

In the Senate of the United States,

December 14, 2007.

Resolved, That the bill from the House of Representatives (H.R. 2419) entitled “An Act to provide for the continuation of agricultural programs through fiscal year 2012, and for other purposes.”, do pass with the following

AMENDMENT:

Strike out all after the enacting clause and insert:

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

2 (a) *SHORT TITLE*.—*This Act may be cited as the*

3 *“Food and Energy Security Act of 2007”*.

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

Sec. 1. Short title; table of contents.

Sec. 2. Definition of Secretary.

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- Sec. 1606. Dairy forward pricing program.*
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PART I—MISCELLANEOUS REVENUE PROVISIONS

- Sec. 12501. Limitation on farming losses of certain taxpayers.*
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- Sec. 12503. Information reporting for Commodity Credit Corporation transactions.*
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- Sec. 12521. Clarification of economic substance doctrine.*
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- Sec. 12601. Protection of Social Security.*
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- Sec. 12701. Temporary tax relief for Kiowa County, Kansas and surrounding area.*

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- Sec. 12801. Income averaging for amounts received in connection with the Exxon Valdez litigation.*
- Sec. 12802. 2-year extension and expansion of charitable deduction for contributions of food inventory.*

- Sec. 12803. Mileage reimbursements to charitable volunteers excluded from gross income.*
- Sec. 12804. Basis adjustment to stock of S corporations making charitable contributions of property.*
- Sec. 12805. Private payment test for professional sports facility bonds.*
- Sec. 12806. Application of rehabilitation credit and depreciation schedules to certain low-income housing for the elderly.*
- Sec. 12807. Competitive certification awards modification authority.*
- Sec. 12808. Qualified forestry conservation bonds.*

TITLE XIII—AMENDMENTS TO COMMODITY EXCHANGE ACT

- Sec. 13001. Short title.*

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- Sec. 13101. CFTC authority over off-exchange retail foreign currency transactions.*
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- Sec. 13106. Technical and conforming amendments.*
- Sec. 13107. Portfolio Margining and Security Index Issues.*

Subtitle B—Significant Price Discovery Contracts on Exempt Commercial Markets

- Sec. 13201. Significant price discovery contracts.*
- Sec. 13202. Large trader reporting.*
- Sec. 13203. Conforming amendments.*
- Sec. 13204. Effective date.*

1 SEC. 2. DEFINITION OF SECRETARY.

2 *In this Act, the term “Secretary” means the Secretary*
 3 *of Agriculture.*

4 TITLE I—PRODUCER INCOME **5 PROTECTION PROGRAMS**

6 SEC. 1001. DEFINITIONS.

7 *In this title (other than part III of subtitle A):*

8 (1) *AVERAGE CROP REVENUE PAYMENT.—The*
 9 *term “average crop revenue payment” means a pay-*
 10 *ment made to producers on a farm under section*
 11 *1401.*

1 (2) *BASE ACRES*.—The term “base acres”, with
 2 respect to a covered commodity on a farm, means the
 3 number of acres established under section 1101 of the
 4 *Farm Security and Rural Investment Act of 2002* (7
 5 U.S.C. 7911) as in effect on the day before the date
 6 of enactment of this Act, subject to any adjustment
 7 under section 1101 of this Act.

8 (3) *COUNTER-CYCLICAL PAYMENT*.—The term
 9 “counter-cyclical payment” means a payment made
 10 to producers on a farm under section 1104.

11 (4) *COVERED COMMODITY*.—The term “covered
 12 commodity” means wheat, corn, grain sorghum, bar-
 13 ley, oats, upland cotton, long grain rice, medium
 14 grain rice, pulse crops, soybeans, and other oilseeds.

15 (5) *DIRECT PAYMENT*.—The term “direct pay-
 16 ment” means a payment made to producers on a
 17 farm under section 1103.

18 (6) *EFFECTIVE PRICE*.—The term “effective
 19 price”, with respect to a covered commodity for a
 20 crop year, means the price calculated by the Secretary
 21 under section 1104 to determine whether counter-cy-
 22 clical payments are required to be made for that crop
 23 year.

24 (7) *EXTRA LONG STAPLE COTTON*.—The term
 25 “extra long staple cotton” means cotton that—

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

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

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

(9) *MEDIUM GRAIN RICE*.—The term “medium grain rice” includes short grain rice.

(10) *OTHER OILSEED*.—The term “other oilseed” means a crop of sunflower seed, rapeseed, canola, saf-

1 *flower, flaxseed, mustard seed, crambe, sesame seed,*
 2 *camelina, or any oilseed designated by the Secretary.*

3 (11) *PAYMENT ACRES.*—*The term “payment*
 4 *acres” means, in the case of direct payments and*
 5 *counter-cyclical payments, 85 percent of the base*
 6 *acres of a covered commodity on a farm on which di-*
 7 *rect payments or counter-cyclical payments are made.*

8 (12) *PAYMENT YIELD.*—*The term “payment*
 9 *yield” means the yield established for direct payments*
 10 *and counter-cyclical payments under section 1102 of*
 11 *the Farm Security and Rural Investment Act of 2002*
 12 *(7 U.S.C. 7912) as in effect on the day before the date*
 13 *of enactment of this Act, or under section 1102 of this*
 14 *Act, for a farm for a covered commodity.*

15 (13) *PRODUCER.*—

16 (A) *IN GENERAL.*—*The term “producer”*
 17 *means an owner, operator, landlord, tenant, or*
 18 *sharecropper that shares in the risk of producing*
 19 *a crop and is entitled to share in the crop avail-*
 20 *able for marketing from the farm, or would have*
 21 *shared had the crop been produced.*

22 (B) *HYBRID SEED.*—*In determining wheth-*
 23 *er a grower of hybrid seed is a producer, the Sec-*
 24 *retary shall—*

1 (i) *not take into consideration the ex-*
 2 *istence of a hybrid seed contract; and*

3 (ii) *ensure that program requirements*
 4 *do not adversely affect the ability of the*
 5 *grower to receive a payment under this*
 6 *title.*

7 (14) *PULSE CROP.*—*The term “pulse crop”*
 8 *means dry peas, lentils, small chickpeas, and large*
 9 *chickpeas.*

10 (15) *STATE.*—*The term “State” means—*

11 *(A) a State;*

12 *(B) the District of Columbia;*

13 *(C) the Commonwealth of Puerto Rico; and*

14 *(D) any other territory or possession of the*
 15 *United States.*

16 (16) *TARGET PRICE.*—*The term “target price”*
 17 *means the price per bushel, pound, or hundredweight*
 18 *(or other appropriate unit) of a covered commodity*
 19 *used to determine the payment rate for counter-cycli-*
 20 *cal payments.*

21 (17) *UNITED STATES.*—*The term “United*
 22 *States”, when used in a geographical sense, means all*
 23 *of the States.*

***Subtitle A—Traditional Payments
and Loans***

***PART I—DIRECT PAYMENTS AND COUNTER-
CYCLICAL PAYMENTS***

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

(a) ADJUSTMENT OF BASE ACRES.—

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

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

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

(C) The producer has eligible pulse crop or camelina acreage.

(D) The producer has eligible oilseed acreage as the result of the Secretary designating additional oilseeds.

