Senate amendment reduces the reserve stock level for Flue-cured tobacco from 100 million pounds (farm sales weight) to 75 million pounds or 10 percent of the national marketing quota. (Section 162)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that reduces the reserve stock level for Flue-cured tobacco from 100 million pounds (farm sales weight) to 60 million pounds. (Section 1610)

(63) Farm Reconstitutions

The Senate amendment provides for the 2002 crop only, the Secretary shall allow special farm reconstitutions, in lieu of lease of tobacco quota. Requires a study on the effects of limitation on producers who move quota. (Section 163)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 1611)

(64) Livestock Assistance Program

The Senate amendment authorizes appropriations of $500 million for each of fiscal years 2003 through 2008 for the livestock assistance program. (Section 168)

The House bill contains no comparable provision.

The Conference substitute adopts the House provision. (Section 10104)

(65) Restriction of Commodity and Crop Insurance Payments, Loans and Benefits to Previously Cropped Land

The Senate amendment restricts commodity and crop insurance payments to previously cropped land. To be eligible for benefits, land must have been planted, considered planted or devoted to an agricultural commodity (excluding forage, livestock, timber, forest products, or hay) at least 1 of the 5 crop years preceding the 2002 crop year, or at least 3 of the 10 crop years preceding the 2002 crop year, or at least 1 of the 20 crop years preceding 2002 crop year if the land has been maintained, using long-term crop rotation practices.

There are exceptions for land enrolled in the conservation reserve program and land under the jurisdiction of an Indian tribe. (Section 170)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(66) Reports of Equitable Relief and Misaction-Misinformation Requests

The Senate amendment requires the Secretary to submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate a report that describes the requests for equitable relief. (Section 172)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that provides State Executive Directors of the Farm Service Agency and State Conservationists with the Natural Resource Conservation Service authority to grant relief in special circumstances. In addition, a report is required to be provided annually that describes for the previous calendar year, the number of requests for equitable relief and the disposition of the requests. (Section 1613)

(67) Estimates of Net Farm Income

The Senate amendment requires the Secretary to include—

"(1) an estimate of the net farm income earned by commercial producers in the United States; and

"(2) an estimate of the net farm income attributable to commercial producers of each of—

"(A) livestock;

"(B) loan commodities; and

"(C) agricultural commodities other than loan commodities." (Section 173)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 1615)

(68) Commodity Credit Corporation Inventory

The Senate amendment authorizes the Commodity Credit Corporation to use private sector entities when purchasing and selling commodities. (Section 174)

The House bill contains no comparable provision.

The Conference substitute accepts the Senate provision. (Section 1609)

(69) Agricultural Producers Supplemental Payments and Assistance

The Senate amendment authorizes the Secretary to make payments to persons who are eligible to receive assistance under Public Law 107–25 but who did not receive the payments or assistance prior to October 1, 2001.

The amount of payments or assistance shall not exceed the amount of payments or assistance the person would have been eligible to receive under Public Law 107–25.

The House bill contains no comparable provision.

The Conference substitute accepts the Senate provision with an amendment to also include producers participating in 1998, 1999, 2000 or 2001 economic or disaster assistance programs that have not been paid. (Section 1617)

SUBTITLE E—PAYMENT LIMITATION COMMISSION

(70) Establishment of Commission

The Senate amendment establishes commission, specifies membership, establishes terms, meetings, quorum, and provides that the Secretary appoint one commissioner to serve as Chair. (Section 181)

The House bill contains no comparable provision.

The Conference substitute provides for the establishment of a Commission on the Application of Payment Limitations for Agriculture.

The Commission shall be composed of 10 members of which 3 members are appointed by the Secretary of Agriculture, 3 members by the Committee on Agriculture, Nutrition and Forestry of the Senate, 3 members by the Committee on Agriculture of the House of Representatives and the Chief Economist of the Department of Agriculture.

The Managers encourage the appointing authorities to ensure that the membership of the commission has a diversity of experiences and expertise on the issues to be studied by the Commission. (Section 1605)

(71) Duties

The Senate amendment requires the commission to conduct a comprehensive review of payment limitations. (Section 182)

The House bill contains no comparable provision.

The Conference substitute requires that the Commission conduct a study on the potential impacts of further payment limitations on the receipt of direct payments, counter-cyclical payments, and marketing loan gains and loan deficiency payments on farm income, land values, rural communities, agribusiness infrastructure, planting decisions, supply and prices of covered commodities and other agriculture commodities, including fruits and vegetables.

Not later than 1 year after the date of enactment of this Act, the Commission shall submit a report containing the results of the study, including such recommendations as the Commission considers appropriate.

The Managers intend for the Commission to examine the feasibility of improving the application and effectiveness of payment limitation requirements, including the use of commodity certificates and unlimited forfeiture of loan collateral. (Section 1605)

(72) Powers

The Senate amendment authorizes the commission to hold hearings and obtain information from Federal agencies. (Section 183)

The House bill contains no comparable provision.

The Conference substitute provides that the Commission may hold such hearings, meet and act, take testimony and receive evidence the Commission considers advisable to carry out their duties. (Section 1605)

(73) Commission Personnel Matters

The Senate amendment provides for compensation of members. (Section 184)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 1605)

(74) Federal Advisory Committee Act

The Senate amendment exempts the commission from the Federal Advisory Committee Act. (Section 185)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 1605)

(75) Funding

The Senate amendment authorizes the Secretary to use not more than $100,000 of the funds of the CCC to carry out this subtitle. (Section 186)

The House bill contains no comparable provision.

The Conference substitute provides that the Commission may use the mail in the same manner and under the same conditions as other agencies of the Federal Government, allows the Secretary to provide appropriate office space and allows for the reimbursement of travel expenses. (Section 1605)

(76) Termination of Commission

The Senate amendment provides that the Commission terminates on the day after the Commission submits its report. (Section 187)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

SUBTITLE F—EMERGENCY AGRICULTURE ASSISTANCE

(77) Income Loss Assistance

The Senate amendment provides $500 million in emergency livestock assistance for 2001 losses. (Section 192)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(78) Market Loss Assistance for Apple Producers

The Senate amendment provides $100 million for apple producers for the loss of markets during the 2000 crop year and further specifies payment quantity and payment/eligibility limitations parameters. (Section 193)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments to provide $94 million to apple producers for the loss of markets during the 2000 crop year, payment quantity parameters are retained, the Secretary shall not establish a payment limitation or an income eligibility limitation with respect to payments made on the payment quantity of 5 million pounds of apples produced on the farm; and promulgation of regulations and administration of this section will be exempt from the rulemaking requirements and Paperwork Reduction Act. Also provides $10 million as a grant to the State of New York to be used to support current onion producers in Orange County, New York, who have suffered losses to onion crops during one or more of the 1996 through 2000 crop years. (Section 10105)

(79) Commodity Credit Corporation

The Senate amendment authorizes the Secretary to use the funds, facilities, and authorities of the Commodity Credit Corporation to carry out this subtitle. (Section 194)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(80) Administrative Expenses

The Senate amendment authorizes the transfer of $50 million from the Treasury to the Department of Agriculture to pay salaries and expenses in carrying out this subtitle. (Section 195)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(81) Regulations

The Senate amendment authorizes the Secretary to promulgate rules and regulations to implement this subtitle. (Section 196)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(82) Emergency Requirement

The Senate amendment designates the entire amount necessary to carry out this subtitle as emergency spending. (Section 197)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

TITLE II—CONSERVATION

SUBTITLE A—CONSERVATION SECURITY PROGRAM

(1) Conservation Security Act

The Senate amendment establishes the Conservation Security Program (CSP) and provides the applicable definitions. (Section 201 (Section 1238))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modification. The Managers expect the Secretary to implement the CSP to encourage the widest participation possible at a level that ensures resources are protected at a non-degradation level. (Sec. 2001)

(2) Conservation Security Program

The Senate amendment establishes the CSP for fiscal years 2003 through 2006 to assist producers in implementing various conservation practices as applicable for each individual operation. Eligible lands include private cropland, grassland, prairie land, pasture land and rangeland and private forest land in agro-forestry practices.

The Senate amendment establishes three tiers of conservation contracts that provide flexibility to farmers. Eligible practices may include the continuation of some practices combined with the adoption of new practices. Producers must adopt or maintain practices to address a resource concern of the operation, such as soil or water quality.

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modification. The CSP, which is open to all producers for maintaining or adopting practices on private agricultural land, will be estab-

lished from fiscal years 2003 through 2007. Only private agricultural lands and forested land that is incidental to an agricultural operation is eligible for enrollment. Lands enrolled in the Conservation Reserve Program (CRP), the Wetlands Reserve Program (WRP), or the Grasslands Reserve Program (GRP) are not eligible for enrollment, nor are lands that have not been cropped for more than four out of the past six years. This change is to help discourage producers from using the program as an inducement to cultivate land. Because this is a working lands program, producers will be allowed economic use of the land, in a manner consistent with the program. (Section 2001)

Agricultural producers are longtime stewards of America's lands. In establishing the CSP, the Managers recognize the need to support ongoing stewardship by providing incentive payments for producers to maintain and enhance conservation practices at a non-degradation level.

The Managers intend to assist agriculture producers to concentrate on resource problems, including soil, air, water, plant and animal (including wildlife) and energy conservation, on their particular operation using a broad array of conservation practices. Participation does not require a producer to address a locally-identified priority. Instead, a producer may receive an enhanced payment for addressing locally-identified priorities which will be determined by the state technical committees working with local working groups and agricultural producers. Overall, the Managers intend that the enhanced payments be used to ensure and optimize environmental benefits. The enhanced payments should reward producers who go beyond the minimum requirements of the program to address additional resource concerns.

The Managers intend that the Secretary shall provide base payments based on the average national rental rate for the specific land use type. The Managers encourage the Secretary to look at alternative approaches for a base payment that is not based on rental rates. In applying another appropriate rate to ensure regional equity, the Secretary shall not provide a rate lower than the national average rental rate.

The Managers intend the Secretary will not employ an environmental bidding or ranking system in implementing CSP and approve should approve a producer's contract that meets the standards of the program. The Managers are aware that many agricultural producers who want to adopt conservation practices have not had access to conservation program funding. Together, with the overall increase in funds for all conservation programs, agriculture producers who chose to employ conservation practices should have access to funding.

The Secretary should provide cost-share payments at a rate not exceeding 75 per cent. The Secretary should provide cost-share assistance at a comparable rate as that provided under the Environmental Quality Incentives Program for the same practices. In limiting cost-share for land-based structures, payments should be limited to those structures that are integral to the land-based conservation system.

The Managers expect the Secretary to implement the CSP in a manner that will allow all agricultural producers, including fruit

and vegetable producers and livestock producers, to participate equitably in the program. The Managers also direct the Secretary to begin CSP at the full national level as soon as practicable.

While CSP is directed toward practices on working agricultural lands, the Managers recognize that some land use practices may involve alternative uses of the land, such as providing for wildlife habitat or the corners on center-pivot irrigation systems, and expect the Secretary to include these parcels, when incidental to the operation, as part of the CSP contract.

The Managers are aware of the unique conservation and production practices utilized by specialty crop growers throughout the United States. The Managers expect the Department to ensure that adequate resources are made available for specialty crop conservation practices under CSP. They also expect that, in carrying out the financial assistance provisions of various conservation programs the unique production practices involved in fruit and vegetable production, are taken into account when drafting and implementing regulations to carry out those programs.

(3) Partnerships and Cooperation

The Senate amendment allows the Secretary to designate special projects and enter into agreements with nonfederal entities to provide enhanced technical and financial assistance to be used by owners to meet the purposes of the Clean Water Act, Safe Drinking Water Act and Clean Air Act, and other Federal, state or local laws, and to address environmental issues associated with watersheds of special significance or other geographic areas of environmental sensitivity such as wetlands.

It also allows the Secretary to provide incentive payments to producers participating in special projects to encourage partnerships and sharing of technical and financial resources among owners, producers, government and non-governmental organizations and to adjust the application of eligibility criteria, approved practices, innovative conservation practices and other elements of the conservation programs to better reflect unique local circumstances, if consistent with environmental enhancement and purposes and requirements of the title. Participating parties must submit a plan to the Secretary. The purposes of the special projects include the installation of systems affecting multiple agricultural operations and innovative techniques. This provision directs the Secretary to use 5 percent of the funds made available for the EQIP to carry out special projects consistent with the purposes of EQIP. (Section 203) The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modification. The Secretary may enter into agreements to enhance technical and financial assistance provided to owners, operators, and producers to address natural resource issues related to agricultural production. The Secretary may provide incentives for special projects to encourage partnerships and enrollments of optimal conservation value. (Section 2003)

The Managers intend for the Secretary to use this authority to help producers avoid the need for further federal and state regulation to protect clean water and air. The Secretary is strongly en-

couraged to be proactive in establishing partnerships in critical areas such as the Chesapeake Bay.

(4) Administrative Requirements for Conservation Programs

(a) Good-faith reliance

The Senate amendment requires the Secretary to provide relief to owners, operators or producers injured by good faith reliance based on an action or on the advice of an employee of the Secretary.

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision due to the adoption of a general good faith reliance provision covering both the commodity and conservation titles. (Section 2004)

(b) Education, assessment and evaluation

The Senate amendment requires the Secretary to provide education, outreach, training, monitoring, evaluation, and technical assistance to agricultural producers. Allows Secretary to enter contracts with nonfederal entities to provide these services.

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. The Secretary has been providing education and outreach to agricultural producers, beginning farmers and ranchers and Indian tribes. The Managers intend that education, monitoring, and assessment of the programs under Subtitle D of the 1985 Food Security Act be conducted as a part of the technical assistance for these programs. In carrying out these activities, the Managers would also expect the Secretary to utilize the experience and expertise of outside entities such as, states (including state agencies and local units of government), educational institutions, and non-profit groups with a demonstrated history of working with agricultural producers. The Managers expect $10 million per year from technical assistance funds for the conservation programs to be used for these purposes.

(c) Beginning and limited-resource farmers

The Senate amendment allows the Secretary to provide beginning farmers and ranchers and Indian tribes and limited-resource producer incentives to participate in conservation programs.

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision for beginning farmers and ranchers. (Section 2004)

(d) Maintenance of conservation data

The Senate amendment requires the Secretary to maintain data concerning conservation plans and programs.

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. (Section 2004)

(e) Mediation

The Senate amendment requires the Secretary to provide aggrieved producers mediation services or an informal hearing on the matter.

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. (Section 2004)

(f) Privacy

The Senate amendment directs the Secretary to ensure the privacy of individual information provided to USDA to secure technical or financial assistance for conservation programs. Information may be released to the Attorney General to enforce programs. (Section 204)

The House bill amended the Freedom of Information Act to provide similar protections for producer-provided information.

The Conference substitute adopts the Senate provision with modification.

(g) Cooperation with tribal governments

The Senate amendment directs the Secretary to cooperate with the tribal government of Indian tribes when administering lands under the jurisdiction of an Indian tribe.

The House bill contains no comparable provision.

The Conference substitute deletes this provision due to the adoption of similar provisions in the Miscellaneous Title. (Section 2004)

(5) Reform and Assessment of Conservation Programs

The Senate amendment directs the Secretary to develop a plan for coordinating conservation plans and programs to facilitate implementation and delivery of conservation programs and provide a report to Congress within 180 days after enactment of this Act. (Section 205)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modification. (Section 2005)

(6) Conservation Security Program Regulations

The Senate amendment states that the Secretary may promulgate regulations for implementation of the CSP upon enactment of this Act. (Section 206)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 2702)

(7) Conforming Amendments

The House bill reauthorizes the Environmental Conservation Acreage Reserve Program (ECARP) through 2011 and removes provisions establishing conservation priority areas. (Section 201)

The Senate amendment renames the ECARP the Comprehensive Conservation Enhancement Program (CCEP), reauthorizes the CCEP programs through 2006, and directs the Secretary to give priority to areas in which designated land would facilitate the most rapid completion of projects that are ongoing as of the date of the application. (Sections 207 and 211)

The Conference substitute adopts the Senate provision, with a modification that removes priority areas from CCEP as well as the

reference to priority being given to the most rapid completion of projects. Also, the substitute extends the program to 2007. (Section 2006)

The Managers find that bobwhite quail are a valued traditional symbol of farmed landscapes, but their populations have declined by two-thirds since 1980. The Managers further find that the success of the Southeast Quail Study Group's new "Northern Bobwhite Conservation Initiative" is largely dependent upon land management actions by agricultural producers and non-industrial private forestland owners. The Managers further find that many conservation programs of this farm bill have large potential to contribute to bobwhite quail habitat objectives and encourage the Secretary to support the goal of restoring habitat for this species.

The Managers intend that the CRP, the CREP, the Wildlife Habitat Incentives Program (WHIP), the EQIP, the WRP, the GRP, the CSP and other USDA programs could be helpful in supplementing the Comprehensive Everglades Restoration Program. The Secretary is encouraged to work with appropriate state and federal officials to develop and implement a coordinated plan toward this end.

SUBTITLE B—CONSERVATION RESERVE PROGRAM

(1) Reauthorization

The House bill reauthorizes the CRP through 2011 and adds conservation and improvement of wildlife resources to the scope of the program's purpose. (Section 211)

The Senate amendment reauthorizes the CRP through 2006. (Section 212(a))

The Conference substitute adopts the House provision with a modification that extends the program to 2007. (Section 2101)

(2) Enrollment

The House bill modifies language on land eligibility to add: (1) marginal pasturelands devoted to natural vegetation in or near riparian areas or for similar water quality purposes, (2) land that the Secretary determines will contribute to the degradation of soil, water or air quality or poses an environmental threat if permitted to remain in production, (3) land where soil, water and air quality objectives cannot be achieved under the Environmental Quality Incentives Program (EQIP), and (4) land where enrollment would contribute to the conservation of ground or surface water. (Section 212(a))

The Senate amendment modifies language on vegetative cover, providing that in the case of marginal pastureland, an owner or operator shall not be required to plant trees if the land is to be restored as a wetland or with appropriate native riparian vegetation. (Sec. 212 (g))

The Conference substitute adopts the House provision with a technical change. Marginal pastureland should be devoted to appropriate vegetation, including trees, in or near riparian areas or for similar water quality purposes, including marginal pastureland converted to wetlands or established as wildlife habitat. (Section 2101)

The Conference substitute adopts the House provision on land which would contribute to degradation of soil, water or air quality if permitted to remain in production. The substitute also adopts the provision on land where enrollment would contribute to the conservation of ground or surface water, with modification that land may only be enrolled where the measure would provide a net savings in ground or surface water resources on the agricultural operation of the producer. This is a new factor, under CRP, that should not be given a significant increase in points under the Environmental Benefits Index. (Section 2101)

(3) Eligibility and Cropping History

The House amendment modifies the language on eligibility to limit enrollment of land that has not been in production for at least four years.

The Senate amendment modifies language on eligibility of highly-erodible cropland that cannot be farmed in accordance with a conservation plan, and requires that the land have a cropping history or be considered to have been planted for three of the six years preceding the enactment of this legislation, and modifies language on land eligibility to add: (1) the portion of land in a field in cases where more than 50 percent of the land in the field is enrolled as a buffer, and (2) land (including land with no cropping history) enrolled through the continuous sign-up program or Conservation Reserve Enhancement Program (CREP). (Section 212(b))

The Conference substitute adopts the Senate provision, with modification requiring that land have a cropping history or be considered to have been planted for four of the six years preceding the enactment of this legislation to be eligible. The Managers are concerned about reports that producers are planting crops on non-cropped lands as a means of being eligible to participate in CRP. This language is intended to prevent the enrollment of these lands under CRP. (Section 2101)

The Conference substitute deletes the Senate provision on land, other than cropland, being enrolled in the continuous sign-up program. However, the Managers understand the Secretary is currently reviewing the land eligibility criteria, including the eligibility of non-cropland that could be restored to serve as buffers. The Managers expect the Secretary to do this examination expeditiously. (Section 212(b)) (Section 2101)

The Conference substitute adopts the Senate provision with modification on the eligibility of partial fields. The provision allows producers to enroll entire fields through the continuous CRP as buffers in cases in which more than 50 percent of the field is eligible for enrollment and the remainder of the field is infeasible to farm. The modification restricts payments on the remaining acreage to general sign-up rates. (Section 212(b)(1)(B)) (Section 2101)

The Managers intend the USDA to allow prescribed burning and other measures that are intended to enhance forage for the benefit of pheasants and other wildlife species on land enrolled in the CRP.

In carrying out the CRP, the Managers direct the Secretary to evaluate qualifications and criteria relating to spring wind erosion

of sandy soils not currently recognized by the Wind Erosion Equation.

The Managers expect the Secretary to develop ways to make land prone to frequent seasonal flooding, such as 3 out of the last 5 years, eligible for enrollment in the CRP, including, but not limited to, designating the area as a conservation priority area.

(4) Acreage Limitations

The House bill increases the acreage cap to 39.2 million acres. (Section 212(b))

The Senate amendment increases the acreage cap to 41.1 million acres. (Section 212 (c))

The Conference substitute adopts the House provision on raising the acreage cap to 39.2 million acres. (Section 2101)

(5) Priority Areas

The House bill deletes priority areas and requires that on the expiration of a CRP contract the land shall be eligible to be considered for re-enrollment in the program. (Section 212)

The Senate amendment modifies language regarding priority areas to direct the Secretary to give priority to areas in which designated land would facilitate the most rapid completion of projects that are ongoing and that meet the purposes of the program.

The Conference substitute adopts the Senate provision that retains priority areas. The Managers recognize that conservation benefits may increase from cumulative enrollment and encourages the Secretary to consider these cumulative benefits by enrolling lands in areas where land is currently enrolled. (Section 2101)

The Managers expect the Secretary to revisit the issue of how the CRP national priority area for the Prairie Pothole Region was determined and direct the Secretary to utilize the Prairie Pothole Joint Venture Implementation Plan map as the area to be considered the national CRP priority area for the Prairie Pothole Region.

The Conference substitute adopts the House provision on requiring land to be considered for re-enrollment in CRP. It is the intent of the Managers not to provide an automatic re-enrollment of these lands, but instead require that these lands go through the normal application process. (Section 2101)

(6) Balance of Natural Resources

The House bill requires the Secretary to do a rule making that balances CRP contracts between soil erosion, water quality and wildlife habitat. (Section 212)

The Senate amendment has no comparable provision

The Conference substitute adopts the House provision to conduct a rulemaking to achieve a balance between natural resource purposes. (Section 2101)

The Managers are concerned that a general sign-up has not taken place for several years. The Managers expect the Secretary to hold a general sign-up as soon as practicable.

(7) Hardwood Trees

The Senate amendment permits the Secretary to extend the duration of CRP contracts for an additional 15 years in the case of

land devoted to hardwood trees. The Secretary may provide rental payments in an amount not exceeding 50 percent of the applicable rental payment before the contract was extended. For new CRP contracts with hardwood trees, the Secretary may allow 30-year contracts at reduced rates. The bill provides a one-year extension on 15-year contracts required to be terminated by statute. (Section 212 (d))

The House bill contains no comparable provision.

The Conference substitute strikes the Senate provision regarding longer-term contracts for hardwood trees, but the substitute adopts the Senate provision regarding one-year extensions. (Section 2101)

It has come to the attention of the Managers that CRP offers that include the planting of longleaf pines may not be receiving a weight equal to those assigned to other softwoods planted on CRP contract acres. The Managers encourage the Secretary to take such measures as may be necessary to ensure that a portion of land accepted for CRP contracts devoted to pine trees include longleaf pines.

(8) Irrigated Land Rates

The Senate amendment makes irrigated land eligible for enrollment at irrigated land rates unless the Secretary determines that other compensation is appropriate. (Section 212(f))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. (Section 2101)

(9) Signing and Practice Incentive Payments

The Senate amendment directs the Secretary to provide signing and practice incentive payments for landowners who implement a practice under the conservation buffer or CREP programs at the highest rate currently provided. (Section 212(i))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. (Section 2101)

The Managers are concerned that the payments for practices may not reflect the conservation benefits of the practices. Grass wind strips, shelterbelts, living snow fences and wellhead protection are particular activities that should receive serious consideration for signing and practice incentive payments. The Managers strongly encourage the Secretary to re-examine the procedures used to determine the incentive payment. The Managers intend that the Secretary should continue current signing and practice incentive payments throughout the duration of this legislation.

(10) Payment Limits for Conservation Buffers and CREP

The Senate amendment creates an exception to the CRP payment limit for payments received for conservation buffers and the CREP. (Section 212(j))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. (Section 2101)

(11) County Acreage Limitation

The Senate amendment exempts land enrolled under continuous sign-up from the limitation on the percentage of land in a county eligible for enrollment. (Section 212(k))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. (Section 2101)

(12) Report on Economic and Social Impacts

The Senate amendment requires the Secretary to submit a report to the House and Senate Agriculture Committees about the economic and social impacts on rural communities resulting from the CRP within 270 days from the date of enactment of this legislation. (Section 212(l)).

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modifications that require the Secretary to submit the report within 18 months and require the Secretary to consider the economic value from recreational opportunities (including hunting and fishing). (Section 2101)

(13) Duties of Owners and Operators

The House bill permits landowners to maintain existing cover where practicable. In addition, it authorizes the Secretary to permit managed haying and grazing, wind turbines and biomass recovery as long as these activities are consistent with the conservation of soil, water quality and wildlife habitat. Finally, the House bill deletes the environmental use and alley-cropping provisions. (Section 213)

The Senate amendment permits owners of marginal pasture land not to plant trees if native prairie grass may be retained or restored or if land is restored as a wetland; directs the Secretary to permit harvesting or grazing for maintenance purposes, without a reduction in rental payment, on acres that are enrolled to establish conservation buffers and acres enrolled into the CREP in a manner that is consistent with the purposes of the CRP; allows the Secretary to permit an owner of CRP land, other than that enrolled under continuous sign-up, to install wind turbines on the land at a reduced rate; and modifies language regarding duties of participating landowners to say that an owner also agrees not to produce a crop for the duration of the CRP contract on any other highly erodible land without a cropping history that the owner owns or operates with exemptions of land used as a homestead or building site. (Section 212 (g), (h))

The Conference substitute adopts the House provision to permit landowners to continue with existing cover where practicable and consistent with wildlife reserve benefits of CRP. (Section 2101)

The Conference substitute adopts the House provision on managed haying (including for biomass) and grazing and wind turbines, with modification. USDA will permit, consistent with the conservation of soil, water quality and wildlife habitat, managed harvesting and grazing on the land at a reduced rate. Harvesting and grazing or other commercial use of the forage is permitted in response to a drought or other emergency. In addition, the Secretary shall en-

sure that all precautions are taken to protect against overgrazing or haying or use of land during a period that may adversely impact wildlife habitat or wildlife directly, especially ensuring that activities take place after nesting season is completed. USDA, with the State technical committees, will develop appropriate vegetation management requirements including appropriate harvesting and grazing periods. In determining the appropriate use of CRP lands for haying and grazing (including the frequency and time period), the Secretary shall require the State Technical Committees to consider the type of grass (shrubs, forbs or bushes) on the land as well as the local ecosystem. (Section 2101)

The Secretary shall permit wind turbines on CRP land, whether commercial in nature or not, in a manner that does not interfere with wildlife. In so doing, the Secretary may restrict the number and location of wind turbines that may be installed on a tract of land. The Secretary shall take special care when allowing wind turbines on small parcels of land, especially buffers, so that turbines are spaced in a manner that does not interfere with wildlife habitat, flyways or movement. (House Section 213(1)(C)) (Section 212 (h)(f))

The Conference substitute deletes the Senate provision requiring an owner to agree not to produce a crop for the duration of the CRP contract on any other highly erodible land without a cropping history that the owner owns or operates. (Section 2101)

The Conference substitute adopts the House provision to delete the environmental use and alley-cropping provisions.

(14) Reference to Conservation Reserve Payments

The House bill replaces the term rental payment with conservation reserve payment. (Section 214)

The Senate amendment has no comparable provision.

The Conference substitute deletes the House provision. (Section 2101)

(15) Expansion of Pilot Program to All States

The House bill reauthorizes the project through 2011, directs the Secretary to carry out a project in each state and limits enrollment to not more than 150,000 acres in any state.

The Senate amendment reauthorizes the pilot program through 2006 in Minnesota, Montana, Nebraska, Iowa, North Dakota and South Dakota. Expands the maximum size of any wetland enrolled to 10 contiguous acres with not more than 5 acres being eligible for payment. (Section 212(e))

The Conference substitute adopts the House provision with modification. The Secretary shall carry out a nationwide program, limiting enrollment to 100,000 acres in any state and a million acres nationwide. After three years the Secretary may reallocate another 50,000 acres to interested states, based on their original allocation. The provision also expands the maximum size of any wetland enrolled to 10 contiguous acres with not more than 5 acres being eligible for payment. This change was made to facilitate enrollment of lands that meet the eligibility of the program and will achieve the goals of this program. The Secretary shall ensure that changes to regulations to the program do not have a significant im-

pact on the original 6 states involved in the pilot program. (Section 2101)

In expanding the CRP Wetland Pilot nationwide, the Managers recognize that the playa lakes found throughout the Southern Great Plains states of Kansas, Oklahoma, Colorado, New Mexico and Texas, are also worthy of protection as they function as recharge points for the Ogalalla Aquifer, help in containing flood waters and provide habitat for hundreds of bird species. Playa lakes are the most significant topographical and hydrological attribute in the Southern Great Plains. Playa lakes are often dry enough to be farmed due to the annual precipitation rates and high evaporation rates that occur in the high plains.

(16) Water Conservation

The Senate amendment requires the Secretary to provide up to 500,000 acres for CREP for water conservation measures in California, Maine, Nevada, New Hampshire, New Mexico, Oregon, and Washington. (Section 215)

The House bill contains no comparable provision.

The Conference substitute strikes the Senate provision. (Section 2101)

The Managers encourage the Secretary to allow states to have flexibility in creating CREP programs.

SUBTITLE C—WETLANDS RESERVE PROGRAM

(1) Enrollment

The House bill allows the Secretary to enroll an additional 150,000 acres per year. Any acres not enrolled may be carried over to subsequent years. (Section 221)

The Senate amendment clarifies that technical assistance is provided under the WRP and allows the Secretary to raise the acreage cap to 2.225 million acres. Of this acreage, the Secretary may enroll not more than 25,000 acres per year in the Wetlands Reserve Enhancement Program (WREP). (Section 214 (a) and (b))

The Conference substitute adopts the Senate provision with modification to increase the acreage cap up to 2.275 million acres. Also, the substitute requires the Secretary to enroll 250,000 acres per year to the maximum extent practicable. (Section 2202)

(2) Easements and Cost-Share Allocations

The House bill strikes language requiring the Secretary to enroll acres with numeric allocations to particular methods. Directs the Secretary to enroll acres through easements, restoration cost share agreements or both. (Section 221)

The Senate amendment has no comparable provision.

The Conference substitute strikes the House provision. It modifies current law to clarify that land can be enrolled with 30-year or permanent easements, restoration cost share agreements or both. The Conference substitute also continues to require the Secretary to enroll lands in proportion to landowner interest. (Section 1237(b)(2)(B)). (Section 2203)

(3) Reauthorization

The House bill extends the WRP through 2011. (Section 221)

The Senate amendment extends the WRP through 2006. (Section 214(c))

The Conference substitute extends the WRP through 2007. (Section 2201)

(4) Wetlands Reserve Enhancement Program

The Senate amendment creates a WREP under which the Secretary may enter into cooperative with state or local governments, and with private organizations, to conduct wetland restoration activities that address critical environmental issues. (Section 214(d))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. (Section 2202)

(5) Technical Assistance, Monitoring and Maintenance

The Senate amendment clarifies that technical assistance includes monitoring and maintenance of the terms and conditions of the easement and the plan. (Section 214(e))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. (Section 2203)

(6) Easements and Agreements

The House bill consolidates the language defining prohibited activities to prohibit the alteration of wildlife habitat and other natural features of such land, unless specifically permitted by the plan. Consolidates the language describing the length of a WRP easement to say that easements shall be consistent with applicable state law, and strikes redundant language stating that the Secretary can enroll land into the WRP using restoration cost-share agreements. (Section 222)

The Senate amendment has no comparable provision.

The Conference substitute deletes the House provisions on prohibited activities and length of easements. In addition, it strikes the redundant provision in current law regarding restoration cost-share agreements. (Section 2203)

(7) Duties of the Secretary

The House bill deletes a provision that requires the Secretary to give priority to obtaining permanent conservation easements and easements designed to protect and enhance habitat for migratory birds and other wildlife. (Section 223)

The Senate amendment has no comparable provision.

The Conference substitute deletes the House provision. (Section 2203)

(8) Changes in Ownership: Agreement Modification; Termination

The House bill amends the language regarding changes in ownership to provide that no easement can be created on land that has changed ownership in the past 12 months unless: (1) the new ownership was acquired by will or succession as a result of the death of the previous owner, (2) the ownership change occurred due

to foreclosure on the land and the owner of the land exercises a right of redemption from the mortgage holder in accordance with state law, or (3) the Secretary determines that the land was acquired under circumstances which give adequate assurances that such land was not acquired for the purposes of placing it in the WRP. (Section 223)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with a modification to replace the section on changes in ownership due to a foreclosure with new language. (Section 1237E(a)(2)) (Section 2204)

SUBTITLE D—ENVIRONMENTAL QUALITY INCENTIVES PROGRAM

(1) Purposes

The House bill strikes language describing the purpose of the EQIP as combining four previous conservation programs into a single program; strikes language regarding carrying out a program to maximize the environmental benefits per dollar expended; and rewords language about assisting farmers and ranchers who face the most serious environmental threats to providing assistance to farmers and ranchers to address environmental needs; adds air to the list of resources to be addressed; and replaces the terms farmers and ranchers with producers. (Section 231)

The Senate amendment rewrites the purposes of the EQIP to promote agricultural production and environmental quality as compatible national goals and to: (1) assist producers in complying with federal, state and local environmental laws, (2) avoid the need for regulatory programs, (3) provide assistance to producers for installing and maintaining conservation systems, (4) assist producers in making certain conservation changes, (5) facilitate partnerships between producers, government and nongovernmental organizations, and (6) consolidating and streamlining conservation planning; retains language regarding a program goal to maximize the environmental benefits per dollar expended; and includes air in the purposes of the EQIP. (Section 213(a))

The Conference substitute adopts the Senate provision on the purposes of the program with a modification to subsection (1) stating that the purposes of EQIP are to promote agricultural production and environmental quality as compatible goals and to optimize environmental benefits by assisting producers in complying with local, state and national regulatory requirements concerning soil, water, and air quality, wildlife habitat, and surface and ground water conservation. (Section 1240) (Section 2301)

The Conference substitute adopts the Senate provision with a modification changing the phrase conservation systems to conservation practices. (Section 1240(3)) (Section 2301)

The Managers expect the Secretary to continue carrying out EQIP with the goal of optimizing environmental benefits. (Section 213(a))

(2) Definitions

The House bill adds the term non-industrial private forestland to the definition of eligible land. Further, the House bill changes

the definition of eligible land by striking reference to land that poses a serious threat and inserting that provides increased environmental benefits to air, soil, water or related resources, and adds the term non-industrial private forestland to the definition of producer. (Section 2302)

The Senate amendment defines the term eligible land to include private non-industrial private forestland, defines producer with the same meaning given to the term in the Agricultural Market Transition Act.

The definition section includes definitions for: beginning farmer and rancher, comprehensive nutrient management, eligible land, innovative technology, land management practice, livestock, maximize environmental benefits per dollar expended, practice, producer and structural practice. (Section 213(a))

The Conference substitute adopts the Senate definition of beginning farmer, land management practice, livestock, structural practice, and practice. (Section 2301)

The Conference substitute adopts the Senate definition of eligible land with an amendment that adds air to the list of protected resources but excludes specific threatening conditions. (Section 2301)

The Conference substitute deletes the Senate provisions defining innovative technology and comprehensive nutrient management plan. (Section 2301)

The Conference substitute deletes the Senate provisions defining managed grazing, innovative technology, producer, and program. The substitute also deletes the Senate provision defining the term "maximize environmental benefits per dollar expended," thus striking the provision throughout the program. (Section 1240(A)(8)) (Section 2301)

(3) Establishment and Administration

The House bill re-authorizes the EQIP through 2011; amends the permissible term of EQIP contracts to allow for agreements ranging from one to ten years; amends language governing the selection process for structural practice applications. Strikes references to priorities established in the EQIP and factors to maximize the environmental benefits per dollar expended replaces with language directing the Secretary to base the selection process on achieving the purposes established under this subtitle; removes prohibition on large confined livestock operations getting cost-share assistance to build waste management facilities; and replaces the language regarding incentive payments with new language directing the Secretary to make incentive payments to encourage producers to perform multiple land management practices and to promote the enhancement of soil, water, wildlife habitat, air and related resources. Permits the Secretary to give great weight to practices that include residue, nutrient, pest, invasive species and air quality management. (Section 233)

The Senate amendment reauthorizes the EQIP through 2006; directs the Secretary to provide conservation education; amends the permissible term of EQIP contracts to allow for agreements ranging from three to ten years; prohibits a producer from entering into more than one contract for structural practices relating to livestock

nutrient management from fiscal years 2002 through 2006; directs the Secretary to develop an application and evaluation process for awarding assistance that maximizes the environmental benefits per dollar expended; prohibits the Secretary from assigning a higher priority to an application based solely on the reason that it presents the least cost to the program; cost-share payments shall not exceed 75 percent of the cost of the practice; cost-share payments to limited resource and beginning farmers shall not exceed 90%; removes prohibition on large confined livestock operations getting cost-share assistance to build waste management facilities; directs the Secretary to make incentive payments in an amount and rate determined to be necessary to encourage a producer to perform 1 or more practices; directs the Secretary to give incentive payments to producers to be used to obtain technical assistance associated with the development of any component of a comprehensive nutrient management plan from certified providers. (Section 213(a)) (Section 2301)

The Conference substitute adopts the Senate provision with modification providing incentive payments for producers who develop a comprehensive nutrient management plan. (Section 1240B(a)(2)) (Section 2301)

The Conference substitute deletes the Senate provision on education. (Section 1240B(a)(3)) (Section 2301)

The Conference substitute adopts the Senate provision with modification on the application and term of contracts. At a minimum, the contract should have a term of one year beyond the date of completion of the project. (Section 1240B(b)) (Section 2301)

The Conference substitute adopts the Senate provision on incentive payments with modification, by including a special rule for priority under incentive payments. (House Section 233(e)) (Section 2301)

The Conference substitute adopts the House provision by striking the provision on the application and evaluation process for awarding assistance that maximizes the environmental benefits per dollar expended. (House Section 233(c), Senate 213(a) (1240B(c))) (Section 2301)

The Conference substitute adopts the Senate provision to remove the bidding down procedure that assigns a higher priority to an application because it costs less. (Section 1240B(c)(4)) (Section 2301)

The Conference substitute adopts the Senate provision on increased cost-share payments for beginning and limited resource farmers. (Section 1240B(d)) (Section 2301)

The Conference substitute adopts the House provision on technical assistance in EQIP. All technical assistance will be addressed in Subtitle E in the Administration and Technical Assistance section. (Section 1240B(f)) (Section 2301)

(4) Evaluation of Offers and Payments

The House bill strikes existing language. Replaces with language directing the Secretary to give a higher priority to EQIP offers that: (1) aid producers in complying with federal and state environmental laws, (2) promote the use of animal manure or other

similar soil amendments, and (3) encourage the utilization of sustainable grazing systems. (Section 234)

The Senate amendment directs the Secretary to give priority to applications that: (1) maximize the environmental benefits per dollar expended, (2) national conservation priority areas, (3) are provided in conservation priority areas, (4) are provided in special projects, or (5) include an innovative technology in connection with a structural practice or land management practice. (Section 213(a)) (Section 2301)

The Conference substitute adopts the Senate provision with modification on giving higher priority to applications that use cost-effective conservation practices and address national conservation priorities. (Section 1240C(a)(2)) (Section 2301)

The Conference substitute deletes the Senate provision on special projects and innovative technology. (Section 2301)

Inhibitor Technology.—To make efficient use of urea and ammonium fertilizers, reduce nitrate run-off and leaching, and the emission of ammonia and greenhouse gases, the incorporation of urease inhibitors and nitrification inhibitors into urea and ammonium containing fertilizers should be recommended as a best management practice.

Nutrient Management.—Since enactment of the Food, Agriculture, Conservation and Trade Act of 1990, Congress has been concerned about the impact federal, state and local environmental laws eventually would have on U.S. agricultural producers and their ability to maintain viable farming and ranching operations.

In the past few years, those laws, regulations and court orders have been focused on agriculture. Those provisions reflect a disconnect between regulators and agricultural producers as well as rural communities. In this posture, U.S. farmers and ranchers feel as though they are pressed against an inflexible wall of legal and environmental requirements. These requirements are issued from Washington in a top-down management style that attempts to fit all areas of the country into a national program. Congress has responded with financial and technical assistance implemented through the USDA.

In 1996, Congress created the EQIP to help farmers and ranchers meet environmental laws. The Managers believe EQIP is a valuable tool to help producers avoid the need for future regulation, and the Secretary shall manage the program to maximize this purpose. As legislation was developed to improve EQIP and provide additional resources to it, Congress was specifically concerned about how the U.S. livestock industry would meet new Clean Water Act requirements on animal feeding operations. In that regard, the Managers agree that nutrient management, especially animal waste management, is both a problem to address and a resource to be used. To that extent, the Managers encourage the Secretary to evaluate EQIP contract offers on their use of animal manures and other similar soil amendments that improve soil health, tilth, and water-holding capacity.

Managed Grazing.—The Managers further encourage the use of grazing systems, such as year-round, rotational or managed grazing systems, that enhance productive livestock operations.

(5) Duties of Producers

The Senate amendment requires producers to implement a conservation plan; not conduct any practices that defeat the purposes of the program; take actions upon termination of a contract and supply information to determine compliance, and submit a list of all confined livestock feeding operations wholly or partially-owned or operated by the applicant. (Section 213(a))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a modification removing the requirement to submit a list of all confined livestock feeding operations wholly or partially-owned or operated by the applicant. (Section 2301)

(6) Environmental Quality Incentives Program Plan

The House bill strikes language regarding practices and principles that the Secretary deems necessary. Replaces with language requiring the producer to submit a plan that provides or will continue to provide increased environmental benefits to air, soil, water or related resources. (Section 235)

The Senate amendment requires a producer to submit an EQIP plan that describes conservation and environmental purposes to be achieved through 1 or more practices that are approved by the Secretary. Confined livestock feeding operations with an animal waste system must develop and implement comprehensive nutrient management plans if applicable. (Section 1240E(a))

The Senate amendment requires the Secretary to eliminate duplication, to the maximum extent practicable, of planning activities under EQIP and other conservation programs. (Section 1240E(b))

The Conference substitute adopts the Senate provision with modification. All livestock producers that receive funding for animal waste manure systems must have a comprehensive nutrient management plan. The Managers believe that there will be few cases in which a comprehensive nutrient management plan will not be required. The Managers recognize the importance of comprehensive nutrient management plans for the proper use and storage of animal waste and for that reason require these plans. (Section 2301)

The Conference substitute also adopts the Senate provision on eliminating duplication. (Section 1240E(a), (b)) (Section 2301)

(7) Duties of the Secretary

The House bill requires the Secretary to provide technical assistance and cost-share payments for developing structural practices or land management practices. (Section 236)

The Senate amendment requires the Secretary to provide cost-share assistance and incentive payments for developing and implementing one or more practices. (Section 213(a) (1240F)

The Conference substitute adopts the Senate provision. (Section 2301)

The Managers are aware of the unique conservation and production practices utilized by specialty crop growers throughout the United States. The Managers expect the USDA to ensure that adequate resources are made available for specialty crop conservation practices under the EQIP. The Managers also expect that, in car-

rying out the financial assistance provisions of the various conservation programs, the unique production practices involved in fruit and vegetable production are taken into account when drafting and implementing regulations to carry out those programs. In particular, the Managers would direct the Secretary when enrolling a producer who is already undertaking activities related to integrated pest management, make those ongoing activities eligible for financial assistance after the date of enrollment.

(8) Limitation on Payments

The House bill raises the payment limits to $50,000 in any fiscal year and $200,000 for any multi-fiscal year contract, strikes reference to the phrase "maximization of environmental benefits per dollar expended" in discussion of exceptions to the annual limit, and strikes prohibition on payment in the same fiscal year in which the contract is entered into. (Section 237)

The Senate amendment raises the payment limitations to $30,000 in any fiscal year and $150,000 for any multi-year contract of four or more years and permits payment during the first year of the contract. The Secretary may waive the annual limit. (Section 213(a))

The Conference substitute adopts the House provision with modification. A producer may receive, directly or indirectly, up to $450,000 in any combination of contracts over the life of the farm bill. The Managers recognize that the Secretary may need to adjust cost-share percentages provided under a contract to maximize participation and optimize environmental benefits. (Section 2301)

(9) Ground and Surface Water Conservation

The House bill replaces the entire section with a new program within the EQIP providing cost-share, low-interest loans and incentive payments to encourage ground and surface water conservation, and funds at $30 million in fiscal year 2002, $45 million in fiscal year 2003 and $60 million for fiscal years 2004 through 2011. (Section 238)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with modification. Water conservation activities that are eligible for incentive payments and cost-share include the lining of ditches and installation of piping, tail water return systems, low-energy precision irrigation systems, low-flow irrigation systems, off-stream and groundwater storage, and conversion from gravity or flood irrigation to higher efficiency systems. In addition, the Secretary may provide cost-share and incentive payments under this section only if the assistance will facilitate a conservation measure that results in a net savings in ground or surface water resources on the agricultural operations of the producers. (Section 2301)

Of the $600 million in funding made available for this program, the Secretary should make available $50 million per year to assist producers in the Klamath Basin.

In providing funding for water conservation incentives, the Managers recognize that the High Plains Aquifer underlying the states of Texas, New Mexico, Oklahoma, Kansas, Colorado, South Dakota, Wyoming, and Nebraska is a critical source of groundwater

for agricultural and municipal uses. The Managers encourage the Secretary to give producers in the High Plains Aquifer the highest priority for funding under this program. The communities on the High Plains depend on the Aquifer as their major water supply. Due to the scope and significance of this geological feature, there is a need for regional efforts to address groundwater management in the High Plains Aquifer. The Managers urge the Secretary to work with state water or conservation agencies and agricultural producers in the High Plains region to coordinate federal assistance with state programs and to encourage cooperation between states in implementing conservation incentives and water reduction practices.

(10) Desert Terminal Lakes

The Conference substitute directs the Secretary to transfer $200 million to the Bureau of Reclamation to be used to provide water to at-risk natural desert terminal lakes. These funds cannot be used for the purchase or lease of water rights. (Section 2507)

(11) Conservation Grants

The Senate amendment allows the Secretary to use up to $100 million in each of fiscal years 2003 through 2006 for competitive grants that are intended to stimulate innovative approaches to leveraging federal investment in environmental enhancement and protection through the use of the EQIP. Funds not obligated by April 1st of the fiscal year shall be used to carry out other activities under EQIP. (Section 213(a)) (Section 1240H)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision by authorizing the Secretary to provide innovation grants. The Managers encourage the Secretary to allow funding for these grants, including for practices that foster markets for nutrient trading and for the continued implementation and acceleration of programs for demonstrating innovative nutrient management technology systems for animal feeding operations. (Section 2301)

This section has been included as a discretionary use of EQIP funds to foster the adoption of innovative, cost effective approaches to addressing a broad base of conservation needs.

This Managers intend that these grants be used to provide for the use of incentives to farmers—as opposed to regulations—to address some of the nation's most difficult conservation needs. By establishing market-based incentives, an efficient mechanism is created to improve water quality and create environmentally beneficial income alternatives for farmers.

By leveraging Federal funds through competitive grants, the Managers expect other sectors of the economy, such as States, and the conservation and philanthropic communities will be engaged in helping find and deliver the best solutions to environmental needs.

(12) Southern High Plains Aquifer Groundwater Conservation

The Senate amendment creates a southern High Plains Aquifer groundwater conservation program. Directs the Secretary to provide cost-share payments, incentive payments and groundwater education assistance to producers that draw water from the south-

ern High Plains Aquifer. Funds at $15 million for fiscal year 2003, $25 million for fiscal years 2004 and 2005, $35 million for fiscal year 2006 and $0 for fiscal year 2007. Funds not expended by April 1st of each fiscal year shall be made available for other states under EQIP. (Section 213(a)) (Section 1240I)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision, but recognizes the importance of providing producers access to funds to aid their efforts in water conservation. (Section 2301)

(13) Pilot Programs

The Senate amendment creates a drinking water suppliers pilot program in selected watersheds to allow the Secretary to work cooperatively with local water utilities to improve water quality. The Secretary shall also carry out a nutrient reduction pilot program in the Chesapeake Bay watershed for fiscal years 2003 through 2006 to reduce nutrient loads in the Chesapeake Bay. Funds at $10 million for fiscal year 2003, $15 million for fiscal year 2004, $20 million for fiscal year 2005, $25 million for fiscal year 2006 and $0 for fiscal year 2007. Funds not obligated by April 1st shall be made available under EQIP. (Section 213(a)) (Section 1240J(a), (b))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision on the drinking water suppliers pilot program. In so doing, the Managers believe that coordination with third parties, including drinking water suppliers should be encouraged. Any projects which involve drinking water suppliers and EQIP participants should be encouraged. (Section 1240J(a)) (Section 2301)

The Conference substitute deletes the Senate provision on the nutrient reduction pilot program.

(14) Section 11

The Senate amendment amends Section 11 of the Commodity Credit Corporation (CCC) Charter Act to exclude transfers and allotments for conservation technical assistance from the current limitation. (Section 213(c))

The House bill contains no comparable provision.

The Conference deletes the Senate provision. The Managers understand the critical nature of providing adequate funding for technical assistance. For that reason, technical assistance should come from each individual program. (Section 2301)

(15) Water Benefits Program

The Senate amendment states that the Secretary shall establish a Water Benefits Program, run through the Natural Resources Conservation Service (NRCS), in Nevada, California, New Mexico, Oregon, Washington, Maine and New Hampshire for cost-share payments for practices, including irrigation efficiency infrastructures and conversions from a water-intensive crop to a crop that requires less water, aimed at conservation of water to benefit fish and wildlife, with special emphasis on threatened and endangered species. (Section 1240R)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

SUBTITLE E—FUNDING AND ADMINISTRATION

(1) Reauthorization

The House bill reauthorizes these programs through 2011. (Section 241)

The Senate amendment has no comparable provision.

The Conference substitute reauthorizes the CCEP programs through 2007. (Section 2701)

(2) Funding

The House bill funds EQIP at $1.025 billion in fiscal years 2002 and 2003, $1.2 billion in fiscal years 2004, 2005 and 2006, $1.4 billion in fiscal years 2007, 2008 and 2009, and $1.5 billion fiscal years 2010 and 2011. (Section 242)

The Senate amendment funds EQIP at $500 million in fiscal year 2002, $1.3 billion in fiscal year 2003, $1.45 billion in fiscal years 2004 and 2005, and $1.5 billion in fiscal year 2006 and $850 million in fiscal year 2007. (Section 213(b))

The Conference substitute funds EQIP at $400 million in fiscal year 2002, $700 million in fiscal year 2003, $1 billion in fiscal year 2004, $1.2 in fiscal years 2005 and 2006, and $1.3 billion in fiscal year 2007. (Section 2701)

(3) Allocation for Livestock Production

The House bill extends the allocation of 50 percent of the EQIP funding to livestock through 2011. (Section 243)

The Senate amendment removes the allocation formula.

The Conference substitute adopts the House provision with modification to allow 60 percent for practices related livestock and 40 percent for practices related to crops through fiscal year 2007. (Section 2701)

(4) Administration and Technical Assistance

The House bill broadens the exception to the acreage limitation by striking the requirement that operators in the county be having difficulties complying with a conservation plan, and requires the Secretary to reevaluate the provision of and amount of technical assistance made available under CRP, WRP and EQIP. (Section 244)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision with modification. The Managers provide that funds for technical assistance shall come directly from the mandatory money provided for conservation programs under Subtitle D. (Section 2701)

In order to ensure implementation, the Managers believe that technical assistance must be an integral part of all conservation programs authorized for mandatory funding. Accordingly, the Managers have provided for the payment of technical assistance from program accounts. The Managers expect technical assistance for all conservation programs to follow the model currently used for the EQIP whereby the Secretary determines, on an annual basis, the amount of funding for technical assistance. Furthermore, the Man-

agers intend that the funding will cover costs associated with technical assistance, such as administrative and overhead costs.

(5) Third-Party Providers

The House bill requires the Secretary to develop a system for approving third-party providers to give technical assistance within six months of the enactment of this subsection. (Section 244)

The Senate amendment requires the Secretary to establish provisions for increased technical assistance by nonfederal providers, including certification of providers (without undermining private certification organizations). The Secretary may also enter cooperative agreements with state, local and nongovernmental groups to provide technical assistance. The Secretary shall require certification (including payment of a fee) for providers of technical assistance and offer waivers for both certification and fee payment. The Secretary shall establish an advisory committee with federal, state, local and private representatives charged with advising the Secretary on third-party technical assistance. (Section 204(f))

The Conference substitute adopts the House provision with modification. The Managers strongly encourage the Secretary to design a certification program for approving individuals and entities to provide technical assistance that includes individuals currently providing technical assistance through agreements or contracts, including cooperative agreements and memorandums of understanding. Persons that have provided technical assistance through a previous agreement such as a memorandum of understanding contract or cooperative agreement with the Secretary may continue to provide technical assistance. Their certification should be evaluated according to the criteria established by the regulations. In addition, the Secretary may request the services of, and enter into a cooperative agreement or a contract with, non-federal entities, a state water quality agency, a state fish and wildlife agency, a state forestry agency, a state conservation agency or conservation district, a land grant institution or other institutions of higher learning, or any other governmental or non-governmental organization. (Section 2701)

Today there is considerable interest in both the private and public sectors to provide technical assistance for USDA conservation programs. In the past, USDA has been the primary provider of technical assistance to conservation program participants. However, it will be difficult to meet the increased demand for technical services as financial assistance increases over the life of the farm bill. The potential volume of many new, as well as returning, USDA conservation program participants may overwhelm the assistance available through existing resources. To meet this demand, assistance from third-party providers will be needed.

It is the intent of the Managers that the third-party technical assistance certification program will result in a pool of individuals and organizations and agencies that are qualified to provide technical assistance to producers related to the development and implementation of conservation practices. The Managers intend for the Secretary to seek to optimize the delivery of technical assistance through public and private sources, and in conjunction with USDA

staff, to effectively, efficiently, and expeditiously deliver conservation programs.

The Managers intend that third-party vendors accepting federal technical assistance payments will follow all the applicable Federal laws. Furthermore, the Managers intend for third parties to accept the appropriate liability for the adequacy of their plans, practice designs, and implementation procedures, and to comply with all appropriate privacy and confidentiality requirements.

It is the Managers intent in this section that third-party private providers may certify that the technical assistance meets USDA standards, but it is not intended as a certification for approval of program payment.

