

110TH CONGRESS
1ST SESSION

H. R. 2144

To extend and enhance farm, nutrition, and community development programs of the Department of Agriculture, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 3, 2007

Ms. DELAURO (for herself, Mr. GILCHREST, Mr. MURPHY of Connecticut, Ms. WOOLSEY, Mr. ROTHMAN, Mr. GERLACH, Mr. RUPPERSBERGER, Mr. SHAYS, Mr. ALLEN, Mr. HINCHEY, Mr. COURTNEY, Ms. KAPTUR, Mr. LARSON of Connecticut, Ms. SCHAKOWSKY, Mr. HODES, Mr. CASTLE, Mr. ARCURI, Mr. FARR, Mr. WELCH of Vermont, Mr. MCHUGH, Mr. REYNOLDS, Ms. SHEA-PORTER, and Mr. OLVER) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committees on Energy and Commerce, Education and Labor, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To extend and enhance farm, nutrition, and community development programs of the Department of Agriculture, and for other purposes.

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

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

2 (a) **SHORT TITLE.**—This Act may be cited as the
 3 “Farm, Nutrition, and Community Investment Act of
 4 2007”.

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

Sec. 1. Short title and table of contents.

TITLE I—MARKET AND ECONOMIC DEVELOPMENT

Subtitle A—Farm and Ranch Profitability Grant Program

- Sec. 101. Availability and purpose of grants.
- Sec. 102. Allocations to States.
- Sec. 103. Grant expenditures and allowable uses.
- Sec. 104. State eligibility and accountability.
- Sec. 105. Funding.
- Sec. 106. Definitions.

Subtitle B—Miscellaneous Provisions

- Sec. 111. Eligibility of certain agricultural producers for certain rural development programs.
- Sec. 112. Technical assistance for specialty crops.
- Sec. 113. Market access program.

TITLE II—CONSERVATION

Subtitle A—Changes to Existing Conservation Programs

- Sec. 201. Environmental quality incentives program.
- Sec. 202. Delivery of technical assistance.
- Sec. 203. Cooperative conservation partnership initiative.
- Sec. 204. Conservation loan guarantee program.
- Sec. 205. Pilot program for comprehensive conservation planning.
- Sec. 206. Conservation application process.
- Sec. 207. Minimum base allocation to States in funding of certain Department of Agriculture conservation programs.
- Sec. 208. Conservation security program.
- Sec. 209. Reauthorization of and increased funding for farmland protection program.
- Sec. 210. Farmland Protection Policy Act.
- Sec. 211. Debt for agricultural easements.
- Sec. 212. Planning for agriculture grants.
- Sec. 213. Exclusion of payments under Department of Agriculture conservation programs from adjusted gross income limitation.
- Sec. 214. Reauthorization of and increased funding for wildlife habitat incentive program.
- Sec. 215. Conservation reserve program.
- Sec. 216. Wetlands reserve program.

Sec. 217. Pilot program for conservation risk management.

Subtitle B—Conservation Corridor Demonstration Program

Sec. 221. Conservation corridor demonstration program.

Sec. 222. Implementation of conservation corridor plan.

Sec. 223. Funding requirements.

Sec. 224. Relation to existing program.

TITLE III—ENERGY

Sec. 301. Definition of biomass.

Sec. 302. Research on biobased products.

Sec. 303. Development of biorefineries.

Sec. 304. Energy audit and renewable energy development program.

Sec. 305. Renewable energy systems and energy efficiency improvements program.

Sec. 306. Biomass research and development.

Sec. 307. Cooperative research and extension projects for carbon cycle, renewable energy, and climate change in the Northeast and Mid-Atlantic United States.

Sec. 308. Industrial site redevelopment through cellulosic program.

Sec. 309. Farm and ranch energy efficiency rebate program.

Sec. 310. Alternative uses for biofuel byproducts.

Sec. 311. National net metering for farm energy.

TITLE IV—HEALTHY DIETS

Sec. 401. Expansion of fresh fruit and vegetable program.

Sec. 402. Section 32 specialty crop purchases.

Sec. 403. School preference study.

Sec. 404. Independent evaluation of Department of Agriculture commodity purchase process.

Sec. 405. Allow geographic preferences in food purchasing programs.

Sec. 406. Authorization level for farm-to-cafeteria activities.

Sec. 407. Extension of WIC farmer's market nutrition program.

Sec. 408. Senior farmers' market nutrition program.

Sec. 409. Disabled farmers market nutrition pilot program.

Sec. 410. Farmers' market promotion program.

Sec. 411. Department of Defense and Department of Agriculture procurement of locally produced fruits and vegetables.

TITLE V—FORESTRY

Sec. 501. National and State forest prioritization and planning.

Sec. 502. Healthy forests reserve program.

Sec. 503. Community forest and open space conservation program.

TITLE VI—NUTRITION

Subtitle A—Food Stamp Program

Sec. 601. Preventing reductions in benefits.

Sec. 602. Strengthening the food purchasing power of low-income americans.

Sec. 603. Child care deduction.

Sec. 604. Exclusion of combat-related military pay from countable income.

Sec. 605. Exclusion of retirement accounts from countable financial resources.

Sec. 606. Allowable countable resources.

- Sec. 607. Facilitating simplified reporting.
- Sec. 608. Simplifying work requirement.
- Sec. 609. Minimum benefit.
- Sec. 610. Reauthorization of food stamp program and food distribution program on Indian reservations.
- Sec. 611. Accountability for paperwork requirements.
- Sec. 612. Performance standards for biometric technology.
- Sec. 613. Preventing conflicts of interest.
- Sec. 614. Limitation on contracting.
- Sec. 615. Fairness for legal immigrants.
- Sec. 616. Clarifying eligibility.
- Sec. 617. Ensuring proper screening.
- Sec. 618. Clarification of simplified administrative reporting requirement.

Subtitle B—Other Nutrition Programs

- Sec. 631. Commodities for the emergency food assistance program.
- Sec. 632. Reauthorize the commodity supplemental food program (CSFP).
- Sec. 633. Reauthorization of and increased funding for community food project competitive grants.

TITLE VII—CROP INSURANCE

- Sec. 701. Reauthorization of and additional funding for agricultural management assistance program.
- Sec. 702. Reauthorization, expansion, and improvement of adjusted gross revenue (AGR) insurance pilot program.
- Sec. 703. Crop insurance incentives for beginning farmers.
- Sec. 704. Crop insurance appeals.
- Sec. 705. Expanded coverage based on historical data.
- Sec. 706. Coverage area flexibility.
- Sec. 707. Provision of organic insurance programs.
- Sec. 708. Education and risk management assistance.

TITLE VIII—DAIRY

- Sec. 801. Continuation of the milk income loss contract program.
- Sec. 802. Minimum price for Class I milk under Federal milk marketing orders.
- Sec. 803. Dairy export incentive and dairy indemnity programs.
- Sec. 804. Funding of dairy promotion and research program.
- Sec. 805. Federal milk marketing orders.
- Sec. 806. Dairy processing equipment loan guarantee fund.
- Sec. 807. Federal loan forgiveness program.
- Sec. 808. Mandatory reporting of dairy commodities.

TITLE IX—MISCELLANEOUS PROVISIONS

- Sec. 901. National organic transition and stewardship incentive program.
- Sec. 902. National organic technical committee.
- Sec. 903. National organic certification cost share program.
- Sec. 904. Exclusion of 100 percent of gain on sales of development rights or conservation easements on agricultural land to eligible entities for conservation purposes.
- Sec. 905. Establishment of research grants program for producers to improve survivability of speciality crops and livestock.
- Sec. 906. National clean plant network.
- Sec. 907. Early pest detection and surveillance improvement program.

1 **TITLE I—MARKET AND**
2 **ECONOMIC DEVELOPMENT**
3 **Subtitle A—Farm and Ranch**
4 **Profitability Grant Program**

5 **SEC. 101. AVAILABILITY AND PURPOSE OF GRANTS.**

6 (a) **IN GENERAL.**—For each of fiscal years 2008
7 through 2013, the Secretary shall make a grant under this
8 section to each State, through its State Department of Ag-
9 riculture, that has an approved 3-year strategic plan and
10 has submitted an annual work plan and annual report in
11 accordance with the terms and conditions established
12 under section (4).

13 (b) **PURPOSE OF GRANTS.**—The objective of these
14 grants is to improve the profitability of America’s farms
15 and ranches, increase self-employment opportunities for
16 farmers and ranchers, revitalize local and regional food
17 systems, increase wealth and asset-building in rural com-
18 munities; and encourage entrepreneurship and innovation
19 in farming and ranching by funding State, local and farm-
20 level programs and projects that address—

21 (1) farm viability and diversification;

22 (2) market development and promotion;

23 (3) product development/differentiation and
24 promotion;

25 (4) consumer education;

- 1 (5) business planning;
- 2 (6) alternate ownership models and structures;
- 3 (7) local and regional infrastructure needs; or
- 4 (8) local and regional food security needs.

5 (c) MAINTENANCE OF EFFORT.—The State shall
6 provide assurances to the Secretary, as part of its annual
7 accounting required under section 104, that funds pro-
8 vided to the State under this section have been used only
9 to supplement, not to supplant, the amount of State funds
10 otherwise expended in support of the permitted grant uses.

11 (d) ADMINISTRATIVE AND PLANNING EXPENSES.—
12 Not more than 5 percent of funds provided annually under
13 this section may be used by the State for administrative
14 and planning expenses.

15 **SEC. 102. ALLOCATIONS TO STATES.**

16 (a) Fifteen percent of any funding allocated annually
17 under this subtitle shall be allocated equally among States
18 as a minimum base grant amount. Subject to the appro-
19 priation of sufficient funds, each eligible State shall re-
20 ceive at least \$3,000,000 each fiscal year as a minimum
21 grant amount under this section.

22 (b) Beginning in fiscal year 2009, and for each fiscal
23 year thereafter, 15 percent of the amount of the funds
24 allocated under this subtitle shall be distributed to States
25 as bonus payments. Bonus payments shall be awarded

1 equally among those States that match at least 30 percent
2 of the prior year's Federal allocation under this subtitle
3 with an equivalent amount of State, local or private funds,
4 or combination thereof.

5 (c) All remaining funds allocated to States under this
6 subtitle shall bear the same ration to the total amount
7 made available under this section for that fiscal year as
8 a composite index, weighted equally, of the market value
9 of agricultural sales and the number of farms in the State
10 during the preceding calendar year bears to the composite,
11 weighted equally, of the market value of agricultural sales
12 and the number of farms in all States receiving grants
13 under this section in the fiscal year.

14 **SEC. 103. GRANT EXPENDITURES AND ALLOWABLE USES.**

15 (a) ELIGIBLE GRANT RECIPIENTS.—To achieve the
16 objectives of these grants, a State department of agri-
17 culture may use grant funds provided under this title to
18 supplement funding for State programs, projects and ini-
19 tiatives, and/or to provide grants to any of the following:

- 20 (1) Producers.
- 21 (2) Local and regional government entities.
- 22 (3) Agricultural cooperatives.
- 23 (4) Agricultural processors.
- 24 (5) Non-profit organizations.
- 25 (6) Research institutions.

1 (b) PERMITTED USE OF GRANT FUNDS.—A State
2 may use grant funds received under this section for any
3 of the following purposes:

4 (1) To provide marketing or business develop-
5 ment assistance to producers.

6 (2) To promote product development or dif-
7 ferentiation.

8 (3) To encourage direct-to-consumer market op-
9 portunities such as—

10 (A) farmers markets;

11 (B) buy-local campaigns;

12 (C) agri-tourism; and

13 (D) on-farm retail market opportunities.

14 (4) To rebuild local and regional food systems
15 through planning or development of agricultural
16 processing facilities or other infrastructure that en-
17 hances or adds value to agricultural products grown
18 within the State.

19 (5) To match State funding for—

20 (A) farm viability programs;

21 (B) agriculture innovation centers; and

22 (C) recreational walk-in or access pro-
23 grams.

1 (6) To encourage profitable business models
2 and develop alternative ownership structures and
3 new business succession models.

4 (7) To increase consumer awareness of agricul-
5 tural products and services grown and provided
6 within the State, including advertising and pro-
7 motional campaigns.

8 (8) To provide direct grants to producers for
9 farm infrastructure or equipment needs that—

10 (A) add value to a commodity produced; or

11 (B) will allow for the transition to a new
12 agricultural enterprise.

13 (9) To provide technical, legal and other sup-
14 port to beginning and/or socially disadvantaged
15 farmers.

16 (10) To assist county and local governments in
17 planning for agriculture, including the land use and
18 infrastructure needs of local producers.

19 (11) To address food safety issues, including
20 training.

21 (12) To enhance the competitiveness of spe-
22 cialty crops, including applied research.

23 (c) PROHIBITED USE OF GRANTS FUNDS.—A State
24 may not use grant funds received under this section to

1 directly subsidize the price of an agricultural commodity
2 in the market.

3 (d) **MAXIMUM GRANT AMOUNT.**—A State may not
4 award more than 33 percent of the funds it receives under
5 this section in any fiscal year to any single project, pro-
6 posal or program.

7 **SEC. 104. STATE ELIGIBILITY AND ACCOUNTABILITY.**

8 (a) **IN GENERAL.**—To be eligible to receive a grant
9 a State must have a 3-year strategic plan reviewed by that
10 State’s Federal Food and Agricultural Council and ap-
11 proved by the Secretary of Agriculture. Strategic plans
12 shall be prepared and submitted in the first and fourth
13 fiscal years in which funds are available under this section.
14 A strategic plan shall include the information required in
15 subsection (b) as well as any other information the Sec-
16 retary may require by regulation. Within 90 days after
17 the end of each fiscal year in which a State is allocated
18 grant funds under this subtitle, a State shall submit a re-
19 port of the previous fiscal year’s activities. The report
20 shall include the information required in subsection (c) as
21 well as any other information the Secretary may require
22 by regulation.

23 (b) **STRATEGIC PLAN.**—A strategic plan shall reflect
24 the diversity of the State’s agricultural sector, including
25 the production, processing, marketing, and distribution of

1 its food and agricultural products, and must include the
2 following:

3 (1) The State's vision for meeting the purposes
4 of the title.

5 (2) The State's 3-year plan for achieving that
6 vision, including goals, objectives, measurable out-
7 comes and yearly milestones toward completion.

8 (3) An explanation of how the plan reflects the
9 diversity of the State's agricultural sector, and the
10 method by which the State has and will continue to
11 solicit the input of the agricultural sector in devel-
12 oping the plan, setting grant priorities and selecting
13 projects.

14 (4) A year-by-year work plan, including—

15 (A) general project areas that will be fund-
16 ed;

17 (B) percent of funding anticipated for each
18 project area; and

19 (C) the expected project selection process
20 for each fiscal year.

21 (c) ANNUAL REPORTS.—Within 90 days after the
22 end of every fiscal year, a State shall submit a report of
23 the previous fiscal year's activities, including an account-
24 ing of projects funded, non-Federal funds leveraged, mile-
25 posts completed, outcomes achieved, and unobligated

1 funds remaining. The annual report shall also include an
2 updated work plan for the current fiscal year.

3 (d) REVIEW OF STRATEGIC PLANS AND ANNUAL RE-
4 PORTS.—In reviewing the strategic plan submitted under
5 subsection (b), the State’s Federal Food and Agricultural
6 Council shall ensure that the plan reflects the diversity
7 of the State’s agricultural sector and will carry out the
8 purposes of the grant program. The Council shall submit
9 the plan and its recommendation to the Secretary regard-
10 ing the plan within 45 days of receipt of the plan. The
11 Secretary may request that a State make changes to its
12 strategic plan or may reject a State’s strategic plan, but
13 must give a State an opportunity to resubmit a revised
14 plan. The State’s Food and Agricultural Council shall also
15 review the annual report required under subsection (c),
16 and shall forward the report and the Council’s rec-
17 ommendations, if any, regarding the State’s annual work
18 plan to the Secretary within 45 days of receipt of the re-
19 port. The Secretary may request that a State make
20 changes to its annual work plan in order to more fully
21 reflect the priorities of the State’s strategic plan or the
22 goals of the program.

23 (e) UNOBLIGATED FUNDS.—Any funds not obligated
24 by a State within 2 fiscal years shall be remitted back
25 to the Secretary for redistribution in the next fiscal year.

1 (f) EFFECT OF NONCOMPLIANCE.—If the Secretary,
2 after reasonable notice to a State, finds that there has
3 been a failure by the State to comply with the require-
4 ments under section 101(c) or section 104(b) or (c), is
5 not substantially meeting the outcomes and milestones de-
6 scribed in its strategic and yearly work plans, is not meet-
7 ing the purposes of the grant program or is not funding
8 projects reflective of the diversity of the State’s agricul-
9 tural sector, the Secretary may disqualify, for 1 or more
10 years, the State from receipt of future grants under this
11 title.

12 (g) AUDIT REQUIREMENTS.—The State shall submit
13 an annual audit to the Secretary, through the Agricultural
14 Marketing Service. A State may use no more than 2 per-
15 cent of the total funds awarded to it under this section
16 to perform this audit.

17 **SEC. 105. FUNDING.**

18 The Secretary shall use \$1,000,000,000 of funds of
19 the Commodity Credit Corporation during each of fiscal
20 years 2008 through 2013 to carry out the purposes of this
21 subtitle.

22 **SEC. 106. DEFINITIONS.**

23 In this title:

24 (1) The term “State” means the 50 States.

1 (2) The term “State department of agriculture”
2 means the agency, commission, or department of a
3 State government responsible for agriculture within
4 the State;

5 (3) The term “producer” has the meaning given
6 such term by the Department of Agriculture for the
7 purpose of the Census of Agriculture.

8 **Subtitle B—Miscellaneous** 9 **Provisions**

10 **SEC. 111. ELIGIBILITY OF CERTAIN AGRICULTURAL PRO-** 11 **DUCERS FOR CERTAIN RURAL DEVELOP-** 12 **MENT PROGRAMS.**

13 An agricultural producer or entity that is substan-
14 tially owned and operated by agricultural producers shall
15 not be required to be located in, or pursuing a project in
16 a rural area for purposes of eligibility for programs admin-
17 istered under the following provisions of law:

18 (1) Section 313 and title V of the Rural Elec-
19 trification Act of 1936 (7 U.S.C. 940e and 950aa et
20 seq.).

21 (2) Subtitle G of title XVI of the Food, Agri-
22 culture, Conservation, and Trade Act of 1990 (7
23 U.S.C. 5901 et seq.).

1 (3) Sections 306(a)(1) and 310B of the Con-
2 solidated Farm and Rural Development Act (7
3 U.S.C. 1926(a)(1) and 1932).

4 (4) Section 1323 of the Food Security Act of
5 1985 (Public Law 99–198; 7 U.S.C. 1932 note).

6 (5) The Act of July 2, 1926 (44 Stat. 802,
7 chapter 725; 7 U.S.C. 451 et seq.).

8 (6) Any other provision of law under which a
9 program is administered by the Rural Business and
10 Cooperative Development Service.

11 **SEC. 112. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

12 (a) FUNDING AND CARRYOVER OF FUNDING.—Sub-
13 section (d) of section 3205 of the Farm Security and
14 Rural Investment Act of 2002 (7 U.S.C. 5680) is amended
15 to read as follows:

16 “(d) FUNDING AND CARRYOVER OF FUNDING.—

17 “(1) FUNDING.—To carry out the program, the
18 Secretary shall make available funds of the Com-
19 modity Credit Corporation, or an equal value of
20 commodities owned by the Commodity credit Cor-
21 poration, in the amount of—

22 “(A) \$4,000,000 for fiscal year 2008;

23 “(B) \$6,000,000 for fiscal year 2009;

24 “(C) \$8,000,000 for fiscal year 2010; and

1 “(D) \$10,000,000 for each of fiscal years
2 2011, 2012, and 2013.

3 “(2) CARRYOVER OF FUNDING.—Funds made
4 available for the program under paragraph (1) or
5 under section 201 of the Specialty Crops Competi-
6 tiveness Act of 2004 (Public Law 108–465; 118
7 Stat. 3884) shall remain available until expended.”.

8 (b) FLEXIBILITY.—Such section is further amended
9 by adding at the end the following new subsection:

10 “(e) FLEXIBILITY.—In providing technical assistance
11 under the program, the Secretary shall provide for case-
12 by-case extensions, upon the approval of the Administrator
13 of the Foreign Agricultural Service, of time frames pro-
14 vided by regulations in connection with that assistance.”.

15 **SEC. 113. MARKET ACCESS PROGRAM.**

16 Section 211(c)(1)(A) of the Agricultural Trade Act
17 of 1978 (7 U.S.C. 5641(c)(1)(A)) is amended—

18 (1) by striking “and” before “\$200,000,000”;

19 and

20 (2) by inserting “and \$350,000,000 for each of
21 the fiscal years 2008 through 2013,” after “2007,”.

1 **TITLE II—CONSERVATION**
2 **Subtitle A—Changes to Existing**
3 **Conservation Programs**

4 **SEC. 201. ENVIRONMENTAL QUALITY INCENTIVES PRO-**
5 **GRAM.**

6 (a) EXTENSION.—

7 (1) FUNDING EXTENSION AND INCREASE.—

8 Section 1241(a) of the Food Security Act of 1985
9 (16 U.S.C. 3841(a)) is amended by striking para-
10 graph (6) and inserting the following new para-
11 graph:

12 “(6) The environmental quality incentives pro-
13 gram under Chapter 4, using, to the maximum ex-
14 tent practicable, \$2,000,000,000 in each of fiscal
15 years 2008 through 2013.”.

16 (2) CONFORMING AMENDMENTS.—Section
17 1240B of such Act is amended (16 U.S.C. 3839aa-
18 2)—

19 (A) in subsection (a)(1), by striking
20 “2010” and inserting “2013”; and

21 (B) in subsection (g), by striking “2007”
22 and inserting “2013”.

23 (b) PURPOSES.—Section 1240 of such Act (16 U.S.C.
24 3839aa) is amended—

1 (1) in paragraph (2), by inserting “, conserving
2 energy,” after “resources”; and

3 (2) in paragraph (3), by inserting “and con-
4 serve energy,” after “wildlife”.

5 (c) BIDDING DOWN.—Subsection (c) of section
6 1240B of such Act (16 U.S.C. 3839aa–2) is amended to
7 read as follows:

8 “(c) BIDDING DOWN.—The Secretary shall not as-
9 sign a higher priority to any application because the appli-
10 cant is willing to accept a lower cost-share or incentive
11 payment than the applicant would otherwise be entitled
12 to receive. Nothing in this subsection shall be construed
13 to relieve the Secretary of the obligation, when evaluating
14 applications for cost-share payments and incentive pay-
15 ments, to evaluate the cost-effectiveness of the proposed
16 conservation practices, systems, and approaches described
17 in the applications and to prioritize the most cost-effective
18 applications, as required by section 1240C(1).”.

19 (d) EVALUATION OF APPLICATIONS FOR COST
20 SHARE PAYMENTS AND INCENTIVE PAYMENTS.—Section
21 1240C of such Act (16 U.S.C. 3839aa–3) is amended to
22 read as follows:

1 **“SEC. 1240C. EVALUATION OF APPLICATIONS FOR**
2 **COSTSHARE PAYMENTS AND INCENTIVE PAY-**
3 **MENTS.**

4 “In evaluating applications for cost-share payments
5 and incentive payments, the Secretary shall—

6 “(1) prioritize applications based on their over-
7 all level of cost-effectiveness to ensure that the con-
8 servation practices, systems, and approaches pro-
9 posed are the most efficient means of achieving the
10 anticipated and desired environmental benefits of the
11 project;

12 “(2) prioritize applications based on how effec-
13 tively and comprehensively the project addresses the
14 designated resource concern or resource concerns;

15 “(3) reward higher levels of environmental per-
16 formance, such as advanced levels of management
17 within land management practices;

18 “(4) develop criteria for evaluating applications
19 that will ensure that national, State, and local con-
20 servation priorities are effectively addressed; and

21 “(5) prioritize applications that will improve en-
22 vironmental performance or resource conservation on
23 existing agricultural operations.”.

24 (e) **COST SHARE PAYMENT EXCEPTION.**—Subsection
25 (d)(2)(A) of section 1240B of such Act (16 U.S.C.
26 3839aa–2) is amended to read as follows:

1 “(A) LIMITED RESOURCE AND BEGINNING
2 FARMERS.—The Secretary may increase the
3 amount provided to a producer under para-
4 graph (1) to not more than 90 percent if the
5 producer is a limited resource or beginning
6 farmer or rancher, as determined by the Sec-
7 retary, but in no event shall the cost share pay-
8 ment under this paragraph be less than 15 per-
9 cent more than the payment that the Secretary
10 may determine under paragraph (1).”.

11 (f) CONSERVATION INNOVATION GRANTS.—Section
12 1240H of such Act (16 U.S.C. 3839aa–8) is amended—

13 (1) in subsection (a), by striking “may” and in-
14 serting “shall”;

15 (2) in subsection (b)—

16 (A) by striking “may” and inserting
17 “shall”;

18 (B) by striking the “; and” at the end of
19 paragraph (2)(B) and inserting the following
20 new subparagraph:

21 “(C) methane digester research; and”.

22 (C) by striking “and” at the end of para-
23 graph (2);

24 (D) by striking the period at the end of
25 paragraph (3) and inserting “; and”; and

1 (E) by adding at the end the following new
2 paragraph:

3 “(4) include a plan for technology transfer.”;

4 and

5 (3) by adding at the end the following new sub-
6 sections:

7 “(d) TECHNOLOGY TRANSFER.—To the maximum
8 extent practicable, the Secretary shall ensure efficient, ef-
9 fective transfer of innovative technologies and approaches
10 demonstrated through projects that receive funding under
11 this section.

12 “(e) FUNDING.—In addition to amounts made avail-
13 able under section 1241(a)(6) to carry out this chapter,
14 the Secretary shall use funds of the Commodity Credit
15 Corporation to carry out this section in the following
16 amounts:

17 “(1) 40,000,000 for fiscal year 2008.

18 “(2) 50,000,000 for fiscal year 2009.

19 “(3) 60,000,000 for fiscal year 2010.

20 “(4) 75,000,000 for each of fiscal years 2011
21 through 2013.”.

22 (g) PERFORMANCE INCENTIVES FOR STATES.—
23 Chapter 4 of subtitle D of title XII of such Act is amended
24 by adding at the end the following new section:

1 **“SEC. 1240J. PERFORMANCE INCENTIVES FOR STATES.**

2 “(a) HIGH LEVEL OF PERFORMANCE BONUS.—For
3 each of fiscal years 2008 through 2013, 10 percent of the
4 funds made available under this chapter shall be reserved
5 by the Secretary for bonus allocations to States that dem-
6 onstrate a high level of performance in implementing the
7 environmental quality incentives program.

8 “(b) SPECIAL CONSIDERATIONS.—In evaluating
9 State performance under subsection (a), the Secretary
10 shall reward States that—

11 “(1) consistently meet the requirements of sec-
12 tion 1240C in evaluating offers and payments;

13 “(2) dedicate a portion of their annual environ-
14 mental quality incentives program allocation to
15 multi-producer cooperative efforts to address specific
16 resource concerns;

17 “(3) collaborate with other Federal and State
18 agencies, local governments, educational institutions,
19 and for-profit and nonprofit organizations to mon-
20 itor and evaluate the environmental outcomes associ-
21 ated with implementation of the environmental qual-
22 ity incentives program;

23 “(4) demonstrate effective and efficient pro-
24 gram delivery, including the provision of adequate
25 technical assistance to all program participants
26 through appropriate staffing and through coopera-

1 tion with other Federal, State, Tribal, and local
2 agencies, for-profit and nonprofit organizations, and
3 individuals with demonstrated expertise in the plan-
4 ning and implementation of conservation practices,
5 systems, and approaches;

6 “(5) support and encourage innovative ap-
7 proaches to addressing resource concerns;

8 “(6) effectively leverage Federal funding with
9 local and State matching funds; and

10 “(7) demonstrate effective outreach and innova-
11 tive approaches to reaching and serving beginning
12 farmers and ranchers, limited-resource producers,
13 and operators with lower rates of historical partici-
14 pation in Federal farm and conservation programs.”.

15 **SEC. 202. DELIVERY OF TECHNICAL ASSISTANCE.**

16 (a) Subsection (a)(2) of section 1242 of the Food Se-
17 curity Act of 1985 (16 U.S.C. 3842) is amended to read
18 as follows:

19 “(2) at the option of the producer, through a
20 payment, as determined by the Secretary, to an ap-
21 proved third party or technical service provider, if
22 available.”.

23 (b) Subsection (b)(1)(B) of section 1242 of the Food
24 Security Act of 1985 (16 U.S.C. 3842) is amended to read
25 as follows:

1 “(B) establishing the amounts and meth-
2 ods for payments for that assistance, provided
3 that payment rates reflect reasonable market
4 conditions for the region in which the assistance
5 would be provided.”.