(2) SPECIAL CONSERVATION RESERVE ACREAGE PAYMENT RULES.—For the crop year in which a base acres adjustment under subparagraph (A) or (B) of

1 *paragraph (1) is first made, the owner of the farm*
 2 *shall elect to receive either direct payments and*
 3 *counter-cyclical payments with respect to the acreage*
 4 *added to the farm under this subsection or a prorated*
 5 *payment under the conservation reserve contract, but*
 6 *not both.*

7 ***(b) PREVENTION OF EXCESS BASE ACRES.—***

8 ***(1) REQUIRED REDUCTION.—****If the sum of the*
 9 *base acres for a farm, together with the acreage de-*
 10 *scribed in paragraph (2) exceeds the actual cropland*
 11 *acreage of the farm, the Secretary shall reduce the*
 12 *base acres for 1 or more covered commodities for the*
 13 *farm or the base acres for peanuts for the farm so that*
 14 *the sum of the base acres and acreage described in*
 15 *paragraph (2) does not exceed the actual cropland*
 16 *acreage of the farm.*

17 ***(2) OTHER ACREAGE.—****For purposes of para-*
 18 *graph (1), the Secretary shall include the following:*

19 ***(A) Any base acres for peanuts for the farm.***

20 ***(B) Any acreage on the farm enrolled in the***
 21 *conservation reserve program or wetlands reserve*
 22 *program under chapter 1 of subtitle D of title*
 23 *XII of the Food Security Act of 1985 (16 U.S.C.*
 24 *3830 et seq.).*

1 (C) *Any other acreage on the farm enrolled*
 2 *in a Federal conservation program for which*
 3 *payments are made in exchange for not pro-*
 4 *ducing an agricultural commodity on the acre-*
 5 *age.*

6 (D) *Any eligible pulse crop or camelina*
 7 *acreage, which shall be determined in the same*
 8 *manner as eligible oilseed acreage under section*
 9 *1101(a)(2) of the Farm Security and Rural In-*
 10 *vestment Act of 2002 (7 U.S.C. 7911(a)(2)).*

11 (E) *If the Secretary designates additional*
 12 *oilseeds, any eligible oilseed acreage, which shall*
 13 *be determined in the same manner as eligible oil-*
 14 *seed acreage under section 1101(a)(2) of the*
 15 *Farm Security and Rural Investment Act of*
 16 *2002 (7 U.S.C. 7911(a)(2)).*

17 (3) *SELECTION OF ACRES.—The Secretary shall*
 18 *give the owner of the farm the opportunity to select*
 19 *the base acres for a covered commodity or the base*
 20 *acres for peanuts for the farm against which the re-*
 21 *duction required by paragraph (1) will be made.*

22 (4) *EXCEPTION FOR DOUBLE-CROPPED ACRE-*
 23 *AGE.—In applying paragraph (1), the Secretary shall*
 24 *make an exception in the case of double cropping, as*
 25 *determined by the Secretary.*

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

(c) *REDUCTION IN BASE ACRES.*—

(1) *REDUCTION AT OPTION OF OWNER.*—

(A) *IN GENERAL.*—*The owner of a farm may reduce, at any time, the base acres for any covered commodity for the farm.*

(B) *EFFECT OF REDUCTION.*—*A reduction under subparagraph (A) shall be permanent and made in a manner prescribed by the Secretary.*

(2) *REQUIRED ACTION BY SECRETARY.*—

(A) *IN GENERAL.*—*The Secretary shall suspend all direct, counter-cyclical, and average crop revenue payments on base acres for covered commodities for land that is no longer a farming operation or used in conjunction with a farming operation, as determined by the Secretary.*

(B) *REDUCTION.*—*The Secretary shall reduce base acres for covered commodities in a manner prescribed by the Secretary, for land that—*

(i) has been developed for commercial or industrial use unless the producer dem-

1 *onstrates that the land remains devoted ex-*
 2 *clusively to agricultural production; or*

3 *(ii) has been subdivided and developed*
 4 *for multiple residential units or other non-*
 5 *farming uses, unless the producer dem-*
 6 *onstrates that the land remains devoted ex-*
 7 *clusively to agricultural production.*

8 (3) *REVIEW AND REPORT.*—*Each year, to ensure,*
 9 *to the maximum extent practicable, that payments*
 10 *are received only by producers, the Secretary shall—*

11 *(A) track each reconstitution of land that is*
 12 *reported by a producer that is covered by para-*
 13 *graph (2);*

14 *(B) include in any end-of-the-year review*
 15 *for purposes of payment limitations or other*
 16 *compliance inspections or other actions taken by*
 17 *the Secretary, a review to ensure compliance*
 18 *with paragraph (2); and*

19 *(C) submit to Congress a report that de-*
 20 *scribes the results of the actions taken under sub-*
 21 *paragraphs (A) and (B).*

22 **SEC. 1102. PAYMENT YIELDS.**

23 (a) *ESTABLISHMENT AND PURPOSE.*—*For the purpose*
 24 *of making direct payments and counter-cyclical payments*
 25 *under this subtitle, the Secretary shall provide for the estab-*

1 *lishment of a yield for each farm for any designated oilseed,*
 2 *camelina, or eligible pulse crop for which a payment yield*
 3 *was not established under section 1102 of the Farm Secu-*
 4 *rity and Rural Investment Act of 2002 (7 U.S.C. 7912) in*
 5 *accordance with this section.*

6 (b) *PAYMENT YIELDS FOR DESIGNATED OILSEEDS,*
 7 *CAMELINA, AND ELIGIBLE PULSE CROPS.—*

8 (1) *DETERMINATION OF AVERAGE YIELD.—In the*
 9 *case of designated oilseeds, camelina, and eligible*
 10 *pulse crops, the Secretary shall determine the average*
 11 *yield per planted acre for the designated oilseed,*
 12 *camelina, or pulse crop on a farm for the 1998*
 13 *through 2001 crop years, excluding any crop year in*
 14 *which the acreage planted to the designated oilseed,*
 15 *camelina, or pulse crop was zero.*

16 (2) *ADJUSTMENT FOR PAYMENT YIELD.—*

17 (A) *IN GENERAL.—The payment yield for a*
 18 *farm for a designated oilseed, camelina, or eligi-*
 19 *ble pulse crop shall be equal to the product of the*
 20 *following:*

21 (i) *The average yield for the designated*
 22 *oilseed, camelina, or pulse crop determined*
 23 *under paragraph (1).*

24 (ii) *The ratio resulting from dividing*
 25 *the national average yield for the designated*

oilseed, camelina, or pulse crop for the 1981 through 1985 crops by the national average yield for the designated oilseed, camelina, or pulse crop for the 1998 through 2001 crops.

(B) NO NATIONAL AVERAGE YIELD INFORMATION AVAILABLE.—To the extent that national average yield information for a designated oilseed, camelina, or pulse crop is not available, the Secretary shall use such information as the Secretary determines to be fair and equitable to establish a national average yield under this section.

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

(4) NO HISTORIC YIELD DATA AVAILABLE.—In the case of establishing yields for designated oilseeds, camelina, and eligible pulse crops, if historic yield data is not available, the Secretary shall use the ratio

1 *for dry peas calculated under paragraph (2)(A)(ii) in*
 2 *determining the yields for designated oilseeds,*
 3 *camelina, and eligible pulse crops, as determined to*
 4 *be fair and equitable by the Secretary.*

5 **SEC. 1103. AVAILABILITY OF DIRECT PAYMENTS.**

6 *(a) PAYMENT REQUIRED.—Except as provided in sec-*
 7 *tion 1401, for each of the 2008 through 2012 crop years*
 8 *of each covered commodity (other than pulse crops), the Sec-*
 9 *retary shall make direct payments to producers on farms*
 10 *for which payment yields and base acres are established.*