SUBTITLE F—OTHER PROGRAMS

(1) Private Grazing Land and Conservation Assistance

The House bill adds sustainable grazing systems to the list of activities eligible for assistance. (Section 251)

The Senate amendment reauthorizes program to 2006. (Section 217 (Section 1240P))

The Conference substitute adopts the Senate provision, with a modification to remove the findings section. The substitute reauthorizes the program through 2007. (Section 2501)

(2) Wildlife Habitat Incentives Program

The Senate amendment allows the Secretary to provide cost-share payments and technical assistance to landowners to develop and enhance wildlife habitat. Funds the Wildlife Habitat Incentive Program (WHIP) at $50 million in fiscal year 2002, $225 million for fiscal year 2003, $275 million for fiscal year 2004, $325 million for fiscal year 2005, $355 million for fiscal year 2006, and $50 million for fiscal year 2007. The amendment reserves at least 15 percent of funds for projects to benefit endangered, threatened and sensitive species, allows the Secretary to establish a pilot program using up to 15 percent of the funds to enroll lands for at least 15 years for essential habitat, and allows the Secretary to provide grants to individuals or nonprofit groups that lease public lands for enhancing wildlife habitat, if the work on the public land if it directly benefits private land. (Section 217)

The House bill funds WHIP at $25 million in fiscal year 2002, $30 million in fiscal years 2003 and 2004, $35 million in fiscal years 2005 and 2006, $40 million in fiscal year 2007, $45 million in fiscal years 2008 and 2009, and $50 million in fiscal years 2010 and 2011. (Section 252)

The Conference substitute adopts the House amendment with modification. Cost-share payments will be made to landowners to develop upland wildlife, wetland wildlife, threatened and endangered species, fish and other types of wildlife habitat. Up to 15 percent of annual funds under this section may be for increased cost-share payments to producers to protect and restore essential plant and animal habitat using agreements with a duration of at least 15 years. The Managers strongly encourage the Secretary to continue using at least 15 percent of funds for threatened and endangered species. (Section 2502)

The Conference substitute funds the program as follows: $15 million for fiscal year 2002; $30 million for fiscal year 2003; $60 million for fiscal year 2004; $85 million for each of fiscal years 2005 through 2007. (Section 2502)

Where private lands adjoin public lands that are leased by the same producer, the Secretary may provide WHIP assistance if the conservation purpose directly benefits the adjacent private lands.

(3) Farmland Protection Program

(a) Acreage and eligibility

The House bill strikes the acreage limitation, and makes agricultural land that contains historic or archaeological resources eligible for enrollment. (Section 253)

The Senate amendment strikes the Farmland Protection Program (FPP) from the 1996 FAIR Act and moves to the 1985 Farm Bill, strikes the acreage limitation, expands the definition of eligible land, and makes agricultural land that contains historic or archaeological resources eligible for enrollment. (Section 218)

The Conference substitute adopts the Senate provision. (Section 1238H(1)) (Section 2503)

The Conference substitute adopts the Senate provision with clarification that forested land can only be enrolled if it is an incidental part of the agricultural operation. (Section 1238H(2)) (Section 2503)

FPP has been a successful program and the Managers' intent is that it continue to protect the nation's best working agricultural lands. Although the name of the FPP shall remain the same for the purpose of continuity, the purpose of the program has been expanded to also include grazing, pasture, range, and forestland that is a part of an agricultural operation.

In order to ensure that all states can participate in the program, the Managers have added non-profit organizations as eligible entities. In addition, the Managers recognize the need to protect important historic and archaeological resources located on farms and ranches.

(b) Funding

The House bill increases funding to $50 million per year in FY 2002 through 2011. (Section 253)

The Senate amendment increases FPP funding to $150 million in fiscal year 2002, $250 million in fiscal year 2003; $400 million in fiscal year 2004, $450 million for fiscal year 2005, $500 million in fiscal year 2006, and $100 million for fiscal year 2007. (Section 218)

The Conference substitute funds the program as follows: $50 million for fiscal year 2002, $100 million for fiscal year 2003, $125 million for fiscal years 2004 and 2005, $100 million for fiscal year 2006, and $97 million for fiscal year 2007. (Section 2503)

(c) Purchase of conservation easements

The House bill clarifies entities that are eligible to receive funding for the purchase of conservation easements. (Section 253)

The Senate amendment clarifies entities that are eligible to receive funding for the purchase of conservation easements. (Section 218)

The Conference substitute adopts the Senate provision. (Section 2503)

The Managers expect the Secretary to utilize funds out of the FPP to protect from development the farm operated by American Airlines Captain John Ogonowski, the pilot of AA Flight 11 that was hijacked on September 11, 2001. The Managers direct the Secretary to work with the Dracut Land Trust, Incorporated, in Dracut, Massachusetts, to preserve this prime farmland as a working memorial to Captain Ogonowski. The Managers understand that the Dracut Land Trust would intend to keep a portion of the farm available for the New Entry Sustainable Farming Project that assists immigrant farmers from Cambodia, a project that Captain Ogonowski was deeply involved with from its inception.

(d) Market viability grants

The Senate amendment allows the Secretary to use up to $10 million annually to provide matching market viability grants. The grantee must provide matching funds, limits federal cost-share to 50 percent of the appraised fair market value of the easement. (Section 218)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modification allowing for authorization of funding for market viability grants. (Section 218(b)) (Section 2503)

(4) Resource Conservation and Development Program

The House bill provides permanent authorization for the Resource Conservation and Development (RC&D) program and makes technical and conforming changes necessary to the program. (Section 254)

The Senate amendment provides permanent authorization for the RC&D program and makes technical and conforming changes necessary to the program. (Section 216)

The Conference substitute adopts the Senate provision with the modification that Senate amendment section 1532(e) will be struck, thereby disallowing an RC&D Council from using another person or entity to assist in developing and implementing an area plan. (Section 2504)

(5) Grassland Reserve Program

(a) Establishment

The House amendment establishes a Grasslands Reserve Program (GRP) under which the Secretary may enroll up to 2 million acres (1 million acres of restored grassland, 1 million acres of virgin (never cultivated) grassland) using ten, fifteen and twenty-year contracts as well as thirty-year and permanent easements.

The Senate amendment establishes a GRP under which the Secretary may enroll up to 2 million acres of natural grassland or land that was historically natural grassland using thirty-year rental agreements, easements or permanent easements.

The Conference substitute adopts the House provision with modification that the total number of acres shall not exceed 2 million acres of restored, improved, or natural grassland, rangeland and pastureland, including prairie. The Secretary shall enroll not less than 40 contiguous acres of land using ten-year, fifteen-year, twenty-year and thirty-year contracts as well as thirty-year and permanent easements. The Secretary may provide a waiver for smaller tracts of land in the case of exceptional acreage that meets the purposes of the program. (Section 2401)

The Managers expect the Secretary to use 40 percent of the funds to conduct the sign-up and enrollment for the ten, fifteen, and twenty-year GRP contracts in a manner similar to the method currently used by the Secretary for the CRP. This should allow for enrollment competition that will limit the cost per acre but encourage the producer to maintain or initiate sound grazing practices commonly used in the local area. For long-term agreements and easements, the Managers intend that the sign-up be conducted in a manner similar to the WRP. The standards for grazing should be no more stringent than those used in the CRP, the CSP or the FPP. All grasslands should receive equitable treatment in the sign-up and enrollment process.

(b) Funding

The House amendment provides $254 million in funding. Not more than one-third of this money may be used to acquire permanent easements.

The Senate amendment directs that funding shall be provided through the CCC.

The Conference substitute adopts the House provision with modification that 60 percent of this money may be used to enter into thirty-year agreements and acquire thirty-year and permanent easements. (Section 2401)

(c) Eligible practices

The House bill permits common grazing practices where consistent with maintaining the viability of natural grass and shrub species indigenous to that locality, allows for haying, mowing or haying for seed production except during the nesting season for birds in the local area which are in significant decline or are conserved pursuant to state or federal law as determined by NRCS. The bill also permits the construction of firebreaks and fences. The House bill prohibits the production of any agricultural commodity (other than hay) and any other activity that would disturb the surface of the land covered by the agreement.

The Senate amendment permits common grazing practices where consistent with maintaining the viability of natural grass, shrub, forb and wildlife species indigenous to that locality and allows for haying, mowing or haying for seed production except during the nesting or brood-rearing season for birds in the local area which are in significant decline as determined by NRCS. It permits the construction of firebreaks and fences and gives emphasis to support for native grassland and land containing shrubs or forb, grazing operations, and plant and animal bio-diversity under the threat of conversion. The Senate amendment prohibits the produc-

tion of any agricultural commodity (other than hay) and any other activity that would disturb the surface of the land covered by the agreement. The Secretary together with the State technical committee shall establish criteria for ranking applications, but shall emphasize support for grazing operations, biodiversity and lands under greatest threat of conversion.

The Conference substitute adopts the House provision with modification. (Section 2401)

The Managers intend that the Secretary shall permit common grazing practices. In permitting such activities, the Managers intend that the Secretary will allow for maintenance and necessary cultural practices common to grazing systems utilized throughout the various regions of the country. These management practices may include such things as: controlled burning, aeration, over-seeding, reseeding, planting of new native species or any other practice as determined by the Secretary to be necessary for grazing management. Beyond maintenance, the Managers intend that the Secretary will permit haying, mowing, or harvesting for seed production, subject to appropriate restrictions for completion of the nesting season for birds in the local area which are in significant decline or are conserved pursuant to state or federal law, as determined by the NRCS state conservationist.

(d) Payments

The House amendment directs that contract payments shall be made annually in an amount that is not more than 75 percent of the grazing value of the land. Easement payments may be made as a single payment or a series of annual payments. In the case of a permanent easement, the payment shall be equal to the fair market value of the land less the grazing value of the land encumbered by the easement. With respect to a thirty-year easement, the payment shall be equal to 30 percent of the fair market value of the land less the grazing value of the land for the period that the land is encumbered by the easement. In addition to incentive payments, the Secretary is authorized to provide cost-share assistance for restoration projects. In the case of virgin grassland, these payments may not exceed 90 percent of the restoration costs. With respect to restored grasslands, these payments may not exceed 75 percent of such costs. (Section 255)

The Senate amendment establishes payments for permanent easements that shall equal the fair market value of the land less the grazing value and for 30-year easements, 30% of the fair market value of the land less the grazing value. 30-year rental agreements shall be equal, to the maximum extent possible, to the payment for 30-year easements. The Secretary shall provide up to 75% of cost-share for restoration of grassland. The Secretary may permit an eligible private organization or state agency to hold and enforce an easement. (Section 219)

The Conference substitute adopts the House provision with modification to use the Senate formula for thirty-year agreements as well as thirty-year and permanent easements. (Section 2401)

(6) Farmland Stewardship Program

The House bill establishes a new program to use federal conservation programs in conjunction and cooperation with state and local conservation efforts, and enables the Secretary to implement or combine together the features of the WRP, WHIP, FPP, the new Forest Land Enhancement Program (FLEP) or other conservation programs where feasible. (Section 256)

The Senate amendment has no comparable provision.

The Conference substitute deletes the House provision. (Section 2502)

(7) Small Watershed Rehabilitation Program

The House bill authorizes appropriations to fund the program at $15 million annually for fiscal year 2002 and each succeeding fiscal year. (Section 257)

The Senate amendment has no comparable provision.

The Conference substitute adopts the House provision, providing $275 million over the length of this legislation and reauthorizes the program. (Section 2505)

(8) Provision of Assistance For Repaupo Creek Tide Gate and Dike Restoration Project, New Jersey

The House bill directs the Secretary, acting through NRCS, to provide assistance for planning and implementation of the Repaupo Creek Tide Gate and Dike Restoration Project. (Section 258)

The Senate amendment has no comparable provision.

The Conference substitute deletes the House provision. (Section 2501)

(9) Conservation Corridor Demonstration Program

The Conference substitute adopts a new provision not contained in either bill that requires the Secretary of Agriculture to establish a conservation corridor demonstration program on the Delmarva Peninsula in the states of Delaware, Maryland and Virginia located on the east side of the Chesapeake Bay. A state, local government or combination of states must submit a plan and commit resources in order to participate in the program that is designed to demonstrate local conservation and economic cooperation using existing agriculture and forestry conservation programs of the Department of Agriculture.

The Managers intend that this new program may use only conservation program funds for which they are authorized and annually appropriated by the Congress.

SUBTITLE G—MISCELLANEOUS

(1) Grassroots Source Water Protection Program

The Senate amendment authorizes $5 million annually from fiscal years 2002 to 2006 for a national grassroots water protection program to more effectively use technical capabilities of each state rural water association that operates a well-head or groundwater protection program. (Section 217 (Section 1240Q))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision.

(2) Underserved States

The Conference substitute adopts a provision adding $10 million per year for USDA's Agriculture Management Assistance Program for fiscal years 2003 through 2007. The program assists states found by USDA to be under-served in the Agricultural Risk Protection Act of 2000.

(3) Organic Agriculture Research Trust Fund

The Senate amendment establishes an Organic Agriculture Research Trust Fund.

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with funding of $3 million a year through the life of the bill. (Section 231)

(4) Establishment of National Organic Research Endowment Institute

The Senate amendment states that the Secretary shall establish a National Organic Research Endowment Institute.

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(5) Allocation of Conservation Funds by State

The Senate amendment states that the Secretary shall, to the maximum extent possible, provide each state with a minimum of $12 million annually from conservation programs. Each state shall be provided $5 million from EQIP and a minimum of $7 million from other conservation programs administered by the Secretary. Any funds not obligated under this provision by April 1 of the fiscal year shall be available to carry out activities under Subtitle D. (Section 241)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with modification. Before April 1 of each fiscal year, priority for funding for conservation programs, excluding CRP, CSP and WRP, shall be given to approved applications in any state that has not received cumulative conservation funding for the fiscal year of at least $12 million. The Managers understand that only participants who qualify under the individual program from which funds will be provided shall be eligible to receive this priority under this program.

(6) Watershed Risk Reduction

The Senate amendment states that the Secretary, acting through NRCS, shall cooperate with landowners and land users to conduct projects (including the purchase of flood plain easements) to safeguard lives and property from floods, drought, and the products of erosion on any watershed. Priority shall be given to any project or activity that is carried out on a flood plain adjacent to a major river and there is authorized to be appropriate $15 million for each of fiscal years 2002 through 2006. (Section 217 (Section 1240N))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(7) Great Lakes Basin Program For Soil Erosion and Sediment Control

The Senate amendment authorizes the Secretary of Agriculture, in consultation with the Great Lakes Commission, and in cooperation with the Administrator of the Environmental Protection Agency and the Secretary of the Army to carry out a program in the Great Lakes basin for soil erosion and sediment control. There is an authorization of appropriations of $5 million for each of the fiscal years 2002 through 2006. (Sec. 12400)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate amendment.

(8) Cranberry Acreage Reserve Program

The Senate amendment states that the Secretary shall establish a program to purchase permanent easements on wetlands or buffer strips adjacent to a wetland that is environmentally sensitive and has or is used for cultivation of cranberries. The purchase price should reflect the range of values for agricultural and non-agricultural lands. The section authorizes appropriations of $10 million. (Section 261)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision and moves the item to the Miscellaneous Title of this legislation.

(9) Klamath Basin

The Senate amendment provides that the Secretary shall, in coordination with the Secretary of the Interior, establish the Klamath Basin Interagency Task Force composed of relevant federal agencies to use conservation programs to address the environmental and agricultural needs of the Klamath Basin. (Section 262)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision, however, funding is provided to assist producers in the Klamath Basin under the new section 1240I, Ground and Surface Water Conservation.

The Managers encourage the U.S. Department of Agriculture to make full use of specific funding of $50,000,000 for the Klamath Basin contained in the new water conservation program to help farmers and ranchers with cost-share assistance, incentive payments and technical assistance.

(10) State Technical Committees

The Senate amendment expands and updates membership of State Technical Committee to include NRCS (instead of the Soil Conservation Service) as chair, Farm Service Agency, land grant colleges and universities, and forestry experts. (Section 1261)

The House bill contains no comparable provision

The Conference substitute deletes the Senate provision.

The Managers strongly encourage updating the involvement of interested experts, including those with expertise in forestry and land grant colleges. Also, the Managers are concerned about reports that in some states, members of state technical committees are not fully included. The Managers strongly encourage the Sec-

retary to ensure that chairpersons of the committee strive to increase involvement.

SUBTITLE H—REPEALS

(1) Provisions of the Food Security Act of 1985

The House bill repeals various authorities including the wetlands mitigation-banking program (1222(k)), environmental easement program (chapter 3 of subtitle D), conservation farm option (chapter 5 of subtitle D) and tree planting initiative (1256). Repeals various provisions of the CRP and WRP. (Section 261)

The Senate amendment has no comparable provision.

The Conference substitute deletes the House provision.

(2) National Natural Resources Conservation Foundation Act

The House bill repeals subtitle F of Title III of the 1996 FAIR Act. (Section 262)

The Senate amendment permits the Secretary to authorize the Foundation to use, license or transfer symbols, slogans and logos of the Department. Requires that all revenues be transferred to NRCS account to carry out conservation operations. (Section 221)

The Conference substitute adopts the Senate provision with a modification to authorize the Foundation to license logos of the Foundation and explicitly prohibits the licensing of any symbol or logo of a government entity. (Section 2506)

TITLE III—TRADE

(1) Market Access Program

The House bill reauthorizes the Market Access Program through 2011 and increases funding to $200 million. (Section 301)

The Senate amendment reauthorizes MAP through 2006, and increases MAP funding to: $100 million in 2002, $120 million in 2003, $140 million in 2004, $180 million in 2005, and $200 million in 2006. It also establishes priority for new program participants and programs in emerging markets for amounts above $90 million and authorizes the new Quality Export Initiative to identify high quality U.S. agricultural products. This initiative will be subject to appropriations. (Section 322)

The Conference substitute adopts the Senate provision on reauthorization through 2007, at the following annual funding levels: $100 million in 2002, $110 million in 2003, $125 million in 2004, $140 million in 2005, and $200 million in 2006 and subsequent years. It establishes that proposals submitted by new program participants and programs in emerging markets shall receive consideration equal to that given to current program participants for new funds made available. It includes no provision dealing with the Quality Export Initiative program. (Section 3103)

(2) Food for Progress

The House bill includes the following: reauthorizes Food for Progress through 2011; increases the limits on Commodity Credit Corporation funding for administrative costs to $15 million; increases the limits on Commodity Credit Corporation funding for transportation costs related to distribution of commodities to $40

million; excludes from the limitations on tonnage in Section 1110(g) of Food for Progress those commodities furnished on a grant basis or on credit terms under title I of the Agricultural Trade Development Act of 1954; increases limits on amounts of commodities to 1,000,000 metric tons; encourages the President to approve agreements that provide commodities to be made available for distribution or sale on a multi-year basis; allows for the use of U.S. dollars and other currencies for the monetization of commodities by authorizing the President to use "proceeds"; adds a new provision that encourages the Secretary to finalize program agreements and requests before the beginning of the relevant fiscal year; and requires the Secretary to provide the House Committee on Agriculture, House Committee on International Relations and the Senate Committee on Agriculture, Nutrition and Forestry a list of approved programs, countries and commodities, and the total amounts of funds approved for transportation and administrative costs related to Food for Progress by November 1 of the relevant fiscal year. (Section 302)

The Senate amendment includes the following: rewrites Food for Progress as a new Title VIII of the 1978 Agricultural Trade Act called "Food for Progress and Education Programs," authorized through 2006; permits USDA to provide agricultural commodities to support introduction or expansion of free trade enterprises in recipient country economies; defines eligible commodities as "agricultural commodities (including vitamins and minerals) acquired by the Secretary or the Corporation for disposition in a program authorized under this title"; provides that not more than $55 million of the funds made available may be used to cover non-commodity costs, of which not more than $12 million may be used to cover administrative costs; establishes a 400,000 MT minimum tonnage per year for the program; allows multi-year PVO agreements and certified institutional partners status for PVO's; allows monetization in U.S. dollars; encourages timely and streamlined approval programs; directs the Secretary to make program announcements before the beginning of the fiscal year; requires eligible organizations with agreements under this title to submit reports to the Secretary containing such information as is required relating to the use of commodities and funds provided for said agreements; requires that assistance under this title shall be coordinated with other forms of foreign assistance under the mechanism designated by the President; requires the Secretary to ensure that each eligible organization is optimizing the use of donated commodities, as follows: (1) taking into account the needs of target populations in recipient countries; (2) working with recipient countries and institutions or groups within those countries to design mutually acceptable programs; (3) monitor and report on distribution and sale of eligible commodities using accurate and timely reporting methods; (4) periodically evaluate the eligible organization's program effectiveness; and (5) consider means of improving program operation.

Agricultural commodities shall be made available under this title without regard to political, geographic, ethnic, or religious identity of the recipient. The Secretary is barred from providing commodities under any agreement that requires or permits the distribution or handling of those commodities by any military forces,

except when non-military channels are not available and the Secretary deems that conditions require such distributions occur.

The Senate amendment also authorizes the appropriation of such sums as may be necessary to carry out the title, plus permits the use of P.L. 480 Title I funds; Provides that all commodities related expenses must be in addition to any other P.L. 480 assistance. (Section 325)

The Conference substitute adopts the House bill provisions in the following areas: (1) the program is reauthorized through 2007; (2) an exclusion from the limitation on tonnage for those commodities furnished on a grant basis or on credit terms under title I; (3) encouragement of the President to finalize agreements before the beginning of the relevant fiscal year, and provision by the President to the relevant Committees a list of approved programs, countries, and commodities by December 1 of the relevant fiscal year; (4) definition of eligible commodities, and (5) funding levels for the program, both for non-commodity costs and administrative expenses.

The Conference substitute adopts the following House provisions with modifications. The President was encouraged to approve agreements on a multi-year basis; the provision was expanded to include all eligible organizations rather than just PVO's and to encourage multi-country agreements as well, subject to the availability of commodities.

The Conference substitute adopts the Senate provisions on monetization of commodities in U.S. dollars, on minimum tonnage. In recognition of the Senate provision on certified institutional partners, the Conference substitute adopts language to streamline, improve and clarify the application, approval, and implementation processes pertaining to agreements under the Food for Progress program. It also requires the Department to undertake consultation with the relevant Congressional Committees within one year of enactment of the Act on the Department's progress in achieving streamlining. Unlike the certified institutional partners provisions, the streamlining provisions will apply equally to all eligible organizations, whether or not they have previously participated in the program.

The Conference substitute amends the existing Food for Progress Act of 1985, rather than establishes a new Title VIII of the Agricultural Trade Act of 1978. Out of the Senate amendment, it incorporates a definition section in the statute, establishes quality assurance requirements, and requires the President to ensure that each eligible organization is optimizing the use of donated commodities, as follows: (1) taking into account the needs of target populations in recipient countries; (2) working with recipient countries and institutions or groups within those countries to design mutually acceptable programs; (3) monitor and report on distribution and sale of eligible commodities using accurate and timely reporting methods; and (4) periodically evaluate the eligible organization's program effectiveness. It also establishes the purposes of the program. (Section 3106)

The Managers are aware of the Food Aid Review conducted by the Administration, which is a continuing process of review of all foreign food aid programs. The Administration plans to make sev-

eral changes beginning in FY 2003, which include USDA administering all government-to-government programs as a result of funding Food for Progress programs through Title I and USAID administering most private voluntary programs through Title II.

Under the current Food for Progress statute, eligible organizations include private voluntary organizations, cooperatives, other non-governmental and intergovernmental organizations, as well as foreign governments. In providing additional resources and establishing a minimum tonnage requirement for the Food for Progress program under this section, the Managers wish to see the program accessible to all eligible organizations submitting proposals. The Administration's ongoing food aid review should take this into consideration. In many circumstances, the institutional experience of private voluntary organizations and other organizations may be crucial in determining the success or failure of projects in emerging markets under the Food for Progress program.

(3) Surplus Commodities for Developing or Friendly Countries

The House bill authorizes the use of U.S. dollars and other currencies for the monetization of commodities and requires the Secretary to publish in the Federal Register by October 31 of each fiscal year an estimate of the total commodities available under this section for that fiscal year and encourages the Secretary to finalize agreements by Dec. 31. (Section 303)

The Senate amendment authorizes the use of U.S. dollars and other currencies for the monetization of commodities, strikes subparagraph 416(b)(8)(A), allows direct delivery of commodities to milling or processing facilities in recipient countries, with proceeds of transactions going to eligible organizations to carry out the approved project, permits PVO's to apply to become certified institutional partners, and provides that PVO's may submit multi-country proposals. (Section 334)

The Conference substitute adopts the House provision with respect to monetization and requiring the Secretary to report by October 31 the commodities available under this section for that fiscal year. The Conference substitute adopts the Senate provision with respect to encouraging submission of multi-country proposals, expanded to include all eligible organizations rather than just PVO's, and to encourage multi-year agreements as well, subject to the availability of commodities. The conference substitute omits the Senate provision on direct delivery of commodities.

The Conference substitute also adopts the Senate provision on certified institutional partners, with the following changes: within 270 days, the Secretary shall review and, as necessary, make changes in regulations and internal procedures designed to streamline, improve, and clarify the application, approval, and implementation processes pertaining to agreements under Section 416(b). It also requires the Secretary to undertake consultation with the relevant Congressional Committees within one year of enactment of the Act on the Secretary's progress in achieving streamlining. These new procedures will apply equally to all eligible organizations, whether or not they have previously participated in the program. (Section 3201)

The Managers believe that the use of donated American agricultural commodities to support rural electrification overseas is a highly appropriate use of surplus commodity monetization, particularly where the USDA's own rural electrification expertise can be added to the on-going efforts of American electric cooperatives to "export" the successful rural electrification model that was established with the Rural Electrification Administration. The Conferees encourage the Secretary of Agriculture to direct a more aggressive rural electrification development effort as part of USDA's monetization programs under section 416(b) of the Agricultural Act of 1949, including collaboration with other international development agencies in leveraging funds to build on the successful experience of American electric co-op projects in less developed countries.

(4) Export Enhancement Program

The House bill extends the Export Enhancement Act through 2011 at the current funding level. (Section 304)

The Senate amendment extends the Export Enhancement Act through 2006 at the current funding level and expands definition of unfair trade practices to include (1) pricing practices by an exporting state trading enterprise that "are not consistent with sound commercial practices conducted in the ordinary course of trade," or (2) changing U.S. "export terms of trade through a deliberate change in the dollar exchange rate of a competing exporter." (Section 323)

The Conference substitute adopts the House provision with respect to reauthorization of the program through 2007. The Conference substitute adopts the Senate provision on unfair trade practices, with the following changes: amends paragraph (2) to clarify the type of state trading enterprise covered by this definition, drops the exchange rate reference, and inserts the following list of activities: subsidies that decrease market opportunities for United States exports or unfairly distort agricultural markets to the detriment of the United States; unjustified trade restrictions or commercial requirements, such as labeling, that affect new technologies, including biotechnology; unjustified sanitary or phytosanitary restrictions, including those not based on scientific principles in contravention of the Uruguay Round Agreements; other unjustified technical barriers to trade; rules that unfairly restrict imports of United States agricultural products in the administration of tariff rate quotas; and the failure of a country to adhere to the provision of already existing trade agreements with the United States or by the circumvention by that country of its obligations under those agreements. (Section 3104)

(5) Foreign Market Development Cooperator Program

The House bill includes the following: reauthorizes the Foreign Market Development Cooperator Program through 2011; authorizes such sums as may be necessary to carry out this title, and in addition to any sums appropriated, authorizes $37 million from the Commodity Credit Corporation for each of fiscal years 2002 through 2011 to carry out the program; directs the Secretary to carry out the Foreign Market Development Cooperator Program with a significant emphasis on the importance of exporting value-

added agricultural products to emerging markets; specifies that the Secretary shall report to the House Committees on Agriculture and International Relations, and the Committees on Agriculture, Nutrition and Forestry and Foreign Relations of the Senate, on the funding and success of the Foreign Market Development Cooperator Program. (Section 305)

The Senate amendment contains the following: reauthorizes Foreign Market Development Cooperator Program through 2006; authorizes, from the Commodity Credit Corporation: $37.5 million for 2002, $40 million for 2003, and $42.5 million for 2004, 2005 and 2006; establishes priority for new program participants and programs in emerging markets for amounts above $35 million. (Section 324)

The Conference substitute adopts the Senate provision on reauthorizing the program through 2007, and establishes that proposals submitted by new program participants and programs in emerging markets shall receive consideration equal to that given to current program participants for additional funds made available. The substitute authorizes, from the Commodity Credit Corporation, $34.5 million for each fiscal year between 2002 and fiscal year 2007.

The Conference substitute adopts the House provision with respect to a significant emphasis on value-added products, with clarification that the emphasis required is a "continued significant emphasis", to recognize that USDA already places a significant emphasis on value-added, accounting for about one-third of the program. It also requires a report on funding and success of the Foreign Market Development Cooperator Program to the relevant Congressional Committees. (Section 3105)

(6) Export Credit Guarantee Program

The House bill reauthorizes the Export Credit Guarantee Program through 2011, and continues for fiscal years 2002 through 2011 the current requirement that not less than 35 percent of the export credit guarantees issued be used to promote the export of processed or high-value agricultural products. (Section 306)

The Senate amendment reauthorizes Export Credit Guarantee Program through 2006, continues for fiscal years 2002 through 2006 the current requirement that not less than 35 percent of the export credit guarantees issued be used to promote the export of processed or high-value agricultural products; extends terms of repayment for the supplier credit guarantee program from 180 days to 12 months, and requires Secretary to provide a report, one year after enactment of the law, on the status of multilateral export credit negotiations at the WTO and OECD. (Section 321)

The Conference substitute adopts the Senate provision and reauthorizes the program through 2007. It changes the subsection that requires the Secretary to provide a report on multilateral export credit negotiations to requiring the Secretary and the United States Trade Representative to regularly consult with the relevant House and Senate Committees on that issue. The substitute also changes the new terms of repayment for the supplier credit guarantee program from 12 months to 360 days, if an authorization of

appropriations to fund loan terms greater than current length of 180 days is provided. (Section 3102)

(7) Food for Peace Program and the International Food Relief Partnership Act

The House bill reauthorizes the Food for Peace Program and the International Food Relief Partnership Act through 2011, and adds conflict prevention as a program objective. (Section 307)

The Senate amendment reauthorizes the Food for Peace Program and the International Food Relief Partnership Act through 2006, and adds conflict prevention as a program objective. (Section 311)

The Conference substitute adopts the House provision, reauthorizing the program through 2007. Program approvals should be based on the potential benefits of the program on food security and the choice of the appropriate commodity for the intended use. (Section 3011)

(8) Non-emergency Assistance

The Senate amendment adds a new provision under "(b) Non-emergency Assistance" requiring the Administrator to foster program diversity by encouraging eligible organizations to propose and implement plans that address 1 or more aspects of Food for Peace and incorporate a variety of program objectives to assist development in foreign countries. (Section 302)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision, with an amendment clarifying that plans shall address program objectives specified in Section 201 of the Agricultural Trade, Development and Assistance Act of 1954. (Section 3002)

(9) Funding

The House bill provides that the funding for transportation, storage and handling of P.L. 480 commodities shall be not less than 5 percent and not more than 10 percent of the funds made available under title II in each fiscal year. (Section 307)

The Senate amendment provides that the funding for transportation, storage and handling of P.L. 480 commodities shall be not less than 5 percent and not more than 10 percent of the funds made available under title II in each fiscal year. (Section 302)

The Conference substitute adopts the Senate provision. (Section 3002)

(10) Private Voluntary Organization Authority (PVO)

The House bill grants PVO's authority to submit multi-country proposals. (Section 307)

The Senate amendment grants PVO's authority to submit multi-country proposals. Also requires US–AID or USDA, as applicable, to establish a process enabling PVO's and cooperatives that can demonstrate their capacity to carry out the programs, to qualify as "certified institutional partners," which would entitle them to use streamlined application procedures, including expedited review, to receive commodities. (Section 302)

The Conference substitute adopts the House provision with the following changes: the inclusion of all eligible organizations rather than just PVO's and to encourage multi-year agreements as well.

The Conference substitute also adopts the Senate provision with the following changes: within one year after enactment of this Act, requires the Administrator to establish streamlined guidelines and application procedures for programs under Title II, to be effective for fiscal year 2004, to the maximum extent practicable, for resource allocation for existing projects and for new project proposals. It also requires US–AID to undertake stakeholder consultation using statutory procedures, as well as consultation with the relevant Congressional Committees, within six months of enactment, on the Agency's progress in achieving streamlining. A report is to be submitted within 270 days on progress achieved in modernizing US–AID's information management, procurement, and financial management systems to accommodate Title II needs. (Section 3002)

(11) Use of U.S. Dollars

The House bill allows PVO's to use U.S. dollars when monetizing commodities in foreign countries. (Section 307)

The Senate amendment allows the use of U.S. dollars when monetization is done in foreign countries. (Section 303)

The Conference substitute adopts the Senate provision on permitting eligible organizations to monetize commodities in U.S. dollars in foreign countries. (Section 3003)

(12) Minimum Level of Commodities

The House bill increases the minimum level of commodities available to 2,250,000 metric tons. (Section 307)

The Senate amendment increases the minimum level of commodities available from 2,025,000 MT to: 2,100,000 metric tons for 2002; 2,200,000 metric tons for 2003; 2,300,000 metric tons for 2004; 2,400,000 metric tons for 2005; and 2,500,000 metric tons for 2006. It also adds crude degummed soybean oil to list of value-added commodities under Title II. (Section 304)

The Conference substitute adopts the House provision, with a change to 2,500,000 metric tons per year as the minimum level of commodities beginning in fiscal year 2002.

The Conference substitute adopts a new provision, changing the sub-minimum requirement for non-emergency programs to 1,875,000 tons annually (Section 3004)

The Managers ask the Administrator to examine the commodities currently shipped under Title II non-emergency programs, and determine which ones qualify as value-added products to satisfy the sub-minimum requirement under Section 204(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1724).

(13) Food Aid Consultative Group

The House bill reauthorizes the food aid consultative group through 2011. (Section 307)

The Senate amendment reauthorizes the food aid consultative group through 2006. (Section 305)

The Conference substitute adopts the House provision, reauthorizing the consultative group through 2007. (Section 3005)

(14) Title II Spending

The House bill eliminates the $1 billion cap on spending for Title II. (Section 307)

The Senate amendment raises the cap on Title II spending from $1 billion to $2 billion annually. (Section 306)

The Conference substitute adopts the House provision. (Section 3006)

(15) Duties of the Administrator of US–AID

The House bill requires that the Administrator of US-AID make decisions on program proposals, received from PVO's, not later than 120 days after receipt. (Section 307)

The Senate amendment requires that the Administrator of US–AID make decisions on program proposals, received from PVO's, not later than 120 days after receipt, requires the Administrator to treat proposed policy determinations the same as guidelines, and allows direct delivery of commodities to milling or processing facilities in recipient countries, with proceeds of transactions going to eligible organizations to carry out the approved project. (Section 307)

The Conference substitute adopts the Senate provision, with the technical change that the 120 day period begins after submission of the proposal to the Administrator rather than receipt of the proposal by the Administrator, and that to the maximum extent practicable, the Administrator is encouraged to make decisions on program proposals within that period. The annual policy guidance letter issued by the Administrator shall be subject to notice and comment requirements. The conference substitute omits the Senate provision on direct delivery of commodities. (Section 3007)

The Managers note that at present, milling or processing facilities located in or near countries receiving food aid are occasionally unable to process commodities or arrange for the monetization of commodities because the non-governmental organizations coordinating or arranging the food aid delivery do not interact on a timely basis with the milling or processing facilities. This often leads to delay and inefficiencies in the food aid program.

The streamlining of procedures and regulatory requirements, and acceleration of the approval and review of projects involving food aid programs administered by USDA and US–AID are a priority in this legislation. It is equally important that participating non-governmental organizations also expedite the delivery of their projects by consulting with milling or processing facilities prior to filing project applications with USDA or US–AID. It is necessary for USDA, US–AID, and participating non-governmental organizations to act in concert to streamline and expedite procedures and activities to achieve a more effective and timely food aid delivery process.

(16) Funding for Stockpiling and Rapid Transportation, Delivery, and Distribution of Shelf-Stable Prepackaged Foods

The House bill reauthorizes at current funding level through 2011. (Section 307)

The Senate amendment reauthorizes at current funding level through 2006. (Section 308)

The Conference substitute adopts the House provision, reauthorizing the funding through 2007. (Section 3008)

(17) Sale Procedure

The House bill adds a new subsection, (l), to section 403 that provides that (b) and (h) shall apply to titles II and III of Food for Peace, section 416(b) of the Agricultural Act of 1949, and section 1110 of the Food and Security Act of 1985. It also allows for monetization in the sales to generate proceeds under these designated sections and titles. (Section 307)

The Senate amendment adds a new subsection, (l), to section 403 that provides that (b) shall apply to section 416(b) of the Agricultural Act of 1949, and title VIII of the Agricultural Trade Act of 1978. It also allows for monetization in the sales to generate proceeds under these programs, and defines reasonable market price for purposes of monetization of commodities. (Section 310)

The Conference substitute adopts the House provision with respect to sale procedure and adopts the Senate provision with respect to reasonable market price. (Section 3009)

The reasonable market price provision requires that commodities be sold at a reasonable market price in the economy where the commodity is to be sold. This would generally be the locally prevailing price for the same or a similar commodity.

The Managers understand that, as with commercial sales, the actual sales price will be affected by product quality and delivery and payment terms. There are two primary purposes for this provision. The first is to ensure that commodities are sold at the prevailing local market price, rather than imposing an arbitrary formula approach.

The Managers believe that a relatively inflexible formula approach is undesirable because in situations in which local prices are above the formula value, the formula does not maximize proceeds from sales of commodities. Conversely, in cases in which the formula produces a price significantly above locally prevailing prices, no sales are likely to result, to the possible detriment of program operations in recipient countries.

The second reason for this provision is to bring consistency to the approaches currently used by US–AID and USDA. The Managers understand that although the two agencies generally operate in different countries at different times, some monetization programs may overlap. The Managers expect that, should this occur, the two agencies will consult to ensure that, to the extent possible, a uniform sales price is established. More generally, the Managers expect the two agencies to adopt methodologies for determining a reasonable market price that will tend to produce similar results in determining sales prices.

Finally, the Managers note that this provision is intended to be consistent with the goal of maximizing proceeds from commodity

sales. In deciding whether to approve a proposed sale of commodities at the local market price, the Managers expect that both agencies will take into account the prevailing U.S. and world market prices of a commodity, including U.S. acquisition costs, transportation costs, and any localized factors that might result in significant differences between prevailing local market prices and those prices that would be expected to prevail in a pure free market. In cases in which high-quality U.S. agricultural products are purchased for the program, it should be noted that the market in the recipient country may not be sufficiently sensitive to fully reflect quality premiums.

(18) Lamb Program

The Senate amendment permits the Secretary to establish a program to provide live lamb on an emergency food relief basis to Afghanistan. (Section 309)

The House bill contains no comparable provision.

The Conference substitute incorporates the Senate provision into another section of this title dealing with a report on use of perishable commodities in food aid programs. (Sec. 3207)

(19) Reauthorize Limits on Funding for Prepositioning

The House bill reauthorizes limits on funding for prepositioning through 2011. (Section 307)

The Senate amendment reauthorizes limits on funding for prepositioning through 2006. (Section 311)

The Conference substitute adopts the Senate provision, reauthorizing the funding through 2007. (Section 3010)

(20) Authority for Paying Transportation Costs Under Title II Non-Emergency Program

The House bill adds a provision providing the authority for the US–AID Administrator to pay for transportation costs for non-emergency assistance under Title II, and only to least developed countries. (Section 307)

The Senate bill contains no comparable provision.

The Conference substitute adopts the House provision. (Section 3012)

(21) Expiration Date

The House bill extends the expiration date to December 31, 2011. (Section 307)

The Senate amendment extends the expiration date to December 31, 2006. (Section 312)

The Conference substitute adopts the House provision, reauthorizing the program through fiscal year 2007. (Section 3011)

(22) Reauthorize Farmer-to-Farmer Program

The House bill reauthorizes the Farmer-to-Farmer Program through 2011 at the current funding level of 0.4 percent of the funds made available under titles I and II of P.L. 480 (Section 307)

The Senate amendment reauthorizes the Farmer-to-Farmer Program through 2006 and increases the share of P.L.–480 title I

and title II funding which can be diverted for support of the program from 0.4 to 0.5 percent. (Section 314)

The Conference substitute adopts the House provision, reauthorizing the program through 2007 and the Senate provision that increases funding for the program. (Section 3014)

(23) Micronutrient Fortification Pilot Program

The Senate amendment re-authorizes the micronutrient fortification pilot program. (Section 313)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with technical corrections, also adding folic acid as a fortifying element that can be used under the program. The US–AID sponsored "Micronutrient Assessment Project" study (report issued in 1999), found significant quality problems in fortified food aid commodities, including low micronutrient levels and the loss of highly labile vitamins. A US–AID-sponsored "Micronutrient Compliance Review of Fortified P.L. 480 Commodities" (report issued in 2001) found that while progress has been made, additional follow-up is needed to assure adequate micronutrient levels in the fortified commodities and to standardize procedures used to test and monitor for compliance. Additional concerns, such as lack of shelf-life information, bioavailibility and package durability have also been reported. The organization that conducted the 1999 and 2001 assessments uses an effective approach of engaging technical experts from food industries to improve the quality and nutritional content of food products for developing countries. This provision calls on the Administrator, in consultation with the Secretary, to use the same mechanism to follow-up on the 2001 compliance review recommendations to improve and assure the quality of fortified food aid commodities. (Section 3013)

(24) Emerging Markets

The House bill reauthorizes the Emerging Markets program through 2011, and increases the amount of assistance the Secretary shall provide for the Agricultural Fellowship Program from $10 million to $13 million. (Section 308)

The Senate amendment reauthorizes the Emerging Markets program at current levels through 2006, but does not increase the amount of assistance. (Section 332)

The Conference substitute adopts the Senate provision reauthorizing the program through 2007. (Section 3203)

(25) Bill Emerson Humanitarian Trust

The House bill extends the Bill Emerson Humanitarian Trust Act through 2011. (Section 309)

The Senate amendment extends the Bill Emerson Humanitarian Trust Act through 2006. (Section 331)

The Conference substitute adopts the Senate provision, reauthorizing the program through 2007. (Section 3202)

(26) Technical Assistance for Specialty Crops

The House bill establishes an export assistance program to address barriers to the export of United States specialty crops; pro-

vides direct assistance through public and private sector projects; and technical assistance to remove, resolve, and/or mitigate sanitary or phytosanitary and related barriers to trade. It also gives priority to time sensitive and market access projects based on the trade effect and trade impact and authorizes $3 million annually from the Commodity Credit Corporation. (Section 310)

The Senate amendment directs USDA to assist U.S. exporters harmed by "unwarranted and arbitrary" barriers to trade due to marketing of biotechnology products, food safety, disease, or other SPS concerns and authorizes appropriations of $1 million annually through 2006. (Section 333)

The Conference substitute adopts the House provision, with funding provided at $2 million per year from the Commodity Credit Corporation. (Section 3205)

(27) Farmers From Africa and Caribbean Basin Program

The House bill authorizes $10 million for the President to establish and administer bilateral exchange programs whereby U.S. farmers and farming specialists provide technical advice and assistance to eligible farmers in Africa and the Caribbean Basin countries. (Section 311)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision, to be incorporated into the existing Farmer-to-Farmer program, authorizing appropriations, while allowing the Administrator to use up to five percent of those appropriated funds to cover administrative expenses in operating the program. (Section 3014)

(28) George McGovern-Robert Dole International Food for Education and Child Nutrition Program

The House bill authorizes the President to direct the provision of U.S. agricultural commodities and financial and technical assistance for foreign preschool and school feeding programs to reduce hunger and improve literacy (particularly among girls) and nutrition programs for pregnant and nursing women and young children. It also authorizes the appropriation of such sums as may be necessary each year through FY2011. The President has the authority to designate the administering federal agency. For this program, eligible recipients are PVO's, cooperatives, governments and their agencies, and other organizations. Funds may be used to pay commodity transportation and storage costs, in-country activities that enhance the programs, and certain providers' administrative expenses. The House bill specifies a list of priorities for program funding and provides guidelines for application process, encourages multilateral involvement and private sector involvement, and requires assurances that local production and marketing in recipient countries are not disrupted. Annual reports to Congress are required. (Section 312)

The Senate amendment requires the establishment of an International Food for Education and Nutrition Program, as a separately funded program within the new Food for Progress title, whereby USDA may provide commodities and technical and nutrition assistance for programs that improve food security and enhance educational opportunities for preschool and primary school

children in the recipient countries. USDA is authorized to use not more than $150 million per year for four years to carry out this program. Eligible organizations are PVO's, cooperatives, non-governmental organizations, or foreign countries, as determined by USDA. Permitted uses of funds, and various other requirements not specified here are the same as those that apply to Food for Progress activities generally. The Senate amendment includes a "graduation requirement" to provide for continuation of the program when funding terminates. It also encourages other donor and private sector involvement and requires an annual report to Congress. (Section 325(c))

The Conference substitute adopts the House bill provisions, with the following modifications: (1) accepts Senate provisions on graduation; (2) accept Senate language on availability of funds for internal shipping, transportation, and handling costs, and (3) provides $100 million in mandatory funding for fiscal year 2003 to continue existing pilot projects. The program is to be named the McGovern-Dole International Food for Education and Child Nutrition program. (Section 3107)

The Managers expect that mandatory funds provided for fiscal year 2003 will be utilized to continue the operation of projects approved under the pilot program.

(29) Study on Fee for Services

The House bill instructs the Secretary to report to Congress on the feasibility of instituting a program charging fees to cover the costs of services performed abroad on matters within the authority of the Department of Agriculture administered by the Foreign Agriculture Service. (Section 313)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with the clarification that the report would address the feasibility of a program that charged fees would be assessed only for services performed beyond those already provided by the Foreign Agricultural Service as part of an overall market development strategy for a particular country or region. (Section 3208)

(30) National Export Strategy Report

The House bill directs the Secretary to prepare a long-range comprehensive agricultural trade strategy and to report to the House Committees on Agriculture and International Relations, and the Senate Committee on Agriculture, Nutrition and Forestry, on the activities the Department of Agriculture has undertaken to implement the National Export Strategy Report. (Section 314)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision, changing the report to consultations with relevant Congressional Committees which will occur within six months of enactment, and every two years subsequently. (Section 3206)

(31) Exporter Assistance Initiative

The Senate amendment authorizes development of a federal website to assist aspiring exporters to learn all they need to know about getting started. An authorization of appropriations is pro-

vided at the following levels: $1 million for each of 2003 and 2004 and $500,000 for 2005 and 2006. (Section 326)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision, amended to instruct the Secretary to maintain a website to assist exporters or potential exporters of U.S. agricultural products. No appropriations are authorized. (Section 3101)

The Managers observe that knowledge about legal and regulatory requirements that apply to the export of an agricultural product is basic to any transaction. This applies to the country in which the exporter is located and the importing foreign country. Many countries already provide at least this much assistance to private exporters. In the United States, a small exporter that cannot afford to hire a trade consultant has been forced to navigate among numerous Federal laws and regulations that impact an export transaction. Today, the Internet provides a propitious vehicle for making such information accessible. The Foreign Agricultural Service at USDA has developed a website that provides information about USDA programs that may affect the exporter, recommendations on how to develop a marketing plan, and tariff and sanitary/phyto-sanitary requirements of several countries. However the website does not alert the small exporter to U.S. laws such as, for example, the Corrupt Practices Act that may impact the export. Linkage to the website of the Treasury Department for detailed information about the Corrupt Practices Act is also necessary. A new Government website, 'FirstGov', provides access to the Department of the Treasury's website, but the FAS website does not provide a link to FirstGov.

Other U.S. agencies such as the Treasury Department's Office of Foreign Assets Control and the Commerce Department's Bureau of Export Administration enforce laws and regulations which bear on international business transactions involving agricultural products. Access to the websites of these agencies is also necessary to ensure that a potential or current exporter has access to a maximum amount of information relevant to the international commercial transaction. A small exporter needs more than just information about U.S. laws and regulations. Information about tariff and non-tariff regulations of importing countries is needed. Information about private companies in this country and abroad that may impact a marketing plan and decision to proceed with the export transaction is also necessary. A new website established by USDA, the Export Directory of U.S. Food Distribution Companies, provides a good start. The Secretary of Agriculture is directed to improve and maintain the FAS website consistent with the requirements of this provision and to coordinate the content of this website with the agency responsible for the FirstGov website. The Secretary is further directed to improve the FAS website so that an exporter may connect to links with oversees governmental, private sector, and non-profit sector websites that provide information on market opportunities, marketing requirements and restrictions, product preferences, foreign legal considerations, and other information that may assist the exporter with marketing an agricultural product in a foreign market.

(32) Biotechnology and Agriculture Trade Program

The Senate amendment requires USDA to establish a program to assist exporters facing problems with biotech-based agricultural products. The Senate amendment requires $15 million of CCC funding per year through 2006. (Section 333)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision establishing a stand-alone program, providing an authorization of appropriations. The provision is also revised to reflect a narrower purpose than the original Senate provision, focusing on technical assistance in addressing barriers to trade. (Section 3204)

(33) Agricultural Trade with Cuba

The Senate amendment strikes restrictions on private financing of sales of food and medicine to Cuba that were established in the FY 2001 Agricultural Appropriations bill. (Section 335)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(34) Sense of Congress Regarding Agricultural Trade

The Senate amendment establishes Congressional priorities and concerns for bilateral and multilateral agricultural trade negations. (Section 336)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision, changing it to reflect the Sense of the Senate rather than the Congress. Similar priorities are also reflected in the Trade Promotion Authority bill (H.R. 3005) passed by the House in 2001. (Section 3210)

(35) Report on Use of Perishable Commodities in Food Aid

The Senate amendment requires the Secretary to report on transportation, storage, and funding deficiencies that limit the use of perishable and semi-perishable commodities in USDA international food aid programs. (Section 337)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision, with technical changes and adds a requirement to examine the cost of shipping live lambs and other animals for use in U.S. food aid programs. (Section 3207)

(36) Sense of Senate Regarding Foreign Assistance Programs

The Senate amendment notes past success of U.S. foreign assistance in helping democratize developing nations and create U.S. commercial customers, and urges increased role of such programs in countries with impoverished and disadvantaged populations that are the breeding grounds for terrorism. (Section 338)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision, changing it to reflect the Sense of the Congress rather than the Senate. (Section 3209)

TITLE IV—NUTRITION

(1) Short Title

The Senate Amendment names Title IV the Food Stamp Reauthorization Act of 2001. (Section 401)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4001)

SUBTITLE A—FOOD STAMP PROGRAM

(2) Simplified Definition of Income

The House bill adds new types of income exclusions: at state option, education assistance that is required to be excluded under its Medicaid rules; "state complementary assistance program payments" that are excluded under Medicaid rules; and at state option, any income the state does not consider when determining eligibility for cash assistance under its Temporary Assistance for Needy Families (TANF) program or eligibility for medical assistance under its Medicaid program. Under the third exclusion authority, states are specifically not permitted to exclude earned income, various Social Security Act payments (e.g., Supplemental Security Income (SSI), Social Security disability and retirement benefits, and foster care and adoption assistance payments), or other types of income the Secretary judges essential to equitable eligibility determinations. (Section 401)

The Senate amendment adds new income exclusions: education assistance, "state complementary assistance program payments," same as the House bill with technical differences and at state option; any types of income the state does not consider when determining eligibility for or the amount of cash assistance under its TANF program or eligibility for medical assistance under its Medicaid program. Under the third exclusion authority, states are specifically not permitted to exclude wages or salaries, various Social Security Act payments, regular payments from a government source (such as unemployment benefits and general assistance), workers' compensation, child support payments (for the recipient), or other types of income the Secretary judges essential to equitable eligibility determinations. It is the intent of this provision to align, to the extent possible, with Medicaid and TANF rules and that the Secretary will only add additional types of income that are judged to be absolutely essential to make equitable determinations of eligibility in the food stamp program. (Section 412)

The Conference substitute adopts the Senate provision. (Section 4102)

The Managers intend that this provision will allow states to eliminate consideration of any types of income they do not consider when judging eligibility for temporary assistance to needy families (TANF) cash assistance or those required to be covered by Medicaid. It does not include items that are included in the definition of income but part of which are disregarded for the purposes of TANF and Medicaid by state agencies.

(3) Standard Deduction

The House bill establishes multiple standard deductions equal to 9.7 percent of the federal poverty income guideline amounts used for food stamp income eligibility determinations in FY2002. The new standard deductions would remain fixed over time. It also requires that the new standard deductions not be less than the current amount for each jurisdiction or greater than 9.7 percent of the FY2002 poverty guideline amounts for a 6-person household. In the case of the Virgin Islands, the new standard deductions would be similar to those for the 48 states and the District of Columbia. In the case of Guam, a special rule would maintain standard deduction levels at about twice the levels for the 48 states and the District of Columbia. (Section 402)

The Senate amendment establishes multiple standard deductions equal to an increasing percentage of the inflation-indexed federal poverty income guideline amounts used for food stamp income eligibility determinations: for FY2002–FY2004, the new standard deductions would equal 8 percent of each year's poverty guideline amounts; for FY2005–FY2007, the new standard deductions would equal 8.5 percent of each year's poverty guideline amounts; for FY2008–FY2010, the new standard deductions would equal 9 percent of each year's poverty guideline amounts; and for FY2011 and each following year, the new standard deductions would equal 10 percent of each year's poverty guideline amounts. The Senate amendment also requires that the new standard deductions not be less than the current amount for each jurisdiction or greater than the applicable percentage (noted above) of the poverty guideline amounts for a 6-person household. In the case of the Virgin Islands, the new standard deductions would be similar to those for the 48 states and the District of Columbia. In the case of Guam, a special rule would maintain standard deduction levels at about twice the levels for the 48 states and the District of Columbia. (Section 171(c)(2), replacing Section 413)

The Conference substitute adopts the House provision with an amendment that sets the standard deduction equal to 8.31 percent of the inflation-indexed federal poverty income guideline used for food stamp income eligibility determinations and includes comparable provisions for the Virgin Islands and Guam. (Section 4103)

(4) Transitional Food Stamps for Families Moving From Welfare

The House bill provides, at state option, for 6 months of transitional food stamp benefits for families no longer eligible to receive Temporary Assistance for Needy Families (TANF). Households could receive transitional benefits for up to 6 months after termination of cash assistance, regardless of whether their certification period expires during the transitional period. The transitional benefit amount would be equal to the monthly allotment households received in the month immediately prior to termination. Households receiving transitional benefits could apply for food stamps under regular rules at any time during the transitional period. In the final month of the transitional period, states could require a household to cooperate in a re-determination of eligibility in order to receive continued benefits.