6 (c) Subsection (b)(3) of section 1242 of the Food Se-
7 curity Act of 1985 (16 U.S.C. 3842) is amended to read
8 as follows:

9 “(3) COMPETITIVE BIDDING.—The Secretary
10 may accept bids from and enter into annual or
11 multi-year contracts and agreements with approved
12 third parties to provide technical assistance to pro-
13 ducers eligible for assistance under this title.”.

14 (d) Subsection (b)(4) of section 1242 of the Food Se-
15 curity Act of 1985 (16 U.S.C. 3842) is amended by strik-
16 ing “Secretary may request” and inserting “Secretary
17 shall, to the maximum extent practicable, request”.

18 (e) Subsection (b)(1) of section 1241 of the Food Se-
19 curity Act of 1985 (16 U.S.C. 3841) is amended to read
20 as follows:

21 “(1) shall be available for the provision of tech-
22 nical assistance for the programs for which funds
23 are made available beginning with the time that the
24 producer submits a bona fide application for assist-
25 ance under that program; and”.

1 **SEC. 203. COOPERATIVE CONSERVATION PARTNERSHIP**
2 **INITIATIVE.**

3 (a) ESTABLISHMENT OF GRANT PROGRAM.—Subtitle
4 D of title XII of the Food Security Act of 1985 is amend-
5 ed by adding at the end the following new chapter:

6 **“CHAPTER 6—COOPERATIVE CONSERVA-**
7 **TION PARTNERSHIP INITIATIVE**

8 **“SEC. 1240W. COOPERATIVE CONSERVATION PARTNERSHIP**
9 **INITIATIVE.**

10 “(a) GRANTS AND AGREEMENTS.—The Secretary
11 shall make grants and enter into agreements for not short-
12 er than 2-year or longer than 5-year terms with eligible
13 entities specified in subsection (c) to preferentially enroll
14 producers in 1 or more of the programs specified in sub-
15 section (b) to carry out special projects and initiatives
16 through which multiple producers and other interested
17 persons cooperate to address specific resources of concern
18 related to agricultural production on a local, State, or re-
19 gional scale.

20 “(b) COVERED PROGRAMS.—The conservation pro-
21 grams referred to in subsection (a) are the following:

22 “(1) Conservation reserve program, but only
23 the continuous signup portion of the program.

24 “(2) Conservation reserve enhancement pro-
25 gram.

26 “(3) Environmental quality incentives program.

1 “(4) Farmland protection program.

2 “(5) Grassland reserve program.

3 “(6) Ground and surface water conservation
4 program.

5 “(7) Wetland reserve program.

6 “(8) Wildlife habitat incentive program.

7 “(c) ELIGIBLE PARTNERS.—Grants may be made or
8 agreements may be entered into under this section with
9 any of the following (or a combination thereof):

10 “(1) States and agencies of States.

11 “(2) Political subdivisions of States, including
12 State-sponsored conservation districts.

13 “(3) Indian tribes.

14 “(4) Nongovernmental organizations and asso-
15 ciations, including producer associations, farmer co-
16 operatives, extension associations, and conservation
17 organizations with a history of working cooperatively
18 with producers to effectively address resource con-
19 cerns related to agricultural production, as deter-
20 mined by the Secretary.

21 “(d) APPLICATIONS.—

22 “(1) COMPETITIVE PROCESS.—The Secretary
23 shall establish a competitive process for considering
24 applications for grants or agreements under this sec-

1 tion consistent with the evaluation criteria listed in
2 subsection (e).

3 “(2) PROGRAM ALLOCATION.—Applications
4 shall include—

5 “(A) specification of the amount of fund-
6 ing or acres, or both, of 1 or more covered pro-
7 grams specified in subsection (b) proposed to be
8 allocated to carry out the special project or ini-
9 tiative; and

10 “(B) a schedule for utilization of funding
11 or acres over the life of the proposed project or
12 initiative.

13 “(e) EVALUATION CRITERIA.—In evaluating applica-
14 tions for grants or agreements under this section the Sec-
15 retary shall consider the extent to which—

16 “(1) preferential enrollment in the covered pro-
17 grams specified in the application will effectively ad-
18 dress the environmental objectives established for
19 the special project or initiative; and

20 “(2) the special project or initiative covered by
21 the application—

22 “(A) enjoys local and regional support
23 from producers and other interested persons,
24 including governmental and nongovernmental

1 organizations with appropriate expertise on the
2 issues the project or initiative seeks to address;

3 “(B) includes clear environmental objec-
4 tives and a high likelihood of success;

5 “(C) includes a well defined project or ini-
6 tiative plan that identifies sensitive areas re-
7 quiring treatment and prioritizes conservation
8 systems, practices, and activities needed to
9 achieve environmental objectives;

10 “(D) promises adequate and coordinated
11 participation to achieve the objectives of the
12 project or initiative;

13 “(E) coordinates integration of local,
14 State, and Federal efforts to make the best use
15 of available resources and maximize cost-effec-
16 tive investments;

17 “(F) leverages financial and technical re-
18 sources from sources other than the programs
19 authorized by this subtitle, including financial
20 and technical resources provided by Federal
21 and State agencies, local governments, non-
22 governmental organizations and associations,
23 and other private sector entities;

24 “(G) describes how all necessary technical
25 assistance will be provided to each producer

1 participating in the project or initiative, includ-
2 ing cost estimates for technical assistance and
3 whether such assistance will be provided by
4 technical service providers;

5 “(H) describes how the administrative
6 costs of the project or initiative will be mini-
7 mized;

8 “(I) addresses a local, State, regional, or
9 national environmental priority or priorities,
10 with particular emphasis on any priority for
11 which there is an existing State or federally ap-
12 proved plan in place for addressing that pri-
13 ority;

14 “(J) includes a plan to evaluate progress
15 and measure results; and

16 “(K) clearly demonstrates that enrollment
17 of producers in covered programs will be con-
18 sistent with the purposes and policies of each
19 individual program, as established in statute,
20 rules and regulations, and program guidance
21 promulgated by implementing agencies.

22 “(f) PRIORITIES.—To the maximum extent prac-
23 ticable, consistent with the requirements of subsection (d),
24 the Secretary shall ensure that, each fiscal year, grants
25 are awarded and agreements are entered into under this

1 section to support projects and initiatives that collectively
2 address the resource concerns facing producers, ranchers,
3 and small private forest landowners, including specifically
4 projects and initiatives that are designed—

5 “(1) to achieve improvements in water quality
6 in watersheds impacted by agriculture, particularly
7 by increasing the participation of producers in im-
8 plementing best management practices in a water-
9 shed or developing environmentally and economically
10 viable alternative uses for manure and litter;

11 “(2) to achieve improvements in air quality in
12 a geographical area where agricultural operations
13 impact air quality, especially an area that, as deter-
14 mined by the Administrator of the Environmental
15 Protection Agency, is a non-attainment area with re-
16 spect to any of the national ambient air quality
17 standards promulgated by the Administrator under
18 section 109 of the Clean Air Act (42 U.S.C. 7409);

19 “(3) to conserve water for environmental pur-
20 poses, such as enhanced in stream flows or aquifer
21 recharge in regions, States, or local areas where
22 water quantity is a concern;

23 “(4) to assist in the recovery of Federal or
24 State-listed endangered species or species of special
25 concern or to further the goals and objectives of a

1 State’s comprehensive wildlife conservation plan
2 through the cooperative efforts of multiple pro-
3 ducers;

4 “(5) to control invasive species on rangeland or
5 other agricultural land through the cooperative ef-
6 forts of multiple producers in a geographical area;

7 “(6) to address a specific resource of concern or
8 set of concerns on private, non-industrial forest land;

9 “(7) to reduce losses of pesticides to the envi-
10 ronment by engaging multiple producers in a geo-
11 graphic area in adoption of integrated pest manage-
12 ment practices and approaches; and

13 “(8) to keep working farms and ranches facing
14 development pressures in agricultural use.

15 “(g) COST SHARE.—

16 “(1) MAXIMUM; EXCEPTIONS.—The Secretary
17 shall not require more than 25 percent of the cost
18 of a project or initiative supported under a grant or
19 agreement entered into under this section to come
20 from non-Federal sources. However, the Secretary
21 may award more points to projects or initiatives of-
22 fering to cover a higher percentage of the cost of the
23 project or initiative from non-Federal sources.

24 “(2) IN-KIND CONTRIBUTIONS.—If the Sec-
25 retary establishes a cost-share requirement for a

1 project or initiative, the Secretary shall allow the use
2 of in-kind contributions to meet that requirement.

3 “(h) FUNDING.—

4 “(1) SET-ASIDE.—Of the funds provided each
5 fiscal year to implement the programs specified in
6 subsection (b), the Secretary shall reserve the fol-
7 lowing percentages to ensure an adequate source of
8 funds for grants and agreements entered into under
9 this section:

10 “(A) 5 percent for fiscal year 2008;

11 “(B) 10 percent for fiscal year 2009;

12 “(C) 15 percent for fiscal year 2010; and

13 “(D) 20 percent for each of fiscal years
14 2011 through 2013.

15 “(2) ALLOCATION TO STATES.—The Secretary
16 shall allocate to States 75 percent of the funds re-
17 served under paragraph (1) for a fiscal year to allow
18 State Conservationists, with the advice of State tech-
19 nical committees, to select projects and initiatives
20 for funding under this section at the State level. The
21 allocation shall be made on a similar basis as what
22 would have been the case under the covered pro-
23 grams identified in subsection (b).”.

1 (b) CONFORMING REPEAL.—Section 1243 of the
2 Food Security Act of 1985 (16 U.S.C. 3843) is amended
3 by striking subsection (f).

4 **SEC. 204. CONSERVATION LOAN GUARANTEE PROGRAM.**

5 Subtitle A of the Consolidated Farm and Rural De-
6 velopment Act (7 U.S.C. 1921–1936a) is amended by in-
7 serting after section 304 the following:

8 **“SEC. 304A. CONSERVATION LOAN GUARANTEE PROGRAM.**

9 “(a) IN GENERAL.—The Secretary may provide a
10 loan guarantee, an interest subsidy, or both, to enable an
11 eligible borrower to obtain a qualified conservation loan.

12 “(b) DEFINITIONS.—In this section:

13 “(1) ELIGIBLE BORROWER.—The term ‘eligible
14 borrower’ means a farmer, rancher, farm coopera-
15 tive, private domestic corporation, partnership, joint
16 operation, trust, or limited liability company, that is
17 engaged primarily and directly in agricultural pro-
18 duction in the United States.

19 “(2) QUALIFIED CONSERVATION LOAN.—The
20 term ‘qualified conservation loan’ means a loan that
21 meets the following requirements:

22 “(A) PURPOSE.—The loan proceeds are re-
23 quired to be used to cover the costs to the bor-
24 rower of carrying out a qualified conservation
25 project.

1 “(B) PRINCIPAL AMOUNT.—The principal
2 amount of the loan is not more than
3 \$1,000,000.

4 “(C) REPAYMENT PERIOD.—The loan re-
5 payment period shall not exceed 10 years.

6 “(D) NO REPAYMENT REQUIRED IN FIRST
7 YEAR.—The lender is prohibited from requiring
8 any part of the loan to be repaid in the 1-year
9 period that begins with the date of the closing
10 of the loan.

11 “(E) NO LOAN FORGIVENESS.—The lender
12 is prohibited from forgiving any part of the
13 loan.

14 “(F) LIMITED PROCESSING FEE.—The
15 total of all processing fees charged with respect
16 to the loan does not exceed such amount as
17 shall be prescribed by the Secretary.

18 “(3) QUALIFIED CONSERVATION PROJECT.—
19 The term ‘qualified conservation project’ means,
20 with respect to an eligible borrower, conservation
21 measures included in a conservation plan for a farm-
22 ing or ranching operation of the borrower, includ-
23 ing—

24 “(A) the installation of conservation struc-
25 tures, including terraces, sod waterways, per-

1 manently vegetated stream borders and filter
2 strips, windbreaks (tree or grass), shelter belts,
3 and living snow fences, if all plantings consist
4 of vegetation appropriate to the locale;

5 “(B) the establishment of forest cover for
6 sustained yield timber management, erosion
7 control, or shelter belt purposes, if the forest
8 cover is appropriate to the locale;

9 “(C) the installation of water conservation
10 measures;

11 “(D) the installation of waste management
12 systems;

13 “(E) the establishment or improvement of
14 permanent pasture;

15 “(F) the payment of costs of complying
16 with section 1212 of the Food Security Act of
17 1985;

18 “(G) other purposes consistent with the
19 conservation plan;

20 “(H) any conservation project or practice,
21 as described by technical guides and handbooks
22 issued by the Natural Resources Conservation
23 Service; or

1 “(I) emerging conservation practices, tech-
2 niques, or technologies, as approved by the Sec-
3 retary.

4 “(c) LIMITATIONS APPLICABLE TO LOAN GUARAN-
5 TEES.—

6 “(1) LIMITATION ON AMOUNT OF GUAR-
7 ANTEE.—The portion of a loan that the Secretary
8 may guarantee under this section shall be not less
9 than 80 percent and not more than 90 percent of
10 the principal amount of the loan.

11 “(2) LIMITATION ON TOTAL AMOUNT OUT-
12 STANDING.—The aggregate principal amount of out-
13 standing loans guaranteed by the Secretary under
14 this section shall not exceed \$1,000,000,000.

15 “(d) LIMITATION ON AMOUNT OF INTEREST SUB-
16 SIDY.—The interest subsidy which the Secretary may pro-
17 vide under this section with respect to a loan shall result
18 in a reduction of the interest rate agreed upon by the bor-
19 rower and the lender (but to not less than zero) by—

20 “(1) 500 basis points, if the principal amount
21 of the loan is less than \$100,000;

22 “(2) 400 basis points, if the principal amount
23 of the loan is not less than \$100,000 and is less
24 than \$500,000; and

25 “(3) 300 basis points, in any other case.

1 “(e) ADMINISTRATIVE PROVISIONS.—

2 “(1) AUTHORITY TO COLLECT PROCESSING
3 FEE.—The Secretary may assess a fee to cover the
4 cost of processing an application under this section
5 equal to not more than 1 percent of the principal
6 amount of the loan sought by the applicant, as de-
7 scribed in the application.

8 “(2) PROVISION OF FINANCIAL INFORMA-
9 TION.—An applicant for a loan guarantee or interest
10 subsidy under this section shall provide the Sec-
11 retary with such financial information as may be re-
12 quired by the Secretary, in the manner generally re-
13 quired by commercial agricultural lenders in the geo-
14 graphical area where the farming or ranching oper-
15 ation of the applicant is located.

16 “(3) APPRAISAL.—The Secretary may require
17 that an appraisal made in connection with an appli-
18 cation for a loan guarantee or interest subsidy under
19 this section be conducted by a specialized appraiser
20 that uses standards similar to the standards used
21 for similar purposes in the private sector, as deter-
22 mined by the Secretary.

23 “(4) APPROVAL OF APPLICATION.—The Sec-
24 retary shall not approve an application submitted

1 pursuant to this section, unless the Natural Re-
2 sources Conservation Service has determined that—

3 “(A) the loan sought by the applicant, as
4 described in the application, would be a quali-
5 fied conservation loan; and

6 “(B) the project for which the loan is
7 sought is likely to result in a net benefit to the
8 environment.

9 “(5) DEADLINE FOR DECISION ON APPLICA-
10 TION.—Within 45 business days after the receipt of
11 an application for assistance under this section, the
12 Secretary shall transmit to the applicant the decision
13 of the Secretary to approve or disapprove the appli-
14 cation, to the extent practicable.

15 “(6) EQUITABLE DISTRIBUTION OF LOAN
16 GUARANTEES AND INTEREST SUBSIDIES.—The Sec-
17 retary shall ensure that loan guarantees and interest
18 subsidies under this section are equitably distributed
19 among agricultural producers according to the scale
20 of the operations of the producers that submit appli-
21 cations in any year.

22 “(f) RELATIONSHIP WITH OTHER CONSERVATION
23 PROGRAMS.—Neither the application for, nor the receipt
24 of, a loan guarantee or an interest subsidy under this sec-
25 tion shall affect the eligibility of the recipient for assist-

1 ance under title XII of the Food Security Act of 1985
2 or the Watershed Protection and Flood Prevention Act.

3 “(g) APPROPRIATIONS.—For each of fiscal years
4 2008 through 2013, the Secretary shall use such funds
5 of the Commodity Credit Corporation as are necessary to
6 carry out this section.”.

7 **SEC. 205. PILOT PROGRAM FOR COMPREHENSIVE CON-**
8 **SERVATION PLANNING.**

9 Subtitle D of title XII of the Food Security Act of
10 1985 is amended by adding at the end of chapter 5 the
11 following new section:

12 **“SEC. 1240Q. PILOT PROGRAM FOR COMPREHENSIVE CON-**
13 **SERVATION PLANNING.**

14 “(a) IN GENERAL.—The Secretary shall establish a
15 pilot program to undertake comprehensive conservation
16 planning to assist producers prior to making application
17 for assistance under any of the conservation programs au-
18 thorized by this subtitle.

19 “(b) CONSERVATION PLANNING ASSISTANCE.—The
20 Secretary shall undertake 4 pilot projects in the locations
21 specified in paragraph (c) to assist producers by making
22 a comprehensive assessment of the resource concerns,
23 needs, and alternative solutions for the producer’s entire
24 operation, as determined by the Secretary, following the
25 procedures in the Natural Resources Conservation Service

1 conservation planning manual. The assistance to pro-
2 ducers shall be provided by the Secretary directly or
3 through third party providers certified by the Secretary,
4 and shall not be at the expense of the producer. The result
5 of the comprehensive planning assistance shall be provided
6 to the producer to enable informed choices on the type
7 of financial assistance available through subtitle D con-
8 servation programs administered by the Secretary that
9 would most effectively address the resource needs of the
10 operation consistent with the environmental goals for the
11 area in which the operation is located.

12 “(c) PILOT PROJECTS.—Pilot projects in comprehen-
13 sive conservation planning shall be undertaken in the fol-
14 lowing locations:

15 “(1) Chesapeake Bay watershed.

16 “(2) Great Lakes Basin.

17 “(3) Connecticut River Valley Watershed.

18 “(4) Highlands Region, as defined in section 3
19 of Public Law 108–421.

20 “(d) FUNDING.—Of the funds of the Commodity
21 Credit Corporation, the Secretary shall provide \$40 mil-
22 lion each of fiscal years 2008 through 2013 to carry out
23 the pilot comprehensive conservation planning program
24 authorized by this section. The funds shall be equitably
25 divided, between each of the 4 pilot projects.

1 “(e) REPORT.—The Secretary shall conduct an as-
2 sessment of the effectiveness of the comprehensive con-
3 servation planning pilot and publish a report, available to
4 the public, of the results of the assessment. Such assess-
5 ments shall be undertaken in the second year and the fifth
6 year of the pilot program.”.

7 **SEC. 206. CONSERVATION APPLICATION PROCESS.**

8 Subtitle E of title XII of the Food Security Act of
9 1985 (16 U.S.C. 3841 et seq.) is amended by adding at
10 the end of section 1244 the following:

11 “(c) IN GENERAL.—In carrying out any of the con-
12 servation programs administered by the Natural Re-
13 sources Conservation Service, the Secretary shall establish
14 a single, simplified application for eligible entities to use
15 in initially requesting assistance. The Secretary shall in-
16 sure that conservation program participant need not be
17 required to provide information duplicate to the informa-
18 tion and resources already available to the Secretary, for
19 that applicant and for that specific operation, and that
20 the application process imposed on conservation program
21 participants be streamlined to minimize complexity and re-
22 dundancy.

23 “(1) REVIEW OF APPLICATION PROCESS.—The
24 Secretary shall review the conservation application
25 process and the forms and related mechanisms used

1 to receive assistance requests from eligible program
2 participants. This review shall be to determine what
3 information the participant is actually required to be
4 submitted during the application process, includ-
5 ing—

6 “(A) identification information for the ap-
7 plicant;

8 “(B) identification and location informa-
9 tion for the land parcel or tract of concern;

10 “(C) a general statement of the applicant’s
11 need for or resource concern on the land parcel
12 or tract; and

13 “(D) the minimum amount of other infor-
14 mation the Secretary deems essential for the
15 applicant himself or herself to provide.

16 “(2) REVISION AND STREAMLINE.—The Sec-
17 retary shall carry out a revision of the application
18 forms and processes for conservation programs cov-
19 ered in this subsection to enable utilization of infor-
20 mation technology as an avenue to incorporate ap-
21 propriate data and information concerning the con-
22 servation needs and solutions appropriate for the
23 land area identified by the applicant. The revision
24 shall seek to streamline the application process to
25 minimize the burden placed on the applicant.

1 “(3) CONSERVATION PROGRAM APPLICATION.—

2 At the time that the applicant’s needs are ade-
3 quately assessed by the Secretary, or through a third
4 party provider under section 1242, in order to deter-
5 mine the programs covered under title XII that best
6 matches the need of the applicant, with the approval
7 of the applicant, the Secretary may convert the ini-
8 tial application into the specific application for as-
9 sistance for the program of choice. To the maximum
10 extent practical, the specific application for con-
11 servation program assistance shall be carried out by
12 the Secretary by requesting only that specific further
13 information from the applicant that is not already
14 available to the Secretary.

15 “(4) IMPLEMENTATION AND NOTIFICATION.—

16 Not later than 12 months after the date of enact-
17 ment of this act, the Secretary shall complete the re-
18 quirements of this subsection and shall provide a
19 written notification of such completion to the Com-
20 mittees on Agriculture of the House and Senate.”.

1 **SEC. 207. MINIMUM BASE ALLOCATION TO STATES IN**
2 **FUNDING OF CERTAIN DEPARTMENT OF AG-**
3 **RICULTURE CONSERVATION PROGRAMS.**

4 Subsection (d) of section 1241 of the Food Security
5 Act of 1985 (16 U.S.C. 3841) is amended to read as fol-
6 lows:

7 “(d) MINIMUM BASE ALLOCATION TO STATES FOR
8 CERTAIN CONSERVATION PROGRAMS.—In allocating
9 funds to States to implement the conservation programs
10 under subtitle D (excluding the conservation reserve pro-
11 gram under subchapter B of chapter 1, the wetlands re-
12 serve program under subchapter C of chapter 1, the con-
13 servation security program under subchapter A of chapter
14 2, and the grassland reserve program under subchapter
15 C of chapter 2), the Secretary shall ensure that each State
16 receives, at a minimum, \$15,000,000 for each of the fiscal
17 years 2007 through 2013. Any award from the national
18 level under chapter 6 to a project in or adjacent to a State
19 shall not be counted as part of the minimum base alloca-
20 tion to such State under this subsection”.

21 **SEC. 208. CONSERVATION SECURITY PROGRAM.**

22 It is the sense of Congress that the conservation secu-
23 rity program established under subchapter A of chapter
24 2 of subtitle D of title XII of the Food Security Act of
25 1985 (16 U.S.C. 3838 et seq.) should—

1 (1) be fully funded and implemented on a na-
2 tionwide basis;

3 (2) simplify and streamline payments and eligi-
4 bility requirements to increase transparency, clarity,
5 and ease of use by producers;

6 (3) create a better balance between rewards for
7 current stewardship and incentives for new conserva-
8 tion;

9 (4) emphasize payments based on management
10 intensity, that is, the level of treatment, as well as
11 the breadth of resource concerns addressed;

12 (5) reward producers for addressing the most
13 important resources of concern as determined by
14 States;

15 (6) provide greater flexibility to States (State
16 technical committees) to determine and rank priority
17 resource concerns;

18 (7) provide adequate technical assistance to en-
19 sure that there is the capacity to enroll participants,
20 provide on-site assessment and planning, and to fa-
21 cilitate timely contract renewals and modifications;

22 (8) provide a predictable and reliable stream of
23 revenue based on environmental measures;

1 (9) be universally available and adaptable to all
2 types of farm operations in all regions of the coun-
3 try;

4 (10) expand eligibility to include nonindustrial
5 private forested land, even if not incidental to an ag-
6 ricultural operation;

7 (11) provide a minimum annual base payment;

8 (12) ensure program complements and is run in
9 coordination with other NARCS working lands con-
10 servation programs;

11 (13) encourage payments based on carbon se-
12 questration;

13 (14) encourage environmentally-sound methods
14 and practices for the production of sustainable cel-
15 lulosic bioenergy feedstocks; and

16 (15) ensure “dual eligibility” for certified or-
17 ganic farms.

18 **SEC. 209. REAUTHORIZATION OF AND INCREASED FUNDING**

19 **FOR FARMLAND PROTECTION PROGRAM.**

20 (a) **FUNDING.**—Paragraph (4) of subsection (a) of
21 section 1241 of the Food Security Act of 1985 (16 U.S.C.
22 3841) is amended to read as follows:

23 “(4) The farmland protection program under
24 subchapter B of chapter 2, using, to the maximum

1 extent practicable, \$300,000,000 in each of fiscal
2 years 2008 through 2013.”.

3 (b) PROGRAM REVISIONS.—Subchapter B of Chapter
4 2 of subtitle D of title XII of the Food Security Act of
5 1985 (16 U.S.C. 3838h et seq.) is amended to read as
6 follows:

7 **“Subchapter B—Farmland Protection**
8 **Program**

9 **“SEC. 1238H. DEFINITIONS.**

10 “In this subchapter:

11 “(1) ELIGIBLE ENTITY.—The term ‘eligible en-
12 tity’ means—

13 “(A) any agency of any State or local gov-
14 ernment or an Indian tribe (including a farm-
15 land protection board or land resource council
16 established under State law); or

17 “(B) any organization that—

18 “(i) is organized for, and at all times
19 since the formation of the organization has
20 been operated principally for, one or more
21 of the conservation purposes specified in
22 clause (i), (ii), (iii), or (iv) of section
23 170(h)(4)(A) of the Internal Revenue Code
24 of 1986;

1 “(ii) is an organization described in
2 section 501(c)(3) of that Code that is ex-
3 empt from taxation under section 501(a)
4 of that Code;

5 “(iii) is described in section 509(a)(2)
6 of that Code; or

7 “(iv) is described in section 509(a)(3),
8 and is controlled by an organization de-
9 scribed in section 509(a)(2), of that Code.

10 “(2) ELIGIBLE LAND.—The term ‘eligible land’
11 means land on a farm or ranch that is—

12 “(A) cropland;

13 “(B) rangeland;

14 “(C) grassland;

15 “(D) pasture land; or

16 “(E) forest land that is an incidental part
17 of an agricultural operation, as determined by
18 the Secretary.

19 “(3) INDIAN TRIBE.—The term ‘Indian tribe’
20 has the meaning given the term in section 4 of the
21 Indian Self-Determination and Education Assistance
22 Act (25 U.S.C. 450b).

23 “(4) QUALIFIED STATE OR LOCAL ENTITY.—A
24 qualified State or local entity is an eligible entity,

1 public or private, that operates a farm and ranch-
2 land protection program that has—

3 “(A) for at least 3 calendar or fiscal years
4 used or provided public or private funds to pur-
5 chase perpetual conservation easements or other
6 interests in land on a cumulative total of at
7 least 10 properties that have protected the agri-
8 cultural production capacity and related con-
9 servation values of farm and ranch land;

10 “(B) the necessary authority under State
11 law, as well as the technical and financial ca-
12 pacity, to monitor and enforce the terms of
13 such conservation easements or other interests
14 in land so that their purpose is carried out in
15 perpetuity, or in the case of a governmental en-
16 tity, to legally require other public or private
17 holders of such easements or interests in land
18 acquired with public funding to hold, monitor
19 and enforce them in perpetuity; and

20 “(C) financial control policies in place to
21 assure that on average the purchase price of
22 conservation easements and other interests in
23 land does not exceed their appraised fair mar-
24 ket value.

1 “(5) PROGRAM.—The term ‘program’ means
2 the farmland protection program established under
3 section 1238I(a).

4 **“SEC. 1238I. FARMLAND PROTECTION.**

5 “(a) IN GENERAL.—The Secretary, acting through
6 the Natural Resources Conservation Service, shall estab-
7 lish and carry out a farm and ranchland protection pro-
8 gram under which the Secretary shall facilitate and pro-
9 vide funding for the purchase of conservation easements
10 or other interests in eligible land for the purpose of pro-
11 tecting the agricultural production capacity and related
12 conservation values of the land by limiting incompatible
13 nonagricultural uses of the land. The program shall give
14 the highest priority to protecting farm and ranchland with
15 prime, unique or other productive soils that are at risk
16 of non-farm development.

17 “(b) GRANTS.—The Secretary, acting through the
18 Natural Resources Conservation Service, shall, as the pre-
19 ferred method of administering this program, make grants
20 to qualified State and local entities. Such grants shall be
21 distributed among States based on demonstrated need for
22 farm and ranch land protection and on the relative con-
23 tribution of funds dedicated by State and local entities for
24 this purpose. Grants may be made for multiple trans-
25 actions without regard for whether pending purchase of-

1 fers are outstanding, provided that all funds provided
2 under this program are used to purchase conservation
3 easements or other interests in land. Qualified State and
4 local entities may use up to ten percent of a grant for
5 reasonable costs of purchasing and enforcing conservation
6 easements. Any funds not granted to qualified State or
7 local entities under this section shall be available to other
8 eligible entities as matching funds for individual purchases
9 of conservation easements and other interests in land.