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

- 14 (1) *Wheat, \$0.52 per bushel.*
- 15 (2) *Corn, \$0.28 per bushel.*
- 16 (3) *Grain sorghum, \$0.35 per bushel.*
- 17 (4) *Barley, \$0.24 per bushel.*
- 18 (5) *Oats, \$0.024 per bushel.*
- 19 (6) *Upland cotton, \$0.0667 per pound.*
- 20 (7) *Long grain rice, \$2.35 per hundredweight.*
- 21 (8) *Medium grain rice, \$2.35 per hundredweight.*
- 22 (9) *Soybeans, \$0.44 per bushel.*
- 23 (10) *Other oilseeds, \$0.80 per hundredweight.*

24 *(c) PAYMENT AMOUNT.—The amount of the direct pay-*
 25 *ment to be paid to the producers on a farm for a covered*

1 commodity for a crop year shall be equal to the product
2 of the following:

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

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

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

8 (d) *TIME FOR PAYMENT.—*

9 (1) *IN GENERAL.—In the case of each of the 2008*
10 *through 2012 crop years, the Secretary shall make di-*
11 *rect payments under this section not earlier than Oc-*
12 *tober 1 of the calendar year in which the crop of the*
13 *covered commodity is harvested.*

14 (2) *ADVANCE PAYMENTS.—*

15 (A) *OPTION.—At the option of the producers*
16 *on a farm, the Secretary shall pay in advance*
17 *up to 22 percent of the direct payment for a cov-*
18 *ered commodity for any of the 2008 through*
19 *2011 crop years to the producers on a farm.*

20 (B) *MONTH.—*

21 (i) *SELECTION.—Subject to clauses (ii)*
22 *and (iii), the producers on a farm shall se-*
23 *lect the month during which the advance*
24 *payment for a crop year will be made.*

1 (ii) *OPTIONS.—The month selected*
2 *may be any month during the period—*

3 *(I) beginning on December 1 of*
4 *the calendar year before the calendar*
5 *year in which the crop of the covered*
6 *commodity is harvested; and*

7 *(II) ending during the month*
8 *within which the direct payment would*
9 *otherwise be made.*

10 (iii) *CHANGE.—The producers on a*
11 *farm may change the selected month for a*
12 *subsequent advance payment by providing*
13 *advance notice to the Secretary.*

14 (3) *REPAYMENT OF ADVANCE PAYMENTS.—If a*
15 *producer on a farm that receives an advance direct*
16 *payment for a crop year ceases to be a producer on*
17 *that farm, or the extent to which the producer shares*
18 *in the risk of producing a crop changes, before the*
19 *date the remainder of the direct payment is made, the*
20 *producer shall be responsible for repaying the Sec-*
21 *retary the applicable amount of the advance payment,*
22 *as determined by the Secretary.*

1 **SEC. 1104. AVAILABILITY OF COUNTER-CYCLICAL PAY-**
 2 **MENTS.**

3 (a) *PAYMENT REQUIRED.*—Subject to sections 1107
 4 and 1401, for each of the 2008 through 2012 crop years
 5 for each covered commodity, the Secretary shall make
 6 counter-cyclical payments to producers on farms for which
 7 payment yields and base acres are established with respect
 8 to the covered commodity if the Secretary determines that
 9 the effective price for the covered commodity is less than
 10 the target price for the covered commodity.

11 (b) *EFFECTIVE PRICE.*—

12 (1) *COVERED COMMODITIES OTHER THAN*
 13 *RICE.*—Except as provided in paragraph (2), for pur-
 14 poses of subsection (a), the effective price for a covered
 15 commodity is equal to the sum of the following:

16 (A) *The higher of the following:*

17 (i) *The national average market price*
 18 *received by producers during the 12-month*
 19 *marketing year for the covered commodity,*
 20 *as determined by the Secretary.*

21 (ii) *The national average loan rate for*
 22 *a marketing assistance loan for the covered*
 23 *commodity in effect for the applicable pe-*
 24 *riod under part II.*

25 (B) *The payment rate in effect for the cov-*
 26 *ered commodity under section 1103 for the pur-*

1 pose of making direct payments with respect to
2 the covered commodity.

3 (2) *RICE*.—In the case of long grain rice and
4 medium grain rice, for purposes of subsection (a), the
5 effective price for each type or class of rice is equal
6 to the sum of the following:

7 (A) *The higher of the following:*

8 (i) *The national average market price*
9 *received by producers during the 12-month*
10 *marketing year for the type or class of rice,*
11 *as determined by the Secretary.*

12 (ii) *The national average loan rate for*
13 *a marketing assistance loan for the type or*
14 *class of rice in effect for the applicable pe-*
15 *riod under part II.*

16 (B) *The payment rate in effect for the type*
17 *or class of rice under section 1103 for the pur-*
18 *pose of making direct payments with respect to*
19 *the type or class of rice.*

20 (c) *TARGET PRICE*.—

21 (1) *IN GENERAL*.—For purposes of each of the
22 2008 through 2012 crop years, the target prices for
23 covered commodities shall be as follows:

24 (A) *Wheat, \$4.20 per bushel.*

25 (B) *Corn, \$2.63 per bushel.*

1 (C) Grain sorghum, \$2.63 per bushel.

2 (D) Barley, \$2.63 per bushel.

3 (E) Oats, \$1.83 per bushel.

4 (F) Upland cotton, \$0.7225 per pound.

5 (G) Long grain rice, \$10.50 per hundred-
6 weight.

7 (H) Medium grain rice, \$10.50 per hun-
8 dredweight.

9 (I) Soybeans, \$6.00 per bushel.

10 (J) Other oilseeds, \$12.74 per hundred-
11 weight.

12 (K) Dry peas, \$8.33 per hundredweight.

13 (L) Lentils, \$12.82 per hundredweight.

14 (M) Small chickpeas, \$10.36 per hundred-
15 weight.

16 (N) Large chickpeas, \$12.82 per hundred-
17 weight.

18 (2) SEPARATE TARGET PRICE.—The Secretary
19 may not establish a target price for a covered com-
20 modity that is different from the target price specified
21 in paragraph (1) for the covered commodity.

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

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

3 (2) *the effective price determined under sub-*
 4 *section (b) for the covered commodity.*

5 (e) *PAYMENT AMOUNT.—If counter-cyclical payments*
 6 *are required to be paid for any of the 2008 through 2012*
 7 *crop years of a covered commodity, the amount of the*
 8 *counter-cyclical payment to be paid to the producers on a*
 9 *farm for that crop year shall be equal to the product of*
 10 *the following:*

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

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

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

16 (f) *TIME FOR PAYMENTS.—*

17 (1) *GENERAL RULE.—If the Secretary deter-*
 18 *mines under subsection (a) that counter-cyclical pay-*
 19 *ments are required to be made under this section for*
 20 *the crop of a covered commodity, the Secretary shall*
 21 *make the counter-cyclical payments for the crop be-*
 22 *ginning October 1, or as soon as practicable there-*
 23 *after, after the end of the applicable marketing year*
 24 *for the covered commodity.*

25 (2) *AVAILABILITY OF PARTIAL PAYMENTS.—*

1 (A) *IN GENERAL.*—If, before the end of the
 2 12-month marketing year for a covered com-
 3 modity, the Secretary estimates that counter-cy-
 4 clical payments will be required for the crop of
 5 the covered commodity, the Secretary shall give
 6 producers on a farm the option to receive partial
 7 payments of the counter-cyclical payment pro-
 8 jected to be made for that crop of the covered
 9 commodity.

10 (B) *ELECTION.*—

11 (i) *IN GENERAL.*—The Secretary shall
 12 allow producers on a farm to make an elec-
 13 tion to receive partial payments for a cov-
 14 ered commodity under subparagraph (A) at
 15 any time but not later than 30 days prior
 16 to the end of the marketing year for that
 17 covered commodity.

18 (ii) *DATE OF ISSUANCE.*—The Sec-
 19 retary shall issue the partial payment after
 20 the date of an announcement by the Sec-
 21 retary but not later than 30 days prior to
 22 the end of the marketing year.