Transitional benefits would not be allowed for (1) households sanctioned under food stamp rules for intentional program violations, failure to cooperate, failure to meet work requirements, transferring assets to gain eligibility, failure to perform an action required under a federal, state, or local means-tested public assistance program, multiple receipt of food stamp benefits, or failure to fulfill child-support-related requirements and (2) households sanctioned for failure to perform an action required by federal, state, or local law relating to TANF cash assistance. (Section 403)

The Senate amendment permits states to provide transitional food stamp benefits to households who cease to receive TANF cash assistance. Under this option, households could receive transitional benefits for up to 6 months after termination of cash assistance, without regard to normal eligibility reviews or termination of an eligibility review period. During the transitional period, food stamp benefits generally would be frozen, without required reports of changed circumstances. Transitional benefits would be equal to the monthly allotment received in the month immediately prior to termination adjusted for (1) the change in household income because of termination of cash assistance and (2) any changes in circumstances that could increase household benefits (if the household elects to report them). In the final month of the transitional period, states could require a household to cooperate in a re-determination of eligibility in order to receive continued benefits.

Transitional benefits would not be allowed for households (1) losing eligibility under food stamp rules for intentional program violations, failure to cooperate or meet work-requirements, post-secondary students, transferring assets to gain eligibility, failure to perform an action required by a means-tested assistance program, receipt of multiple benefits, fleeing felons, or failure to fulfill child-support-related requirements, (2) sanctioned for failure to perform an action required by a federal, state, or local TANF law, or (3) in any state-designated category. (Section 429)

The Conference substitute adopts the Senate provision with an amendment that allows households to receive transitional benefits for up to 5, instead of up to 6, months after termination of cash assistance, without regard to normal eligibility reviews or termination of an eligibility review period. In addition, transitional benefits are equal to the monthly allotment received in the month immediately prior to termination, adjusted for the change in household income because of termination of cash assistance but not adjusted for any other changes in circumstances that could increase household benefits and which the household may report. The Conference substitute retains the House bill language that enables households receiving transitional benefits to apply for food stamps under regular rules at any time during the transitional period. (Section 4115)

(5) Quality Control Systems

The House bill reforms the food stamp quality control program to require the Secretary to use a 95 percent statistical probability (lower bound) in calculating state error rates. States with a total payment error rate (lower bound) between 6 percent and the national performance measure (plus 1 percentage point) receive no

special treatment, but have to develop and implement corrective action plans to reduce errors. The bill provides that, in determining sanctions against states for high error rates, sanctions are delayed until the third consecutive year in which a state's error rate (lower bound) exceeds the national average error rate by more than 1 percentage point.

Sanctions are figured as follows: First, the state's potential total liability amount is calculated. This is the difference between its total payment error rate (point estimate) and the national performance measure plus one percentage point, multiplied by the dollar value of benefits issued in the state for the year. Then, the state's actual penalty/sanction is calculated. This assessment is "scaled" according to how far above 10 percent the state's total payment error rate (point estimate) is.

The House bill also requires the Secretary to measure states' performance with respect to (1) compliance with deadlines for prompt determinations of eligibility and issuance of benefits and (2) the percentage of negative eligibility decisions that are made correctly for each of fiscal years 2002 through 2007. It provides for "excellence bonus payments" of $1 million each to (1) the 5 states with the highest combined performance in the 2 measures noted above and (2) the 5 states whose combined performance in the 2 measures noted above is most improved for each of fiscal years 2002–2007. (Section 404)

The Senate amendment reforms the system that measures the degree to which states make erroneous eligibility and benefit decisions so that only states with serious, persistent problems would be sanctioned. For states with error rates below 6 percent, enhanced federal matching is reduced for 2001 and then discontinued in subsequent years. States with a total payment error rate between 6 percent and the national average plus 1 percentage point would receive no special treatment. All states are required to develop and implement corrective action plans to reduce payment errors. Each year, the Secretary is required to investigate the administration of the food stamp program in states with a total payment error rate above the national average plus one percentage point, unless sufficient information is already available to review the state's administration. A "good cause" exception is provided. If the investigation/review results in a determination that the state has been "seriously negligent" (under standards promulgated by the Secretary), the state has to pay a fine ("initial sanction") that reflects the extent of negligence (again, under standards promulgated by the Secretary) not to exceed 5 percent of the federal match for state administrative costs. States with a total payment error rate above the national average plus 1 percentage point are assessed fiscal penalties if they have been the subject of an investigation/review or sanctioned for high error rates in each of the 2 preceding years. This effectively sanctions states with a payment error rate above the national average plus 1 percentage point for 3 consecutive years, in the third year as in the House bill. Sanctions are figured in the same way as is done in the House bill.

Beginning with error rates calculated for FY2002, the Senate amendment establishes in law a requirement that the Secretary adjust states' total payment error rates to take into account any in-

creases in errors because a state serves high percentages of households with earnings or households containing non-citizens. The adjustments are similar to those carried out under current policy for states subject to penalties/sanctions; however, they are somewhat more liberal in the measurement standard they use to identify states with "high" proportions of error-prone households, likely qualifying more states for an adjustment. For error rates figured for FY2003 and later years, additional adjustments to states' total payment error rates are permitted, as the Secretary determines consistent with achieving the purposes of the Food Stamp Act. (Section 431)

The Senate amendment beginning with FY2002, requires the Secretary to measure states' performance with respect to the proportion of households with children having (a) income below 130 percent of the federal poverty income guidelines and (b) annual earnings of at least half the full-time minimum wage equivalent who receive food stamps. Beginning with FY2002, it also requires the Secretary to measure states' performance with respect to four additional measures established by the Secretary in consultation with the National Governors Association, the American Public Human Services Association, and the National Conference of State Legislatures. The additional four measures must be established not later than 180 days after enactment, and at least 1 measure must relate to the provision of timely and appropriate services to food stamp applicants and recipients.

In FY2003 and each following year, it requires the Secretary to make "high performance bonus payments" totaling $6 million for each of the 5 measures noted above. For each measure, payments (allocated by caseload size) are to be made to the 6 states with (1) the greatest improvement in performance, (2) the highest level of performance, or (3) a combination of greatest improvement and highest performance. Among the 6 states chosen for payments under each measure, payments are allocated according to caseload size.

The Senate amendment prohibits bonus payments to states subject to a quality control system sanction for that fiscal year and it provides that the Secretary's determinations relating to whether and in what amount bonus payments are made are not subject to judicial review. (Section 433)

The Conference substitute adopts the Senate provisions with amendments. In general, the new system eliminates features of current law under which approximately half the states must be assessed sanctions each year, reconfigures the formula for determining sanction amounts, delays any sanctions until a state has shown a persistently high error rate, explicitly recognizes a policy for new investment in improved administration by states with high error rates, places some limits on the Secretary's ability to excuse payment of sanctions, and replaces the current system for rewarding states with very low error rates with a requirement to pay bonuses to states that exhibit exemplary administrative performance. The major features of the Conference substitute are as follows.

Threshold for potential sanctions: The threshold for sanctions is set at 105 percent of the national average, rather than the national average as under current law.

Calculation of state error rates: A state is not considered to be above the threshold unless there is a 95 percent statistical certainty that the state's error rate is truly above the threshold.

Sanction notification and method of payment: When the Secretary determines that a state must pay a sanction, the state agency, the Governor, and the state legislature must be notified. The Chief Executive Officer of the state subject to a sanction must remit the amount of the sanction or the state's letter of credit will be reduced.

Corrective action plans: States with combined error rates of 6 percent or more are required to provide a corrective action plan to the Secretary.

Time period for sanctions: States will not have a sanction amount calculated until the second consecutive year in which their error rates exceed the threshold. If, in the following year, they still exceed the threshold, they will be required to pay an amount the Secretary has determined to be at risk.

State liability: States' potential liability amounts will equal dollar issuance multiplied by ten percent of the amount by which a state's error rate exceeds a six percent threshold. Under the Conference substitute, the Secretary has the authority to resolve the liability (calculated for the second consecutive year in which the state exceeds the threshold) in one of three ways: require the state to reinvest up to 50 percent of the liability; hold up to 50 percent of the liability "at risk," to be paid as a sanction by the state the following year only if the state's error rate continues to exceed the threshold; or to waive any amount that is not reinvested or held at risk. If a state fails to reduce its error rate to below the threshold for a third consecutive year, it must pay its "at-risk" amount to the federal government. The Secretary may settle amounts required to be reinvested.

Waivers, adjustments and appeals: The Secretary retains the authority to waive any amount of a state's potential liability and to make adjustments to claims against states. States continue to have the full right to appeal liability amounts.

Enhanced funding and bonus payments: Enhanced funding is eliminated for Fiscal Year 2003 and beyond and replaced by bonuses to states. The Secretary must issue regulations regarding the criteria for bonus awards for FY2005 and succeeding years. Performance criteria specified in legislation include those related to actions taken to correct errors; reduce rates of error; and improve eligibility determinations, including in the area of service delivery (such as timeliness and a low rate of improper denials). The Secretary is directed to solicit concrete ideas within these general areas from state agencies and organizations that represent state interests prior to issuing proposed regulations. For FY2003 and FY2004, the Secretary is provided the authority to issue guidance to the state regarding criteria for bonus awards.

Effective dates: The new policy is effective for error rates measured in FY 2003 and sanctions and enhanced funding laws and regulations are unchanged for FY2002 and prior years. (Sections 4118 and 4120)

(6) Simplified Application and Eligibility Determination Systems

The House bill requires the Secretary to spend up to $9.5 million to provide grants to states to develop and implement programs that improve the food stamp application and eligibility determination process. (Section 405)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to establish a program of grants to states and other eligible entities to simplify food stamp application and eligibility determination systems and to improve access to the food stamp program. The Secretary would be required to fund grants totaling up to $5 million per year for projects: to coordinate application and eligibility procedures; establish methods for applying and determining eligibility that use electronic alternatives; otherwise improve program administration; or improve access to the Program. Grants could not be made for on-going costs and preference would be given to government/non-government partnerships.

In addition to the types of projects described in the amendment, the Managers believe that other types of projects may be permissible under this section. These projects include but are not limited to:

(a) establishing a single site at which individuals may apply for food stamp benefits, supplemental security income, Medicaid, states' children's health insurance program benefits, WIC benefits and benefits under other programs as determined by the Secretary;

(b) developing systems to enable increased participation in the provision of benefits under the food stamp program through farmers' markets, roadside stands, and other community-supported agriculture programs, including wireless electronic benefit transfer systems and other systems appropriate to open-air settings where farmers and other vendors sell directly to consumers;

(c) encouraging consumption of fruit and vegetables by developing a cost-effective system for providing discounts for purchases of fruit and vegetables made through use of electronic benefit transfer cards; or,

(d) reducing barriers to participation by individuals, with emphasis on working families, eligible immigrants, elderly individuals, and individuals with disabilities.

The Conference substitute repeals existing grant authority (Section 17(i)), dependent on appropriations, in the expectation that similar grants may be made under this new authority. (Section 4116)

(7) Authorization of Appropriations: Employment and Training Programs

The House bill reauthorizes the existing food stamp employment and training program through FY2011. It sets the annual amount of unmatched federal funds at the current FY2002 level of $165 million. It also preserves the current requirement to use at least 80 percent of unmatched federal funding for able-bodied adults without dependents (ABAWDs). (Section 406(a))

The Senate amendment extends the requirement for unmatched federal funding for employment and training programs

through FY2006; and sets the basic amount of unmatched federal funding at $90 million a year for FY2002–FY2006.

In addition to the basic $90 million a year, the Senate amendment requires the Secretary to allocate up to $25 million a year for FY2002–FY2006 to reimburse states for services to able-bodied adults without dependents (ABAWDs). In order to be eligible for a share of this unmatched funding, a state must (1) exhaust its basic funding allocation and (2) make and comply with a commitment to offer an employment/training placement ("position") to all applicant/recipient ABAWDs who are in the last month of their 6-month eligibility period under ABAWD work rules and not eligible for an exemption.

The Senate amendment rescinds any unmatched federal funding provided through FY2001 unless obligated by a state before enactment. However, the new $90 million basic grant money would remain available until expended, while the new $25 million ABAWD grant money would not. It also provides that the basic $90 million a year in unmatched federal funding be allocated among states according to a formula established and adjusted by the Secretary that takes into account their ABAWD populations; and eliminates the requirement to use at least 80 percent of unmatched federal funding for ABAWDs.

The Senate amendment eliminates the "maintenance of effort" requirement, whereby states must maintain expenditures on employment and training programs at a level not less than FY 1996 spending in order to receive a portion of their allocation of unmatched federal funding; and eliminates the authority for the Secretary to set reimbursement levels for each qualifying employment and training slot that a state offers or fills. (Section 434)

The Senate amendment eliminates the $25 per-month limit on the amount that states provide to participants in employment and training programs for transportation and other costs (other than dependent care costs) that are reasonably necessarily and directly related to their participation. (Section 169(c)(3)) It also eliminates the limit on federal matching payments for these costs. (Section 169(c)(4))

The Conference substitute adopts the Senate provision with technical changes, and amendments to: provide unmatched funding through FY2007, reduce the allocation from "up to $25 million a year" to "up to $20 million a year" to reimburse states for services provided only to ABAWDs, and eliminate the requirement that states must exhaust their basic funding allocation before being eligible for a share of this unmatched funding. (Section 4121)

(8) Authorization of Appropriations: Cost Allocation

The House bill extends the required reduction in federal matching payments to states for administrative costs through FY2011. (Section 406(b))

The Senate amendment extends the required reduction in federal matching payments to states for administrative costs through FY2006. (Section 435(a))

The Conference substitute adopts the House provision with an amendment to reauthorize the required reduction in federal match-

ing payments to states for administrative costs through FY2007. (Section 4122)

(9) Authorization of Appropriations: Cash Payment Pilot Projects

The House bill extends the authority for cash payment projects through FY2011, if the state requests. (Section 406(c))

The Senate amendment extends authority for cash payment projects through FY2006, if the state requests. (Section 435(b))

The Conference substitute adopts the House provision with an amendment to extend the authority for cash payment projects through FY2007, if the state requests. (Section 4122)

(10) Authorization of Appropriations: Outreach Demonstration Projects

The House bill extends the authority for outreach demonstration projects through FY2011. (Section 406(d))

The Senate amendment extends the authority for outreach demonstration projects through FY2006. (Section 435(c))

The Conference substitute repeals the authority for outreach demonstration projects and replaces it with new grant authority found in Section 4116. (Section 4122)

(11) Authorization of Appropriations

The House bill extends the authorization of appropriations for the Food Stamp Act through FY2011. This includes the food stamp program as well as the Food Distribution Program on Indian Reservations. (Section 406(e))

The Senate amendment extends the authorization of appropriations for the Food Stamp Act through FY2006. This includes the food stamp program as well as the Food Distribution Program on Indian Reservations. (Section 435(d))

The Conference substitute adopts the House provision with an amendment to extend the authorization of appropriations for the Food Stamp Act through FY2007. This includes the food stamp program as well as the Food Distribution Program on Indian Reservations. (Section 4122)

(12) Puerto Rico and Territory of American Samoa

The House bill extends Puerto Rico's nutrition assistance block grant through FY2011, retaining annual indexing for food-price inflation using changes in the cost of the Thrifty Food Plan. It also authorizes the use of up to $6 million to pay for upgrading and modernizing electronic data processing systems and implementing systems to simplify eligibility determinations without regard to the regular 50 percent administrative cost matching requirement. (Section 406(f))

The House bill extends American Samoa's nutrition assistance grant through FY2011 and increases the size of the annual grant to $5.75 million in FY2002 and $5.8 million a year for FYs 2003–2011. (Section 406(g))

The Senate amendment consolidates funding for Puerto Rico's nutrition assistance block grant and American Samoa's nutrition assistance grant and establishes the consolidated "mandatory" grant through FY2006. The base consolidated grant amount would

be $1.356 billion (FY2002), which would then be adjusted for food-price inflation using changes in the cost of the Thrifty Food Plan starting with FY2003. Under the terms of the consolidated grant, Puerto Rico would receive 99.6 percent of the annual total. Of the amount paid to Puerto Rico in FY2002, up to $6 million could be used to pay for upgrading and modernizing electronic data processing systems, implementing systems to simplify eligibility determinations, and operating electronic benefit transfer systems without regard to the regular 50 percent administrative cost matching requirement. Not later than 270 days after enactment, the Senate amendment requires the GAO to develop and submit a report to Congress that: describes the similarities and differences (in program administration, rules, benefits, and requirements) between the regular Food Stamp program and Puerto Rico's nutrition assistance program; specifies the costs and savings associated with each similarity and difference; and states the recommendation of the GAO as to whether additional funding should be provided to carry out Puerto Rico's nutrition assistance program. Effective on the date of submission of the report, it authorizes additional appropriations for the new consolidated nutrition assistance block grant at a level of $50 million a year.

Under the terms of the consolidated grant, American Samoa would receive .4 percent of the annual total. (Section 439)

The Conference substitute adopts the Senate provision with a number of amendments: authorizing the consolidated grant through FY2007; deleting reference to the report and authorization for appropriations; increasing the base consolidated grant amount by (approximately $10 million per year for Puerto Rico) to $1.401 billion in FY2003; allowing carryover of up to two-percent of funds; allowing the one-time authority to use $6 million for upgrading and modernizing electronic data processing systems, implementing systems to simplify eligibility determinations, and operating electronic benefit transfer systems without regard to the regular 50 percent administrative cost matching requirement, in either FY2002, FY2003 or in both years. (Section 4124)

(13) Authorization of Appropriations: Assistance for Community Food Projects

The House bill extends the authority for community food project grants through FY2011 and increases the amount reserved to $7.5 million a year, beginning in FY2002. (Section 406)

The Senate amendment extends the authority for community food project grants through FY2006; and maintains the amount reserved at $2.5 million a year. It also increases the federal share of projects' costs to 75 percent.

The Senate amendment broadens the list of projects that must be given preference by: modifying the 4th preference category to projects that encourage long-term planning activities and multi-system, interagency approaches with multi-stakeholder collaborations, that build the long-term capacity of communities to address their food and agriculture problems (such as food policy councils and food planning associations); and adding a 5th preference category of projects that meet (through grants not exceeding $25,000 each) specific neighborhood, local, or state food and agriculture

needs including: needs for infrastructure improvement and development (purchase of equipment for production, handling, or marketing of locally produced food), needs for planning for long-term solutions, or needs for the creation of innovative marketing activities that mutually benefit farmers and low-income consumers. (Section 440)

The Conference substitute adopts the House provision with amendments to increase funding for the projects to $5 million per year, extend the authority for community food project grants through FY2007, and add additional language describing other purposes for community food projects which must meet specific state, local, or neighborhood food and agriculture needs, including needs for infrastructure improvement and development; planning for long-term solutions; or, the creation of innovative marketing activities that mutually benefit agricultural producers and low-income consumers.

The Conference substitute includes language from former Senate section 443 ("Innovative Programs for Addressing Common Community Problems") as a new subsection (h) and provides funding for additional years such that not later than 90 days after enactment, and on October 1 of each of fiscal years 2003 through 2007, the Secretary must allocate $200,000 out of the funds made available under this section, to implement subsection (h), and to remain available until expended. The Conference language permits the Secretary in selecting a non-governmental organization (NGO) to carry out this provision to either contract with that NGO or provide a grant to that NGO indicating the responsibilities to be completed for the $200,000. (Section 4125)

As was the case with the Senate amendment, the Managers intend that the NGO selected by the Secretary to carry out this subsection shall: be experienced in gathering relevant information about successful innovative programs; be experienced in working with other targeted entities (NGOs, federal agencies, states, and political subdivisions) and be experienced in providing information about such innovative programs; and be experienced in operating a national information clearinghouse. In addition, the Managers intend that the NGO selected under subsection (h) shall contribute in-kind resources toward implementation of any contract or grant and should be prepared to coordinate with targeted entities and with the Community Food Security Coalition.

(14) Authorization of Appropriations: Availability of Commodities for Emergency Food Assistance Programs

The House bill extends the requirement to purchase commodities for The Emergency Food Assistance Program (TEFAP) through FY2011 and increases to $140 million a year through FY2011 the amount of commodities the Secretary must purchase for TEFAP. Beginning in FY2002, the House bill requires the Secretary to use $10 million a year of the TEFAP funds to pay for direct and indirect costs related to processing, storing, transporting, and distributing commodities, including gleaned commodities. (Section 406(i))

The Senate amendment extends the requirement to purchase commodities for TEFAP through FY2006 and increases the amount

reserved for TEFAP to $110 million a year for FY2002–2006. The provision setting aside $10 million a year is the same as the House bill, but through FY2006. (Section 441)

The Conference substitute adopts the House funding level of $140 million a year with an amendment extending the purchasing requirement through FY2007, eliminating the $10 million a year set-aside, and increasing the authorization of appropriations from $50 million to $60 million a year for direct and indirect costs related to processing, storing, transporting, and distributing commodities, including gleaned commodities. (Section 4126)

SUBTITLE B—COMMODITY DISTRIBUTION

(15) Distribution of Surplus Commodities to Special Nutrition Projects

The House bill extends this requirement through FY2011. (Section 441)

The Senate amendment reauthorizes the commodity distribution program through FY2006. (Section 451(c))

The Conference substitute adopts the Senate provision with an amendment to reauthorize the program through FY2007. (Section 4203)

(16) Commodity Supplemental Food Program

The House bill reauthorizes the commodity supplemental food program through FY2011. (Section 442)

The Senate amendment reauthorizes the commodity supplemental food program through FY2006. (Section 451(a))

The Senate amendment also replaces the current rule limiting administrative payments to 20 percent of the Commodity Supplemental Food Program (CSFP) appropriation with a requirement for "grants per caseload slot." The amendment requires the Secretary to provide each state CSFP agency (from discretionary funds for the current year or carried over) an administrative grant per assigned caseload slot, as follows: for FY2003, the grant would be $50 per assigned caseload slot adjusted for the percentage change in the state and local government price index of the Bureau of Economic Analysis between the 12-month period ending June 30, 2001, and the 12-month period ending June 30, 2002. For later years, the per-slot grant would be adjusted in the same manner. (Section 451(b))

The Conference substitute adopts the Senate provision with amendments reauthorizing the program through FY2007; requiring the Secretary to use the FY2001 fiscal year grant-per-assigned slot as the baseline from which the administrative cost grant per assigned caseload slot is calculated, rather than using $50 as the base; requiring the Secretary to spend the amount necessary to permit all states that began to participate in the Commodity Supplemental Food Program in the FY2000 caseload cycle to participate at a caseload level not less than their originally assigned caseload through the FY2002 caseload cycle, as determined by the Secretary. Funding from the Commodity Credit Corporation (CCC) is provided to permit the Secretary to alleviate an unusual situation that has arisen in two states that have recently implemented the

CSFP. This is a one-time emergency use of CCC funds and is not intended as a precedent for drawing on the CCC to supplement appropriations for the CSFP. (Section 4201)

(17) Emergency Food Assistance

The House bill reauthorizes TEFAP administrative cost appropriations through FY2011 and revises the definition of costs to be covered to include the costs to the states related to the processing, storage, transporting, and distributing commodities. (Section 443)

The Senate amendment reauthorizes TEFAP administrative cost appropriations through FY2006 and revises the definition of costs to be covered to include the costs to the states related to the processing, storage, transporting, and distributing commodities. (Section 451(d))

The Conference substitute adopts the House provision with an amendment to reauthorize TEFAP administrative costs through FY2007. (Section 4204)

SUBTITLE C—MISCELLANEOUS PROVISIONS

(18) Hunger Fellowship Program

The House bill establishes an independent agency of the Legislative Branch of the U.S. government, the Congressional Hunger Fellows Program. (Section 461)

The Senate amendment establishes a Congressional Hunger Fellowship. This formalizes an internship program already being carried out by the Congressional Hunger Center and funded under annual appropriations bills. (Section 462)

The Conference substitute adopts the House provision but deletes a reference to "a commitment to social change" as a required attribute for fellows. In addition, it directs the program to make available to the General Accounting Office the salaries of the Executive Director and personnel, in addition to the other materials already included, to carry out audits. (Section 4404)

(19) General Effective Date

The House bill designates that the amendments made by this title shall take effect on October 1, 2002, unless otherwise specified. (Section 462)

The Senate amendment designates that the amendments made by this title shall take effect on September 1, 2002, except that a state agency may elect to implement any or all of the amendments on October 1, 2002. (Section 464)

The Conference substitute adopts the House provision. (Section 4405)

(20) Payment Limitations; Nutrition and Commodity Programs

The Senate amendment increases the cap on the amount that may be claimed as an excess shelter expense deduction. For FY2003, the cap would be $390 a month for the 48 states and the District of Columbia, $624 for Alaska, $526 for Hawaii, $458 for Guam, and $307 for the Virgin Islands. For FY2004–FY2009, amounts would be annually adjusted for changes in the Consumer

Price Index for All Urban Consumers (CPI–U). Effective, FY2010, the cap is eliminated. (Section 169(c)(2))

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(21) Encouragement of Payment of Child Support

The Senate amendment permits states to (1) exclude completely from a household's counted income any legally obligated child support payments made by a household member (before calculating any deductions) or (2) continue to deduct them in the calculation of net income (as under current law). Regardless of a state's exclusion or deduction choice, the Senate amendment requires the Secretary to establish simplified procedures that allow a state option to determine the amount of child support paid. These must include procedures that permit states to rely on information from state child support enforcement agencies about payments made in prior months in lieu of obtaining current information from the household. The amendment also allows states to freeze the amount of any child support payment exclusion or deduction until the eligibility of the household is re-determined. (Section 411)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a technical amendment and an amendment that deletes the state option to freeze the amount of child support payment exclusion or deduction. In addition, states are allowed to rely on information from child support enforcement agencies about payments made in prior months. (Section 4101)

(22) Simplified Determination of Housing Costs

The Senate amendment mandates that states treat any required payment to a landlord as a housing or shelter cost when determining a household's shelter expenses for application of the excess shelter expense deduction. The payments are included without regard to the specific charges they cover. It also permits states to allow homeless households not receiving free shelter throughout the month to choose a standard shelter deduction from income (set by law at $143 a month) in lieu of any excess shelter expense deduction. States could deny this deduction to households with extremely low shelter costs. Homeless households would continue to be permitted to choose the regular excess shelter expense deduction that is based on actual shelter costs. (Section 414)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that strikes the section mandating that states treat any required payment to a landlord as a housing or shelter cost when determining a household's shelter expenses for application of the excess shelter expense deduction. It does, however, permit states to allow homeless households not receiving free shelter throughout the month to receive a standard deduction from income in lieu of any excess shelter expense deduction.

The Conference substitute deletes the Senate provision that allows all required payments to landlords to count as eligible shelter costs for the purpose of calculating a food stamp excess shelter expense deduction. The Secretary should review current rules gov-

erning allowable shelter costs and their implementation and identify any means, within existing authority, to modify or communicate these rules in a manner that makes the determination of eligible shelter costs less complicated and error prone for food stamp participants and eligibility workers. (Section 4105)

(23) Simplified Utility Allowances

The Senate amendment allows states choosing to make standard utility allowances (SUAs) mandatory to do so without regard to the current metered public housing and prorating rules. SUAs could be used in lieu of actual costs for all households incurring a heating or cooling expense and covered by a mandatory SUA without having to determine their utility metering status or prorated expenses. (Section 415)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4104)

(24) Simplified Procedure for Determination of Earned Income

The Senate amendment allows states to elect to determine monthly-earned income by multiplying weekly income by 4 and biweekly income by 2. The amendment requires states making this election to adjust the earned income deduction (normally 20 percent of earnings) downward for all households with earnings to the extent necessary to prevent the election from resulting in increased benefit costs consistent with standards promulgated by the Secretary. (Section 416)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(25) Simplified Determination of Deductions

The Senate amendment establishes a state option to disregard most types of changes in household circumstances that affect the amount of those deductions until the next determination of eligibility. The amendment makes clear that states are not permitted to disregard (1) any reported change in residence or (2) under standards prescribed by the Secretary, any change in earned income. (Section 417)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. States will be able to disregard changes in: household size; the costs for dependent care; the amount of child support payments; medical expenses for elderly or disabled individuals; and shelter costs, unless they were the result of a move. (Section 4106)

(26) Simplified Definition of Resources

The Senate amendment requires the Secretary to promulgate regulations under which a state may exclude any types of financial resources that it does not consider when determining eligibility for cash assistance under its TANF program, or medical assistance under its Medicaid program. This authority would not allow the exclusion of cash, vehicles (except to the extent states already are allowed to use their TANF standard to exclude vehicles), and readily available amounts in any account in a financial institution, or any

similar type of resource the Secretary judges essential to equitable determinations of eligibility. The intent of this provision is to align with, to the extent possible, Medicaid and TANF rules. The Secretary will only count types of resources that are required by law or judged to be absolutely essential to equitable determinations of eligibility in the food stamp program. (Section 418)

The Senate amendment also adds households with disabled members to those covered by the current $3,000 liquid asset limit applied to the elderly. (Section 171(c)(1))

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provisions. (Section 4107)

(27) Alternative Issuance Systems in Disasters

The Senate amendment allows the Secretary to adjust issuance systems in disaster situations to take into account any conditions that make reliance on EBT systems impracticable, effectively permitting the issuance of cash or other forms of benefits. (Section 419)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4108)

The Managers expect the authority provided in this section for alternative issuances in disaster programs will only be used in the most extreme circumstances, after the Secretary, working with the state, has exhausted all other means of benefit delivery and determined that electronic systems cannot be restored in a timely fashion and that the use of food coupons is impractical.

(28) State Option to Reduce Reporting Requirements

The Senate amendment allows states to establish semi-annual reporting requirements for any household, independent of the presence of earners or other characteristics. However, households required to report less often than once each 3 months are required to report, in a manner prescribed by the Secretary, if their income exceeds the food stamp gross income eligibility limit (130 percent of the federal poverty income guidelines). (Section 420)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4109)

(29) Benefits for Adults Without Dependents

The Senate amendment changes the "3-months-out-of-36 months" rule to make able-bodied adults without dependents (ABAWDs) ineligible if, during the preceding 24 months they received benefits for 6 months while not meeting work-related requirements. ABAWDS ineligible under this new "6-months-out-of-24-months" rule may become eligible during any period in which they work 20+ hours a week, participate in a work program 20+ hours a week, or participate in a workfare program. In implementing the new "6-months-out-of-24-months" rule, states are required to disregard any period before enactment during which an individual received food stamps.

The Senate amendment changes the definition of a qualifying work program to include job search or job search training programs if (1) they meet standards set by the Secretary to ensure that participants are continuously and actively seeking private-sector employment and (2) no position is available for the participant in another employment or training program. (Section 421)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(30) Preservation of Access to Electronic Benefits

The Senate amendment requires that no benefits provided through EBT systems be taken "off-line" (or otherwise made inaccessible) because of inactivity until at least 180 days have elapsed since the recipient household last accessed the account. Where benefits are taken off-line or made inaccessible, it requires that the household be sent a notice that explains how to reactivate benefits and offers assistance if the household is having difficulty doing so. These requirements apply to states as they enter into EBT contracts. (Section 422)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(31) Cost Neutrality for Electronic Benefit Transfer Systems

The Senate amendment eliminates the current requirement that EBT systems not cost the federal government more than the prior paper issuance systems. (Section 423)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4110)

The Managers encourage the Department to continue its cost containment and competition efforts and its efforts to work with the states on this issue. Information about these efforts will be provided in the report detailed in Section 4110.

(32) Alternative Procedures for Residents of Certain Groups' Facilities

The Senate amendment provides a state option that allows the provision of an inflation-adjusted standardized monthly benefit to residents of group homes, rather than going through the individualized benefit calculation for each resident. The group homes that are eligible include those for the disabled; shelters for battered women/children or the homeless, and substance abuse treatment centers. Recipients' benefits are calculated according to standardized procedures established by the Secretary and take into account benefits typically received by recipients in these group living facilities.

States shall issue benefits to the facility (as an authorized representative), and the Secretary shall establish procedures to ensure that the facility does not receive a greater proportion of a recipient's monthly benefits than the proportion of the month during which the recipient lived there.

Group living facilities are required to (1) notify the state when a recipient departs and (2) notify the recipient that the recipient

is eligible for continued benefits and should contact the state about continuation of benefits.

On receiving notification that a recipient has departed a group living facility, the state is required to issue the recipient a benefit allotment covering the remainder of the month (calculated in a manner prescribed by the Secretary) unless the recipient re-applies for food stamps or the state cannot locate the recipient. The state also is permitted to issue a benefit allotment for the month following departure calculated under the standardized procedures used to set the amount received while the departed recipient lived in the group living facility. Recipients who have left group facilities and re-apply for food stamps will have their benefits determined under regular food stamp rules. (Section 424)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to convert this provision to a pilot program that tests, at the request of a state agency or state agencies, the feasibility of the alternative procedures for determining allotments for residents of groups living in certain group facilities. If an insufficient number of pilot projects are proposed by state agencies or the Secretary concludes that this is not in the best interest of the food stamp program, the Secretary must inform the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture, and will not implement this provision nationwide. (Section 4112)

(33) Redemption of Benefits Through Group Living Arrangements

The Senate amendment allows the Secretary to authorize group living facilities to redeem food stamp benefits through direct use of EBT cards, if they are equipped with "point-of-sale" devices. This provision allows authorized group living facilities to continue a practice they have been carrying out using waiver authority. (Section 425)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4113)

(34) Availability of Food Stamp Program Applications on the Internet

The Senate amendment requires states to make food stamp applications available on their agencies' Internet websites in each language in which printed applications are available. (Section 426)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change the effective date for this provision to 18 months after enactment of this Act. Section 504 of the Rehabilitation Act requires state agencies to make their web sites accessible to people with disabilities. The requirement includes ensuring that documents are in a format in which browsers for the visually impaired can read them, and that they can be converted to Braille documents; that graphic elements that convey meaning have text explanations available; and that English language text is also available in other languages, as appropriate. Many states have already adopted standards that comply with this requirement. States

should, therefore, not incur additional costs to put their food stamp application forms on their web sites. (Section 4114)

(35) Simplified Determinations of Continuing Eligibility

The Senate amendment provides for procedures for re-determining recipient households' continuing eligibility that are consistent with re-determination procedures in other programs serving low-income families. It replaces assigned certification periods and the rules governing recertification with new "eligibility review periods" under which states periodically review the eligibility status of recipient households. Eligibility review periods are up to 12 months (or 24 months if all adult household members are elderly or disabled), and states are required to have at least 1 contact with each household every 12 months. Eligibility review periods are not necessarily assigned to each household when their eligibility is established. Instead, states are mandated to periodically require each household to cooperate in a re-determination of eligibility. Each re-determination is based on information supplied by the household and has to conform to standards established by the Secretary, and the interval between redeterminations cannot exceed 12 or 24 months. Where households are found ineligible (or eligible for a reduced amount) in their re-determination, they can continue to receive benefits until the conclusion of any fair hearing process. (Section 427)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(36) Clearinghouse for Successful Nutrition Education Efforts

The Senate amendment requires the Secretary to (1) ask states for descriptions of successful nutrition education programs for the food stamp and other nutrition assistance programs, (2) make them available on the Agriculture Department's website, and (3) inform states of their availability on the website. (Section 428)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. In March 2002, the U.S. Department of Agriculture unveiled a Website that features a clearinghouse for nutrition education efforts described in the Senate amendment.

(37) Delivery to Retailers of Notices of Adverse Action

The Senate amendment permits notices of adverse action against retailers to be delivered by any form of delivery that the Secretary determines will provide evidence of delivery. (Section 430)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4117)

(38) Improvement of Calculation of State Performance Measures

The Senate amendment changes the deadline for completion of error-rate determinations and arbitration of state-federal differences to May 31st; it also changes the deadline for the determination of final error rates and claims against states to June 30th. (Section 432)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4119)

(39) Coordination of Program Information Efforts

The Senate amendment permits states to use Temporary Assistance for Needy Families (TANF) funds to conduct food stamp information informational activities. (Section 436)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

The Managers understand that, to further the purposes of TANF, it is current policy to allow states to use TANF (and "maintenance of effort") funds for food stamp informational activities directed to families, as long as they do not also charge these same costs to the food stamp program. The Managers expect the Secretary and the Secretary of Health and Human Services to issue guidance that clearly informs states of this policy.

(40) Expanded Grant Authority

The Senate amendment extends the Secretary's waiver authority to cover any and all contracts and grants authorized under this section. (Section 437)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4123)

(41) Access and Outreach Pilot Programs

The Senate amendment requires the Secretary to make grants to states and other entities to pay the federal share (75 percent) of the cost of projects to improve access to food stamp benefits or outreach to eligible individuals. It authorizes appropriations totaling $3 million for FY2003–FY2005 for pilot programs and requires the Secretary to evaluate funded projects, but limits spending on evaluations to no more than 10 percent of funds made available. Criteria for selecting grantees are to be developed by the Secretary and include a record of serving low-income individuals, ability to reach hard-to-serve populations, innovative proposals in the application, and the development of public-private partnerships and community linkages. Preference is required for project partnerships between states and private/public entities (e.g., food banks, community-based organizations, public schools and health clinics, nonprofit health or welfare agencies). At least 1 grantee has to be selected from each Food and Nutrition Service (FNS) region and additional rural or urban areas chosen by the Secretary. The Secretary is not required to select grantees where an insufficient number of applications have been received. (Section 438)

The House bill contains no comparable provision.

The Conference substitute combines Section 405 of the House Bill with Section 438 of the Senate amendment, as described in Section 4116: "Grants for simple application and eligibility determination systems and improved access to benefits."

(42) Use of Approved Food Safety Technology

The Senate amendment bars the Secretary from prohibiting the use of "any technology that has been approved by the Secretary or the Secretary of Health and Human Services" in acquiring commodities for distribution through TEFAP, the Food Distribution Program on Indian Reservations (FDPIR), the Commodity Supplemental Food Program (CSFP), and programs under the Richard B. Russell National School Lunch Act and the Child Nutrition Act. This bar is effective on enactment. (Section 442)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a technical amendment that clarifies that the Secretary cannot prohibit the use of any technology to improve food safety that has been approved or is otherwise allowed by the Secretary or the Secretary of Health and Human Services. In implementing this provision, the Secretary is not expected to set aside established, well-founded procurement practices. (Section 4201)

The Managers expect the Secretary to continue to make commodity purchases, taking into consideration the acceptability by recipients of products purchased and considering the relative costs of products available for purchase.

(43) Innovative Programs Addressing Common Community Problems

The Senate amendment requires the Secretary to offer a contract to a non-governmental organization to coordinate with federal agencies, states, political subdivisions, and nongovernmental organizations ("targeted entities") to develop, and recommend to the targeted entities, innovative programs for addressing "common community problems" including loss of farms, rural poverty, welfare dependency, hunger, the need for job training, juvenile crime prevention, and individuals' and communities' need for self-sufficiency. The organization must be selected competitively and must (1) be experienced in working with targeted entities and organizing workshops that demonstrate programs to targeted entities, (2) be experienced in identifying programs that effectively address "common community problems," (3) agree to contribute in-kind resources and provide targeted entities information free of charge, (4) be experienced in and capable of receiving information from (and communicating with) targeted entities throughout the U.S., and (5) be experienced in operating a national information clearinghouse that addresses "common community problems." It also makes available to the Secretary mandatory funding totaling $400,000 to carry out the contract in two installments effective on enactment.

This Senate provision was based in part on a project (called "Reinvesting in America") in which a non-profit group headquartered in New York, called World Hunger Year, gathered information about successful innovative local programs and then advised other NGOs, communities, or city, state or federal agencies (targeted entities) about these successful projects and about how to replicate them. This turned out to be a very efficient approach because other communities or agencies would be aware of the lessons learned by the community that originated the idea. World Hunger Year held "replication workshops" in which they advised these tar-

geted entities about how to replicate those successful programs in other areas. World Hunger Year officials also provided information about some of these programs to the Community Food Security Coalition and to federal Departments. (Section 443)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. The Conference substitute includes a variation of this provision in House Section 440, as described in Section 4125.

(44) Report on Use of Electronic Benefit Transfer Systems

The Senate amendment requires the Secretary to submit a report to Congress on (1) difficulties relating to use of EBT systems, (2) the extent of fraud and the types of fraud that exist, and (3) the efforts being made by the Secretary, retailers, EBT contractors, and states to address difficulties and fraud in EBT systems. The report is due no later than one year after enactment. (Section 444)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that changes the elements to be included in the report. The report will include: a description of the status of statewide EBT implementation in the food stamp program; an indication of the number of vendors that currently hold an EBT-related contract with the states; information on the number of states that are working with multiple vendors and a description of how responsibilities are divided among the various vendors and other organizations within a given state; an explanation of the reasons any state is not operational statewide by October 1, 2002, how these issues are being addressed, and the expected date for statewide EBT operations; a description of the issues faced by any states that have awarded a second EBT contract in the last two years and the steps taken to resolve them; a description of the issues faced by any states that will award a second EBT contract within the next two years and strategies they are considering to address these issues; initiatives being considered or taken by USDA, food retailers, EBT vendors, and client advocates to address any outstanding issues with respect to EBT systems; and an examination of areas of potential advances in electronic benefit delivery in the next 5–10 years including but not limited to access to electronic benefits in farmers' markets, increased use of EBT transaction data to identify and prosecute fraud, and the fostering of increased EBT vendor competition to ensure cost-containment and optimal service. (Section 4111)

(45) Vitamin and Mineral Supplements

The Senate amendment adds dietary supplements that "provide exclusively 1 or more vitamins or minerals" to the food items that may be purchased with food stamp benefits.

Not later than April 1, 2003, the amendment requires the Secretary to contract with a scientific research organization to study and develop a report on technical issues, economic impacts, and health effects associated with allowing individuals to use food stamp benefits to purchase dietary vitamin-mineral supplements. The report is to be submitted to the Secretary no later than 2 years after the contract is entered into. The Senate amendment author-

izes $3 million for the report. At a minimum, the report is to examine: the extent to which problems arise in the purchase of vitamin-mineral supplements with EBT cards; the extent of any difficulties in distinguishing vitamin-mineral supplements from herbal and botanical supplements (for which food stamp benefits may not be used); whether recipients spend more on vitamin-mineral supplements than non-recipients; the extent to which vitamin-mineral supplements are substituted for other foods purchased with food stamp benefits; the proportion of the average food stamp allotment that is being used to purchase vitamin-mineral supplements; and the extent to which the quality of recipients' diets has changed as the result of allowing them to use food stamp benefits to purchase vitamin-mineral supplements. (Section 445)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(46) Partial Restoration of Benefits to Legal Immigrants

The Senate amendment makes legal permanent residents under age 18 eligible for food stamps without regard to date of entry. It also exempts them from requirements that their sponsors' financial resources be deemed to them in determining food stamp eligibility. The Senate amendment also reduces the work history requirement for legal permanent residents' eligibility for food stamps to 16 quarters (4 years); removes the 7-year limit on eligibility for refuges and people seeking asylum, Cuban/Haitian entrants, certain aliens whose deportation is being withheld for humanitarian reasons, and Vietnam-born Americans fathered by U.S. citizens; and makes eligible legal permanent residents receiving government disability benefits regardless of date of entry so long as they meet any non citizen test applied by the program under which they receive benefits. (Section 452)

Effective April 1, 2003, the Senate amendment makes eligible individuals who have continuously resided in the U.S. as "qualified aliens" for a period of 5 years or more beginning on the date on which the qualified alien entered the U.S. However, eligibility based on this new 5-year residence rule would not apply in the case of an alien who enters the country illegally and remains illegally for a period of one year or more (or has been an "illegal alien" for one year or more) unless the alien has continuously resided in the U.S. for a period of 5 years or more as of the "date of enactment." (Section 170(b) and (c))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that eliminates the provision that restricts application of the new 5-year residence rule by denying it to aliens who enter the country illegally and remain illegally for a period of one year or more. The substitute also eliminates the provision that changes the work history requirement provision for legal permanent residents' from 40 quarters (in current law) to 16 quarters and the removal of the 7-year limit on the length of time that refugees and people seeking asylum may participate in the program. The Managers note that application of the new 5-year residence rule to refugees and asylees has the same effect as lifting the 7-year limit. (Section 4401)

(47) Commodities for School Lunch Programs

The Senate amendment extends, until FY2004, provisions of current law that remove a mandate that any "bonus" commodities acquired for agricultural support purposes and donated to schools be counted toward a minimum requirement that 12 percent of all school lunch assistance be in the form of commodities. The provision, therefore, mandates that only entitlement commodities count toward the 12 percent requirement through FY2003. (Section 453)

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provision. (Section 4301)

(48) Eligibility for Free and Reduced-Price School Meals: Military Housing

Effective on enactment and through FY2003, the Senate amendment requires that, in cases where military personnel live in "privatized" housing, their housing allowance not be counted as income in determining eligibility for free and reduced-price school meals. (Section 454)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4302)

(49) Eligibility for Assistance Under the Special Supplemental Nutrition Program From Women, Infants, and Children

Effective on enactment, the Senate amendment adds an option for states to exclude any housing allowance in cases in which military personnel live in "privatized" housing whether on base or off base. (Section 455)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4306)

(50) Report on Conversion of the WIC Program Into an Individual Entitlement Program

The Senate amendment requires, no later than December 31, 2002, a report from the Secretary to the House Committee on Education and the Workforce and the Senate Committee on Agriculture, Nutrition, and Forestry that analyzes the conversion of the WIC program from a discretionary program into an individual entitlement program. It also requires the Secretary to use funds made available to carry out the WIC program to fund the cost of the report. (Section 456)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate amendment.

The Managers expect that, in preparation for child nutrition programs' reauthorization in FY2003, the Department will work with the Congressional Budget Office, the Office of Management and Budget and others to review the current WIC funding approach and alternative approaches to ensure an appropriate level of funding is available throughout the fiscal year. Also in preparation for this legislation, the Managers encourage the continued development, refinement, and testing of a national standard for WIC electronic benefit transfer (EBT) transactions. The Managers en-

courage the completion of work on a national standard for WIC EBT transactions prior to WIC reauthorization.

In addition, the Managers understand that several states differentiate between 100 percent fruit juice and blended 100 percent fruit juices in formulating an approved WIC list. The Managers are aware that a number of factors are considered by a state when selecting products for its approved WIC list. The Managers encourage states not to limit the availability of eligible food choices of WIC participants, and strongly urge states to evaluate objectively the merits of WIC-eligible food products. The Managers encourage the Department to provide guidance to the states, making them aware that blended 100 percent fruit juices are permissible WIC products.

(51) Use of Commodities for Domestic Feeding Programs

The Senate amendment provides that, notwithstanding any provision of law concerning commodity donations, any commodities acquired in the conduct of CCC operations and any "Section 32" commodities may be used for any domestic feeding program involving acquisition and use of commodities. This authority applies to the extent that the commodities involved are in excess of quantities needed to carry out other obligations (including quantities otherwise reserved for a specific purpose). The domestic feeding programs covered by this authority include TEFAP, and programs authorized under the Richard B. Russell National School Lunch Act, the Child Nutrition Act, the Older Americans Act, or other laws the Secretary determines appropriate. (Section 457)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 4202)

The Managers recognize that, under current law, the source of funding for the purchase of a particular commodity can limit the eligible recipient programs. As a result, distribution of commodities to the Department's School Nutrition Programs and other domestic programs has sometimes been difficult or prevented entirely. The limitation in the current law has stymied the two-fold purposes of commodity purchases—to support American agriculture and to provide nutritious foods through our domestic feeding programs. For purposes of this distribution authority, the Managers consider eligible excess commodities to be those that are purchased by the Commodity Credit Corporation or by the Secretary and remain available after all other authorized distributions, including distribution of specific quantities reserved for specific purposes, have been satisfied. This section allows more efficient, expeditious and direct distribution of excess commodities by expanding the Secretary's existing distribution authorities.

(52) Purchase of Locally Produced Foods

The Senate amendment requires the Secretary to: encourage institutions participating in the School Lunch and Breakfast programs to purchase locally produced foods, to the maximum extent practicable and appropriate and in addition to other food purchases; advise these institutions of the locally produced food policy; and provide start-up grants to up to 200 institutions to defray initial costs of equipment, materials, storage facilities, and similar

costs incurred in carrying out the locally produced food policy. Also it authorizes appropriations of $400,000 a year for FY2002–FY2006. (Section 458)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision.

The intent of the Managers is to authorize the Secretary to award modest start-up grants for equipment, materials and similar costs associated with purchasing locally produced foods. It is not the intent to create a geographical preference for purchases of locally produced foods or purchases made with grant funds. All purchases are to be made competitively, consistent with federal procurement laws and regulations.

The Conference substitute also includes an amendment that treats Puerto Rico in the same way as Hawaii is treated under the Buy America provision in the National School Lunch Act. It extends, to the extent practicable, an advantage of domestic grown or produced products over foreign products, to Puerto Rico for purposes of the School Lunch Program. The Buy America provision originally applied only to the 48 contiguous states with the later addition of Hawaii.

The Managers want to make clear that school food authorities are still required to follow federal procurement rules calling for free and open competition and limit local product purchases to those that are practicable. Furthermore, while products from Puerto Rico will have an advantage over foreign products, this provision will not give an advantage to products produced or grown in one of the 48 contiguous states or Hawaii. (Section 4303)

(53) WIC Farmers' Market Nutrition Program

The Senate amendment makes available an additional $15 million in mandatory funding for the WIC farmers' market nutrition program no later than 30 days after enactment. (Section 460)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment providing that funding for the program is made available out of the Commodity Credit Corporation. This emergency allocation of CCC funding to the WIC farmers' market nutrition program is made to meet a one-time shortfall and is not intended to set a precedent for the use of CCC resources to support the WIC farmers' market nutrition program. (Section 4307)

(54) Fruit and Vegetable Pilot Program

The Senate amendment requires the Secretary to use "Section 32" funds to conduct a pilot program to make free fruits and vegetables available to students in 25 schools in each of four states and students in schools on one Indian reservation, in the 2002–2003 school year. It also requires an evaluation of the pilot to determine whether students take advantage, whether interest increased or lessened over time, and what effect the pilot has on vending machine sales and sales of school meals. The Secretary is required to use $200,000 in "Section 32" funds to carry out the evaluation. The evaluation is to be conducted through the Economic Research Service and submitted to the House Committee on Education and the Workforce and the Senate Committee on Agriculture, Nutrition,

and Forestry not later than one year after implementation of the pilot program. (Section 461)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments: The pilot will begin in July 2002 and last one year; free fresh and dried fruits and fresh vegetables will be made available throughout the school day in one or more areas designated by the school; not later than one year after the implementation of the pilot program, the Secretary (acting through the Economic Research Service) shall report to the Committee on Education and the Workforce of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, the results of the pilot program; $6 million of Section 32 funds shall be made available to carry out this pilot program. (Section 4305)

The Managers agree that the intent of the pilot program is to determine the feasibility of carrying out such a program and its success as determined by the students' interest in participating in the program. The Managers encourage USDA to work with the schools to collect information on the types of schools that ultimately participate in the program, how schools choose to implement the program (including information on whether or not they incorporate nutrition education), and reasons for different implementation approaches. The Department is encouraged to find out from the schools about lessons learned and whether or not (and why) they are interested in continuing to participate in a similar program. To the extent practical, the Department is also asked to find out from teachers and/or students about students' attitudes and actual behavior over the course of time. The Managers recommend the selection of the following four states to participate in the pilot: Indiana, Iowa, Michigan, and Ohio. The Secretary will select the Indian reservation and the schools within each of the states that will participate in the pilot project.

(55) Nutrition Information and Awareness Pilot Program

The Senate amendment authorizes the Secretary to establish—in not more than 15 states—a pilot program to increase domestic consumption of fresh fruits and vegetables and convey related health messages. It authorizes appropriations of $25 million a year for FY2002–FY2006. The federal share of project costs is 50 percent and funds are not available to any foreign for-profit corporation. Where practicable, the amendment requires the Secretary to: establish the program in states where production of fresh fruits and vegetables is a significant industry; and base the program on "strategic initiatives," including health promotion and education interventions, public service and paid marketing activities, and health promotion and social marketing campaigns. In selecting states, the Senate amendment requires the Secretary to take into account the state's experience in: carrying out similar activities and its ability to be innovative, conduct marketing campaigns to promote produce consumption, track increases in levels of produce consumption, and to optimize the availability of produce. (Section 463)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments: establishing in not more than 5 states, and for a pe-

riod not to exceed 4 years for each participating state, a pilot program for the purpose of increasing the domestic consumption of fresh fruits and vegetables and conveying related health promotion messages; funds may not be used to disparage any other agricultural commodities and funds made available to states under this program may not be provided by a state to any foreign for-profit corporation; regarding the Secretary selecting states to participate in the program, the funds may be used to enhance existing state programs that are consistent with the purposes of this section, and the Secretary shall take into consideration states' experience in carrying out similar projects or activities, innovative approaches, and the ability of the state to promote and track increases in levels of produce consumption; participating states shall establish eligibility criteria under which the states may select public and private sector entities to carry out demonstration projects under this program; authorizing to be appropriated $10 million per fiscal year 2002 through 2007 to carry out this section. (Section 4403)

TITLE V—CREDIT

(1) Eligibility of Limited Liability Companies for Farm Ownership Loans, Farm Operating Loans, and Emergency Loans

The House bill includes limited liability companies as entities eligible for USDA farmer loan programs. (Sec. 501)

The Senate amendment is identical to the House provision. (Sec. 521)

The Conference substitute adopts the House provision and also includes trusts as eligible entities. (Sec. 532)

(2) Suspension of Effectiveness of Certain Provision

The House bill provides that Sec. 319(b) of the Consolidated Farm and Rural Development Act (ConAct) limiting loan eligibility of borrowers with Farm Service Agency loan guarantees will have no effect through December 31, 2006. (Section 501)

The Senate amendment amends Sec. 311(c) of the ConAct by adding new provisions—(1) to require the Secretary to waive the direct OL loan eligibility limitations to a farmer or rancher who is a member of an Indian tribe and whose operation is within an Indian reservation; and (2) to authorize the Secretary, on a case-by-case basis, to grant a waiver for a direct OL loan to a borrower one time for a period of two years if the borrower demonstrates, (a) he has a viable farm or ranch operation; (b) he has applied for commercial credit from two commercial lenders; (c) he was unable to obtain a commercial loan, including a loan guarantee; and (d) he has completed successfully or will complete within one year a borrower's training course required under Sec. 359 of the ConAct. (Section 502(b))

The Conference substitute adopts the House provision with regard to loan eligibility under Section 319(b) of the ConAct. (Sec. 512)

The Conference substitute adopts the Senate provision with regard to the case by case determination on the one time waiver of two years. The substitute also permits the Secretary to waive limitations with respect to direct loans for farmers and ranchers who

farm land subject to the jurisdiction of an Indian Tribe, or when applicable security interests are subject to such jurisdiction, if commercial credit is not generally available. (Sec. 511)

(3) Administration of Certified Lenders and Preferred Certified Lenders Programs

The House bill amends Sec. 331(b) of the ConAct to add a new provision authorizing the Secretary to administer the certified and preferred lender guaranteed loan programs through central offices in states or multi-state areas. (Sec. 503)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to make the authority discretionary. (Sec. 539)

(4) Simplified Loan Guarantee Application Available for Loans of Greater Amounts

The House bill amends Sec. 333A(g)(1) of the ConAct to increase the loan amount of the guaranteed program using a simplified short form to a maximum of $150,000. (Sec. 504)

The Senate amendment amends Sec. 333A(g)(1) to increase the loan amount of the guaranteed program using a simplified short form to $100,000. (Sec. 526)

The Conference substitute sets the loan amount at $125,000. (Sec. 537)

(5) Elimination of Requirement That Secretary Require County Committees To Certify in Writing That Certain Loan Reviews Have Been Conducted

The House bill strikes Sec. 333(2) of the ConAct to remove the requirement that county committees must certify in writing annually that farmer program borrowers' business operations and credit histories have been reviewed for the borrowers to continue to be eligible for the loan program. (Sec. 505)

The Senate amendment amends Sec. 333(2) by removing the requirement that local or area FSA committees must certify in writing that they have reviewed the credit histories, business operations and continued eligibility of all borrowers. The amendment retains language requiring that these annual reviews be conducted. (Sec 525)

The Conference substitute adopts the Senate provision. (Sec. 536)

(6) Authority To Reduce Percentage of Loan Guaranteed if Borrower Income Is Insufficient to Service Debt

The House bill amends Sec. 339(c)(4)(A) and (d)(4)(A) of the ConAct dealing with the certified and preferred guaranteed lending program to authorize the Secretary to guarantee less than 80 percent of farm program loans even though the borrower does not show adequate income as described in current law. (Sec. 506)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(7) Timing of Loan Assessments

The House bill strikes language in Sec. 360(a) of the ConAct to conform to a provision of the 1994 USDA Reauthorization Act that eliminated a requirement for the local county committee to approve a borrower's eligibility for farmer program loans. (Sec. 507)

The Senate amendment amends Sec. 360(a) of the ConAct by striking the words, "established pursuant to section 332". (Sec 552(d))

The Conference substitute adopts the House provision. (Sec. 546)

(8) Making and Servicing of Loans by Personnel of State, County or Area Committees

The House bill amends Subtitle D of the ConAct to add a new section 376 to require the Secretary to use Farm Service Agency state, area or county office employees to make and service farmer program loans if the personnel are trained to do so. This authority overrides the 90-day finality rule of FSA state, area or county office employees in Sec. 281(a)(1) of the USDA reorganization act. (Sec. 508)

The Senate amendment amends Sec. 281(a)(1) of the Department of Agriculture Reorganization Act so that the finality rule does not apply to an agricultural credit decision made by a state, area or county FSA employee. (Sec. 551)

The Conference substitute adopts the House provision. (Sec. 549)

This section would enable the Secretary to employ personnel of a State, county or area committee to make and service USDA farm loans to the extent the personnel are trained to do so. The Managers believe that the Secretary should provide that these individuals have been adequately trained in these areas in a comparable manner as USDA Farm Service Agency employees with the same job responsibilities. Furthermore, the Secretary should ensure that the credit decisions of these individuals are subject to the same USDA loan review as any USDA employee making credit decisions, including internal control review, and disciplinary action to protect against the misuse of government funds.

