

in savings over the next 5 years to offset the extraordinary cost of Hurricane Katrina. While this is an important first step in restoring fiscal discipline, there is still work to be done. As has been said by my colleagues in the Democratic Party tonight, with an \$8 trillion national debt, with more spending on hurricane relief just around the corner, it is imperative that we not only pass the Deficit Reduction Act but that we move immediately on to the other serious work, to look for an across-the-board cut in this year's budget, ensuring that the cost of Hurricane Katrina will be borne by the entirety of our Federal priorities.

We must do more, but we dare not do less. Tonight we will do that which is of first importance: we will begin the process of putting our fiscal house in order. President John F. Kennedy said it best when he said: "To lead is to choose." And this is such a moment.

Tonight, whatever the outcome of this vote, this is a moment of truth, where we will set aside the rhetoric on this blue and gold carpet, and the American people will see for themselves who in this Congress is willing to make the tough choices in tough times to put our fiscal house in order. Bring the vote, and I urge my colleagues of goodwill on both sides of the aisle to adopt the Deficit Reduction Act.

Ms. SLAUGHTER. Mr. Speaker, I yield 2 minutes to the gentlewoman from Illinois (Ms. BEAN).

Ms. BEAN. Mr. Speaker, I rise today in opposition to the rule. One of the reasons I came to Congress was to bring a real-world business perspective to government. In the business world, accountability is survival. In this Congress, it is a catch phrase usually directed elsewhere.

Demands for personal responsibility or corporate accountability abound, but rarely congressional accountability or fiscal restraint. Instead of sticking to the motto, If it is worth doing, it is worth paying for, this administration and this Congress have turned the largest budget surplus in history into the largest deficit in history with a reckless borrow-and-spend profligacy. It should be no surprise then that today's so-called Deficit Reduction Act of 2005 actually increases the budget deficit, fails to fix the broken budget process, and does nothing to reduce America's dependence on foreign capital.

□ 2200

I will oppose this irresponsible budget package which does not include pay go spending controls. We must pay as we go. It is a simple concept with a proven track record. The budget enforcement rules of the 1990s were an important part of getting the budget back into balance. The pay-as-you-go rules were tested and they worked. Accountability in government should be more than a catch phrase. It is time for us to say the buck stops here.

Mr. PUTNAM. Mr. Speaker, I yield 1½ minutes to the gentleman from Georgia (Mr. KINGSTON).

Mr. KINGSTON. Mr. Speaker, I want to show you a picture of a place I think all of us know. It is Disneyland, the Magic Kingdom, the Magic Castle where fantasy is real. And we go down and we all pretend to be boys and girls for the day.

Well, here is another place where fantasy becomes reality. It is our office building, the United States Capitol. Only here can you call a 7 percent increase a cut. And what are the lap dogs, I mean, the blue dogs barking about? What I am saying is, when you increase the budget 7 percent—

POINT OF ORDER

Mr. ROSS. Mr. Speaker, I make a point of order.

The SPEAKER pro tempore (Mr. LAHOOD). The gentleman will state his point of order.

Mr. ROSS. Mr. Speaker, does the speaker not have to address you and not a group or an individual?

The SPEAKER pro tempore. The Chair would remind all Members they should address their remarks to the Chair. The gentleman may proceed.

Mr. KINGSTON. My point is that we can all live in the fantasyland of Disneyworld or the United States Capitol, and when a bill that is increasing Medicaid goes up \$66 billion and people can call it a cut because they did not get their way, that it did not go up 7.3 percent, it only goes up 7 percent. You can find any excuse to vote no, and I guess in the fantasyland of Washington, D.C., you can call that a cut. But the reality is, all these posters and easels that are out in the halls of the Rayburn, the Longworth and the Cannon building are just fantasy. Here is a chance to actually reduce spending and you are barking at it and saying no.

Ms. SLAUGHTER. Mr. Speaker, I yield 3½ minutes to the gentleman from Arkansas (Mr. ROSS) to address the fantasyland of this Mickey Mouse budget.