10 “(c) GRANT AGREEMENTS.—The Secretary, acting
11 through the Natural Resources Conservation Service, may
12 enter into agreements with qualified State and local enti-
13 ties, under which such State and local entities may pur-
14 chase conservation easements using a combination of their
15 own funds and grant funds distributed by the Secretary
16 under this program. Such agreements shall stipulate the
17 terms and conditions under which qualified State and local
18 entities shall use funds provided by the Secretary under
19 this program, provided that under such agreements:

20 “(1) State and local entities shall be authorized
21 to determine their own criteria and priorities for
22 purchasing conservation easements and other inter-
23 ests in land.

24 “(2) States and local entities shall be author-
25 ized to use their own terms and conditions for con-

1 servation easements and other purchases of interests
2 in land, provided that—

3 “(A) such terms and conditions are ade-
4 quate under State law to achieve and permit ef-
5 fective enforcement of the conservation pur-
6 poses of such easements or other interests, and

7 “(B) the entity has in place a requirement
8 consistent with the purposes of the program re-
9 garding the impervious surfaces to be allowed
10 for any conservation easement or other interest
11 in land purchased using grant funds provided
12 through this section.

13 “(3) Up to ten percent of grant funds may be
14 used for reasonable costs of purchasing and enforce-
15 ing conservation easements.

16 “(4) No Federal contingent right of enforce-
17 ment or reversionary interest in a conservation ease-
18 ment or other purchase of an interest in land shall
19 be required.

20 “(d) INDIVIDUAL PURCHASES.—The Secretary may
21 enter into agreements with eligible entities under which
22 the Secretary shall provide matching funds for the purpose
23 of purchasing conservation easements or other interests
24 of land on individual farm and ranch properties. The Sec-
25 retary may agree to such terms as he deems appropriate

1 to assure that the purpose of this program is carried out;
2 provided, however, that subsection (c)(4) of this section
3 shall apply to any easement held by a State or local agen-
4 cy, or in which a qualified State or local entity will hold
5 a contingent right of enforcement.

6 “(e) CONSERVATION PLAN.—Notwithstanding sub-
7 section (c)(2), any highly erodible cropland for which a
8 conservation easement or other interest is purchased
9 under this subchapter shall be subject to the requirements
10 of a conservation plan; provided, however, that for ease-
11 ments and other interests in land that are perpetual in
12 duration, the Secretary may not require the conversion of
13 the cropland to less intensive uses if, under such plan, soil
14 erosion can be reduced to ‘T’ or below.

15 “(f) COST SHARING.—

16 “(1) FARMLAND PROTECTION.—The share of
17 the cost provided under this section for purchasing
18 a conservation easement or other interest in eligible
19 land described in subsection (a) provided under sec-
20 tion 1241(d) shall not exceed—

21 “(A) 50 percent of the appraised fair mar-
22 ket value of the conservation easement or other
23 interest in eligible land; or

24 “(B) if a qualified conservation contribu-
25 tion, as defined by section 170(h) of the Inter-

1 nal Revenue Code, of at least 25 percent of the
 2 market value is made by the landowner in con-
 3 nection with the purchase of a conservation
 4 easement or other interest in land, two-thirds of
 5 the actual cost of purchasing such conservation
 6 easement or other interest in land.

7 “(2) BIDDING DOWN.—If the Secretary deter-
 8 mines that 2 or more applications for the purchase
 9 of a conservation easement or other interest in eligi-
 10 ble land described in subsection (a) are comparable
 11 in achieving the purposes of this section, the Sec-
 12 retary shall not assign a higher priority to any one
 13 of those applications solely on the basis of lesser cost
 14 to the farmland protection program established
 15 under subsection (a).”.

16 **SEC. 210. FARMLAND PROTECTION POLICY ACT.**

17 Subtitle I of title XV of the Food and Agriculture
 18 Act of 1981 (7 U.S.C. 4201 et seq.) is amended to read
 19 as follows:

20 **“Subtitle I—Farmland Protection**
 21 **Policy Act**

22 **“SEC. 1539. SHORT TITLE.**

23 “‘This subtitle may be cited as the ‘Farmland Protec-
 24 tion Policy Act’.

1 **“SEC. 1540. FINDINGS, PURPOSES, AND DEFINITIONS.**

2 “(a) Congress finds that—

3 “(1) the Nation’s farmland is a unique and ir-
4 replaceable natural resource critical to the country’s
5 national security, by providing food, fiber and renew-
6 able energy necessary for the continued welfare of
7 the people of the United States;

8 “(2) each year, a large amount of the Nation’s
9 farmland is unnecessarily and irrevocably converted
10 from actual or potential agricultural use to non-
11 agricultural use;

12 “(3) continued conversion of the Nation’s farm-
13 land base to nonagricultural uses may threaten the
14 ability of the United States to produce food, fiber
15 and renewable energy in sufficient quantities to meet
16 domestic needs and the demands of our export mar-
17 kets;

18 “(4) the extensive use of farmland for non-
19 agricultural purposes undermines the economic base
20 of many rural areas;

21 “(5) Federal actions, in many cases, result in
22 the conversion of farmland to nonagricultural uses
23 where alternative actions are feasible;

24 “(6) the Department of Agriculture is the agen-
25 cy primarily responsible for the implementation of
26 Federal policy with respect to United States farm-

1 land, assuring the maintenance of the agricultural
2 production capacity of the United States, and has
3 the personnel and other resources needed to imple-
4 ment national farmland protection policy;

5 “(7) the Department of Agriculture and other
6 Federal agencies should take steps to assure that
7 the actions of the Federal Government do not unnec-
8 essarily cause United States farmland to be irrevers-
9 ibly converted to nonagricultural uses in cases in
10 which other national interests do not override the
11 importance of the protection of farmland nor other-
12 wise outweigh the benefits of maintaining farmland
13 resources; and

14 “(8) the Department of Agriculture and other
15 Federal agencies should be required to ensure that
16 the actions of the Federal Government do not cause
17 permanently protected United States farmland to be
18 irreversibly converted to nonagricultural uses where
19 there are other feasible alternatives, and to mitigate
20 the loss of any such farmland if no feasible alter-
21 native exists.

22 “(b) The purpose of this subtitle is to minimize the
23 extent to which Federal programs contribute to the irre-
24 versible conversion of farmland to nonagricultural uses,
25 and to assure to the greatest degree possible that Federal

1 programs are administered in a manner that is compatible
2 with State, unit of local government, and private programs
3 and policies to protect farmland.

4 “(c) In this subtitle:

5 “(1) The term ‘farmland’ includes all land de-
6 fined as follows:

7 “(A) Prime farmland is land that has the
8 best combination of physical and chemical char-
9 acteristics for producing food, feed, fiber, for-
10 age, oilseed, and other agricultural crops with
11 minimum inputs of fuel, fertilizer, pesticides,
12 and labor, and without intolerable soil erosion,
13 as determined by the Secretary. Prime farm-
14 land includes land that possesses the above
15 characteristics but is being used currently to
16 produce livestock and timber. It does not in-
17 clude land already in or committed to urban de-
18 velopment or water storage.

19 “(B) Unique farmland is land other than
20 prime farmland that is used for production of
21 specific high-value food and fiber crops, as de-
22 termined by the Secretary. It has the special
23 combination of soil quality, location, growing
24 season, and moisture supply needed to economi-
25 cally produce sustained high quality or high

1 yields of specific crops when treated and man-
2 aged according to acceptable farming methods.
3 Examples of such crops include citrus, tree
4 nuts, olives, cranberries, fruits, and vegetables.

5 “(C) Farmland, other than prime or
6 unique farmland, that is of statewide or local
7 importance for the production of food, feed,
8 fiber, forage, oilseed or energy crops, as deter-
9 mined by the appropriate State or unit of local
10 government agency or agencies, and that the
11 Secretary determines should be considered as
12 farmland for the purposes of this subtitle.

13 “(2) The term ‘State’ means any of the 50
14 States, the District of Columbia, the Commonwealth
15 of Puerto Rico, the Commonwealth of the Northern
16 Mariana Islands, the Trust Territory of the Pacific
17 Islands, or any territory or possession of the United
18 States.

19 “(3) The term ‘unit of local government’ means
20 the government of a county, municipality, town,
21 township, village, or other unit of general govern-
22 ment below the State level, or a combination of units
23 of local government acting through an area wide
24 agency under State law or an agreement for the for-
25 mulation of regional development policies and plans.

1 “(4) The term ‘Federal program’ means those
2 activities or responsibilities of a department, agency,
3 independent commission, or other unit of the Fed-
4 eral Government that involve—

5 “(A) undertaking, financing, or assisting
6 construction or improvement projects; or

7 “(B) acquiring, managing, or disposing of
8 Federal lands and facilities. The term ‘Federal
9 program’ does not include construction or im-
10 provement projects that on the effective date of
11 this subtitle are beyond the planning stage and
12 are in either the active design or construction
13 state.

14 “(5) The term ‘permanently protected farm-
15 land’ means farmland subject to a permanent con-
16 servation easement in accordance with the provisions
17 of section 170(h) of the Internal Revenue Code of
18 1986 or held by the Federal Government or any
19 State or local unit of government.

20 “(6) The term ‘Secretary’ means the Secretary
21 of Agriculture.

22 **“SEC. 1541. FARMLAND PROTECTION POLICY.**

23 “(a) The Department of Agriculture, in cooperation
24 with other departments, agencies, independent commis-
25 sions, and other units of the Federal Government, shall

1 develop criteria for identifying the effects of Federal pro-
2 grams on the conversion of farmland to nonagricultural
3 uses.

4 “(b) Departments, agencies, independent commis-
5 sions, and other units of the Federal Government shall,
6 in cooperation with the Department of Agriculture, use
7 the criteria established under subsection (a) of this section
8 to—

9 “(1) identify the quantity of farmland that will
10 be directly or indirectly converted through proposed
11 Federal program activities and actions under their
12 jurisdiction; and

13 “(2) develop and implement, to the maximum
14 extent feasible, alternative actions to minimize the
15 impact of the Federal program action or activity on
16 the conversion of farmland to nonagricultural uses
17 and ensure its compatibility with State, unit of local
18 government, and private programs and policies to
19 protect farmland.

20 “(c) Permanently protected farmland shall not be
21 subject to conversion to nonagricultural uses by Federal
22 programs unless the Secretary in cooperation with Fed-
23 eral, State, and local agencies determines that there is no
24 other feasible alternative to the proposed Federal program
25 activity. Where a Federal action results in the conversion

1 of permanently protected farmland to nonagricultural use,
2 the loss of such land shall be mitigated by the responsible
3 Federal entity on a one-for-one basis in quantity and equal
4 or greater quality.

5 “(d) Departments, agencies, independent commis-
6 sions, and other units of the Federal Government shall
7 provide annually to the Department of Agriculture the in-
8 formation required under subsection (b) of this section,
9 which the Department of Agriculture shall make available
10 to the public on an annual basis.

11 “(e) Any State, unit of local government, individual,
12 organization or unit of the Federal Government aggrieved
13 by a violation of any of the provisions of this subtitle shall
14 have a civil cause of action against the Federal Depart-
15 ment, agency, independent commission or other unit of the
16 Federal Government committing the violation.

17 “(f) The Department of Agriculture may make avail-
18 able to States, units of local government, individuals, orga-
19 nizations, and other units of the Federal Government in-
20 formation useful in restoring, maintaining, and improving
21 the quantity and quality of farmland.

22 **“SEC. 1542. EXISTING POLICIES AND PROCEDURES.**

23 “(a) Each department, agency, independent commis-
24 sion, or other unit of the Federal Government, with the
25 assistance of the Department of Agriculture, shall review

1 current provisions of law, administrative rules and regula-
2 tions, and policies and procedures applicable to it to deter-
3 mine whether any provision thereof will prevent such unit
4 of the Federal Government from taking appropriate action
5 to comply fully with the provisions of this subtitle.

6 “(b) Each department, agency, independent commis-
7 sion, or other unit of the Federal Government, with the
8 assistance of the Department of Agriculture, shall, as ap-
9 propriate, bring its programs, authorities, and administra-
10 tive activities into conformity with the purpose and policy
11 of this subtitle.

12 **“SEC. 1543. TECHNICAL ASSISTANCE.**

13 “The Secretary shall provide technical assistance to
14 States, units of local government, nonprofit organizations
15 and the general public to assist in the development of pro-
16 grams or policies to limit the conversion of farmland to
17 nonagricultural uses.

18 **“SEC. 1544. FARMLAND RESOURCE INFORMATION.**

19 “(a) The Secretary, through existing agencies or
20 interagency groups, and in cooperation with nonprofit or-
21 ganizations or the cooperative extension services of the
22 States, shall design and implement educational programs
23 and materials emphasizing the importance of productive
24 farmland to the Nation’s well-being and distribute edu-

1 cational materials through communications media,
2 schools, groups, and other Federal agencies.

3 “(b) The Secretary shall designate one or more farm-
4 land information centers to provide technical assistance
5 and serve as central depositories and distribution points
6 for information on farmland issues. Information provided
7 by the center(s) shall include, but not be limited to, on-
8 line access to data on land cover and use changes and
9 trends, and to literature, laws, historical archives, policies,
10 programs, and innovative actions or proposals by local and
11 State governments or nonprofit organizations related to
12 farmland protection and may include test plots, evaluation
13 plots, and mobile learning centers.

14 “(c) Funding for subsection (b) of this section shall
15 be provided through the Farm and Ranch Lands Protec-
16 tion Program. Such funding shall not exceed one-half of
17 1 percent of annual appropriations, but no less than
18 \$400,000 annually. Federal funding for the farmland in-
19 formation center or centers shall be matched with non-
20 Federal funds, through cash or in-kind contributions.

21 **“SEC. 1545. GRANTS, CONTRACTS.**

22 “With the exception of sections 1544 and 1548, the
23 Secretary shall carry out the purposes of this subtitle with
24 existing facilities and funds otherwise available, through

1 the use of grants, contracts, or such other means as the
2 Secretary deems appropriate.

3 **“SEC. 1546. REPORT.**

4 “On January 1, 1987, and at the beginning of each
5 subsequent calendar year, the Secretary of Agriculture
6 shall report to the Committee on Agriculture, Nutrition,
7 and Forestry of the Senate and the Committee on Agri-
8 culture of the House of Representatives on the progress
9 made in implementing the provisions of this subtitle. Such
10 report shall include—

11 “(1) data on the conversion of farmland to non-
12 agricultural uses at the national, State, and, as
13 available, local level;

14 “(2) information on the effects of Federal pro-
15 grams, authorities, and administrative activities with
16 respect to the protection of United States farmland;
17 and

18 “(3) the results of the data collected and re-
19 views and actions taken as required under sections
20 1541 and 1542.

21 **“SEC. 1547. STATEMENT OF LIMITATION.**

22 “(a) This subtitle does not authorize the Federal
23 Government in any way to regulate the use of private or
24 non-Federal land, or in any way affect the property rights
25 of owners of such land.

1 “(b) None of the provisions or other requirements of
2 this subtitle shall apply to the acquisition or use of farm-
3 land for national defense purposes during a national emer-
4 gency.

5 **“SEC. 1548. NATIONAL AGRICULTURAL LANDS COMMIS-**
6 **SION.**

7 “(a) A national commission shall be established to
8 undertake a comprehensive study of the importance of
9 protecting an adequate agricultural land base to the Na-
10 tion’s homeland security, food security, energy security,
11 environmental quality and quality of life, and to develop
12 recommendations by which the Federal Government can
13 encourage the retention of agricultural land at the na-
14 tional, State and local level.

15 “(b) In undertaking the study, the commission
16 shall—

17 “(1) identify the quality, quantity and location
18 of the Nation’s agricultural lands;

19 “(2) identify and define the effects of urbaniza-
20 tion, industrial and commercial development and
21 other nonagricultural activities on the Nation’s agri-
22 cultural land base;

23 “(3) identify and define the implications for the
24 Nation’s agricultural land base of the following:

1 “(A) Global and national population trends
2 and the projected international and domestic
3 demand for food and energy production from
4 United States agricultural lands.

5 “(B) National land use trends and com-
6 peting demands on United States agricultural
7 lands as a source for housing, industrial and
8 commercial development, for food, fiber and en-
9 ergy production, and for recreational and envi-
10 ronmental amenities.

11 “(C) National environmental trends and
12 the capacity of United States agricultural lands
13 to contribute to improvements in water quality
14 and quantity, air quality and carbon sequestra-
15 tion.

16 “(D) Agricultural land loss by region and
17 its projected impact on the region’s food and
18 energy security, natural resources and economy.

19 “(E) Land ownership patterns and their
20 impact on the security of the Nation’s agricul-
21 tural land base.

22 “(F) State and local programs, policies
23 and actions affecting or supporting agricultural
24 land availability.

1 “(G) Federal programs, policies and ac-
2 tions affecting or supporting agricultural land
3 availability; and

4 “(4) explore ways by which the Federal Govern-
5 ment can encourage retention of the Nation’s agri-
6 cultural land base at the Federal, State, and local
7 level.

8 “(c) The Commission shall be composed of the fol-
9 lowing:

10 “(1) Six members from the House Committee
11 on Agriculture or their designee.

12 “(2) Six members from the Senate Committee
13 on Agriculture, Nutrition and Forestry or their des-
14 ignee.

15 “(3) Eleven members appointed by the Presi-
16 dent, including the Secretary of Agriculture, who
17 shall act as Chair. These members shall be rep-
18 resentative of local and State governments, aca-
19 demia, nonprofit conservation organizations, and
20 farm, forest and ranch interests.

21 “(d) No later than 18 months from the date of enact-
22 ment, the Commission shall submit an interim report to
23 the President and to Congress containing its analysis of
24 existing data and the need for any additional information.

1 “(e) No later than 36 months from the date of enact-
2 ment, the Commission shall submit a final report to the
3 President and to Congress with its findings and rec-
4 ommendations.

5 “(f) There are authorized to be appropriated for the
6 purpose of funding the Commission \$1,000,000 annually
7 for fiscal years 2009, 2010 and 2011.

8 “(g) The Commission shall terminate on September
9 30, 2011.”.

10 **SEC. 211. DEBT FOR AGRICULTURAL EASEMENTS.**

11 Subchapter B of chapter 2 of subtitle D of title XII
12 of the Food Security Act of 1985 (16 U.S.C. 3841 et seq.)
13 is amended by renumbering section 1238J to be 1238K
14 and adding after section 1238I the following new section:

15 **“SEC. 1238J. DEBT FOR AGRICULTURAL EASEMENTS PRO-**
16 **GRAM.**

17 “(a) DEFINITIONS.—For purposes of this section:

18 “(1) The term ‘governmental entity’ means any
19 agency of the United States, a State, or a unit of
20 local government of a State.

21 “(2) The terms ‘highly erodible land’ and ‘wet-
22 land’ have the meanings, respectively, that such
23 terms are given in section 1201 of the Food Security
24 Act of 1985.

1 “(3) The term ‘wildlife’ means fish or wildlife
2 as defined in section 2(a) of the Lacey Act Amend-
3 ments of 1981 (16 U.S.C. 3371(a)).

4 “(4) The term ‘recreational purposes’ includes
5 hunting.

6 “(5) The term ‘conservation purposes’ shall
7 mean the permanent protection of agricultural land
8 for continued agricultural use.

9 “(b) CONTRACTS ON LOAN SECURITY PROP-
10 erties.—Subject to subsection (c) of this section—

11 “(1) the Secretary may enter into a contract re-
12 lated to real property for conservation, recreation, or
13 wildlife purposes;

14 “(2) the Secretary shall offer to enter into a
15 contract related to real property for conservation
16 purposes if—

17 “(A) such property secures any delinquent
18 loan made under any law administered by the
19 Secretary and held by the Secretary;

20 “(B) such property includes 50 percent or
21 greater prime or unique farmland or farmland
22 of statewide importance, as determined by the
23 Secretary; and

24 “(C) such property is reasonably likely to
25 be developed for non-agricultural purposes in

1 the absence of such a contract, as determined
2 by the Secretary.

3 “(c) LIMITATIONS.—The Secretary may enter into a
4 contract under subsection (b) of this section if—

5 “(1) such property is prime or unique farmland,
6 farmland of statewide importance, wetland, upland,
7 or highly erodible land;

8 “(2) such property is determined by the Sec-
9 retary to be suitable for the purposes involved; and

10 “(3)(A) such property secures any loan made
11 under any law administered by the Secretary and
12 held by the Secretary; and

13 “(B) such contract better enables a qualified
14 borrower to repay the loan in a timely manner, as
15 determined by the Secretary.

16 “(d) TERMS AND CONDITIONS.—The terms and con-
17 ditions specified in each such contract shall—

18 “(1) specify the purposes for which such real
19 property may be used;

20 “(2) identify the conservation measures to be
21 taken, and the agricultural, recreational and/or wild-
22 life uses to be allowed, with respect to such real
23 property; and

24 “(3) require such owner to permit the Sec-
25 retary, and any person or governmental entity des-

1 ignated by the Secretary, to have access to such real
2 property for the purpose of monitoring and enforce-
3 ing compliance with such contract.

4 “(e) PURCHASE; LIMITATION UPON CANCELLATION
5 OR PREPAYMENT.—

6 “(1) Subject to paragraph (2), the Secretary
7 may reduce or forgive the outstanding debt of a bor-
8 rower—

9 “(A) in the case of a borrower to whom the
10 Secretary has made one or more outstanding
11 loans under laws administered by the Secretary,
12 by canceling that part of the aggregate amount
13 of such outstanding loans that bears the same
14 ratio to such aggregate amount as the number
15 of acres of the real property of the borrower
16 that are subject to the contract bears to the ag-
17 gregate number of acres securing such loans; or

18 “(B) in any other case, by treating as pre-
19 paid that part of the principal amount of a new
20 loan to the borrower issued and held by the
21 Secretary under a law administered by the Sec-
22 retary that bears the same ratio to such prin-
23 cipal amount as the number of acres of the real
24 property of the borrower that are subject to the

1 contract bears to the aggregate number of acres
2 securing the new loan.

3 “(2) The amount so canceled or treated as pre-
4 paid pursuant to paragraph (1) shall not exceed—

5 “(A) in the case of a delinquent loan, the
6 value of the land on which the contract is en-
7 tered into or the difference between the amount
8 of the outstanding loan secured by the land and
9 the value of the land, whichever is greater;

10 “(B) in the case of a nondelinquent loan,
11 33 percent of the amount of the loan secured
12 by the land; or

13 “(C) for any loan, the difference between
14 the fair market value of the land on which the
15 contract is entered into as reduced by the terms
16 of the contract and the fair market value of
17 such land unrestricted by the contract.

18 “(f) CONSULTATIONS WITH FISH AND WILDLIFE
19 SERVICE.—If the Secretary elects to use the authority
20 provided by this section to enter into contracts for recre-
21 ation or wildlife purposes, the Secretary shall consult with
22 the Secretary of the Interior for purposes of—

23 “(1) selecting real property in which the Sec-
24 retary may enter into contracts for recreation or
25 wildlife purposes under this section;

1 “(C) local and regional food processing and
2 other agricultural infrastructure.

3 “(2) A project will receive priority for funding
4 if the project—

5 “(A) addresses more than one of the ele-
6 ments in subsection (b)(1)); or

7 “(B) coordinates activities pursuant to one
8 or more of the elements in subsection (b)(1)
9 among different levels of government.

10 “(c) GRANTS.—

11 “(1) IN GENERAL.—From amounts made avail-
12 able to carry out this subsection, the Secretary shall
13 make grants to State and local units of government
14 to assist them in developing plans that assess needs
15 and identify implementation strategies for furthering
16 any of the purposes described in paragraph (2)(a).

17 “(2) MAXIMUM AMOUNT.—The maximum
18 amount of a grant provided under this subsection
19 shall be \$100,000.

20 “(3) MATCHING FUNDS REQUIREMENTS.—The
21 Federal share of any project that receives funding
22 under this subsection may not exceed 50 percent of
23 the total cost of the project.

24 “(4) TERM.—The term of a grant made under
25 this subsection may not exceed 2 years.

1 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
2 are authorized to be appropriated \$20,000,000 for each
3 of fiscal years 2008 through 2013 to carry out this sub-
4 section, to remain available until expended.”.

5 **SEC. 213. EXCLUSION OF PAYMENTS UNDER DEPARTMENT**
6 **OF AGRICULTURE CONSERVATION PRO-**
7 **GRAMS FROM ADJUSTED GROSS INCOME**
8 **LIMITATION.**

9 (a) EXCLUSION.—Subsection (b)(2) of section 1001D
10 of the Food Security Act of 1985 (7 U.S.C. 1308–3a) is
11 amended by striking subparagraph (C).

12 (b) DURATION OF ADJUSTED GROSS INCOME LIM-
13 ITATION.—Such section is further amended by striking
14 subsection (e).

15 **SEC. 214. REAUTHORIZATION OF AND INCREASED FUNDING**
16 **FOR WILDLIFE HABITAT INCENTIVE PRO-**
17 **GRAM.**

18 (a) EXTENSION AND FUNDING.—Section 1241(a)(7)
19 of the Food Security Act of 1985 (16 U.S.C. 3841(a)(7))
20 is amended by striking subparagraphs (A) through (D)
21 and inserting the following new subparagraphs:

22 “(A) \$100,000,000 in fiscal year 2008;

23 “(B) \$140,000,000 in fiscal year 2009;

24 “(C) \$200,000,000 in each of fiscal years
25 2010 and 2011; and

1 “(D) \$300,000,000 in each of fiscal years
2 2012 and 2013.”.

3 (b) INCENTIVE PAYMENTS FOR AGREEMENTS BENE-
4 FITTING LISTED SPECIES.—Section 1240N of such Act
5 (16 U.S.C. 3839bb–1) is amended by adding at the end
6 the following new subsection:

7 “(d) INCENTIVE PAYMENTS FOR CERTAIN AGREE-
8 MENTS AND APPLICATIONS.—In a case in which the Sec-
9 retary enters into an agreement or contract to protect or
10 restore habitat for a federally or State-listed endangered,
11 threatened, or candidate species or for applications that
12 further the goals and objectives of a State’s comprehensive
13 wildlife conservation plan, the Secretary may provide in-
14 centive payments to landowners to protect or restore the
15 habitat, including the cost of management activities need-
16 ed during the term of the agreement or contract.”.

17 **SEC. 215. CONSERVATION RESERVE PROGRAM.**

18 (a) EXTENSION.—

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

22 (A) in the matter preceding paragraph (1),
23 by striking “2007” and inserting “2013”; and

1 (B) in paragraph (1), by striking “The”
2 and inserting “For each of fiscal years 2008
3 through 2013, the”.

4 (2) CONFORMING AMENDMENTS.—Section 1231
5 of such Act (16 U.S.C. 3831) is amended—

6 (A) in subsection (a), by striking “2007”
7 and inserting “2013”;

8 (B) in subsection (d), by striking “2007”
9 and inserting “2013”;

10 (C) in subsection (e)(3), by striking
11 “2002” and inserting “2008”; and

12 (D) in subsection (h)(1), by striking
13 “2007” and inserting “2013”.

14 (b) ELIGIBLE LAND.—Section 1231(b) of such Act
15 (16 U.S.C. 3831(b)) is amended—

16 (1) by striking the period at the end of para-
17 graph (1) and inserting a semicolon;

18 (2) in paragraph (4), by striking “or” at the
19 end of subparagraph (C);

20 (3) by striking the period at the end of para-
21 graph (5) and inserting a semicolon; and

22 (4) by adding at the end the following new
23 paragraph:

24 “(6) marginal pasture land or hay land that is
25 otherwise ineligible, if the land is to be primarily de-

1 voted to native vegetation appropriate to the locale
2 and—

3 “(A) will provide suitable habitat for a
4 State or federally listed threatened or endan-
5 gered species or a species determined by the
6 Secretary of the Interior to be species of con-
7 cern; or

8 “(B) will contribute to the restoration of a
9 critically endangered ecosystem or endangered
10 ecosystem as defined by the Secretary.”.

11 (c) ENROLLMENT GOALS.—Section 1231(d) of such
12 Act (16 U.S.C. 3831(d)) is amended—

13 (1) by striking “The Secretary” and inserting:

14 “(1) ACREAGE AUTHORIZED.—The Secretary”;
15 and

16 (2) by adding at the end the following new
17 paragraphs:

18 “(2) ENROLLMENT GOALS.—For the period be-
19 ginning on the date of the enactment of this para-
20 graph and ending on December 31, 2013, the Sec-
21 retary shall establish a goal to enroll not less than
22 7,000,000 acres of eligible land through the contin-
23 uous enrollment program and the conservation re-
24 serve enhancement program; and

25 “(3) GENERAL SIGNUP.—

1 “(A) To the maximum extent practicable,
2 the Secretary shall ensure that not more than
3 80 percent of the acres maintained in the con-
4 servation reserve at any one time during the
5 2008 through 2013 calendar years are acres
6 that were enrolled through a general signup
7 under section 1234(c)(2)(A).