(9) Eligibility of Employees of State, County, or Area Committees for Loans and Loan Guarantees

The House bill amends Subtitle D of the ConAct to add a new section 377 to make eligible Farm Service Agency local county office employees and USDA employees for farmer program loans so long as a local county office other than the applicant's home office approves the loan application. (Sec. 509)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment providing that when applying for loans, local/county employees apply to the State level and State employees apply to the federal level. (Sec. 550)

This section would allow employees of a State, county or area committee to be eligible for USDA farm loans as long as these loans are approved at a higher level within the Farm Service Agency, either at the state office or national level. The Managers believe

it is important for these employees, many of whom are farmers in their communities, to have access to the same farm loan programs as other producers. Nevertheless, the Managers believe that a higher level of review is appropriate to alleviate concerns regarding the eligibility of these individuals for the farm loan programs.

(10) Emergency Loans in Response to an Economic Emergency Resulting From Sharply Increasing Energy Costs

The House bill amends: (1) Sec. 321(a) of the ConAct to include among natural disasters economic disasters caused by high energy costs and crop and livestock quarantines for which farmers, ranchers or persons engaged in aquaculture may be eligible for disaster loans; (2) Sec. 323 of the ConAct to conform disasters or emergencies referred to in this section caused by plant or animal quarantines or sharply rising energy costs; (3) Sec. 329 of the ConAct by adding a new subsection (b) requiring the Secretary to make financial assistance available when energy costs for any three-month period is at least 50 percent greater than the average of the preceding five years and the applicant's income loss was incurred to prevent livestock mortality, degradation of perishable commodities or damage to field crops; and (4) Sec. 324(a) of the ConAct by adding two provisions to limit the amount of any loan made in response to a quarantine to $500,000 and any loan made in response to an energy emergency to $200,000. (Sec. 510)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision only on providing new authority to make emergency loans for plant or animal quarantines. (Sec. 521)

(11) Extension of Authority To Contract for Servicing of Farmer Program Loans

The House bill reauthorizes the program in Sec. 331(d) of the ConAct through 2011 to allow the Secretary to contract with regulated financial institutions to service farmer program loans under the ConAct and removes the "temporary" designation of this program. (Sec. 511)

The Senate amendment amends Sec. 331 by striking subsections (d) [loan servicing pilot program for farm loans] and (e) [authority for the Secretary to use private debt collection agencies] and provides that any existing contracts are unaffected by this provision. (Sec. 523)

The Conference substitute adopts the Senate provision. (Sec. 534)

(12) Authorization for Loans

The House bill amends Sec. 346(b)(1) by reauthorizing the farmer loan programs at such sums as may be necessary. (Sec. 512)

The Senate amendment amends Sec. 346(b)(1) of the ConAct by providing not more than $3,796,000,000 for each of the fiscal years 2002 through 2006.

Of the above amount in each fiscal year, $770,000,000 shall be for direct loans of which—

(1) $205,000,000 shall be for farm ownership loans; and

(2) $565,000,000 shall be for operating loans.

Of the remainder of the above amount in each fiscal year, $3,026,000,000 shall be for guaranteed loans of which—

(1) $1,000,000,000 shall be for guaranteed farm ownership loans; and

(2) $2,000,026,000 shall be for guaranteed operating loans. (Sec. 529(1)(A))

The Conference substitute adopts the Senate provision with an amendment to provide the authorization from fiscal years 2002 to 2007. (Sec. 541)

(13) Reservation of Funds for Direct Operating Loans for Beginning Farmers and Ranchers

The House bill amends Sec. 346(b)(2)(A)(ii)(III) of the ConAct to reauthorize the reservation of beginning farmer and ranchers loan amounts at 35 percent of the funds through 2011. (Sec. 513)

The Senate amendment amends Sec. 346(b)(2)(A)(ii) of the ConAct to provide that the Secretary shall reserve during fiscal years 2002 through 2006 35 percent of the funds made available for direct operating loans authorized to be appropriated under the ConAct. Further, in addition to funds made available under Agricultural Appropriations, the Secretary shall use $5,000,000 of funds of the CCC for fiscal year 2002 to make loans described in section 346(b)(2)(A)(i). (Sec. 529(1)(B))

The Conference substitute adopts the House provision with an amendment to provide the authorization from fiscal years 2002 to 2007. (Sec. 542)

(14) Extension of Interest Rate Reduction Program

The House bill amends Sec. 351(a)(2) to reauthorize the interest rate buy-down program for farmer program loan guarantees through 2011. (Sec. 514)

The Senate amendment amends Sec. 351 of the ConAct and replaces subsection (c) by providing an interest rate reduction of three percent for farmers and ranchers and four percent for beginning farmers and ranchers; authorizes $750,000,000 to carry out this program; and requires the Secretary to reserve until April of each fiscal year not less than 25 percent of the funds for the interest rate reduction program for beginning farmers and ranchers. (Sec. 530)

The Conference substitute adopts the Senate provision with an amendment that retains current law on the interest rate, but reserves 15% of funds in a fiscal year for beginning farmers and ranchers until March 1st and provides for a permanent authorization of $750 million annually. (Sec. 543)

(15) Increase in Duration of Loans Under Down Payment Loan Program

The House bill amends Sec. 310E (b)(3) of the beginning farmer and rancher down payment loan program by increasing the loan repayment period to 15 years and makes a conforming amendment to Sec. 310E (c)(3)(B). (Sec. 515)

The Senate amendment amends Sec. 310E (b)(3) of the beginning farmer and rancher down payment loan program by increasing the repayment period to 20 years (Sec. 507(1)(B)). The Senate

amendment also makes a conforming amendment to Sec. 310E (c)(3)(B). (Sec. 507(2))

The Conference substitute adopts the House provision. (Sec. 505)

(16) Horse Breeder Loans

The House bill (1) defines a horse breeder as a person that derives more than 70 percent of the income of the person from the business of breeding, boarding, raising, training or selling horses during the shorter of (a) the five-year period ending on Jan. 1, 2001; or (b) the period the person has been engaged in the business; (2) directs the Secretary to make a loan to an eligible horse breeder for losses suffered from mare reproductive loss syndrome; (3) defines eligible breeders are those (a) who suffered at least a 30 percent loss of mare offspring as a result of mare reproductive loss syndrome during the periods of Jan. 1, 2000–Oct. 1, 2000, or Jan. 1, 2001–Oct. 1, 2001. Losses could be from mares having failed to conceive, or miscarried, aborted or otherwise failed to produce a live healthy foal. Mares could be owned by a breeder or boarded on a farm owned, operated or leased by a breeder; (b) who, during the period Jan. 1, 2000, and ending on Sept. 30, 2002, were unable to meet financial obligations in connection with breeding, boarding, raising, training, or selling horses; (c) who were unable to obtain sufficient credit elsewhere (within the meaning of Sec. 321(a) of the ConAct; (4) directs the Secretary shall determine the amount of the loan based on the amount losses suffered by a breeder but a loan may not exceed $500,000; (5) directs the Secretary shall determine the duration of the loan but any loan may not exceed 15 years; (6) establishes the interest rate shall be at a rate prescribed by Sec. 324(b)(1) of the ConAct; (7) directs the Secretary shall take a security interest in the loan; (8) establishes that a breeder must submit a loan application by Sept. 30, 2002; (9) directs the Secretary shall carry out this section using funds made available for the emergency loan program under subtitle C of the ConAct; and (10) establishes the authority for this loan program that expires on Sept. 30, 2003. (Sec. 516)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(17) Evaluations of Direct and Guaranteed Loan Programs

The House bill (1) requires the Secretary to conduct two studies of the direct and guaranteed farm ownership and operating loan programs. Each will include an examination of the number, average principal amount, and delinquency and default rates of loans during the period covered by the study. (2) The first study shall cover the one-year period that begins one year after enactment. The second study shall cover the one-year period that begins three years after enactment. (3) At the end of the period covered by each study, the Secretary shall submit reports to Congress that contains an evaluation of the results of the study, including an analysis of the effectiveness of the loan programs in meeting the credit needs of agricultural producers. (Sec. 517)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Sec. 531)

(18) Loan Eligibility for Borrowers With Prior Debt Forgiveness

The House bill amends Sec. 373(b)(1) of the ConAct to authorize the Secretary to make loans to borrowers who have not received debt forgiveness on loans or loan guarantees more than two times and to guarantee loans to borrowers who have not received debt forgiveness on loans or loan guarantees more than three times. (Sec. 519)

The Senate amendment contains no comparable provisions.

The Conference substitute deletes the House provision and provides for the Secretary to make an operating loan to a borrower who has received debt forgiveness on not more than one occasion that was directly and primarily resulting from a natural disaster as designated by the President. (Sec. 548)

(19) Allocation of Certain Funds for Socially Disadvantaged Farmers and Ranchers

The House bill amends Sec. 355(c)(2) of the ConAct to authorize the Secretary to provide unused funds allocated for socially disadvantaged farmers and ranchers within a state to other states where there are pending loan applications for (SDA) farmers and ranchers. Any remaining unused SDA funds within a state may be reallocated to other applicants in that state. (Sec. 520)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Sec. 544)

(20) Horses Considered To Be Livestock Under the Consolidated Farm and Rural Development Act

The House bill amends Sec. 343 of the ConAct to include horses within the meaning of livestock (Sec. 521)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(21) Temporary Suspension of Foreclosure on Certain Real Property Owned by, and Recovery of Certain Payments From, Borrowers With Shared Appreciation Arrangements

The House bill directs the Secretary upon enactment of the bill and through Dec. 31, 2002, to suspend foreclosure on real property secured by a shared appreciation arrangement and not attempt to recover payments on the terms of any shared appreciation arrangement entered into between the Secretary and a borrower. (Sec. 522)

The Senate amendment amends Sec. 353(e)(7) to provide alternatives to repaying the recapture amount of a shared appreciation arrangement by—(1) financing the recapture agreement; or (2) granting the Secretary an agricultural use protection and conservation easement on the secured property which is subject to the shared appreciation arrangement.

An agricultural use protection and conservation easement shall—(1) be for all of the real security property subject to the shared appreciation arrangement in lieu of payment of the recapture amount; (2) be for a term of 25 years; (3) require that the

property subject to the easement be used or conserved for agricultural or conservation purposes in accordance with sound farming and conservation practices; and (4) provide that the borrower who is financing the recapture amount may replace the financing with an agricultural use protection and conservation easement.

The amendments shall apply to a shared appreciation arrangement that—(1) matures on or after the date of enactment; or (2) matured before the date of enactment if—(a) the recapture was reamortized under Sec. 353(e)(7) or (b)(1) the recapture amount had not been paid before the date of enactment because of circumstances beyond the control of the borrower; and (b)(2) the borrower acted in good faith in attempting to repay the recapture amount. (Sec. 531)

The Conference substitute provides that the Secretary may modify a recapture loan on which a payment has become delinquent by using loan servicing tools if the default was beyond the control of the borrower and the borrower acted in good faith in attempting to repay the recapture loan. A reamortized loan may not exceed 25 years from the date of the original amortization agreement or provide for reducing the outstanding principal or unpaid interest due on the loan.

The Managers expect the Secretary to review USDA appeal policies regarding appraisals used for shared appreciation agreements. The Managers expect the Secretary to establish policies that will result in the use of the most accurate appraisal of assets, including the use of independent appraisals provided on appeal by the borrower that are consistent with Federal appraisal standards.

(22) Authority To Make Business and Industry Guaranteed Loans for Farmer-Owned Projects That Add Value to or Process Agricultural Products

The House bill amends Sec. 310B(a)(1) by expanding the Secretary's loan making authority in the business and industry loan program to larger than rural communities if a majority of the project involved is owned by individuals who reside and have farming operations in rural communities and the project adds value to or processes agricultural commodities. (Sec. 523)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(23) Direct Loans

The Senate amendment amends Sec. 302(b)(1) to authorize the Secretary to make direct farm ownership loans to farmers and ranchers who have "participated in the business operations of" a farm or ranch for not less than three years. (Sec. 501)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 501)

The Managers are aware of the limiting impact of the requirement for 3 years of operating experience on the eligibility of qualified beginning farmers and ranchers for farm ownership loans. The Managers intend for the Department to examine potential borrowers comprehensively in terms of their participation in the business operations of a farm or ranch, whether or not the potential

borrower was the primary or senior operator. In making these determinations, the Department should ensure the borrower fully meets the training and experience requirement of section 302(a). The Department should also place considerable weight on whether the borrower has enrolled and will successfully complete the borrower training program.

(24) Financing of Bridge Loans

The Senate amendment amends Sec. 303(a)(1) to add a new purpose authorizing the refinancing of short-term temporary bridge loans made by a commercial or cooperative lender to a beginning farmer or rancher for the acquisition of a farm or ranch if—the Secretary approved an application for a direct farm ownership loan for acquisition of the land and the funds for direct farm ownership loans were not available at the time the application was approved. (Sec. 502)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to refinance bridge loans made by commercial or cooperative lenders to borrowers who have a direct ownership loan approved and for which funds are available. (Sec. 502)

(25) Limitation on Amount of Farm Ownership Loans

The Senate amendment amends Sec. 305(a) to limit the unpaid indebtedness of any borrower to the lesser of—(1) the value of the farm or other security; or (2) in the case of a direct loan to a beginning farmer or rancher $250,000 (adjusted for inflation) or $200,000 to other farmers or ranchers; or in the case of a guaranteed loan, $700,000 (adjusted for inflation and reduced by the amount of any unpaid indebtedness on guaranteed operating loans of the borrower). (Sec. 503)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(26) Joint Financing Arrangements

The Senate amendment amends Sec. 307(a)(3)(D) to require the Secretary to charge a rate of interest to beginning farmers or ranchers that is 50 basis points less than the rate charged to other farmers and ranchers on a direct loan that is part of a joint financing arrangement. (Sec. 504)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(27) Guarantee Percentage for Beginning Farmers and Ranchers

The Senate amendment amends Sec. 305(h)(6) to require the Secretary to guarantee 95 percent of a farm ownership loan to a beginning farmer or rancher participating in the down payment loan program or an operating loan to a beginning farmer or rancher who is participating in the down payment loan program during the period the borrower has an outstanding direct farm ownership loan. (Sec. 505)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(28) Guarantee of Loans Made Under State Beginning Farmer or Rancher Programs

The Senate amendment amends Sec. 309 by adding a new subsection to authorize the Secretary to guarantee loans made under a state beginning farmer or rancher program, including a loan financed by the net proceeds of a qualified small issue agricultural bond pursuant to the federal tax code. (Sec. 506)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 504)

(29) Down Payment Loan Program

The Senate amendment amends Sec. 310E(b)(1) to increase the principal amount of the down payment loan to be equal to 40 percent of the purchase price of the land acquisition. (Sec. 507(1)(A))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 505)

The Managers are aware that on an average per dollar basis, funds used for down payment loans serve over 3 times as many borrowers as regular farm ownership loans, and thus help to stretch limited loan funds and increase new farming and ranching opportunities. The Managers encourage the Secretary to widely publicize the availability of loans under this section as amended among potentially eligible recipients of the loans, retiring farmers and ranchers, and applicants for farm ownership loans under this subtitle and to coordinate the loan program established by this section with State programs that provide farm ownership or operating loans for beginning farmers and ranchers. The Managers strongly encourage the Secretary to establish performance goals for each state with a significant volume of real estate loans under this subtitle, with a goal of attaining down payment loan volumes consistent with the loan reservation percentage for down payment loans.

(30) Beginning Farmer and Rancher Contract Land Sales Program

The Senate amendment adds a new Sec. 310F to the ConAct to require the Secretary to carry out a pilot program by Oct. 1, 2002, in at least 10 geographically dispersed states. The Secretary is required to guarantee at least five loans per state in each of the fiscal years 2003 through 2006 made by a private seller of a farm or ranch to a qualified beginning farmer or rancher on a contract land sale basis, if the loan meets the applicable underwriting standards and a commercial lending institution agrees to serve as escrow agent. The Secretary shall start the program on making a determination that guarantees of contract land sales present a risk comparable to the risk presented in the case of guarantees to commercial lenders. (Sec. 508)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment requiring a pilot program in not fewer than 5 states to guarantee loans made by a private seller to a beginning farmer or rancher on a contract land sale basis commencing once the Sec-

retary makes a determination and authorizing the program through 2007 if it is carried out. (Sec. 506)

The Managers are aware that contract land sales are prevalent in many states and encourage the Secretary to create a pilot program for guaranteeing the financing of such contract land sales. The Managers intend for the Secretary to approve any loan guarantee under this pilot program using its normal underwriting criteria. The Managers envision that land contracts between the seller and buyer will contain a side escrow agreement that outlines the duties and responsibilities of the escrow agent.

(31) Direct Loans

The Senate amendment amends Sec. 311(c)(1)(A) to delete the requirement that a direct loan may not be made to a farmer or rancher who has operated a farm or ranch for five years or more. (Sec. 511)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 511)

(32) Amount of Guarantee of Loans for Tribal Farm Operations; Waiver of Limitations for Tribal Operations and Other Operations

The Senate amendment adds a new paragraph (7) to Sec. 309(h) requiring the Secretary to guarantee 95 percent of operating loans made to a farmer or rancher who is a member of an Indian tribe whose farm or ranch is within an Indian reservation. (Sec. 512(a))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment requiring the Secretary to guarantee 95% of operating loans made to any farmer or rancher whose operation is subject to the jurisdiction of an Indian tribe. (Sec. 503)

(33) Debt Settlement

The Senate amendment amends Sec. 331(b)(4) by deleting the provision that the Secretary may not release a borrower from a debt obligation on more favorable terms than that recommended by the county committee under Sec. 332. Note: Sec. 332 was repealed by the 1994 USDA reorganization act. (Sec. 522)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change the role of local or area Farm Service Agency committees in debt settlement to consultation only regarding a potential debt settlement agreement. (Sec. 533)

(34) Interest Rate Options for Loans in Servicing

The Senate amendment amends Sec. 331B to require the Secretary, when restructuring a farmer program loan, to charge the lowest of (1) the rate of the original loan; (2) the rate being charged when the borrower applies for restructuring the loan; or (3) the rate being charged when the borrower restructures the loan. (Sec. 524)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 535)

(35) Inventory Property

The Senate amendment amends Sec. 335(c) dealing with the sale of inventory property by—(1) providing a greater number of days that the property must be held by the Secretary and offered for sale to beginning farmers and ranchers; (2) authorizing the Secretary to bundle or parcel real estate in such ways as to maximize the sale of such real estate to beginning farmers and ranchers; (3) authorizing the Secretary to sell farm real estate that has been acquired and leased before April 4, 1996, to beginning farmers and ranchers within 60 days of the expiration of the lease arrangements; and (4) authorizing the Secretary, for purposes of farmland preservation and in consultation with the State Conservationist, to sell or grant easements, restrictions or development rights to states, political subdivisions within states or private nonprofit organizations of real estate held in inventory. (Sec. 527)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to extend the period of time inventory property must be offered to beginning farmers and ranchers and to maximize the purchase of inventory property by combining or dividing parcels of property as appropriate. (Sec. 538)

(36) Definitions

The Senate amendment amends Sec. 343(a)(11)(F) to replace the 25 percent limitation on ownership of the median ownership acreage within a county for purposes of determining a beginning farmer or rancher with a 30 percent acreage limitation. (Sec. 528(a))

The House bill contains no comparable provisions.

The Conference substitute adopts the Senate provision. (Sec. 540)

(37) Waiver of Borrower Training Certification Requirement

The Senate amendment amends Sec. 359(f) by authorizing the Secretary to waive the educational training requirements of Sec. 359 if the Secretary determines that the borrower demonstrates adequate knowledge in financial and farm management. The Secretary shall establish standards for this waiver that is implemented consistently in all counties. (Sec. 532)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 545)

The Managers are aware that waivers have not always been applied consistently and are concerned that in many areas waivers are exceptionally high, exceeding the 50% level. The Managers intend for the Secretary to issue clear and transparent criteria for waivers as quickly after enactment as possible and to re-assert the importance of borrower training to the success of borrowers and the effectiveness of the direct lending programs.

(38) Repeal of Burdensome Approval Requirements

The Senate amendment amends Sec. 3.1(11)(B) to delete a provision that restricts without prior approval the loan participation activities of a bank for cooperatives in the lending territory of a Farm Credit Bank or association. The Senate amendment also amends Sec. 4.18A to make conforming changes to loan participation activities of banks for cooperatives and FCS institutions that operate under separate titles of the Farm Credit Act. (Sec. 541)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 551)

The Managers understand that although this provision eliminates certain territorial concurrence requirements on Farm Credit System lenders so that lenders may participate in loan syndications or other multiple-lender arrangements for "similar entity" loans originated in other Farm Credit System geographic territories without seeking the permission of the Farm Credit System lender in that territory. Current law requires System institutions to obtain permission from one another when participating in similar entity transactions in which a commercial bank originates the loan and then sells the loan to a group of lenders (including the System institution). The change eliminates these requirements only as they pertain to similar entity loans that the System does not originate. Territorial concurrence for loans other than similar entity loans are not affected by this change. The Managers are expressing no opinion with this provision on pending litigation regarding participation regulations issued by the Farm Credit Administration on April 25, 2000.

(39) Banks for Cooperatives

The Senate amendment amends Sec. 3.7(b) of the Farm Credit Act to replace the words "farm supplies" with "agricultural supplies" and to add a definition of an agricultural supply to include farm supply, agriculture-related processing equipment, agriculture-related machinery and other capital goods related to the storage or handling of agricultural commodities or products. (Sec. 542)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 552)

(40) Insurance Corporation Premiums

The Senate amendment amends Sec. 5.55 of the Farm Credit Act to include government sponsored enterprise-guaranteed loans or credits and establishes the rate at which these loans or credits in accrual or non-accrual status are used to fund the Insurance Fund. (Sec. 543)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision and makes it applicable to calendar year 2002. (Sec. 553)

(41) Board of Directors of the Federal Agricultural Mortgage Corporation

The Senate amendment amends Sec. 8.2(b) to increase the board to 17 members. The two new members of the board shall be

elected by Class A (commercial banks and other financial institutions) and Class B (Farm Credit System institutions) stockholders, and the two new members shall be the chief executive officer and another executive officer of Farmer Mac. The Senate amendment also amends Sec. 8.2(b)(9) to provide for the election of the chairperson from among the board members instead of by appointment by the President. (Sec. 544)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(42) Technical Amendments

See Sec. 505 of the House bill

The Senate amendment strikes references to Sec. 332 and corrects the reference to the "Robert T. Stafford Disaster Relief and Emergency Assistance Act". (Sec. 552)

The Conference substitute adopts the Senate provisions. (Sec. 561)

(43) Effective Date

The Senate amendment makes for the amendments made by this title, except for subsection (b) of this section and section 543(b), take effect on Oct. 1, 2002. (Sec. 553)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

TITLE VI—RURAL DEVELOPMENT

(1) Funding for Rural Local Television Broadcast Signal Loan Guarantees

The House bill amends the Launching Our Communities' Access to Local Television Act of 2000 to provide $200 million for loan guarantees for fiscal years 2002–2006 without fiscal year limitation. (Section 601)

The Senate amendment contain no comparable provision

The Conference substitute adopts the House provision with an amendment to provide $80 million for loan guarantees from the date of enactment through December 31, 2006, without fiscal year limitation. (Section 6404)

It is the view of the Managers that funding dedicated to providing access to signals of local television stations should be made available by the Secretary for rural broadband deployment either upon expiration of the LOCAL TV Act on December 31, 2006, or when the RUS Administrator certifies that the goals of the program have already been met.

(2) Expanded Eligibility for Value-Added Agricultural Product Market Development Grants

The House bill amends the Agricultural Risk Protection Act of 2000 to allow $60 million ($50 million plus $10 million from Sec. 943) to be used for value-added grants for each of the fiscal years 2002–2011. This section is designed to increase the participation in the Value-Added Agricultural Products Market Development Grants by allowing broader standards of eligibility for this specific grant category only so that public bodies and trade association can

compete along with non-profit institutions and universities for grants designed to develop value-added products for foreign markets. Extends the current program with increased mandatory spending. (Section 602)

The Senate amendment amends ARPA, Section 231, to spend $75 million each year 2002–2006. Eligible independent producers and nonprofit entities may receive grants with a priority given to proposals requesting less than $200,000. Defines value added as undergoing a change in the physical state or produced in a manner that enhances its value to consumers. No less than 5% of the funding shall be used to assist producers of certified organic agricultural products. The Senate amendment provides 7.5% of the $75 million per year be allocated to the established Agricultural Marketing Resource Center authorized in ARPA. (Section 606)

The Conference substitute adopts the Senate provision with an amendment to make technical corrections, expand eligibility, strike the priority designations and reserve, and modify funding for the established innovation center. This provision provides $40 million each fiscal year 2002 through 2007. Of this amount, five percent of the funds will be used for the Agricultural Marketing Resource Center. (Section 6401)

The Managers intend that the Department, in administering the program, will seek to fund a broad diversity of projects that help increase agricultural producers' share of the food and agricultural system profit, including projects likely to increase the profitability and viability of small and medium-sized farms and ranches. The Managers intend for the Department to consider a project's potential for creating self-employment opportunities in farming and ranching and the likelihood that the project will contribute to conserving and enhancing the quality of land, water and other natural resources.

When making these grants, the Managers expect the Secretary to consider applications from a variety of agricultural sectors, such as renewable energy, wineries, high value products from major crops, agri-marketing ventures, and community supported agricultural projects. The inclusion of renewable energy includes farm or ranch based wind, solar, hydrogen, and other renewable energy.

An exception from the normal rural area requirement is made for majority controlled producer based business ventures. It is the Managers intent that the Department award grants, to the maximum extent practicable, to projects located in rural areas. However, state rules and regulations and other circumstances may hinder some worthy value-added agricultural projects from meeting the Department's specific definition of "rural". One such example is wineries in certain areas. In this instance, the Managers expect the Department to consider the importance and value of the project to area agriculture producers who will be the ultimate beneficiaries of the project, including the consistency of the project with the intent of the program.

(3) Agriculture Innovation Center Demonstration Program

The House bill provides that the Secretary shall make grants to establish centers to provide producers with technical assistance, marketing, and development assistance for value-added agricul-

tural businesses. The Secretary shall use not less than $5 million for fiscal year 2002 and not less than $10 million for fiscal years 2003 and 2004. This money is part of the $50 million being used for Section 602 activities. The Secretary shall use $300,000 of the funds made available each year to support research at a university on the effects of value-added projects on producers and commodity markets. The Secretary shall submit a report to the House and Senate Agriculture Committees on the effectiveness of this demonstration program. (Section 603)

The Senate amendment provides 7.5% of the $75 million per year that is allocated to the established Agricultural Marketing Resource Center authorized in ARPA. (Section 606)

The Conference substitute adopts the House provision with an amendment that the Secretary shall use not less than $3 million for fiscal year 2002 and not less than $6 million for fiscal years 2003 and 2004. (Section 6402)

(4) Funding of Community Water Assistance Grant Program

The House bill directs the Secretary to use $30 million for each of the fiscal years 2002–2011 to fund drinking water assistance grants. Extends current program and makes it mandatory spending. Strikes the word "emergency" in the subtitle.

Increases funding by another $45 million per year, for a total of $75 million per year. (Section 604 and 943)

The Senate amendment extends authority of the program through 2006 with no changes.

See also section 603 of the Senate amendment, which fully funds existing backlog of applications for this grant program and other rural development loan and grant programs. (Section 629)

The Conference substitute adopts the House provision with an amendment to make rural areas and small communities eligible for grants in cases where a significant decline in quantity and quality of water is imminent, in addition to where there is an emergency. No less than 3 percent but no more than 5 percent of appropriated funds shall be used for these grants. (Section 6009)

The Managers are acutely aware of the ongoing needs of rural communities in maintaining water systems to provide adequate and safe drinking water for its residents. The Managers are particularly concerned about current drought conditions in many areas of the United States and its dire impact on a rural area's drinking water needs. Many areas are faced not only with the lack of potable water but with the lack of any water at all. For this reason, the provision allowing for potable water includes the delivery of bottled water where necessary.

The Managers expect this provision to provide USDA, Rural Development with a flexible program with a certainty of funds to meet the emergency and imminent drinking water needs of rural areas. The Secretary should ensure that communities eligible for assistance under this program receive immediate attention.

(5) Loan Guarantees for the Financing of the Purchase of Renewable Energy Systems

The House bill provides that the Secretary may provide to persons or individuals a loan guarantee under Section 4 of the Rural

Electrification Act to finance the purchase of a renewable energy system, including a wind energy system and anaerobic digesters for the purpose of energy generation. (Section 605)

The Senate amendment provides that the Secretary, in addition to making loans and loan guarantees under other laws, shall make low interest rate loans (4%), loan guarantees, and grants to be used by producers for the purchase of renewable energy systems and energy efficiency improvements. Provides $33 million per year for such purposes. (Only those producing agricultural products with a market value of less than $1,000,000 in the preceding year are eligible.) (Section 902)

The Conference substitute deletes the House provision.

(6) Loans and Loan Guarantees for Renewable Energy Systems

The House bill amends Section 310B of the ConAct by inserting "and other renewable energy systems including wind energy systems and anaerobic digesters for the purpose of energy generation". (Section 606)

The Senate amendment provides that the Secretary, acting through the Rural Business Cooperative Service shall establish a program to make loans, loan guarantees (in addition to loans and loan guarantees under other laws) and competitively award grants to cooperatives or other rural business ventures to enable producers to own and market sources of renewable energy and increase the quantity of electricity available from renewable energy sources. Loans would be used to provide capital for start-up costs associated with rural business ventures or the promotion of the aggregation of renewable electric energy sources. Grants would be used to develop business plans or perform feasibility studies. (much like existing Value-Added Grants). (Section 902)

The Conference substitute adopts the House provision. (Section 6013)

(7) Reauthorization of Programs Through 2011

The House amendment reauthorizes current programs through 2011. Those programs are Rural Business Opportunity Grants (Sec. 607), Grants for Water Systems for Rural and Native Villages in Alaska (Sec. 608), Rural Cooperative Development Grants (Sec. 609), National Reserve Account for Rural Development Trust Fund (Sec. 610), and the Rural Venture Capital Demonstration Program (Sec. 611). (Sections 607, 608, 609, 610, and 611)

The Senate amendment reauthorizes Rural Business Opportunity Grants (same as House Sec. 607) except that authorization is increased from $7.5 million to $15 million a year, and authority runs through 2006.

Reauthorizes Grants for Water Systems for Rural and Native Villages in Alaska (same as House Sec. 608) except that authority runs through 2006.

Reauthorizes Rural Cooperative Development Grants (same as House Sec. 609) except that it prohibits the Secretary from requiring a non-federal share of more than 5% for 1994 institutions, and authority runs through 2006.

The Senate amendment contains no comparable provisions on the National Reserve Account for Rural Development Trust Fund

or the Rural Venture Capital Demonstration Program. (Section 622, 631, and 633)

The Conference substitute adopts the Senate provision on Rural Business Opportunity Grants. (Section 6003)

The Conference substitute adopts the House provision on Grants for Water Systems for Rural and Native Villages in Alaska. (Section 6011)

The Conference substitute adopts the Senate provision on Rural Cooperative Development Grants. (Section 6015)

The Conference substitute adopts the House provisions with an amendment to repeal the National Reserve Account for Rural Development Trust Fund and the Rural Venture Capital Demonstration Program. (Section 6026)

(8) Increase in Limit on Certain Loans for Rural Development

The House bill increases the loan limit of the Business and Industry lending program authorized by Sec. 310B of the ConAct from $25 million to $100 million. (Section 612)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment that the Secretary may guarantee a loan that may not exceed $40 million for a project that is located in a rural area and provides for the value-added processing of agricultural commodities. The Secretary may not delegate the approval authority. (Section 6017)

(9) Pilot Program for Rural Development Strategic Plans and Implementation

The House bill provides that the Secretary shall select states to implement rural development strategic plans. This is a new program that provides mandatory spending of $2 million in grants for each fiscal year 2002–2011 (plus another 2/13 or approximately $6.9 million from Sec. 943.).

Provides mandatory spending of $13 million for grants to implement the plans for each fiscal year 2002–2011 (plus 11/13 or approximately $38 million from Sec. 943.). The Strategic Planning Initiative and Implementation provision authorizes a matching grant pilot program of $2 million (plus $6.9 million) per year to entities for regional, collaborative rural development strategic plans in those states that are chosen by the Secretary. Community-based and grassroots organizations' support and participation are critically important to successful planning. The matching grant requirement will help ensure that there is a commitment at the local level for the planning process. The provision allows the Secretary to require up to a 50% matching grant. This requirement is not intended to serve as a barrier to limited resource communities in fully participating in the program. The Secretary should require matching grants commensurate with a community's ability to pay, even to the point of only requiring a nominal amount in order to ensure the broadest participation.

In developing a regional development plan it is imperative that local specialists representing many varied areas of expertise be included. The Secretary should give priority to grant applicants whose proposals include the broadest coalitions of regional and

local organizations—both public and private. Entities eligible for matching grants include but are not limited to Councils of Government, Area Development Districts, Economic Development Districts, Local Development Districts, Planning and Development Districts, Regional Planning Commissions and Regional Councils of Government. (Section 613)

The Senate amendment spends $5 million in 2002 for planning grants to conditionally approved program entities under Sec. 385C(d). Spends $2 million in 2002 for private technical assistance under Sec. 358C(h).

Amends the ConAct to create a Program that will provide rural communities with technical and financial assistance to develop and implement community development strategies. The Secretary shall approve a program entity to receive grants if the entity meets certain criteria, and once approved, the entity shall establish an endowment fund. The Secretary may award supplemental grants, not to exceed $100,000, to approved entities to assist in developing a strategy (Sec. 385C(d) see above). To be eligible for an endowment grant, approved entities shall develop and obtain the approval of the Secretary for a comprehensive strategy. An approved entity shall receive final approval if the strategy meets certain requirements, and the Secretary may make grants, not to exceed $6 million, to these entities to implement the strategy (Sec. 385C(f) see above). Approved entities must provide a 50% match of the amount received in grant funds, except in certain cases where it is determined that a lower non-federal share is allowable to invest and then use the funds for infrastructure improvements and/or investments in enterprises that will improve the area. Grants may be made, not to exceed $100,000, to qualified intermediaries to provide technical assistance and capacity building to approved entities (Sec. 358C(h) see above). Authorizes such sums as are necessary for fiscal years 2004–2006. (Section 604)

The Conference substitute adopts the House provision with an amendment to establish a National Board on Rural America that will make planning grants and innovation grants to certified Regional Investment Boards. A National Conference on Rural America will be held to address challenges in rural areas. A total of $100 million is available to carry out this section. (Section 6030)

For over 40 years rural policy scholars and analysts have recognized the absolute necessity of a more integrated, comprehensive rural policy framework. In establishing this framework, Section 6030, will require the active participation of all Federal agencies, rural units of local government, development organizations, community-based organizations, rural nongovernmental organization, and the private and philanthropic sectors. While a collaborative effort and comprehensive planning is essential for success of any endeavor, no plan can succeed without resources for its implementation and completion.

This program is designed to use Federal funds as a catalyst to bring together the various sectors from rural areas in order to make maximum use of Federal, state and local resources.

The Managers intend that the appropriate population of an eligible area is between 50,000 and 150,000; however, the Managers expect the regional and national boards to make exceptions as

needed. The target population does not include a metropolitan area which may be participating in a regional plan.

The Managers understand the diversity of governance, governmental entities and governmental structure in the 50 states. In composing the regional boards, the Managers expect that it will include the broadest possible collection of public and private entities representative of the area or region of the eligible area.

In appointing the National Board on Rural America, the Managers expect the Secretary to carefully consider individuals recommended by the Chairman and Ranking Members of the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition and Forestry, the Speaker of the House of Representatives, and the Majority Leader of the Senate. The Secretary is encouraged to consider seven recommendations from the House of Representatives and seven recommendations from the Senate.

(10) Grants to Nonprofit Organizations To Finance the Construction, Refurbishing, and Servicing of Individually-Owned Household Water Well Systems in Rural Areas for Individuals With Low or Moderate Incomes

The House bill amends the water and wastewater authorities under the ConAct to authorize the Secretary to make grants and loans to provide individual residential water wells. (Section 614)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment limiting loans to $8,000 per water well system and authorizing the program at $10 million per fiscal year. (Section 6012)

(11) National Rural Development Partnership

The House bill adds a new section to Subtitle E of the ConAct to establish a National Rural Development Partnership composed of the Coordinating Committee and the state rural development councils. (Section 615)

The Senate amendment amends Subtitle D of the ConAct to add the NRDP composed of the Coordinating Committee and the state rural development councils. (Section 611)

The Conference substitute adopts the Senate provision with an amendment clarifying the Senate language and authorizing up to $10 million per fiscal year. (Section 6021)

The Conference substitute includes provisions which are intended to ensure the accountability of State Rural Development Councils (SRDCs) to the rural residents they are expected to serve and to agencies which provide financial support for their operations. The Managers specifically intend that all SRDCs will continue to abide by or come into compliance with the structural and process guiding principles of this section. The Managers also intend that USDA/Rural Development State Directors and other employees of USDA and other Federal agencies with rural responsibilities will fully participate as voting members in the governance and operations of SRDCs on an equal basis with other SRDC members.

The Managers expect the National Rural Development Coordinating Committee to make significant progress toward the goal of better coordinating the rural policies and programs of Federal agencies and developing greater collaboration between the Federal

government, the States, and others with resources to invest in rural areas.

The Partnership has depended on voluntary contributions of discretionary funds from multiple Federal agencies to support its activities. This system has not met all of the needs of the SRDC. Accordingly, the Conference substitute contains an authorization for annual appropriations of $10 million. The Managers encourage Federal agencies, whether or not they have contributed to the Partnership in the past, to financially support collaborative initiatives managed by SRDCs. The Managers specifically intend that all Federal funds that are provided to the SRDCs will be used solely for SRDC operations and projects and that the use of these funds will be controlled exclusively by the SRDCs' governing boards. The Managers also strongly urge SRDCs to identify additional sources of non-Federal funds to support their activities.

SRDCs currently operate in 40 States. The Managers encourage the Secretary to work with the remaining 10 States to establish SRDCs.

(12) Eligibility of Rural Empowerment Zones, Rural Enterprise Communities, and Champion Communities for Direct and Guaranteed Loans for Essential Community Facilities

The House bill amends Sec. 306(a) of the ConAct to authorize the Secretary to make or insure loans to communities designated as rural empowerment zones, rural enterprise communities or as champion communities to install or improve essential community facilities. (Section 616)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to strike "champion communities". (Section 6001)

The Managers intend that this provision affect only two communities—Lewiston, Maine, and Eagle Pass, Texas. These communities were designated rural Enterprise Communities in 1999, and this amendment would make them eligible for participation in essential community facility programs only.

(13) Grants To Train Farm Workers in New Technologies and To Train Farm Workers in Specialized Skills Necessary for Higher Value Crops

The House bill provides that the Secretary may make grants to an entity to train farm workers to use new technologies and develop specialized skills for agricultural development. Authorizes no more than $10 million be appropriated to the Secretary for fiscal years 2002–2011 to make such grants. (Section 617)

The Senate amendment is the same except it authorizes grants through 2006. (Section 646)

The Conference substitute adopts the House provision with an amendment making technical changes and adding "farmer cooperatives" as an eligible entity. (Section 6025)

(14) Loan Guarantees for the Purchase of Stock in a Farmer Cooperative Seeking To Modernize or Expand

The House bill amends Sec. 310B of the ConAct to provide loan guarantees for individual farmers to purchase capital stock of a

farmer cooperative established for an agricultural purpose. (Section 618)

See also Sec. 523 (Credit Title) of the House bill, which contains additional modifications to the B&I Loan Program to provide for guaranteed loans to projects in areas other than rural communities, in the case of insured loans, if a majority of the project involved is owned by individuals who reside and have farming operations in rural communities, and the project adds value to or processes agricultural commodities.

The Senate amendment amends Sec. 310B of the ConAct to provide loan guarantees to farmers, ranchers or cooperatives to purchase start-up capital stock for expanding or creating an agriculture coop. The Secretary may guarantee a loan to a producer to join a coop in order to sell products he produces. Farmer coops eligible for B&I loans shall be eligible to refinance existing loans. The Secretary may establish appraisal standards for the Business and Industry Loan Program. The Secretary may assess a one-time fee for a loan guarantee, not to exceed 2% of the guaranteed principal portion of the loan. (Section 635)

The Conference substitute adopts the Senate provision with an amendment to provide loan guarantees to purchase capital stock. The Secretary may make or guarantee a loan to a cooperative organization headquartered in a metropolitan area if the loan is used for a project in a rural area or meets the criteria of a cooperative generally. A cooperative organization shall be eligible to refinance an existing loan if certain requirements are met. The Secretary may guarantee a loan to a cooperative for a facility that is not located in a rural area if the facility provides value-added processing to producers located within 80 miles of the facility; if the primary benefit of the guarantee provides employment to rural areas; and the total amount of loans guaranteed does not exceed 10 percent of total loan guarantees in a fiscal year. The Secretary may consider the value of a properly appraised brand name, patent, or trademark of the cooperative in determining whether the cooperative organization is eligible for a loan guarantee. The Secretary may guarantee a loan that may not exceed $40 million for a project that is located in a rural area and provides for the value-added processing of agricultural commodities and the Secretary may not delegate the approval authority for such a guarantee. (Section 6017)

There is a 2% limit on an initial fee. That limit does not prevent annual fees which may be needed to preserve an appropriate program level.

The Managers expect the Secretary, to consider on a priority basis, Business and Industry loan and loan guarantee program applications from eligible marketing cooperatives of agriculture producers for the purpose of constructing peanut storage facilities and for value-added agriculture and renewable energy. In regard to paragraphs (6) and (8), the 10 percent limit in each of those paragraphs is not a goal to be worked toward, but a limit. The Managers recognize that the loans or loan guarantees provided may be less than that level.

(15) Intangible Assets and Subordinated Unsecured Debt Required To Be Considered in Determining Eligibility of Farmer-Owned Cooperative for Business and Industry Guaranteed Loan

The House bill amends Sec. 310B of the ConAct for this purpose. In considering applications for a loan guarantee from an agricultural cooperative, the Rural Business-Cooperative Service may consider the value of intangible assets such as trademarks, patents, licenses, and brands subject to appraisal, when evaluating the eligibility of an agricultural cooperative for loan guarantees. The same consideration may be given to unsecured subordinated debt, which may be viewed as the equivalent of equity in the cooperative. Both intangible assets and unsecured subordinated debt may be considered in determining the viability of a cooperative's balance sheet. (Section 619)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment that the Secretary may consider the value of a properly appraised brand name, patent, or trademark of a cooperative. (Section 6017)

(16) Ban on Limiting Eligibility of Farmer Cooperative for Business and Industry Loan Guarantee Based on Population of Area in Which Cooperative Is Located

The House bill amends the ConAct so that in determining whether a cooperative organization owned by farmers is eligible for a guaranteed loan, the Secretary shall not apply any lending restrictions based on population to the area in which the cooperative is located. (Section 620)

The Senate amendment provides for that loans can be made to coops headquartered in a metropolitan area if the project is in a rural area. (Section 635)

The Conference substitute adopts the House provision with an amendment that the Secretary may guarantee a loan to a cooperative for a facility that is not located in a rural area if the facility provides value-added processing to producers located within 80 miles of the facility; if the primary benefit of the guarantee provides employment to rural areas; and the total amount of loans guaranteed does not exceed 10 percent of total loan guarantees in a fiscal year. (Section 6017)

(17) Rural Water and Waste Facility Grants

The House bill removes the appropriation authorization from the rural water and waste water program under the ConAct, in effect providing such sums as may be necessary. (Section 621)

The Senate amendment increases current law from $590 million in total spending per year to a new authorization of $1.5 billion per year. The Secretary may make grants to entities to capitalize revolving funds to provide loans to eligible borrowers to finance up to $100,000 of the costs of predevelopment, equipment, replacement, small systems extensions and other small water and wastewater projects. Authorizes appropriations of $30 million each fiscal year 2002–2006 for this subparagraph. (Section 621)

The Conference substitute adopts the Senate provision with an amendment to authorize such sums as necessary for the rural water and waste water program. (Section 6002)

(18) Rural Water Circuit Rider Program

The House bill establishes permanently under the ConAct a national rural water circuit rider program to provide technical expertise to existing and start-up rural water systems throughout the country. Provides an authorization of appropriations of $15 million per year (Section 622)

The Senate amendment is nearly identical to House bill except for (B) that contains language that says the new program "shall not affect the authority of the Secretary to carry out the circuit rider program for which funds are made available under the heading RCAP for 2002." Also, the authorization for $15 million is only through 2006. (Section 623)

The Conference substitute adopts the Senate provision with an amendment making the program permanent. (Section 6005)

(19) Rural Water Grassroots Source Water Protection Program

The House bill establishes a national source water protection program within the U.S. Department of Agriculture that will enable rural water associations to provide better services in the implementation of wellhead and ground water protection programs. The program is authorized at an annual appropriation of $5 million. (Section 623)

The Senate amendment contains no comparable provision in rural development title, but see conservation title.

The Conference substitute adopts the Senate provision. (Section 217 (1240Q))

(20) National Rural Cooperative and Business Equity Fund

The Senate amendment amends the ConAct to establish the Fund, governed by a board of directors, to revitalize rural communities and sustain rural business development by providing federal funds and credit enhancements to a private equity fund in order to encourage investments by authorized private investors. The Secretary shall make $150 million available (subject to appropriations) for the fund which is to be matched by the investors; guarantee 50% of each investment up to $300 million made by a Fund investor; guarantee 100% of the repayment of principal and accrued interest on approved debentures issued by the Fund, not to exceed $500 million. No single investment shall exceed the greater of $2 million or 7% of the Fund. The total investment made in a company may not exceed 20% of the total investment in the project. Authorizes such sums as are necessary. (Senate 601)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(21) Rural Business Investment Program

The Senate amendment spends $70 million in 2002 for subsidies and $50 million in 2002 for grants.

Adds a new subtitle H to the ConAct that establishes a Rural Business Investment Program (RBIP) administered by the Sec-

retary that, among other things, promotes economic development and the creation of wealth and job opportunities in rural areas.

New Sec. 384A. defines various terms used by the Secretary to implement the RBIP, including the term Rural Business Investment Company (RBIC).

New Sec. 384B. sets out the purposes of the RBIP to promote economic development and to establish a developmental venture capital program that addresses the unmet investment needs of small enterprises. The Secretary is authorized to enter into participation agreements with RBICs, guarantee RBIC debentures and make grants to RBICs.

New Sec. 384C. establishes the RBIP.

New Sec. 384D provides for the eligibility of companies to apply to participate in the RBIP if (1) the company is newly formed for-profit or a subsidiary of such company; (2) the company has a management team experienced in financing community development; and (3) the company will invest in enterprises that will create wealth and job opportunities.

Applications to participate must contain a business plan, information about management's experience in financing rural development, a description of how the company intends to work with community organizations to meet unmet capital needs, a proposal on how the company will use grant funds, an estimate of cash to in-kind contributions the company will have in binding commitments, a description of the evaluation standards the company will use to determine whether or not it is meeting the RBIP's purposes, information regarding the financial strength of the parent company or its subsidiary, and any other information the Secretary requires.

The Secretary must issue within 90 days a status report about an application to participate and must approve or disapprove the application within a reasonable time and, on approval, issue a license for the operation of the applicant. If disapproved, the Secretary must notify the applicant in writing.

The Secretary is required to make determinations about the applicant when reviewing and processing the application, including finding that the management personnel of the applicant are qualified to carry out the RBIP and generally have a good business reputation.

The Secretary shall approve and designate the applicant as a RBIC if it is determined that the applicant qualifies, the area in which the RBIC will operate is acceptable and the applicant enters into a participation agreement. The applicant has a capital requirement of at least $2.5 million.

New Sec. 384E provides that the Secretary is authorized to guarantee, using the full faith and credit of the United States, the timely payment of principal and interest on debentures issued by the RBIC. Debenture guarantees may not exceed 15 years. Such guarantees may not exceed the lesser of 300 percent of the private capital of the RBIC or $105 million, and may provide for use of discounted debentures.

New Sec. 384F authorizes the Secretary to issue trust certificates that represent partial or full ownership of RBIC debentures. The Secretary may pool RBIC debentures on which the certificates are based and may guarantee the timely payment of principal and

interest on the certificates. The Secretary may administer the guaranteed trust or pool to provide for prepayment of or defaults on debentures. Trust certificates are backed by the full faith and credit of the U.S.

The Secretary is required to provide for a central registration of all trust certificates and will subrogate and retain ownership rights over a debenture on which a claim is satisfied. The Secretary may maintain bank accounts and investments to facilitate the creation of trusts or pools of debentures. The Secretary may regulate brokers and dealers in RBIP trust certificates and require any person functioning as the Secretary's agent to provide a bond or evidence of insurance.

New Sec. 384G authorizes the Secretary to charge fees for the guarantee of debentures or grants, and the Secretary's agents may collect a fee for operating a trust pool. The Secretary may charge a fee to license a RBIC. The Secretary shall use the fees to cover salaries and expenses of the Secretary and are authorized for covering the costs of licensing exams.

New Sec. 384H authorizes the Secretary to make grants to RBICs over a multi-year period to be used only to provide operational assistance. RBICs must show how they will use grant funds. The amount of the grant can be up to the lesser of 10% of the private capital raise or $1 million. NOTE: INTENT was to also limit such funds to the lesser of twice the match provided by the RBIC. The Secretary may make grants to entities other than a RBIC under the same terms as it would to an RBIC.

New Sec. 384I sets out the legal organization of RBICs, including their articles of incorporation if incorporated, and minimum levels of private capital acceptable to operate as a RBIC. The Secretary may accommodate lesser capital standards upon the showing of special circumstances and good cause. The Secretary shall ensure that the private capital is adequate for success and that at least 75 percent of the capital is invested in rural business and not more than 10% may be invested in a city of over 100,000 or its surrounding urbanized area. That the minimum amount of capital required for RBICs authorized to be issued guarantees on debentures shall be $10,000,000 or $5,000,000 with a determination by the Secretary regarding risk. Secretary also is required to ensure that the RBIC management is diversified and unaffiliated with the ownership of the RBIC.

New Sec. 384J provides that national banks, Federal Reserve member banks, federal savings associations, Farm Credit System (FCS) institutions and other insured banks may invest in RBICs but in no event may a lending institution make a greater than five percent investment of its capital and surplus in RBICs. In the case of a FCS institution or a combination of FCS institutions holding more than 15 percent of the voting stock in a RBIC, the RBIC may not provide financial or equity investment assistance to any entity not otherwise eligible to receive financing from the FCS.

The total invested by any of the described financial institutions shall not exceed 5% of their capital.

New Sec. 384K sets out the reporting requirements.

New Sec. 384L provides for the Secretary to direct a private sector entity to exam the books, records and operations of partici-

pating RBICs, and the Secretary may charge RBICs for the costs of such examinations.

New Sec. 384M authorizes the Secretary to use the federal district courts to enforce compliance of all provisions of the RBIP set out in rules, regulations, orders or participation agreements should the Secretary have reason to believe a RBIC is engaging in or about to engage in any act or practice that violates the RBIP. In the event of violations, a court of competent jurisdiction may issue temporary or permanent injunctions, restraining orders or other orders to prohibit further activities and may appoint a trustee or receiver to manage the assets of a RBIC. The Secretary may act as a trustee or receiver.

New Sec. 384N authorizes the Secretary to void RBICs' participation agreements and to stop the exercise of all rights and privileges as a RBIC. A RBIC must be found to be in violation of the RBIP before the loss of such privileges.

New Sec. 384O provides that RBICs and other, associated persons involved in any activity that violates the act to be held together to the extent the associated persons authorize or otherwise bring about the violation. Any mismanagement or misconduct shall be a breach of fiduciary responsibility and unlawful. Any person associated with the RBIC that commits any unlawful act or practice, or fails in any act or practice, that would result in the RBIC suffering financial losses has breached his fiduciary responsibility. This section further provides suitability rules for officers or agents of the RBIC and makes any breach of those rules to be unlawful acts.

Sec. 384P provides procedures for removing officers or agents of a RBIC.

Sec. 384Q requires the Secretary to enter into an interagency agreement with the Small Business Administration to carry out the day-to-day management and operation of the RBIP.

Sec. 384R authorizes the Secretary to write regulations to carry out the RBIP.

Sec. 384S provides $350 million for the guarantee of debentures and $50 million for grants from Treasury funds not otherwise appropriated to carry out the RBIP. Such funds shall remain available until spent.