Mr. ROSS. Mr. Speaker, this evening we are here to consider a bill known as the Deficit Reduction Act. And only here in a Republican-led Congress could something be called a deficit reduction act that adds \$20 billion in new debt to this Nation's budget. Not only does it add \$20 billion in new debt, but it also has nothing to do with paying for disaster relief. It is about cutting programs that matter to our children, our working families and our seniors to the tune of \$50 billion. It is about approving \$70 billion in new tax cuts. I was not real good in math back in high school, but I think anybody can figure that one out. \$50 billion in cuts, \$70 billion in new tax cuts equals \$20 billion in new debt. And what is being cut? Student aid, \$14.3 billion. As the father of a 17-year-old that is approaching college, like so many parents across this country, I am concerned about being able to pay for my child's college education. Parents all over this country tonight are concerned that the Repub-

lican leadership are proposing \$14 billion in cuts for their children's college education, Medicaid, the health insurance program for the poor, the disabled, the elderly being cut by \$11.4 billion.

Mr. Speaker, let me tell you about my America. In Arkansas, half the children are on Medicaid. In Arkansas, 8 out of every 10 seniors in nursing homes are on Medicaid. In Arkansas, one out of every five people are on Medicaid, and this Republican-led Congress, tonight, plans to cut Medicaid \$11.4 billion. And if that is not enough, they are going to cut agriculture programs \$3 billion. My farm families back home in East Arkansas cannot afford these kind of cuts as they simply try to do what they do best, and that is provide a safe and reliable source of food and fiber for America's families.

You know, as this debate unfolded tonight, as I was sitting here, I could not help but think about Matthew, chapter 25, verse 40. "I tell you the truth. Whatever you did for one of the least of these brothers of mine, you did for me." That is what I learned growing up in a little country church just outside of Hope, Arkansas, Midway United Methodist Church.

Eight trillion dollars is the Nation's debt under this Republican-led Congress, the largest deficit ever in our Nation's history for a fifth year in a row. In fact, this Republican President and this Republican Congress has borrowed more money from foreign investors and foreign banks in less than 5 years than the previous 42 presidents combined. It is hard now to believe that we had a balanced budget from 1998 to 2001. Contrast that to today, when we are borrowing \$907 million a day, sending \$188 million a day to Iraq, \$33 million a day to Afghanistan. This plan does not reflect America's values. This plan does not reflect my values. Vote no on this and vote yes to the Blue Dog 12-point plan which none of these Members are cosponsoring.

Mr. PUTNAM. Mr. Speaker, I have not memorized all of Matthew, but I am pretty sure he did not like calling kids Nimrods. I yield 1 minute to the gentleman from Colorado (Mr. BEAUPREZ).

Mr. BEAUPREZ. Mr. Speaker, actually I am going to come to the well of this House tonight to celebrate, not bemoan the gentleman's youth nor certainly his wisdom. The gentleman from Florida and the gentleman from Texas, it is you, of anybody in this Chamber tonight, it is you and the millions of your generation that you represent in this Chamber, in this people's House that we ought to be concerned about. You are the ones that should be passionate because you are going to get stuck with the bill.

I thank both the gentlemen. And there has been a lot of heated rhetoric in here tonight. Let us talk at least a shred of truth. What this bill does is suggest that for a person to be Medicaid eligible has to have less than 3

quarters of \$1 million of net worth. Now, is that harsh folks? Let us get real. Who out there in the real world believes that that is overly harsh, that to be on a welfare program, to be nursing home eligible, you have to have less than 3 quarters of \$1 million worth of net worth? Not the world that I came from.

Ms. SLAUGHTER. Mr. Speaker, I yield 4 minutes to the gentleman from Tennessee (Mr. TANNER), the head of the Blue Dogs.

Mr. TANNER. Mr. Speaker, I guess that there is enough hot air that comes from this place to float any balloon, and I wish I was making up what I am about to say. But if you go to the www.publicdebt.treas.gov, you will find the things that I am about to say are there on the government Web site from the United States Treasury. The record is simply this. In 2002, this Congress raised the debt ceiling by \$450 billion. In 2003, by \$984 billion. In 2004, by \$800 billion, and in this budget reconciliation process, there is another \$781 billion of debt increase, amounting to \$3.01 trillion, all of which is done in the last 4 years.