8 “(B) For an offer to be accepted into the
9 conservation reserve under the general signup,
10 the Secretary shall require an offer to have an
11 environmental benefit index score at or above a
12 threshold that is 15 percent higher than the av-
13 erage of the thresholds used in general signups
14 during fiscal years 1996 through 2006, ad-
15 justed for changes in the index over these fiscal
16 years.”.

17 (d) BALANCE OF NATURAL RESOURCE PURPOSES.—
18 Section 1231(j) of such Act (16 U.S.C. 3831(j)) is amend-
19 ed—

20 (1) by striking “In determining” and inserting
21 the following:

22 “(1) EQUITABLE BALANCE OF CONSERVATION
23 PURPOSES.—In determining”;

1 (2) by striking the period at the end and insert-
2 ing “, but need not balance all conservation purposes
3 with respect to each particular contract offer.”; and

4 (3) by adding at the end the following new
5 paragraph:

6 “(2) WILDLIFE.—In considering the extent to
7 which a contract offer will achieve the conservation
8 purposes of the program related to wildlife habitat,
9 the Secretary shall consider the extent to which the
10 contract offer will contribute to increased popu-
11 lations of wildlife, including waterfowl, nongame
12 grassland birds and neotropical migrants, and assist
13 in the recovery of at-risk species.”.

14 (e) DUTIES OF PARTICIPANTS.—Section 1232(a) of
15 such Act (16 U.S.C. 3832(a)) is amended—

16 (1) in paragraph (4)—

17 (A) by redesignating subparagraphs (A)
18 and (B) as subparagraphs (B) and (C), respec-
19 tively; and

20 (B) by inserting before subparagraph (B),
21 as so redesignated, the following new subpara-
22 graph:

23 “(A) approved vegetative cover shall not
24 include vegetative cover inappropriate to the lo-
25 cale;”;

1 (2) by redesignating paragraphs (5) through
2 (10) as paragraphs (6) through (11); respectively;

3 (3) by inserting after paragraph (4) the fol-
4 lowing new paragraph:

5 “(5) to undertake appropriate management ac-
6 tivities on the land as needed throughout the term
7 of the contract to achieve the purposes of the con-
8 servation reserve program;” and

9 (4) in subparagraph (A)(i)(II) of paragraph (8),
10 as so redesignated, by striking “may be conducted;”
11 and inserting “, taking into account grassland types
12 and species, location, weather conditions, and other
13 factors that determine to what extent harvesting and
14 grazing activities will advance the conservation pur-
15 poses of the program;”.

16 (f) CONSERVATION PLAN.—Section 1232(b)(1) of
17 such Act (16 U.S.C. 3832(b)(1)) is amended—

18 (1) in subparagraph (A), by striking “; and”
19 and inserting “, including appropriate management
20 activities required by subsection (a)(5);” and

21 (2) by adding at the end the following new sub-
22 paragraph:

23 “(C) criteria for conducting any commer-
24 cial use to be permitted, including criteria for
25 managed harvesting and grazing specifying fre-

1 quency, timing, number of animal units, per-
2 centage of field, and other criteria to ensure
3 that managed harvesting and grazing advances
4 the conservation purposes of the program;
5 and”.

6 (g) COST-SHARE AND MANAGEMENT ASSISTANCE.—
7 Section 1234(b) of such Act (16 U.S.C. 3834(b)) is
8 amended by adding at the end the following new para-
9 graph:

10 “(6) MANAGEMENT COSTS.—The Secretary
11 shall pay 75 percent of the cost of management ac-
12 tivities, including control of invasive species, re-
13 quired under a contract entered into under this sub-
14 chapter, subject to such limits as the Secretary may
15 establish.”.

16 (h) ACCEPTANCE OF CONTRACT OFFERS.—Section
17 1234(c)(3) of such Act (16 U.S.C. 3834(c)(3)) is amend-
18 ed—

19 (1) by striking “In determining” and inserting
20 the following:

21 “(A) MAXIMIZING ENVIRONMENTAL BENE-
22 FITS.—In determining”;

23 (2) by striking “may” and all that follows
24 through “take into consideration” and inserting
25 “shall take into consideration”;

1 (3) by striking “benefits; and” and inserting
2 “benefits. The Secretary shall establish criteria for
3 the acceptance of contract offers that will maximize
4 environmental benefits, including criteria related to
5 the characteristics of the land that is the subject of
6 the contract offer, its location, proposed cover and
7 proposed management practices.”;

8 (4) by striking “(B) establish” and inserting
9 the following:

10 “(B) FLEXIBILITY.—The Secretary may
11 establish”;

12 (5) by striking “abated.” and inserting “abated,
13 in order to more effectively address specific State or
14 regional resource concerns and conservation prior-
15 ities.”; and

16 (6) by adding at the end the following new sub-
17 paragraph:

18 “(C) RELATIONSHIP TO OTHER CONSERVA-
19 TION PROGRAMS.—In the enrollment of land in
20 the conservation reserve established under this
21 subchapter, the Secretary shall give a priority
22 to land that cannot produce comparable envi-
23 ronmental benefits if maintained in agricultural
24 production and enrolled in the environmental
25 quality incentives program or other program de-

1 signed to assist producers in improving the en-
2 vironmental performance of working agricul-
3 tural land.”.

4 (i) CONSERVATION RESERVE ENHANCEMENT PRO-
5 GRAM.—Section 1234(f)(1) of such Act is (16 U.S.C.
6 3834(f)) is amended by adding at the end the following
7 new sentence: “The Secretary may waive this payment
8 limitation for persons participating in a conservation re-
9 serve enhancement program if the Secretary determines
10 such a waiver is necessary to achieve the objectives of the
11 conservation reserve enhancement program.”.

12 (j) EARLY TERMINATION CLAUSE FOR BIOENERGY
13 PRODUCTION.—At the end of section 1231(e), add the fol-
14 lowing new paragraph:

15 “(4) EARLY TERMINATION OPTION FOR BIO-
16 ENERGY PRODUCTION.—

17 “(A) IN GENERAL.—The Secretary shall
18 offer to producers applying for entry into the
19 Conservation Reserve through the general
20 signup under section 1234(e)(2)(A), the option
21 of including a contract provision to allow the af-
22 fected acreage to exit from the reserve at any
23 time after an initial period of 3 years but prior
24 to competing a full contract term in order to

1 produce a sustainable cellulosic bioenergy crop
2 on the affected acres.

3 “(B) ELIGIBLE LANDS.—Lands eligible to
4 be covered by an early termination from the re-
5 serve are those acres having an erodibility index
6 value less than 15 and are otherwise eligible for
7 enrollment in the conservation reserve except
8 land that is to be enrolled under the continuous
9 signup or the conservation reserve enhancement
10 program under section 1234(c)(2)(B).

11 “(C) RESTRICTIONS.—In the event that a
12 producer with an early termination clause in
13 the conservation reserve contract chooses to ex-
14 ercise this option, the Secretary shall require
15 the producer to restrict any agricultural produc-
16 tion during the remaining term that the af-
17 fected acres would have had under the contract
18 to the production of a sustainable cellulosic bio-
19 energy crop on the lands.

20 “(D) PAYMENT REDUCTION.—If a pro-
21 ducer chooses to have the option clause included
22 in the conservation reserve contract, the Sec-
23 retary shall reduce the annual rental payment
24 otherwise payable for the contract to be paid on
25 those acres during the time of enrollment.

1 “(E) CONTRACT TERMINATION.—If a pro-
2 ducer exercises the option to have the affected
3 acreage leave the reserve in order to produce a
4 sustainable cellulosic bioenergy crop, the Sec-
5 retary shall terminate the CRP contract and
6 cease making any payment to the producer for
7 these acres.”.

8 **SEC. 216. WETLANDS RESERVE PROGRAM.**

9 (a) EXTENSION.—

10 (1) FUNDING EXTENSION.—Section 1241(a)(2)
11 of the Food Security Act of 1985 (16 U.S.C.
12 3841(a)(2)) is amended by striking “The” and in-
13 serting “For each of fiscal years 2002 through
14 2013, the”.

15 (2) CONFORMING AMENDMENT.—Section
16 1237(e) of such Act (16 U.S.C. 3837(e)) is amended
17 by striking “2007” and inserting “2013”.

18 (b) MAXIMUM ENROLLMENT.—Section 1237(b)(1) of
19 such Act (16 U.S.C. 3837(b)(1)) is amended by striking
20 “2,275,000 acres” and inserting “5,000,000 acres”.

21 (c) WETLAND EASEMENT CONSERVATION PLAN.—
22 Section 1237A(b)(3) of such Act (16 U.S.C. 3837a(b)(3))
23 is amended by inserting before the semicolon at the end
24 the following: “and activities necessary to maintain hydro-

1 logic, habitat, and other functional values of the wet-
2 lands”.

3 (d) COST-SHARE AND MANAGEMENT ASSISTANCE.—
4 Section 1237C of such Act (16 U.S.C. 3837c) is amend-
5 ed—

6 (1) in subsection (a)(1), by inserting “including
7 necessary hydrologic and habitat maintenance activi-
8 ties,” after “values,”; and

9 (2) in subsection (b), by adding at the end the
10 following new paragraph:

11 “(4) MANAGEMENT COSTS.—The Secretary
12 may make payments to owners to cover up to the
13 full actual cost of undertaking any ongoing or peri-
14 odic management activities necessary to maintain
15 the functional values of wetland enrolled in the wet-
16 lands reserve program.”.

17 **SEC. 217. PILOT PROGRAM FOR CONSERVATION RISK MAN-**
18 **AGEMENT.**

19 Chapter 5 of subtitle D of title XII of the Food Secu-
20 rity Act of 1985 (16 U.S.C. 3839bb et seq.) is amended
21 by adding at the end the following:

22 **“SEC. 1240R. PILOT PROGRAM FOR CONSERVATION RISK**
23 **MANAGEMENT.**

24 “(a) FINDINGS.—Congress finds the following:

1 “(1) Numerous studies have identified risk as a
2 major barrier to the adoption of well established con-
3 servation measures such as Best Management Prac-
4 tices (BMPs).

5 “(2) Studies have determined that conservation
6 risk management guarantees are among the most
7 cost effective means of inducing conservation adop-
8 tion.

9 “(3) The Pennsylvania Department of Agri-
10 culture has successfully operated an experimental
11 conservation risk management program in conjunc-
12 tion with the Agricultural Conservation Innovation
13 Center of the American Farmland Trust.

14 “(b) PILOT PROGRAM REQUIRED.—The Secretary
15 shall establish a pilot program to support innovative con-
16 servation risk management tools to encourage the imple-
17 mentation of conservation and best management practices
18 on working lands.

19 “(b) CONSERVATION RISK MANAGEMENT.—The Sec-
20 retary shall undertake a pilot project in the locations spec-
21 ified in paragraph (c) to encourage the adoption of con-
22 servation practices and best management practices on
23 working lands by offering producers innovative tools to
24 manage the business and production risk of implementing
25 conservation and/or best management practices on some

1 portion of their operations. Such risk management tools
2 shall include price and yield guarantees that are contin-
3 gent on conversion to conservation and/or best manage-
4 ment practices, such as reduced application rates of nutri-
5 ents.

6 “(c) PILOT PROJECTS.—Pilot projects in conserva-
7 tion risk management shall be undertaken in the following
8 locations:

9 “(1) Chesapeake Bay watershed.

10 “(2) Great Lakes Basin.

11 “(3) New York’s Finger Lakes Region.

12 “(4) Ohio River Watershed.

13 “(d) FUNDING.—Of the funds of the Commodity
14 Credit Corporation, the Secretary shall provide \$20 mil-
15 lion each of fiscal years 2008 through 2013 to carry out
16 the pilot conservation risk management program author-
17 ized by this section. The funds shall be allocated in the
18 following manner:

19 “(1) \$10 million to establish and maintain a
20 guarantee pool, from which, payments can be made
21 to producers participating in the pilot conservation
22 risk management program that suffered losses when
23 implementing conservation and/or best management
24 practices.

1 “(2) \$5 million to administer and deliver the
2 pilot conservation risk management program to pro-
3 ducers.

4 “(3) \$5 million for research to improve and
5 maintain the integrity of the pilot conservation risk
6 management program. The research shall focus on
7 the following priority areas:

8 “(A) Impact of short-term and long-term
9 weather changes on the performance of con-
10 servation and best management practices.

11 “(B) Genomic markers indicating nutrient
12 insufficiency.

13 “(C) Improving actuarial analysis and per-
14 formance.

15 “(D) Impact of new fertility recommenda-
16 tions on yield and net returns.

17 “(E) Impact of reduced tillage practices
18 for continuous corn on yield and net returns.

19 “(F) Research on other risk management
20 tools to improve the adoption of conservation
21 and best management practices.

22 “(G) Impact of emerging technologies and
23 enhanced nutrient management techniques,
24 such as variable rate applications, in-season nu-

1 trient testing, precision farming practices, on
2 yield and net returns.

3 “(e) REPORT.—The Secretary shall conduct an as-
4 sessment of the effectiveness of the conservation risk man-
5 agement pilot and publish reports, available to the public,
6 with results of the assessment. Such assessments shall be
7 undertaken at least midway during and at the end of the
8 pilot program.”.

9 **Subtitle B—Conservation Corridor**
10 **Demonstration Program**

11 **SEC. 221. CONSERVATION CORRIDOR DEMONSTRATION**
12 **PROGRAM.**

13 (a) FINDINGS.—Congress finds the following:

14 (1) The Chesapeake Bay restoration will not
15 achieve its goals as expected under the Chesapeake
16 2000 agreement by the 2010 deadline.

17 (2) The Delmarva Peninsula, comprised of the
18 Eastern Shore of the Chesapeake Bay in Maryland
19 and Virginia and the State of Delaware contributes
20 a large percentage of nutrients and sediment load-
21 ings to the Chesapeake Bay each year.

22 (3) Agricultural lands, forests and open space
23 provide the greatest contribution per dollar of invest-
24 ment to water quality improvements and are critical

1 to the restoration of water quality in the Chesapeake
2 Bay.

3 (4) Effective, efficient and targeted use of fund-
4 ing for conservation programs on farms on the Del-
5 marva Peninsula is the best way to ensure meaning-
6 ful contributions of the very willing agricultural pro-
7 duction industries to be better environmental stew-
8 ards and contribute more to the Chesapeake Bay
9 restoration.

10 (b) DELMARVA CONSERVATION CORRIDOR DEM-
11 ONSTRATION PROGRAM.—The Secretary shall establish
12 the program, known as the “Conservation Corridor Dem-
13 onstration Program”, under which the States of Delaware,
14 Maryland, and Virginia or any one of those States shall
15 submit a plan to integrate agriculture and forestry con-
16 servation programs, coordinated across the landscape, of
17 the Department of Agriculture and State and local efforts
18 toward conservation on agricultural lands and sustain-
19 ability of farming on the Peninsula.

20 (c) SUBMISSION OF CONSERVATION CORRIDOR
21 PLAN.—

22 (1) SUBMISSION AND PROPOSAL.—To be eligi-
23 ble to participate in the demonstration program, a
24 State, or combination of States referred to in sub-
25 section (b) shall—

1 (A) submit to the Secretary a plan that—

2 (i) proposes specific criteria and com-
3 mitment of resources in the geographic re-
4 gion designated in the plan; and

5 (ii) describes how the linkage of Fed-
6 eral, State, and local resources will im-
7 prove—

8 (I) the economic viability of agri-
9 culture; and

10 (II) the environmental integrity
11 of the watersheds in the Delmarva Pe-
12 ninsula;

13 (B) demonstrate to the Secretary, in devel-
14 oping the plan, the State, or combination of
15 States has solicited and taken into account the
16 views of local residents.

17 (2) DRAFT OF MEMORANDUM OF AGREE-
18 MENT.—If the conservation corridor plan is sub-
19 mitted by more than one State, the plan shall pro-
20 vide a draft memorandum of agreement among enti-
21 ties in each submitting State.

22 (d) REVIEW OF PLAN.—Not later than 90 days after
23 the date of receipt of a conservation corridor plan, the Sec-
24 retary—

25 (1) shall review the plan; and

1 (2) may approve the plan for implementation
2 under this subtitle if the Secretary determines that
3 the plan meets the requirements specified in sub-
4 section (e).

5 (e) CRITERIA FOR APPROVAL.—The Secretary may
6 approve a plan only if, as determined by the Secretary,
7 the plan provides for each of the following:

8 (1) VOLUNTARY ACTIONS.—Actions taken
9 under the plan—

10 (A) are voluntary;

11 (B) require the consent of willing land-
12 owners; and

13 (C) provide a mechanism by which the
14 landowner may withdraw such consent without
15 adverse consequences other than the loss of any
16 payments to the landowner conditioned on con-
17 tinued enrollment of the land.

18 (2) NO EFFECT ON UNENROLLED LAND.—The
19 enrollment of land in a conservation program incor-
20 porated through the plan will neither—

21 (A) adversely affect any adjacent land not
22 so enrolled; nor

23 (B) create any buffer zone on such
24 unenrolled land.

1 (3) SUFFICIENT STAFFING.—Staffing, consid-
2 ering both Federal and non-Federal resources, is
3 sufficient to ensure success of the plan.

4 **SEC. 222. IMPLEMENTATION OF CONSERVATION CORRIDOR**
5 **PLAN.**

6 (a) MEMORANDUM OF AGREEMENT.—On approval of
7 a conservation corridor plan, the Secretary may enter into
8 a memorandum of agreement with the State, local govern-
9 ment, or combination of States that submitted the plan
10 to—

11 (1) guarantee specific program resources for
12 implementation of the plan;

13 (2) establish various compensation rates to the
14 extent that the parties to the agreement consider
15 justified; and

16 (3) provide streamlined and integrated paper-
17 work requirements.

18 (b) CONTINUED COMPLIANCE WITH PLAN APPROVAL
19 CRITERIA.—The Secretary shall terminate the memo-
20 randum of agreement entered into under subsection (a)
21 with respect to an approved conservation corridor plan and
22 cease the provision of resources for implementation of the
23 plan if the Secretary determines that, in the implementa-
24 tion of the plan—

1 (1) the State or combination of States that sub-
2 mitted the plan has deviated from—

3 (A) the plan;

4 (B) the criteria on which approval of the
5 plan was conditioned; or

6 (C) the cost-sharing requirements or any
7 other condition of the plan; or

8 (2) the economic viability of agriculture in the
9 geographic region designated in the plan is being
10 hindered.

11 (c) PROGRESS REPORT.—At the end of the 3-year pe-
12 riod that begins on the date on which funds are first pro-
13 vided with respect to a conservation corridor plan under
14 the demonstration program, the State, local government,
15 or combination of States that submitted the plan shall
16 submit to the Secretary—

17 (1) a report on the effectiveness of the activities
18 carried out under the plan; and

19 (2) an evaluation of the economic viability of
20 agriculture in the geographic region designated in
21 the plan.

22 (d) DURATION.—The demonstration program shall
23 be carried out for not less than 3 nor more than 5 years
24 beginning on the date on which funds are first provided
25 under the demonstration program.

1 **SEC. 223. FUNDING REQUIREMENTS.**

2 (a) COST SHARING.—

3 (1) REQUIRED NON-FEDERAL SHARE.—Subject
4 to paragraph (2), as a condition on the approval of
5 a conservation corridor plan, the Secretary shall re-
6 quire the State and local participants to contribute
7 financial resources sufficient to cover at least 50
8 percent of the total cost of the activities carried out
9 under the plan.

10 (2) EXCEPTION.—The Secretary may reduce
11 the cost-sharing requirement in the case of a specific
12 project or activity under the demonstration program
13 on good cause and on demonstration that the project
14 or activity is likely to achieve extraordinary natural
15 resource benefits.

16 (b) RESERVATION OF FUNDS.—The Secretary shall
17 direct funds (under programs amended by subtitle A of
18 this title) on a priority basis to implement the plan by
19 prioritizing to projects in areas identified by the plan.

20 **SEC. 224. RELATION TO EXISTING PROGRAM.**

21 This subtitle supercedes subtitle G of title II of the
22 Farm Security and Rural Investment Act of 2002 (Public
23 Law 107–171; 16 U.S.C. 3801 note).

TITLE III—ENERGY

1

2 SEC. 301. DEFINITION OF BIOMASS.

3 Section 9001(3)(B)(i) of the Farm Security and
4 Rural Investment Act of 2002 (7 U.S.C. 8101(3)(B)(i))
5 is amended by inserting “and crop waste” after “agricul-
6 tural crops”.

7 SEC. 302. RESEARCH ON BIOBASED PRODUCTS.

8 Section 9002(k)(2)(A) of the Farm Security and
9 Rural Investment Act of 2002 (7 U.S.C. 8102(k)(2)(A))
10 is amended—

11 (1) by striking “\$1,000,000” and inserting
12 “\$10,000,000”; and

13 (2) by striking “2002 through 2007” and in-
14 serting “2008 through 2013”.

15 SEC. 303. DEVELOPMENT OF BIOREFINERIES.

16 Section 9003(h) of the Farm Security and Rural In-
17 vestment Act of 2002 (7 U.S.C. 8103(h)) is amended to
18 read as follows:

19 “(h) FUNDING.—Of the funds of the Commodity
20 Credit Corporation, the Secretary shall make available to
21 carry out this section \$100,000,000 for each of fiscal
22 years 2008 through 2013.”.

1 **SEC. 304. ENERGY AUDIT AND RENEWABLE ENERGY DEVEL-**
2 **OPMENT PROGRAM.**

3 Section 9005(i) of the Farm Security and Rural In-
4 vestment Act of 2002 (7 U.S.C. 8105(i)) is amended to
5 read as follows:

6 “(i) AUTHORIZATION OF APPROPRIATIONS.—There is
7 authorized to be appropriated to carry out this section
8 \$25,000,000 for each of fiscal years 2008 through 2013.”.

9 **SEC. 305. RENEWABLE ENERGY SYSTEMS AND ENERGY EF-**
10 **FICIENCY IMPROVEMENTS PROGRAM.**

11 Section 9006 of the Farm Security and Rural Invest-
12 ment Act of 2002 (7 U.S.C. 8106) is amended—

13 (1) in subsection (c), by adding at the end the
14 following new paragraph:

15 “(3) PREFERENCE FOR COMMUNITY
16 PROJECTS.—In awarding grants or providing loans
17 under subsection (a), the Secretary shall give pref-
18 erence for activities that—

19 “(A) are undertaken jointly by more than
20 one eligible entity in a local community, as de-
21 termined by the Secretary;

22 “(B) involve direct cooperation between
23 two or more eligible entities, as determined by
24 the Secretary; or

25 “(C) foster community or cooperative ap-
26 proaches to renewable energy and energy effi-

1 ciency development, as determined by the Sec-
2 retary.”;

3 (2) by striking subsection (f);

4 (3) by redesignating subsection (e) as sub-
5 section (f);

6 (4) by inserting after subsection (d) the fol-
7 lowing new subsection:

8 “(e) PRODUCTION-BASED INCENTIVE IN LIEU OF
9 GRANT.—

10 “(1) IN GENERAL.—In addition to the authority
11 under subsection (a), the Secretary shall, on the re-
12 quest of an applicant eligible to receive payments
13 under this section, make production-based payments
14 to the applicant in lieu of a grant.

15 “(2) CONTINGENCY.—The Secretary may not
16 make a production-based payment under paragraph
17 (1) unless the applicant demonstrates documented
18 energy production and sales from a renewable en-
19 ergy system to a third party.

20 “(3) LIMITATION.—The value of a production-
21 based payment under this subsection may not exceed
22 the lesser of—

23 “(A) 25 percent of the eligible project
24 costs; or

1 “(B) any other limit that the Secretary
2 considers appropriate.”; and

3 (5) by adding at the end the following new sub-
4 section:

5 “(g) FUNDING.—Of the funds of the Commodity
6 Credit Corporation, the Secretary shall make available to
7 carry out this section—

8 “(1) \$60,000,000 for fiscal year 2008, to re-
9 main available until expended;

10 “(2) \$90,000,000 for fiscal year 2009, to re-
11 main available until expended;

12 “(3) \$130,000,000 for fiscal year 2010, to re-
13 main available until expended;

14 “(4) \$180,000,000 for fiscal year 2011, to re-
15 main available until expended; and

16 “(5) \$250,000,000 for each of fiscal years 2012
17 and 2013, to remain available until expended.”.

18 **SEC. 306. BIOMASS RESEARCH AND DEVELOPMENT.**

19 Section 310 of the Biomass Research and Develop-
20 ment Act of 2000 (7 U.S.C. 7624 note; Public Law 106-
21 224) is amended to read as follows:

22 **“SEC. 310. FUNDING.**

23 “(a) FUNDING.—Of the funds of the Commodity
24 Credit Corporation, the Secretary shall make available to

1 carry out this title \$25,000,000 for each of fiscal years
2 2008 through 2013.

3 “(b) AUTHORIZATION OF APPROPRIATIONS.—In ad-
4 dition to amounts transferred under subsection (a), there
5 is authorized to be appropriated to carry out this title
6 \$200,000,000 for each of fiscal years 2008 through 2013.

7 “(c) AVAILABILITY OF FUNDS.—Amounts made
8 available under subsection (a) or appropriated pursuant
9 to the authorization of appropriations in subsection (b)
10 shall remain available until expended.”.

11 **SEC. 307. COOPERATIVE RESEARCH AND EXTENSION**
12 **PROJECTS FOR CARBON CYCLE, RENEWABLE**
13 **ENERGY, AND CLIMATE CHANGE IN THE**
14 **NORTHEAST AND MID-ATLANTIC UNITED**
15 **STATES.**

16 The Agricultural Risk Protection Act of 2000 (Public
17 Law 106–224) is amended by inserting after section 227
18 the following:

19 **“SEC. 228. COOPERATIVE RESEARCH AND EXTENSION**
20 **PROJECTS FOR CARBON CYCLE, RENEWABLE**
21 **ENERGY, AND CLIMATE CHANGE IN THE**
22 **NORTHEAST AND MID-ATLANTIC UNITED**
23 **STATES.**

24 “(a) IN GENERAL.—The Secretary shall provide
25 grants to eligible universities described in subsection (b)

1 in order to conduct research on carbon cycle, renewable
2 energy, and climate change.

3 “(b) ELIGIBLE NORTHEAST AND MID-ATLANTIC
4 UNIVERSITIES.—The eligible universities or consortiums
5 containing one or more eligible universities described in
6 this subsection are—

7 “(1) Cornell University;

8 “(2) the University of the District of Columbia;

9 and

10 “(3) public universities in the following States:

11 “(A) Maine.

12 “(B) Delaware.

13 “(C) Connecticut.

14 “(D) Maryland.

15 “(E) Massachusetts.

16 “(F) New Hampshire.

17 “(G) New Jersey.

18 “(H) New York.

19 “(I) Pennsylvania.

20 “(J) Rhode Island.

21 “(K) Vermont.

22 “(L) Virginia.

23 “(c) USE.—The universities described in subsection
24 (b) shall use funds provided pursuant to a grant under
25 this section to—

1 “(1) conduct research to improve the scientific
2 basis of using land management practices to in-
3 crease soil carbon sequestration, including research
4 on the use of new technologies to increase carbon
5 cycle effectiveness, such as biotechnology and
6 nanotechnology;

7 “(2) enter into partnerships to identify, develop,
8 and evaluate agricultural best practices, including
9 partnerships between—

10 “(A) Federal, State, or private entities;

11 and

12 “(B) the Department of Agriculture;

13 “(3) develop computer models to predict and
14 assess the carbon cycle;

15 “(4) estimate and develop mechanisms to meas-
16 ure carbon levels made available as a result of—

17 “(A) voluntary Federal conservation pro-
18 grams;

19 “(B) private and Federal forests; and

20 “(C) other land uses;

21 “(5) develop outreach programs, in coordination
22 with the Cooperative State Research, Education, and
23 Extension Service of the Department of Agriculture,
24 to share information on carbon cycle and agricul-

1 tural best practices that is useful to agricultural pro-
2 ducers;

3 “(6) conduct research on the effects of in-
4 creased greenhouse gases and global warming upon
5 agriculture in the Northeast and Mid-Atlantic re-
6 gions of the United States; and

7 “(7) conduct studies of the potential for pro-
8 duction of—

9 “(A) ethanol and other biofuels from cel-
10 lulosic materials produced in the Northeast and
11 Mid-Atlantic regions of the United States;

12 “(B) electricity produced from cellulosic
13 materials produced in the Northeast and Mid-
14 Atlantic regions of the United States; and

15 “(C) natural gas produced from agricul-
16 tural waste and animal waste produced in the
17 Northeast and Mid-Atlantic regions of the
18 United States.