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment making clarifying changes and that the Secretary shall enter into an interagency agreement with another federal agency that has expertise in operating a program of this nature. The Conference substitute provides $100 million to carry out this program. (Section 6029)

This program addresses the crucial problem of limited equity capital in rural America. The program allows investment companies to considerably leverage their equity resources, increasing the equity funds available in rural America by attracting capital for the program and through the leverage that the program provides. Only for profit Rural Business Investment Companies (RBIC) may apply because the profit motive and danger of loss will help minimize losses to the government. The Managers believe that a high

quality management team of the applicants is crucial for success and expects that this factor will be given solid consideration.

Financial institutions may participate in the program as set forth in the program. The Managers intend that financial institution regulators including the Farm Credit Administration, the Office of the Comptroller, the Federal Reserve, state bank regulators, and other financial institution regulators continue to have the authority to impose on any financial institution that they regulate any safeguard, limitation, or condition that the regulator considers to be appropriate (including, without limitation, any investment limit that is lower than the investment limit that this section imposes on insured depository institutions). The strong expectation of the Managers is that RBICs will not normally engage in lending of a type performed by regulated financial institutions except in circumstances where such assistance is not likely to be available and where the equity investment makes such arrangements prudent given the overall risks involved.

The program is modeled after the Small Business Investment Company program, where considerable expertise in operating the program that provides capital for equity investments has been developed. That program shares many of the same provisions with the RBIC program that is being enacted allowing day-to-day management to follow almost identical practices with a few exceptions such as those dealing with the grants program and rural targeting of investments. It is the expectation of the Managers that the Secretary enter into an agreement under the Economy Act within 60 days of enactment with that appropriate agency.

It is the expectation of the Managers that a considerable share of the rules and operating procedures for this program will be the same as the rules and operating procedures for the Small Business Investment Company program. Given that reality, it is the Manager's expectation that rules implementing this program can be proposed in a very short time period. The grant provisions are similar to the New Markets Venture Capital Program.

(22) Full Funding of Pending Rural Development Loan and Grant Applications

The Senate amendment spends a CBO estimated $454 million in 2002 (no future spending) to close out the backlog in the following rural development programs: community facility direct loans and grants; water and waste disposal direct loans and grants; rural water or wastewater technical assistance and training grants; emergency community water assistance grants; B&I guaranteed loans; solid waste management grants. Applications in the preapplication phase are not eligible for funding under this provision. (Section 603)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to provide $360 million to fund pending applications for water and waste disposal system grants and loans, with priority to water systems. (Section 6031)

(23) Enhancement of Access to Broadband in Rural Areas

The Senate amendment spends $100 million each year 2002–2006. Amends the Rural Electrification Act. The Secretary shall make grants, loans, and loan guarantees at 4% or market rate interest to construct, improve, acquire facilities and equipment to provide broadband service to rural communities with no more than 20,000 residents. Funding will be allocated to states, and funds not obligated by April 1 will go in a national pool to be used by the Secretary to make grants, loans, and loan guarantees in any state. (Section 605)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to provide loans and loan guarantees for broadband service and to clarify what entities are eligible to receive a loan or loan guarantee. (Section 6103)

The Managers expect that the state government or local government or any agency, subdivision or instrumentality thereof (including consortia thereof) will be permitted to file applications during the three-month waiting period after the RUS has promulgated rules on the broadband program in order to keep their place in line for the next available round of funding.

The Managers expect the RUS to evaluate the priority status of all pending broadband applications as soon as practicable after the date of enactment. Any completed application which meets the priority criteria should be evaluated for expedited approval. The Managers expect the Agency to determine the priority status of applications on hand at least once every quarter. In general, all other applications should be evaluated and awarded on a first come first serve basis.

The Managers are aware that in the current broadband pilot program RUS has generally used the FCC's definition of broadband services. It is the Manager's intent that this practice should continue and that is why the Manager's used the definition of broadband services that is currently being used by the FCC and the RUS. The Managers want to make clear that the purpose behind using this definition was to maintain the current high standard used by RUS in determining what a broadband service is.

However, the Managers expect the Administrator will apply a definition of broadband services to encourage new broader bandwidth technologies in rural areas and that the program will foster the development of a variety of technological applications including terrestrial and satellite wireless services. This is a critical function since this is a rapidly changing technology.

The Managers have taken no position on particular technologies and believe that it is very important for the Department not to choose among adequate technologies. The Managers expect the Secretary to participate in any FCC proceedings or Department of Commerce study of the future of broadband services and the markets for such services.

The Managers are aware that the RUS has administered a telecommunications program for over 50 years. To date there has not been a loan loss in that program. The Managers expect, that given that record, program levels will fully take that reality into

account. The Managers intend for direct loans to be made at the treasury rate of interest in most circumstances.

(24) National Rural Development Information Clearinghouse

The House bill extends the National Rural Information Center Clearing-House—(7 U.S.C. 3125b(c)) through 2011. (Section 701)

The Senate amendment amends Section 2381 of the Food, Agriculture, Conservation, and Trade Act of 1990 to establish a Clearinghouse at USDA to collect and disseminate information about programs and services available to a person or entity in a rural area regarding financial, technical or other assistance. The Clearinghouse will maintain an Internet website, and the Secretary shall use not more than $600,000 of the funds available to RHS, RUS, RBS each fiscal year to operate and maintain the Clearinghouse. (Section 607)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7101)

The Managers expect the Rural Development mission area of the Department to highlight the existence and resources of the Rural Information Center of the National Agricultural Library on its websites and in its informational materials.

(25) Multijurisdictional Regional Planning Organizations

The Senate amendment amends the ConAct to allow the Secretary to provide grants up to $100,000 to multijurisdictional regional planning organizations to pay for costs of assisting local governments to improve infrastructure, services and business development capabilities. Authorizes appropriations for $30 million in each year 2003–2006. A local match is required. (Section 624)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6006)

(26) Certified Nonprofit Organizations Sharing Expertise

The Senate amendment amends Sec. 306(a) of the ConAct. The Secretary shall certify nonprofit organizations (which may include an institution of higher education) that demonstrate experience in providing technical assistance to improve infrastructure, services and business development capabilities of local governments, and make this list available to the public. Authorizes appropriations of $20 million each fiscal year 2003–2006 to make grants to certified organizations. (Section 625)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(27) Loan Guarantees for Certain Rural Development Loans

The Senate amendment amends Sec. 306(a) to authorize the Secretary to guarantee loans made for community facilities or water and sewer systems, including loans financed by bond issuances described by Section 144(a)(12)(B)(ii) of the IR code. (NOTE: currently, projects with bonds receiving assistance under that section may not receive other government support. This section does not impact the IRS provision). Any individual or entity

offering to buy these loans may receive the guarantee if the individual or entity demonstrates that person can continue the performance of the loan and can generate capital to assist borrowers of loans with additional credit needs to ensure servicing of loans.

Amends Sec. 310B. to authorize the Secretary to guarantee loans made to finance bond issues for the provision of community facilities or water and sewer systems. (Section 626)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change the reference to section 142(a) of the Internal Revenue Code of 1986. (Section 6007)

The Managers intent is that this section will allow the Department to provide support for noted projects in the event the IRS code is modified to allow such support without adversely affecting tax benefits.

(28) Rural Firefighters and Emergency Personnel Grant Program

The Senate amendment spends $10 million in 2002 and then $30 million each year 2003–2006. Amends the ConAct to establish a grant program to provide scholarships to local government units to train firefighters and emergency medical personnel in firefighting, emergency medical practices, and responding to hazardous material and bioagents. Not less than 60% of the funds shall be used for this purpose. Grants may be used for facility improvements, equipment, operating, or establishing regional training centers. Not more than 40% may be used for the facility grants. The federal share of the facility grants shall not exceed 50%. (Section 627)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a technical amendment to clarify that the Secretary shall give priority to grant applicants that provide for training within the region or locality in which the grant applicant is located. The Conference substitute provides for a funding level of $10 million for each of fiscal years 2003 through 2007, and as a result of this lower level of overall funding for the program, reduces the $2 million limitation for any single training center in any single year to $750,000. (Section 6405)

The Managers expect that efforts will be made to minimize travel costs in order to maximize actual training provided. In order to minimize costs, appropriate training facilities within the area or region should be utilized whenever possible. Many firefighter and first responder training facilities, some with specialized functions such as farm safety have received USDA or FEMA assistance in the past, have excellent reputations but have significant facility needs. It is expected that the Department give a high priority to such facility needs.

(29) Tribal College and University Essential Community Facilities

The Senate amendment amends Section 306(a) of the ConAct to add a provision allowing the Secretary to make grants to tribal colleges and universities to help them develop essential community facilities in rural areas. The federal share is not to exceed 75% of

the total cost of these facilities. Authorizes $10 million a year for each of fiscal years 2003 through 2006. (Section 628)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6008)

(30) Water and Waste Facility Grants for Native American Tribes

The Senate amendment amends Section 306C of the ConAct to authorize appropriations for $30 million in grants, $30 million in loans, and $20 million in grants to benefit Indian tribes each year 2002–2006. (Section 630)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6010)

(31) Rural Business Enterprise Grants

The Senate amendment amends Section 310B(c)(1) of the ConAct by creating a priority in awarding grants under this program to non-profit entities operating on tribal land in an area with a population of no more than 5,000. (Section 632)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6014)

In many rural tribal communities, tribes and tribal governments play a dominant role in the economic development of the area. As a result, unique patterns of economic development exist whereby the local economy is often composed of a single dominant employer. Because of these circumstances, many organizations located in isolated tribal communities are often unable to receive assistance from the Rural Business Enterprise Grant program. The Managers recognize the different patterns of economic development that exist in many rural tribal communities.

It is the Managers expectation that funds made available under this provision will be used to assist in the financing or development of small and emerging businesses located in communities of less than 5,000 people on tribal lands or former tribal lands without respect to revenue or employee limitations. Funds made available under this provision may only be used to create, expand or operate value-added agricultural processing facilities.

(32) Grants to Broadcasting Systems

The Senate amendment amends section 310B(f) of the ConAct by adding: $5 million is authorized per year from 2002–2006 for this subsection. (Section 634)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6016)

(33) Value-Added Intermediary Relending Program

The Senate amendment amends sec. 310B of the ConAct. The Secretary shall make loans to eligible intermediaries, including State agencies, to make loans to recipients for projects to establish, enlarge, or operate enterprises adding value to agriculture products and commodities. Intermediaries shall give preference to bioenergy

projects. Limits loans to $2 million except in cases where the intermediary is a state agency. Authorizes $15 million to be appropriated for fiscal years 2003–2006. (Section 636)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(34) Use of Rural Development Loans and Grants for Other Purposes

The Senate amendment amends subtitle A of the ConAct. If, after making a loan or grant, the Secretary determines the circumstances under which the loan or grant was made have sufficiently changed, the Secretary may allow the recipient to use the loan or grant for other purposes, meeting certain requirements. (Section 637)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6018)

(35) Simplified Application Forms for Loan Guarantees

The Senate amendment amends Sec. 333A of the ConAct. The Secretary shall provide lenders a simplified application for guarantees of farmer program loans under $100,000 and B&I guaranteed loans under $400,000. It also provides that after 2003, USDA may increase to $600,000 the limit on the size B&I loans eligible to use the simplified application process. The Secretary shall develop a process that accelerates processing applications for water and waste disposal grants and loans. (Section 638)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to allow the simplified application process to be used for guarantees of farmer program loans under $125,000. (Section 6019)

(36) Definition of Rural and Rural Area

The Senate amendment amends Sec. 343(a) of the ConAct so that a "rural area" means a city, town or unincorporated area with a population of 50,000 or less (applied to Community Facility loans and grants, B&I direct and guaranteed loans, Sections 601 and 638); 10,000 or less for water and waste disposal grants and loans. Other definitions of rural are provided for multijurisdictional regional planning organizations and the microenterprise program (Section 639)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a technical amendment to clarify the definition of "rural" and "rural areas", and reduce the population requirement for the Community Facilities Program from 50,000 to 20,000. (Section 6020)

(37) Rural Enterprises and Microenterprise Assistance Program

The Senate amendment spends $10 million each year from 2002–2006. Amends Subtitle D of the ConAct to establish a Program to provide low- and moderate-income individuals with skills to start new small businesses in rural areas, and to provide continuing technical assistance through local organizations as these

new businesses begin operating. Grants may be made to qualified organizations to provide training and technical assistance. (Section 642)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(38) Rural Seniors

The Senate amendment amends Subtitle D of the ConAct. The Secretary shall establish an interagency committee to examine special problems of rural seniors and report recommendations to the Senate and House Ag Committees.

Authorizes $25 million to be appropriated each fiscal year 2003–2006 for grants to nonprofit organizations of up to 20% of the cost of programs that provide facilities, equipment and technology for seniors.

Reserves no less than 12.5% of the Community Facilities program funds for Senior Facilities up to April 1 of each fiscal year.

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(39) Children's Day Care Facilities

The Senate amendment provides that Sec. 306(a)(19) of the ConAct is amended to reserve no less than 10% of the Community Facilities funds for grants to pay the cost share of developing and constructing day care facilities for children in rural areas up to April 1 of each fiscal year. (Section 642)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6004)

(40) Rural Telework

The Senate amendment amends Subtitle D of the ConAct. The Secretary shall make a grant to an eligible organization to pay the cost of establishing a national rural telework institute. Nonprofit organizations and educational institutions may receive a grant of up to $500,000 for obtaining equipment and facilities to establish, expand or operate telework locations in rural areas. A 50% match is required. Authorizes $30 million for each fiscal year 2002–2006, of which $5 million each year will establish the institute. (Section 643)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that the matching requirement for a grant be 30 percent the first three years of a project and 50 percent during the fourth and fifth years. The Conference substitute also prescribes non-federal contribution requirements and grant amounts. (Section 6022)

(41) Historic Barn Preservation

The Senate amendment provides that Subtitle D of the ConAct is amended so the Secretary may make grants or enter into agreements with states to rehabilitate, preserve, or identify historic barns. Authorizes $25 million total for fiscal years 2002–2006. (Section 644)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to authorize such sums as necessary. (Section 6023)

(42) Grants for Emergency Weather Radio Transmitters

The Senate amendment amends Subtitle D of the ConAct. Authorizes $2 million each fiscal year 2002–2006 so the Secretary may make grants to public and nonprofit entities for acquiring radio transmitters to increase coverage of rural areas by the emergency weather broadcast system. (Section 645)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a technical amendment. (Section 6024)

The Managers are concerned that many rural and remote areas in the United States do not have access to timely and accurate alerts and warnings regarding severe weather in the vicinity. In many cases, timely weather warnings may be the difference between life and death for individuals in the path of severe weather. It is the Managers intent that this grant program increase the coverage area of the all hazards weather radio broadcast system of the National Oceanic and Atmospheric Administration to as many rural and remote areas as possible.

(43) Delta Regional Authority

The Senate amendment provides that Sec. 382D of the ConAct is amended to clarify (as a drafting matter) the provision relating to supplements to federal grant programs. Subtitle D of the ConAct is amended to add 4 Alabama counties to the definition of Lower Mississippi, and to allow grants for research at a particular university. Sec. 382M(a) of the ConAct is amended by extending authorization of appropriations and authority to 2006. (Section 647)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment clarifying the voting structure. (Section 6027)

(44) SEARCH Grants for Small Communities

The Senate amendment amends the ConAct. States may establish a Council that may apply for a grant of no more than $1 million. The Council will use this funding to award SEARCH (special environmental assistance for the regulation of communities and habitat) grants to communities with a population with 2,500 or less for an environmental project or to comply with an environmental law. Authorizes $51 million in appropriations and such sums as are necessary to carry out this section. (Section 648)

The House bill contains no comparable provision.

The Conference substitute does not amend the ConAct. It adopts the Senate provision with an amendment to administer this program through the State Rural Development Directors, in coordination with the environmental protection director of the State. (Sections 6301, 6302, 6303, 6304)

The consultation and coordination provided by the Environmental Protection Agency is for technical and informational purposes; the Managers intend that the State rural development direc-

tors award SEARCH grants in each state. Annual appropriations are authorized at $1,000,000 per state per year.

The State rural development directors are expected to appoint the members of the independent citizens' councils, which will help receive and review SEARCH grant applications from communities in the state. After a review of the applications by the council, in coordination with the State rural development director and the state environmental protection director, the State rural development directors will award SEARCH grants to communities for environmental projects that are necessary to carry out initial feasibility studies or to assist communities that demonstrate an inability to obtain sufficient funding from traditional sources as determined by the State rural development directors, in coordination with state environmental directors and the Council. Some State and Federal environmental laws and regulations require initial feasibility or environmental studies prior to undertaking an environmental project. It is the Managers' intent that SEARCH grants provided to communities for the purposes of carrying out an initial feasibility or environmental study be consistent with applicable State and Federal laws. It is not the Managers' intent to prohibit SEARCH grants to communities for initial feasibility or environmental studies where such requirements do not exist.

The Managers are aware that many communities do not have experts with the technical ability to complete the paperwork and other documents accompanying traditional funding programs. Therefore, it is the Managers' intent that the application process be simplified and streamlined as is practicable. State rural development directors should work with rural communities to identify the requirements of such a simplified application process.

Many communities coping with environmental laws and regulations are economically distressed and lack the resources to comply with mandates without grant assistance. It is the Managers' intent that State rural development directors not seek a local match from communities for grants awarded if it will result in economic hardship to the community in question. State rural development directors should reserve match requirements for specific situations and circumstances, and allow communities reasonable amounts of flexibility to provide, in lieu of cash payment, in-kind contributions when calculating the cost-share amount.

(45) Northern Great Plains Regional Authority

The Senate amendment amends the ConAct to establish the Authority to be composed of one member appointed by the President and confirmed by the Senate, and the Governors of the states participating in the Authority (Iowa, Minnesota, Nebraska, North Dakota and South Dakota). The Authority may approve grants to state and local governments, public and nonprofit entities for projects including transportation and telecommunication infrastructure, business development, and job training. Establishes distressed areas in which to target funding as well as a minimum requirement for the distribution of funds among the states. State and regional development plans and grant applications must be approved by the Authority. Authorizes $30 million each fiscal year 2002–2006 for the Authority, which expires in 2006. (Section 649)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision (Section 6028)

The Northern Great Plains Regional Authority is authorized in the states of Iowa, Minnesota, Nebraska, North Dakota, and South Dakota. The Authority is expected to develop a series of comprehensive coordinated plans for the economic development of the region. The Conference substitute authorizes appropriations of $30,000,000 in each of fiscal years 2002 through 2007.

Grants will be made by the Authority particularly to those counties which are distressed, with a special emphasis on transportation, telecommunications, and basic infrastructure such as sewer and water facilities as funds become available. The Managers recognize the ongoing rural development efforts that have evolved from the recommendations of the Northern Great Plains Rural Development Commission. The Commission was established in 1994 through the passage of P.L. 103–318 to prepare a 10-year rural development strategy for the Northern Great Plains Region. The Managers support the efforts of the Northern Great Plains, Inc. to implement the Commission's recommendations and urge the Department, along with this organization, to continue to advance the findings of the Commission.

It is the expectation of the Managers that staff resources of that organization are allocated in a balanced manner to the benefit of all parts of the region. Grants to the Authority must be allocated geographically so each state receives at least one third of its proportional population share without regard to the level of distress of counties in that state.

(46) Alternative Agricultural Research and Commercialization Corporation

The House bill extends Sec. 722. Alternative Agricultural research and commercialization revolving fund. (7 U.S.C. 5908(g)(1) and capitalization (7 U.S.C. 5908(g)(2) through 2011. (Section 651)

The Senate amendment repeals Subtitle G of Title XVI of the 1990 FACTA. The assets of the Corporation are transferred to the Secretary, and funds and any income shall be deposited into an account in the Treasury to pay outstanding claims or obligations of the Corporation and the cost of carrying out this section. There are other conforming amendments. (Section 651)

The Conference substitute adopts the Senate provision with a technical amendment. (Section 6201)

(47) Telemedicine and Distance Learning Services in Rural Areas

The Senate amendment amends Section 2335A of the 1990 FACTA to extend this provision through 2006. (Section 652)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 6203)

The Managers direct that public television entities are eligible to receive assistance under this section for high speed telecommunication services in rural areas to provide educational programming for schools and communities in rural areas.

(48) Guarantees for Bonds and Notes Issued for Electrification or Telephone Purposes

The Senate amendment amends the REA. The Secretary shall guarantee bonds and notes issued by an eligible private lender if the proceeds are used for electrification or telephone projects eligible for assistance under this Act. The Secretary may not guarantee the bonds if they are not of reasonable and sufficient quality and for several other reasons. Bonds funding electric generation projects are specifically excluded from this program. Authorizes such sums as are necessary. Provides for fees for the issuance of the guarantees.

Proceeds from the fees minus certain costs are placed in an economic development subaccount. Grants as provided by current law are made from the subaccount for economic development. (Section 661)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a technical amendment. (Section 6101)

This section provides for a new source of private funding for the Rural Economic Development Loan and Grant (REDLG) program. Since enactment in 1987, the REDLG program has provided approximately $185 million in economic development assistance to rural communities in the form of grants and zero-interest loans for rural development projects such as water and waste, business incubator, schools, hospitals, emergency services, and general economic and community development.

Private funding is provided through the payment of an annual 30 basis point fee by lenders that issue bonds or notes guaranteed by the Administrator of RUS under this section. These fees are placed in a sub-account for the purpose of providing the budget authority for eligible economic development projects through intermediaries participating in the REDLG program.

The provision provides for safety and soundness and permits the Administrator to deny the request of a lender for a guarantee if the lender does not have expertise and experience in rural utility lending, or issues bonds that, without the guarantee, would not be of investment grade quality. In addition, a lender should provide documentation that the proceeds of a guaranteed bond or note are used for eligible REAct purposes.

This provision further requires that a private lender make payments on the bonds or notes even if a loan made using the proceeds of such bond or note is not repaid to the lender. This effectively places the lender between the RUS and the borrower minimizing the risk to the government

(49) Expansion of 911 Access

The Senate amendment amends Title III of the REA. The Secretary may make telephone loans to state or local governments, Indian tribes, or other public entities for facilities and equipment to expand 911 access in rural areas. Authorizes such sums as are necessary. (Section 662)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with a technical amendment. (Section 6102)

TITLE VII—RESEARCH AND RELATED MATTERS

SUBTITLE A—EXTENSIONS

(1) Market Expansion Research

The House bill extends section 1436(b)(3)(C) of the Food Security Act of 1985 (7 U.S.C. 1632(b)(3)(c)) through 2011. (Section 700)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to repeal Section 1436(b)(3)(C) of the Food Security Act of 1985. (Section 7303)

(2) National Rural Information Center Clearing-House

The House bill extends section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 3125b(e)) through 2011. (Section 701)

The Senate amendment amends and generally revises section 2381(e) of the Food, Agriculture, Conservation, and Trade Act of 1990 and transfers authority from the research mission area to the rural development mission area. (Section 607)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. The Managers expect the Rural Development mission area of the Department to highlight the existence and resources of the Rural Information Center of the National Agricultural Library on its websites and in its informational materials. (Section 7101)

(3) Grants and Fellowships for Food and Agricultural Sciences Education

The House bill extends section 1417(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(1)) through 2011. (Section 702)

The Senate amendment amends section 1417 of NARETPA in several places to expressly include teaching and educational programs in "rural economic, community, and business development" as eligible purposes or recipients under this grant program and extends the authorization through 2006. (Section 703)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7102)

(4) Policy Research Centers

The House bill extends section 1419A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3155(d)) through 2011. (Section 703)

The Senate amendment extends NARETPA (7 U.S.C. 3155(d)) through 2006. (Section 706(2))

The Conference Substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7103)

(5) Human Nutrition Intervention and Health Promotion Research Program

The House bill extends section 1424(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174(d)) through 2011. (Section 704)

The Senate amendment amends section 1424 of NARETPA to extend authorization through 2006. (Section 707)

The Conference Substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7104)

(6) Pilot Research Program To Combine Medical and Agricultural Research

The House bill extends section 1424A(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174a(d)) through 2011. (Section 705)

The Senate amendment extends section 1424A of the NARETPA through 2006. (Section 708)

The Conference Substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7105)

(7) Nutrition Education Program

The House bill extends section 1425(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175(c)(3)) through 2011. (Section 706)

The Senate amendment extends section 1425 of NARETPA through 2006. (Section 709)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7106)

(8) Continuing Animal Health and Disease Research Programs

The House bill extends section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) through 2011. (Section 707)

The Senate amendment extends section 1433 of NARETPA through 2006. (Section 710)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7107)

(9) Appropriations for Research on National or Regional Problems

The House bill extends section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(a)) through 2011. (Section 708)

The Senate amendment extends section 1434 of NARETPA through 2006. (Section 711)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7108)

(10) Grants to Upgrade Agricultural and Food Sciences Facilities at 1890 Land-Grant Colleges, Including Tuskegee University

The House bill extends section 1447(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222b(b)) through 2011. (Section 709)

The Senate amendment amends section 1447 of NARETPA to increase the authorization from $15 million to $25 million and extends the authorization through 2006. (Section 760)

The Conference substitute adopts the Senate provision with an amendment authorizing such sums as necessary and extending the authorization through 2007. (Section 7109)

(11) National Research and Training Centennial Centers at 1890 Land-Grant Institutions

The House bill extends section 1448(a)(1) and (f) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222c(a) (1) and (f)) through 2011. (Section 710)

The Senate amendment extends section 1448 of NARETPA through 2006 and strikes "centennial" and replaces it with "virtual" each place it appears. (Section 761)

The Conference Substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7110)

(12) Hispanic Serving Institutions

The House bill extends section 1455(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3241(c)) through 2011. (Section 711)

The Senate amendment extends section 1455 of NARETPA through 2006. (Section 712)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7111)

(13) Competitive Grants for International Agricultural Science and Education Programs

The House bill extends section 1459A(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3292b (c)) through 2011. (Section 712)

The Senate amendment extends section 1459A of NARETPA through 2006. (Section 713)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7112)

(14) University Research

The House bill extends subsections (a) and (b) of section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311(a) and (b)) through 2011. (Section 713)

The Senate amendment extends section 1463(a) of NARETPA to increase the authorization from $850 million per year to $1.5 billion per year, and extends the authorizations in subsections (a) and (b) to 2006. (Section 716)

The Conference substitute adopts the House provision with an amendment authorizing such sums as necessary and extending the authorization through 2007. (Section 7113)

The Managers encourage the Secretary to review USDA competitive grants programs administered by the Cooperative States Research, Education and Extension Service and provide to Congress a report that includes an accounting of the success of minority-serving institutions in accessing competitive research funding during the applicable fiscal year, and recommendations for steps that Congress, the Administration and the minority-serving institutions might take to achieve greater success by minority-serving institutions in securing competitively awarded grant funds.

(15) Extension Service

The House bill extends section 1464 the National Agricultural, Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) through 2011. (Section 714)

The Senate amendment extends section 1464 of NARETPA to increase the authorization from $420 million to $500 million and extend it through 2006. (Section 717)

The Conference substitute adopts the House provision with an amendment authorizing such sums as necessary and extending the authorization through 2007. (Section 7113)

The Managers recognize the importance of ensuring that America's farmers and ranchers have the tools necessary to remain the most productive, efficient and competitive producers in the global marketplace. Due to the complexity of marketing and management issues, intensive educational efforts have proven effective in helping producers increase their returns. The Agricultural Risk Protection Act acknowledged the need to establish a risk management education program to inform agricultural producers about the full range of risk management activities available to them.

One program that has proven to be successful is the Master Marketer Educational System (MMES) conducted by Texas Cooperative Extension. This intensive training course takes producers from an intermediate to an advanced level in marketing/risk management. Program graduates serve as volunteer leaders in establishing and /or revitalizing marketing clubs in their home county to share what they have learned. Two-year post-training surveys have indicated that graduates have increased their returns by $25,000 to $30,000 per year. While the Master Marketer training and marketing clubs are the cornerstones of the system, MMES also includes an advanced topic series for producers and an in-depth risk management training for lenders. The Managers encourage the Secretary of Agriculture to expand such programs to provide quality risk management training for farmers across the country.

(16) Supplemental and Alternative Crops

The House bill extends section 1473D(a) the National Agricultural, Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319d(a)) through 2011. (Section 715)

The Senate amendment extends section 1473D of NARETPA through 2006. (Section 720)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7115)

(17) Aquaculture Research Facilities

The House bill extends section 1477 of the National Agricultural, Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3324) through 2011. (Section 716)

The Senate amendment extends section 1477 of NARETPA through 2006. (Section 721)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7116)

(18) Rangeland Research

The House bill extends section 1483(a) of the National Agricultural, Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) through 2011. (Section 717)

The Senate amendment extends section 1483 of NARETPA through 2006. (Section 722)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7117)

(19) National Genetics Resources Program

The House bill extends section 1635(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5844(b)) is extended through 2011. (Section 718)

The Senate amendment extends section 1635 of the FACT Act through 2006. (Section 731)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7118)

(20) High-Priority Research and Extension Initiatives

The House bill extends section 1672(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925(h)) is extended through 2011. (Section 719)

The Senate amendment extends section 1672 of the FACT Act through 2006. Section 734)

The Conference substitute combines the House and Senate provision, conforming to the format of the House provision and extending the authorization through 2007. (Section 7119)

The Managers note that the US Department of Agriculture has relocated the Western Human Nutrition Research Center (WHNRC) to the University of California, Davis campus. In order to ensure that the full potential of a research and education partnership between the WHNRC and the University is realized, the Managers fully expect the Secretary of Agriculture to establish a Cooperative Agreement, to replace the current Memorandum of Understanding, with the University of California for the management of the WHNRC by August 1, 2002.

The Managers expect that the Secretary shall, in making grants under paragraph 41, give priority to proposals to: (i) estab-

lish and coordinate priorities for genetic evaluation of domestic beef cattle; (ii) consolidate research efforts to reduce duplication of effort and maximize the return to beef industry; (iii) streamline the process between the development and adoption of new genetic evaluation methodologies by the industry; (iv) identify new traits and technologies for inclusion in genetic programs in order to reduce the costs of beef production and provide consumers with a high nutritional value, healthy, and affordable protein source or create decision making tools that incorporate the increasing number of traits being evaluated and the increasing amount of information from DNA technology into genetic improvement programs, with the goal of optimizing the overall efficiency, product quality and safety, and health of the domestic beef cattle herd resource.

The Managers recognize the importance of proper management and stewardship of the Ogallala Aquifer and other natural resources to the long-term viability of agricultural enterprises and communities in the Central and Southern Great Plains. The Managers recognize the ongoing efforts of educational institutions and agricultural entities in this region that have expertise in developing enhanced management strategies for conserving water, natural resources and associated agricultural infrastructure in order to protect the region's economic integrity over the long term. The Managers commend multi-disciplinary research efforts to develop new technologies and strategies to manage and utilize water and natural resources to produce sustainable economic returns.

To maintain the economic vitality and rural population base of the Central and Southern Great Plains, the Secretary is encouraged to give priority to and fund collaborative research efforts that seek to protect the water and natural resources of this region.

(21) Nutrient Management Research and Extension Initiative

The House bill extends section 1672A(g) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5925a(g)) through 2011. (Section 720)

The Senate amendment extends section 1672A of the FACT Act through 2006. (Section 735)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7120)

The Managers acknowledge the many benefits of the worm farming industry. Worm farms, while not recognized in any specific program within the USDA, provide considerable environmental benefits. By recycling organic waste, worms fertilize our agriculturally productive lands and improve nutrient-deficient soil. The Managers encourage the USDA to study and promote worm farming industry techniques that are beneficial to the environment.

(22) Agriculture Telecommunications Program

The House bill extends section 1673(h) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5926(h)) through 2011. (Section 721)

The Senate amendment extends section 1673 of the FACT Act through 2006. (Section 737)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7121)

(23) Alternative Agricultural Research and Commercialization Revolving Fund

The House bill extends section 1664(g)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5908(g)(1) and the capitalization section 1664(g)(2)of the FACT Act (7 U.S.C. 5908(g)(2)) is extended through 2011. (Section 722)

The Senate amendment repeals the provision and provides authority to the Secretary for the orderly disposal of AARCC assets. (Section 651)

The Conference substitute adopts the Senate provision. (Sec. 6201)

(24) Assistive Technology Program for Farmers With Disabilities

The House bill extends section 1680(c)(1) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) through 2011.

The Senate amendment extends section 1680 of the FACT Act through 2006.

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7122)

(25) Partnerships for High-Value Agricultural Product Quality Research

The House bill extends section 402(g) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7622(g)) through 2011. (Section 724)

The Senate amendment extends section 402 of AREERA through 2006. (Section 742)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7123)

(26) Biobased Products

The House bill extends section 404(e)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(e)(2)) and section 404(h) the authorization of appropriations of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7624(h)) through 2011. (Section 725)

The Senate amendment extends section 404 of AREERA for the basic authorization for the program and the authority to conduct the pilot project through 2006. (Section 744)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7124)

(27) Integrated Research, Education, and Extension Competitive Grants Program

The House bill extends section 406(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7626(e)) through 2011. (Section 726)

The Senate amendment amends section 406 of AREERA to provide that the term for a grant under that section shall not exceed 5 years and to extend the authorization through 2006. (Section 746)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7125)

(28) Institutional Capacity Building Grants

The House bill extends section 535(b)(1) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) through 2011. (Section 727)

The Senate amendment amends section 535 of the Act to extend the authorization for institutional capacity building grants through 2006 and change the authorized amount from $1.7 million per year to such sums as necessary. (Section 755(f))

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7126)

(29) 1994 Institution Research Grants

The House bill extends section 536(c) of the Equity in Educational Land-grant States Act of 1994 (7 U.S.C. 301 note) through 2011. (Section 728)

The Senate amendment amends section 536 of the Act to extend the authorization for the research grants program through 2006. (Section 755(g))

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7127)

(30) Endowment for 1994 Institutions

The House bill extends section 533(b) of the Equity in Educational Land-grant States Act of 1994 (7 U.S.C. 301 note) through 2011. Current authorization limit of $4,600,000 is amended to "such sums as are necessary". (Section 729)

The Senate amendment extends the authorization of the 1994 Institutions endowment under section 533 of the Act through 2006 and changes the amount from $4.6 million per fiscal year to such sums as are necessary. (Section 755(c))

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7128)

(31) Precision Agriculture

The House bill extends section 403(i) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7623(i) through 2011. (Section 730)

The Senate amendment extends section 403 of AREERA through 2006. (Section 743)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7129)

(32) Thomas Jefferson Initiative for Crop Diversity

The House bill extends section 405(h) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7625(h) through 2011. (Section 731)

The Senate amendment extends section 405 of AREERA through 2006. (Section 745)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7130)

(33) Support for Research Regarding Diseases of Wheat, Triticale, and Barley Caused by Fusarium graminearum or by Tilletitia indica

The House bill extends section 408(e) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7628(e) through 2011.

The Senate amendment extends section 408 of AREERA through 2006. (Section 747)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007 and strike the dollar figure and authorize such sums as are necessary. (Section 7131)

(34) Office of Pest Management Policy

The House bill extends section 614(f) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7653(f)) through 2011. (Section 733)

The Senate amendment extends section 614 of AREERA through 2006. (Section 750A)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7132)

(35) National Agricultural Research, Extension, Education and Economics Advisory Board

The House bill extends section 1408(h) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(h) through 2011. (Section 734)

The Senate amendment amends section 1408 of NARETPA to extend the term of the Board through 2006. (Section 702)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7133)

(36) Grants for Research on Production and Marketing of Alcohols and Industrial Hydrocarbons From Agricultural Commodities and Forest Products

The House bill extends section 1419(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(d)) through 2011. (Section 735)

The Senate amendment extends section 1419 of NARETPA through 2006. (Section 705)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7134)

(37) Biomass Research and Development

The House bill extends title III of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7624 note) through 2011. (Section 736)

The Senate amendment extends title III of ARPA through 2006. (Section 903)

The Conference Substitute adopts the Senate provision with amendments. The conference substitute provides $12,500,000 annually for each fiscal year 2002–2007. (Section 9008)

(38) Agricultural Experiment Stations Research Facilities

The House bill extends section 6(a) of the Research Facilities Act (7 U.S.C. 390d(a)) through 2011. (Section 737)

The Senate amendment extends section 6 of the Research Facilities Act through 2006. (Section 782)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7135)

(39) Competitive, Special, and Facilities Research Grants, National Research Initiative

The House bill extends subsection 2(b)(10) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450(i)(b)(10)) through 2011. (Section 738)

The Senate amendment extends subsection (b)(10) through 2006. (Section 784)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7136)

(40) Federal Agricultural Research Facilities Authorization of Appropriations

The House bill extends section 1431 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (P.L. 99–198; 99 Stat. 1556) through 2011. (Section 739)

The Senate amendment extends section 1431 of the NARETPA through 2006. (Section 783)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7137)

(41) Cotton Classification Services

The House bill extends the first sentence of section 3a of the Act of March 3, 1927 (commonly known as the "Cotton Statistics and Estimates Act; 7 U.S.C. 473a) through 2011. (Section 740)

The Senate amendment extends the first sentence of section 3a of the Act of March 3, 1927 through 2006. (Section 1047)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Sec. 10501)

(42) Critical Agricultural Materials Research

The House bill extends section 16(a) of the Critical Agricultural Materials Act (7 U.S.C. 178n(a)) through 2011. (Section 740A)

The Senate amendment extends section 16 of the Act through 2006. (Section 781)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7138)

SUBTITLE B—MODIFICATIONS

(43) Equity in Educational Land-Grant Status Act of 1994

The House bill amends section 534(a)(1)(A) of the Equity in Educational Land-Grant Status Act of 1994 (7 U.S.C. 301 note) by increasing the authorization of appropriations from $50,000 to $100,000; by modifying the definition by which full-time equivalent Indian Student Count is calculated; by making accreditation requirements; and by updating the names of the 1994 institutions. (Section 741)

The Senate amendment has the same language but also adds White Earth Tribal and Community College to the list of 1994 Institutions. (Section 755)

The Conference substitute adopts the House provision for 741(a), the Senate provision for 741(b), the Senate provision for 741(c), and the Senate provision for 741(d) with an amendment that adds White Earth Tribal and Community College to list of 1994 Institutions and requires USDA to report to Congress with guidance on standards for future additions. (Section 7201)

(44) The National Agricultural Research, Extension, and Teaching Policy Act of 1977

The House bill amends Section 1404(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(4)) by adding 1994 institutions to the definition of colleges and universities. Intent is to make 1994 land grant institution eligible for competitive grants. (Section 742)

The Senate amendment has the same intent, but adds the 1994 Institutions to the list of institutions eligible for the Integrated Grants Program in section 406 of AREERA. (Section 756)

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7209)

(45) Agricultural Research, Extension, and Education Reform Act of 1998

The House bill amends section 401(c)(2) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(c)(2)) by adding:

(1) alternative fuels and renewable energy sources to Priority Mission Areas;

(2) by including energy efficiency in priority research areas in Precision Agriculture (7 U.S.C. 7623; by including energy efficiency in priority research areas of the Thomas Jefferson Initiative for Crop Diversity (7 U.S.C. 7625(a));

(3) by including energy efficiency and renewable resources in priority research areas of the Coordinated Program of Research, Extension, and Education to Improve Viability of Small and Medium Size Dairy, Livestock, and Poultry Operations (7 U.S.C. 7627);

(4) by amending section 408 of AREERA, Support for Research Regarding Diseases of Wheat, Triticale, and Barley caused by Fusarium graminearum or by Tilletitia Indica (7 U.S.C. 7628(a)) to include research related to Karnal bunt identification and control; and

(5) by adding a new section to the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621 et seq) to authorize a Program to Control Johne's Disease. (Section 743)

The Senate amendment provides for the definition of precision agriculture, adds "horticultural" into subsection (a)(3)(A), adds a new subsection (a)(3)(E) to read "using such information to enable intelligent mechanized harvesting and sorting systems for horitcultural crops"; and adds a new subsection (a)(4)(E) to read "robotic and other intelligent machines for use in horticultural cropping systems" and in subsection (c)(2) by adding "horticultural" after "agronomic" and adding "product variability". (Section 743)

The Conference substitute adopts the Senate provision from 743(a) and the House provision from 743(b), (c), (d), (e), and (f). (Section 7207)

The Managers do not intend that any future funds made available for Tilletia indica (commonly referred to as Karnal Bunt) research would be taken from the amount presently made available for research related to Fusarium graminearum (commonly referred to as Wheat Scab).

(46) Food, Agriculture, Conservation, and Trade Act of 1990

The House bill amends section 1671(b) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5924(b)) to include plant pathogens as an eligible research priority. The House bill also amends the High-Priority Research and Education Initiative section 1672(e) of the FACT Act (7 U.S.C. 5925(e)) to include several new high-priority research and extension projects:

research to protect the United States food supply and agriculture from bioterrorism

wind erosion research

crop loss research and extension

land use management research and extension

water and air quality research and extension

revenue and insurance tools research and extension
agrotourism research and extension
harvesting productivity for fruits and vegetables
nitrogen-fixation by plants
agricultural marketing
environment and private lands research and extension
livestock disease research and extension
plant gene expression (Section 744)

The Senate amendment amends section 1672 of the FACT Act to extend the authorization through 2006 and add the following new high-priority research and extension areas:

animal infectious diseases research and extension
program to combat childhood obesity
integrated pest management
beef cattle genetics
dairy pipeline cleaner (with a set-aside of not less than $100,000 of authorized funds for this purpose)
plant and animal varieties (Section 743)

The Conference substitute adopts the House provision for Section 744(a) and the Senate provision for Section 744(b) with an amendment conforming Senate provisions to the format of the House provision and combining both the House and Senate lists of high priority research and extension projects. Additional priorities to be named are Genetically Modified Agriculture Products Research, Publicly Held Plant and Animal Varieties, and Sugarcane Genetics. New language is added to the assistive technology program for farmers with disabilities to ensure full consideration is given to entities applying for grants but have not previously received grants. (Section 7208)

The Managers recognize the success of state AgrAbility programs that have benefited from assistive technology competitive grants. The Managers understand the difficulty faced by new applicants in competing with established programs for limited funds. To continue the success of this program and broaden its scope to additional states, the Managers encourage full funding of the program and urge the Secretary to give full consideration to the potential merits of eligible programs that have not previously received a grant award.

(47) The National Agricultural Research, Extension, Education and Teaching Policy Act of 1977

The House bill amends section 1408 of the National Agricultural Research Extension, Education and Teaching Policy Act of 1977—National Agricultural Research, Extension, Education, and Economics Advisory Board. (7 U.S.C. 3123) to add a non Land-grant college or university representative to the board, and provide authority for the board to consult with Congress and non-research agencies of the U.S. Department of Agriculture. Total Membership of the Advisory Board is increased from 30 to 31 members; and section 1419 of that Act—Grants for Research on Production and Marketing of Alcohols and Industrial Hydrocarbons from Agricultural Commodities and Forest Products (7 U.S.C. 3154) to include industrial oilseed crops.

The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is also amended to authorize an internship program in Foreign Agriculture Service overseas offices. (Section 745)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment to move the provision concerning the total number of Advisory Board Members from subsection (c) to subsection (a) of House Section 745. New language amends current law to allow for funding of the Joe Skeen Institute for Rangeland Restoration. (Sec. 7209)

(48) Biomass Research and Development

The House bill amends title III of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 7624 note) to include biodiesel in the Congressional Statement of Findings, to include animal by-products in the definition of "Biomass", and to add a livestock trade association representative to the Biomass Research and Development Technical Advisory Committee. (Section 746)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision.

(49) Biotechnology Risk Assessment Research

The House bill amends section 1668 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5921) to ensure that risk assessment projects carried out under this program compare the risks associated with products of agricultural biotechnology to those associated with traditionally bred plants and animals. Assessment is increased from 1% to 3%. (Section 747)

The Senate amendment amends section 1668 of the FACT Act by inserting a new subsection providing priorities for grant award and raising from 1 percent to 3 percent the amount to be withheld from USDA biotech research outlays for the purpose of making grants under this section for research on biotechnology risk assessment, with new language specifying that the research be "on all categories identified by the Secretary of Agriculture as biotechnology".

Under the new language, "the Secretary shall give priority to public and private research or educational institutions and organizations the goals of which include—

(1) formation of interdisciplinary teams to review or conduct research on the environmental effects of the release of new genetically modified agricultural products;

(2) conduct of studies relating to biosafety of genetically modified agricultural products;

(3) evaluation of the cost and benefit for development of an identity preservation system for genetically modified agricultural products;

(4) establishment of international partnerships for research and education on biosafety issues; or

(5) formation of interdisciplinary teams to renew and conduct research on the nutritional enhancement and environmental benefits of genetically modified agricultural products. (Section 732)

The Conference substitute adopts the House provision with an amendment adding genetically engineered microorganisms as a priority topic for risk assessment research, including international partnerships on bio-safety as a research priority, and reducing the amount withheld from biotechnology research funding from 3% to 2%. (Section 7210)

(50) Competitive, Special, and Facilities Research Grants

The House bill amends section 2(a) of the Competitive, Special, and Facilities Research Grant Act (7 U.S.C. 450i(a)) to provide for consultation on development of program priorities with the National Agriculture Research, Extension, Education, and Economics Advisory Board. (Section 748)

The Senate amendment amends subsection (b)(2) of the Act to strike the stated substantive areas of national and multistate needs under high priority research and instead provide for the Secretary to determine those needs in consultation with the REE Board not later than July 1 of each fiscal year for the following fiscal year. (Section 784)

The Conference substitute adopts the Senate provision with an amendment to retain the high priority research focuses prescribed in current law. (Section 7211)

(51) Matching Funds Requirement for Research and Extension Activities of 1890 Institutions

The House bill amends section 1449 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222d) to phase in an increased matching requirement for non-Federal funds for 1890 land-grant colleges and universities to 100% by 2007. The Secretary is granted authority to waive the matching requirement if it is unlikely that a Territorial college will be able to satisfy the matching requirement in an individual fiscal year. (Section 749)

The Senate amendment amends the matching requirements for 1890 Institution research and extension formula funds in section 1449 of NARETPA to require that a State must match 60 percent of Federal funds provided an 1890 Institution in FY 2003 and provide a match of 110 percent of the amount required to be matched in the prior fiscal year for FY 2004 through 2006. For fiscal years 2003 through 2006, the Secretary may waive any amount of the match above 50 percent for an institution if the Secretary determines that the State will be unlikely to meet the matching requirement. (Section 762)

The Conference substitute adopts the House provision with an amendment to require a unified approach to a phase-in of 100% matching requirement over 5 years; extended through 2007. (Section 7212)

(52) Matching Fund Requirement for Research and Extension Activities for the United States Territories

The House bill amends Section 3(d)4 of the Hatch Act of 1877 (7 U.S.C. 361c(d)(4)) and section 3(e)4 of the Smith-Lever (7 U.S.C. 343(e)(4)) making a technical correction to establish matching requirements. (Section 749A)

The Senate amendment has the same intent, but legislative language is drafted significantly differently. (Section 776)

The Conference substitute adopts the Senate provision. (Section 7213)

(53) The Initiative for Future Agriculture and Food Systems

The House bill amends section 401(b)(1) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7621(b)(1)) to provide a total of $1,160,000,000 to be transferred from the Treasury in equal increments for each fiscal year beginning on October 1, 2003 through September 30, 2011. Funds transferred beginning on October 1, 2003 would be available until expended. Funds will be deposited directly into the Commodity Credit Corporation accounts as opposed to a separate account in the Treasury. (Section 750)

The Senate amendment amends section 401 of AREERA to retain $130 million in mandatory money for 2002 and extend the program for fiscal years 2003 through 2006 at $225 million per fiscal year in mandatory money. Encourages Secretary to set aside 10% of available funds for minority serving institutions. (Section 741)

The Conference substitute adopts the House provision with an amendment adding "minority-serving institutions" to the list of those institutions that have not previously been successful in obtaining competitive grants under current law, adding rural economic policy analysis as a critical issue for research, and extending the authorization for the program through 2007. New language creates a budgetary baseline and provides $1.3 billion in new mandatory funding. (Section 7205)

In making grants to address rural economic and business and community development policy issues, the Managers encourage the agency to solicit and fund research, education, and extension projects on rural policy, rural economic and community development, agriculturally-based development, new and alternative markets, locally-owned value-adding enterprises, and self employment and entrepreneurial opportunities. The Managers also encourage the agency to solicit project proposals addressing critical issues related to improving the effectiveness of Federal rural and agricultural development programs, including projects directly involving rural organizations and rural entrepreneurs that participate in Federal rural development programs.

The Managers note the importance of funding for the farm efficiency and profitability priority mission area. The Mangers encourage the agency to solicit and fund projects which promote the development of management and marketing systems that improved profitability, including development of diversification and input cost reduction strategies; effective local, regional, and international marketing programs; farm-based value-added processing and new high return production and marketing niches; improved methods of managing risk; and means to improve management and marketing of natural and environmental resources. Also, as part of this priority mission area, the Managers encourage the agency to solicit and fund research and development of farm tenure, transfer, succession, finance, management, production, and marketing models

and strategies that foster new farming and ranching opportunities for beginning farmers and ranchers.

(54) Carbon Cycle Research

The House bill amends section 221 of the Agricultural Risk Protection Act of 2000 (P.L. 106–224; 114 Stat. 407) to provide an authorization of appropriations so that a discretionary program could be continued. (Section 751)

The Senate amendment is similar but authorization is extended only through 2006. (Section 787)

The Conference substitute adopts the House provision with an amendment to extend the authorization through 2007. (Section 7223)

The Managers recognize the success of the carbon cycle research consortium (created by Sec. 221 of the Agriculture Risk Protection Act of 2000) and encourage these institutions to continue their cooperative work. The Managers understand that the consortium network may be expanded, as deemed appropriate by the consortium, to include additional institutions with interest or expertise in carbon cycle research.

(55) Definition of Food and Agricultural Sciences.

The House bill amends section 2(3) of the Research Facilities Act (7 U.S.C. 390(2)(3)) to strike the definition of Food and Agricultural Sciences and instead refer to the definition of Food and Agricultural Sciences in section 1408(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)). (Section 752)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7214)

(56) Federal Extension Service

The House bill amends section 3(b)(3) of the Smith-Lever Act (7 U.S.C. 343(b)(3)) to provide that "such sums as are necessary" may be appropriated to carry out this section. (Section 753)

The Senate amendment rewrites section 3(b)(3) of the Smith-Lever Act, which authorizes extension funds for the 1994 Institutions, to change the authorization from $5 million to such sums as necessary beginning in FY 2002, to change the manner of distribution of such funds from a competitive application basis to a formula to be developed and implemented by the Secretary in consultation with the 1994 Institutions, and allows payments for extension activities that may be carried out in more than one fiscal year. (Section 754)

The Conference substitute adopts the House provision with an amendment to allow the carry-over of funding until expended. (Section 7215)

(57) Policy Research Centers

The House bill amends section 1419A(c)(3) of the National Agricultural Research, Extension, and Teaching Policy Act (7 U.S.C. 3155(c)(3)) to provide that grant funding may be used to disseminate policy research information. (Section 754)

The Senate amendment is the same language.

The Conference substitute adopts the Senate provision. (Section 7216)

SUBTITLE C—RELATED MATTERS

(58) Resident Instruction at Land-Grant Colleges in U.S. Territories

The House bill provides new authority for resident instruction at land-grant colleges in United States Territories, subject to the availability of appropriations. (Section 761)

The Senate amendment amends section 1404 of the NARETPA of 1977 to add a definition for "insular area" to include the Commonwealth of Puerto Rico and U.S. Territories. (Section 701)

Also amends NARETPA to add a new subtitle O—Land Grant Institutions in Insular Areas. The "insular areas" are defined in section 1404 of NARETPA as amended by section 701 of the bill. New section 1489 under that subtitle provides an authorization of $4 million per fiscal year through 2006 for the Secretary to make competitive or noncompetitive grants to State cooperative institutions (i.e., land-grants) in insular areas to strengthen the capacity of such institutions to carry out distance food and agricultural education programs using digital network technologies. Grants may be used: (1) to acquire equipment, instrumentation, networking capability, hardware and software, digital network technology, and infrastructure necessary to teach students and teachers about technology in the classroom; (2) to develop and provide educational services (including faculty development) to prepare students or faculty seeking a degree or certificate approved by the State or a DOE recognized regional accrediting body; (3) to provide teacher education, library and media specialist training, and preschool and teacher aid certification to those who seek to acquire or enhance technology skills for use of technology in the instructional process; (4) to implement a joint project to provide technology education in the classroom with a local educational agency, community-based organization, national nonprofit, or a business; (5) to provide leadership development to administrators, board members, and faculty of eligible institutions with responsibility for technology education. Funds may not be used for the planning, acquisition, construction, rehab, or repair of buildings. The Secretary may carry out the program in a manner that recognizes the different needs and opportunities between institutions in the Pacific and those in the Atlantic. The Secretary may establish a matching requirement of up to 50 percent, which is subject to waiver. (Section 775)

The Conference substitute adopts the House provision with an amendment to combine House section 761 with Senate sections 701 and 775. The amendment also makes technical changes in Senate section 775, strikes the reference to businesses located within a HUB Zone under the Small Business Act, authorizes funding at such sums as are necessary, and extends the authorization through 2007. (Section 7503)

(59) Declaration of Extraordinary Emergency and Resulting Authorities

The House bill amends section 415(e) of the Plant Protection Act (7 U.S.C. 7715(e)), section 442 of the Plant Protection Act (7 U.S.C. 7772), section 11 of the Act of May, 1884, commonly known as the "Animal Industry Act" (21 U.S.C. 114a) and the first section of the Act of September 25, 1981 (7 U.S.C. 147b) to provide for more efficient management of declarations of extraordinary emergencies and transfer of funds from the Commodity Credit Corporation.

A new section (419(a)) is added to the Plant Protection Act that requires the Secretary to determine if uses of methyl bromide required by state, local and tribal authorities to control the spread of plant pests and noxious weeds shall be authorized. In addition, the Secretary would maintain a registry of authorized uses. (Section 762)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision for 762(a) and deletes the House provision for 762(b). For Section 762(c), the Conference substitute adopts the House provision with an amendment to require the Secretary of Agriculture to consider the availability of methyl bromide alternatives prior to making a determination under this section, and to establish a program, in consultation with State, local and tribal authorities to identify methyl bromide alternatives. Exemptions from regulatory procedures under the Administrative Procedures Act and Paperwork Reduction Act are eliminated. A rule of construction is included to provide that nothing in this section would alter or modify the authority of the Administrator of the Environmental Protection Agency or to provide authority to the Secretary of Agriculture under the Clean Air Act or regulations promulgated under the Clean Air Act. (Section 7504)

(60) Agricultural Biotechnology Research and Development for the Developing World

The House bill authorizes the Secretary to use $5 million for each of the fiscal years 2004 through 2008 from funds allocated to the Initiative for Future Food and Agriculture Systems to establish a competitive grants program for the development of agricultural biotechnology in the developing world. (Section 763)

The Senate amendment provides an authorization of $5 million per year from 2002 through 2006 for the Secretary, acting through FAS, to carry out a competitive grant program to develop agricultural biotechnology for developing countries. Eligible recipients would include historically black colleges and universities, Hispanic-serving institutions, tribal colleges or universities that offer a curriculum in agriculture or the biosciences, a nonprofit organization, or a consortium of for-profit institutions and agricultural research institutions. Grants would be available for biotechnology projects that:

(1) enhance nutritional content of agricultural products that can be grown in developing countries;

(2) increase the yield and safety of agricultural products that can be grown in the developing countries;

(3) increase the yield of agricultural products that are drought and stress-resistant and that can be grown in developing countries

(4) extend the growing range of crops that can be grown in developing countries;

(5) enhance the shelf-life of fruits and vegetables grown in countries;

(6) develop environmentally sustainable agricultural products that can be grown in developing countries; and

(7) develop vaccines to immunize against life-threatening illnesses and other medications that can be administered by consuming genetically engineered agricultural products. (Section 750)

The Conference substitute adopts the Senate provision with an amendment to modify the definition of "eligible entity" to include all colleges and universities with an agricultural or bioscience curriculum and to authorize such sums as necessary through 2007. (Section 7505)

SUBTITLE D—REPEAL OF CERTAIN ACTIVITIES AND AUTHORITIES

(61) Food Safety Research Information Office and National Conference

The House bill repeals subsections (b) and (c) of section 615 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7654(b) National Conference and (c)) Food Safety Report. (Section 771)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7301)

(62) Reimbursement of Expenses Under Sheep Promotion, Research, and Information Act of 1994

The House bill repeals section 617 of the Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105–185; 112 Stat. 607).