23 (3) *TIME FOR PARTIAL PAYMENTS.*—When the
 24 Secretary makes partial payments for a covered com-

1 *modity for any of the 2008 through 2010 crop*
 2 *years—*

3 *(A) the first partial payment shall be made*
 4 *after completion of the first 180 days of the mar-*
 5 *keting year for the covered commodity; and*

6 *(B) the final partial payment shall be made*
 7 *beginning October 1, or as soon as practicable*
 8 *thereafter, after the end of the applicable mar-*
 9 *keting year for the covered commodity.*

10 *(4) AMOUNT OF PARTIAL PAYMENT.—*

11 *(A) FIRST PARTIAL PAYMENT.—For each of*
 12 *the 2008 through 2010 crops of a covered com-*
 13 *modity, the first partial payment under para-*
 14 *graph (3) to the producers on a farm may not*
 15 *exceed 40 percent of the projected counter-cyclical*
 16 *payment for the covered commodity for the crop*
 17 *year, as determined by the Secretary.*

18 *(B) FINAL PAYMENT.—The final payment*
 19 *for a covered commodity for a crop year shall be*
 20 *equal to the difference between—*

21 *(i) the actual counter-cyclical payment*
 22 *to be made to the producers for the covered*
 23 *commodity for that crop year; and*

1 (ii) the amount of the partial payment
2 made to the producers under subparagraph
3 (A).

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

10 **SEC. 1105. PRODUCER AGREEMENT REQUIRED AS CONDI-**
11 **TION OF PROVISION OF DIRECT PAYMENTS**
12 **AND COUNTER-CYCLICAL PAYMENTS.**

13 (a) *COMPLIANCE WITH CERTAIN REQUIREMENTS.*—

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

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

23 (B) to comply with applicable wetland pro-
24 tection requirements under subtitle C of title XII
25 of that Act (16 U.S.C. 3821 *et seq.*);

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

3 (D) to use the land on the farm, in a quan-
4 tity equal to the attributable base acres for the
5 farm and any base acres for peanuts for the
6 farm under part III, for an agricultural or con-
7 serving use, and not for a nonagricultural com-
8 mercial, industrial, or residential use (including
9 land subdivided and developed into residential
10 units or other nonfarming uses, or that is other-
11 wise no longer intended to be used in conjunction
12 with a farming operation), as determined by the
13 Secretary; and

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

20 (2) COMPLIANCE.—The Secretary may issue such
21 rules as the Secretary considers necessary to ensure
22 producer compliance with the requirements of para-
23 graph (1).

24 (3) MODIFICATION.—At the request of the trans-
25 feree or owner, the Secretary may modify the require-

1 *ments of this subsection if the modifications are con-*
 2 *sistent with the objectives of this subsection, as deter-*
 3 *mined by the Secretary.*

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

5 *(1) TERMINATION.—*

6 *(A) IN GENERAL.—Except as provided in*
 7 *paragraph (2), a transfer of (or change in) the*
 8 *interest of the producers on a farm in base acres*
 9 *for which direct payments or counter-cyclical*
 10 *payments are made shall result in the termi-*
 11 *nation of the payments with respect to the base*
 12 *acres, unless the transferee or owner of the acre-*
 13 *age agrees to assume all obligations under sub-*
 14 *section (a).*

15 *(B) EFFECTIVE DATE.—The termination*
 16 *shall take effect on the date determined by the*
 17 *Secretary.*

18 *(2) EXCEPTION.—If a producer entitled to a di-*
 19 *rect payment or counter-cyclical payment dies, be-*
 20 *comes incompetent, or is otherwise unable to receive*
 21 *the payment, the Secretary shall make the payment,*
 22 *in accordance with rules issued by the Secretary.*

23 *(c) ACREAGE REPORTS.—*

24 *(1) IN GENERAL.—As a condition on the receipt*
 25 *of any benefits under this part or part II, the Sec-*

1 *retary shall require producers on a farm to submit to*
 2 *the Secretary annual acreage reports with respect to*
 3 *all cropland on the farm.*

4 (2) *PENALTIES.*—*No penalty with respect to ben-*
 5 *efits under this part or part II shall be assessed*
 6 *against the producers on a farm for an inaccurate*
 7 *acreage report unless the producers on the farm know-*
 8 *ingly and willfully falsified the acreage report.*

9 (d) *TENANTS AND SHARECROPPERS.*—*In carrying out*
 10 *this subtitle, the Secretary shall provide adequate safe-*
 11 *guards to protect the interests of tenants and sharecroppers.*

12 (e) *SHARING OF PAYMENTS.*—*The Secretary shall pro-*
 13 *vide for the sharing of direct payments and counter-cyclical*
 14 *payments among the producers on a farm on a fair and*
 15 *equitable basis.*

16 **SEC. 1106. PLANTING FLEXIBILITY.**

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

20 (b) *LIMITATIONS REGARDING CERTAIN COMMOD-*
 21 *ITIES.*—

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

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

6 (3) *COVERED AGRICULTURAL COMMODITIES.*—
 7 *Paragraphs (1) and (2) apply to the following agri-*
 8 *cultural commodities:*

9 (A) *Fruits.*

10 (B) *Vegetables (other than mung beans and*
 11 *pulse crops).*

12 (C) *Wild rice.*

13 (c) *EXCEPTIONS.*—*Paragraphs (1) and (2) of sub-*
 14 *section (b) shall not limit the planting of an agricultural*
 15 *commodity specified in paragraph (3) of that subsection—*

16 (1) *in any region in which there is a history of*
 17 *double-cropping of covered commodities with agricul-*
 18 *tural commodities specified in subsection (b)(3), as*
 19 *determined by the Secretary, in which case the dou-*
 20 *ble-cropping shall be permitted;*

21 (2) *on a farm that the Secretary determines has*
 22 *a history of planting agricultural commodities speci-*
 23 *fied in subsection (b)(3) on base acres, except that di-*
 24 *rect payments and counter-cyclical payments shall be*

1 *reduced by an acre for each acre planted to such an*
 2 *agricultural commodity; or*

3 *(3) by the producers on a farm that the Sec-*
 4 *retary determines has an established planting history*
 5 *of a specific agricultural commodity specified in sub-*
 6 *section (b)(3), except that—*

7 *(A) the quantity planted may not exceed the*
 8 *average annual planting history of such agricul-*
 9 *tural commodity by the producers on the farm in*
 10 *the 1991 through 1995 or 1998 through 2001*
 11 *crop years (excluding any crop year in which no*
 12 *plantings were made), as determined by the Sec-*
 13 *retary; and*

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

17 *(d) PLANTING TRANSFERABILITY PILOT PROJECT.—*

18 *(1) PILOT PROJECT AUTHORIZED.—In addition*
 19 *to the exceptions provided in subsection (c), the Sec-*
 20 *retary shall carry out a pilot project in the State of*
 21 *Indiana under which paragraphs (1) and (2) of sub-*
 22 *section (b) shall not limit the planting of tomatoes*
 23 *grown for processing on up to 10,000 base acres dur-*
 24 *ing each of the 2008 through 2009 crop years.*

(2) *CONTRACT AND MANAGEMENT REQUIREMENTS.*—*To be eligible for selection to participate in the pilot project, the producers on a farm shall—*

(A) *have entered into a contract to produce tomatoes for processing; and*

(B) *agree to produce the tomatoes as part of a program of crop rotation on the farm to achieve agronomic and pest and disease management benefits.*

(3) *TEMPORARY REDUCTION IN BASE ACRES.*—*The base acres on a farm participating in the pilot program for a crop year shall be reduced by an acre for each acre planted to tomatoes under the pilot program.*