19 “(d) ADMINISTRATIVE COSTS.—Not more than three
20 percent of the funds made available pursuant to subsection
21 (e) may be used for administrative costs incurred in car-
22 rying out this section.

23 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
24 is authorized to be appropriated to carry out this section
25 \$15,000,000 for each of fiscal years 2008 through 2013.”.

1 **SEC. 308. INDUSTRIAL SITE REDEVELOPMENT THROUGH**
2 **CELLULOSIC PROGRAM.**

3 Section 9010 of the Farm Security and Rural Invest-
4 ment Act of 2002 (7 U.S.C. 8108) is amended—

5 (1) in subsection (a)(1), to read as follows:

6 “(1) BIOFUEL.—The term ‘biofuel’ means liq-
7 uid transportation fuel, including biodiesel, fuel
8 grade ethanol, and woody biomass.”;

9 (2) in subsection (a)(3)(A), to read as follows:

10 “(A) residue and waste material from the
11 production of agricultural crops (including
12 wheat and rice straw, corn stover, sugar ba-
13 gasse, and trimmings from fruits and tree
14 nuts);”;

15 (3) by striking subsection (a)(4) and inserting
16 the following new paragraphs:

17 “(4) ELIGIBLE SITE.—The term ‘eligible site’
18 means either an active industrial or processing facil-
19 ity (including a distillery, ethanol plant, or paper
20 mill), a site that once held such a facility that is no
21 longer in active use, or land contiguous with and im-
22 mediately surrounding an active industrial or proc-
23 essing facility or a site that once held such a facility
24 that is no longer in active use.

25 “(5) ELIGIBLE PROJECT.—The term ‘eligible
26 project’ means any project that utilizes an eligible

1 site for the industrial production of biofuel directly
2 from an eligible commodity.

3 “(6) ELIGIBLE PRODUCER.—The term ‘eligible
4 producer’ means a producer operating an eligible
5 project.”; and

6 (4) by striking subsections (b) and (c) and in-
7 serting the following new subsections:

8 “(b) INDUSTRIAL SITE REDEVELOPMENT THROUGH
9 CELLULOSIC PROGRAM.—

10 “(1) GRANTS, LOANS, AND LOAN GUARAN-
11 TEES.—The Secretary shall provide grants, loans,
12 and loan guarantees to an eligible producer for the
13 following activities:

14 “(A) Purchase of equipment for an eligible
15 project.

16 “(B) Purchase of construction or related
17 services for an eligible project.

18 “(C) Construction of infrastructure for an
19 eligible project.

20 “(2) PRODUCTION BASED PAYMENTS.—

21 “(A) IN GENERAL.—In lieu of providing a
22 grant under paragraph (a), the Secretary may
23 provide annual payments to an eligible producer
24 based on demonstrated production of biofuel
25 from eligible commodities.

1 “(B) MAXIMUM PAYMENT PER GALLON.—
2 The Secretary may provide payments to an eli-
3 gible producer of not more than two dollars for
4 every gallon of biofuel produced by the eligible
5 producer in a fiscal year.

6 “(3) LIMITATIONS.—

7 “(A) GRANTS.—

8 “(i) IN GENERAL.—Grants provided
9 under paragraph (1) may not exceed
10 \$25,000,000 per eligible project.

11 “(ii) GRANTS, LOANS, AND LOAN
12 GUARANTEES.—The total combined
13 amount of grants, loans, and loan guaran-
14 tees provided under paragraph (1) to an eli-
15 gible producer or for an eligible project
16 may not exceed \$50,000,000.

17 “(B) PRODUCTION BASED PAYMENTS.—

18 “(i) IN GENERAL.—Production based
19 payments provided under paragraph (2)
20 may not exceed \$25,000,000.

21 “(ii) PRODUCTION BASED PAYMENTS,
22 LOANS, AND LOAN GUARANTEES.—The
23 total combined amount of production based
24 payments provided under paragraph (2)
25 and loans and loan guarantees provided

1 under paragraph (1) to an eligible pro-
2 ducer or for an eligible project may not ex-
3 ceed \$50,000,000.

4 “(4) MATCHING REQUIREMENT FOR GRANTS,
5 LOANS, AND LOAN GUARANTEES.—A recipient of
6 funds under this paragraph (1) shall provide match-
7 ing funds from non-Federal sources in an amount
8 equal to or greater than the amount of Federal
9 funds received.

10 “(c) FUNDING.—Of the funds of the Commodity
11 Credit Corporation, the Secretary shall use to carry out
12 this section not more than \$150,000,000 for each of fiscal
13 years 2008 through 2013.”.

14 **SEC. 309. FARM AND RANCH ENERGY EFFICIENCY REBATE**
15 **PROGRAM.**

16 (a) IN GENERAL.—The Secretary shall provide com-
17 petitive grants to eligible entities described in subsection
18 (b) to provide rebates for farmers, ranchers, rural school
19 districts, and rural small businesses to purchase renewable
20 energy systems and make energy efficiency improvements.

21 (b) ELIGIBLE ENTITIES.—An eligible entity de-
22 scribed in this subsection is—

23 (1) a State energy or agriculture office;

1 (2) a nonprofit energy efficiency or renewable
2 energy organization that uses public funds provided
3 directly or under contract with a State agency;

4 (3) a nonprofit organization with a dem-
5 onstrated ability to administer a State-wide energy
6 efficiency or renewable energy rebate program; or

7 (4) a consortium of entities described in para-
8 graphs (1), (2), and (3).

9 (c) MERIT REVIEW.—

10 (1) IN GENERAL.—The Secretary shall establish
11 a merit review process to review applications for
12 grants under subsection (a) that uses the expertise
13 of the Department of Agriculture, other Federal and
14 State agencies, and non-governmental organizations.

15 (2) REQUIREMENTS.—In reviewing the applica-
16 tion of an eligible entity to receive a grant under
17 subsection (a), the Secretary shall consider—

18 (A) the experience and expertise of the en-
19 tity in establishing and administering a State-
20 wide clean energy rebate program;

21 (B) the annual projected energy savings or
22 production increases resulting from the pro-
23 posed program;

24 (C) the environmental benefits resulting
25 from the proposed program; and

1 (D) other appropriate factors, as deter-
2 mined by the Secretary.

3 (d) MAINTENANCE OF EFFORT.—An eligible entity
4 that is awarded a grant pursuant to subsection (a) shall
5 provide assurances to the Secretary that funds provided
6 to the entity under this subsection will be used in addition
7 to, and not in place of, the amount of Federal, State, and
8 local funds otherwise expended for rebate programs.

9 (e) REBATE AMOUNT.—The amount of a rebate pro-
10 vided from a grant under this subsection shall not exceed
11 the lesser of—

12 (1) \$10,000; or

13 (2) 50 percent of the cost incurred to purchase
14 a renewable energy system or an energy efficiency
15 improvement.

16 (f) FUNDING.—Of the funds of the Commodity Cred-
17 it Corporation, the Secretary shall make available to carry
18 out this section \$10,000,000 for each of fiscal years 2008
19 through 2013.

20 **SEC. 310. ALTERNATIVE USES FOR BIOFUEL BYPRODUCTS.**

21 (a) IN GENERAL.—The Secretary shall provide
22 grants to eligible universities or consortiums containing
23 one or more eligible universities in the Northeast and Mid-
24 Atlantic regions of the United States described in sub-
25 section (b) to conduct research on alternative uses for by-

1 products produced as a result of the production of biofuel
2 and bio-energy.

3 (b) ELIGIBLE NORTHEAST AND MID-ATLANTIC UNI-
4 VERSITIES.—The eligible universities referred to in sub-
5 section (a) are the following or consortium containing one
6 of more of the following:

- 7 (1) Cornell University.
8 (2) The University of the District of Columbia.
9 (3) Public universities in the following States:
10 (A) Maine.
11 (B) Delaware.
12 (C) Connecticut.
13 (D) Maryland.
14 (E) Massachusetts.
15 (F) New Hampshire.
16 (G) New Jersey.
17 (H) New York.
18 (I) Pennsylvania.
19 (J) Rhode Island.
20 (K) Vermont.
21 (L) Virginia.

22 (c) GRANT LIMITATION.—The amount of a grant
23 provided to an eligible university under this section shall
24 not exceed the lesser of—

- 25 (1) \$1,000,000 in any fiscal year; or

1 (2) 10 percent of the available funds in any fis-
2 cal year.

3 (d) DEFINITIONS.—In this section:

4 (1) BIOFUEL.—The term “biofuel” means liq-
5 uid transportation fuel, including biodiesel and fuel
6 grade ethanol.

7 (2) BIO-ENERGY.—The term “bio-energy”
8 means heat or electricity produced from any of the
9 following sources:

10 (A) Solar panels or concentrators.

11 (B) Wind capturing devices.

12 (C) Small-scale hydro-electric devices.

13 (D) Methane and other bio-digesters.

14 (E) Landfill digesters.

15 (F) Biomass.

16 (G) Waste materials from cropping or live-
17 stock production.

18 (3) BY-PRODUCTS.—The term “by-products”
19 means the following materials:

20 (A) Solid and liquid matter produced in
21 the process of producing biofuel or bio-energy
22 that may be converted to food, feed, fiber, or
23 energy.

1 (B) Unused electricity, energy or heat pro-
2 duced from the biofuel or bio-energy production
3 process.

4 (C) Unused solid or liquid materials not
5 consumed during the biofuel or bio-energy pro-
6 duction process.

7 (e) FUNDING.—There is authorized to be appro-
8 priated to carry out this title \$10,000,000 for each of fis-
9 cal years 2008 through 2013.

10 **SEC. 311. NATIONAL NET METERING FOR FARM ENERGY.**

11 (a) ADOPTION OF STANDARD.—Section 111(d) of the
12 Public Utility Regulatory Policies Act of 1978 (16 U.S.C.
13 2621(d)) is amended by adding at the end the following:

14 “(11) NET METERING.—

15 “(A) IN GENERAL.—Each electric utility
16 shall make available upon request net metering
17 service to any electric consumer that the electric
18 utility serves.

19 “(B) REFERENCES.—For purposes of im-
20 plementing this paragraph, any reference con-
21 tained in this section to the date of enactment
22 of this Act shall be deemed to be a reference to
23 the date of enactment of this paragraph.”.

24 (b) SPECIAL RULES FOR NET METERING.—Section
25 115 of the Public Utility Regulatory Policies Act of 1978

1 (16 U.S.C. 2625) is amended by adding at the end the
2 following:

3 “(i) NET METERING.—

4 “(1) In this subsection:

5 “(A) The term ‘eligible onsite generating
6 facility’ means—

7 “(i) a facility on the site of a residen-
8 tial electric consumer with a maximum
9 generating capacity of 25 kilowatts or less;
10 or

11 “(ii) a facility on the site of a com-
12 mercial electric consumer with a maximum
13 generating capacity of 1,000 kilowatts or
14 less, that is fueled solely by a renewable
15 energy resource.

16 “(B) The term ‘net metering service’
17 means service to an electric consumer under
18 which electric energy generated by that electric
19 consumer from an eligible onsite generating fa-
20 cility and delivered to the local distribution fa-
21 cilities may be used to offset electric energy
22 provided by the electric utility to the electric
23 consumer during the applicable billing period.

24 “(C) The term ‘renewable energy resource’
25 means—

1 “(i) solar, wind, biomass, geothermal,
2 or wave energy;

3 “(ii) landfill gas;

4 “(iii) energy produced from livestock
5 waste;

6 “(iv) energy produced from a bio-di-
7 gester;

8 “(v) fuel cells; and

9 “(vi) a combined heat and power sys-
10 tem.

11 “(2) In undertaking the consideration and mak-
12 ing the determination concerning net metering es-
13 tablished by section 111(d)(11), the following shall
14 apply:

15 “(A) An electric utility—

16 “(i) shall charge the owner or oper-
17 ator of an onsite generating facility rates
18 and charges that are identical to those that
19 would be charged other electric consumers
20 of the electric utility in the same rate
21 class; and

22 “(ii) shall not charge the owner or op-
23 erator of an onsite generating facility any
24 additional standby, capacity, interconnec-
25 tion, or other rate or charge.

1 “(B) An electric utility that sells electric
2 energy to the owner or operator of an onsite
3 generating facility shall measure the quantity of
4 electric energy produced by the onsite facility
5 and the quantity of electricity consumed by the
6 owner or operator of an onsite generating facil-
7 ity during a billing period in accordance with
8 normal metering practices.

9 “(C) If the quantity of electric energy sold
10 by the electric utility to an on-site generating
11 facility exceeds the quantity of electric energy
12 supplied by the onsite generating facility to the
13 electric utility during the billing period, the
14 electric utility may bill the owner or operator
15 for the net quantity of electric energy sold, in
16 accordance with normal metering practices.

17 “(D) If the quantity of electric energy sup-
18 plied by the onsite generating facility to the
19 electric utility exceeds the quantity of electric
20 energy sold by the electric utility to the onsite
21 generating facility during the billing period—

22 “(i) the electric utility may bill the
23 owner or operator of the onsite generating
24 facility for the appropriate charges for the

1 billing period in accordance with subpara-
2 graph (B); and

3 “(ii) the owner or operator of the on-
4 site generating facility shall be credited for
5 the excess kilowatt-hours generated during
6 the billing period, with the kilowatt-hour
7 credit appearing on the bill for the fol-
8 lowing billing period.

9 “(E) An eligible onsite generating facility
10 and net metering system used by an electric
11 consumer shall meet all applicable safety, per-
12 formance, reliability, and interconnection stand-
13 ards established by the National Electrical
14 Code, the Institute of Electrical and Electronics
15 Engineers, and Underwriters Laboratories.

16 “(F) The Commission, after consultation
17 with State regulatory authorities and nonregu-
18 lated electric utilities and after notice and op-
19 portunity for comment, may adopt, by rule, ad-
20 ditional control and testing requirements for
21 onsite generating facilities and net metering
22 systems that the Commission determines are
23 necessary to protect public safety and system
24 reliability.

1 “(G) An electric utility must provide net
2 metering services to electric consumers until the
3 cumulative generating capacity of net metering
4 systems equals 10.0 percent of the utility’s peak
5 demand during the most recent calendar year.

6 “(H) Nothing in this subsection precludes
7 a State from imposing additional requirements
8 regarding the amount of net metering available
9 within a State consistent with the requirements
10 of this section.”.

11 **TITLE IV—HEALTHY DIETS**

12 **SEC. 401. EXPANSION OF FRESH FRUIT AND VEGETABLE** 13 **PROGRAM.**

14 Section 18 of the Richard B. Russell National School
15 Lunch Act (42 U.S.C. 1769) is amended in subsection
16 (g)—

17 (1) in paragraph (1)—

18 (A) in the matter preceding subparagraph
19 (A), by striking “July 2004” and inserting
20 “July 2007”; and

21 (B) by amending subparagraphs (A) and
22 (B) to read as follows:

23 “(A) 100 elementary or secondary schools
24 in each State;

1 “(B) additional elementary or secondary
2 schools in each State in proportion to the stu-
3 dent population of the State; and”.

4 (2) in paragraph (3)(A), by striking “paragraph
5 (1)(B)” and inserting “paragraph (1)”;

6 (3) in paragraph (5), in each of subparagraphs
7 (A) and (B), by striking “2008” and inserting
8 “2011”; and

9 (4) in paragraph (6)(B)—

10 (A) in clause (i)—

11 (i) by striking “October 1, 2004, and
12 on each October 1 thereafter,” and insert-
13 ing “October 1, 2007, and on each October
14 1 thereafter,”; and

15 (ii) by striking “\$9,000,000” and in-
16 serting “\$300,000,000”; and

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

18 “(iii) ADMINISTRATIVE EXPENSES.—
19 For fiscal year 2008 and each fiscal year
20 thereafter, of the amount available to carry
21 out this subsection, the Secretary may re-
22 serve not more than 1 percent of that
23 amount for administrative expenses in car-
24 rying out this subsection.

1 “(iv) STATE ADMINISTRATIVE
2 COSTS.—For fiscal year 2008 and each fis-
3 cal year thereafter, of the amount received
4 by a State to carry out this subsection, the
5 State may use not more than 5 percent of
6 that amount for administrative expenses in
7 carrying out this subsection. To be eligible
8 to use such funds for such expenses, the
9 State must submit to the Secretary a plan
10 indicating how the State intends to use
11 such funds.

12 “(v) FEDERAL REQUIREMENTS.—The
13 Secretary shall establish requirements to
14 be followed by States in administering this
15 subsection. The initial set of requirements
16 shall be established not later than 1 year
17 after the date of the enactment of this
18 clause.”.

19 **SEC. 402. SECTION 32 SPECIALTY CROP PURCHASES.**

20 (a) MINIMUM LEVEL OF PURCHASES.—Section 32 of
21 the Act of August 24, 1935 (7 U.S.C. 612c) is amended
22 in the sixth sentence by inserting after “and their prod-
23 ucts” the following: “, and, for each of fiscal years 2008
24 through 2013, the Secretary of Agriculture shall devote
25 not less than \$400,000,000 of sums appropriated under

1 this section to purchases of non-basic agricultural com-
2 modities, such as fruits, vegetables, and other specialty
3 food crops”.

4 (b) EXPANSION OF DOD FRESH PROGRAM.—Such
5 section is further amended by inserting after the sixth sen-
6 tence, as amended by subsection (a), the following new
7 sentence: “Of the funds specified in the preceding sen-
8 tence, the Secretary of Agriculture shall expend not less
9 than \$50,000,000 fiscal year 2008, \$75,000,000 for both
10 fiscal years 2009 and 2010, \$100,000,000 for fiscal year
11 2011, and \$125,000,000 for fiscal years 2012 and 2013
12 for the purchase of fresh fruits and vegetables for distribu-
13 tion to schools and service institutions in accordance with
14 section 6(a) of the Richard B. Russell National School
15 Lunch Act (42 U.S.C. 1755(a)).”.

16 **SEC. 403. SCHOOL PREFERENCE STUDY.**

17 The Secretary of Agriculture shall carry out a study
18 on the preferences of elementary and secondary schools
19 for commodity distribution, including the extent to which
20 such schools prefer commodity distribution to include
21 fresh fruits and vegetables, and submit to Congress a re-
22 port on the results of the study. The report shall include
23 an analysis of the logistical issues that would impede ef-
24 forts to increase the extent to which commodity distribu-
25 tion to schools includes fresh fruits and vegetables, and

1 shall include recommendations for improving the avail-
2 ability of fresh fruits and vegetables to schools.

3 **SEC. 404. INDEPENDENT EVALUATION OF DEPARTMENT OF**
4 **AGRICULTURE COMMODITY PURCHASE**
5 **PROCESS.**

6 (a) **EVALUATION REQUIRED.**—The Secretary of Agri-
7 culture shall arrange to have performed an independent
8 evaluation of the commodity purchasing processes (and
9 the statutory and regulatory authority underlying such
10 processes) used by the Department of Agriculture to re-
11 move surplus commodities from the market and support
12 commodity prices and producer incomes, especially with
13 regard to activities under section 32 of the Act of August
14 24, 1935 (7 U.S.C. 612c) and the importance of increas-
15 ing purchases of perishable specialty crops.

16 (b) **SUBMISSION OF RESULTS.**—Not later than 1 year
17 after the date of the enactment of this Act, the Secretary
18 of Agriculture shall submit to Congress a report on the
19 results of the evaluation.

20 **SEC. 405. ALLOW GEOGRAPHIC PREFERENCES IN FOOD**
21 **PURCHASING PROGRAMS.**

22 Section 9(j)(1)(A) of the Richard B. Russell National
23 School Lunch Act (42 U.S.C. 1758(j)(1)(A)) is amended
24 by striking “encourage” and inserting “allow”.

1 **SEC. 406. AUTHORIZATION LEVEL FOR FARM-TO-CAFE-**
2 **TERIA ACTIVITIES.**

3 Section 18 of the Richard B. Russell National School
4 Lunch Act (42 U.S.C. 1769) is amended in subsection
5 (i)(2) by striking “such sums as are necessary” and all
6 that follows through the period at the end and inserting
7 “to carry out this subsection \$20,000,000 for each of fis-
8 cal years 2008 through 2013.”.

9 **SEC. 407. EXTENSION OF WIC FARMER’S MARKET NUTRI-**
10 **TION PROGRAM.**

11 Section 17(m)(9)(A) of the Child Nutrition Act of
12 1966 (42 U.S.C. 1786(m)(9)(A)) is amended—

13 (1) in clause (i), by striking “2009” and insert-
14 ing “2013”; and

15 (2) by striking clause (ii) and inserting the fol-
16 lowing:

17 “(ii) MANDATORY FUNDING.—Of the funds of the
18 Commodity Credit Corporation, the Secretary shall make
19 available to carry out this subsection \$20,000,000 for fis-
20 cal year 2008, \$30,000,000 for fiscal year 2009,
21 \$45,000,000 for fiscal year 2010, \$60,000,000 for fiscal
22 year 2011, and not less than \$75,000,000 for fiscal year
23 2012 and each fiscal year thereafter. Such funds shall re-
24 main available until expended.”.

1 **SEC. 408. SENIOR FARMERS' MARKET NUTRITION PRO-**
2 **GRAM.**

3 Section 4402 of the Farm Security and Rural Invest-
4 ment Act of 2002 (7 U.S.C. 3007) is amended—

5 (1) in subsection (a) by striking “\$5,000,000”
6 and all that follows through “2007”, and inserting
7 “\$20,000,000 for fiscal year 2008, \$30,000,000 for
8 fiscal year 2009, \$45,000,000 for fiscal year 2010,
9 \$60,000,000 for fiscal year 2011, and not less than
10 \$75,000,000 for fiscal year 2012 and each fiscal
11 year thereafter”;

12 (2) in subsection (b)—

13 (A) in paragraph (2) by striking “and” at
14 the end;

15 (B) in paragraph (3) by striking the period
16 at the end and inserting “; and”; and

17 (C) by adding at the end the following:

18 “(4) to promote the transition to organic and
19 other environmentally beneficial food production sys-
20 tems.”; and

21 (3) by adding at the end the following new sub-
22 section:

23 “(d) **ELIGIBLE PARTICIPANTS; BENEFITS LEVELS.—**

24 The regulations required by subsection (c)—

1 “(1) shall allow for participation by farmers
2 markets, and roadside stands, community supported
3 agriculture programs; and

4 “(2) shall not limit the ability of State or re-
5 gional programs to set benefit levels per individual
6 senior.”.

7 **SEC. 409. DISABLED FARMERS MARKET NUTRITION PILOT**
8 **PROGRAM.**

9 (a) FINDINGS.—Congress finds that low-income dis-
10 abled individuals suffer from similar forms of malnutrition
11 as low-income seniors, and that the disabled population
12 would reap nutritional benefits from such a farmers mar-
13 ket voucher program where they are able to purchase
14 fresh, healthy food from local farmers.

15 (b)(1) PILOT PROGRAM ESTABLISHMENT.—The Sec-
16 retary of Agriculture shall carry out a pilot program with
17 respect to the States specified in paragraph (d) under
18 which the Secretary creates a farmers’ market nutrition
19 program for disabled individuals.

20 (2) Of the funds of the Commodity Credit Corpora-
21 tion, the Secretary of Agriculture shall use \$1,000,000 for
22 fiscal year 2008 to carry out this section, and such sums
23 as necessary for fiscal years 2009 through 2013.

24 (c) PROGRAM PURPOSES.—The purposes of the farm-
25 ers’ market nutrition pilot program are—

1 (1) to provide resources in the form of fresh,
2 nutritious, unprepared, locally grown fruits, vegeta-
3 bles, and herbs from farmers' markets, roadside
4 stands, and community supported agriculture pro-
5 grams to low-income disabled individuals;

6 (2) to increase the domestic consumption of ag-
7 ricultural commodities by expanding or aiding in the
8 expansion of domestic farmers' markets, roadside
9 stands, and community supported agriculture pro-
10 grams; and

11 (3) to develop or aid in the development of new
12 and additional farmers' markets, roadside stands,
13 and community supported agriculture programs.

14 (d) STATES.—The Secretary shall use funds referred
15 to in subsection (b)(2) for pilot programs on the West
16 Coast in California, in the North East, in the South East,
17 and in the Mid-West.

18 (e) REGULATIONS.—The Secretary may issue such
19 regulations as the Secretary considers necessary to carry
20 out the farmers' market nutrition program.

21 (f) DEFINITION.—For purposes of this section, the
22 term “disabled individual” means an individual who has
23 a disability as defined in section 3 of the Americans with
24 Disabilities Act of 1990 (42 U.S.C. 12102).

1 **SEC. 410. FARMERS' MARKET PROMOTION PROGRAM.**

2 Section 6 of the Farmer-to-Consumer Direct Mar-
3 keting Act of 1976 (7 U.S.C. 3005) is amended by strik-
4 ing subsections (d) and (e) and inserting the following:

5 “(d) **CRITERIA AND GUIDELINES.**—

6 “(1) **IN GENERAL.**—The Secretary shall estab-
7 lish criteria and guidelines for the submission, eval-
8 uation, and funding of proposed projects under the
9 Program.

10 “(2) **PRIORITY.**—The Secretary shall prioritize
11 the funding of projects that will support, encourage,
12 or promote the transition to organic and other envi-
13 ronmentally beneficial forms of agricultural produc-
14 tion.

15 “(e) **FUNDING.**—Of the funds of the Commodity
16 Credit Corporation, the Secretary shall use \$25,000,000
17 for each of fiscal years 2008 through 2013 to carry out
18 this section, of which \$5,000,000 shall be used to support
19 the use of electronic benefit transfers at farmers' mar-
20 kets.”.

21 **SEC. 411. DEPARTMENT OF DEFENSE AND DEPARTMENT OF**
22 **AGRICULTURE PROCUREMENT OF LOCALLY**
23 **PRODUCED FRUITS AND VEGETABLES.**

24 (a) **FINDINGS.**—Congress finds the following:

1 (1) Locally procured agricultural products, as
2 compared to products transported from distant
3 sources—

4 (A) are often harvested closer to full ripe-
5 ness and can have higher nutritional quality;

6 (B) can have improved ripeness, taste, or
7 selection, which can increase rates of consump-
8 tion of agricultural products; and

9 (C) are more efficient to store, distribute,
10 and package.

11 (2) Use of local produce—

12 (A) reduces dependence upon foreign oil by
13 reducing fuel consumption rates associated with
14 the production or transportation of agricultural
15 products;

16 (B) can help to improve the ability of those
17 using the procurement system to provide edu-
18 cation on nutrition, farming, sustainability, en-
19 ergy efficiency, and the importance of local pur-
20 chases to the local economy;

21 (C) helps to maintain a robust logistics
22 network for agricultural product procurement;
23 and

24 (D) promotes farm, business, and economic
25 development by accessing local markets.

1 (3) Section 9(j) of the Richard B. Russell Na-
2 tional School Lunch Act (42 U.S.C. 1758(j)) directs
3 the Secretary of Agriculture to encourage institu-
4 tions participating in the school lunch program es-
5 tablished under that Act and the school breakfast
6 program established by section 4 of the Child Nutri-
7 tion Act of 1966 (42 U.S.C. 1773) to purchase, in
8 addition to other food purchases, locally produced
9 foods, to the maximum extent practicable and appro-
10 prium.

11 (b) DEPARTMENT OF DEFENSE GEOGRAPHIC PRO-
12 CUREMENT PREFERENCE.—Notwithstanding any other
13 provision of law, the Department of Defense may use a
14 geographic preference to purchase locally produced agri-
15 cultural products for—

16 (1) the Defense Supply Center Philadelphia;

17 (2) the Department of Defense Farm to School
18 Program;

19 (3) the Department of Defense Fresh Fruit and
20 Vegetable Program;

21 (4) the service academies;

22 (5) Department of Defense domestic dependent
23 schools;

24 (6) other Department of Defense schools under
25 chapter 108 of title 10, United States Code;

1 (7) commissary and exchange stores; and

2 (8) morale, welfare, and recreation facilities op-
3 erated by the Department of Defense.

4 (c) DEPARTMENT OF AGRICULTURE AND RELATED
5 ENTITIES GEOGRAPHIC PROCUREMENT PREFERENCE.—

6 Notwithstanding any other provision of law, the Depart-
7 ment of Agriculture, schools, local educational agencies,
8 and other entities may use a geographic preference to pur-
9 chase locally produced agricultural products for—

10 (1) the school breakfast program established by
11 section 4 of the Child Nutrition Act of 1966 (42
12 U.S.C. 1773);

13 (2) the school lunch program established under
14 the Richard B. Russell National School Lunch Act
15 (42 U.S.C. 1751 et seq.);

16 (3) the summer food service program for chil-
17 dren established under section 13 of the Richard B.
18 Russell National School Lunch Act (42 U.S.C.
19 1761); and

20 (4) the child and adult care food program es-
21 tablished under section 17 of the Richard B. Russell
22 National School Lunch Act (42 U.S.C. 1766).