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7302)

(63) National Genetic Resources Program

The House bill repeals section 1634 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5843). (Section 773)

The Senate amendment extends section 1634 of the FACT Act through 2006. (Section 731)

The Conference substitute adopts the Senate provision with an amendment to authorize through 2007. (Section 7118)

(64) National Advisory Board on Agricultural Weather

The House bill repeals section 1639 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5853). (Section 774)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7304)

(65) Agricultural Information Exchange With Ireland

The House bill repeals section 1420 of the National Agricultural Research, Extension and Teaching Policy Act Amendments of 1985 (P.L. 99–198; 99 Stat. 1551)

No comparable provision. (Section 775)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7305)

(66) Pesticide Resistance Study

The House bill repeals section 1437 of the National Agricultural Research, Extension and Teaching Policy Act Amendments of 1985 (P.L. 99–198; 99 Stat. 1558). (Section 775)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7306)

(67) Expansion of Education Study

The House bill repeals section 1438 of the National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1985 (P.L. 99–198; 99 Stat. 1559). (Section 777)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7307)

(68) Support for Advisory Board

The House bill repeals section 1412 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127). (Section 778)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(69) Task Force on 10-year Strategic Plan for Agricultural Research Facilities

The House bill repeals section 4 of the Research Facilities Act (7 U.S. C. 390b). (Section 779)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Section 7308)

SUBTITLE E—AGRICULTURE FACILITY PROTECTION

(70) Additional Protections for Animal or Agricultural Enterprises, Research Facilities, and Other Entities

The House bill amends the Research Facilities Act (7 U.S.C. 390 et seq.) by adding a new section to provide the Secretary with authority to investigate and assess civil penalties in cases of reckless or intentional destruction of animal or agricultural enterprises. A civil penalty assessed by the Secretary against a person for a violation shall be not less than the total cost incurred by the Secretary and the total cost of the economic damage suffered by the agricultural enterprise. A fund to assist victims of disruption would be established in the Treasury consisting of that portion of each civil penalty that represents the recovery of economic damages. The Sec-

retary of Agriculture shall use the fund to compensate an animal or agricultural enterprise for economic losses. (Section 790)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(71) Competitive Research Facilities Grant Program

The Senate amendment amends NARETPA to add a new section 1417A providing an authorization for a new competitive food and agricultural research facilities grant program 1862 Institutions, 1890 Institutions, 1994 Institutions, Hatch experiment stations, McIntire-Stennis schools, veterinary schools under the animal and health disease formula program authorized in NARETPA, and Hispanic-serving institutions. Grants awarded have to support the national research purposes specified in section 1402, States with more than one institution must coordinate proposals, and the Secretary may require a match and may afford an evaluation preference for matches made with cash. (Section 704)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(72) Indirect Costs

The Senate amendment amends section 1462 of NARETPA by striking the 19 percent cap on indirect costs for competitive agricultural research, education, and extension grants under the authority of the Under Secretary for REE and providing instead that the cap shall be the "negotiated indirect cost rate established for an institution by the cognizant Federal audit agency for that institution" and also adds a new subsection specifying that the cap does not apply to SBIR grants. (Section 714)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to exempt grants awarded competitively under the Small Business Act. (Section 7222)

(73) Research Equipment Grants

The Senate amendment adds a new section 1462A to NARETPA providing an authorization for $50,000,000 per year for a competitive research equipment grants program for the acquisition of special purpose scientific research equipment for use in the food and agricultural sciences programs of colleges and universities and 1862 Institutions, 1890 Institutions, 1994 Institutions, Hatch experiment stations, McIntire-Stennis schools, veterinary schools under the animal and health disease formula program authorized in NARETPA, and Hispanic-serving institutions. The maximum amount of a grant is $500,000 and the costs of acquisition or depreciation of equipment purchased with a grant may not be charged as an indirect cost. (Section 715)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to authorize such sums as necessary and extend the authorization through 2007. (Section 7402)

(74) Availability of Competitive Grant Funds

The Senate amendment adds a new section 1469A to NARETPA to provide that funds made available to the Secretary to carry out any competitive agricultural research, education, or extension grant programs under NARETPA or any other Act shall be available for obligation for two fiscal years. (Section 718)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7217)

(75) Joint Requests for Proposals

The Senate amendment adds a new section 1473B to NARETPA to authorize the Secretary, in carrying out competitive agricultural research, education, or extension grant programs, to cooperate with other Federal agencies in issuing joint requests for proposals, awarding grants, and administering grants, for similar or related research, education, or extension projects or activities. Under the provision, with respect to issuing joint requests for proposals, making awards, and administering grants, the Secretary and a cooperating agency each are given authority to: (1) transfer funds to the other; (2) delegate authority to the other; (3) and choose which agencies post-award grant administration regulations and indirect rates shall apply to grant awards made by the Secretary and the cooperating agency. Funds transferred may only be used in accordance with the laws authorizing the appropriation and to make grants only to recipients eligible to receive grants under such laws. The Secretary and cooperating agencies may establish joint peer review panels exempt from FACA to evaluate grant proposals.

Subsection (b) allows the Secretary to transfer funds to cooperating agencies subject to applicable laws.

Subsection (c) allows the Secretary to delegate her authority to an appropriate coordinating agency.

Subsection (d) provides the Secretary with authority to coordinate regulations and indirect rates with a cooperating agency.

Subsection (e) allows joint peer review panels to be established. (Section 719)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to strike the authority to transfer appropriated funds between Federal Departments and Agencies and to prohibit authority to adopt "negotiated" indirect cost recovery rates. (Section 7403)

(76) Biosecurity Planning and Response Programs

The Senate amendment subsection (a) adds a new subtitle N—Biosecurity to NARETPA. Chapter 1 of the new subtitle (sections 1484 through 1486) deals with agriculture infrastructure security. Authorizations are provided of such sums as necessary through 2006 to establish an Agriculture Infrastructure Security Fund Account (the Fund) in the Treasury and an Agriculture Infrastructure Security Commission. New section 1484 sets forth definitions of "agricultural research facility," "Commission," and "Fund".

New section 1485 authorizes the establishment of the Fund. The Fund would be financed from any appropriations, proceeds

from the sale of assets as provided for in this chapter, and gifts accepted as provided for in this chapter, and such amounts would remain available until expended. Subsection (b) sets forth the purposes of the Fund as to provide funding to protect and strengthen the Federal food safety and agricultural infrastructure that—(1) safeguards against animal and plant diseases and pests; (2) ensures the safety of the food supply; and (3) ensures sound science in support of food and agricultural policy. Amounts in the Fund may be used by the Secretary for: (1) the costs of planning, design, development, construction, acquisition, modernization, leasing, and disposal of facilities, equipment, and technology used by USDA in carrying out programs related to the purposes specified in subsection (b), notwithstanding the Federal Property and Administrative Services Act of 1949, or any other law that prescribes procedures for the procurement, use, or disposal of property or services by a Federal agency; (2) the costs of specialized services relating to the purposes specified in subsection (b); (3) the costs of cooperative arrangements (notwithstanding the Federal Grant and Cooperative Agreement Act) with State, tribal, and local governments, and other public and private entities to carry out programs related to the purposes specified in subsection (b); and (4) administrative costs at a rate of not more than 1 percent per fiscal year of amounts in the fund on October 1 of that fiscal year beginning in 2003. Amounts in the Fund may not be used to create any new full or part-time Federal employee positions. Notwithstanding the Federal Property and Administrative Services Act, the Secretary by sale may dispose of all or any part of any right or title in land, facilities, or equipment in the full control of the Department used for the purposes specified in subsection (b), with the exception of National Forest System land and land and facilities at the Beltsville Agricultural Research Center. The Secretary is authorized to accept gifts and bequests of funds property (real, personal, and intangible), equipment, services, and other in-kind contributions from any public or private source to carry out the purposes specified in subsection (b). For the purposes of gifts, the Secretary shall not consider a State, local, or tribal government, other public entity, or college or university as a prohibited source under USDA gift acceptance policies, and the Secretary may accept gifts from private entities or individuals that would be considered prohibited sources only if the Secretary determined it was in the public interest to accept such gifts.

New section 1486 authorizes the Secretary to establish the Agriculture Infrastructure Security Commission to: (1) advise the Secretary on the uses of the Fund; (2) to review all agricultural research facilities for research importance and importance to agriculture infrastructure security, (3) to identify any agricultural research facility that should be closed, realigned, consolidated, or modernized to carry out the research agenda of the Secretary and to protect agriculture infrastructure security; (4) to develop recommendations concerning agricultural research facilities; and (5) to evaluate the agricultural research facilities acquisition and modernization system used by USDA and make recommendations for improvement to that system based on that evaluation. An "agricultural research facility" as defined in new section 1484 means a fa-

cility—"(A) at which agricultural research is regularly carried out or proposed to be carried out; and (B) that is—(i)(I) an Agricultural Research Service facility; (II) a Forest Service facility; or (III) an Animal and Plant Health Inspection Service facility; (ii) a Federal agricultural facility in the process of being planned or being constructed; or (iii) any other facility under the full control of the Secretary." The Commission is to use the 10-year strategic plan prepared by the Strategic Planning Task Force established under section 4 of the Research Facilities Act to assist it in carrying out its duties. The Commission shall be composed of 15 voting members appointed by the Secretary that represent a balance of the public and private sectors and that have combined expertise in facilities development, modernization, construction, security, consolidation, and closure; plant diseases and pests; animal diseases and pests; food safety; biosecurity; the needs of farmers and ranchers; public health; State, local, and tribal government; and any other area related to agriculture infrastructure security, as determined by the Secretary. Nonvoting members of the Commission shall include the Secretary, four representatives appointed by the Secretary of HHS, 1 each from PHS, CDC, FDA, and NIH; one representative appointed by the Attorney General; one representative appointed by the Director of Homeland Security; and not more than four USDA representatives appointed by the Secretary. The term of office for Commission members is 4 years. The Commission is exempted from FACA, but open meetings and records are required with exceptions provided for purposes of national security. Not later than 240 days after enactment of this Act, and each June 1 thereafter, the Commission shall submit a report of its findings and recommendations to the Committees on Agriculture and Appropriations of the House and Senate, and the Secretary shall provide a written response to that report within 90 days as to the manner and extent to which she will implement the recommendations made. The report, and the Secretary's response, shall be publicly available unless the Secretary or the Commission determine that the report or response, or any portion thereof, shall not be released in the interest of national security, and any portion so classified shall not be releasable under FOIA. Provision is made for compensation of non-Federal voting members at a rate equivalent to GS–15 and travel to be paid at the rate for a Federal employee. The Secretary shall provide the Commission with any personnel or other resources as the Secretary determines appropriate. New chapter 2 of the new subtitle N includes two new sections for other biosecurity programs.

New section 1487 provides a special supplemental authorization of such sums as are necessary for biosecurity planning and response through 2006. Funds provided under section 1487 may be used in accordance with any authority available to the Secretary to carry out agricultural research, education, and extension activities (including competitive grants) necessary: (1) to reduce the vulnerability of the United States food and agricultural system to chemical or biological attack; (2) to continue joint research initiatives between the Agricultural Research Service, universities, and industry on counterbioterrorism efforts; (3) to make competitive grants to universities and qualified research institutions for research on

counterbioterrorism; and (4) to counter or otherwise respond to chemical or biological attack.

New section 1488 provides an authorization of $100 million per year through 2006 for a competitive research facilities construction grants program for land-grant colleges and universities to enhance the security of agriculture in the United States against threats posed by bioterrorism. To be eligible to receive a grant, a land-grant institution must have (1) demonstrated expertise in the area of animal and plant diseases; (2) substantial animal and plant diagnostic laboratories; and (3) well-established working relationships with the agricultural industry and farm and commodity organizations. In making grants, the Secretary shall give priority to institutions with demonstrated expertise in (1) animal and plant disease prevention; (2) pathogen and toxin mitigation; (3) cereal disease resistance; (4) grain milling and processing; (5) livestock production practices; (6) vaccine development; (7) meat processing; (8) pathogen detection and control; or (9) food safety. An institution may not receive more than $10,000,00 of grants under this section per fiscal year, and the Federal share of any construction project shall not exceed 50 percent. Finally, subsection (b) of section 723 of the bill includes a sense of Congress that funding for ARS, APHIS, and other USDA agencies with biosecurity responsibilities should be increased as necessary to improve the capacity of the agencies to conduct research and analysis of, and respond to, bioterrorism and animal and plant diseases. (Section 723)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment deleting the Agriculture Infrastructure Security Fund and the Agriculture Infrastructure Security Commission. The Conference adopts the Senate program for agriculture bioterrorism research facilities with an amendment authorizing grants for expansion and security upgrades of agriculture research facilities. (Section 7221)

The Managers encourage the Secretary to give priority in awarding grants for the expansion of biosecurity research facilities to those universities or institutions which have demonstrated expertise in the area of animal and plant diseases; substantial animal and plant diagnostic laboratories; and well-established working relationships with the agriculture industry and farm and commodity organizations.

(77) Rural Electronic Commerce Extension Program

The Senate amendment adds a new section 1670 to the FACT Act providing an authorization for a Rural Electronic Commerce Extension Program. The Secretary would be required to establish within CSREES an Office of Rural Electronic Commerce to carry out this program. The purposes of the program are: (1) to expand and enhance electronic commerce practices and technology to be used by small businesses and microenterprises in rural areas; (2) disseminate information and expertise through a cooperative extension service clearinghouse in rural areas; (3) disseminate management, scientific, engineering, and technical information to small businesses in rural areas through the extension program; and (4) use, when appropriate, the expertise, technology, and capabilities of

other organizations, including State and local governments, Federal agencies, institutions of higher education, nonprofit organizations, small businesses and microenterprises that have experience in electronic commerce practice and technology, and the development centers established under this section. In carrying out this program, the Secretary shall: (1) provide leadership, support, and coordination for the program; (2) establish policies, practices, and procedures to assist rural communities in the adoption and use of electronic commerce techniques; (3) identify and strengthen existing mechanisms designed to assist rural areas in the adoption and use of electronic commerce techniques; (4) provide grants to fund projects and activities under the program; and (5) establish a clearinghouse system for States, communities, and businesses to obtain information on best practices, technology transfer, training, education, adoption, and use of electronic commerce in rural areas.

The Secretary shall make grants to the North Central Regional Center for Rural Development, the Northeast Regional Center for Development, the Southern Rural Development Center, and a development center in the Western Region, as determined by the State Extension Program Directors in the Western Region, to (1) assemble regional expertise, and develop innovative education programs, that may be adapted and refined by State extension programs; (2) train State-based cooperative extension agents to deliver rural electronic commerce education programs; and establish networks among universities, local governments, and private industries to focus on regional economic issues.

The Secretary also is authorized to make competitive grants to cooperative extension programs at land-grant institutions, or consortia of such institutions), to develop and facilitate nationally innovative rural electronic commerce business strategies, and to assist small businesses and microenterprises in identifying, adapting, implementing, and using electronic commerce business practices and technologies. The provision also includes selection criteria for grant awards. As a condition of funding, during the years of funding under a grant the recipient must provide from non-Federal sources 50 percent (25 percent if the grant recipient serves low-income or minority-owned businesses or microenterprises of the estimated capital and annual operating and maintenance costs of the extension program, and after expiration of the grant funding period the recipient must provide 100 percent of such costs from non-Federal sources. Awards are limited to $900,000 for an individual land-grant institution, either individually or as a member of a consortium, and funds awarded to a consortium must be shared equally among its members. The provision also establishes an evaluation panel and process to evaluate projects and activities funded under the program beginning one year after grant award. The Secretary is required to report to the Agriculture Committees on activities under this section 2 years after the date of enactment.

The program is authorized at $60,000,000 each fiscal year through 2006, with $20,000,000 of that set aside for funding the regional development centers. The Secretary is authorized to use up to 2 percent of funds made available for administrative costs to carry out this section. (Section 733)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment clarifying the Senate provision and expanding the eligibility for grants to include colleges and universities with agricultural or rural development programs. (Section 6202)

The Committee authorizes $60 million to establish a Rural Electronic Commerce Extension Program within the Cooperative State Research, Education, and Extension Service. Electronic commerce represents an opportunity for small businesses and micro enterprises in the domestic and international market, but there is currently no mechanism available in rural areas to enable individuals or organizations to both learn and take advantage of innovative technologies and business practices. The United States has a strong interest in ensuring that small businesses and micro enterprises in rural areas participate in electronic commerce as it will promote productivity and economic growth throughout the United States. The specific objectives of the program are: (1) expand and enhance electronic commerce practices and technology to be used by small businesses and micro enterprises in rural areas; (2) disseminate information and expertise through a cooperative extension service clearinghouse; (3) disseminate management, scientific, and technical information to small businesses and micro enterprises in rural areas through the extension program, and (4) use, when appropriate, the expertise, technology, and capabilities of other institutions and organizations—examples being state and local governments, Federal departments and agencies, institutions of higher education, non-profit organizations, small businesses and micro enterprises with previous experience in this area, and regional development centers—to achieve the stated objectives. The program will be competitive and merit-based, with grants being provided to cooperative extension service programs at land-grant colleges and universities (or consortia of land-grant colleges and universities) and to colleges and universities with agriculture or rural development programs. Using language in the legislation as guidelines, the Cooperative State Research, Education, and Extension Service shall establish appropriate criteria for the submission, evaluation, and funding of applications for grants to implement projects and activities for the program and shall be responsible for evaluating, ranking, and selecting grant applications.

(78) Organic Agricultural Research and Extension Initiative

The Senate amendment amends section 1672B of the FACT Act to require the Secretary to consult with the National Organics Standards Board as well as the REE Board in making grants, and to add the following purposes for which grants may be awarded:

> "(4) determining desirable traits for organic commodities using advanced genomics, field trials, and other methods;
>
> "(5) pursuing classical and marker-assisted breeding for publicly held varieties of crops and animals optimized for organic systems;
>
> "(6) identifying marketing and policy constraints on the expansion of organic agriculture; and
>
> "(7) conducting advanced on-farm research and development that emphasizes observation of, experimentation with, and innovation for working organic farms, including research

relating to production and to socioeconomic conditions." (Section 736, 231, 232)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to include breeding, marketing, and policy research as priority areas and include $3 million in new mandatory funding from 2003 through 2007. (Section 7218)

It is the intent of the Managers that these funds shall be allocated for high priority aspects of organic agricultural systems research, education, and extension. Priority concerns encompass biological, physical, and social sciences (including economics). The authorization of these funds shall not preclude or preempt the allocation of funds for other organic farming research, education, and extension programs under any other competitive or special grants programs, integrated activity, or formula funding. Rather, it is the intent of the Managers that organic agriculture be recognized as a legitimate priority of all Research, Education, and Economics programs, and should be recognized accordingly in appropriate USDA Research, Education and Extension program plans and requests for proposals.

(79) Grants for Youth Organizations

The Senate amendment amends AREERA by adding a new section 410 providing $8 million in mandatory money from CCC (to remain available until expended), and such sums as necessary for 2002 through 2006, for the Secretary, acting through CSREES, to make grants to the Girl Scouts, the Boy Scouts, the National 4–H Council, and the National FFA organization to establish pilot projects to expand the programs carried out by the organizations in rural areas and small towns, and for purposes of the 4–H Centennial under Pub. Law 107–19. (Section 749)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007.

(80) Senior Scientific Research Service

The Senate amendment adds a new section to subtitle B of AREERA establishing within USDA a Senior Scientist Research Service of not more than 100 members. To be eligible to be appointed to the Service by the Secretary, an individual must (1) have conducted outstanding research in the field of agriculture or forestry, (2) have a PhD, and meet OPM qualification standards for a GS–15 position. The Secretary may appoint and employ a member of the Service with regard to Federal civil service laws regarding competitive service appointments, retention preferences, performance appraisal and performance actions, pay rates and classification, and adverse actions, except that a member of the Service will have the same rights as a GS–15 appointee to appeal to the Merits Systems Protection Board or the Office of Special Counsel. The Secretary must develop a performance appraisal system for the Service that provides for systematic appraisals and encourages excellence. The Secretary shall set compensation in a range between a GS–15 and an ES–I appointment, with an exception to ES–I maximum for a rate approved by the President by law. A member

appointed to the Service from a prior position at an institution of higher education who retains the right to make contributions to that institution's retirement system may request that the Secretary contribute an amount not to exceed 10 percent of his pay to that system, but such a member shall not earn service credit under Federal law for time served in the Service except for purposes crediting annual leave. Any person involuntarily separated from the Service without cause may be appointed by the Secretary to a career appointment at the GS–15 level in the competitive service, unless that person was not a career appointee in the civil service of excepted service prior to his appointment to the Service, in which case that person's appointment following separation shall be to the excepted service for a term not to exceed 2 years. (Section 750B)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7219)

(81) Carryover

The Senate amendment amends the Hatch Act to allow a State agricultural institution to carryover the balance of any fiscal year's allocation of funding remaining at the end of the fiscal year to the next fiscal year, and if that balance is not spent in the succeeding fiscal year, an amount equivalent to that remaining shall be deducted from the following fiscal year allocation to that State. (Section 751)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7202)

(82) Reporting of Technology Transfer Activities

The Senate amendment amends the Hatch Act to require a State to include in its plan of work a description of the technology transfer activities conducted with respect to federally-funded agricultural research. (Section 752)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

The Managers expect the Secretary to require land-grant universities to include descriptions of technology transfer activities in any annual or other regular reports made to the Secretary regarding research activities funded by the Department.

(83) Compliance With Multistate and Integration Requirements

The Senate amendment amends the Hatch and Smith-Lever Act requirements for multistate extension and integrated research and extension activities to require:

(1) that in order to receive Smith-Lever Act funding a State must expend an amount equal to not less than 25 percent of Smith-Lever Act funds received by the State in a prior year on multistate activities, and in determining compliance with that requirement the Secretary shall include all cooperative extension funds expended by the State in the prior year, including Federal, State, and local funds; and

(2) that in order to receive Hatch and Smith-Lever Act funding, a State must expend an amount equal to not less than 25 percent

of Smith-Lever Act and Hatch Act of 1887 funds received by the State in a prior year on integrated research and extension activities, and in determining compliance with that requirement the Secretary shall include all cooperative research and extension funds expended by the State in the prior year, including Federal, State, and local funds. This amendment would be effective October 1, 2002. (Section 753)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(84) Authorization Percentages for Research and Extension Formula Funds

The Senate amendment subsection (a) amends section 1444 of NARETPA to increase the authorization level for 1890 Institutions extension appropriations from not less than 6 percent of the amount appropriated annually for extension at the 1862 Institutions under the Smith-Lever Act to not less than 15 percent of the amount appropriated annually under the Smith-Lever Act, and strikes obsolete language. Subsection (b) amends section 1445 of NARETPA to increase the authorization level for 1890 Institutions research appropriations from not less than 15 percent of the amount appropriated annually for research at the 1862 Institutions under the Hatch Act of 1887 to not less than 25 percent of the amount appropriated annually under the Hatch Act of 1887, and strikes obsolete language. (Section 757)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7203)

It is the intent of the Managers that increased formula funding for 1890 institutions be the mechanism for reaching this increased ratio, rather than a redistribution of the current limited formula funds.

(85) Carryover

The Senate amendment provides that in the same manner as the amendment made by section 751 for 1862 Institutions, this provision amends section 1445 of NARETPA to allow an 1890 Institution to carryover the balance of any fiscal year's allocation of funding remaining at the end of the fiscal year to the next fiscal year, and if that balance is not spent in the succeeding fiscal year, an amount equivalent to that remaining shall be deducted from the following fiscal year allocation to that 1890 Institution. (Section 758)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7204)

(86) Reporting of Technology Transfer Activities

The Senate amendment provides that in the same manner as the amendment made by section 752 for 1862 Institutions, this section amends section 1445 of NARETPA to require an 1890 Institution to include in its plan of work a description of the technology transfer activities conducted with respect to federally-funded agricultural research. (Section 759)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

The Managers expect the Secretary to require land-grant universities to include descriptions of technology transfer activities in any annual or other regular reports made to the Secretary regarding research activities funded by the Department.

(87) Priority-Setting Process

The Senate amendment amends requirement in section 102(c)(1) of AREERA for land-grant colleges to obtain stakeholder input to require that the process for obtaining that input "reflects transparency and opportunity for input from producers of diverse agricultural crops and diverse geographic and cultural communities." (Section 771)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(88) Termination of Certain Schedule A Appointments

The Senate amendment provision provides for the termination 60 days after enactment of Schedule A, dual Federal-State appointments, of employees working in agricultural extension programs at 1862 Institutions, 1890 Institutions, and the University of the District of Columbia. An individual whose appointment is terminated but who remains employed in the agricultural extension program will continue to be eligible, to the same extent as before enactment of this provision, to participate in the Federal Employee Health Benefits Program, the Federal Employee Group Life Insurance Program, the Civil Service Retirement System, the Federal Employee Retirement System, and the Thrift Savings Plan, and will continue to receive Federal civil service employment credit to the same extent the individual was receiving that credit prior to enactment of this provision, as long as the employing college or university continues to fulfill the administrative and financial responsibilities (including making agency contributions) associated with providing those benefits. If an individual changes employment from an agricultural extension program at one institution to that in another, the individual will continue to receive such benefits as long as the second institution fulfills its administrative and financial responsibilities and the second institution had employed another person in the same position within 120 days before the date of employment of the individual. (Section 772)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment changing the effective date to January 31, 2003, and adding "federal long-term care benefits" to the list of covered benefits. (Section 7220)

(89) Risk Management Education for Beginning Farmers and Ranchers

The Senate amendment amends the risk management education grant program in section 524(a)(3) of the Federal Crop Insurance Act to give the Secretary authority to target grants to programs specifically for beginning farmers and ranchers, and makes a technical amendment to section 524(b) of that Act. (Section 785)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(90) Joint Subcommittee on Aquaculture

The Senate amendment extends authorization for National Aquaculture Act of 1980 through 2006. (Section 786)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to extend the authorization through 2007. (Section 7139)

SUBTITLE F—NEW AUTHORITIES (SECTIONS 791–798D)

(91) Definitions

The Senate amendment defines "Department" and "Secretary" for purposes of the subtitle. (Section 791)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7401)

(92) Regulatory and Inspection Research

The Senate amendment authorizes the Secretary to use a public or private source, and requires the Secretary to use the most practicable source to provide timely cost-effective means of providing the research, to meet the urgent applied research needs of an inspection or regulatory agency of the Department (defined as APHIS, FSIS, GIPSA, and AMS) in carrying out agricultural marketing programs; programs to protect the animal and plant resources of the United States; and education programs or special studies to improve the safety of the food supply of the United States. Provision also requires the Secretary to establish guidelines to prevent any conflict of interest that may arise if an inspection or regulatory agency obtains research from a Federal agency the work or technology transfer efforts of which are funded in part by an industry subject to the jurisdiction of the inspection or regulatory agency. (Section 792)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(93) Emergency Research Transfer Authority

The Senate amendment, in addition to any transfer authority she may have, authorizes the Secretary to transfer up to 2 percent of any appropriation account of the Department for agricultural research, extension, marketing, animal and plant health, nutrition, food safety, nutrition education, or forestry programs to any other appropriation account of the Department for emergency research, extension, or education activities needed to address imminent threats to animal and plant health, food safety, or human nutrition, including bioterrorism. Such transfers are limited by three conditions: (1) the Secretary must determine the need is so imminent that the need will not be timely met by annual, supplemental, or emergency appropriations; (2) the aggregate total of such transfers cannot exceed $5 million per fiscal year; and (3) transfers must be approved by OMB. (Section 793)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(94) Review of Agricultural Research Service

The Senate amendment requires the Secretary to conduct a review of the purpose, efficiency, effectiveness, and impact on agricultural research of ARS, using persons outside the Department, with a report to be submitted to the Agriculture Committees by September 30, 2004; and provides that Secretary shall use no more than 0.1 percent of appropriations made available to ARS in fiscal years 2002 through 2004 to carry out the study. (Section 794)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment creating a task force appointed by the Secretary to conduct a review of ARS and examining the merits of establishing National Institutes focused on disciplines important to the progress of food and agriculture sciences. The report is to be submitted one year after enactment of this legislation. (Section 7404)

The sciences related to plant biology and agriculture have contributed greatly to human welfare. The gains in the next decades have the potential to be astonishing. The challenge is to establish appropriate mechanisms, with adequate funding, to ensure that the United States is home to highest quality research and is able to maximize its benefits to its economy. In 1999, food and agriculture accounted for 16.4% of the GDP (or $1.5 trillion) yet attracted less than two percent of the federal research budget. In real terms, the U.S. now spends less on food and agricultural research than was spent in 1978.

The Managers believe a new model for plant and agricultural research might be patterned after the highly successful biomedical research conducted by the National Institutes of Health (NIH). The mechanisms employed by NIH and the National Science Foundation (NSF) have advanced science of the highest quality, attracted the best young scientists to careers in research and teaching, and provided a stream of discoveries that has been rapid and highly beneficial to society. The Managers intend that any new research institute would supplement, not supplant, the successful programs of USDA and other existing federal research programs. As such, the conferees urge the Secretary to place high priority in establishing a task force of members, the majority of which should be from the private sector, including institutions of higher education, that have extensive background and preeminence in the field of plant and agricultural sciences research. In addition, the Secretary is urged to designate a Chairperson that has significant leadership experience in educational and research institutions and in depth knowledge of the research enterprises of the United States in leading the evaluation of the merits of establishing a National Institutes for Plant and Agricultural Sciences and provide recommendations to the Committees. In addition, the task force is charged with conducting a separate review of the purpose, efficiency, effectiveness, and impact of agricultural research conducted by the Agricultural Research Service. Together, these two separate reports should provide a roadmap for the future of the federal government con-

cerning plant and agriculture research and the potential benefits that could be realized.

(95) Technology Transfer for Rural Development

The Senate amendment directs the Secretary, through RBS and ARS, to establish a program to promote USDA tech transfer opportunities to rural businesses and residents through a website featuring information on such technologies, an annual joint program for State economic development directors and Department rural development directors regarding such opportunities, and programs at each ARS lab at least biennially, with participation of other Federal labs as appropriate. Funding for the program is to come from amounts available to ARS and amounts available to RBS for salaries and expenses. (Section 795)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

The Managers expect the Rural Business-Cooperative Service to promote to rural businesses and residents the availability of technology transfer opportunities with the Agricultural Research Service (ARS), research facilities of the Forest Service, and other research activities of the Department. The Managers also expect ARS to continue its efforts to promote and publicize technology transfer opportunities available to the private sector, and especially those opportunities that would provide employment in rural areas.

(96) Beginning Farmer and Rancher Development Program

The Senate amendment provides $15 million in mandatory money in each of fiscal years 2002 through 2006 for the Secretary to carry out a beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers. A "beginning farmer or rancher" is defined as a person that has not operated a farm or ranch, or operated one for less than 10 years, and meeting such other criteria as the Secretary prescribes.

The program has three parts:

(1) The Secretary may make competitive grants to new and established local and regional training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers, including programs and services (as appropriate) relating to: (A) mentoring, apprenticeships, and internships; (B) resources and referral; (C) assisting beginning farmers or ranchers in acquiring land from retiring farmers and ranchers; (D) innovative farm and ranch transfer strategies; (E) entrepreneurship and business training; (F) model land leasing contracts; (G) financial management training; (H) whole farm planning; (I) conservation assistance; (J) risk management education; (K) diversification and marketing strategies; (L) curriculum development; (M) understanding the impact of concentration and globalization; (N) basic livestock and crop farming practices; (O) the acquisition and management of agricultural credit; (P) environmental compliance; (Q) information processing; and (R) other similar subject areas. Entities eligible to receive grants include collaborative State, local, tribal or regionally-based networks or partnerships of private or public entities including State cooperative extension services, Federal, State, and tribal

agencies, community-based and nongovernmental organizations, colleges and universities (including community colleges) and others as determined by the Secretary. Grants are for 3 years, are subject to a 25% matching requirement, and not less than 25 percent of funds used to carry out the grant program must be set aside to support programs that address needs of limited resource beginning farmers and ranchers, socially disadvantaged beginning farmers and ranchers, and farmworkers desiring to become farmers or ranchers.

(2) The Secretary is authorized to establish teams to develop curricula and conduct educational programs and workshops for beginning farmers and ranchers tailored to diverse crop and regional areas. In establishing such teams, the Secretary can use the services of specialists in beginning farmer and rancher training and USDA employees who can offer program expertise. The Secretary is authorized to enter into cooperative agreements with the same entities that are eligible for the grants to carry out team programs.

(3) The Secretary is required to establish an online clearinghouse to make curricula, training materials, and online courses available for beginning farmers and ranchers.

The Secretary is required to obtain stakeholder input from beginning farmers and ranchers; national, state, tribal, and local organizations or other persons with expertise in operating beginning farmer and rancher programs; and the Advisory Committee on Beginning Farmers and Ranchers.

The provision allows for participation of non-beginning farmers and ranchers in these programs to the extent that the Secretary determines it will not detract from the primary purpose of beginning farmer and rancher education.

In addition to the mandatory funding provided, the Secretary is authorized to collect and use fees for the delivery of programs or workshops by beginning farmer and rancher education teams or by the online clearinghouse, and the Secretary is authorized to receive contributions under cooperative agreements for program delivery by education teams. Four percent of funds used for grants may be used by the Secretary for administrative costs. Funds provided remain available for obligation for two fiscal years. (Section 796)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment making the 4% set-aside for administrative costs apply only to competitive grants appropriations and making the mandatory funding subject to appropriations. (Section 7405)

(97) Sense of Congress Regarding Doubling of Funding for Agricultural Research

The Senate amendment expresses sense of Congress that food and agricultural research funding should be doubled over next five years. (Section 797)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7406)

(98) Rural Policy Research

The Senate amendment provides $15 million in mandatory money in each of fiscal years 2002 through 2006 for the Secretary to make competitive research grants for applied and outcome oriented research and policy research and analysis of rural issues relating to: (1) rural sociology; (2) effects of demographic change, including aging population, outmigration, and labor resources; (3) needs of groups of rural citizens, including senior citizens, families, youth, children, and socially disadvantaged individuals; (4) rural community development; (5) rural infrastructure, including water and waste, community facilities, telecommunications, electricity, and high-speed broadband services; (6) rural business development, including credit, venture capital, cooperatives, value-added enterprises, new and alternative markets, farm and rural enterprise formation, and entrepreneurship; (7) farm management, including strategic planning, business and marketing opportunities, risk management, natural resources and environmental management, organic and sustainable farming systems, and intergenerational transfer strategies; (8) rural education and extension programs, including methods of delivery, availability of resources, and use of distance learning; and (9) rural health, including mental health, on-farm safety, and food safety.

The Secretary must seek stakeholder input in making grants, and ensure that grants will provide high-quality research of use to public policymakers and private entities in making decisions that affect development in rural areas.

Eligible grantees include individuals, colleges and universities, a State cooperative institution, a community college, a nonprofit organization, institution, or association, a business association, or a regional partnership of public and private entities. Grant terms may be up to 5 years. The Secretary may establish a matching requirement, but a grant to a business association is subject to a 100 percent match. Up to four percent of funds may be used by the Secretary for administrative costs. Funds provided remain available for two fiscal years. (Section 798)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(99) Priority for Farmers and Ranchers Participating in Conservation Programs

The Senate amendment requires the Secretary, in carrying out new on-farm research or extension programs or projects authorized by this bill, amendments made by this bill, and any later enacted law, to give priority to carrying out such programs or projects using farms and ranchers of farmers and ranchers that participate in Federal agricultural conservation programs. (Section 798A)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(100) Organic Production and Market Data Initiatives

The Senate amendment requires the Secretary to ensure that segregated data on the production and marketing of organic agricultural products is included in the ongoing baseline of data collec-

tion regarding agricultural production and marketing. (Section 798B)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7407)

(101) Organically Produced Product Research and Education

The Senate amendment requires the Secretary, in consultation with the Advisory Committee on Small Farms, to submit a report to the Agriculture Committees by December 1, 2004 on:

(1) the impact on small farms of the implementation of the national organic program; and (2) the production and marketing costs to producers and handlers associated with transitioning to organic production. (Section 798C)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(102) International Organic Research Collaboration

The Senate amendment requires the Agricultural Research Service and the National Agricultural Library to facilitate access by research and extension professionals to organic research conducted outside the United States. (Section 798D)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7408)

(103) Report on Producers and Handlers of Organic Agricultural Products

The Senate amendment provides for a report to be submitted not later than 1 year after funds are made available to carry out this section. (Section 798E)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Section 7409)

TITLE VIII—FORESTRY INITIATIVES

(1) Repeal of Forestry Incentives Program (FIP) and Stewardship Incentive Program (SIP)

The House bill repeals the Forestry Incentives Program and the Stewardship Incentives Program. (Sec. 801)

The Senate amendment reauthorizes the Forestry Incentives Program through 2006. The Senate amendment contains no comparable provision regarding the Stewardship Incentives Program. (Sec. 804)

The Conference substitute adopts the House provision. (Sec. 801)

(2) Establishment of New Cost Share Assistance Program

The House bill amends the Cooperative Forestry Assistance Act of 1978 by inserting a new section 4. (Sec. 802)

The Senate amendment amends the Cooperative Forestry Assistance Act of 1978 by inserting a new program after section 6. (Sec. 806)

The Conference substitute adopts the House provision. (Sec. 802)

(3) Findings

The House bill sets forth Congressional findings with respect to dependence on private non-industrial forest lands, demand for assistance from owners of non-industrial private forest land, environmental benefits of good stewardship of forest land, economic benefits resulting from non-industrial private forest lands, wildfire threats, and development pressure faced by owners of non-industrial private forest land. (Sec. 802(a))

The Senate amendment sets forth Congressional findings with respect to dependence on private non-industrial forest lands, demand for assistance from owners of non-industrial private forest land, environmental benefits of good stewardship of forest land, economic benefits resulting from non-industrial private forest lands, wildfire threats, development pressure faced by owners of non-industrial private forest land, federal and state cooperation in forest fire prevention, difficulty for owners of non-industrial private forest land to invest in the management of long-rotation forest stands, and the benefits of comprehensive, multi-resource planning assistance to landowners. (Sec. 806(a)(1))

The Conference substitute deletes both provisions.

(4) Purpose

The House bill describes the purpose of the new section as: (1) strengthening the commitment of the Secretary to sustainable forest management, and (2) establishing a coordinated and cooperative federal, state and local sustainable forestry program for non-industrial private forest land. (Sec. 802(b))

The Senate amendment describes the purpose of the new section as: (1) strengthening the commitment of the Secretary to sustainable forest management, and (2) establishing a coordinated and cooperative federal, state and local sustainable forestry program for non-industrial private forest land. (Sec. 806(a)(2))

The Conference substitute adopts the Senate provision. (Sec. 806(a)(2))

(5) Forest Land Enhancement Program

The House bill establishes a Forest Land Enhancement Program by inserting a new section 4 in the Cooperative Forestry Assistance Act of 1978. (Sec. 802(c))

The Senate amendment establishes a Sustainable Forest Management Program by inserting a new section 6A in the Cooperative Forestry Assistance Act of 1978. (Sec. 806(b))

The Conference substitute adopts the House provision. (Sec. 802 (c))

(6) Definitions

The House bill defines: (1) non-industrial private forest land, (2) owner, (3) Secretary, and (4) state forester. (Sec. 802)

The Senate amendment defines: (1) committee, (2) Indian tribe, (3) program, (4) non-industrial private forest land, (5) owner, and (6) state forester. (Sec. 806)

The Conference substitute adopts the House provision with amendment to include definitions for the terms Committee and Indian Tribe.

(7) Establishment

The House bill (1) directs the Secretary to establish a Forest Land Enhancement Program (FLEP) for the purposes of providing financial, technical, educational, and related assistance to State Foresters to assist private landowners in actively managing their land through the utilization of management expertise, financial assistance and educational programs; (2) directs the Secretary to administer the program through NRCS; (3) directs the Secretary to implement the program in coordination with the State Foresters. (Sec. 802)

The Senate amendment (1) directs the Secretary to establish a Sustainable Forestry Management Program for the purposes of providing financial assistance to State foresters, and encouraging the long-term sustainability of non-industrial private forest land in U.S. by assisting owners in actively managing land and related resources through the use of State, Federal, and private sector resource management expertise, financial assistance, and educational programs; (2) directs the Secretary to administer the program through the State Foresters, in coordination with the Committees, and in consultation with Federal, State, and local natural resource management agencies, institutions of higher education and a broad range of private sector interests. (Sec. 806)

The Conference substitute adopts the Senate provision. (Sec. 806)

(8) Program Objectives

The House bill directs the Secretary to target resources to achieve a list of objectives including: (1) making investments in practices to establish, restore, protect, manage, maintain and enhance the health and productivity of non-industrial private forest land, (2) ensuring that afforestation, reforestation, improvement of poorly stocked stands, timber stand improvement, practices necessary to improve seedling growth and survival, and growth enhancement practices occur where needed, (3) reducing the risks and helping to restore, recover and mitigate damage caused by fire, insects, invasive species, disease, and weather, (4) increasing and enhancing carbon sequestration, (5) enhancing implementation of agro forestry practices, and (6) maintaining and enhancing the forest land base and leveraging State and local financial and technical assistance. (Sec. 802)

The Senate amendment directs the Secretary to allocate the resources among the states (in accordance with the distribution formula described below) to encourage: (1) the investment in practices to establish, restore, protect, manage, maintain, and enhance the health and productivity of non-industrial private forest land, and (2) the occurrence of afforestation, reforestation, improvement of poorly stocked stands, practices necessary to improve seedling growth and survival, and growth enhancement practices as needed to enhance and sustain the long-term productivity of timber and non-timber forest resources to meet public demand for forest re-

sources, provide environmental benefits, protect riparian buffers and wetlands, maintain and enhance fish and wildlife habitat, enhance soil, air and water quality, reduce soil erosion and maintain soil quality, maintain and enhance the forest land base, reduce the threat of catastrophic wildfires, and preserve aesthetic quality and opportunities for outdoor recreation. (Sec. 806)

The Conference substitute adopts the House provision with minor amendments.

(9) Eligibility

The House bill makes an owner of non-industrial private forest land eligible for cost-share assistance if the owner: (1) agrees to develop and implement a forest plan developed in coordination with and/or approved by the State forester, state official, or private sector program in consultation with the State Forester, (2) agrees to implement the plan for a period of 10 years unless the State Forester approves a modification to such plan, and (3) meets acreage restrictions determined by the State Forester in conjunction with the State Forest Stewardship Coordinating Committee. (Sec. 802)

The Senate amendment (a) makes an owner of non-industrial private forest land eligible for cost-share assistance if the owner: (1) develops a management plan that addresses site-specific activities and practices and is approved by the State Forester, (2) agrees to implement the plan for at least 10 years unless the State Forester approves a modification to the management plan, and (3) owns not more than 1,000 acres; and (b) creates an exception to the above acreage restriction requirement for owners with more than 1,000 acres but less than 5,000 acres where the Secretary, in consultation with the State forester, determines that significant public benefits will accrue as a result of the owner's participation. (Sec. 806)

The Conference substitute adopts the House provision with minor changes.

(10) State Priorities

The House bill allows the Secretary to develop State priorities for cost-share assistance in consultation with the State Forester and the State Forest Stewardship Coordinating Committee. (Sec. 802)

The Senate amendment (1) directs the State Forester and the Committee of the State to develop and submit to the Secretary a 5-year plan that describes the funding priorities of the state and makes this requirement a condition of receipt of funding under the Sustainable Forest Management program; (2) requires the state priority plan to include documentation of public participation in the development of the plan; (3) requires the Secretary to ensure, to the maximum extent practicable, that the need for expanded technical assistance programs for owners is met in the annual funding priorities of each state. (Sec. 806)

The Conference substitute adopts the Senate provision with minor changes.

(11) Development of Plan

The House bill makes a landowner eligible for cost-share assistance for the development of a forest management plan required to participate in the FLEP. (Sec. 802)

The Senate amendment requires a landowner to submit a plan to the State Forester that is prepared by a professional resource manager, identifies and describes projects and activities to protect certain environmental qualities in a manner that is compatible with the objectives of the owner, addresses criteria established by the State and Committee, and applies to the portion of the land on which any project or activity funded under the program will be carried out. In addition, the landowner must also agree that all projects and activities conducted on the land will be consistent with the management plan.(Sec. 806)

The Conference substitute adopts the Senate provision with minor changes. (Sec. 806)

(12) Approved Activities

The House bill directs the Secretary, in consultation with the State Forester and State Forest Stewardship Coordinating Committee, to develop a list of approved forest activities and practices that will be eligible for cost-share assistance under the FLEP within each state. In developing this list, the Secretary is required to attempt to achieve the establishment, restoration, management, maintenance and enhancement of forests and trees for the following: sustainable growth and management for timber production, water quality, energy conservation, habitat, invasive species control, hazardous fuels reduction, development of forest or stand management plans and other activities approved by the Secretary. (Sec. 802)

The Senate amendment requires the Secretary, in consultation with the State forester and appropriate committee, to develop a list of approved forest activities and practices eligible for cost-share assistance. Approved activities may include: (1) the establishment, management, maintenance and restoration of forests for shelterbelts, windbreaks, aesthetic quality and other conservation purposes, (2) sustainable growth and management for timber production, (3) the protection of water quality, (4) the preservation, restoration or development of habitat, (5) invasive species control, (6) the conduct of other management activities such as hazardous fuels reduction that reduce the risks to forests posed by fire, (7) the development of management plans, (8) the acquisition of permanent conservation easements, and (9) the conduct of other activities approved by the Secretary. (Sec. 806)

The Conference substitute adopts the Senate provision with minor changes including an amendment to strike the acquisition of permanent easements as an eligible activity.

(13) Reimbursement of Eligible Activities

The House bill (1) directs the Secretary to share the cost of implementing the approved activities that the Secretary determines are appropriate to carry out the Forest Land Enhancement Program; (2) directs the Secretary to determine the appropriate reimbursement rate for cost-share payments and the schedule for mak-

ing such payments; (3) prohibits the Secretary from making cost-share payments in an amount that exceeds 75% of the total cost, or a lower percentage as determined by the State forester; (4) directs the Secretary to determine the maximum payment made to any one owner. (Sec. 802)

The Senate amendment allows the Secretary to provide cost-share assistance to an owner to develop a sustainable forest management plan.

The Senate amendment prevents an owner from receiving any cost-share assistance for management of non-industrial private forest land if the owner receives assistance for that land under the FIP, SIP or any conservation program administered by the Secretary.

The Senate amendment directs the Secretary, in consultation with the State forester, to determine the rate and timing of cost-share payments.

The Senate amendment limits the amount of a cost-share payment to the lesser of: 75% of the total cost of implementing the project or activity or such lesser percentage of the total cost of implementing the project or activity as is determined by the appropriate State forester; and requires the Secretary to determine the maximum aggregate amount of cost-share payments that each owner may receive. (Sec. 806)

The Conference substitute adopts the House provision. (Sec. 802)

(14) Recapture

The House bill directs the Secretary to establish and implement a mechanism to recapture payments made to an owner in the event that the owner fails to implement any approved activity for which the owner received cost-share payments under the Forest Land Enhancement Program. (Sec. 802)

The Senate amendment directs the Secretary to establish a procedure to recapture cost-share payments in any case in which the recipient fails to implement a project or activity in accordance with the management plan or comply with any requirement of Sustainable Forest Management Program. (Sec. 806)

The Conference substitute adopts the House provision. (Sec. 802)

(15) Distribution

The House bill directs the Secretary to consider the following in distributing funds to the states under the Forest Land Enhancement program: the number of owners eligible in each state; demand for timber; demand for agro forestry; need to improve forest health, etc. (Sec 802)

The Senate amendment directs the Secretary, acting through the State Foresters and considering the program objectives (described above), to develop a nationwide funding formula for the Sustainable Forest Management program. In developing the formula, the Secretary is required to assess the public benefits that would result from the distribution as well as the following factors: the total acreage of non-industrial private forest land in each state, the potential productivity of that land, the number of owners eligi-

ble for cost-sharing in each state, the opportunities to enhance non-timber resources on that land, the anticipated demand for timber and non-timber resources, the need to improve forest health, the need and demand for agro forestry practices in each state, the need to maintain and enhance the forest land base, and the need for afforestation, reforestation and timber stand improvement. (Sec. 806)

The Conference substitute adopts the Senate provision with minor changes.

(16) Availability of Funds

The House bill makes $200 million available from the CCC for carrying out the Forest Land Enhancement program from October 1, 2001 to September 30, 2011. (Sec. 802)

The Senate amendment makes $48 million available from the Treasury during fiscal years 2002 through 2005 to fund the Sustainable Forest Management Program. (Sec. 806)

The Conference substitute provides for $100 million from the CCC to carry out the program.

(17) Conforming Amendment

The House bill amends section 246(b)(2) of Department of Agriculture Reorganization Act of 1994 by striking "forestry incentive program" and inserting "Forest Land Enhancement Program". (Sec. 802(d))

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Sec. 802(d))

(18) Reports

The Senate amendment (1) directs the states to submit an interim report to the Secretary not later than 2½ years after the date on which funds are made available to implement a state Sustainable Forest Management priority plan. The report must describe the status of projects and activities being funded under the plan; and (2) requires states to submit a final report no later than 5 years after the date on which funds are made available to implement a state priority plan. The report must describe the status of all projects and activities funded under the plan as of that date. (Sec. 806)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with changes to require one report one year prior to reauthorization of the program.

(19) Renewable Resources Extension Activities (Sustainable Forestry Outreach Initiative)

The House bill (1) reauthorizes the RREA through 2011 and amends the amount of authorization from $ 15 million to $ 30 million; and (2) amends the RREA by inserting a new Sustainable Forestry Outreach Initiative designed to educate landowners on the value and benefits of practicing sustainable forestry, and to educate landowners about the variety of programs available to them. (Sec. 803)

The Senate amendment (1) reauthorizes the RREA through 2006 and amends the amount of the authorization from $ 15 million to $30 million per year; (2) amends the RREA by inserting a new Sustainable Forestry Outreach Initiative designed to educate landowners on the value and benefits of practicing sustainable forestry, and to educate landowners about the variety of programs available to them. (Sec. 803)

The Conference substitute adopts the Senate provision. (Sec. 803)

(20) Enhanced Community Fire Protection

The House bill amends the Cooperative Forestry Assistance Act of 1978 by adding a new Enhanced Community Fire Protection program. (Sec. 804)

The Senate amendment amends the Cooperative Forestry Assistance Act of 1978 by adding an Enhanced Community Fire Protection section. (Sec. 811)

The Conference substitute adopts the House provision. (Sec. 804)

(21) Findings

The House bill contains findings of Congress with respect to severity and intensity of wildland fires, 2000 fire season, threat of wildfires to communities in the wildland-urban interface, National Fire Plan, authority for addressing the wildfire issue on private lands and federal interest in enhanced community protection from wildfire. (Sec. 804(a))

The Senate amendment contains findings of Congress with respect to severity and intensity of wildland fires, 2000 fire season, threat of wildfires to communities in the wildland-urban interface, National Fire Plan, authority for addressing the wildfire issue on private lands and federal interest in enhanced community protection from wildfire; and adds additional finding with respect to forest wetlands. (Sec. 811(a))

The Conference substitute adopts the House provision with minor changes. (Sec. 804(a))

(22) Enhanced Protection

The House bill adds a new section 10A to the Cooperative Forestry Assistance Act of 1978. (Sec. 804(b))

The Senate amendment adds a new section 10A to the Cooperative Forestry Assistance Act of 1978. (Sec. 811(b))

The Conference substitute adopts the House provision. (Sec. 804(b))

(23) Cooperative Management Relating to Wildfire Threats

The House bill allows the Secretary to cooperate with State foresters and equivalent state officials to: (1) prevent and control wildfire, (2) protect communities from wildfire threats, (3) enhance the growth and maintenance of trees and forests, and (4) ensure the continued production of all forest resources. (Sec. 804)

The Senate amendment allows the Secretary to cooperate with State foresters and equivalent state officials to: (1) prevent, control, suppress and assist in the prescribed use of fires, (2) protect com-

munities from wildfire threats, (3) enhance the growth and maintenance of trees and forests, and (4) ensure the continued production of all forest resources. (Sec. 811)

The Conference substitute adopts the House provision. (Sec. 804)

(24) Community and Private Land Fire Assistance Program

The House bill (1) directs the Secretary to establish a Community and Private Land Fire Assistance Program to be administered by the Forest Service and implemented through the State forester or an equivalent state official; and (2) allows the Secretary to undertake the following activities on both federal and non-federal lands: fuel hazard mitigation and prevention, invasive species management, multi-resource wildfire planning, community protection planning, community and landowner education, market development and expansion, improved wood utilization, and special restoration projects. (Sec. 804)

The Senate amendment (1) directs the Secretary to establish a Community and Private Land Fire Assistance Program to be administered by the Secretary and, with respect to non-federal lands, carried out through the State forester or equivalent state official; allows the Secretary to undertake the following activities on both federal and non-federal lands: fuel hazard mitigation and prevention, invasive species management, multi-resource wildfire planning, community protection planning, community and landowner education, market development and expansion, improved wood utilization, and special restoration projects; and (2) directs the Secretary to give priority to contracts with local persons or entities in carrying out the program. (Sec. 811)

The Conference substitute adopts the House provision with minor changes. (Sec. 804)

(25) Authorization of Appropriations

The House bill authorizes $35 million in appropriations for each fiscal year during 2002 through 2011 for the Enhanced Community Fire Protection program. (Sec. 804)

The Senate amendment authorizes $35 million in appropriations for each fiscal year during 2002 through 2006 for the Enhanced Community Fire Protection program. (Sec. 811)

The Conference substitute adopts House provision. (Sec. 804)

(26) International Forestry Program/Office

The House bill reauthorizes the International Forestry Program through 2011. (Sec. 805)

The Senate amendment reauthorizes the International Forestry Office through 2006. (Sec. 801)

The Conference substitute adopts the Senate provision. (Sec. 801)

(27) Long-Term Forest Stewardship Contracts

The Senate amendment (1) lists the findings of Congress with respect to wildfire damage, risk to communities from wildfire, accumulation of heavy forest fuel loads, modification of forest fuel load conditions, hazardous fuels as a renewable resource, and the need

for the United States to invest in technologies that promote economic and entrepreneurial opportunities in processing forest products removed through hazardous fuel reduction activities (Sec. 809(a)); and (2) defines: (a) biomass-to-energy facility, (b) eligible community, (c) forest biomass, (d) hazardous fuel, (e) Indian tribe, (f) National Fire Plan, (g) person, and (h) Secretary. (Sec. 809(b))

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(28) Annual Assessment of Treatment Acreage

The House bill directs the Secretary to submit to Congress an assessment of the number of acres of forested National Forest System lands recommended to be treated using stewardship contracts during the next fiscal year no later than March 1 of each of fiscal years 2002 through 2006. This assessment is to be based on the treatment schedules contained in the report entitled "Protecting People and Sustaining Resources in Fire-Adapted Ecosystems" and dated October 13, 2000; and requires the assessment to identify the acreage by condition class, type of treatment and treatment year to achieve the restoration goals outlined in the report. (Sec. 806(a))

The Senate amendment (1) directs the Secretary to submit to Congress an assessment of the number of forested National Forest System acres recommended for treatment during the next fiscal year using stewardship contracts no later than March 1 of each of fiscal years 2002 through 2006. This assessment is to be based on the treatment schedules contained in the report "Protecting People and Sustaining Resources in Fire-Adapted Ecosystems" and dated October 13, 2000; (2) requires the assessment to identify the acreage by condition class, type of treatment, and treatment year; (3) in addition, the assessment is to give priority to condition class 3 acreage, provide information relating to the type of material and estimated quantity and range of sizes of material, and describe land allocation categories in which the contract authorities will be used. (Sec. 809(d)(1))

The Conference substitute did not adopt this provision.