Now, I speak tonight as an American. We only have one dollar. We only have one Treasury. And for either party to claim some sort of mantle of financial responsibility here is absolutely ridiculous. No American political leadership in the history of this country has borrowed as much money as quickly as this Congress and this administration in the last 4 years. This is not an argument. This is fact. Go to www.publicdebt.treas.gov if you do not believe me. And what this means to us as Americans is in 2000, we had \$50 billion a year out of the tax base that was available for education, for health care, for veterans. It is not available now because it is going to interest. I say what has happened is we, the Congress, and the administration, or you, the Congress and the administration, have levied a \$500 billion plus tax increase on the American citizens over the next 10 years in the form of interest payments that you, in the majority, have built up over the last 4 years. That is not an argument. Go to www.treas.gov. That is a fact. Now, you might not want to admit it, but that is what has happened.

Now, if that is not bad enough, 85 percent of this money that has been loaned to us and we have borrowed in the name of every man, woman and child that is a United States citizen, 85 percent of it has come from people that are not U.S. citizens. It is so bad right now that if China attacked Taiwan we would have to borrow the money from China to defend Taiwan. What kind of sense does this make?

I am telling you, the Treasury reports that they are going to borrow \$171 billion this quarter, the first quarter of 2006. And you come here with a reconciliation process that you say is cutting and then you turn around and stand up and say how much is being in-

creased. I do not know which one it is, but I know that at the end of the day, this reconciliation process increases the deficit, not decreases it. And the American people want one thing, and I do not care whether it is Democrat or Republican, they want a government that works for them, not against them, and they want a government that does not enslave them in debt. What has happened here over the last 4 years is unprecedented. The amount of money that has been borrowed in our name by basically you, the majority, and the White House. It is not an argument. This is a fact. It is absolutely sickening. We are now, February 9, I want the American people to understand, February 9 are bringing back the 30-year bond. We have to because we owe so much money to primarily now foreigners.

Mr. PUTNAM. Mr. Speaker, I yield 1 minute to the gentlewoman from Tennessee (Mrs. BLACKBURN).

Mrs. BLACKBURN. Mr. Speaker, we were down here on the floor talking about this bill one night. I got an e-mail from a gentleman out in California, identified himself as a liberal Democrat. And he said, your House speech got it right. Programs started with the best of intentions will eventually outlive their usefulness, but their built-in bureaucracies have political champions that will not let these programs die ever.

Mr. Speaker, that is exactly what we are seeing. We have before us a deficit reduction plan that would put us on a track to reforming government and yielding a savings. It is a good solid plan. It is a good solid start. Unfortunately, our friends across the aisle do not get it. Ronald Reagan had it right. There is nothing so close to eternal life on earth as a Federal Government program. And the reason that is true is because these folks built a bureaucracy to themselves out of 40 years of Democrat control and they have had a choice and they have chosen to support the bureaucracy. They have chosen not to reduce those programs even when Democrat governors of our own State in Tennessee say the Medicaid programs have to be reformed. They choose not to support those.

Ms. SLAUGHTER. Mr. Speaker, I reserve the balance of my time.

Mr. PUTNAM. Mr. Speaker, I am pleased to yield 1 minute to the gentleman from Pennsylvania (Mr. MURPHY).

□ 2215

Mr. MURPHY. I thank my distinguished colleague for yielding.

Mr. Speaker, some people want to scare others that this budget cuts services for needy Americans. Medicaid is one of those areas where facts are distorted. This bill increases Medicaid spending by \$9.7 billion the first year alone. It continues to increase Medicaid benefits for people who need them. Savings come from reducing Medicaid fraud like New York where

there is \$18 billion in fraud. It prevents wealthy families with more than \$750,000 in home equity from earning Medicaid benefits they don't need. We incorporated many of the changes that the National Governors Association has asked for with unprecedented flexibility.

We have to keep the Medicaid system from driving itself into fiscal oblivion. There is nothing compassionate about playing politics with people's hearts. We want to be sure that the Medicaid system is here for people today and tomorrow. That is why we need to give the Governors the flexibility they ask for in this bill.

Ms. SLAUGHTER. Mr. Speaker, I yield 30 seconds to the gentleman from Washington (Mr. BAIRD).

Mr. BAIRD. Mr. Speaker, earlier the gentleman from Indiana said that budgets are about choices. Unfortunately, here is what they mean when they say choices. They are asking the wealthiest Americans to choose between realizing their investment profits through dividends or capital gains while they are asking the poorest Americans to choose between health care or heating their home. That is the kind of choice that is being imposed by this budget. That is not a profile in courage. It is a profile in cowardice.