23 (d) ADDITION OF GEOGRAPHIC PREFERENCE.—In
24 the case of the purchase of agricultural products, specifi-
25 cally fresh, dried or frozen fruits and vegetables and other

1 specialty crops reflecting local preferences and support of
2 local agriculture to the maximum extent practicable and
3 appropriate, will be acquired from pre-approved local and
4 regional vendors and distributors authorized by the Sec-
5 retary who have agreed to supply eligible products to the
6 above referenced schools and service institutions. The pre-
7 approved vendors and distributors must demonstrate an
8 ability to supply products from local growers and proc-
9 essors and comply with food safety standards developed
10 by the Secretary and consistently provide products that
11 meet standards of grade, size, freshness and quality as
12 required by the Secretary or local procurement officer.
13 This should not preclude the above referenced schools and
14 service institutions from purchasing from potential local
15 farmers in compliance with applicable state procurement
16 laws and statutes.

17 (e) REPORTING.—A school, local educational agency,
18 or other entity participating in one or more of the pro-
19 grams described in subsection (c) shall report to the Sec-
20 retary of Agriculture if the school, local educational agen-
21 cy, or other entity pays more than 10 percent more than
22 the lowest bid to purchase locally produced agricultural
23 products in accordance with this section.

24 (f) REVIEW.—The Secretary of Defense and the Sec-
25 retary of Agriculture shall periodically review the use of

1 the geographic preference provided by this section to pre-
2 vent fraud or abuse.

3 **TITLE V—FORESTRY**

4 **SEC. 501. NATIONAL AND STATE FOREST PRIORITIZATION** 5 **AND PLANNING.**

6 (a) NATIONAL PRIORITIES.—Within 12 months of
7 passage of this legislation, the Secretary, in coordination
8 with other Federal agencies, shall develop national prior-
9 ities for the Nation’s privately-owned forest lands that in-
10 clude an explanation of the most pressing threats to the
11 sustainability, management and conservation of private
12 forests and expected roles for Federal agencies and USDA
13 conservation and forest programs in partnering with
14 States and private landowners to address identified
15 threats.

16 (b) STATE FOREST PLANS.—Within 36 months of
17 passage of this legislation, each State forester, or equiva-
18 lent State official as designated by the Governor of that
19 State, in consultation with State conservationists, State
20 wildlife agencies, and other appropriate agencies and
21 stakeholders, shall develop a State forest plan that in-
22 cludes—

23 (1) an outline of threats to the sustainability,
24 management, and conservation of privately-owned
25 forests in that State, with particular reference to

1 those threats outlined in the Secretary’s national
2 priorities that are relevant to the respective State;

3 (2) goals and strategies for addressing identi-
4 fied threats and maintaining the productivity and
5 capacity of forest resources in that State, including
6 how coordinated application of USDA conservation
7 and forest programs can address relevant threats
8 and support private landowners; and

9 (3) a program to monitor and measure progress
10 towards reaching goals and implementing strategies
11 in the plan.

12 (c) APPROPRIATIONS.—\$10 million shall be provided
13 to USDA and the States annually in fiscal years 2008,
14 2009, and 2010 to carry out this section, with such sums
15 as necessary provided in future fiscal years for updating
16 of plans as the Secretary shall deem appropriate.

17 **SEC. 502. HEALTHY FORESTS RESERVE PROGRAM.**

18 (a) METHODS OF ENROLLMENT.—Section 502(f)(1)
19 of the Healthy Forests Restoration Act of 2003 (16
20 U.S.C. 6572(f)(1)) is amended by striking subparagraph
21 (C) and inserting the following new subparagraph:

22 “(C) a permanent easement,”.

23 (b) FUNDING.—Section 508 of such Act (16 U.S.C.
24 6578) is amended to read as follows:

1 **“SEC. 508. FUNDING FOR HEALTHY FORESTS RESERVE**
2 **PROGRAM.**

3 “(a) **FUNDING SOURCE.**—For each of fiscal years
4 2008 through 2013, the Secretary shall allocate \$50 mil-
5 lion from the funds, facilities, and authorities of the Com-
6 modity Credit Corporation to carry out the healthy forests
7 reserve program, including the provision of technical as-
8 sistance under the program.

9 “(b) **SECTION 11 CAP.**—The use of Commodity Cred-
10 it Corporation funds under subsection (a) to provide tech-
11 nical assistance under the healthy forests reserve program
12 shall not be considered an allotment or fund transfer from
13 the Commodity Credit Corporation for purposes of the
14 limitation on expenditures for technical assistance imposed
15 by section 11 of the Commodity Credit Corporation Char-
16 ter Act (15 U.S.C. 714i).”.

17 **SEC. 503. COMMUNITY FOREST AND OPEN SPACE CON-**
18 **SERVATION PROGRAM.**

19 (a) **FINDINGS.**—Congress finds that—

20 (1) the United States Forest Service recently
21 projected that 44 million acres of private forest will
22 be developed across the Nation through 2030, in-
23 cluding many of the most important remaining par-
24 cels within and adjacent to communities, creating an
25 urgent need for local governments to have the finan-

1 cial resources to purchase the most publicly impor-
2 tant parcels as they come up for sale;

3 (2) the rapidly expanding base of private
4 forestland owners created by forest parcelization in-
5 cludes many individuals with no experience in forest
6 stewardship, creating an urgent need for demonstra-
7 tion sites for proper forest management, for which
8 many communities are using municipal or county
9 forestland;

10 (3) in fast growing communities of all sizes
11 across the Nation, remaining parcels of forestland
12 play an essential role in protecting public water sup-
13 plies, leading many local governments to purchase
14 these lands for municipal or county ownership;

15 (4) rising rates of obesity and other public
16 health problems related to inactivity have been
17 shown to be ameliorated by improving public access
18 to safe and pleasing areas for outdoor recreation,
19 leading many local governments to purchase recre-
20 ation lands for municipal or county ownership;

21 (5) across the Nation, many communities of di-
22 verse types and sizes are deriving significant finan-
23 cial benefit from owning and managing municipal or
24 county forestland as a source of local revenue that
25 also contributes significantly to the health of the for-

1 est products economy at the local and national lev-
2 els;

3 (6) public hunting, fishing, and trapping access
4 and subsequently participation have declined as for-
5 ests and watersheds nationwide are parcelized
6 among a growing base of private owners who often
7 post their land against public use, leading many mu-
8 nicipalities and counties to purchase forestland to
9 guarantee access for sportsmen and women; and

10 (7) there is a national interest in financially as-
11 sisting communities in the purchase of important
12 forest parcels that will maintain the diverse public
13 benefits of forestland close to or within all manner
14 of communities nationwide, from close-knit rural
15 communities to fast growing suburban and exurban
16 areas.

17 (b) ESTABLISHMENT AND PURPOSE.—

18 (1) ESTABLISHMENT.—The Secretary of Agri-
19 culture shall establish a program within the United
20 States Forest Service, to be known as the Commu-
21 nity Forest and Open Space Conservation Program,
22 in cooperation with appropriate State and local units
23 of government for the purpose of enabling municipi-
24 palities and counties to acquire forest areas that are
25 economically, culturally, and environmentally impor-

1 tant to that locality and that are threatened by con-
2 version to non-forest uses.

3 (2) PURPOSE.—Areas purchased under this
4 program are intended to conserve community access
5 to and benefit from forests for a wide variety of pub-
6 lic purposes that may include but are not limited to
7 model forest stewardship, sustainable timber produc-
8 tion, forest-based educational and cultural activities,
9 wildlife habitat, watershed protection, and public ac-
10 cess for outdoor recreation including hunting and
11 fishing.

12 (c) INTERESTS IN LAND.—

13 (1) MUNICIPAL OR COUNTY OWNERSHIP.—All
14 properties acquired using funds under this program
15 shall be owned in fee by a municipality or county.

16 (2) NONPROFIT OWNERSHIP.—Upon request of
17 a participating State, designated nonprofit organiza-
18 tions operating within that State may also own lands
19 using funds under this program, providing that the
20 land is open for public access consistent with the
21 purposes and criteria of this program.

22 (d) IMPLEMENTATION.—

23 (1) INITIAL PROGRAMS.—Not later than 1 year
24 after the date of enactment of this section, the Sec-
25 retary shall establish at least 1 State program in

1 each of the New England, Mid-Atlantic, Midwest,
2 South, West, and Pacific Northwest regions of the
3 United States, upon application from a willing State
4 in that region. No State or region shall be compelled
5 to participate in the program.

6 (2) AUTHORITY.—Authority for implementation
7 of the Community Forest Conservation and Open
8 Space Program in each participating State shall lie
9 with the State forester, equivalent State official, or
10 other appropriate State natural resource manage-
11 ment agency as designated by the Governor of that
12 State.

13 (3) ASSESSMENT OF NEED.—Each partici-
14 pating State shall prepare an Assessment of Need
15 identifying geographic program focus areas within
16 that State and priority objectives for conservation
17 based on conditions and public needs in that State.
18 This requirement may be satisfied by inclusion as
19 part of an integrated statewide forest planning proc-
20 ess for application of Federal programs in that
21 State.

22 (e) ELIGIBILITY AND CRITERIA.—

23 (1) IN GENERAL.—Within 1 year from the date
24 of enactment of this section and in consultation with
25 State Forest Stewardship Advisory Committees,

1 State Urban and Community Forestry Advisory
2 Committees, and similar organizations, the Secretary
3 shall establish eligibility and ranking criteria for
4 projects to receive funding through this program.

5 (2) CRITERIA.—Of land proposed to be included
6 in the Community Forest and Open Space Conserva-
7 tion Program, the Secretary shall develop criteria
8 that give priority to lands which meet identified local
9 open space and natural resource needs as captured
10 in town plans, regional plans, or other relevant local,
11 regional, or State planning documents, can be effec-
12 tively managed to model good forest stewardship for
13 private landowners, support forest-based educational
14 programs including vocational education in forestry,
15 provide significant protection of public water sup-
16 plies or other waterways, can offer long-term eco-
17 nomic benefit to communities through forestry, con-
18 tain important wildlife habitat, provide convenient
19 public access for outdoor recreation including hunt-
20 ing and fishing, and are threatened with conversion
21 to non-forest uses. Special consideration shall be
22 given to proposals reflecting coordination and joint
23 planning at regional scale among 2 or more munici-
24 palities and/or counties.

1 (f) APPLICATION AND RANKING.—Any municipality
2 or county that wishes to participate may prepare and sub-
3 mit a project application to acquire forest lands within a
4 State’s geographic program focus area to the Community
5 Forest and Open Space Conservation Program in that
6 State at such time in such form and containing such infor-
7 mation as the Secretary may prescribe. This application
8 must include certification from the appropriate unit(s) of
9 local government that the project is consistent with any
10 comprehensive plans for development adopted by such
11 unit(s). States will rank all project submissions and sub-
12 mit to the Secretary. The Secretary shall create a national
13 list ranking all submitted projects subject to the criteria
14 described in section 5(b).

15 (g) DUTIES OF OWNERS.—

16 (1) IN GENERAL.—For lands acquired through
17 this program, the municipality or county shall be re-
18 quired to manage the property in a manner that is
19 consistent with the purposes for which the land was
20 purchased through the Community Forest and Open
21 Space Conservation Program and shall not convert
22 such property to other non-forest uses. Public access
23 for compatible recreational uses, as determined by
24 the municipality or county, shall be required.

1 (2) FOREST MANAGEMENT PLAN.—Within 2
2 years of closing on any purchase using funds under
3 this program, a municipality or county must com-
4 plete a forest management plan for the purchased
5 property subject to the approval of the responsible
6 State agency. Management plans shall be created
7 through a public process that allows for community
8 participation and input.

9 (3) REIMBURSEMENT AND PENALTY.—Should a
10 municipality or county sell land acquired with funds
11 obtained through this program, the municipality or
12 county must reimburse the Federal Government the
13 full amount of original funding plus a penalty equal
14 to 50 percent of the current sale price or appraised
15 value, whichever is higher. Any municipality or coun-
16 ty that sells lands acquired using funds through this
17 program shall no longer be eligible for future grants
18 from this program.

19 (h) COST SHARING.—

20 (1) IN GENERAL.—In accordance with terms
21 and conditions that the Secretary shall prescribe,
22 costs for the acquisition of lands or project costs
23 shall be shared among participating entities includ-
24 ing State, county, municipal, and other govern-
25 mental units, landowners, corporations, or private

1 organizations. Such costs may include, but are not
2 limited to, those associated with planning, adminis-
3 tration, property acquisition, and property manage-
4 ment.

5 (2) MATCHING REQUIREMENT.—The Federal
6 share of total project costs shall not exceed 50 per-
7 cent for any project, including any in-kind contribu-
8 tion. Payments under this section shall be in accord-
9 ance with Federal appraisal and acquisition stand-
10 ards and procedures.

11 (i) STATE ADMINISTRATION AND TECHNICAL AS-
12 SISTANCE.—In order to assist municipalities and counties
13 in model stewardship of lands acquired under this pro-
14 gram, 10 percent of all funds appropriated each year for
15 the Community Forest Conservation Program shall be al-
16 located to the responsible State agencies in participating
17 States to administer the program and to provide technical
18 assistance to municipalities and counties for forest stew-
19 ardship, including development and implementation of an
20 approved forest management plan.

21 (j) APPROPRIATION.—There are authorized to be ap-
22 propriated such sums as may be necessary to carry out
23 this section.

24 (k) PRIVATE PROPERTY PROTECTION AND LACK OF
25 REGULATORY EFFECT.—

1 (1) RECOGNITION OF AUTHORITY TO CONTROL
2 LAND USE.—Nothing in this Act modifies any au-
3 thority of Federal, State, or local governments to
4 regulate land use.

5 (2) PARTICIPATION OF PRIVATE PROPERTY
6 OWNERS.—Nothing in this Act requires the owner of
7 any private property to participate in private forest
8 conservation, financial, or technical assistance or
9 any other programs established under this Act.

10 **TITLE VI—NUTRITION**
11 **Subtitle A—Food Stamp Program**

12 **SEC. 601. PREVENTING REDUCTIONS IN BENEFITS.**

13 Section 3(o) of the Food Stamp Act of 1977 (7
14 U.S.C. 2012(o)) is amended—

15 (1) by striking “on October 1, 1996,” the sec-
16 ond place it appears; and

17 (2) by striking “on September” and all that fol-
18 lows through “2002”, and inserting “during the im-
19 mediately preceding fiscal year”.

20 **SEC. 602. STRENGTHENING THE FOOD PURCHASING**
21 **POWER OF LOW-INCOME AMERICANS.**

22 Section 5(e)(1) of the Food Stamp Act of 1977 (7
23 U.S.C. 2014(e)(1)) is amended—

1 (1) In subparagraph (a)(ii) by striking “not less
2 than \$134” and all that follows to the end of the
3 clause and inserting the following:

4 “not less than \$156, \$267, \$220, and
5 \$137, respectively. For October 1, 2008,
6 and each fiscal year thereafter, an amount
7 that is equal to the amount from the pre-
8 vious fiscal year adjusted to the nearest
9 lower dollar increment to reflect changes in
10 the Consumer Price Index for all urban
11 consumers published by the Bureau of
12 Labor Statistics, for items other than food,
13 for the twelve months ending the preceding
14 June 30.”; and

15 (2) in subparagraph (B)(ii) by striking “not
16 less than \$269.” and inserting the following:

17 “not less than \$313. For October 1, 2008,
18 and each fiscal year thereafter, an amount
19 that is equal to the amount from the pre-
20 vious fiscal year adjusted to the nearest
21 lower dollar increment to reflect changes in
22 the Consumer Price Index for All Urban
23 Consumers published by the Bureau of
24 Labor Statistics, for items other than food,

1 for the twelve months ending the preceding
2 June 30.”.

3 **SEC. 603. CHILD CARE DEDUCTION.**

4 Section 5(e)(3)(A) of the Food Stamp Act of 1977
5 (7 U.S.C. 2014(e)(3)(A)) is amended by striking “, the
6 maximum allowable level of which shall be \$200 per month
7 for each dependent child under 2 years of age and \$175
8 per month for each other dependent,”.

9 **SEC. 604. EXCLUSION OF COMBAT-RELATED MILITARY PAY**
10 **FROM COUNTABLE INCOME.**

11 Section 5(d) of the Food Stamp Act of 2007 (7
12 U.S.C. 2014(d)) is amended—

13 (1) by striking “and (18)” and inserting
14 “(18)”; and

15 (2) by inserting before the period at the end the
16 following:

17 “(19) any additional payment received under chapter
18 5 of title 37, United States Code, by a member of the
19 United States Armed Forces deployed to a designated
20 combat zone for the duration of the member’s deployment
21 if the additional pay is the result of deployment to or while
22 serving in a combat zone, and it was not received imme-
23 diately prior to serving in the combat zone”.

1 **SEC. 605. EXCLUSION OF RETIREMENT ACCOUNTS FROM**
2 **COUNTABLE FINANCIAL RESOURCES.**

3 (a) **RETIREMENT ACCOUNTS.**—Section 5(g)(2)(B)(v)
4 of the Food Stamp Act of 1977 (7 U.S.C.
5 2014(g)(2)(B)(v)), as amended by section 604, is amend-
6 ed by striking “or retirement account (including an indi-
7 vidual account)” and inserting “account”.

8 (b) **MANDATORY AND DISCRETIONARY EXCLU-**
9 **SIONS.**—Section 5(g) of the Food Stamp Act of 1977 (7
10 U.S.C. 2014(g)) is amended by adding at the end the fol-
11 lowing:

12 “(8) **EXCLUSION OF RETIREMENT ACCOUNTS**
13 **FROM COUNTABLE FINANCIAL RESOURCES.**—

14 “(A) **MANDATORY EXCLUSIONS.**—The Sec-
15 retary shall exclude from financial resources
16 under this subsection the value of any funds in
17 a plan, contract, or account, described in sec-
18 tion 401(a), 403(a), 403(b), 408, 408A, 457(b),
19 or 501(c)(18) of the Internal Revenue Code of
20 1986 and the value of funds in a Federal Thrift
21 Savings Plan account as provided in section
22 8439 of title 5 of the United States Code.

23 “(B) **DISCRETIONARY EXCLUSIONS.**—The
24 Secretary may exclude from financial resources
25 under this subsection the value of any other re-

1 tirement plans, contracts, or accounts (as deter-
2 mined by the Secretary by regulation).”.

3 **SEC. 606. ALLOWABLE COUNTABLE RESOURCES.**

4 Section 5(g) of the Food Stamp Act of 1977 (7
5 U.S.C. 2014(g)) is amended—

6 (1) by striking “(g)(1) The Secretary” and in-
7 serting the following:

8 “(g) ALLOWABLE FINANCIAL RESOURCES.—

9 “(1) TOTAL AMOUNT.—

10 “(A) IN GENERAL.—The Secretary”.

11 (2) in subparagraph (A) (as so designated by
12 paragraph (1))—

13 (A) by inserting “(as adjusted in accord-
14 ance with subparagraph (B))” after “\$2,000”;
15 and

16 (B) by inserting “(as adjusted in accord-
17 ance with subparagraph (B))” after “\$3,000”;
18 and

19 (3) by adding at the end the following:

20 “(B) ADJUSTMENT FOR INFLATION.—

21 “(i) IN GENERAL.—Beginning on Oc-
22 tober 1, 2007, and each October 1 there-
23 after, the amounts in subparagraph (A)
24 shall be adjusted to the nearest \$100 in-
25 crement to reflect changes for the 12-

1 month period ending the preceding June in
2 the Consumer Price Index for All Urban
3 Consumers published by the Bureau of
4 Labor Statistics of the Department of
5 Labor.

6 “(ii) REQUIREMENT.—Each adjust-
7 ment under clause (i) shall be based on the
8 unrounded amount for the prior 12-month
9 period.”.

10 **SEC. 607. FACILITATING SIMPLIFIED REPORTING.**

11 Section 6(c) of the Food Stamp Act of 1977 (7
12 U.S.C. 2015(c)(1)(A)) is amended—

13 (1) in paragraph (1)(a) by—

14 (A) striking “reporting by” and inserting
15 “reporting”;

16 (B) inserting “for periods shorter than
17 four months by” after the clause designations
18 in clauses (I) and (ii); and

19 (C) inserting “by” after the clause des-
20 ignation in clause (iii); and

21 (2) in paragraph (3) by—

22 (A) striking “Reports required to be filed
23 monthly under paragraph (1)” and inserting
24 “Except as provided in paragraph (1)(D)(ii),
25 periodic reports filed under paragraph (1)”;

1 (B) striking “required to be filed month-
2 ly”;

3 (C) striking “subject matter included in
4 such reports” and inserting “such households”;
5 and

6 (D) inserting after the third sentence the
7 following: “The State agency shall not be re-
8 quired to act on information about such house-
9 hold received from any source between such
10 periodic reports unless the information clearly
11 indicates that the household is not eligible, sub-
12 ject to standards established by the Secretary,
13 or the household requests an increase in bene-
14 fits.”.

15 **SEC. 608. SIMPLIFYING WORK REQUIREMENT.**

16 (a) Section 6 of the Food Stamp Act of 1977 (7
17 U.S.C. 2015) is amending by striking subsection (o).

18 (b) Section 16(h)(1) of the food stamp act of 1977
19 (7 U.S.C. 2025(h)(1)) is amended—

20 (1) in subparagraph (A)—

21 (A) in clause (vi)(II) by striking “and”;

22 (B) in clause (vii) by striking the period at
23 the end and inserting “; and”; and

24 (C) by adding at the end the following

1 “(viii) for each of fiscal years 2008
2 through 2012, \$110,000,000.”; and

3 (2) by striking subparagraph (E).

4 **SEC. 609. MINIMUM BENEFIT.**

5 Section 8(a) of the Food Stamp Act of 1977 (7
6 U.S.C. 2017(a)) is amended by striking “\$10 per month.”
7 and inserting “20 percent of the thrifty food plan for a
8 household containing one member, as determined by the
9 Secretary under section 3(o).”.

10 **SEC. 610. REAUTHORIZATION OF FOOD STAMP PROGRAM**

11 **AND FOOD DISTRIBUTION PROGRAM ON IN-**

12 **DIAN RESERVATIONS.**

13 (a) GRANTS FOR SIMPLE APPLICATION AND ELIGI-
14 BILITY DETERMINATION SYSTEMS AND IMPROVED AC-
15 CESS TO BENEFITS.—Section 11(t)(1) of the Food Stamp
16 Act of 1977 (7 U.S.C. 2020(t)(1)) is amended by striking
17 “2007” and inserting “2012”.

18 (b) FOOD STAMP EMPLOYMENT AND TRAINING.—
19 Section 16(h)(1) of the Food Stamp Act of 1977 (7 U.S.C.
20 2025(h)(1)) is amended—

21 (1) in subparagraph (A)(vii) by striking “2002
22 through 2007” and inserting “2008 through 2012”;
23 and

24 (2) in subparagraph (E)(i) by striking “2002
25 through 2007” and inserting “2008 through 2012”.

1 (c) REDUCTIONS IN PAYMENTS FOR ADMINISTRA-
2 TIVE COSTS.—Section 16(k)(3) of the Food Stamp Act
3 of 1977 (7 U.S.C. 2025(k)(3)) is amended—

4 (1) in the first sentence of subparagraph (A),
5 by striking “2007” and inserting “2012”; and

6 (2) in subparagraph (B)(ii) by striking “2007”
7 and inserting “2012”.

8 (d) CASH PAYMENT PILOT PROJECTS.—Section
9 17(b)(1)(B)(vi) of the Food Stamp Act of 1977 (7 U.S.C.
10 2026(b)(1)(B)(vi)) is amended by striking “2007” and in-
11 serting “2012”.

12 (e) AUTHORIZATION OF APPROPRIATIONS.—Section
13 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C.
14 2027(a)(1)) is amended in the 1st sentence by striking
15 “2003 through 2007” and inserting “2008 through
16 2012”.

17 (f) CONSOLIDATED BLOCK GRANTS FOR PUERTO
18 RICO AND AMERICAN SAMOA.—Section 19(a)(2)(A)(ii) of
19 the Food Stamp Act of 1977 (7 U.S.C. 2028(a)(2)(A)(ii))
20 is amended by striking “2007” and inserting “2012”.

21 **SEC. 611. ACCOUNTABILITY FOR PAPERWORK REQUIRE-**
22 **MENTS.**

23 Section 11(e)(3) of the Food Stamp Act of 1977 (7
24 U.S.C. 2020(e)(3)) is amended by inserting “, *Provided,*
25 That no application shall be denied for lack of verification

1 unless the State agency determines that the household re-
2 fused to comply with a request for verification made by
3 an individual designated under paragraph (6)(B)” after
4 “of an application,”.

5 **SEC. 612. PERFORMANCE STANDARDS FOR BIOMETRIC**
6 **TECHNOLOGY.**

7 Section 7 of the Food Stamp Act of 1977 (7 U.S.C.
8 2016) is amended by adding at the end the following:

9 “(k) LIMITATION.—No State agency shall establish
10 any additional requirements or conditions on households
11 to receive benefits, other than those specified in this sec-
12 tion.”.

13 **SEC. 613. PREVENTING CONFLICTS OF INTEREST.**

14 Section 16(a) of the Food Stamp Act of 1977 (7
15 U.S.C. 2025(a)) is amended by inserting “directly or indi-
16 rectly” before “receive or benefit” in the final sentence.

17 **SEC. 614. LIMITATION ON CONTRACTING.**

18 Section 16(a) of the Food Stamp Act of 1977 (7
19 U.S.C. 2025(a)) is amended by inserting at the end: “The
20 Secretary shall not make any payments for administrative
21 costs under this or any other section of law relating to
22 a contract that a State agency concluded in violation of
23 this Act or the Secretary’s regulations, whether or not the
24 Secretary may approve the contract subsequent to its let-
25 ting, or for any personnel costs to carry out functions

1 specified under section 11(e)(3) except by persons de-
2 scribed under section 11(e)(6)(B).”.

3 **SEC. 615. FAIRNESS FOR LEGAL IMMIGRANTS.**

4 Notwithstanding sections 401(a), 402(a), and 403(a)
5 of the Personal Responsibility and Work Opportunity Rec-
6 onciliation Act of 1996 (8 U.S.C. 1611(a), 1612(a),
7 1613(a)) and section 6(f) of the Food Stamp Act of 1977
8 (7 U.S.C. 2015(f)), persons who are lawfully residing in
9 the United States shall be not be ineligible for food stamps
10 on the basis of their immigration status or date of entry
11 into the United States.

12 **SEC. 616. CLARIFYING ELIGIBILITY.**

13 Section 421 of the Personal Responsibility and Work
14 Opportunity Reconciliation Act of 1996 (8 U.S.C.
15 1631(d)(3)) is amended—

16 (1) by striking “to the extent that a qualified
17 alien is eligible under section 1612(a)(2)(J) of this
18 title”; and

19 (2) inserting “to the extent that a child is a
20 member of the food stamp household”.

21 **SEC. 617. ENSURING PROPER SCREENING.**

22 Section 11(e)(2)(B) of the Food Stamp Act of 1977
23 (7 U.S.C. 2020(e)(2)(B)) is amended—

24 (1) by redesignating clauses (vi) and (viii) as
25 clauses (vii) and (viii); and

1 (2) by inserting the following after clause (v):

2 “(vi) shall provide a method for imple-
3 menting 8 U.S.C. 1631 that does not re-
4 quire any unnecessary information from
5 persons who may be exempt from that
6 provision;”.

7 **SEC. 618. CLARIFICATION OF SIMPLIFIED ADMINISTRATIVE**
8 **REPORTING REQUIREMENT.**

9 Section 11(a) of the Food Stamp Act of 1977 (7
10 U.S.C. 2020(a)) is amended by adding the following at
11 the end—

12 “The administrative reporting requirement under 8
13 U.S.C. 1631(e)(2) shall be satisfied by the submission of
14 an aggregate report on the numbers of such exceptions
15 granted each year.”.

16 **Subtitle B—Other Nutrition**
17 **Programs**

18 **SEC. 631. COMMODITIES FOR THE EMERGENCY FOOD AS-**
19 **SISTANCE PROGRAM.**

20 Section 27(a) of the Food Stamp Act of 1977 (7
21 U.S.C. 2036(a)) is amended—

22 (1) by striking “(a) purchase of commodities”
23 and all that follows through “through 2007” and in-
24 serting the following:

25 “(a) PURCHASE OF COMMODITIES.—

1 “(1) IN GENERAL.—As provided in paragraph
2 (2), for each of fiscal years 2008 through 2012”;
3 (2) by striking “\$140,000,000 of”; and
4 (3) by inserting at the end:

5 “(2) AMOUNTS.—The following amounts are
6 made available to carry out this subsection:

7 “(A) for fiscal year 2008, \$250,000,000;

8 “(B) for each of fiscal years 2009 through
9 2012, the dollar amount of commodities avail-
10 able in the immediately preceding fiscal year
11 adjusted by the percentage by which the thrifty
12 food plan has been adjusted under section
13 3(o)(4) between June 30, 2007 and June 30 of
14 the immediately preceding fiscal year.”.