(29) Funding Recommendation

The House bill directs the Secretary to include in the annual assessment a request for funds sufficient to implement the recommendations contained in the assessment. (Sec. 806(b))

The Senate amendment directs the Secretary to include in the annual assessment a request for funds sufficient to implement the recommendations contained in the assessment. (Sec. 809(d)(2))

The Conference substitute did not adopt this provision.

(30) Stewardship End Result Contracting

The House bill (1) permits the Secretary to enter into stewardship contracts to implement the National Fire Plan on National Forest Service lands under the direction of the assessment and with the authorities described in section 347 of the Department of the Interior Appropriations Act of 1999. But, the period of the contracts will be for 10 years. The House bill also provides that the authority of the Secretary to enter into contracts under this section expires on September 30, 2007. (Sec. 806(c))

The Senate amendment permits the Secretary to enter into no more than 28 stewardship end result contracts to implement the National Fire Plan. The contracting goals and authorities outlined in the original stewardship contracting authorization in the 1999 Department of the Interior Appropriations Act (16 U.S.C. 2104 note; Public Law 105–277, Section 347, subsections (b) through (g) apply to these contracts. Fourteen of the 28 contracts shall be subject to additional conditions. (Sec. 809(d)(3))

The Conference substitute did not adopt this provision.

(31) Status Report

The House bill beginning in fiscal year 2003, requires the Secretary to include a status report of stewardship contracts underway in the annual assessment submitted to Congress. (Sec. 806(d))

The Senate amendment, beginning in fiscal year 2003, requires the Secretary to include in the annual assessment a status report on the contracts entered into under the Long-term Forest Stewardship Contracts for Hazardous Fuels Removal section. (Sec. 809(d)(3)(C))

The Conference substitute did not adopt this provision.

(32) Authorization of Appropriations

The Senate amendment authorizes to be appropriated such sums as are necessary to carry out the Long-term Forest Stewardship Contracts for Hazardous Fuels Removal in subsection (d) for fiscal years 2002 through 2006. (Sec. 809(d)(4))

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(33) Excluded Areas

The Senate amendment allows the Secretary to carry out the Wildfire Prevention and Hazardous Fuel Purchase Program only in the wildland/urban interface. (Sec. 809(e))

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(34) Duration

The House bill provides that the authority of the Secretary to enter into contracts under the Long-term Forest Stewardship contracts for Hazardous Fuels Removal and Implementation of National Fire Plan section expires on September 30, 2007. (Sec. 806 (c)(2))

The Senate amendment terminates the Secretary's authority under the Wildfire Prevention and Hazardous Fuel Purchase Program on September 30, 2006. (Sec. 809(f))

The Conference substitute did not adopt this provision.

(35) Hazardous Fuels to Energy Grant Program

The House bill lists findings of Congress with respect to damages caused by wildfire disasters, risk of communities to wildfire, effect that modification of forest fuel load conditions will have on minimizing damage from wildfires, and hazardous fuels as an abundant renewable resource. (Sec. 921(a))

The Senate amendment lists Congress findings with respect to wildfire damage, risk to communities from wildfire, accumulation of heavy forest fuel loads, modification of forest fuel load conditions, hazardous fuels as a renewable resource, and the need for the United States to invest in technologies that promote economic and entrepreneurial opportunities in processing forest products removed through hazardous fuel reduction activities. (Sec. 809 (a))

The Conference substitute did not adopt this provision.

(36) Definitions

The House bill defines: (1) biomass-to-energy-facility, (2) forest biomass, (3) hazardous fuels, and (4) Secretary concerned. (Sec. 921(e))

The Senate amendment defines: (1) biomass-to-energy facility, (2) eligible community, (3) forest biomass, (4) hazardous fuel, (5) Indian tribe, (6) National Fire Plan, (7) person, and (8) Secretary. (Sec. 809(b)

The Conference substitute did not adopt this provision.

(37) Hazardous Fuels to Energy Grant Program

The House bill authorizes the Secretary to make grants to the operators of a biomass-to-energy facility to offset the costs incurred to purchase hazardous fuels from forest lands for the use in the production of electric energy, useful heat, or transportation fuels; and requires that grant recipients be selected on the basis of their planned purchases of hazardous fuels and the level of anticipated benefits to reduced wildfire risk. (Sec. 921(b))

The Senate amendment (1) authorizes the Secretary to make grants to persons that operate biomass-to-energy facilities to offset the costs incurred by those persons in purchasing hazardous fuels AND persons in rural communities that are seeking ways to improve the use of, or add value to, hazardous fuels; and (2) directs the Secretary to select recipients for grants based on planned purchases of hazardous fuels, the level of anticipated benefits of purchases in reducing risk of wildfires, the extent to which the project avoids adverse environmental impacts, and the level of anticipated benefits for eligible communities. (Sec. 809(c)(1))

The Conference substitute did not adopt this provision.

(38) Grant Amounts

The House bill requires grants to be equal to at least $5 per ton of hazardous fuels delivered, but not to exceed $10 per ton, based on the distance of hazardous fuels from the biomass-to-energy facility. (Sec. 921(c))

The Senate amendment (1) requires that grant amounts be based on the distance required to transport hazardous fuels to a biomass-to-energy facility and the cost of removal of hazardous fuels; (2) requires that grants be in an amount that is at least equal to $5 per ton but not more than $10 per ton of hazardous fuels; and (3) limits grants to $1,500,000 per year, per facility. But, a facility with an annual production of 5 megawatts or less is not subject to this limitation. (Sec. 809)

The Conference substitute did not adopt this provision.

(39) Monitoring of Grant Recipient Activities

The House bill requires grant recipients to keep such records as the Secretary may require, and on notice by the Secretary, grant reasonable access to facility and an opportunity to review records. (Sec. 921(d))

The Senate amendment requires grant recipients to keep such records as the Secretary may require, and on notice by the Secretary, grant reasonable access to facility and an opportunity to review records. (Sec. 809(c)(3))

The Conference substitute did not adopt this provision.

(40) Monitoring of Effects of Treatment

The House bill requires the Secretary to monitor federal lands from which hazardous fuels are removed and sold to biomass-to-energy facilities to determine and document the reduction in fire hazard. (Sec. 921(e))

The Senate amendment requires the Secretary to monitor federal lands from which hazardous fuels are removed and sold to a biomass-to-energy facility to determine the environmental impact of fuels removal; requires the Comptroller General to monitor the number of jobs created, the opportunities created for small and micro-businesses and the types and amounts of energy supplies created and energy prices for eligible communities; and requires the Comptroller General to submit an annual report to Congress beginning in fiscal year 2003 that describes the information obtained through monitoring. (Sec. 809(c)(4))

The Conference substitute did not adopt this provision.

(41) Authorization of Appropriations

The House bill authorizes $50 million in appropriations for each fiscal year. (Sec. 921(g))

The Senate amendment authorizes $50 million in appropriations for each fiscal year from 2002 to 2006. (Sec. 809(c)(7))

The Conference substitute did not adopt this provision.

(42) Review and Report

The Senate amendment directs the Comptroller General to submit a report to Congress that describes the results and effectiveness of the Wildfire Prevention and Hazardous Fuel Purchase Program not later than September 30, 2004; requires the Secretary to submit to Congress an annual report describing the results of the pilot program that includes an identification of the size of each facility that receives a grant and the haul radius associated with each grant; and requires the Secretary to submit a report to Congress by December 1, 2003 which describes the technical feasibility of the use of small diameter trees and biomass for energy production, the environmental impacts of using small diameter trees and forest residues and any social or economic benefits of small-scale biomass energy units for rural communities. (Sec. 809 (c)(5))

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(43) Grants to Other Persons

The House bill contains no comparable provision.

The Senate amendment allows the Secretary to make grants to persons in rural communities that are seeking ways to improve the use of, or add value to, hazardous fuels. (Sec. 809(c)(6))

The Conference substitute did not adopt this provision.

(44) Excluded Areas

The Senate amendment allows the Secretary to carry out the Wildfire Prevention and Hazardous Fuel Purchase Program only in the wildland/urban interface. (Sec. 809(e))

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(45) Termination of Authority

The Senate amendment terminates the Secretary's authority under the Wildfire Prevention and Hazardous Fuel Purchase Program on September 30, 2006. (Sec. 809(f))

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(46) McIntire-Stennis Cooperative Forestry Research Program

The House bill reaffirms the importance of the McIntire-Stennis Cooperative Forestry Act. (Sec. 807)

The Senate amendment reaffirms the importance of the McIntire-Stennis Cooperative Forestry Act. (Sec. 802)

The Conference substitute adopts the House provision with minor technical change to public law number. (Sec. 807)

The Managers recognize the importance of university-based programs in forest and natural resources to the success of many of the technical assistance and cost-share programs in the Conservation and Forestry Titles of this Act including the Conservation Reserve Program, EQIP, Sustainable Forestry Outreach Initiative, Forest Land Enhancement Program. As these programs are expanded and enhanced, there will be an increased need for science-based information in the development of these initiatives. The nation's forestry schools and colleges are uniquely equipped to expand the base of knowledge and to assist in the delivery of educational outreach to our nation's nonfederal forest landowners. The Managers expect the Department to seek greater cooperation and collaboration with universities as it implements these various technical assistance and cost-share programs.

(47) Sustainable Forestry Cooperative Program

The Senate amendment amends the Cooperative Forestry Assistance Act of 1978 by inserting a new section 5A:

The Senate amendment defines: (a) farmer or rancher, (b) forestry cooperative, and (c) non-industrial private forestland.

The Senate amendment directs the Secretary to establish a program to provide grants to nonprofit organizations on a competitive basis to establish and support forestry cooperatives.

The Senate amendment requires funds to be used for the support of forestry cooperatives or the support of a sustainable forestry practice of a member of a cooperative.

The Senate amendment requires the Secretary to provide funds only to a nonprofit organization with demonstrated expertise

in cooperative development as determined by the Secretary. Requires funds being used to support a land management practice to comply with an approved forest plan.

The Senate amendment makes $2 million available from the Treasury to remain available until expended. (Sec. 805)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(48) Forest Fire Research Centers

The Senate amendment lists Congressional findings with respect to: (1) increasing threat of fire to forest land and rangeland, (2) concentration of fire threat in the western part of the United States, (3) degraded condition of forest land and rangeland, (4) results of current land management practices in the United States, (5) population movement into wildland-urban interface, (6) budgets of governments, (7) diminishing Federal resources for fire research, (h) funding for Federal fire research program, and (8) critical need for cost-effective investments in improved fire management technologies. (Sec. 808(a))

The Senate amendment directs the Secretary to establish at least 2 forest fire research centers at institutions of higher education to: (1) conduct integrative, interdisciplinary research into the ecological, socioeconomic and environmental impact of fire control and the use of managing ecosystems and landscapes to facilitate fire control, and (2) to develop mechanisms to transfer new fire technologies. (Sec. 808(b))

The Senate amendment directs the Secretary, in consultation with the Secretary of Interior, to establish an advisory committee to establish priorities for research projects conducted at the forest fire research centers established above. (Sec. 808(c))

The Senate amendment authorizes the appropriation of such sums as are necessary to carry out this section. (Sec. 808(d))

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(49) Watershed Forestry Assistance Program

The Senate amendment lists Congressional findings with respect to: (1) public attitudes about forest management, (2) benefits of proper stewardship, (3) importance of forests to protecting the drinking water supply, (4) forest loss and fragmentation in urbanizing areas, (5) scientific evidence and public awareness about forest management and water quality, (6) application of forestry best management practices, (7) efforts to improve forestry best management practices, (8) role of forests in maintenance of clean water, (9) burden of management on private forest land owners, (10) need to integrate management, conservation, restoration and stewardship, (11) responsibility of federal government, (12) availability of federal assistance, and (13) the need for increased research, education, technical and financial assistance to private forest land owners.

The Senate amendment describes the purposes of this section as: (1) improving the understanding of landowners and public with respect to the relationship between water quality and forest management, (2) encouraging landowners to utilize trees to promote water quality, (3) enhancing and complementing source water pro-

tection in watersheds that provide drinking water, (4) establishing new partnerships, and (5) providing technical and financial assistance to States.

The Senate amendment directs the Secretary to establish a new program to provide states, through the State foresters, technical, financial, and related assistance to expand forest stewardship and prevent water quality degradation and address watershed issues on non-Federal forestland (Sec. 812(c)); requires the Secretary to cooperate with the State Foresters to develop a plan to provide technical assistance to States in addressing water quality; requires the plan to include provisions to accomplish the following tasks: (1) build and strengthen watershed partnerships, (2) provide State BMPs and water quality technical assistance to landowners, (3) provide technical guidance to land managers and policymakers, (4) complement State non-point source assessment and management plans, (5) provide opportunities for coordination and cooperation among Federal and State agencies for water and watershed management, and (6) provide forest resource data for improved implementation of state BMPs; directs the Secretary to develop a cost-share program to provide grants and other assistance for eligible programs and projects; sets forth criteria which the Secretary must consider in allocating funds among the states; requires the State foresters, in coordination with the State Coordinating Committee, to provide annual grants and cost-share payments to communities, non-profit groups, and landowners to carry out eligible programs and projects; directs the Secretary to prioritize cost-share assistance to eligible programs and projects that are identified by the State foresters and the State Stewardship Committees as having a greater need for assistance; limits the amount of federal cost-share to not exceed 75% and permits the non-federal share to be made in the form of cash, services, or in-kind contributions; allows states to use a portion of the funds made available to the state to establish and fill a position of watershed forester to lead state-wide programs; authorizes $20 million to be appropriated for each fiscal year through 2006; and requires funding to be allocated in such a manner that 75% is going to the cost-share portion of the program and the remainder for other provisions within the section. (Sec. 812)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(50) General Provisions

The Senate amendment amends section 13 of the Cooperative Forestry Assistance Act to enable the Secretary to make grants and enter into contracts, agreements or other arrangements to carry out the Cooperative Forestry Assistance Act. (Sec. 814)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(51) State Forest Stewardship Coordinating Committees

The Senate amendment amends section 19(b) of the Cooperative Forestry Assistance Act by adding the U.S. Fish and Wildlife Service as a member of the State Forest Stewardship Coordinating Committees.

The Senate amendment also directs the Committees to submit to the Secretary, and House and Senate Agriculture Committees an annual report of the list of members on the Committee, and an explanation of why certain groups may not be represented. (Sec. 815)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(52) Forest Legacy Program

The Senate amendment amends section 7(l) of the Cooperative Forestry Management Act to allow a state to authorize any local government or qualified organization to acquire land or conservation easements to carry out the Forest Legacy Program in that state. (Sec. 807)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(53) Chesapeake Bay Watershed Forestry Program

The Senate amendment amends the Cooperative Forestry Assistance Act of 1978 by adding a new section 9A:

The Senate amendment lists definitions for: (1) agreement, (2) Bay-Area state, (3) Chesapeake Bay Executive Council, (4) director, (5) eligible entity, (6) eligible project, (7) program, and (8) Secretary.

The Senate amendment directs the Secretary to establish a Chesapeake Bay Watershed Forestry Program to provide technical and financial assistance to carry out eligible projects; and directs the Secretary to designate a Forest Service employee to serve as a director for the Chesapeake Bay watershed forestry efforts.

The Senate amendment allows the Secretary, in coordination with the director, to provide grants to assist eligible entities in carrying out eligible projects; and limits the federal share of the cost-share assistance to 75%.

The Senate amendment requires the director, in cooperation with the Council, to conduct a study to: (1) assess the extent and location of forest loss and fragmentation, (2) identify critical forest land, (3) prioritize afforestation needs, (4) recommend management strategies to expand conservation and stewardship of the forest ecosystem and ways in which the Federal government can work with State, county, local, and private entities to conserve critical forests including establishing new units of the National Forest System, and (5) identify further inventory assessment and research which is needed and requires the director to report to Congress not later than 2 years after the date of enactment of this legislation.

The Senate amendment allows the Secretary, in cooperation with the director, to establish a cooperative program to provide technical and financial assistance to eligible entities to meet the needs of the urban population of the watershed in managing forest land.

The Senate amendment authorizes $3 million in appropriations for fiscal year 2002 and $3.5 million for each fiscal year in 2003 through 2006. (Sec. 810)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(54) Suburban and Community Forestry and Open Space Initiative

The Senate amendment amends the Cooperative Forestry Assistance Act of 1978 by adding a new section 7A:

The Senate amendment lists definitions for: (1) eligible entity, (2) Indian tribe, (3) private forestland, (4) program, and (5) Secretary.

The Senate amendment establishes a Suburban and Community Forestry and Open Space Initiative within the Forest Service to provide assistance to eligible entities to carry out projects and activities to conserve private forest land and maintain working forests in suburban environments.

The Senate Amendment requires the Secretary, in consultation with the State foresters, to establish criteria for identifying private forest land in each state that may be conserved, and identifying eligible entities; requires the Secretary to then award grants to eligible entities to carry out certain projects or activities; and requires the Secretary to give priority to projects that promote the following objectives: (1) sustainable forest management, (2) education programs and curricula relating to sustainable forestry, and (3) community involvement in determining the objectives for projects or activities that are funded under this program, and limits grants to 50% of the cost of a project or activity.

The Senate amendment allows funds to be used to purchase land or easements only from willing sellers at fair market value; requires sales at less than fair market value only on certification by the landowner that the sale is being entered into willingly and without coercion; and allows title to be held, as determined by the Secretary, by a State or non-profit organization.

The Senate amendment authorizes $50 million to be appropriated for fiscal year 2003 and such sums as are necessary for each fiscal year thereafter. (Sec. 813)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(55) USDA National Agro Forestry Center

The Senate amendment amends section 1243 of the Food, Agriculture, Conservation, and Trade Act of 1990 (16 U.S.C. 1642 note; Public Law 101–624) by striking the section heading and inserting:

"USDA National Agro Forestry Center". (Sec. 816)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision. (Sec. 819)

(56) Office of Tribal Relations

The Senate amendment amends the Cooperative Forestry Assistance Act of 1978 by inserting a new section 19A:

The Senate amendment defines the following: (1) Indian tribe, (2) office, and (3) Secretary.

The Senate amendment directs the Secretary to establish an Office of Tribal Relations within the Forest Service and requires the Secretary to appoint a director of such office and to consult with interested tribes in making this determination; and requires the director to report directly to the Secretary.

The Senate amendment requires the director to provide assistance to the Secretary on all issues, policies, actions, and programs of the Forest Service that affect Indian tribes and requires the director to submit an annual report on the status of relations between the Forest Service and Indian Tribes to the Secretary. (Sec. 817)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(57) Assistance to Tribal Governments

The Senate amendment amends the Cooperative Forestry Assistance Act of 1978 by adding a new section 21:

The Senate amendment defines an Indian tribe.

The Senate amendment allows the Secretary to provide financial, technical, educational and related assistance to Indian tribes.

The Senate amendment directs the Secretary to promulgate regulations in consultation with Indian tribes and representatives of tribes, to implement the program.

The Senate amendment directs the Secretary to coordinate with the Secretary of the Interior to establish, implement and administer the program.

The Senate amendment authorizes the appropriation of such sums, as are necessary for fiscal year 2002 and each fiscal year thereafter. (Sec. 818)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(58) Sudden Oak Death Syndrome

The Senate amendment directs the Secretary to research, monitor and carry out a treatment program to develop, control, manage, or eradicate Sudden Oak Death Syndrome on public and private land.

The Senate amendment requires the Secretary to conduct management, regulation, and fire prevention activities to reduce the threat of fire and fallen trees killed by Sudden Oak Death Syndrome.

The Senate amendment requires the Secretary to conduct education and outreach activities to make information available to the public on Sudden Oak Death Syndrome.

The Senate amendment requires the Secretary to establish a Sudden Oak Death Syndrome advisory committee to assist the Secretary in carrying out this section.

The Senate amendment authorizes $14.25 million in appropriations for each of the fiscal years in 2002 through 2006. (Sec. 819)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(59) Independent Investigation of Fire-Fighter Fatalities

The Senate amendment requires the Inspector General of the Department of Agriculture to conduct an independent investigation whenever there is a fatality of an officer or employee of the Forest Service that occurs due to wildfire entrapment or burn over and requires the IG to submit a report to Congress and the Secretary of Agriculture. (Sec. 820)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

(60) Adaptive Ecosystem Restoration of Arizona and New Mexico Forests and Woodlands

The Senate amendment lists Congressional findings with respect to: (1) degradation of ecological conditions of forests and woodlands in Arizona and New Mexico, (2) unnaturally high quantities of biomass, (3) effects of degraded forests and woodlands, (4) benefits of healthy forests and woodland ecosystems, (5) importance of best available scientific knowledge in developing forest and woodland treatments, (6) failure of treatments not based on sound science, (7) integration of scientific research and land management activities, and (8) translation of scientific knowledge;

The Senate amendment describes the purposes of this section as: (1) improving the ecological health, resource values, and sustainability of forest and woodland ecosystems in Arizona and New Mexico, (2) reducing the threat of unnatural wildfire, disease, and insect infestations in those states, (3) restoring ecosystem structure and function so that ecosystems will support biodiversity; enhance watershed values; increase water flow; and increase tree, grass, forb, and shrub vigor and growth to provide sustainable economic activities, (4) developing the scientific knowledge to inform adaptive ecosystem management restoration treatments that will restore long-term ecological health to forests and woodlands in the States, and (5) encouraging collaboration among land management agencies, communities, and interest groups in developing, implementing, and monitoring adaptive ecosystem management restoration treatments that are ecologically sound, economically viable, and socially responsible;

The Senate amendment lists definitions for: (1) adaptive ecosystem management, (2) ecological integrity, (3) ecological restoration, (4) institute, (5) land management agency, (6) practitioner, (7) Secretaries, and (8) state.

The Senate amendment requires the Secretary of Agriculture, in consultation with the Secretary of the Interior, to establish: (1) an Ecological Restoration Institute in Flagstaff, Arizona, and (2) an institute at a college or university in the State of New Mexico.

The Senate amendment requires each institute to plan, conduct, or otherwise arrange for applied ecosystem management research that: (1) assists in answering questions identified by land managers, practitioners, and others concerned with land management, (2) will be useful in the development and implementation of practical, science-based, ecological restoration treatments, (3) translate scientific knowledge into communication tools that are easily understood by land managers, natural resource professionals, and concerned citizens, and (4) provide similar information to land managers and other interested persons.

The Senate amendment requires each institute to cooperate with various entities, including colleges and universities.

The Senate amendment requires the Secretary, in consultation with the Secretary of Interior, to complete a detailed evaluation of each institute not later than 5 years after the date of enactment of this Act, and every 5 years thereafter.

The Senate amendment authorizes $10 million in appropriations for each fiscal year. (Sec. 821)

The House bill contains no comparable provision.

The Conference substitute did not adopt this provision.

TITLE IX—ENERGY

(1) Findings

The Senate amendment provides Congressional findings with respect to the development of agriculturally based renewable energy, the promotion of energy efficiency and biobased products. (Section 901)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(2) Consolidated Farm and Rural Development Act

The Senate amendment amends the Consolidated Farm and Rural Development Act by adding a new subtitle on "Clean Energy" and includes definitions for biomass, renewable energy, and rural small business. (Section 902)

The House bill contains no comparable provision.

The Conference substitute does not amend the Consolidated Farm and Rural Development Act, but rather maintains the section as individual stand-alone provisions. The substitute adopts the Senate definitions with amendments. (Section 9001)

(3) Federal Procurement of Biobased Products

The Senate amendment establishes a federal purchasing program for biobased products if they are on a United States Department of Agriculture biobased products list and the biobased products are reasonably comparable in price, performance and availability to non-biobased products. The section also instructs the Secretary to develop a labeling program for biobased products similar to the Energy Star program of the Environmental Protection Agency and Department of Energy. The amendment provides $2,000,000 annually in each of fiscal years 2002–2006. (Section 902)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments. The substitute establishes a new program for the purchase of biobased products by Federal agencies, which is modeled on the existing program for purchase of recycled materials under section 6002 of the Solid Waste Disposal Act (42 U.S.C. 6962). The intent of the section is to stimulate the production of new biobased products and to energize emerging markets for those products. The section also includes a voluntary biobased-labeling program. The Conference substitute provides $1,000,000 annually for each of fiscal year 2002–2007 for testing biobased products to carry out this section. (Section 9002) The Managers encourage the Secretary to make the results of such testing available to the public.

The United States Department of Agriculture, in consultation with the Environmental Protection Agency, General Services Administration, and the Department of Commerce, will serve as the final arbiter of what is or is not considered a biobased product to

be listed and afforded Federal procurement preference. The Office of Federal Procurement Policy will ensure compliance by all Federal agencies, including executive departments, military departments, Government corporations, Government controlled corporations, and other establishments of Federal government.

The Managers intend that any procurement regulations implementing this section will be promulgated within the existing procurement system through revisions to the Federal Acquisition Regulation by the Civilian Agency Acquisition Council and the Defense Acquisition Council and through revisions as necessary to individual agency acquisition regulations by such agencies.

The Managers encourage the Secretary to carry out the biobased product analysis in this section through the Office of Energy Policy and New Uses, which have undertaken economic and technical feasibility analysis and have identified numerous examples of biobased products that can be easily substituted for nonbiobased products.

(4) Biorefinery Development Grants

The Senate amendment establishes a competitive grant program to support the development of biorefineries for the conversion of biomass into multiple products such as fuels, chemicals and electricity. The amendment provides $15,000,000 annually in each of fiscal years 2002–2006. (Section 902)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments. The section is subject to appropriated funds. (Section 9003)

In making selections for competitive awards, the Secretary is encouraged to give particular weight to projects that produce multiple products—fuels, chemicals, and in some cases power—and do so in a cost effective and environmentally sound manner.

(5) Biodiesel Fuel Education Program

The Senate amendment establishes a competitive grant program to educate governmental and private entities with vehicle fleets and the public about the benefits of biodiesel fuel use. The amendment provides $5,000,000 annually in each of fiscal year 2003–2006. (Section 902)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments. The Substitute provides $1,000,000 annually in each of fiscal year 2003–2007. (Section 9004)

The Managers encourage the Secretary to utilize the expertise of the Office of Energy Policy and New Uses in carrying out the purposes of this section.

(6) Renewable Energy Development Loan and Grant Program

The House bill amends Section 310B of the Consolidated Farm and Rural Development Act by adding other renewable energy systems including wind energy and anaerobic digesters to the list of purposes for which loans and loan guarantees are available. (Section 606) The House bill also contains a provision that provides

value-added grants to entities to develop new marketing and income opportunities for farmers. (Section 602)

The Senate amendment establishes a competitive grant and loan program to assist new cooperatives and business ventures, which are at least 51 percent owned by farmers or ranchers, in the development of renewable energy projects to produce electricity. The amendment provides $16,000,000 annually in each of fiscal years 2002–2006. (Section 902)

The Conference substitute adopts the House provisions with amendment. The value-added grant program in the Rural Development title has been expanded to better achieve the purposes of this section. This expansion, along with the adoption of House language that allows loans for these purposes, should accomplish the goals of the Senate's provision and encourage more farmers and ranchers to become involved in the ownership of renewable energy systems. (Sections 6401 and 6013)

(7) Energy Audit and Renewable Energy Development Program

The Senate amendment establishes a competitive grant program for entities to administer energy audits and renewable energy development assessments for farmers, ranchers and rural small businesses. The amendment provides $15,000,000 annually in each of fiscal years 2002–2006. (Section 902)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments. The section is subject to appropriated funds. (Section 9005)

(8) Renewable Energy Systems and Energy Efficiency Improvements

The House bill authorizes the Secretary to provide to individuals a loan guarantee under Section 4 of the Rural Electrification Act to finance the purchase of renewable energy systems, including wind energy systems and anaerobic digesters for the purpose of energy generation. (Section 605)

The Senate amendment establishes a loan, loan guarantee and grant program to assist eligible farmers, ranchers and rural small businesses in purchasing renewable energy systems and making energy efficiency improvements. The amendment provides $33,000,000 annually in each of fiscal years 2002–2006. (Section 902)

The Conference substitute adopts the Senate provision with amendments. The Conference substitute provides $23,000,000 annually in each of fiscal year 2003–2007. (Section 9006)

The Managers intend for the Secretary to consider funding energy audits an eligible energy efficiency improvement measure under this section.

(9) Hydrogen and Fuel Cell Technologies

The Senate amendment establishes a competitive grant program to eligible entities to demonstrate the use of hydrogen and fuel cell technologies in farm and rural applications. The amendment provides $5,000,000 in each of fiscal years 2002–2006. (Section 902)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision and replaces it with language directing the Secretaries of Agriculture and Energy to enter into a memorandum of understanding regarding hydrogen and fuel cell technology applications for agricultural producers and rural communities. The memorandum of understanding also requires the Secretary of Agriculture to disseminate information relating to hydrogen and fuel cell technologies to rural communities and agricultural producers. (Section 9007)

The Managers encourage the Secretary to utilize the expertise of the Office of Energy Policy and New Uses in carrying out this section.

(10) Technical Assistance for Farmers and Ranchers to Develop Renewable Energy Resources

The House bill expands the purpose of the Environmental Quality Incentives Program to include assistance to farmers and ranchers for the assessment and development of their on-farm renewable resources, including biomass for production of power and fuel, wind and solar. (Section 942a)

The House bill also provides that the Secretary of Agriculture, through the Cooperative State Research, Education, and Extension Service and, to the extent practicable, in collaboration with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other appropriate entities, may provide education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources, including biomass for the production of power and fuels, wind, solar, and geothermal. (Section 942b)

The Senate amendment provides that the Secretary, acting through the Cooperative State Research, Education, and Extension Service in consultation with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other entities as appropriate, may provide for education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources. The Secretary may retain up to 4 percent to pay administrative expenses incurred in carrying out this section. (Section 902)

The Conference substitute deletes both the House and Senate provisions.

The Managers encourage the Cooperative State Research, Education, and Extension Service to provide education and technical assistance to agricultural producers for the development of renewable energy resources. Such assistance should enable producers to become more energy efficient and provide for the development and marketing of renewable energy resources. In assisting producers, the Cooperative Extension Service may consult with other entities as appropriate.

(11) Biomass Research and Development

The House bill extends the Biomass Research and Development Initiative through 2011. (Section 736)

The Senate amendment extends the Act's termination date to September 30, 2006. The amendment provides $15,000,000 in each of fiscal years 2002–2006. (Section 903)

The Conference substitute adopts the Senate provision with amendments. The substitute provides $5,000,000 for fiscal year 2002, and $14,000,000 annually for each of fiscal year 2003–2007. (Section 9008)

(12) Cooperative Research and Extension Projects

The Senate amendment establishes a carbon sequestration research and development program to promote understanding of the net sequestration of carbon in soil and net emissions of other greenhouse gases from agriculture. The amendment requires that, within three years, the Secretary convene a conference of key scientific experts on carbon sequestration from various sectors to establish benchmark standards for measuring soil carbon content and net emissions of other greenhouse gases, designate measurement techniques and modeling approaches to achieve such standards, and evaluate results of analyses on baseline, permanence and leakage issues. The section authorizes appropriations of $25,000,000 annually. (Section 902)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments that incorporate this section into Section 221 of the Agricultural Risk Protection Act of 2000 (114 Stat. 407)—Carbon Cycle Research. (Section 9009) The substitute also reauthorizes Section 221 of the Agriculture Risk Protection Act of 2002 (114 Stat. 407)—Carbon Cycle Research through fiscal year 2007. (Section 7223)

The Managers encourage the Secretary to convene a conference of key scientific experts on carbon to evaluate tools and procedures for measuring the carbon content of soils and plants (including trees) and net emissions of other greenhouse gases from agriculture, and identify techniques and modeling approaches for measuring carbon content associated with several different levels of precision. Conference participants should include grant or cooperative agreement recipients under federal carbon cycle research programs, other experts on carbon sequestration from academia and the private sector, and government scientists in the area of carbon sequestration, from the Department of Agriculture and other federal agencies with programs in carbon cycle research. The Secretary is encouraged to provide information to the public regarding any such conference proceedings.

The Managers encourage the Secretary to establish demonstration projects that assist agricultural producers and farmer-owned cooperatives in paying the costs associated with the testing of methods developed under this section (including costs incurred in employing certified independent third persons to carry out those activities). In the view of the Managers, such demonstration projects may provide valuable data in testing the methods by which farmers measure their storage of carbon and reduce net emissions of greenhouse gases.

(13) Demonstration Projects and Outreach

The Senate amendment establishes carbon sequestration monitoring programs; demonstration projects of methods for measuring, verifying and monitoring changes in carbon content and green-

house gas emissions; and periodic outreach to farmers and ranchers regarding the connection between global climate change mitigation strategies and agriculture. The section authorizes appropriations of $10,000,000 annually. (Section 902)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. Some of the goals of this section have been incorporated into Section 9009.

(14) Rural Electrification Act of 1936

The House bill amends Section 310B of the Consolidated Farm and Rural Development Act to specifically include wind energy systems and anaerobic digesters in the list of purposes for which loans and loan guarantees are available. (Section 606)

The Senate amendment amends the Rural Electrification Act of 1936 by adding Section 21 at the end which establishes a grant and loan program to assist rural electric cooperatives and other rural electric utilities in developing renewable energy to serve the needs of rural communities or for rural economic development. Grants may be used to help pay for renewable energy project feasibility studies and technical assistance. Loans are available for other costs associated with a project. The amendment provides $9,000,000 in each of fiscal years 2002–2006. (Section 904)

The Conference substitute adopts the House provision. (Section 6013)

The Managers encourage the Secretary to use existing authorities to provide loans, loan guarantees and grants to rural electric cooperatives and other electric utilities to promote the development of economically and environmentally sustainable renewable energy projects to serve the needs of rural communities or to promote rural economic development.

(15) Carbon Sequestration Demonstration Program

The Senate amendment establishes a competitive research and development program to test the methodologies by which private parties may pay farmers and foresters a market-based fee to store carbon and to otherwise reduce net emissions of greenhouse gases. Under this program, the Department of Agriculture would share in the costs of monitoring, verifying and auditing such trades on a demonstration basis and would also make grants to researchers to establish the best methodologies for measuring additional carbon sequestration in soils and plants. The section authorizes appropriations of $20,000,000 annually. (Section 905)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision. Some of the goals of this section are incorporated into Section 9009.

(16) Sense of Congress Concerning National Renewable Fuels Standard

The Senate amendment expresses the sense of Congress that a national renewable fuels program should be adopted and that the Department of Agriculture should ensure that its policies and programs promote the production of fuels from renewable fuel sources. (Section 906)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(17) Continuation of the Bioenergy Program

The House bill requires the Secretary to include animal fats, agricultural by-products, and oils as eligible commodities under the existing Bioenergy Program (7 CFR 1424). (Section 922)

The Senate amendment expresses the sense of Congress that biofuel production capacity will be needed to phase out methyl tertiary butyl ether in gasoline, and because of the dependence of the United States on foreign oil, the bioenergy program of the Department of Agriculture should be continued and expanded. (Section 907)

The Conference substitute deletes both provisions, and instead authorizes the continuation of the Commodity Credit Corporation Bioenergy Program and includes animal byproducts and fat, oils and greases (including recycled fats, oils and greases) as eligible commodities. The conference substitute provides a total of $204 million to fund this program during fiscal years 2003–2006. (Section 9010)

The Managers encourage the Secretary to investigate the feasibility of utilizing wheat that has been infested with karnal bunt spores, and for which a market is not readily available, in the operation of the Commodity Credit Corporation Bioenergy Program.

General Intent—Title IX. The Managers intend for all reports to Congress required under Title IX to be transmitted to the Senate Committee on Agriculture, Nutrition and Forestry; the House Committee on Agriculture; the House Committee on Energy and Commerce and the House Committee on Science.

The Managers intend for the Secretary to identify and incorporate the mission of Title IX and the strategy for implementation as part of the reporting required by the Government Performance and Results Act.

TITLE X—MISCELLANEOUS PROVISIONS

SUBTITLE A—TREE ASSISTANCE PROGRAM

(1) Eligibility

The House bill requires the Secretary of Agriculture to provide assistance to eligible orchardists that planted trees for commercial purposes but lost such trees as a result of a natural disaster. Orchardists qualify for assistance only if tree mortality exceeds 15%. (Section 901)

The Senate amendment amends Sec. 194 of the Federal Agriculture Improvement Act of 1996 as follows: Sec. 194(b) requires the Secretary of Agriculture to provide assistance to eligible orchardists that planted trees for commercial purposes but lost such trees as a result of a natural disaster. Orchardists qualify for assistance only if tree mortality exceeds 15%. (Sec. 1062)

The Conference substitute adopts the House provision. (Sec. 10202)

(2) Assistance

The House bill amends the Tree Assistance Program authorized by the Disaster Assistance Act of 1988 to establish a reimbursement of either 75% of the cost of replanting eligible trees lost or, at the discretion of the Secretary, sufficient seedlings to reestablish the stand. (Sec. 902)

The Senate amendment amends Sec. 194(c)(1) consists of either reimbursement of 75% of the cost of replanting eligible trees lost or, at the discretion of the Secretary, sufficient seedlings to reestablish the stand. (Sec. 1062)

The Conference substitute adopts the House provision. (Sec. 10203)

(3) Limitation on Assistance

The House bill establishes that a limit on payments per person may not exceed $50,000 or an equivalent value in tree seedlings; requires the Secretary to issue regulations defining a person; and requires the Secretary to issue regulations prescribing rules to ensure a fair and reasonable application of the limitation established under this section. (Sec. 903)

The Senate amendment amends Sec. 194(c)(2) by setting payment limitations per person to not exceed $100,000 or an equivalent value in tree seedlings; requires the Secretary to issue regulations defining a person; and requires the Secretary to issue regulations prescribing rules to ensure a fair and reasonable application of the limitation established under this section. (Sec. 1062)

The Conference substitute adopts the House provision with an amendment that a payment limitation per person may not exceed $75,000 or an equivalent in tree seedlings. (Sec. 10204)

(4) Definitions

The House bill defines eligible orchardist, natural disaster and tree. (Sec. 904)

The Senate amendment defines Sec. 194 (a) eligible orchardist, natural disaster, tree and Secretary. These definitions are very similar to the House bill, with one exception as follow: there is no requirement that an eligible orchardist owns 500 acres or less of such trees. (Sec. 1062)

The Conference substitute adopts the House provision with amendments that the total quantity of acres for which a person shall be entitled to receive payments under this chapter may not exceed 500 acres and adds "lightning" to the definition of natural disaster. (Sec. 10201)

The Senate amendment makes the Tree Assistance Program an authorization subject to appropriations.

The Conference substitute adopts the Senate amendment's authorization of Appropriations. (Sec. 10205)

The Managers acknowledge that assistance was provided to producers to compensate for losses of trees from which a crop is harvested under the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2000, for losses suffered in 1999, but not since that time. Establishment of legislative authority for the Tree Assistance Program does not preclude seeking assistance under any other authority on be-

half of tree crop producers who suffered similar losses between January 2000 and the date of enactment of this Act.

SUBTITLE B—OTHER MATTERS

(5) Hazardous Fuels Reduction Grants to Prevent Wildfire Disasters and Transform Hazardous Fuels to Electric Energy, Useful Heat or Transportation Fuels

The House bill (1) provides the findings of the Congress on hazardous fuel reduction grants; (2) authorizes the Secretary concerned to make a grant to a person that operates a biomass-to-energy facility to offset the costs incurred to purchase hazardous fuels from forestlands. (3) establishes the grants shall be equal to $5 per ton but not to exceed $10 per ton of hazardous fuels based on distance from source to facility; (4) establishes as a condition of receiving a grant under this section, the owner of the facility is required to keep records as required by the Secretary, and to award the Secretary or their designee access to the facility to examine inventory and records of the facility; (5) authorizes the Secretary concerned to monitor Federal lands from which hazardous fuels are removed and sold to a biomass-to-energy facility to determine and document the reduction in fire hazards on such lands; defines biomass-to-energy facility, forest biomass, hazardous fuels, and Secretary concerned; authorizes $50 million for each FY for the duration of the bill. (Sec. 921)

The Senate amendment (1) provides findings similar to House version findings under Hazardous Fuels Reduction Grants; (2) defines "eligible community" as any town, township, municipality, or other similar unit of local government or any area represented by a nonprofit to promote broad-based economic development, and has a population of not more than 10,000, and is located within a county with 15% of total labor and income is derived from forestry and is located near forest land the Secretary determines poses a potential hazard, the "hazardous fuels" definition is different from the House version, only in that it specifies the land must be in an wildland-urban interface area or in an area located near an eligible community, Indian tribe, Secretary, and others; (3) authorizes the Secretary concerned to make a grant to a person that operates a biomass-to-energy facility to offset the costs incurred to purchase hazardous fuels from forestlands. The Secretary shall select recipients based on planned purchases of hazardous fuels and the anticipated associated wildfire risk reduction; (4) establishes the grant amounts shall be equal to $5 per ton but not to exceed $10 per ton of hazardous fuels based on distance from source to facility; OR based on the distance from source to facility and the cost of removal of fuels; (5) establishes a grant shall not exceed $1.5 million for any facility for any year with the exception of a small facility with an annual production of 5 megawatts or less; provides the monitoring of grants is very similar to House version, but with a little more detail; (6) authorizes the Secretary concerned shall monitor Federal lands from which hazardous fuels are removed and sold to a biomass-to-energy facility to determine and document the reduction in fire hazards on such lands; (7) authorizes $50 million for each FY for the duration of the bill. (Sec. 809)

The Conference substitute deletes both the House and Senate provisions.

(6) Bioenergy Program

The House bill requires the Secretary to include animal fats, agricultural by-products, and oils as eligible commodities under the existing Bioenergy Program (7 CFR 1424). (Sec. 922)

The Senate amendment establishes the Sense of Congress that Ethanol and Biodiesel production capacity will be needed to phase out MTBE and U.S. dependence on foreign oil and that the Bioenergy Program (7 CFR 1424) should be continued and expanded. (Sec. 907)

The Conference substitute deletes both provisions, and instead authorizes the continuation of the Commodity Credit Corporation Bioenergy Program and includes animal byproducts and fat, oils and greases (including recycled fats, oils and greases) as eligible commodities. The conference substitute provides a total of $204 million to fund this program during fiscal years 2003–2006. (Section 9010)

(7) Availability of Section 32 Funds

The House bill amends the second undesignated paragraph of section 32 of 7 U.S.C. 612c by striking $300,000,000 and inserting $500,000,000. (Sec. 923)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Sec. 10602)

(8) Seniors Farmers Market Nutrition Program

The House bill allows the Secretary to use $15,000,000 of CCC funds for each of fiscal years 2002 through 2011 to carry out and expand a seniors farmers' market nutrition program. Further explains purposes of program. (Sec. 924)

The Senate amendment requires the Secretary of the Treasury to transfer $15,000,000 30 days after enactment and each fiscal year 2003 through 2006 to the Secretary of Agriculture to carry out and expand a seniors farmers' market nutrition program. Further explains purposes of program. (Sec. 459)

The Conference substitute adopts the House provision with an amendment to provide $5 million in 2002, $15 million per year thereafter 2003 through 2007 (The program already received $10 million for FY2002 in the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2002.). (Sec. 4402)

(9) Federal Marketing Order for Cane Berries

The House bill requires the Secretary to issue a Federal marketing order for producers and processors of cane berries grown in the United States. (Section 925)

The Senate amendment provides marketing orders for producers of cane berries. (Sec. 161)

The Conference substitute adopts the Senate provision. (Sec. 10601)

A Federal Marketing Order for cane berries will allow producers to promote orderly marketing through collectively influencing the supply, demand or price and to pool resources to finance research and promotion. Producers need this tool to address low prices due, in part, to overproduction.

(10) National Appeals Division

The House bill provides that if an appellant prevails at the regional level in an administrative appeal of a decision by the National Appeals Division, the Agency may not pursue an administrative appeal of that decision to the national level. (Sec. 926)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(11) Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers

The House bill amends the outreach program for socially disadvantaged farmers and ranchers contained in Sec. 2501 of the Food, Agriculture, Conservation and Trade Act of 1990 by increasing the authorization of appropriations from $10 million in each fiscal year to $25 million and further explains assistance and eligibility. (Sec. 927)

The Senate amendment is similar except that subsection (a)(5)(B) allows for interagency funding and subsection (b) adds "gender" to the definition of "Socially Disadvantaged Group". (Sec. 1054)

The Conference substitute adopts the Senate language with an amendment to strike the reference to "gender," and maintain eligibility for certain institutions. (Sec. 10707)

(12) Reference to Sea Grass and Sea Oats as Crops Covered by Noninsured Crop Disaster Assistance Program

The House Bill amends Section 196(a)(2)(B) of the Federal Agriculture Improvement and Reform Act of 1996 to include sea oats and sea grass as crops covered by Noninsured Crop Disaster Assistance Program. (Section 929)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Sec. 10101)

(13) Operation of Graduate School of Department of Agriculture

The House bill requires that contracts entered into between the USDA Graduate School and Federal agencies for educational, training, and professional development activities must be open to competitive bidding with the private sector. (Sec. 930)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with an amendment striking section 1669 of the Food, Agriculture, Conservation, and Trade Act of 1990, adding an audit authority to section 921 of the Federal Agriculture Improvement Reform Act of 1996, and delaying the effective date of the amendment to October 1, 2002. (Sec. 10705)

(14) Assistance for Livestock Producers

The House bill authorizes, subject to appropriations, assistance for livestock and dairy producers who have suffered economic losses. (Sec. 931)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Sec. 10104)

(15) Compliance With Buy American Act

The House bill prevents the use of funds, under the Act, from being used by any producer, person, or entity that does not agree to comply with the Buy American Act in the expenditure of such funds; expressed the Sense of Congress that producers and other recipients of funds should, in expending the funds, purchase only American-made equipment, products, and services; and the directs Secretary to provide to each recipient of funds a notice describing these requirements. (Sec. 932)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(16) Report Regarding Genetically Engineered Foods

The House bill instructs the Secretary, through the National Academy of Sciences to complete and transmit a report to Congress including the data and test needed to assess human health risk from consumption of genetically engineered foods; the types of monitoring systems that should be created for future assessment; and a federal regulatory structure to approve such foods as safe for human consumption. (Sec. 933)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(17) Market Name for Pangasius Fish Species

The House bill clarifies that the term catfish may not be considered a common or usual name for the fish Pangasius bocourti, or any other fish not classified within the family Ictalariidae, including the importation of such fish pursuant to section 801 of the Federal Food, Drug and Cosmetic Act. (Section 934)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision with amendment to clarify labeling restrictions of catfish pursuant to the Federal Food, Drug and Cosmetic Act. (Sec. 10806)

(18) Program of Public Education Regarding Use of Biotechnology in Producing Food for Human Consumption

The House bill instructs the Secretary to develop and implement a program to communicate with the public regarding the use of biotechnology in producing food for human consumption, including science-based evidence of the safety of such foods and the human outcomes of biotechnology used to produce food for human consumption. (Sec. 935)

The Senate amendment contains no comparable provision.

The Conference substitute adopts the House provision. (Sec. 10802)

(19) GAO Study

The House bill instructs the Comptroller General to conduct a study and make findings and recommendations with respect to determining how producer income would be affected by updating yield bases. The comptroller shall submit a report to Congress not later than 6 months after the date of enactment. (Sec. 936)

The Senate amendment contained no comparable provision.

The Conference substitute adopts the House provision. (Sec. 10903)

(20) Interagency Task Force on Agricultural Competition

The House Bill instructs the Secretary to, within 90 days of enactment, establish an Interagency Task Force on Agricultural Competition, consisting of 9 employees of the Department of Agriculture and the Department of Justice. The task force shall conduct hearings to review the lessening of competition among purchases of livestock, poultry, and unprocessed agricultural commodities. The task force shall submit a report to the committee of Agriculture in both the House and the Senate within 1 year after the last member of the task force is appointed. (Sec. 937)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(21) Authorization for Additional Staff and Funding for the Grain Inspection, Packers, and Stockyards Administration

The House bill authorizes to be appropriated such sums as are necessary to enhance the capability of GIPSA to monitor, investigate, and pursue the competitive implications of structural changes in the meat packing industry. Sums are specifically earmarked to hire litigating attorneys to allow GIPSA to more comprehensively and effectively pursue its enforcement activities. (Sec. 938)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(22) Enforcement of the Humane Methods of Slaughter Act of 1958

The House bill (1) added the following findings:

Public demand for passage of P.L. 85–765;

The Humane Method of Slaughter Act of 1958 requires that animals be rendered insensible to pain when they are slaughtered;

Scientific evidence indicates that treating animals humanely result in tangible economic benefits;

The United States Animal Health Association passed a resolution to encourage strong enforcement of the Act;

The Secretary of Agriculture is responsible for enforcing the Act, including monitoring and compliance;

(2) expressed the Sense of Congress that the Secretary should fully enforce P.L. 85–765 by ensuring humane methods in the slaughter of livestock; and (3) determined it is the policy of the U.S. that the slaughter of livestock and handling of livestock in connection with slaughter shall be carried out only by humane methods, as proved by P.L. 85–765. (Sec. 939)

The Senate amendment provided for the same general intent as the House provision, but with drafting differences. (Sec. 1067)

The Conference substitute adopts the House provision with an amendment eliminating Congressional findings. In Sec. 1067(1)(A) "resume" is changed to "continue" with regard to the reporting requirement. The Managers expect the Department to include a report on violations of this Act in its annual report to Congress. (Sec. 10305)

(23) Penalties and Foreign Commerce Provisions of the Animal Welfare Act

The House bill increased the penalties provided by current law, by raising the maximum penalty for violation from $5,000 to $15,000 and raising the maximum imprisonment for violation from 1 year to 2 years and also closes the "foreign commerce loophole" by prohibiting transportation of animals for fighting purposes from any state into any foreign country effective 30 days after enactment. (Sec. 940)

The Senate amendment is identical to the House provision. (Sec. 1052)

The Conference substitute also provides an amendment to eliminate the increase in maximum prison terms found in the House and Senate provision. (Sec. 10303)

(24) Prohibition on Interstate Movement of Animals for Animal Fighting

The House bill amends Sec. 26(d) of the Animal Welfare Act to prohibit the interstate shipment of birds for fighting purposes. (Sec. 941)

The Senate amendment is identical to the House provision. (Sec. 1053)

The Conference substitute made technical changes to make it illegal ship a bird in interstate commerce for the purpose of engaging in a animal fight and further, makes it illegal to fight a bird in a fight in which any bird in the fight was transported illegally. (Sec. 10302)

(25) Renewable Energy Resources

The House bill expands the purpose of the Environmental Quality Incentives Program to include assistance to farmer and ranchers for the assessment and development of their on-farm renewable resources, including biomass for production of power and fuel, wind and solar. (Section 942a)

The House bill also provides that the Secretary of Agriculture, through the Cooperative State Research, Education, and Extension Service and, to the extent practicable, in collaboration with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other appropriate entities, may provide education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources, including biomass for the production of power and fuels, wind, solar, and geothermal. (Section 942b)

The Senate amendment provides that the Secretary, acting through the Cooperative State Research, Education, and Extension

Service in consultation with the Natural Resources Conservation Service, regional biomass programs under the Department of Energy, and other entities as appropriate, may provide for education and technical assistance to farmers and ranchers for the development and marketing of renewable energy resources. The Secretary may retain up to 4 percent to pay administrative expenses incurred in carrying out this section. (Section 902)

The Conference substitute deletes both the House and Senate provisions.

The Managers encourage the Cooperative State Research, Education, and Extension Service to provide education and technical assistance to agricultural producers for the development of renewable energy resources. Such assistance should enable producers to become more energy efficient and provide for the development and marketing of renewable energy resources. In assisting producers, the Cooperative Extension Service may consult with other entities as appropriate.

(26) Use of Amounts Provided for Fixed, Decoupled Payments to Provide Necessary Funds for Rural Development Programs

The House bill reduces the total amount payable under Sec. 104 (Fixed Decoupled Payments) of the Act on a pro rata basis, so that the total amount of such reductions equals $100,000,000, fiscal years 2002–2001.

The House bill expends such sums as follows:

(A) $45,000,000 for grants under 306A of the Consolidated Farm and Rural Development Act (relating to the community water assistance grant program);

(B) $45,000,000 for grants under 613 of this Act (relating to the pilot program for development and implementation of strategic regional development plans); and (C) $10,000,000 for grants under section 231(a)(1) of the Agricultural Risk Protection Act of 2000 (relating to value-added agricultural product market development grants). (Section 943)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(27) Country of Origin Labeling of Perishable Agricultural Commodities

The House bill amends the Perishable Agricultural Commodities Act, 7 U.S.C. 499a, to mandate country of origin labeling on all perishable agriculture commodities, including both imported and domestically produced commodities by adding the following sections:

Sec. 18(a) A retailer of a perishable agricultural commodity shall inform consumers, at the final point of sale of the perishable agricultural commodity to consumers, of the country of origin of the perishable agricultural commodity. This applies to both imported and domestically produced commodities.

Sec. 18(b) Provides an exemption for the labeling requirements for perishable agricultural commodities that are prepared in a food establishment, sold or offered for sale at the food service establishment in normal retail quantities and served to consumers at the food service establishment.