(4) *RECALCULATION OF BASE ACRES.*—

(A) *IN GENERAL.*—*If the Secretary recalculates base acres for a farm while the farm is included in the pilot project, the planting and production of tomatoes on base acres for which a temporary reduction was made under this section shall be considered to be the same as the planting and production of a covered commodity.*

1 (B) *PROHIBITION.*—*Nothing in this para-*
 2 *graph provides authority for the Secretary to re-*
 3 *calculate base acres for a farm.*

4 **SEC. 1107. SPECIAL RULE FOR LONG GRAIN AND MEDIUM**
 5 **GRAIN RICE.**

6 (a) *CALCULATION METHOD.*—*Subject to subsections*
 7 *(b) and (c), for the purposes of determining the amount of*
 8 *the counter-cyclical payments to be paid to the producers*
 9 *on a farm for long grain rice and medium grain rice under*
 10 *section 1104, the base acres of rice on the farm shall be*
 11 *apportioned using the 4-year average of the percentages of*
 12 *acreage planted in the applicable State to long grain rice*
 13 *and medium grain rice during the 2003 through 2006 crop*
 14 *years, as determined by the Secretary.*

15 (b) *PRODUCER ELECTION.*—*As an alternative to the*
 16 *calculation method described in subsection (a), the Sec-*
 17 *retary shall provide producers on a farm the opportunity*
 18 *to elect to apportion rice base acres on the farm using the*
 19 *4-year average of—*

20 (1) *the percentages of acreage planted on the*
 21 *farm to long grain rice and medium grain rice dur-*
 22 *ing the 2003 through 2006 crop years;*

23 (2) *the percentages of any acreage on the farm*
 24 *that the producers were prevented from planting to*
 25 *long grain rice and medium grain rice during the*

1 2003 through 2006 crop years because of drought,
2 flood, other natural disaster, or other condition be-
3 yond the control of the producers, as determined by
4 the Secretary; and

5 (3) in the case of a crop year for which a pro-
6 ducer on a farm elected not to plant to long grain
7 and medium grain rice during the 2003 through 2006
8 crop years, the percentages of acreage planted in the
9 applicable State to long grain rice and medium grain
10 rice, as determined by the Secretary.

11 (c) *LIMITATION.*—In carrying out this section, the Sec-
12 retary shall use the same total base acres, payment acres,
13 and payment yields established with respect to rice under
14 sections 1101 and 1102 of the Farm Security and Rural
15 Investment Act of 2002 (7 U.S.C. 7911, 7912), as in effect
16 on the day before the date of enactment of this Act, subject
17 to any adjustment under section 1101 of this Act.

18 **SEC. 1108. PERIOD OF EFFECTIVENESS.**

19 This part shall be effective beginning with the 2008
20 crop year of each covered commodity through the 2012 crop
21 year.

1 **PART II—MARKETING ASSISTANCE LOANS AND**
 2 **LOAN DEFICIENCY PAYMENTS**

3 **SEC. 1201. AVAILABILITY OF NONRECOURSE MARKETING**
 4 **ASSISTANCE LOANS FOR LOAN COMMOD-**
 5 **ITIES.**

6 (a) *NONRECOURSE LOANS AVAILABLE.*—

7 (1) *AVAILABILITY.*—*Except as provided in sec-*
 8 *tion 1401, for each of the 2008 through 2012 crops of*
 9 *each loan commodity, the Secretary shall make avail-*
 10 *able to producers on a farm nonrecourse marketing*
 11 *assistance loans for loan commodities produced on the*
 12 *farm.*

13 (2) *TERMS AND CONDITIONS.*—*The marketing as-*
 14 *istance loans shall be made under terms and condi-*
 15 *tions that are prescribed by the Secretary and at the*
 16 *loan rate established under section 1202 for the loan*
 17 *commodity.*

18 (b) *ELIGIBLE PRODUCTION.*—*The producers on a farm*
 19 *shall be eligible for a marketing assistance loan under sub-*
 20 *section (a) for any quantity of a loan commodity produced*
 21 *on the farm.*

22 (c) *TREATMENT OF CERTAIN COMMINGLED COMMOD-*
 23 *ITIES.*—*In carrying out this part, the Secretary shall make*
 24 *loans to producers on a farm that would be eligible to obtain*
 25 *a marketing assistance loan, but for the fact the loan com-*
 26 *modity owned by the producers on the farm is commingled*

1 *with loan commodities of other producers in facilities unli-*
 2 *censed for the storage of agricultural commodities by the*
 3 *Secretary or a State licensing authority, if the producers*
 4 *obtaining the loan agree to immediately redeem the loan*
 5 *collateral in accordance with section 166 of the Federal Ag-*
 6 *riculture Improvement and Reform Act of 1996 (7 U.S.C.*
 7 *7286).*

8 (d) COMPLIANCE WITH CONSERVATION AND WET-
 9 LANDS REQUIREMENTS.—As a condition of the receipt of
 10 a marketing assistance loan under subsection (a), the pro-
 11 ducer shall comply with applicable conservation require-
 12 ments under subtitle B of title XII of the Food Security
 13 Act of 1985 (16 U.S.C. 3811 et seq.) and applicable wetland
 14 protection requirements under subtitle C of title XII of the
 15 Act (16 U.S.C. 3821 et seq.) during the term of the loan.

16 **SEC. 1202. LOAN RATES FOR NONRECOURSE MARKETING**
 17 **ASSISTANCE LOANS.**

18 (a) LOAN RATES.—For each of the 2008 through 2012
 19 crop years, the loan rate for a marketing assistance loan
 20 under section 1201 for a loan commodity shall be equal to
 21 the following:

- 22 (1) In the case of wheat, \$2.94 per bushel.
 23 (2) In the case of corn, \$1.95 per bushel.
 24 (3) In the case of grain sorghum, \$1.95 per bush-
 25 el.

1 (4) *In the case of barley, \$1.95 per bushel.*

2 (5) *In the case of oats, \$1.39 per bushel.*

3 (6) *In the case of the base quality of upland cot-*
4 *ton, \$0.52 per pound.*

5 (7) *In the case of extra long staple cotton,*
6 *\$0.7977 per pound.*

7 (8) *In the case of long grain rice, \$6.50 per hun-*
8 *dredweight.*

9 (9) *in the case of medium grain rice, \$6.50 per*
10 *hundredweight.*

11 (10) *In the case of soybeans, \$5.00 per bushel.*

12 (11) *In the case of other oilseeds, \$10.09 per hun-*
13 *dredweight.*

14 (12) *In the case of dry peas, \$5.40 per hundred-*
15 *weight.*

16 (13) *In the case of lentils, \$11.28 per hundred-*
17 *weight.*

18 (14) *In the case of small chickpeas, \$7.43 per*
19 *hundredweight.*

20 (15) *In the case of large chickpeas, \$11.28 per*
21 *hundredweight.*

22 (16) *In the case of graded wool, \$1.20 per pound.*

23 (17) *In the case of nongraded wool, \$0.40 per*
24 *pound.*

25 (18) *In the case of mohair, \$4.20 per pound.*

1 (19) *In the case of honey, \$0.72 per pound.*

2 (b) *SINGLE COUNTY LOAN RATE FOR OTHER OIL-*
 3 *SEEDS.—The Secretary shall establish a single loan rate in*
 4 *each county for each kind of other oilseeds described in sub-*
 5 *section (a)(10).*

6 (c) *GRADING BASIS FOR MARKETING LOANS FOR*
 7 *PULSE CROPS.—The loan rate for pulse crops—*