15 **SEC. 632. REAUTHORIZE THE COMMODITY SUPPLEMENTAL**
16 **FOOD PROGRAM (CSFP).**

17 Section 4(a) of the Agriculture and Consumer Protec-
18 tion Act of 1973 (7 U.S.C. 612c note; Public Law 93–
19 86) is amended in the first sentence by striking “2007”
20 and inserting “2012”.

1 **SEC. 633. REAUTHORIZATION OF AND INCREASED FUNDING**
2 **FOR COMMUNITY FOOD PROJECT COMPETI-**
3 **TIVE GRANTS.**

4 (a) **AUTHORITY TO PROVIDE ASSISTANCE.**—Section
5 25(b) of the Food Stamp Act of 1977 (7 U.S.C. 2034(b))
6 is amended—

7 (1) in paragraph (1) by striking “From
8 amounts made available to carry out this Act, the
9 Secretary may” and inserting “The Secretary shall”;
10 and

11 (2) by striking paragraph (2) and inserting the
12 following:

13 “(2) **FUNDING AMOUNTS.**—From amounts
14 made available to carry out this Act, the Secretary
15 shall use for fiscal year 2008 \$30,000,000 and for
16 each fiscal year thereafter the amount available in
17 the preceding year adjusted to reflect changes in the
18 in Consumer Price Index for all Urban Consumers
19 published by the Bureau of Labor Statistics for the
20 twelve months ending the preceding June 30.”.

21 (b) **PREFERENCE FOR CERTAIN PROJECTS.**—Section
22 25(d) of the Food Stamp Act of 1977 (7 U.S.C. 2034(d))
23 is amended—

24 (1) in paragraph (3) by striking “or” at the
25 end;

1 (2) in paragraph (4) by striking the period at
2 the end and inserting “; or”; and

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

4 “(5) serve special project needs in areas of—

5 “(A) transportation and processing for ex-
6 panding institutional and emergency food serv-
7 ice demand for local food;

8 “(B) retail access to healthy foods in un-
9 derserved markets;

10 “(C) integration of urban and metro-area
11 food production in food projects; and

12 “(D) technical assistance for youth, so-
13 cially disadvantaged individuals, and limited re-
14 source groups.”.

15 (c) MATCHING FUNDS REQUIREMENTS.—Section
16 25(e)(1) of the Food Stamp Act of 1977 (7 U.S.C.
17 2034(e)(1)) is amended by striking “50” and inserting
18 “75”.

19 (d) TERM OF GRANT.—Section 25(f)(2) of the Food
20 Stamp Act of 1977 (7 U.S.C. 2034(f)(2)) is amended by
21 striking “3” and inserting “5”.

22 (e) FUNDING.—Section 25(h)(4) of the Food Stamp
23 Act of 1977 (7 U.S.C. 2034(h)(4)) is amended—

1 (1) by striking “fiscal years 2003 through
2 2007” and inserting “fiscal years 2008 through
3 2013”; and

4 (2) by striking “\$200,000” and inserting
5 “\$500,000”.

6 **TITLE VII—CROP INSURANCE**

7 **SEC. 701. REAUTHORIZATION OF AND ADDITIONAL FUND-** 8 **ING FOR AGRICULTURAL MANAGEMENT AS-** 9 **SISTANCE PROGRAM.**

10 (a) REAUTHORIZATION.—Subsection (b)(4)(B) of
11 section 524 of the Federal Crop Insurance Act (7 U.S.C.
12 1524) is amended—

13 (2) in clause (ii), by striking “fiscal years 2003
14 through 2007” and inserting “fiscal years 2008
15 through 2013”; and

16 (3) in clause (iii), by striking “fiscal years 2004
17 through 2007” and inserting “fiscal years 2008
18 through 2013”.

19 (b) FUNDING LEVELS.—Such subsection is further
20 amended—

21 (1) in clause (ii), by striking “\$20,000,000”
22 and inserting “\$40,000,000”; and

23 (2) in clause (iii)—

24 (A) in subclause (I), by striking
25 “\$14,000,000” and inserting “\$19,000,000”;

1 (B) in subclause (II), by striking
2 “\$1,000,000” and inserting “\$2,000,000”; and
3 (C) in subclause (III), by striking
4 “\$5,000,000” and inserting “\$19,000,000”.

5 **SEC. 702. REAUTHORIZATION, EXPANSION, AND IMPROVE-**
6 **MENT OF ADJUSTED GROSS REVENUE (AGR)**
7 **INSURANCE PILOT PROGRAM.**

8 (a) REAUTHORIZATION.—Subsection (e)(1) of section
9 523 of the Federal Crop Insurance Act (7 U.S.C. 1524)
10 is amended by striking “2004 reinsurance year” and in-
11 serting “2013 reinsurance year”.

12 (b) EXPANSION.—Subsection (e)(2)(a) of section 523
13 of the Federal Crop Insurance Act (7 U.S.C. 1524) is
14 amended by striking “the Corporation shall include in the
15 pilot program for the 2003 reinsurance year at least 8
16 counties in the State of California and at least 8 counties
17 in the State of Pennsylvania” and inserting “the Corpora-
18 tion shall include in the adjusted gross revenue insurance
19 pilot programs (AGR and AGR–Lite) for the 2008
20 through 2013 reinsurance years all counties and States
21 which meet the criteria for selection, pending required rat-
22 ing.”.

23 (c) SPECIFIC POLICY IMPROVEMENTS.—Subsection
24 (e) of section 523 of the Federal Crop Insurance Act (7

1 U.S.C. 1524) is amended by adding at the end the fol-
2 lowing new paragraphs:

3 “(3) COVERAGE LEVELS.—The Corporation
4 shall, to the maximum extent possible, provide high-
5 er coverage levels for the adjusted gross revenue in-
6 surance pilot program including an 85 percent cov-
7 erage level with a 100 percent payment rate.

8 “(4) ACCURATE REFLECTION OF RISK.—The
9 Corporation shall, to the maximum extent possible,
10 provide coverage levels for AGR and AGR–Lite that
11 accurately reflect a producers’ risk under conditions
12 of increasing intended revenue.

13 “(5) INCOME FLOOR.—In order to maintain
14 adequate coverage levels during low income years,
15 the Corporation shall, to the maximum extent pos-
16 sible, provide a 10 percent floor to declines in a pro-
17 ducers’ 5-year income history, which is used in de-
18 termining coverage levels.

19 “(6) INCLUSION OF PAYMENTS.—The Corpora-
20 tion shall, to the maximum extent possible, include
21 crop insurance payments and Noninsured Crop Dis-
22 aster Assistance as allowable income in producers’ 5-
23 year income history, which is used to determine pre-
24 mium rates.

1 “(7) LIVESTOCK RISK ANALYSIS.—The Cor-
2 poration shall conduct additional analysis to more
3 accurately reflect dairy and livestock commodities.

4 “(8) CARRYOVER COMMODITIES.—The Corpora-
5 tion shall, to the maximum extent possible, provide
6 clarity and direction regarding the coverage and in-
7 ventory rules for commodities with carryover inven-
8 tory, including but not limited to, Christmas trees,
9 shellfish, nursery, and livestock.

10 “(9) QUARANTINE AND BIO-TERRORISM.—The
11 Corporation shall, to the maximum extent possible,
12 include the peril of quarantine and bio-terrorism as
13 insurable causes of loss.

14 “(10) LOCAL MARKET VALUE.—

15 “(A) The Corporation shall, to the max-
16 imum extent possible, establish local market
17 value for direct marketers by using the best
18 available estimate from direct marketers rather
19 than commercial buyers.

20 “(B) The Corporation shall, to the max-
21 imum extent possible, require that the value for
22 estimating the revenue for the producer’s inten-
23 tion report for the current year be determined
24 at the time the intentions report is filed.

1 “(11) EXCLUSION FROM INCOME REQUIRE-
2 MENT.—The Corporation shall remove the single
3 crop income requirement, currently at 83.35 percent,
4 that excludes potatoes from the Adjusted Gross Rev-
5 enue insurance program.

6 “(12) DEFINITION OF ANIMALS.—The Corpora-
7 tion shall revise the definition of ‘animals’ eligible
8 for coverage under the adjusted gross revenue insur-
9 ance pilot program to ensure that it is inclusive of
10 production agriculture, specifically adding fryers and
11 shellfish which are licensed commercial producers
12 under the local approving authority in a certified
13 growing area. For purposes of this section, a pro-
14 ducer who can document an insurable interest in
15 livestock shall be eligible for inclusion in AGR and
16 AGR–Lite policies.

17 “(13) BEGINNING FARMERS.—The Corporation
18 shall develop a pilot program that provides opportu-
19 nities for beginning farmers to utilize the adjusted
20 gross revenue insurance program, such as, providing
21 special consideration for premium rates to be estab-
22 lished based on similar farms historical information.

23 “(14) SMALL FARMERS.—The Corporation shall
24 develop a pilot program that provides opportunities
25 for small farmers to utilize the adjusted gross rev-

1 enue insurance program, such as, providing stream-
2 lined, reasonably priced coverage.

3 “(15) LATE FISCAL YEAR INCOME TAX FIL-
4 ERS.—The Corporation shall, to the maximum ex-
5 tent possible, revise program requirements to ensure
6 that producers that file income taxes in a fiscal year
7 that does not match the calendar year are treated
8 equitably to calendar year tax filers, such as, pay-
9 ment of premiums during or after the insurance year
10 and requirements for multiple years of a producer’s
11 intention report.

12 “(16) COMMODITIES PRODUCED FOR FEED.—
13 The Corporation shall, to the maximum extent pos-
14 sible, revise program requirements to include com-
15 modities produced for on-farm feed as an intended
16 commodity.”.

17 **SEC. 703. CROP INSURANCE INCENTIVES FOR BEGINNING**
18 **FARMERS.**

19 Subsection (e)(2) of section 508 of the Federal Crop
20 Insurance Act (7 U.S.C. 1524) is amended—

21 (1) by inserting after paragraph (G) the fol-
22 lowing new paragraph:

23 “(H) The portion of the premium paid by
24 the Corporation, in subparagraphs (B), (C),
25 (D), (E), (F), and (G) shall be increased by 50

1 percent for beginning farmers, as defined by
2 USDA, in their first year of farming and de-
3 creasing by 10 percentage points each year for
4 5 years thereafter.”.

5 **SEC. 704. CROP INSURANCE APPEALS.**

6 Subsection (j)(2) of section 508 of the Federal Crop
7 Insurance Act (7 U.S.C. 1524) is amended—

8 (1) in subparagraph (A) by striking “only”; and
9 (2) by adding at the end the following new
10 paragraph:

11 “(C) The Secretary shall establish alter-
12 native claims procedures under which the Cor-
13 poration, or an approved provider, can settle
14 appeals for denied claims which utilizes the
15 State committee of the Farm Service Agency as
16 a third-party arbiter.”.

17 **SEC. 705. EXPANDED COVERAGE BASED ON HISTORICAL**
18 **DATA.**

19 Subsection (d)(3) of section 522 of the Federal Crop
20 Insurance Act (7 U.S.C. 1524) is amended by inserting
21 after paragraph (G) the following new paragraph:

22 “(H) to develop policies or other risk man-
23 agement tools that provide protection for all
24 crops and/or commodities produced commer-
25 cially within each county, utilizing the pro-

1 ducers historical production as the basis for
2 protection.”.

3 **SEC. 706. COVERAGE AREA FLEXIBILITY.**

4 Subsection (a) of section 508 of the Federal Crop In-
5 surance Act (7 U.S.C. 1524) is amended by inserting after
6 paragraph (8) the following new paragraph:

7 “(9) COVERAGE AREA FLEXIBILITY.—Notwith-
8 standing any other provisions of this title, the Cor-
9 poration shall provide flexibility to producers to sep-
10 arate insurance units for each FSA tract or to use
11 section equivalents where mile-square section surveys
12 are not in effect.”.

13 **SEC. 707. PROVISION OF ORGANIC INSURANCE PROGRAMS.**

14 (a) IN GENERAL.—Section 508(d) of the Federal
15 Crop Insurance Act (7 U.S.C. 1508) is amended by insert-
16 ing after paragraph (c) the following:

17 “(d) SURCHARGE PROHIBITION.—The Corporation
18 may not require producers to pay a premium surcharge
19 for using scientifically sound sustainable and organic
20 farming practices and systems.”.

21 (b) ORGANIC COMMODITIES.—Section 508(c) of the
22 Federal Crop Insurance Act (7 U.S.C. 1508) is amended
23 by adding a new (5)(C)(v) as follows:

24 “(v) in the case of organic commod-
25 ities, shall be, no later than October 1,

1 2009, the expected or the actual organic
 2 market price of the agricultural com-
 3 modity, as determined by the Corpora-
 4 tion.”.

5 **SEC. 708. EDUCATION AND RISK MANAGEMENT ASSIST-**
 6 **ANCE.**

7 Section 524(a)(3) of the Federal Crop Insurance Act
 8 (7 U.S.C. 1524) is amended in subparagraph (C) by strik-
 9 ing “2” and inserting “3”.

10 **TITLE VIII—DAIRY**

11 **SEC. 801. CONTINUATION OF THE MILK INCOME LOSS CON-**
 12 **TRACT PROGRAM.**

13 (a) CONTINUATION OF PROGRAM; PAYMENT PER-
 14 CENTAGE RATE.—Section 1502(c)(3)(C) of the Farm Se-
 15 curity and Rural Investment Act of 2002 (7 U.S.C.
 16 7982(c)(3)(C)) is amended by striking “0 percent” and
 17 inserting “and ending on September 30, 2013, 45 per-
 18 cent”.

19 (b) MAXIMUM PAYMENT QUANTITY.—Section
 20 1502(d)(2)) of the Farm Security and Rural Investment
 21 Act of 2002 (7 U.S.C. 7982(d)(2)) is amended in the first
 22 sentence by striking “2,400,000 pounds” and inserting
 23 “4,800,000 pounds”.

24 (c) CONTRACT SIGNUP AND DURATION.—Section
 25 1502 of the Farm Security and Rural Investment Act of

1 2002 (7 U.S.C. 7982) is amended in subsections (f) and
2 (g)(1) by striking “September 30, 2007” each place it ap-
3 pears and inserting “September 30, 2013”.

4 **SEC. 802. MINIMUM PRICE FOR CLASS I MILK UNDER FED-**
5 **ERAL MILK MARKETING ORDERS.**

6 Section 8c(5) of the Agricultural Adjustment Act (7
7 U.S.C. 608c(5)), reenacted with amendments by the Agri-
8 cultural Marketing Agreement Act of 1937, is amended
9 by adding at the end the following:

10 “(P) CLASS I MILK PRICING.—

11 “(i) MINIMUM PRICE.—Notwith-
12 standing any other provision of law, begin-
13 ning on October 1, 2007, the minimum
14 price for Class I milk under each Federal
15 milk marketing order issued under this
16 subsection shall be \$15.58 per hundred-
17 weight.

18 “(ii) ADJUSTMENT FOR INFLATION.—

19 “(I) IN GENERAL.—Beginning on
20 October 1, 2008, and each October 1
21 thereafter, the amount in clause (i)
22 shall be adjusted by the percent that
23 equals the total percentage change for
24 the 12-month period ending the pre-
25 ceding June 30 in the Consumer Price

1 Index for All Urban Consumers pub-
2 lished by the Bureau of Labor Statis-
3 tics of the Department of Labor.

4 “(II) REQUIREMENT.—Each ad-
5 justment under subclause (I) shall be
6 based on the unrounded amount for
7 the prior 12-month period.”.

8 **SEC. 803. DAIRY EXPORT INCENTIVE AND DAIRY INDEM-**
9 **NITY PROGRAMS.**

10 (a) DAIRY EXPORT INCENTIVE PROGRAM.—Section
11 153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–
12 14(a)) is amended by striking “2007” and inserting
13 “2013”.

14 (b) DAIRY INDEMNITY PROGRAM.—Section 3 of Pub-
15 lic Law 90–484 (7 U.S.C. 4501) is amended by striking
16 “2007” and inserting “2013”.

17 **SEC. 804. FUNDING OF DAIRY PROMOTION AND RESEARCH**
18 **PROGRAM.**

19 Section 113(e)(2) of the Dairy Production Stabiliza-
20 tion Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by
21 striking “2007” and inserting “2013”.

22 **SEC. 805. FEDERAL MILK MARKETING ORDERS.**

23 (a) 2-CLASS SYSTEM FOR CLASSIFYING MILK.—

24 (1) IN GENERAL.—Not later than September
25 30, 2008, the Secretary shall conduct a study of the

1 economic benefits to milk producers of establishing
2 a 2-class system for classifying milk under Federal
3 milk marketing orders issued under section 8c(5) of
4 the Agricultural Adjustment Act (7 U.S.C. 608c(5)),
5 reenacted with amendments by the Agricultural
6 Marketing Agreement Act of 1937, consisting of a
7 fluid milk class and a manufacturing grade milk
8 class (with the price for both classes determined
9 using the component prices of butterfat, protein, and
10 other solids).

11 (2) AMENDMENT TO ORDERS.—

12 (A) IN GENERAL.—If the Secretary deter-
13 mines (on the basis of the study conducted
14 under paragraph (1)) that a 2-class system for
15 classifying milk under Federal milk marketing
16 orders would have a positive impact on milk
17 producers, the Secretary submit a report to the
18 Committee on Agriculture of the House of Rep-
19 resentatives and the Committee on Agriculture,
20 Nutrition, and Forestry of the Senate that in-
21 cludes the text of proposed amendments to the
22 Federal milk marketing orders to implement
23 the 2-class system for classifying milk.

24 (B) EFFECTIVE DATE.—The proposed
25 amendments described in subparagraph (A)

1 shall take effect not earlier than the date that
2 is 180 days after the date on which the report
3 is submitted under that subparagraph.

4 (b) DEADLINE FOR ISSUANCE OF ORDERS.—Section
5 8c(4) of the Agricultural Adjustment Act (7 U.S.C.
6 608c(4)), reenacted with amendments by the Agricultural
7 Marketing Agreement Act of 1937, is amended by striking
8 “After” and inserting “Not later than 30 days after”.

9 (c) ADVANCED PRICING.—Section 8c(5) of the Agri-
10 cultural Adjustment Act (7 U.S.C. 608c(5)), reenacted
11 with amendments by the Agricultural Marketing Agree-
12 ment Act of 1937, is amended by adding at the end the
13 following:

14 “(P) ADVANCED PRICING.—Not later than
15 September 30, 2007, in calculating the ad-
16 vanced price of Class I butterfat milk and Class
17 I and II skim milk under Federal milk mar-
18 keting orders, the Secretary shall use the 4-
19 week component prices that are used to cal-
20 culate prices for Class III and Class IV milk,
21 as determined by the Secretary.”.

22 (d) ECONOMIC IMPACT ASSESSMENT.—The Sec-
23 retary shall—

1 (1) carry out a review of the milk–feed ratio
2 during the 1-year period ending on the date of en-
3 actment of this Act; and

4 (2) not later than September 30, 2008, and
5 each time a proposed change in the Federal milk
6 marketing order formulas is considered by the Sec-
7 retary—

8 (A) assess the economic impact, over a 1-
9 and 2-year period, of proposed changes in Fed-
10 eral milk marketing order formulas on—

11 (i) milk supply;

12 (ii) farm profitability;

13 (iii) consumer demand; and

14 (iv) market prices;

15 (B) submit to the Committee on Agri-
16 culture of the House of Representatives and the
17 Committee on Agriculture, Nutrition, and For-
18 estry a report that describes the results of the
19 assessment; and

20 (C) consider, and include in the record, the
21 results of the assessment before making a deci-
22 sion on any proposed change to the Federal
23 milk marketing order formulas.

1 **SEC. 806. DAIRY PROCESSING EQUIPMENT LOAN GUAR-**
2 **ANTEE FUND.**

3 (a) LOANS.—

4 (1) IN GENERAL.—Section 310B(a) of the Con-
5 solidated Farm and Rural Development Act (7
6 U.S.C. 1932(a)) is amended—

7 (A) by designating the first through fifth
8 sentences as paragraphs (1) through (5), re-
9 spectively;

10 (B) by striking “SEC. 310B. (a) The Sec-
11 retary” and inserting the following:

12 **“SEC. 310B. RURAL INDUSTRIALIZATION ASSISTANCE.**

13 **“(a) LOANS.—**

14 **“(1) IN GENERAL.—The Secretary”;**

15 (C) by striking “for the purposes of (1)
16 improving” and inserting “for the purposes
17 of—

18 “(A) improving”;

19 (D) by striking “abatement and control,
20 (2) the conservation” and inserting “abatement
21 and control;

22 “(B) the conservation”;

23 (E) by striking “rural areas, (3) reducing”
24 and inserting “rural areas;

25 “(C) reducing”;

1 (F) by striking “rural areas, and (4) to fa-
2 cilitate economic” and inserting “rural areas;

3 “(D) facilitating economic”; and

4 (G) by striking “foreign trade.” and insert-
5 ing “foreign trade; and

6 “(E) providing processors of dairy prod-
7 ucts with incentives for investing in new equip-
8 ment and technologies by using not more than
9 \$15,000,000 each fiscal year to—

10 “(i) make loans to dairy processors
11 and cooperatives to cover not more than 50
12 percent of the cost of acquisition and adop-
13 tion of new equipment, equipment up-
14 grades, and new technologies—

15 “(I) at a fixed rate of interest
16 not to exceed the prime lending rate
17 plus 1 percent; and

18 “(II) with a term of not to ex-
19 ceed 15 years; and

20 “(ii) guarantee loans made to dairy
21 processors and cooperatives for the acquisi-
22 tion and adoption of new dairy equipment,
23 equipment upgrades, and new technologies,
24 at a guarantee rate of 90 percent.”.

25 (2) CONFORMING AMENDMENTS.—

1 (A) Section 307(a)(6)(B)(ii) of the Con-
2 solidated Farm and Rural Development Act (7
3 U.S.C. 1927(a)(6)(B)(ii)) is amended by strik-
4 ing “clause (1) of section 310B(a)” and insert-
5 ing “section 310B(a)(1)(A)”.

6 (B) Section 333A(g)(1)(B) of the Consoli-
7 dated Farm and Rural Development Act (7
8 U.S.C. 1983a(g)(1)(B)) is amended by striking
9 “310B(a)(1)” and inserting “310(a)(1)(A)”.

10 (C) Section 381E(d)(3)(B) of the Consoli-
11 dated Farm and Rural Development Act (7
12 U.S.C. 2009d(d)(3)(B)) is amended by striking
13 “310B(a)(1)” and inserting “310B(a)(1)(A)”.

14 (b) LENDING POWER FOR DAIRY PROCESSING CO-
15 OPERATIVES.—Section 3.7 of the Farm Credit Act of
16 1971 (12 U.S.C. 2128) is amended by adding at the end
17 the following:

18 “(g) DAIRY PROCESSING COOPERATIVES.—

19 “(1) IN GENERAL.—The banks for cooperatives
20 may use not more than \$15,000,000 each fiscal year
21 to provide dairy processing cooperatives with work-
22 ing capital lines of credit and accounts receivable fi-
23 nancing for the purpose of accessing export mar-
24 keting opportunities for milk and milk products.

1 “(2) LIMITATIONS.—Financing provided by the
2 banks for cooperatives for a project under paragraph
3 (1) may not exceed the lesser of—

4 “(A) \$1,000,000; or

5 “(B) 75 percent of the costs of carrying
6 out the project.

7 “(3) TERM.—

8 “(A) IN GENERAL.—Except as provided in
9 subparagraph (B), the term of a line of credit
10 described in paragraph (1) shall not exceed 24
11 months.

12 “(B) REVOLVING LINES OF CREDIT.—A
13 revolving line of credit may be used for multiple
14 transactions.

15 “(4) DUE DATE.—An accounts receivable fi-
16 nancing loan under this subsection shall be due on
17 the earlier of—

18 “(A) the date on which the receivable is
19 paid; or

20 “(B) 180 days after the date of disburse-
21 ment.

22 “(5) USE OF FINANCING.—

23 “(A) WORKING CAPITAL LINE OF CREDIT
24 FINANCING.—Working capital line of credit fi-
25 nancing under this subsection may be used—

1 “(i) to acquire inventory for the pro-
2 duction of milk;

3 “(ii) to pay direct and indirect costs
4 (such as design, engineering, labor, and
5 overhead costs) used for—

6 “(I) the manufacture or purchase
7 of goods, including work-in-process,
8 for the production of milk; or

9 “(II) for the provision of services
10 for the production of milk; or

11 “(iii) to support standby letters of
12 credit used as bid bonds, performance
13 bonds, or payment guarantees.

14 “(B) ACCOUNTS RECEIVABLE FINANC-
15 ING.—Accounts receivable financing under this
16 subsection may be used to finance export ac-
17 counts receivables for milk and milk products
18 sold on payment terms of not more than 180
19 days after the date of arrival at the port of im-
20 portation, if the finance export accounts receiv-
21 able have been insured by the Commodity Cred-
22 it Corporation or other guarantor approved by
23 the Secretary.”.

1 **SEC. 807. FEDERAL LOAN FORGIVENESS PROGRAM.**

2 The National Agricultural Research, Extension, and
3 Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is
4 amended by adding at the end the following:

5 **“Subtitle P—Federal Dairy**
6 **Education Loan Forgiveness**

7 **“SEC. 1495. SHORT TITLE.**

8 “This subtitle may be cited as the ‘Federal Dairy
9 Education Loan Forgiveness Act’.

10 **“SEC. 1496. DEFINITIONS.**

11 “In this subtitle:

12 “(1) FAMILY DAIRY FARM.—The term ‘family
13 dairy farm’ means the real property of a dairy
14 farm—

15 “(A) owned by—

16 “(i) one or more immediate family
17 members; or

18 “(ii) a family dairy farm corporation;
19 and

20 “(B) used for the production, for commer-
21 cial purposes, of milk or milk products.

22 “(2) FAMILY DAIRY FARM CORPORATION.—The
23 term ‘family dairy farm corporation’ means a cor-
24 poration—

1 “(A) at least 75 percent of the assets of
2 which are devoted to active involvement in
3 farming; and

4 “(B) at least 75 percent of each class of
5 stock of which is continuously owned by one or
6 more immediate family members.

7 “(3) IMMEDIATE FAMILY MEMBER.—The term
8 ‘immediate family member’ means a spouse, child,
9 stepchild, parent, stepparent, grandparent, brother,
10 stepbrother, sister, stepsister, or similar relative-in-
11 law of an owner of real property, as determined by
12 the Secretary.

13 “(4) INSTITUTION OF HIGHER EDUCATION.—
14 The term ‘institution of higher education’ has the
15 meaning given the term in section 101(a) of the
16 Higher Education Act of 1965 (20 U.S.C. 1001(a)).

17 “(5) PROGRAM.—The term ‘program’ means
18 the Federal dairy education loan forgiveness pro-
19 gram established under section 1497(a).

20 “(6) QUALIFIED APPLICANT.—The term ‘quali-
21 fied applicant’ means a resident of the United States
22 who, as determined by the Secretary—

23 “(A) holds a 2- or 4-year degree in a field
24 related to the production of agricultural prod-
25 ucts from an institution of higher education;

1 “(B) on or after January 1, 2008, has
2 commenced the first year of full-time ownership
3 or operation of a family dairy farm; and

4 “(C) is the borrower of an outstanding
5 qualified loan as a result of pursuing a degree
6 described in subparagraph (A).

7 “(7) QUALIFIED LOAN.—The term ‘qualified
8 loan’ means—

9 “(A)(i) a loan made, insured, or guaran-
10 teed under section 428 or 428H of the Higher
11 Education Act of 1965 (20 U.S.C. 1078, 1078–
12 8);

13 “(ii) a Federal Direct Stafford Loan or a
14 Federal Direct Unsubsidized Stafford Loan
15 made under section 455 of that Act (20 U.S.C.
16 1087e); or

17 “(iii) a consolidation loan under section
18 428C of that Act (20 U.S.C. 1078–3), or a
19 Federal Direct Consolidation Loan under sec-
20 tion 455 of that Act (20 U.S.C. 1087e), to the
21 extent that the amount of the loan was used to
22 repay a loan described in clause (i) or (ii); and

23 “(B) a loan under part B or D of title IV
24 of that Act (20 U.S.C. 1070 et seq.); or

1 “(C) a loan under a guaranteed student
2 loan program of the Department.

3 **“SEC. 1497. FEDERAL DAIRY EDUCATION LOAN FORGIVE-**
4 **NESS PROGRAM.**

5 “(a) IN GENERAL.—Subject to the availability of ap-
6 propriations, the Secretary shall carry out a Federal dairy
7 education loan forgiveness program under which the Sec-
8 retary shall assume the obligation to repay an amount cal-
9 culated in accordance with subsection (c) for one or more
10 qualified loans made to eligible qualified applicants in ac-
11 cordance with this section.