Sec 18(c) The information regarding the country of origin may be provided to consumers via a label, stamp, mark, placard, or other clear and visible sign on the perishable agricultural commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers. A retailer is not required to provide any additional information on a commodity that has already been individually labeled with the country of origin by the packer, importer, or other individual.

USDA may assess Sec. 18(d) Civil penalties ($1,000 for the first day the violation occurs; $250 for each day the violation continues) against any retailer who fails to indicate the country of origin.

Sec. 18(e) Amounts collected under subsection (d) shall be deposited in the Treasury.

The House bill states the provision would take effect six months following enactment. (Section 944)

The Senate amendment amends the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.). Sec. 281 & Sec. 282(a)(1) requires labeling for muscle cuts and ground beef, lamb and pork as well as farm-raised fish and shellfish (including steaks, nuggets and any other flesh from farm raised fish and shellfish) and produce as defined in the Perishable Agricultural Commodities Act.

Sec. 282(a)(2) Only those products that are exclusively born, raised and slaughtered, hatched, raised, harvested, and processed and produced in the U.S. may be designated as U.S. country of origin.

Sec 282(b) Subsection (a) shall not apply if the covered commodity is prepared or served in a food service establishment and offered for sale or sold at the food service establishment in normal retail quantities or served to consumers at the food service establishment.

Sec. 282(c) The information regarding the country of origin may be provided to consumers via a label, stamp, mark, placard, or other clear and visible sign on the perishable agricultural commodity or on the package, display, holding unit, or bin containing the commodity at the final point of sale to consumers.

Sec. 282(d) Those who prepare, store, handle or distribute a covered commodity shall maintain a verifiable record keeping an audit trail.

Sec. 282(e) Any person engaged in the business of supplying a covered commodity to a retailer shall provide information to the retailer indicating the country of origin of the covered commodity.

Sec. 282(f) The Secretary shall not establish a mandatory identification system to verify the country of origin of a covered commodity. Model certification programs the Secretary can use for verification purposes include the carcass grading system, voluntary country of origin beef labeling system, and those systems used to carry out market access program under the Agricultural Trade Act and the National School Lunch Act.

Sec. 283 The Secretary of USDA will notify a retailer if a violation is found, give the retailer 30 days to cure, provide notice and an opportunity for a hearing and may fine the retailer in an amount determined by the Secretary.

Sec. 284 The Secretary may promulgate regulations and may enter into partnerships with individual states for enforcement purposes.

Sec. 285 Takes effect 180 days following enactment. (Sec. 1001)

The Conference substitute adopts the Senate language with an amendment to provide for the implementation of two-years of voluntary guidelines to precede mandatory labeling. The exclusion from a covered commodity has been further defined to include items that are an ingredient in a processed food item. The Conference substitute provides that animals trans-shipped from Alaska or Hawaii through Canada shall be eligible to be designated as "U.S. Country of Origin" as long as the period of trans-shipment does not exceed 60 days. (Sec. 10506)

(28) Unlawful Stockyard Practices Involving Nonambulatory Livestock

The House bill amends Title III of the Packers and Stockyards Act, 1921 by adding following on Sec. 318:

Sec. 318(a) defines the terms: humanely euthanize and nonambulatory livestock.

Sec. 318(b)(1) It shall be unlawful for any stockyard owner, market agency, or dealer to buy, sell, give, receive, transfer, market, hold, or drag any nonambulatory livestock unless the nonambulatory livestock has been humanely euthanized.

Sec. 318(b)(2) provides exceptions.

Sec. 318 (c) stipulates that the application of this prohibition is to commence one year after enactment of the Farm Security Act of 2001. The Secretary shall promulgate regulations to carry out this section. (Sec. 945)

The Senate amendment is a substantively identical provision with the following difference: Sec. 318(c) stipulates that the application of this prohibition is to commence one year after enactment of the Agriculture, Conservation, and Rural Enhancement Act of 2002. (Sec. 1045)

The Conference substitute adopts the House provision with an amendment to require the Secretary to investigate the problem of nonambulatory livestock and report the findings to Congress. Based on the findings of the report the Secretary shall promulgate regulations if the Secretary deems them necessary to regulate the humane treatment, handling and disposition of nonambulatory livestock. The Conference substitute provides for investigative and penalty authority consistent with the Animal Health Protection Act. (Sec. 10502)

(29) Annual Report on Imports of Beef and Pork

The House bill requires the Secretary of Agriculture to submit to Congress an annual report on the amount of beef and pork that is imported into the U.S. each calendar year. (Sec. 946)

The Senate amendment contains no comparable provision.

The Conference substitute deletes the House provision.

(30) Quality Grade Labeling of Imported Meat and Meat Food Products

The Senate amendment amends the Agricultural Marketing Act of 1946 (7 U.S.C. 1621 et seq.):

Sec. 291 defines the Secretary;

Sec. 292 prevents an imported carcass, part thereof, meat, or meat food product (as defined by the Secretary) from bearing a quality grade label issued by the Secretary;

Sec. 293 Secretary to promulgate regulations. (Sec. 1002)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(31) Continuous Coverage

The Senate amendment amends Section 508(e)(4) of the Federal Crop Insurance Act to impose a permanent prohibition on the availability of continuous coverage. (Sec. 1012)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 10002)

(32) Quality Loss Adjustment Procedures

The Senate amendment amends Sec. 508(m) of the Federal Crop Insurance Act to require the Federal Crop Insurance Corporation to implement quality loss adjustment procedure review recommendations effective for the 2003 reinsurance year. (Sec. 1013)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to implement recommendations effective for the 2004 reinsurance year and provides additional language to require the Secretary, for purposes of quality loss adjustment under the Federal crop insurance program, to allow certain classifications of warehouse operators to make adjustments for quality. Should the Secretary find that this provision causes fraud and abuse of the Federal crop insurance program by warehouse operators, the Managers intend for the Secretary to take appropriate measures against those operators to alleviate the problem. (Sec. 10003)

It is the intent of the Managers that quality loss adjustments reflect market discounts in the year of adjustment. The term "local" outlined in Section 508(m) of the Federal Crop Insurance Act may include discounts determined based on regional surveys.

(33) Conservation Requirements

The Senate Amendment amends Section 1211(1) and Section 1221(b) of the Food Security Act of 1985 and Section 519(b) of the Controlled Substances Act to prohibit the issuance of an indemnity payment under the Federal Crop Insurance Act to a producer who has planted on highly erodible land, converted wetland, or has produced a controlled substance (Sec. 1014).

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(34) Animal Health Protection

The Senate amendment provides for the consolidation and updating of existing animal health authorities at USDA. (Sec. 1021 to Sec. 1038)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments (1) regarding the definition of disease (S1023.CR10403) (2) requires notification to the Secretary of Treasury as well as public notification regarding development of rules on restrictions of imports (S1024. CR10404) (3) directs the Secretary of Agriculture to consult with State animal health officials and veterinary health professionals regarding the establishment of the veterinary accreditation program, gives guidelines for suspension or revocation of accreditation of any veterinarian accredited under this subtitle that violates this subtitle, and clarifies that the criminal and civil penalties in section 1034 shall not apply to violations of this section that are not violations of any other provision of this subtitle (S1030. CR10410) (4) establishes increased criminal penalties in cases of violations of the Animal Health Protection Act involving persons knowingly destroying records or moving pests in commerce for distribution. Criminal penalties are likewise increased in cases of persons who have committed multiple violations of the Animal Health Protection Act. Strike the provision of Section 1034 regarding criminal and civil penalties relating to suspension or revocation of accreditation. (S1034. CR10414) (5) authorization of appropriations and to provide for more efficient management of declarations of extraordinary emergencies and transfer of funds from the Commodity Credit Corporation (S1037. CR10417) (6) strikes the repeal of the Pseudorabies Eradication Program which is reauthorized in the Conference substitute in Section 10507. (S1038. CR10418)

The managers recognize that the principal purpose of the Animal Health Protection Act is to protect against animal disease. With this in mind, the managers have considered numerous options with regard to a statutory definition of disease. In considering these options, the managers were concerned that an overly broad definition could result in litigation forcing the Agency to divert scarce resources to protecting against conditions which have little if anything to do with the scientific understanding of disease. Likewise, the managers were equally concerned that an arbitrarily narrow definition would limit the ability of the Agency to respond to as of yet unknown threats to animal health. The managers have therefore concluded that in order for the Agency to have maximum flexibility to focus it's resources and respond to new or emerging disease threats that a regulatory definition of disease should be left to the discretion of the Secretary. In so doing, the managers strongly encourage the Secretary to continually reexamine the principal definitions developed during implementation of this statute and make such changes as deemed necessary to achieve the goal of protecting animal health.

It is also the Managers intent that nothing in the Act should be construed in a manner that will unduly restrict or delay the importation, export, or transportation of biomedical research materials, including tissues, specimens, samples, animal embryos, or

animals designated for use in research. The Managers do not expect the Secretary to issue any rule or regulation that would unduly restrict or delay the importation, export, or transportation of biomedical research materials, including tissues, specimens, samples, animal embryos, or animals designated for use in research.

It is the Managers understanding that Veterinary Services, within the United States Department of Agriculture's Animal and Plant Health Inspection Service (APHIS), has a long history of cooperation with the veterinary community in performing important regulatory work nationwide. Private practitioners were first used to perform regulatory work in 1907. However, the current voluntary accreditation program (National Veterinary Accreditation Program) officially began in 1921, when USDA, Bureau of Animal Industry, administered the first accreditation examination to certify practitioners as representatives of the Federal government. Accredited veterinarians are the backbone of U.S. regulatory programs for livestock and poultry diseases. The overriding goal of the National Veterinary Accreditation Program is for Veterinary Services, veterinarians, State Animal Health Officials and veterinary colleges to work cooperatively toward the goal of protecting and improving the health, quality, and marketability of U.S. animals. Increased collaboration will be crucial to the success of new enhancements to this program. It is the intent of the Managers that APHIS' existing Veterinary Accreditation Program and implementing regulations continue unimpeded pursuant to section 1038(c). With regard to future revisions by APHIS to its Veterinary Accreditation Program, the Managers strongly encourage APHIS' Veterinary Services to consult with State animal health officials and veterinary professionals, including State Veterinary Medical Associations and private veterinary practitioners.

The Managers note that USDA currently is evaluating three rapid screening tests to determine which is the most sensitive and effective at detecting scrapie. Ensuring proper screening and testing, and, where necessary, the eradication of animal diseases, is of paramount importance to American Agriculture, USDA, the Congress, and the American people. With the stakes to animal health and the farm economy so high, the U.S. government should use the very best methods available to detect animal diseases. Accordingly, the Managers request that USDA use science-based criteria to evaluate the tests under review and invite third-party animal health diagnostic test experts to review preliminary findings and evaluation methodology.

The purpose of the Animal Health Protection Act is to address pest and disease threats to animal health and production. The managers do not intend for the Animal Health Protection Act to be used to manage or control predation. The Managers expect the Secretary of Agriculture to continue to use the authorities under the Act of March 2, 1931 (7 U.S.C. 426–426b) as amended.

In a case of extraordinary emergency, the section regarding seizure, quarantine, and disposal provides express authority in the Secretary to hold, seize, treat, and apply other remedial actions to destroy or otherwise dispose of any animal. However, nothing in this section or in this title should be construed as impliedly vesting in the Secretary authority to manage fish or wildlife populations.

If fish or wildlife is affected by control or eradication measures proposed by the Secretary in an extraordinary emergency, the Managers expect that the Secretary will consult with officials of the State agency having authority for protection and management of such wildlife, as is the current practice in such instances.

(35) Pesticide Fees

The Senate amendment (1) amends the FIFRA, with respect to the pesticide registration maintenance fee system, to: (a) make uniform the amount of the annual fee for each registration; (b) set maximum amounts payable by a registrant and an increased aggregate amount of collected fees; (c) expand the definition of a small business; and (d) extend the authority to collect such fees and the prohibition on levy of fees other than those specified in the Act's fee provisions; (2) extends the requirement that the Administrator use maintenance fees to ensure expedited processing of similar applications and adds a requirement that the fees be used to review inert ingredients; (3) the Administrator the authority to change current fee amounts by the same percentage as the annual adjustment to the Federal General Schedule pay scale. If fully implemented the total cost of the provision will be $214 million over 4 years. (Sec. 1041)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

On June 9, 1999, EPA proposed a rule, "Pesticides; Tolerance Processing Fees Proposed Rule," 64 FR 31039, Docket Number OPP–30115. EPA proposed to increase tolerance fees dramatically and to collect fees retroactively back to 1996. The Managers question the legal basis and are concerned about imposing fees retroactively and with the proposed level of fees. Retroactive imposition of increased tolerance fees, if imposed, could result in unnecessary loss of valuable pesticide products for American farmers. The Managers strongly encourage the EPA to withdraw its proposed tolerance fee rule, and instead, work with the appropriate oversight committees in the House of Representatives and the U.S. Senate to develop comprehensive pesticide user fee legislation.

The Managers continue to be concerned that the Administrator has yet to issue protocols for the issuance of registrations for antimicrobials under the Food Quality Protection Act. The Managers expect the Administrator to expeditiously develop and implement these protocols. The Managers further expect the Administrator to give full consideration to an exemption under Sec. 25(b) of the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. 136) for antimicrobial products approved for use in food packaging immediately before aseptic fill.

(36) Pest Management in Schools

The Senate amendment amends FIFRA to create a new section 33, "School Environment Protection Act of 2002" that requires Pest Management in Schools. Requires states to develop pest management plans as part of state cooperative enforcement agreements with the EPA. Sets requirements for what should be included in plans and requires the EPA to distribute guidelines to states no later than one year after enactment, after which State educational

agencies would be required to develop plans and submit them to the Administrator for approval. Local education agencies would be required to implement their state plan within one year of receiving it. (Sec. 1042).

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(37) Packer Ownership

The Senate amendment amends Section 202 of the Packers and Stockyards Act of 1921 (7 U.S.C. 192(f)) (as amended by section 1043(a)) by banning ownership or control of livestock by a packer prior to 14 days before slaughter. An exemption from the ban is provided for any packer that is a cooperative entity with a majority ownership interest held by livestock producers who own, feed or control their own livestock which are provided to the cooperative for slaughter, or for any packer who kills less than 2 percent of the total U.S. annual slaughter for that type of livestock. In general, the ban becomes effective upon enactment of the Act, but packers of swine would not be required to complete livestock divestitures until 18 months following the enactment of the Act. For packers of any other type of livestock, the ban would become effective no later than 180 days following enactment of the Act. (Section 1043, amended by Sec. 1072 of the Senate amendment below).

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

The Managers recognize the importance of Congress holding hearings to address issues affecting livestock producers, such as agribusiness consolidation, and livestock marketing issues.

(38) Packers and Stockyards

The Senate amendment (1) amends Section 2(a) of the Packers and Stockyards Act by adding definitions of 'livestock contractor', 'livestock production contract', and 'livestock production contract grower'; (2) Amends sections 202, 203, 205, 204, 308, 401, and 403 of the P&S Act to include "livestock contractor" as a covered entity under the P&S Act; (3) adds new section 417 to the P&S Act that allows, notwithstanding a provision of a livestock or poultry contract, a party to the contract to discuss terms of the contract with a legal advisor, a lender, an accountant, an executive or manager, a landlord, a family member, or a Federal or State agency with responsibility for enforcing a statute designed to protect a party to the contract. (Sec. 1044)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that includes only swine production contractors as a covered entity under the P&S Act. (Sec. 10503) The amendment was rewritten so that the disclosure and preemption provisions appear in Sec. 10504. This section clarifies that people can discuss contracts with state & federal agencies and certain other individuals. The language does not preempt any state law that addresses confidentiality provisions in contracts for the sale or production of livestock or poultry except any provision of state law that makes lawful a contract provision that prohibits a party from or limits a

party in engaging in a discussion that this section otherwise requires to be permitted.

(39) Arbitration Clauses

The Senate amendment adds No Comparable Provision 413A to the Packers and Stockyards Act that states that a person that seeks to resolve a dispute in the contract may, notwithstanding the terms of the contract, elect to arbitrate the dispute in accordance with the contract; or resolve the dispute in accordance any other lawful method of dispute resolution, including mediation and civil action. (Sec. 1046)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(40) Cotton Classification Services

The Senate amendment amends the first sentence of section 3a of the Act of March 3, 1927 (commonly known as the 'Cotton Statistics and Estimates Act') by striking '2002' and inserting '2006'. (Sec. 1047)

The House bill had an identical provision contained in the Research Title. (Sec. 740)

The Conference substitute adopts the Senate provision with technical and clarifying amendments and extends the program through 2007. (Sec. 10801)

(41) Protection for Purchasers of Farm Products

The Senate amendment (1) amends Section 1324 subsection (c)(4)(B) of the Food Security Act of 1985 by striking signed, and inserting signed, authorized, or otherwise authenticated by the debtor and (2) amends subsection (c)(4) by striking subsection (C); (2) amends subsection (c)(4)(D)(iv) by striking applicable and all that follows and inserting applicable, and the name of each county or parish in which the farm products are growing or located; (3) redesignates subparagraph numbering; (4) amends subsection (e)(1)(A)(ii)(IV) by striking crop year, and all that follows and inserting crop year, and the name of each county or parish in which the farm products are growing or located; (5) amends subsection (c)(4)(D)(iv) by inserting contains before any payment; (6) the same changes are made in subsection (g)(2)(A). (Sec. 1048)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 10604)

(42) Improved Standards for the Care and Treatment of Certain Animals

The Senate amendment provides for the socialization of puppies intended for sale as pets, and prohibits female dogs from being bred before they are one year old, or from having more than three litters every two years. The Act also establishes a "three strikes" system for AWA licensees that commit 3 or more serious violations of the Act over an eight-year period. (Sec. 1049)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(43) Farmers Market Promotion Program

The Senate amendment (1) makes minor technical changes to the Sec. 4 and Sec. 5 of the Farmer-to-Consumer Direct Marketing Act of 1976; (2) amends Sec. 5 to include a Development of Farmers Markets whereby the Secretary of Agriculture will work to train managers of farmers markets, develop opportunities to share information among managers of farmers markets, develop a program to train extension service employees in the development of direct marketing techniques, and work with producers to develop farmers markets; (3) amends the Farmer-to-Consumer Direct Marketing Act of 1976 by adding Sec. 6 to establish the Farmers' Market Promotion Program to make grants to eligible entities to establish, expand and promote farmers' markets. (Sec. 1050)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to make minor technical changes to Section 4 and Section 5, only authorizes the new Section 6 of the Farmer-to-Consumer Direct Marketing Act of 1976, and further prohibits the use of funds appropriated under this new section for construction of buildings or structures. (Sec. 10605)

(44) Definition of Animal Under the Animal Welfare Act

The Senate amendment amended the definition of animal to add birds, rats, and mice bred for use in research to the list of those animals excluded from coverage under the Animal Welfare Act. (Sec. 1051)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 10301)

(45) Wild Fish and Wild Shellfish

The Senate amendment amends section 2104 of the Organic Foods Production Act of 1990 by inserting a new subsection (c) to provide, notwithstanding section 2107(a) (i.e., notwithstanding the requirement that an organic product be farm-raised), the Secretary may allow for certification and labeling of wild fish and wild shellfish harvested from salt water as organic, following a rulemaking. In doing this, The Secretary is required to consult with the Secretary of Commerce; the National Organics Standards Board; producers, processors, and sellers; and interested members of the public; and to the maximum extent practicable, the Secretary is to accommodate the unique characteristics of the industries in the United States that harvest and process wild fish and wild shellfish. (Sec. 1055)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(46) Assistant Secretary of Agriculture for Civil Rights

The Senate amendment directs the Secretary to establish within USDA a position of Assistant Secretary of Agriculture for Civil Rights. President shall appoint the Assistant Secretary with the advice and consent of the Senate. Duties include enforcing and coordinating compliance with all civil rights laws; ensuring that USDA has measurable goals for fair and nondiscriminatory treat-

ment; compiling and disclosing data used in assessing civil rights compliance in the socially disadvantaged farmer program; holding USDA agency heads and senior executives accountable for civil rights compliance and assessing their performance; ensuring that there is sufficient level of participation by socially disadvantaged farmers and ranchers in deliberations of county and area committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act and that participation and election data are made publicly available. (Sec. 1056)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that ensures the new Assistant Secretary of Agriculture for Civil Rights is under the authority of the Secretary of Agriculture. (Sec. 10704)

(47) Transparency and Accountability for Socially Disadvantaged Farmers and Ranchers; Public Disclosure Requirements for County Committee Elections

The Senate amendment:

(1) Amends the Food, Agriculture, Conservation and Trade Act of 1990 by inserting Sec. 2501A to ensure compilation and disclosure of data to assess and hold the Department of Agriculture accountable for the nondiscriminatory participation of socially disadvantaged farmers and ranchers in programs of the department;

(2) Amends Section 8(b)(5) of the Soil Conservation and Domestic Allotment Act by striking subparagraph (B) and replacing it with a modified subparagraph (B), which in addition to those things already required under current law: Requires that each solicitation of nominations for, and notice of elections of, a county, area, or local committee shall include the nondiscrimination statement used by the Secretary;

(3) Sets forth procedure for the opening of ballots as follows:

At least 10 days before the date on which ballots are to be opened and counted, a county, area, or local committee shall announce the date, time, and place at which election ballots will be opened and counted. Election ballots shall not be opened until the date and time announced. Any person may observe the opening and counting of the election ballots;

(4) Requires that not later than 20 days after the date on which an election is held, a county, area, or local committee shall file an election report with the Secretary and the State office of the Farm Service Agency;

(5) Requires that not later than 90 days after the date of the election, the Secretary shall complete a report that consolidates all the election data reported to the Secretary;

(6) Provides that, if after analyzing the election data it is necessary, the Secretary shall promulgate proposed uniform guidelines for conducting elections;

(7) Provides that the term of office for a member of a county, area, or local committee shall not exceed 3 years; and

(8) provides that the Secretary shall maintain and make readily available to the public all the data required to be collected under this section. (Sec. 1057)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with amendments to require the Secretary to report participation rates of socially-disadvantaged farmers and ranchers by race, ethnicity and gender and in those instances when socially-disadvantaged farmers or ranchers are not adequately represented on a local or area committee, the Secretary may appoint one additional voting member to the local or area committee. (Sec. 10708)

(48) Animal Terrorism Penalties

The Senate amendment amends title 18 U.S.C. 43 to revise and enhance criminal penalties and restitution for offenses against animal enterprises. Subsection (a) of existing law for offenses causing economic damages is revised to add a 6 month sentence and/or fines for offenses involving less than $10,000 in economic damages and increases the penalty for offenses causing more than $10,000 from one to three years, plus retaining fines.

Subsection (b) is revised to increase the penalty for offenses causing serious bodily injury from 10 to 20 years, plus adding the possibility of a fine, or both, and for an offense causing death adding the possibility of a fine, or both a fine and criminal penalty, to the existing law penalties of life or a term of years.

Subsection (c) is amended to allow restitution for "any other economic damage resulting from the offense". (Sec. 1058)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(49) Pseudorabies Eradication Program

The Senate amendment amends Section 2506(d) of the Food, Agriculture, Conservation, and Trade Act of 1990 by striking '2002' and inserting '2006'. (Sec. 1059)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to extend the Pseudorabies Eradication Program to 2007. (Sec. 10507)

(50) Transportation of Poultry and Other Animals

The Senate amendment amends the FY 02 Treasury Appropriations measure which provides a provision allowing the Postal Service to require air carriers to accept as mail, day old poultry if the air carrier allows the shipment of any live animals as cargo. The Appropriations provision only covers the period through June 30, 2002. The Senate provision makes the provision in the Appropriations bill permanent. (Sec. 1060)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to include honeybees. (Sec. 10501)

(51) Emergency Grants to Low-Income, Migrant and Seasonal Farm Workers

The Senate amendment amends Section 2281 of the Food, Agriculture, Conservation, and Trade Act of 1990 by specifying an authorization for appropriations at $40,000,000 for each fiscal year. (Sec. 1061)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to authorize such sums as are necessary. (Sec. 10102)

(52) Preclearance Quarantine Inspections

The Senate amendment adds a no comparable provision to the FACT Act to require the APHIS to conduct preclearance quarantine inspections at all direct departure and interline airports of persons, baggage, cargo and other items destined from Hawaii to the U.S. mainland, Guam, Puerto Rico, and the U.S. Virgin Islands, but provides this provision shall not be implemented unless the APHIS appropriation for inspection, quarantine, and regulatory activities is increased by $3,000,000 in a non-Agriculture FY 2002 appropriations act. (Sec. 1063)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to authorize appropriations in fiscal year 2003. (Sec. 10811)

(53) Emergency Loans for Seed Producers

The Senate amendment amended Section 253(b)(5)(B) of the Agricultural Risk Protection Act of 2000 regarding loans to seed producers who were unsecured creditors of a seed company that filed for bankruptcy in 2000. The provision changed the duration of these loans from 18 months to 54 months. (Sec 1064)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to change the duration of the loans from 18 months to 36 months. (Sec. 10103)

(54) National Organic Certification Cost Share Program

The Senate amendment directs the Secretary of Agriculture (acting through the Agricultural Marketing Service) to use $3,500,000 of Commodity Credit Corporation funds for each of the fiscal years 2002 through 2004, and $3,000,000 for fiscal year 2005 to establish a national organic certification cost-share program to assist producers and handlers of agricultural products in obtaining certification under the National Organic Production Program established under the Organic Foods Production Act of 1990. Maximum federal cost share is 75% and the maximum amount of a payment made to a producer or handler under this provision shall be $500. (Sec. 1065)

The House Bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment providing in fiscal year 2002, $5,000,000 to remain available until expended to (in a cost-share manner) assist producers and handlers of organic agricultural products in obtaining certification under the National Organic Production Program established under the Organic Foods Production Act of 1990. (Sec. 10606)

The Managers urge the Secretary to assist producers, processors and firms interested in shifting production into organic products in making this transition and, to the extent possible, work to eliminate unnecessary, over burdensome and any other barriers to this process. As soon as practicable, the Secretary is urged to un-

dertake a study to ascertain the availability of key inputs into organic production, including the availability of organically produced feedstuffs for the organic production of livestock and poultry.

(55) Food Safety Commission

The Senate amendment establishes the Food Safety Commission composed of 15 members from consumer groups; food processors, producers, and retailers; public health professionals; food inspectors; former or current food safety regulators; members of academia; or any other interested individuals. The Commission shall make specific recommendations that build on and implement, to the maximum extent practicable, the recommendations contained in the report of the National Academy of Sciences entitled Ensuring Safe Food from Production to Consumption and that shall serve as the basis for draft legislative language to improve the food safety system; improve public health; create a harmonized, central framework for managing Federal food safety programs (including outbreak management, standard-setting, inspection, monitoring, surveillance, risk assessment, enforcement, research, and education); enhance the effectiveness of Federal food safety resources; and eliminate, to the maximum extent practicable, gaps, conflicts, duplication, and failures in the food safety system. Not later than 1 year after the date on which the Commission first meets, the Commission shall submit to the President and Congress a comprehensive report.

The Commission shall terminate on the date that is 60 days after the date on which the Commission submits the recommendations and report. (Sec. 1066)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment providing that members be appointed by the President, changing the eligibility standards for appointees, and requiring the Commission's recommendations to include descriptions of how each would improve food safety. (Sec. 10807)

The Managers expect that the Commission shall make recommendations to improve public health, help create a harmonized framework for managing Federal food safety programs (including outbreak management, standard-setting, inspection, monitoring, surveillance, risk assessment, enforcement, research and education), and enhance the effectiveness of Federal food safety resources (including the application of all resources based on risk, including resources for inspection, research, enforcement, and education).

The recommendations should build on, to the maximum extent practicable, the recommendations contained in the report of the National Academy of Sciences entitled 'Ensuring Safe Food from Production to Consumption'.

(56) Penalties for Violations of Plant Protection Act

The Senate amendment amends criminal penalty provisions of the Plant Protection Act (7 U.S.C. 7734) to include felony and misdemeanor penalties. Violations involving plant pests, more than 50 pounds of plants, more than 5 pounds of plant products, more than 50 pounds of noxious weeds, possession with the intent to dis-

tribute items known to be in violation of this Act, or any fraud involving official documents issued under this act shall be subject to felony penalties (not more than 5 years imprisonment and/or not more than $25000 fine). Misdemeanor penalties (not more than 1 year imprisonment and/or not more than $1000 fine) for violations involving less than 50 pounds of plants, less than 5 pounds of plant products, or less than 50 pounds of noxious weeds. Felony and misdemeanor penalty limits are increased for second and subsequent violations. Violations involving intent to harm U.S. agriculture would be subject to not less than 10 years, nor more than 20 years imprisonments and/or a fine not to exceed $500,000. Finally, additional sections are added authorizing criminal and civil forfeiture for violations other than misdemeanors. (Sec. 1068)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to establish increased criminal penalties in cases of violations of the Plant Protection Act involving persons knowingly destroying records or moving pests in commerce for distribution. Criminal penalties are likewise increased in cases of persons who have committed multiple violations of the Plant Protection Act. (Sec. 10810)

The Managers encourage the Secretary to consider the need for the post-harvest treatment of imported and domestic agricultural products, and for untreated agricultural products moving into or through the United States, for fruit flies and other plant pests and diseases to improve the protection of domestic crops from plant pests and diseases. Such facilities could be located in ports of entry on the border between the United States and Mexico from Nogales, Arizona to Galveston, Texas as well as in Wilmington, North Carolina, Atlanta, Georgia, Gulfport, Mississippi, and Seattle, Washington.

(57) Connecticut River Atlantic Salmon Commission

The Senate amendment changes the effective period of the Connecticut River Atlantic Salmon Commission from 20 to 40 years and authorizes $9,000,000 for each of fiscal years 2002 through 2010 to the Secretary of the Interior to carry out the activities of the Connecticut River Atlantic Salmon Commission. (Sec. 1069)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to extend the compact and strike the authorization of appropriations. (Sec. 10812)

(58) Bear Protection

The Senate amendment prohibits movement in interstate or foreign commerce of bear viscera—defined as the body fluids and organs, not including blood or brains, of any species of bear. Exceptions are made for wildlife law enforcement purposes, and nothing in this section affects state regulation of bear populations or any hunting of bears allowed under state law and establishes civil and criminal penalties for violations. (Sec. 1070)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(59) Family Farmer Bankruptcy Provisions

The Senate amendment makes permanent Chapter 12 of the bankruptcy code effective, October 1, 2001, the date on which the section lapsed. Chapter 12 covers bankruptcies where the total debts can be no more than $1.5 million, where 50% of the income and 80% of the debts are farm related. (Sec. 1071)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to extend Chapter 12 Bankruptcy through December 31, 2002. (Sec. 10814)

(60) Packer Ownership

The Senate amendment adds a new subsection to the Packers and Stockyards Act that prohibits meatpackers from owning or feeding livestock directly, through a subsidiary, or through an arrangement that gives the packer operational, managerial, or supervisory control over the livestock, or over the farming operation that produces the livestock, to such an extent that the producer is no longer materially participating in the management of the operation with respect to the production of the livestock.

Exempts from prohibition:

1. Arrangements entered into within 14 days before slaughter;

2. A cooperative or entity owned by a cooperative, if a majority of the ownership interest in the coop is held by active coop members that own, feed, or control livestock and provide the livestock to the coop; and

3. A packer that is owned by producers of a type of livestock, if during a calendar year the packer slaughters less than 2 percent of the head of that type of livestock in the U.S. (Sec. 1072 which amends Sec. 1043)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(61) Hass Avocados

The Senate amendment (1) amends Section 1205 to require the Secretary to revisit the issue of seat allocation on the board; (2) amends subsection (h)(1)(C)(iii) by allowing importers to pay the assessment "not less than 30 days after the avocado clears customs, unless deemed not feasible as determined by the Commissioner of Customs and the Secretary". (Sec. 1073)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(62) Social Security Surplus Funds

The Senate amendment expresses the Sense of the Senate regarding Social Security; that no social security surplus funds should be used to make currently scheduled tax cuts permanent or for wasteful spending. (Sec. 1074)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(63) Repeal of Estate Taxes

The Senate amendment expresses the Sense of the Senate that the repeal of the estate tax should be made permanent by elimi-

nating the sunset provision's applicability to the estate tax. That estate tax provision expires on Dec 31, 2010. (Sec. 1075)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(64) Commercial Fisheries Failure

The Senate amendment permanently revokes Northeast U.S. multi-species fishing permits using a "reverse auction," method, a method developed to remove the maximum amount of capacity from the fishery at the lowest possible price to the taxpayers. The goal is to reduce the total number of days multi-species fishing is allowed in certain areas off the New England coast because of depletion of key fish species. $10 million is provided in CCC funds for the purpose; USDA with consultation with the Department of Commerce would administer the program. The provision provides for expedited procedures under an existing rule but does not prevent alternative rules if developed. The provision remains in effect for 1 year. (Sec. 1076)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to authorize such sums as necessary. (Sec. 10107)

(65) State Meat Inspection Programs

The Senate amendment (1) requires the Secretary not later than September 30, 2003, to conduct a comprehensive review of each State meat and poultry inspection program, to include—

An analysis of the effectiveness of the State program;

Identification of changes necessary to enable the possible transformation of the State program to a State program that includes the mandatory requirements of the Federal Meat Inspection Act and the Poultry Products Inspection Act;

(2) Requires the Secretary to obtain comment from interested parties in carrying out the review and authorizes appropriations. (Sec. 1077)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

The Managers recognize that it is the policy of Congress to ensure that consumers continue to have access to a safe, wholesome, abundant and affordable supply of meat and meat food products. The Managers further believe the goal of providing a safe, wholesome, abundant and affordable supply of meat and meat food products throughout the United States is achieved, in part, through the role played by both State and Federal food safety inspection systems. The State and Federal meat inspection programs should continue to function together to create an inspection system that ensures food safety and increases consumer confidence in the food supply in both intrastate and interstate commerce. The Managers recognize that these goals cannot be met in the absence of viable State meat inspection programs that help to foster the participation of smaller establishments in the food production economy. Therefore, the Managers intend that when the Secretary of Agriculture submits the annual report to Congress on the activities of the Food Safety Inspection Service, the Secretary should include a full review of State inspection systems. This review should also

offer guidance about changes the State systems might expect should the statutory prohibition against the interstate shipment of state inspected product be removed.

(66) Agricultural Research and Technology

The Senate amendment authorizes such sums as necessary from 2002 through 2006 for (1) studies on the transmission of spongiform encephalopathy in deer, elk, and moose and chronic wasting disease with results to be reported to the Ag Committees; (2) a research and extension grants program to develop prevention and control methodologies for infectious animal diseases of livestock and laboratory tests to expedite detection of infected livestock and presence of disease in herds or flocks; (3) a vaccine storage study to determine how much vaccine is needed, how much is available, and directing the Secretary to take action to correct any identified shortfall; and (4) a program of veterinary training to retain sufficient capacity of State and Federal vets in all regions well-trained in recognition and diagnosis of exotic and endemic animal diseases. (Sec. 1078)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to provide additional discretion to the Secretary with regard to implementation of the program and authorize the program through 2007. The research and extension grant program for livestock production is deleted. A new research and extension grant program for livestock production is established within the High Priority Research and Extension grants program [See Sec. 7208]. (Sec. 10907)

(67) Office of Science Technology Policy

The Senate amendment authorizes the President to establish an SES position in the Office of Science and Technology Policy for a Veterinary Advisor. (Sec. 1079)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

The U.S. Department of Agriculture holds primary responsibility for preventing, monitoring and responding to outbreaks of diseases that affect livestock and other animals used for agricultural purposes. Recent experiences in Europe with Bovine Spongiform Encephalopathy and with Foot and Mouth Disease, however, demonstrate that the technical expertise of other federal agencies will also be required if a similar outbreak ever erupts in the United States.

The Managers are aware of successful efforts by the White House Office of Science and Technology Policy (OSTP) to pull together and draw upon the scientific and technical expertise of experts from across the federal government to evaluate solutions to emerging problems. When these or similar problems arise, the Managers expect that OSTP will draw heavily upon the expertise of veterinarians to provide similar leadership to facilitate multi-agency efforts to prevent, detect, and respond to outbreaks of animal diseases.

(68) Operation of Agricultural and Natural Resource Programs on Tribal Lands

The Senate amendment requires the Secretary of Agriculture with consultation of the Secretary of the Interior, to conduct a review on tribal and trust land. The review will address natural resource management programs, incentive programs and farm income support programs. The report will contain a plan to carry out actions found in this section and shall be submitted to Congress not later than 1 year after the date of enactment of this Act. (Sec 1079A)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate language with an amendment to include a report in consultation with the Secretary of the Interior and clarify that the report will apply to commodity supports, natural resource, credit and forestry programs. (Sec. 10910)

(69) Geographically Disadvantaged Farmers

The Senate amendment, Subsection (a), (1) provides a definition of eligible entity, which includes community-based organizations with experience in serving geographically disadvantaged farmers, land-grant colleges, and national tribal organizations that have experience in serving geographically disadvantaged farmers; (2) defines geographically disadvantaged farmer as one in an insular area (as defined in 7 U.S.C. 3103); (3) requires the Secretary to carry out an assistance program to encourage and assist geographically disadvantaged farmers in owning and operating farms and participating equitably in USDA programs; (4) provides Secretary authority to make grants and enter into contracts with eligible entities to provide information and technical assistance; and (5) authorizes $10,000,000 each year to carry out the program. (Sec. 1079B)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate language with an amendment to require a report describing how to improve geographically disadvantaged farmers' participation in USDA programs. (Sec. 10906)

(70) Naming Ginseng

The Senate amendment expresses the Sense of the Senate that the Commissioner of FDA should promulgate regulations to ensure that the name "ginseng" or any name that includes the word "ginseng" shall be used in reference to an herb or herbal ingredient that is part of the plant of one of the species of the genus Panax and is produced in compliance with U.S. law regarding the use of pesticides. (Sec. 1079C)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that the term "ginseng" may not be considered to be a common or usual name for any herb or herbal ingredient not derived from a plant classified within the genus Panax, including with respect to importation under section 801 of the Federal Food, Drug, and Cosmetic Act. (Sec. 10806)

(71) Adjusted Gross Revenue Insurance Pilot Program

The Senate Amendment amends Section 523 of the Federal Crop Insurance Act to require the Federal Crop Insurance Corporation to expand for the 2003 reinsurance year the Adjusted Gross Revenue Insurance Pilot Program into at least 8 counties in the State that produces the highest quantity of specialty crops for which adjusted gross revenue insurance is not available. The language requires the Corporation to include those counties that produce a significant quantity of specialty crops. (Sec. 1079D)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to expand the Adjusted Gross Revenue Insurance Pilot Program for the 2003 reinsurance year to at least 8 counties in the State of California and at least 8 counties in the State of Pennsylvania. The substitute language requires the Corporation to work with the respective State Departments of Agriculture to establish criteria to determine which counties to include in the pilot program. (Sec. 10004)

(72) Report on Specialty Crop Insurance

The Senate Amendment amends Section 522(e) of the Federal Crop Insurance Act to provide additional mandatory funding to reimbursements made available under research and development; amends Section 524(a)(4) of the Federal Crop Insurance Act to provide additional mandatory funding to education and information programs established under paragraph (2) of that section; provides that the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the progress made by the Corporation in research and development of innovative risk management products to include cost of production insurance that provides coverage for various crops, the progress made by the Corporation in increasing the use of risk management products offered through the Corporation by producers of specialty crops, by small- and moderate-sized farms, and in areas that are underserved, as determined by the Secretary, and how the additional funding provided under the amendments made by the section has been used. (Sec. 169(h)(3))

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision pertaining only to the report with commensurate changes. The Senate language amending Section 522(e) and Section 524(a)(4) of the Federal Crop Insurance Act is deleted. (Sec. 10006)

The Managers expect the Federal Crop Insurance Corporation to fully utilize contracting allocations for research and development of policies in underserved states under Section 522(e)(2)(B) of the Federal Crop Insurance Act.

The Managers urge the Federal Crop Insurance Corporation to consider expanding its contract for research and development of a cost of production policy in order to cover as many commodities as is practicable. The Managers recognize the attraction of the cost of production plan currently under development and recommend that the current list of 12 crops be expanded over the next several years to include but not be limited to: alfalfa, apples, asparagus, avoca-

dos, bananas, barley, beans, beets, blueberries, boysenberries, broccoli, cabbage, canola, cantaloupes, carrots, cauliflower, celery, cherries, chicory, Christmas trees, coffee, cucumbers, dry beans, eggplant, escarole, flaxseed, floriculture, forest products, garlic, grain sorghum, grapefruit, grapes, guava, guar, grass seed, greenhouse and nursery agricultural commodities, hay, herbs, honeydew melons, lemons, lettuce, lima beans, limes, loganberries, maple, mango, mushrooms, mustard greens, okra, olives, oranges, papaya, peanuts, peas, pears, pecans, peppers, plums, pineapple, pistachios, potatoes, prunes, pumpkins, raspberries, rye, safflower, spinach, squash, strawberries, sugar beets, sunflower, sweet corn, sweet potatoes, tangerines, tangelos, tobacco, tomatoes, walnuts, and watermelons.

The Managers recognize that there are several types of innovative insurance plans, such as whole farm revenue insurance, which have the potential to help farmers better manage the risks associated with agricultural production. Whether whole farm revenue insurance, commodity-specific cost of production plans, or other innovative approaches, the Managers encourage the development of actuarially sound policies that do not distort markets and that keep moral hazard and adverse selection problems to a minimum.

(73) Pasteurization

The Senate amendment provides a common definition of pasteurization for "any provision of federal law under which a food or food product is required to undergo a treatment of pasteurization" which means "any safe treatment that—

(1) Is a treatment prescribed as pasteurization applicable to the food or food product under any Federal law (including regulation); or

(2) Has been determined to the satisfaction of the Secretary of HHS to achieve a level of reduction in the food or food product of the microorganisms of public health concern that—

(A) Is at least as protective of the public health as a treatment described in paragraph (1); and

(B) Is effective for a period that is at least as long as the shelf life of the food or food product when stored under normal, moderate, and severe abuse conditions". (Sec. 1079E)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment that clarifies the Food and Drug Administration approval process for claims of pasteurization. FDA is directed to revise as appropriate its existing regulation covering the labeling of foods. Pending the completion of such a review, such authorization is provided for any person to seek FDA approval of an irradiation-labeling claim. (Sec. 10808)

The Managers have included a provision to require the Secretary of Health and Human Services to complete a rulemaking to review current Food and Drug Administration requirements for the labeling of irradiated foods. Since 1997, Congress has repeatedly urged the performance of such a review to ensure that any required disclosure statement in the labeling of irradiated foods should "be of a type and character such that it would not be perceived to be a warning or give rise to inappropriate consumer anxiety." House

Conference Report No. 105–399, U.S. Code Congr. & Admin. News 1997, pp. 2,888–89. Pending completion of the rulemaking required by this provision, any person may petition the Secretary regarding the adequacy of proposed labeling for a particular irradiated food so that the person may receive from the Secretary a determination as to whether labeling inconsistent with current regulatory requirements is truthful and non-misleading and, therefore, permissible. If such petition is neither approved nor denied within 180 days of receipt (unless the petitioner and the Secretary mutually agree to extend this time frame), the petition will be deemed denied and the denial will constitute final agency action subject to judicial review.

The Managers have included a provision to facilitate the use of effective food safety technologies. Specifically, an amendment to Section 403 of the Federal Food, Drug, and Cosmetic Act is included to recognize that the term "pasteurization" or "pasteurized" may be uniformly used to advise consumers that a treatment or process, including a series of treatments or controls, may be used if it achieves the same food safety effect as currently recognized pasteurization methods. The intent of this provision is to make explicit that the term "pasteurization" is available to describe a food safety effect, regardless of the technology or process employed to achieve that result. Currently, regulations regarding milk and egg products recognize that technologies other than thermal treatment may achieve a food safety effect equivalent to pasteurization and, therefore, employ the term in product labeling. This provision provides for FDA to receive pre-market notification of the basis for use of this provision. Enactment of this provision should not be construed as a basis for regulatory action against any products that have borne the term "pasteurization" in a truthful and non-misleading manner prior to enactment of the provision or bear the term "pasteurization" under other authority. Further, nothing in this provision mandates that products not required to be labeled, as "pasteurized" presently is required to be labeled as "pasteurized" solely for the fact that they could be labeled as "pasteurized" under this provision.

The Managers encourage the Secretary in consultation with the Secretary of Health and Human Services, to pursue a comparable pasteurization labeling program for meat and poultry products. Such labeling could allow use of the term pasteurization for meat and poultry products treated by similar processing technologies such as irradiation.

(74) Report on Pouched and Canned Salmon

The Senate amendment requires the Secretary not later than 120 days after enactment to submit to Congress a report on efforts to expand the promotion, marketing, and purchasing of pouched and canned salmon harvested and processed in the U.S. under food and nutrition programs administered by the Secretary. (Sec. 1081)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to increase the required amount of time for the report to be completed from 120 to 180 days. (Sec. 10902)

(75) Tobacco Settlement Agreement Report

The Senate amendment requires the Comptroller General of the U.S. to submit to Congress not later than December 31, 2002 and annually thereafter through 2006, a report that describes all programs and activities that States have carried out using funds received under all phases of the Master Settlement Agreement of 1997. (Sec. 1082)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision. (Sec. 10908)

(76) Report on GM Pest Protected Plants

The Senate amendment requires the Secretary to report to the House and Senate Agriculture Committees within 90 days of enactment on the actions taken by USDA to implement recommendations made by the Committee on Genetically Modified Pest-Protected Plants of the Board on Agriculture and Natural Resources of the National Research Council in 2000 regarding food safety, ecological research, and monitoring needs for transgenic crops with plant incorporated protectants; and regarding enhancements to certain operational aspects of the regulatory framework for agricultural biotechnology, including improving coordination and enhanced consistency of review across regulatory agencies and clarifying the regulatory jurisdiction of APHIS. (Sec. 1083)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment accepting the Sense of the Congress provision of Senate Sec. 1083 and dropping remaining provisions. (Sec. 7410)

(77) Study of Creation of Litter Bank by University of Arkansas

The Senate amendment directs the Secretary to conduct a study to evaluate the creation of a litter bank by USDA at the University of Arkansas for the purpose of enhancing health and viability of watersheds in areas with large concentrations of animal producing units and report the results of the study to Congress. (Sec. 1084)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment changing the reference from "litter bank" to "nutrient banking," deleting any reference to a particular institution, and providing the Secretary with discretion to carry out a study under this section. (Sec. 7411)

(78) Study of Feasibility of Producer Indemnification From Government-Caused Disasters

The Senate Amendment requires the Secretary of Agriculture to conduct a study of the feasibility of expanding eligibility for crop insurance under the Federal Crop Insurance Act and noninsured crop assistance under section 196 of the Federal Agriculture Improvement and Reform Act of 1996 to agricultural producers experiencing disaster conditions caused primarily by Federal agency action. (Sec. 1085)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to clarify that the feasibility study shall focus on disaster conditions caused by Federal agency action restricting access to irrigation water, including any lack of access to an adequate supply of water caused by failure by the Secretary of the Interior to fulfill a contract in accordance with the Central Valley Project Improvement Act. (Sec. 10108)

The Managers expect the study to include losses to farmers due to regulatory actions or inactions, which result in failure to meet water delivery targets as specified under the Calfed Record of Decision for agriculture service contractors who receive water from the Central Valley Project.

(79) Report on the Sale and Use of Pesticides for Agricultural Uses

The Senate amendment directs the Administrator to submit to Congress a report on the manner in which the Agency is applying regulations of the Agency governing the sale and use of pesticides for agricultural use to electronic transactions. (Sec. 1086)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to increase the required amount of time for the report to be completed from 120 to 180 days. (Sec. 10909)

(80) Report on Birds, Rats and Mice

The Senate amendment requires a GAO report on the implications of including birds, rats, and mice in the definition of "animal" under USDA's regulations under the Animal Welfare Act. (Sec. 1087)

The House bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment for the National Research Council to submit this report to Congress. The report shall be completed with input from the Secretary of Agriculture, the Secretary of Health and Human Services and the Institute for Animal Laboratory Research. It shall contain an estimate of the number and types of entities that use rats, mice and birds for research purposes, and a description of the regulations to which these are subjected. It shall also contain an estimate of the rats, mice and birds used in research facilities and an indication of which of those facilities are currently under federal regulation. Further, the report shall include an estimate of the additional costs likely to be incurred by researchers resulting from additional regulations, recommendations for minimizing such costs, an estimate of the additional funding APHIS would require to ensure compliance, and recommendations for minimizing the regulatory burden on facilities already subject to federal regulations. (Sec. 10304)

(81) Task Force on National Institutes for Plant and Animal Sciences

The Senate amendment requires the Secretary not later than 90 days after enactment to establish a task force of 8 members (6 of them private or academic sector) to study review and evaluate publicly funded agricultural research activities and consider the

merits of establishing 1 or more National Institutes for Plant and Agricultural Sciences similar to NIH. (Sec. 1088)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(82) Organic Products Promotion

The Senate Amendment authorizes the establishment of a new organic research and promotion check off program, which must be proposed and approved by a majority of certified organic producers and handlers. This provision is designed to facilitate the establishment of one order covering a category of products (organic products) rather than individual commodities, requires that the composition of the check off board must reflect both regional distribution and differing scales of organic production, and requires the Secretary to conduct a referendum on whether the order should continue at least once every four years. Assessments under an order established under this provision would be voluntary (at the option of individual farmers). To avoid having farmers paying more than one check off assessment, the provision provides that producers choosing to contribute to the organic order would be entitled to a credit against assessments under another order. (Sec. 1091–1098G)

The House Bill contains no comparable provision.

The Conference substitute adopts the Senate provision with an amendment to allow a person that produces and markets only 100% organic products and does not produce any conventional or non-organic products, to be exempt from the payment of an assessment under a commodity promotion law with respect to any agricultural commodity that is produced on a certified organic farm. The Secretary shall promulgate regulations, not later than one year after the date of enactment of this Act, regarding eligibility and compliance for such an exemption. (Sec. 10607)

(83) Effect of Amendments

The Senate amendment provides that amendments made by the Act do not affect Secretarial authority to carry out current price support or production adjustment programs as in effect before the date of enactment. (Sec. 1099A)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate amendment.

(84) CCC Funding

The Senate amendment specifies that notwithstanding any other provision of the bill, any funds made available under the bill will be made available through the Commodity Credit Corporation. (Sec. 1099B)

The House bill contains no comparable provision.

The Conference substitute deletes the Senate provision.

(85) Implementation Funding and Information Management

The Conference Substitute provides $55 million for administrative costs associated with the implementation of Title I. Of that amount, not less than $5 million nor more than $8 million is to be available for the development of a comprehensive information man-

agement system for programs operated by the Farm Service Agency and the Federal Crop Insurance Corporation. The Conference Substitute requires that the Secretary enter into agreements or contracts with outside entities to development information management system. The Conference Substitute also provides that the new requirements shall not interfere with or delay existing agreements or requests for proposals of the agencies regarding data mining or data warehousing. Such sums as may be necessary are authorized to be appropriated for each of fiscal years 2003 through 2008. (Sec. 10706)

The Managers continue to be concerned about the lack of information sharing and progress toward a common information management system for the service agencies of the Department. The Managers believe that integrating information management systems at USDA will reduce the waste associated with the maintenance of duplicative systems and allow the agencies to operate more effectively and efficiently to the benefit of agricultural producers.

In the Agricultural Risk Protection Act of 2000 (ARPA), the Farm Service Agency (FSA) and the Federal Crop Insurance Corporation (Corporation) were required to reconcile producer information. FSA and the Corporation serve the same producers with commodity and crop insurance programs, respectively; it is logical that both agencies should use a common information management system so that the collection of data is not duplicated, the integrity of the data collected is improved and, most importantly, customer service to producers is enhanced. The Managers believe that the development of a common information management system for FSA and the Corporation will demonstrate substantial efficiencies and serve as a first step toward broader, Department-wide integration. Valuable groundwork will be laid for further modernization of information technology systems of USDA agencies in the future, and for the incorporation of those systems into that developed for FSA and the Corporation.

The Managers commend the work being done at the Center for Agribusiness Excellence at Tarleton State University in cooperation with the Corporation on crop insurance compliance as directed by ARPA. It is the expectation of the Managers that the Secretary of Agriculture will build upon the work currently being conducted at the Center for Agribusiness Excellence and through further contracting with the Center to develop the information management system for FSA and the Corporation.

The Managers intend for funds provided to the Farm Service Agency under this Section to be used for salaries and expenses of county office personnel in implementing this Act.

From the Committee on Agriculture, for consideration of the House bill and the Senate amendment, and modifications committed to conference:

LARRY COMBEST,
BOB GOODLATTE,
RICHARD POMBO,
TERRY EVERETT,
FRANK D. LUCAS,
SAXBY CHAMBLISS,

JERRY MORAN,
CHARLES W. STENHOLM,
GARY CONDIT,
COLLIN C. PETERSON,
EVA M. CLAYTON,
TIM HOLDEN,

As additional conferees from the Committee on the Budget, for consideration of sec. 197 of the Senate amendment, and modifications committed to conference:

JIM NUSSLE,

From the Committee on Education and the Workforce, for consideration of secs. 453–5, 457–9, 460–1, and 464 of the Senate amendment, and modifications committed to conference:

MICHAEL N. CASTLE,
TOM OSBORNE,
DALE E. KILDEE,

From the Committee on Energy and Commerce, for consideration of secs. 213, 605, 627, 648, 652, 902, 1041, and 1079E of the Senate amendment, and modifications committed to conference:

BILLY TAUZIN,
JOE BARTON,
JOHN D. DINGELL,

From the Committee on Financial Services, for consideration of secs. 335 and 601 of the Senate amendment, and modifications committed to conference:

MICHAEL G. OXLEY,
SPENCER BACHUS,
JOHN J. LAFALCE
(except for sec. 335),

From the Committee on International Relations, for consideration of title III of the House bill and title III of the Senate amendment, and modifications committed to conference:

HENRY HYDE,
CHRISTOPHER SMITH,
TOM LANTOS,

From the Committee on the Judiciary, for consideration of secs. 940–1 of the House bill and secs. 602, 1028–9, 1033–5, 1046, 1049, 1052–3, 1058, 1068–9, 1070–1, 1098, and 1098A of the Senate amendment, and modifications committed to conference:

MARK GREEN,

From the Committee on Resources, for consideration of secs. 201, 203, 211, 213, 215–7, 262, 721, 786, 806, 810, 817–8, 1069, 1070, and 1076 of the Senate amendment, and modifications committed to conference:

JAMES V. HANSEN,
DON YOUNG,

From the Committee on Science, for consideration of secs. 808, 811, 902–3, and 1079 of the Senate amendment, and modifications committed to conference:

SHERWOOD BOEHLERT,

ROSCOE G. BARTLETT,
RALPH M. HALL,

From the Committee on Ways and Means, for consideration of secs. 127 and 146 of the House bill and sections 144, 1024, 1038, and 1070 of the Senate amendment, and modifications committed to conference:

CHARLES B. RANGEL,
Managers on the Part of the House.

TOM HARKIN,
PATRICK LEAHY,
KENT CONRAD,
TOM DASCHLE,
THAD COCHRAN,
Managers on the Part of the Senate.

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