Mr. PUTNAM. Mr. Speaker, I yield 1 minute to the distinguished chairman of the Rules Committee the gentleman from California (Mr. DREIER).

(Mr. DREIER asked and was given permission to revise and extend his remarks.)

Mr. DREIER. Mr. Speaker, we have listened to Democrats and Republicans decry deficit spending. We have listened to Democrats and Republicans talk about the need to bring about reform so that we can ensure that those who are truly in need are able to have those needs addressed. No one in this institution wants to pull the rug out from anyone who is desperately in need. We know that the most effective way to ensure that those needs are met is to do what everyone knows has to be done. We have to bring about meaningful reform. Anyone who will stand in this Chamber and claim that the Medicaid program is free of any kind of abuse, that the food stamp program is free of any kind of abuse, that everything that we are looking at in this budget reconciliation bill is free of any kind of abuse does not understand the operations of the Federal Government.

We know that these programs are filled with that kind of abuse and it is absolutely essential that we bring about this reform. Democrats and Republicans alike, Mr. Speaker, have the opportunity to bring about reforms to ensure that those who are truly in need have those needs met.

Ms. SLAUGHTER. Mr. Speaker, I yield the balance of my time to the gentleman from Mississippi (Mr. TAYLOR) who lost everything in Katrina.

Mr. TAYLOR of Mississippi. Mr. Speaker, in south Mississippi tonight,

the people who have electricity, who might be at a VFW hall or a parish church hall, who are living in two- and three-man igloo tents waiting for Congress to do something, have absolutely got to think this place has lost their minds. The same Congress that voted to give the wealthiest 1 percent of Americans tax breaks every time. Every time. Without a tax break. Out of the goodness of their hearts, no? To help their big contributors.

Who is kidding who? The same America that are spending 4 to \$6 billion a month in Iraq where, by the way, 4,000 Mississippians are fighting tonight, 15 have already come home dead, a dozen more have been to Walter Reed, who never asked the Iraqis for an offset are suddenly saying in the name of the poor folks in Mississippi who lost their houses, poor folks in New Orleans whose houses were flooded, we can't do this unless we have to hurt some other Americans to help some Americans? Suddenly after taking care of those who had the most, we have got to hurt the least. To help the folks in Mississippi?

Folks, this is insane. I have sat here. I remember the vote. May 9, 2001. I remember a President who said he could cut taxes, increase spending and pay down the debt. We are \$2.4 trillion deeper in debt than that night. I did not vote for that. Almost all of you did. I did not vote to tell the folks who make hundreds of millions of dollars a year, you deserve a tax break. You did. I voted for offsets for the war in Iraq because, yes, we went to war. My goodness, kids from Mississippi are dying there. I have got a kid who lost both legs volunteering in my office to answer the phone to help folks who were hurt in Katrina. Mississippi has paid their dues. Why should they have to pay their dues twice?

This is an emergency. The one time you borrow money is when you go to war and for an emergency. And so, now you have to have an offset? Don't tell me you are being fiscally responsible. I sat here for 5 years and watched you take a budget surplus and run it into \$2.5 trillion of new debt. So let's put these things in perspective. Yes, I was told the Iraqis have weapons of mass destruction and they are getting ready to use them.

Yes, I was told that you could cut taxes, increase spending and balance the budget. But this is the cruelest lie of all, that the only way you can help the people who have lost everything is by hurting somebody else.

Mr. PUTNAM. Mr. Speaker, America's heart and America's wallets have been opened for those who have been so devastated on the gulf coast just as they were a year ago for those Floridians who suffered four storms. It is a tragic thing and we are very sorry for the loss and the continued suffering that goes on. There have been a number of things discussed this evening as part of the kickoff of this debate about being truly serious about reducing the size of our deficit.

I began by talking about the myths. All around America, the people who

would be discussing what is going on here would have to find that something is odd about a budget that goes up 7 percent every year but is labeled a cut. They would find it an interesting juxtaposition that the only thing mean and ugly about what is going on in here has been the rhetoric. The action is to eliminate the waste from all of these areas, including FEMA. Including those areas.