12 “(b) ELIGIBILITY.—A qualified applicant shall sub-
13 mit to the Secretary an application and such documenta-
14 tion of continued eligibility as the Secretary determines
15 to be appropriate.

16 “(c) MAXIMUM AMOUNT.—The maximum amount
17 that the Secretary may repay under the program for each
18 qualified applicant shall be equal to the average annual
19 cost of tuition at land-grant colleges and universities (as
20 determined by the Secretary annually), for each year that
21 the qualified applicant—

22 “(1) is an owner or operator of a family dairy
23 farm; and

1 “(2) has not otherwise received loan repayment
2 on behalf of the qualified applicant under this sec-
3 tion or any other Federal or State program.

4 “(d) PROHIBITION.—Nothing in this section author-
5 izes the refunding of any repayment of a qualified loan.

6 “(e) EXCLUSION FROM INCOME.—Any payment to,
7 or on behalf of, a qualified applicant under this subtitle
8 shall not be included in the gross income of the qualified
9 applicant for purposes of the Internal Revenue Code of
10 1986.

11 “(f) AUTHORIZATION OF APPROPRIATIONS.—

12 “(1) IN GENERAL.—There are authorized to be
13 appropriated such sums as are necessary to carry
14 out this subtitle.

15 “(2) INSUFFICIENT FUNDS.—If the total
16 amount of funds appropriated to carry out this sub-
17 title is insufficient to provide loan repayment under
18 the program for all eligible qualified applicants, the
19 Secretary shall provide loan repayment to eligible
20 qualified applicants on a pro rata basis.”.

21 **SEC. 808. MANDATORY REPORTING OF DAIRY COMMOD-**
22 **ITIES.**

23 (a) DEFINITIONS.—Section 272 of the Agricultural
24 Marketing Act of 1946 (7 U.S.C. 1637a) is amended to
25 read as follows:

1 **“SEC. 272. DEFINITIONS.**

2 “In this subtitle:

3 “(1) DAIRY COMMODITY.—

4 “(A) IN GENERAL.—The term ‘dairy com-
5 modity’ means a product manufactured from
6 milk or a milk-derived ingredient.

7 “(B) INCLUSIONS.—The term ‘dairy com-
8 modity’ includes—

9 “(i) fluid milk;

10 “(ii) cheese;

11 “(iii) butter;

12 “(iv) nonfat dry milk;

13 “(v) skim milk;

14 “(vi) whey products;

15 “(vii) dry proteins (such as a milk
16 protein concentrate, casein, and a casein-
17 ate);

18 “(viii) a lactose product; and

19 “(ix) a fresh dairy product (such as
20 yogurt and ice cream).

21 “(2) DAIRY PROCESSOR.—The term ‘dairy proc-
22 essor’ means a person or legal entity that commer-
23 cially processes milk into cheese, butter, nonfat dry
24 milk, or other dairy solids.

25 “(3) SECRETARY.—The term ‘Secretary’ means
26 the Secretary of Agriculture.”.

1 (b) MANDATORY REPORTING.—Section 273 of the
2 Agricultural Marketing Act of 1946 (7 U.S.C. 1637b) is
3 amended—

4 (1) by redesignating subsections (c) and (d) as
5 subsections (d) and (e), respectively; and

6 (2) by striking subsections (a) and (b) and in-
7 serting the following:

8 “(a) DAILY REPORTING.—

9 “(1) IN GENERAL.—The corporate officers or
10 officially-designated representatives of each dairy
11 processor shall report to the Secretary at least once
12 each reporting day, not later than 10:00 a.m. Cen-
13 tral Time, for each sales transaction involving a
14 dairy commodity, information concerning—

15 “(A) the sales price;

16 “(B) the quantity sold;

17 “(C) the location of the sales transaction;

18 and

19 “(D) product characteristics, including—

20 “(i) moisture level;

21 “(ii) packaging size;

22 “(iii) grade;

23 “(iv) if appropriate, fat or protein
24 level;

25 “(v) heat level for dried products; and

1 “(vi) other defining product character-
2 istics.

3 “(2) PUBLICATION.—The Secretary shall make
4 the information reported under paragraph (1) avail-
5 able to the public not less frequently than once each
6 reporting day, categorized by location and product
7 characteristics.

8 “(b) WEEKLY REPORTING.—

9 “(1) IN GENERAL.—The corporate officers or
10 officially-designated representatives of each dairy
11 processor shall report to the Secretary, on the first
12 reporting day of each week, not later than 9:00 a.m.
13 Central Time, for the prior week information con-
14 cerning—

15 “(A) the sales prices for sales transactions
16 involving dairy commodities, categorized by
17 product characteristics; and

18 “(B) the quantities of dairy commodities
19 sold.

20 “(2) PUBLICATION.—The Secretary shall make
21 the information reported under paragraph (1) avail-
22 able to the public on the first reporting day of the
23 each week, not later than 10:00 a.m. Central Time,
24 categorized by location and product characteristics.

1 “(3) FEDERAL ORDER PRICES.—The Secretary
2 shall use weekly prices published under paragraph
3 (2) to calculate Federal milk marketing order prices.

4 “(c) MONTHLY REPORTING.—

5 “(1) IN GENERAL.—The corporate officers or
6 officially-designated representatives of each dairy
7 processor shall report to the Secretary, on the first
8 reporting day of each month, not later than 9:00
9 a.m. Central Time, the quantity of all dairy com-
10 modities processed by the dairy processor during the
11 prior month.

12 “(2) PUBLICATION.—The Secretary shall make
13 the information reported under paragraph (1) avail-
14 able to the public on the first reporting day of the
15 each month, not later than 10:00 a.m. Central Time,
16 categorized by location and product characteristics.”.

17 **TITLE IX—MISCELLANEOUS**
18 **PROVISIONS**

19 **SEC. 901. NATIONAL ORGANIC TRANSITION AND STEWARD-**
20 **SHIP INCENTIVE PROGRAM.**

21 (a) PROGRAM REQUIRED.—

22 (1) IN GENERAL.—Of the funds of the Com-
23 modity Credit Corporation, the Secretary of Agri-
24 culture (acting through the Natural Resources Con-
25 servation Service) shall use \$50,000,000 for each of

1 the fiscal years 2008 through 2013, to remain avail-
2 able until expended, to establish a national organic
3 agriculture conversion and stewardship incentives
4 program to assist producers developing and imple-
5 menting organic infrastructure and practices for
6 conversion of land and animals to certified organic
7 production and for the adoption of advanced organic
8 farming conservation systems.

9 (2) ESTABLISHMENT.—Not later than 180 days
10 after the date of the enactment of this Act, the Sec-
11 retary shall establish a program to reimburse pro-
12 ducers for the costs of conversion and technical as-
13 sistance to organic food production as defined at the
14 Organic Foods Production Act of 1990 (7 U.S.C.
15 6501 et seq.)

16 (3) PROGRAM.—Under the program established
17 under paragraph (2), the Secretary (acting through
18 the Natural Resources Conservation Service) shall
19 use \$50,000,000 for each of the fiscal years 2008
20 through 2013 to assist producers developing and im-
21 plement infrastructure, practices and activities nec-
22 essary to conversion land and animals to meet the
23 requirements of the Organic Foods Production Act
24 of 1990 (7 U.S.C. 6501 et seq.)

1 (b) INCENTIVE PAYMENTS.—During each of the
2 2008 through 2013 fiscal years, the Secretary shall pro-
3 vide incentive payments to producers who enter into con-
4 tracts with the Secretary under the program.

5 (c) ELIGIBLE PRACTICES AND ACTIVITIES.—The
6 Secretary shall provide payments for:

7 (1) Organic practices and activities during con-
8 version to certified organic production consistent
9 with an approved Organic System Plan to conversion
10 to certified organic crops and livestock production
11 and handling under the national organic production
12 program established under the Organic Foods Pro-
13 duction Act of 1990 (7 U.S.C. 6501 et seq.).

14 (2) Advanced organic practices consistent with
15 an approved Organic System Plan.

16 (3) Organic animal welfare measures, so long as
17 such practices and activities are necessary to imple-
18 ment an organic practice standard and are con-
19 sistent with an approved plan to transition to cer-
20 tified organic production.

21 (4) Technical assistance, including the costs of
22 developing an approved Organic System Plan under
23 this section.

24 (5) Farm infrastructure necessary to implement
25 organic practice standards, including livestock water-

1 ing facilities and fencing, so long as such infrastruc-
2 ture is consistent with an approved Organic System
3 Plan.

4 (6) Other measures the Secretary, after con-
5 sulting with the National Organic Technical Com-
6 mittee, determines are appropriate.

7 (d) ELIGIBLE PRODUCERS.—

8 (1) PLAN SUBMISSION.—To be eligible for pay-
9 ments under this section, the producer shall develop,
10 submit and implement an Organic System Plan that
11 describes the conservation and environmental pur-
12 poses to be achieved through conservation practices
13 and activities and that demonstrates an existing
14 market or reasonable expectation of a future market
15 for the organic production and contains expected
16 costs for infrastructure and practices included in
17 conversion.

18 (2) COMPLIANCE.—Compliance with organic
19 certification requirements must be verified by a
20 USDA-Accredited Certifying Agent (ACA) in order
21 for producers to qualify for payments.

22 (3) CONVERSION PAYMENTS FOR CERTIFIED
23 ORGANIC PRODUCERS.—A certified organic producer
24 under the program shall be eligible for payments to

1 make the conversion to organic production for land
2 and livestock not previously certified organic.

3 (e) LIMITATIONS ON PAYMENTS.—

4 (1) IN GENERAL.—Except as provided in (2)
5 and (3), an individual or entity may not receive, di-
6 rectly or indirectly, cost-share or incentive payments
7 under this section that, in the aggregate, exceed
8 \$10,000 per year, for a period not to exceed four
9 years.

10 (2) SPECIALTY CROPS.—In the case of an indi-
11 vidual or entity who annually produces three or more
12 types of specialty crops, the individual or entity may
13 not receive, directly or indirectly, cost-share or in-
14 centive payments under this section that, in the ag-
15 gregate, exceed \$20,000 per year, for a period not
16 to exceed four years.

17 (3) DAIRY.—In the case of an individual or en-
18 tity whose principal farming enterprise is dairy, the
19 individual or entity may not receive, directly or indi-
20 rectly, cost-share or incentive payments under this
21 section that, in the aggregate, exceed \$20,000 per
22 year, for a period not to exceed four years.

23 (f) SUSPENSION AUTHORITY.—To ensure orderly and
24 continued growth in organic farming, the following re-
25 quirements apply:

1 (1) Prior to each fiscal year and no later than
2 October 1st of each year, the Secretary shall publish
3 organic commodity specific assessments analyzing
4 the domestic production and consumption, import
5 and export organic market demand and growth po-
6 tential for each organic commodity and the antici-
7 pated number and total amount of new reimburse-
8 ments for the following year affecting each com-
9 modity.

10 (2) The Secretary shall not enroll new pro-
11 ducers under this subsection if, for any particular
12 agricultural commodity, any new producers would
13 produce an increased amount of that agricultural
14 commodity that the Secretary finds is reasonably an-
15 ticipated to affect the continuing economic viability
16 of farmers currently certified under the national or-
17 ganic production program or would create unreason-
18 able geographic disparities in the distribution of re-
19 imbursements provided under this section.

20 (g) TECHNICAL AND EDUCATIONAL ASSISTANCE.—
21 The Secretary shall provide not less than 50 percent of
22 the total program funds from the funds provided by this
23 section for technical and educational assistance, of which
24 not less than 50 percent shall be used for cooperative

1 agreements with qualified non-profit and non-govern-
2 mental organizations and consultants.

3 (h) NATIONAL PROGRAM REVIEW.—In conjunction
4 with the National Organic Technical Committee, the Sec-
5 retary shall conduct a National Program Review, including
6 public hearings. This review and shall be initiated within
7 four years from the start of this program and shall evalu-
8 ate and make recommendations; to resolve any program
9 deficiencies, redress any under served states, commodities,
10 regions and to ensure that the program is contributing
11 positively to the profitability of small and intermediate
12 producers and existing organic producers.

13 (i) APPEALS.—An applicant seeking conversion as-
14 sistance under this section has the right to appeal an ad-
15 verse decision by the Secretary with regard to an applica-
16 tion for assistance, as provide in Section 275 of the De-
17 partment of Agriculture Reorganization Act of 1994 (7
18 U.S.C. 6991–7002).

19 (j) REPORTING.—Not later than March 1 of each
20 year, the Secretary shall submit to Congress and the Na-
21 tional Organic Technical Committee a report detailing
22 State-by-State expenditures on conversion assistance, in-
23 cluding the number of producers served by the program,
24 the practices implemented, an assessment of the impacts

1 of the program on organic food production, and rec-
2 ommended reforms, if any.

3 **SEC. 902. NATIONAL ORGANIC TECHNICAL COMMITTEE.**

4 (a) ESTABLISHMENT.—The Secretary shall establish
5 a National Organic Technical Committee to oversee devel-
6 opment and implementation of the National Organic Con-
7 version and Stewardship Incentive Program required by
8 section 901 and to improve the organic agriculture inter-
9 face with all other conservation programs and activities
10 administered by the NRCS, including development of cri-
11 teria for the approval of qualified organic technical advi-
12 sors. The committee must take into account the regional
13 and industry competitiveness and economic growth poten-
14 tial for industry sectors.

15 (b) MEMBERSHIP.—The membership of the National
16 Organic Technical Committee shall be comprised of:

- 17 (1) Three organic farmers.
- 18 (2) Two organic certifying agents.
- 19 (3) One organic inspector.
- 20 (4) One representative of an environmental or-
21 ganization knowledgeable about organic agriculture.
- 22 (5) One scientist with expertise in conservation
23 planning.
- 24 (6) One industry representative from organic
25 retailer/wholesaler.

1 **SEC. 903. NATIONAL ORGANIC CERTIFICATION COST SHARE**
2 **PROGRAM.**

3 Section 10606 of the Farm Security and Rural In-
4 vestment Act of 2002 (7 U.S.C. 6523) is amended to read
5 as follows:

6 **“SEC. 10606. NATIONAL ORGANIC CERTIFICATION COST**
7 **SHARE PROGRAM.**

8 “(a) IN GENERAL.—Of funds of the Commodity
9 Credit Corporation, the Secretary of Agriculture (acting
10 through the Agricultural Marketing Service) shall use
11 \$15,000,000 for fiscal year 2008, to remain available until
12 expended, to establish a national organic certification cost-
13 share program to assist producers and handlers of agricul-
14 tural products in obtaining certification under the national
15 organic production program established under the Organic
16 Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

17 “(b) FEDERAL SHARE.—

18 “(1) IN GENERAL.—Subject to paragraph (2),
19 the Secretary shall pay under this section not more
20 than 75 percent of the costs incurred by a producer
21 or handler in obtaining certification under the na-
22 tional organic production program, as certified to
23 and approved by the Secretary.

24 “(2) MAXIMUM AMOUNT.—The maximum
25 amount of a payment made to a producer or handler
26 under this section shall be \$750.

1 “(c) REPORTING.—The Secretary shall provide an
2 annual report to Congress by March of each year, detail-
3 ing the state-by-state expenditures under this program, in-
4 cluding the number of producers and handlers served by
5 the program in the previous fiscal year.

6 “(d) RECORDKEEPING REQUIREMENTS.—

7 “(1) IN GENERAL.—The Agricultural Mar-
8 keting Service shall keep accurate, up-to-date
9 records of requests and disbursements from the pro-
10 gram, as well as to require accurate and consistent
11 record-keeping from the States (or other entities) re-
12 ceiving program payments.

13 “(2) FEDERAL REQUIREMENTS.—Within 30
14 days of the closing date for States to request fund-
15 ing, the Agricultural Marketing Service shall—

16 “(A) enumerate the States requesting
17 funding, along with the amount of their re-
18 quests; and

19 “(B) distribute the funding to the States.

20 “(3) STATE REQUIREMENTS.—Annual funding
21 requests from each State should include data from
22 the previous year’s program, including—

23 “(A) a detailing of which entities requested
24 reimbursement, and how much those reimburse-

1 ments were for, as well as any discrepancies be-
2 tween requests and fulfillments;

3 “(B) data to back up increases in requests
4 expected in the coming year, including informa-
5 tion from certifiers, or other data showing
6 growth projections; and

7 “(C) justifications as to why an annual re-
8 quest is below the previous year’s request.”.

9 **SEC. 904. EXCLUSION OF 100 PERCENT OF GAIN ON SALES**
10 **OF DEVELOPMENT RIGHTS OR CONSERVA-**
11 **TION EASEMENTS ON AGRICULTURAL LAND**
12 **TO ELIGIBLE ENTITIES FOR CONSERVATION**
13 **PURPOSES.**

14 (a) IN GENERAL.—Part I of subchapter P of chapter
15 1 of the Internal Revenue Code of 1986 (relating to treat-
16 ment of capital gains) is amended by adding at the end
17 the following new section:

18 **“SEC. 1203. 100-PERCENT EXCLUSION OF GAIN ON SALES OF**
19 **DEVELOPMENT RIGHTS OR CONSERVATION**
20 **EASEMENTS ON AGRICULTURAL LAND TO EL-**
21 **IGIBLE ENTITIES FOR CONSERVATION PUR-**
22 **POSES.**

23 “(a) EXCLUSION.—Gross income shall not include
24 100 percent of any gain from the sale of development
25 rights or a conservation easement that is a permanent

1 deed restriction and requires that the land subject to the
2 deed restriction be made available for agricultural pur-
3 poses if—

4 “(1) such land or interest in land was owned by
5 the taxpayer or a member of the taxpayer’s family
6 (as defined in section 2032A(e)(2)) at all times dur-
7 ing the 3-year period ending on the date of the sale,
8 and

9 “(2) such land or interest in land is being ac-
10 quired by an eligible entity which provides the tax-
11 payer, at the time of acquisition, a written letter of
12 intent which shall include the following statement:
13 ‘The purchaser’s intent is that this acquisition will
14 serve the conservation purpose specified in clause
15 (iii) (II) of section 170(h)(4)(A) of the Internal Rev-
16 enue Code of 1986 and the land will remain avail-
17 able for agricultural production.’.

18 “(b) ELIGIBLE ENTITY.—For purposes of this sec-
19 tion, the term ‘eligible entity’ means—

20 “(1) any agency of the United States or of any
21 State or local government, or

22 “(2) any other organization that—

23 “(A) is organized and at all times operated
24 principally for one or more of the conservation

1 purposes specified in clause (i), (ii), or (iii) of
2 section 170(h)(4)(A),

3 “(B) is described in section 501(c)(3) and
4 exempt from tax under section 501(a), and

5 “(C)(i) meets the requirements of section
6 509(a)(2), or

7 “(ii) meets the requirements of section
8 509(a)(3) and is controlled by an organization
9 described in section 509(a)(2).

10 “(c) DEFINITIONS.—For purposes of this section—

11 “(1) FARMLAND.—The term ‘farmland’ in-
12 cludes all land capable of being used for agricultural
13 production and is comprised of at least 50 percent
14 of any combination of prime, unique, or statewide
15 important farmland.

16 “(2) PRIME FARMLAND.—The term ‘prime
17 farmland’ means land that has the best combination
18 of physical and chemical characteristics for pro-
19 ducing food, feed, fiber, forage, oilseed, and other
20 agricultural crops with minimum inputs of fuel, fer-
21 tilizer, pesticides, and labor, and without intolerable
22 soil erosion, as determined by the Secretary of Agri-
23 culture. Prime farmland includes land that possesses
24 such characteristics but is being used currently to
25 produce livestock and timber. It does not include

1 land already in or committed to urban development
2 or water storage.

3 “(3) UNIQUE FARMLAND.—The term ‘unique
4 farmland’ means land other than prime farmland
5 that is used for production of specific high-value
6 food and fiber crops, as determined by the Secretary
7 of Agriculture. It has the special combination of soil
8 quality, location, growing season, and moisture sup-
9 ply needed to economically produce sustained high
10 quality or high yields of specific crops when treated
11 and managed according to acceptable farming meth-
12 ods. Examples of such crops include citrus, tree
13 nuts, olives, cranberries, fruits, and vegetables.

14 “(4) STATEWIDE IMPORTANT FARMLAND.—The
15 term ‘Statewide important farmland’ means farm-
16 land, other than prime or unique farmland, that is
17 of Statewide or local importance for the production
18 of food feed, fiber, forage, or oilseed crops, as deter-
19 mined by the appropriate State or unit of local gov-
20 ernment agency or agencies, and that the Secretary
21 of Agriculture determines should be considered as
22 farmland for the purposes of this section.

23 “(5) STOCK IN HOLDING CORPORATIONS.—For
24 purposes of this section, the term ‘farmland or an
25 interest in farmland’ shall include stock in any cor-

1 poration, if the fair market value of the corpora-
2 tion's farmland or interests in farmland equals or
3 exceeds 90 percent of the fair market value of all of
4 such corporation's assets at all times during the 3-
5 year period ending on the date of the sale.”.

6 (b) CONFORMING AMENDMENT.—The table of sec-
7 tions for part I of subchapter P of chapter 1 of the Inter-
8 nal Revenue Code of 1986 is amended by adding at the
9 end the following new item:

 “Sec. 1203. 100-percent exclusion of gain on sales of development rights or
 conservation easements on agricultural land to eligible entities
 for conservation purposes.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to sales occurring on or after the
12 date of enactment of this Act.

13 **SEC. 905. ESTABLISHMENT OF RESEARCH GRANTS PRO-**
14 **GRAM FOR PRODUCERS TO IMPROVE SUR-**
15 **VIVABILITY OF SPECIALITY CROPS AND LIVE-**
16 **STOCK.**

17 (a) ESTABLISHMENT.—The Secretary of Agriculture
18 shall establish a program to award grants to eligible enti-
19 ties to improve the survivability of United States specialty
20 crops, forests, and domestic livestock against invasive spe-
21 cies and emerging pathogenic organisms that have entered
22 or are likely to enter the United States.

1 (b) ELIGIBLE ENTITIES.—The Secretary of Agri-
2 culture shall determine eligible entities for grants under
3 this section. Such entities shall include the following:

4 (1) Nonprofit United States trade organizations
5 and foundations.

6 (2) Nonprofit State and regional organizations.

7 (3) United States agricultural cooperatives,
8 commodity boards and commissions, university re-
9 search and extension programs.

10 (4) Small United States businesses in the spe-
11 cialty crop, forest, and livestock industries with req-
12 uisite expertise.

13 (c) USE OF FUNDS.—Funds from grants under this
14 program shall be used for one or more of the following:

15 (1) Research that addresses plant breeding, ge-
16 netics, and genomics to improve specialty crop char-
17 acteristics, such as environmental responses and tol-
18 erances and pest and disease management.

19 (2) Research and efforts to identify threats
20 from invasive species and emerging pathogenic orga-
21 nisms that are detrimental to United States spe-
22 cialty crops, United States forest species, or domes-
23 tic livestock, including early pest detection and mi-
24 gration surveillance programs.

1 (3) Development and implementation of re-
2 gional, industry-specific strategic plans to prevent,
3 eradicate, or contain invasive species or emerging
4 pathogenic organisms threats after such threats have
5 been identified.

6 (4) Research regarding methods of prevention,
7 eradication, containment, and detection of invasive
8 species or emerging pathogenic organisms.

9 (d) FUNDING.—

10 (1) AMOUNTS AVAILABLE.—Of the funds of the
11 Commodity Credit Corporation, the Secretary of Ag-
12 riculture shall make available \$100,000,000 for each
13 of fiscal years 2008 through 2013 to carry out this
14 section.

15 (2) FEDERAL COSTS.—Federal costs shall not
16 exceed 50 percent of the total cost of a research
17 project funded under this section.

18 **SEC. 906. NATIONAL CLEAN PLANT NETWORK.**

19 (a) ESTABLISHMENT.—There is established in the
20 Department of Agriculture, as part of the Cooperative
21 State Research, Education, and Extension Service, a pro-
22 gram to be known as the “National Clean Plant Net-
23 work”. The Secretary of Agriculture shall use the network
24 to develop a sustainable national funding source for clean
25 planting stock programs for horticultural crops deter-

1 mined by the Secretary to be of priority for the United
2 States. Such funding shall be used to award grants to enti-
3 ties that have the expertise, facilities, and climate nec-
4 essary to efficiently produce, maintain, and distribute
5 healthy planting stock for specialty crops.

6 (b) PRIORITIES.—Section 1408A(c) of the Specialty
7 Crops Competitiveness Act of 2004 (7 U.S.C. 3123a(c))
8 is amended by adding at the end the following:

9 “(4) Priorities for Federal research activities
10 related to United States specialty crops.”.

11 (c) FUNDING.—Of the funds of the Commodity Cred-
12 it Corporation, the Secretary of Agriculture shall make
13 available \$5,000,000 for each of fiscal years 2008 through
14 2012 to carry out this section.

15 **SEC. 907. EARLY PEST DETECTION AND SURVEILLANCE IM-**
16 **PROVEMENT PROGRAM.**

17 (a) COOPERATIVE AGREEMENTS AUTHORIZED.—The
18 Secretary of Agriculture shall enter into a cooperative
19 agreement with each State department of agriculture that
20 agrees to conduct early pest detection surveillance activi-
21 ties in accordance with guidelines established under the
22 Cooperative Agricultural Pest Survey program of the De-
23 partment of Agriculture. These activities of the Depart-
24 ment of Agriculture of a state may include inspection and
25 surveillance of domestic plant shipments between that

1 State and other States, provided that such inspections do
2 not impede the reasonable flow of interstate commerce and
3 any such activities resulting in quarantine of a shipment
4 is solely based on sound science.

5 (b) CONSULTATION.—The Secretary shall consult
6 with the National Plant Board and the National Associa-
7 tion of State Departments of Agriculture in carrying out
8 this section.

9 (c) BASE FUNDS UNDER AGREEMENTS.—The Sec-
10 retary shall provide each State department of agriculture
11 with which the Secretary enters into a cooperative agree-
12 ment under this section not less than \$250,000 for each
13 of fiscal years 2008 through 2012.

14 (d) ADDITIONAL FUNDS; SPECIAL CONSIDER-
15 ATIONS.—In addition to funds provided under subsection
16 (c), the Secretary shall provide funds to a State depart-
17 ment of agriculture that the Secretary determines is in
18 a State that has a high risk of being affected by one or
19 more pest, based on the following factors:

20 (1) The number of international airports and
21 maritime facilities in that State.

22 (2) The volume of international passenger and
23 cargo entry into that State.

24 (3) The geographic location of that State and
25 if such location is conducive to agricultural pest and

1 disease establishment due to the climate or crop di-
2 versity of that State.

3 (4) Whether the Secretary has declared an
4 emergency in that State pursuant to section 442 of
5 the Plant Protection Act (7 U.S.C. 7772) due to an
6 agricultural pest or disease of Federal concern.

7 (5) Such other factors as the Secretary con-
8 siders appropriate.

9 (e) USE OF FUNDS.—

10 (1) PEST DETECTION AND SURVEILLANCE AC-
11 TIVITIES.—A State department of agriculture that
12 receives funds under this section shall use the funds
13 to carry out early pest detection and surveillance ac-
14 tivities to prevent the introduction of a pest or facili-
15 tate the eradication of a pest.

16 (2) SUBAGREEMENTS.—Notwithstanding this
17 section, a State department of agriculture may use
18 funds received under subsection (c) or (d) to enter
19 into subagreements with political subdivisions in
20 such State that have legal responsibilities relating to
21 agricultural pest and disease surveillance.

22 (3) TREATMENT OF FUNDS.—Not more than 5
23 percent of the funds provided under subsection (c)
24 or (d) may be used for administrative costs to carry
25 out a cooperative agreement under this section.

1 (f) NO EFFECT ON PILT PAYMENTS.—The receipt of
2 funds by the Department of Agriculture under this section
3 shall have no effect on the amount of any payment re-
4 ceived by the State of such State Department of Agri-
5 culture under chapter 69 of title 31, United States Code.

6 (g) FUNDING.—The Secretary shall use \$50,000,000
7 of the funds of the Commodity Credit Corporation for each
8 of fiscal years 2008 through 2012 to carry out this sec-
9 tion.

10 (h) DEFINITIONS.—In this section:

11 (1) STATE DEPARTMENT OF AGRICULTURE.—
12 The term “State department of agriculture” means
13 an agency of a State that has a legal responsibility
14 to perform early pest detection and surveillance ac-
15 tivities.

16 (2) EARLY PEST DETECTION AND SURVEIL-
17 LANCE.—The term “early pest detection and surveil-
18 lance” means the full range of activities undertaken
19 to find newly introduced pests, whether new to the
20 United States or new to certain areas of the United
21 States, before the pests become established, or before
22 pest infestations become too large and costly to
23 eradicate or control.

1 (3) PEST.—The term “pest” has the meaning
2 given the term “plant pest” in section 403(14) of
3 the Plant Protection Act (7 U.S.C. 7702(14)).

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