8 (1) *shall be based on a grade not less than grade*
 9 *number 2 or other grade factors, including the fair*
 10 *and average quality of the 1 or more crops in any*
 11 *year; and*

12 (2) *may be adjusted by the Secretary to reflect*
 13 *the normal market discounts for grades less than*
 14 *number 2 quality.*

15 (d) *CORN AND GRAIN SORGHUM.—The Secretary*
 16 *shall—*

17 (1) *establish a single county loan rate for corn*
 18 *and grain sorghum in each county;*

19 (2) *establish a single national average loan rate*
 20 *for corn and grain sorghum; and*

21 (3) *determine each county loan rate and the na-*
 22 *tional average loan rate for corn and grain sorghum,*
 23 *and any and all other program loan rates applicable*
 24 *to corn and grain sorghum, from a data set that in-*
 25 *cludes prices for both corn and grain sorghum.*

1 **SEC. 1203. TERM OF LOANS.**

2 (a) *TERM OF LOAN.*—*In the case of each loan com-*
 3 *modity, a marketing assistance loan under section 1201*
 4 *shall have a term of 9 months beginning on the first day*
 5 *of the first month after the month in which the loan is*
 6 *made.*

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

10 **SEC. 1204. REPAYMENT OF LOANS.**

11 (a) *GENERAL RULE.*—*The Secretary shall permit the*
 12 *producers on a farm to repay a marketing assistance loan*
 13 *under section 1201 for a loan commodity (other than up-*
 14 *land cotton, long grain rice, medium grain rice, extra long*
 15 *staple cotton, and confectionery and each other kind of sun-*
 16 *flower seed (other than oil sunflower seed)) at a rate that*
 17 *is the lesser of—*

18 (1) *the loan rate established for the commodity*
 19 *under section 1202, plus interest (determined in ac-*
 20 *cordance with section 163 of the Federal Agriculture*
 21 *Improvement and Reform Act of 1996 (7 U.S.C.*
 22 *7283)); or*

23 (2) *a rate that the Secretary determines will—*

24 (A) *minimize potential loan forfeitures;*

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

1 (C) minimize the cost incurred by the Fed-
2 eral Government in storing the commodity;

3 (D) allow the commodity produced in the
4 United States to be marketed freely and competi-
5 tively, both domestically and internationally;
6 and

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

10 (b) *REPAYMENT RATES FOR UPLAND COTTON, LONG*
11 *GRAIN RICE, AND MEDIUM GRAIN RICE.*—The Secretary
12 shall permit producers to repay a marketing assistance loan
13 under section 1201 for upland cotton, long grain rice, and
14 medium grain rice at a rate that is the lesser of—

15 (1) the loan rate established for the commodity
16 under section 1202, plus interest (determined in ac-
17 cordance with section 163 of the Federal Agriculture
18 Improvement and Reform Act of 1996 (7 U.S.C.
19 7283)); or

20 (2) the prevailing world market price for the
21 commodity (adjusted to United States quality and lo-
22 cation), as determined by the Secretary.

23 (c) *REPAYMENT RATES FOR EXTRA LONG STAPLE*
24 *COTTON.*—Repayment of a marketing assistance loan for
25 extra long staple cotton shall be at the loan rate established

1 *for the commodity under section 1202, plus interest (deter-*
 2 *mined in accordance with section 163 of the Federal Agri-*
 3 *culture Improvement and Reform Act of 1996 (7 U.S.C.*
 4 *7283)).*

5 (d) *PREVAILING WORLD MARKET PRICE.*—*For pur-*
 6 *poses of this section and section 1207, the Secretary shall*
 7 *prescribe by regulation—*

8 (1) *a formula to determine—*

9 (A) *the prevailing world market price for*
 10 *upland cotton (adjusted to United States quality*
 11 *and location); and*

12 (B) *the prevailing world market price for*
 13 *long grain rice and medium grain rice, adjusted*
 14 *to United States quality and location; and*

15 (2) *a mechanism by which the Secretary shall*
 16 *announce periodically the prevailing world market*
 17 *price for upland cotton, long grain rice, and medium*
 18 *grain rice.*

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

21 (1) *IN GENERAL.*—*During the period beginning*
 22 *on the date of enactment of this Act and ending July*
 23 *31, 2013, the Secretary may further adjust the pre-*
 24 *vailing world market price for upland cotton (ad-*

justed to United States quality and location) if the Secretary determines the adjustment is necessary—

(A) to minimize potential loan forfeitures;

(B) to minimize the accumulation of stocks of upland cotton by the Federal Government;

(C) to allow upland cotton produced in the United States to be marketed freely and competitively, both domestically and internationally;

(D) to ensure that upland cotton produced in the United States is competitive in world markets; and

(E) to ensure an appropriate transition between current-crop and forward-crop price quotations, except that the Secretary may use forward-crop price quotations prior to July 31 of a marketing year only if—

(i) there are insufficient current-crop price quotations; and

(ii) the forward-crop price quotation is the lowest such quotation available.

(2) *GUIDELINES FOR ADDITIONAL ADJUSTMENTS.*—In making adjustments under this subsection, the Secretary shall establish a mechanism for determining and announcing the adjustments in

1 *order to avoid undue disruption in the United States*
 2 *market.*

3 *(f) REPAYMENT RATES FOR CONFECTIONERY AND*
 4 *OTHER KINDS OF SUNFLOWER SEEDS.—The Secretary*
 5 *shall permit the producers on a farm to repay a marketing*
 6 *assistance loan under section 1201 for confectionery and*
 7 *each other kind of sunflower seed (other than oil sunflower*
 8 *seed) at a rate that is the lesser of—*

9 *(1) the loan rate established for the commodity*
 10 *under section 1202, plus interest (determined in ac-*
 11 *cordance with section 163 of the Federal Agriculture*
 12 *Improvement and Reform Act of 1996 (7 U.S.C.*
 13 *7283)); or*

14 *(2) the repayment rate established for oil sun-*
 15 *flower seed.*

16 *(g) QUALITY GRADES FOR PULSE CROPS.—The loan*
 17 *repayment rate for pulse crops shall be based on the quality*
 18 *grades for the applicable commodity specified in section*
 19 *1202(c).*

20 *(h) PAYMENT OF COTTON STORAGE COSTS.—Effective*
 21 *for the 2008 through 2012 crop years, the Secretary shall*
 22 *use the funds of the Commodity Credit Corporation to pro-*
 23 *vide cotton storage payments in the same manner, and at*
 24 *the same rates, as the Secretary provided those payments*
 25 *for the 2006 crop of cotton.*

1 **SEC. 1205. LOAN DEFICIENCY PAYMENTS.**

2 (a) *AVAILABILITY OF LOAN DEFICIENCY PAYMENTS.*—

3 (1) *IN GENERAL.*—*Except as provided in sub-*
 4 *section (d) and section 1401, the Secretary may make*
 5 *loan deficiency payments available to producers on a*
 6 *farm that, although eligible to obtain a marketing as-*
 7 *sistance loan under section 1201 with respect to a*
 8 *loan commodity, agree to forgo obtaining the loan for*
 9 *the commodity in return for loan deficiency payments*
 10 *under this section.*

11 (2) *UNSHORN PELTS, HAY, AND SILAGE.*—

12 (A) *MARKETING ASSISTANCE LOANS.*—*Sub-*
 13 *ject to subparagraph (B), nongraded wool in the*
 14 *form of unshorn pelts and hay and silage derived*
 15 *from a loan commodity are not eligible for a*
 16 *marketing assistance loan under section 1201.*

17 (B) *LOAN DEFICIENCY PAYMENT.*—*Effective*
 18 *for the 2008 through 2012 crop years, the Sec-*
 19 *retary may make loan deficiency payments*
 20 *available under this section to producers on a*
 21 *farm that produce unshorn pelts or hay and si-*
 22 *lage derived from a loan commodity.*