Mr. Speaker, I strongly urge this House to support the rule and the underlying bill.

AMENDMENT OFFERED BY MR. PUTNAM

Mr. PUTNAM. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PUTNAM of Florida:

Add at the end the following:

SEC. 4. Notwithstanding any other provision of this resolution, the amendment considered as adopted under the first section of this resolution shall be modified as specified in section 5.

SEC. 5. The modification referred to in section 4 is as follows:

Page 13, strike lines 5 through 11, and insert the following:

“(a) ELIGIBLE HOUSEHOLDS.—The Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) is amended—

“(1) in section 5—

“(A) in the 2d sentence of subsection (a); and

“(B) in subsection (j);

by striking ‘receives benefits’ each place it appears and inserting ‘in fiscal years 2006 through 2010 receives cash assistance, and in any other fiscal year receives benefits.’;

“(2) in section 5(a) by adding at the end the following:

‘Notwithstanding any other provisions of this Act except sections 6(b), 6(d)(2), and 6(g) and section 3(i)(4), households in which each member receives substantial and ongoing noncash benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) provided for purposes of shelter, utilities, child care, health care, transportation, or job training, and that have a monthly income that does not exceed (before the exclusions and deductions provided for in subsections (d) and (e)) 150 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the forty-eight contiguous States and the District of Columbia, Alaska, Hawaii, the Virgin Islands of the United States, and Guam, respectively, shall be eligible to participate in the food stamp program.’; and

“(3) in section 5(j) by adding at the end the following:

‘Notwithstanding subsections (a) through (i), a State agency shall consider a member of a household in which each household member receives substantial and ongoing noncash benefits under a State program funded under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) provided for purposes of shelter, utilities, child care, health care, transportation, or job training, and which has a monthly income that does not exceed (before the exclusions and deductions provided for in subsections (d) and (e)) 150 percent of the poverty line, as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), for the forty-eight contiguous States and the District of Columbia, Alaska, Hawaii, the Virgin Islands of the United States, and Guam, respectively, to have satisfied the resource limitations prescribed under subsection (g).’.

Page 331, at the end of line 13, add the following: “Such method shall provide that not

less than 25 percent of such funds shall be allocated among States the population of which (as determined according to data collected by the United States Census Bureau) as of July 1, 2004, was more than 105 percent of the population of the respective State (as so determined) as of April 1, 2000.”.

Mr. PUTNAM. Mr. Speaker, the amendment addresses two issues, food stamps and Medicaid transformation grants. On the issue of food stamps, it ensures that recipients of noncash TANF benefits will continue to be categorically eligible for food stamps and it addresses high growth States with regard to Medicaid transformation.

Ms. PRYCE of Ohio. Mr. Speaker, I rise in support of the rule and in support of the Deficit Reduction Act. The legislation we have before us is built on the simple notions of reforming government and achieving savings.

If ever there was a vote in recent history that defines the difference in the two parties—this is it.

We are the party of reform, the party of a more efficient government—the other party is one of more government, more spending, and more taxes.

The Democrats have tried to use catchy rhetoric to describe what we are voting on today. They don't want to talk about the facts.

The front page of last Tuesday's Roll Call said it all . . . “This fall is not the time for Democrats to roll out a positive agenda,” said a House Democratic aide.

Instead of a positive agenda, they have resorted to using words like “cuts” and “slashing programs,” and called this important plan “rotten to the core.”

But once you peel back the rhetoric and look at what is in this legislation, you realize why they only have cute slogans.

They don't want to talk about reforms that will save and strengthen Medicaid.

Reforms largely taken from proposals offered by the bipartisan National Governor's Association that was led by Democratic Governor Mark Warner.

They don't want to talk about supporting first responders by giving them bandwidth they so desperately need.

They don't want to talk about a 50 percent increase in LIHEAP.

They don't want to talk about ensuring that benefits paid for by taxpayers don't go to illegal immigrants.

And of course they don't want to talk about lowering the cost of student loans.

I could go on and on—but in the end, this legislation delivers common sense reforms that will achieve real savings and reduce the deficit.

What about that, Mr. Speaker, is rotten to the core?

Mr. PUTNAM. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the amendment and on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on the amendment offered by the gentleman from Florida (Mr. PUTNAM).

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the resolution, as amended.

The resolution, as amended, was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. PUTNAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and include extraneous material on H. Res. 560.

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

There was no objection.

DEFICIT REDUCTION ACT OF 2005

Mr. NUSSLE. Mr. Speaker, pursuant to House Resolution 560, I ask call up the bill (H.R. 4241) to provide for reconciliation pursuant to section 201(a) of the concurrent resolution on the budget for fiscal year 2006, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Pursuant to House Resolution 560, the bill is considered read and the amendment printed in House Report 109-303, as modified, is adopted.

The text of the bill, as amended, is as follows:

H.R. 4241

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Deficit Reduction Act of 2005”.

SEC. 2. TABLE OF TITLES.

The table of titles is as follows:

- TITLE I—COMMITTEE ON AGRICULTURE
- TITLE II—COMMITTEE ON EDUCATION AND THE WORKFORCE
- TITLE III—COMMITTEE ON ENERGY AND COMMERCE
- TITLE IV—COMMITTEE ON FINANCIAL SERVICES
- TITLE V—COMMITTEE ON THE JUDICIARY
- TITLE VI—COMMITTEE ON RESOURCES
- TITLE VII—COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
- TITLE VIII—COMMITTEE ON WAYS AND MEANS

TITLE I—COMMITTEE ON AGRICULTURE SECTION 1001. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the “Agricultural Reconciliation Act of 2005”.

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

- Sec. 1001. Short title; table of contents.
- Subtitle A—Commodity Programs
- Sec. 1101. Percentage reduction in amount of direct payments for covered commodities and peanuts.
- Sec. 1102. Reduction in percentage of direct payment amount authorized to be paid in advance.
- Sec. 1103. Cotton competitiveness provisions.
- Subsubtitle B—Conservation
- Sec. 1201. Limitations on use of Commodity Credit Corporation funds to carry out watershed rehabilitation program.

- Sec. 1202. Conservation security program.
- Sec. 1203. Limitations on use of Commodity Credit Corporation funds to carry out agricultural management assistance program.
- Subsubtitle C—Energy

Sec. 1301. Termination of use of Commodity Credit Corporation funds to carry out renewable energy systems and energy efficiency improvements program.

Subsubtitle D—Rural Development

- Sec. 1401. Enhanced access to broadband telecommunications services in rural areas.
- Sec. 1402. Value-added agricultural product market development grants.
- Sec. 1403. Rural business investment program.
- Sec. 1404. Rural business strategic investment grants.
- Sec. 1405. Rural firefighters and emergency personnel grants.
- Subsubtitle E—Research
- Sec. 1501. Initiative for Future Food and Agriculture Systems.
- Subsubtitle F—Nutrition
- Sec. 1601. Eligible households.
- Sec. 1602. Availability of commodities for the emergency food assistance program.
- Sec. 1603. Residency requirement.
- Sec. 1604. Disaster food stamp program.

Subsubtitle A—Commodity Programs

SEC. 1101. PERCENTAGE REDUCTION IN AMOUNT OF DIRECT PAYMENTS FOR COVERED COMMODITIES AND PEANUTS.

(a) COVERED COMMODITIES.—Section 1103 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7913) is amended—

(1) in subsection (c), by striking “The amount” and inserting “Except as provided in subsection (e), the amount”; and

(2) by adding at the end the following new subsection:

“(e) DIRECT PAYMENT AMOUNT REDUCTION.—Notwithstanding subsection (c), for the 2006 and 2007 crop years (and the 2008 and 2009 crop years if direct payments are provided under this section for those crop years), the Secretary shall reduce the total amount of the direct payment to be paid to the producers on a farm for a covered commodity for the crop year concerned by an amount equal to 1 percent of the direct payment amount otherwise determined for that farm for that covered commodity for that crop year. No reduction shall be made under the authority of this subsection if direct payments are made for the 2010 or any subsequent crop year of a covered commodity.”.

(b) PEANUTS.—Section 1303 of such Act (7 U.S.C. 7953) is amended—

(1) in subsection (d), by striking “The amount” and inserting “Except as provided in subsection (f), the amount”; and

(2) by adding at the end the following new subsection:

“(f) DIRECT PAYMENT AMOUNT REDUCTION.—Notwithstanding subsection (d), for the 2006 and 2007 crops of peanuts (and the 2008 and 2009 crops of peanuts if direct payments are provided under this section for those crops), the Secretary shall reduce the total amount of the direct payment to be paid to the producers on a farm for that crop of peanuts by an amount equal to 1 percent of the direct payment amount otherwise determined for that farm for that crop of peanuts. No reduction shall be made under the authority of this subsection if direct payments are made for the 2010 or any subsequent crop of peanuts.”.