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

1 (1) *the payment rate determined under sub-*
 2 *section (c) for the commodity; by*

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

7 (c) *PAYMENT RATE.*—

8 (1) *IN GENERAL.*—*In the case of a loan com-*
 9 *modity, the payment rate shall be the amount by*
 10 *which—*

11 (A) *the loan rate established under section*
 12 *1202 for the loan commodity; exceeds*

13 (B) *the rate at which a marketing assist-*
 14 *ance loan for the loan commodity may be repaid*
 15 *under section 1204.*

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

19 (A) *the loan rate established under section*
 20 *1202 for ungraded wool; exceeds*

21 (B) *the rate at which a marketing assist-*
 22 *ance loan for ungraded wool may be repaid*
 23 *under section 1204.*

1 (3) *HAY AND SILAGE.*—*In the case of hay or si-*
 2 *lage derived from a loan commodity, the payment*
 3 *rate shall be the amount by which—*

4 (A) *the loan rate established under section*
 5 *1202 for the loan commodity from which the hay*
 6 *or silage is derived; exceeds*

7 (B) *the rate at which a marketing assist-*
 8 *ance loan for the loan commodity may be repaid*
 9 *under section 1204.*

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

13 (e) *EFFECTIVE DATE FOR PAYMENT RATE DETER-*
 14 *MINATION.*—

15 (1) *LOSS OF BENEFICIAL INTEREST.*—*The Sec-*
 16 *retary shall determine the amount of the loan defi-*
 17 *ciency payment to be made under this section to the*
 18 *producers on a farm with respect to a quantity of a*
 19 *loan commodity or commodity referred to in sub-*
 20 *section (a)(2) using the payment rate in effect under*
 21 *subsection (c) as soon as practicable after the date on*
 22 *which the producers on the farm lose beneficial inter-*
 23 *est.*

24 (2) *ON-FARM CONSUMPTION.*—*For the quantity*
 25 *of a loan commodity or commodity referred to in sub-*

1 *section (a)(2) consumed on a farm, the Secretary*
 2 *shall provide procedures to determine a date on which*
 3 *the producers on the farm lose beneficial interest.*

4 (3) *APPLICABILITY.—This subsection does not*
 5 *apply for the 2009 through 2012 crop years.*

6 **SEC. 1206. PAYMENTS IN LIEU OF LOAN DEFICIENCY PAY-**
 7 **MENTS FOR GRAZED ACREAGE.**

8 (a) *ELIGIBLE PRODUCERS.—*

9 (1) *IN GENERAL.—Except as provided in section*
 10 *1401, effective for the 2008 through 2012 crop years,*
 11 *in the case of a producer that would be eligible for a*
 12 *loan deficiency payment under section 1205 for*
 13 *wheat, barley, or oats, but that elects to use acreage*
 14 *planted to the wheat, barley, or oats for the grazing*
 15 *of livestock, the Secretary shall make a payment to*
 16 *the producer under this section if the producer enters*
 17 *into an agreement with the Secretary to forgo any*
 18 *other harvesting of the wheat, barley, or oats on that*
 19 *acreage.*

20 (2) *GRAZING OF TRITICALE ACREAGE.—Effective*
 21 *for the 2008 through 2012 crop years, with respect to*
 22 *a producer on a farm that uses acreage planted to*
 23 *triticale for the grazing of livestock, the Secretary*
 24 *shall make a payment to the producer under this sec-*
 25 *tion if the producer enters into an agreement with the*

1 *Secretary to forgo any other harvesting of triticale on*
 2 *that acreage.*

3 **(b) PAYMENT AMOUNT.—**

4 **(1) IN GENERAL.—***The amount of a payment*
 5 *made under this section to a producer on a farm de-*
 6 *scribed in subsection (a)(1) shall be equal to the*
 7 *amount determined by multiplying—*

8 **(A)** *the loan deficiency payment rate deter-*
 9 *mined under section 1205(c) in effect, as of the*
 10 *date of the agreement, for the county in which*
 11 *the farm is located; by*

12 **(B)** *the payment quantity determined by*
 13 *multiplying—*

14 **(i)** *the quantity of the grazed acreage*
 15 *on the farm with respect to which the pro-*
 16 *ducer elects to forgo harvesting of wheat,*
 17 *barley, or oats; and*

18 **(ii)** *the payment yield in effect for the*
 19 *calculation of direct payments under part I*
 20 *with respect to that loan commodity on the*
 21 *farm or, in the case of a farm without a*
 22 *payment yield for that loan commodity, an*
 23 *appropriate yield established by the Sec-*
 24 *retary in a manner consistent with section*
 25 *1102(c).*

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

6 *(A) the loan deficiency payment rate deter-*
 7 *mined under section 1205(c) in effect for wheat,*
 8 *as of the date of the agreement, for the county in*
 9 *which the farm is located; by*

10 *(B) the payment quantity determined by*
 11 *multiplying—*

12 *(i) the quantity of the grazed acreage*
 13 *on the farm with respect to which the pro-*
 14 *ducer elects to forgo harvesting of triticale;*
 15 *and*

16 *(ii) the payment yield in effect for the*
 17 *calculation of direct payments under part I*
 18 *with respect to wheat on the farm or, in the*
 19 *case of a farm without a payment yield for*
 20 *wheat, an appropriate yield established by*
 21 *the Secretary in a manner consistent with*
 22 *section 1102(c).*

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

24 (1) *TIME AND MANNER.*—*A payment under this*
 25 *section shall be made at the same time and in the*

1 *same manner as loan deficiency payments are made*
 2 *under section 1205.*

3 (2) *AVAILABILITY.*—

4 (A) *IN GENERAL.*—*The Secretary shall es-*
 5 *tablish an availability period for the payments*
 6 *authorized by this section.*

7 (B) *CERTAIN COMMODITIES.*—*In the case of*
 8 *wheat, barley, and oats, the availability period*
 9 *shall be consistent with the availability period*
 10 *for the commodity established by the Secretary*
 11 *for marketing assistance loans authorized by this*
 12 *part.*

13 (d) *PROHIBITION ON CROP INSURANCE INDEMNITY OR*
 14 *NONINSURED CROP ASSISTANCE.*—*A 2008 through 2012*
 15 *crop of wheat, barley, oats, or triticale planted on acreage*
 16 *that a producer elects, in the agreement required by sub-*
 17 *section (a), to use for the grazing of livestock in lieu of any*
 18 *other harvesting of the crop shall not be eligible for an in-*
 19 *demnity under a policy or plan of insurance authorized*
 20 *under the Federal Crop Insurance Act (7 U.S.C. 1501 et*
 21 *seq.) or noninsured crop assistance under section 196 of the*
 22 *Federal Agriculture Improvement and Reform Act of 1996*
 23 *(7 U.S.C. 7333).*

1 **SEC. 1207. SPECIAL MARKETING LOAN PROVISIONS FOR UP-**
2 **LAND COTTON.**

3 (a) *SPECIAL IMPORT QUOTA.*—

4 (1) *DEFINITION OF SPECIAL IMPORT QUOTA.*—*In*
5 *this subsection, the term “special import quota”*
6 *means a quantity of imports that is not subject to the*
7 *over-quota tariff rate of a tariff-rate quota.*

8 (2) *ESTABLISHMENT.*—

9 (A) *IN GENERAL.*—*The President shall*
10 *carry out an import quota program during the*
11 *period beginning on the date of the enactment of*
12 *this Act through July 31, 2013, as provided in*
13 *this subsection.*