SEC. 1102. REDUCTION IN PERCENTAGE OF DIRECT PAYMENT AMOUNT AUTHORIZED TO BE PAID IN ADVANCE.

(a) COVERED COMMODITIES.—Section 1103(d)(2) of the Farm Security and Rural In-

vestment Act of 2002 (7 U.S.C. 7913(d)(2)) is amended in the first sentence by striking “2007 crop years” and inserting “2005 crop years and up to 40 percent of the direct payment for a covered commodity for each of the 2006 and 2007 crop years”.

(b) PEANUTS.—Section 1303(e)(2) of such Act (7 U.S.C. 7953(e)(2)) is amended in the first sentence by striking “2007 crop years” and inserting “2005 crop years and up to 40 percent of the direct payment for each of the 2006 and 2007 crop years”.

SEC. 1103. COTTON COMPETITIVENESS PROVISIONS.

(a) REPEAL OF AUTHORITY TO ISSUE COTTON USER MARKETING CERTIFICATES.—Section 1207 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7937) is amended—

(1) by striking the section heading and inserting the following: “UPLAND COTTON IMPORT QUOTAS.”;

(2) by striking subsection (a);

(3) by redesignating subsections (b) and (c) as subsections (a) and (b), respectively;

(4) in subsection (a), as so redesignated—

(A) in paragraph (1)—

(i) in subparagraph (B), by striking “, adjusted for the value of any certificate issued under subsection (a).”; and

(ii) in subparagraph (C), by striking “, for the value of any certificates issued under subsection (a).”; and

(B) in paragraph (4), by striking “subsection (c)” and inserting “subsection (b).”; and

(5) in subsection (b)(2), as so redesignated, by striking “subsection (b)” and inserting “subsection (a).”.

(b) CONFORMING AMENDMENT.—Section 136 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7236) is repealed.

(c) EFFECTIVE DATE.—The amendments made by this section take effect on August 1, 2006.

Subsubtitle B—Conservation

SEC. 1201. LIMITATIONS ON USE OF COMMODITY CREDIT CORPORATION FUNDS TO CARRY OUT WATERSHED REHABILITATION PROGRAM.

(a) FISCAL YEAR 2007 FUNDING.—Subparagraph (E) of section 14(h)(1) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1012(h)(1)) is amended by striking “\$65,000,000” and inserting “\$50,000,000”.

(b) TERMINATION OF MULTI-YEAR AVAILABILITY OF FUNDS.—Such section is further amended by striking “, to remain available until expended” in the matter preceding subparagraph (A).

(c) RESCISSION OF UNOBLIGATED PRIOR-YEAR FUNDS.—Funds previously made available under such section for a fiscal year and unobligated as of September 30, 2006, are hereby rescinded effective on that date.

SEC. 1202. CONSERVATION SECURITY PROGRAM.

(a) FUNDING.—Section 1241(a) of the Food Security Act of 1985 (16 U.S.C. 3841(a)) is amended—

(1) in the matter before paragraph (1), by striking “For” and inserting “Except as otherwise provided in this subsection, for”; and

(2) in paragraph (3), by striking “not more than \$6,037,000,000” and all that follows through “2014.” and inserting the following: “not more than—

“(A) \$2,213,000,000 for the period of fiscal years 2006 through 2010; and

“(B) \$5,729,000,000 for the period of fiscal years 2006 through 2015.”.

(b) DURATION.—Section 1238A(a) of such Act (16 U.S.C. 3838a(a)) is amended by striking “2007” and inserting “2011”.

SEC. 1203. LIMITATIONS ON USE OF COMMODITY CREDIT CORPORATION FUNDS TO CARRY OUT AGRICULTURAL MANAGEMENT ASSISTANCE PROGRAM.

Section 524(b)(4)(B) of the Federal Crop Insurance Act (7 U.S.C. 1524(b)(4)(B)) is amended—