14 (B) *PROGRAM REQUIREMENTS.*—*Whenever*
15 *the Secretary determines and announces that for*
16 *any consecutive 4-week period, the Friday*
17 *through Thursday average price quotation for the*
18 *lowest-priced United States growth, as quoted for*
19 *Middling (M) 1³/₃₂-inch cotton, delivered to a de-*
20 *finable and significant international market, as*
21 *determined by the Secretary, exceeds the pre-*
22 *vailing world market price, there shall imme-*
23 *diately be in effect a special import quota.*

24 (3) *QUANTITY.*—*The quota shall be equal to 1*
25 *week’s consumption of cotton by domestic mills at the*

1 *seasonally adjusted average rate of the most recent 3*
 2 *months for which data are available.*

3 (4) *APPLICATION.—The quota shall apply to up-*
 4 *land cotton purchased not later than 90 days after the*
 5 *date of the Secretary’s announcement under para-*
 6 *graph (2) and entered into the United States not later*
 7 *than 180 days after that date.*

8 (5) *OVERLAP.—A special quota period may be*
 9 *established that overlaps any existing quota period if*
 10 *required by paragraph (2), except that a special*
 11 *quota period may not be established under this sub-*
 12 *section if a quota period has been established under*
 13 *subsection (b).*

14 (6) *PREFERENTIAL TARIFF TREATMENT.—The*
 15 *quantity under a special import quota shall be con-*
 16 *sidered to be an in-quota quantity for purposes of—*

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

19 (B) *section 204 of the Andean Trade Pref-*
 20 *erence Act (19 U.S.C. 3203);*

21 (C) *section 503(d) of the Trade Act of 1974*
 22 *(19 U.S.C. 2463(d)); and*

23 (D) *General Note 3(a)(iv) to the Har-*
 24 *monized Tariff Schedule.*

1 (7) *LIMITATION.*—*The quantity of cotton entered*
 2 *into the United States during any marketing year*
 3 *under the special import quota established under this*
 4 *subsection may not exceed the equivalent of 10 week’s*
 5 *consumption of upland cotton by domestic mills at*
 6 *the seasonally adjusted average rate of the 3 months*
 7 *immediately preceding the first special import quota*
 8 *established in any marketing year.*

9 (b) *LIMITED GLOBAL IMPORT QUOTA FOR UPLAND*
 10 *COTTON.*—

11 (1) *DEFINITIONS.*—*In this subsection:*

12 (A) *SUPPLY.*—*The term “supply” means,*
 13 *using the latest official data of the Bureau of the*
 14 *Census, the Department of Agriculture, and the*
 15 *Department of the Treasury—*

16 (i) *the carry-over of upland cotton at*
 17 *the beginning of the marketing year (ad-*
 18 *justed to 480-pound bales) in which the*
 19 *quota is established;*

20 (ii) *production of the current crop; and*

21 (iii) *imports to the latest date avail-*
 22 *able during the marketing year.*

23 (B) *DEMAND.*—*The term “demand”*
 24 *means—*

1 (i) *the average seasonally adjusted an-*
2 *nual rate of domestic mill consumption of*
3 *cotton during the most recent 3 months for*
4 *which data are available; and*

5 (ii) *the larger of—*

6 (I) *average exports of upland cot-*
7 *ton during the preceding 6 marketing*
8 *years; or*

9 (II) *cumulative exports of upland*
10 *cotton plus outstanding export sales for*
11 *the marketing year in which the quota*
12 *is established.*

13 (C) *LIMITED GLOBAL IMPORT QUOTA.—The*
14 *term “limited global import quota” means a*
15 *quantity of imports that is not subject to the*
16 *over-quota tariff rate of a tariff-rate quota.*

17 (2) *PROGRAM.—The President shall carry out an*
18 *import quota program that provides that whenever*
19 *the Secretary determines and announces that the av-*
20 *erage price of the base quality of upland cotton, as de-*
21 *termined by the Secretary, in the designated spot*
22 *markets for a month exceeded 130 percent of the aver-*
23 *age price of the quality of cotton in the markets for*
24 *the preceding 36 months, notwithstanding any other*
25 *provision of law, there shall immediately be in effect*

1 *a limited global import quota subject to the following*
2 *conditions:*

3 (A) *QUANTITY.*—*The quantity of the quota*
4 *shall be equal to 21 days of domestic mill con-*
5 *sumption of upland cotton at the seasonally ad-*
6 *justed average rate of the most recent 3 months*
7 *for which data are available or as estimated by*
8 *the Secretary.*

9 (B) *QUANTITY IF PRIOR QUOTA.*—*If a quota*
10 *has been established under this subsection during*
11 *the preceding 12 months, the quantity of the*
12 *quota next established under this subsection shall*
13 *be the smaller of 21 days of domestic mill con-*
14 *sumption calculated under subparagraph (A) or*
15 *the quantity required to increase the supply to*
16 *130 percent of the demand.*

17 (C) *PREFERENTIAL TARIFF TREATMENT.*—
18 *The quantity under a limited global import*
19 *quota shall be considered to be an in-quota quan-*
20 *tity for purposes of—*

21 (i) *section 213(d) of the Caribbean*
22 *Basin Economic Recovery Act (19 U.S.C.*
23 *2703(d));*

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

1 (iii) section 503(d) of the Trade Act of
2 1974 (19 U.S.C. 2463(d)); and

3 (iv) General Note 3(a)(iv) to the Har-
4 monized Tariff Schedule.

5 (D) QUOTA ENTRY PERIOD.—When a quota
6 is established under this subsection, cotton may
7 be entered under the quota during the 90-day pe-
8 riod beginning on the date the quota is estab-
9 lished by the Secretary.

10 (3) NO OVERLAP.—Notwithstanding paragraph
11 (2), a quota period may not be established that over-
12 laps an existing quota period or a special quota pe-
13 riod established under subsection (a).

14 (c) ECONOMIC ADJUSTMENT ASSISTANCE TO USERS
15 OF UPLAND COTTON.—

16 (1) IN GENERAL.—Subject to paragraph (2), the
17 Secretary shall, on a monthly basis, provide economic
18 adjustment assistance to domestic users of upland cot-
19 ton in the form of payments for all documented use
20 of that upland cotton during the previous monthly pe-
21 riod regardless of the origin of the upland cotton.

22 (2) VALUE OF ASSISTANCE.—

23 (A) BEGINNING PERIOD.—During the pe-
24 riod beginning on August 1, 2008, and ending
25 on June 30, 2013, the value of the assistance

1 *provided under paragraph (1) shall be 4 cents*
2 *per pound.*

3 *(B) SUBSEQUENT PERIOD.—Effective begin-*
4 *ning on July 1, 2013, the value of the assistance*
5 *provided under paragraph (1) shall be 0 cents*
6 *per pound.*

7 *(3) ALLOWABLE PURPOSES.—Economic adjust-*
8 *ment assistance under this subsection shall be made*
9 *available only to domestic users of upland cotton that*
10 *certify that the assistance shall be used only to ac-*
11 *quire, construct, install, modernize, develop, convert,*
12 *or expand land, plant, buildings, equipment, facili-*
13 *ties, or machinery.*

14 *(4) REVIEW OR AUDIT.—The Secretary may con-*
15 *duct such review or audit of the records of a domestic*
16 *user under this subsection as the Secretary determines*
17 *necessary to carry out this subsection.*

18 *(5) IMPROPER USE OF ASSISTANCE.—If the Sec-*
19 *retary determines, after a review or audit of the*
20 *records of the domestic user, that economic adjustment*
21 *assistance under this subsection was not used for the*
22 *purposes specified in paragraph (3), the domestic user*
23 *shall be—*

1 (A) liable to repay the assistance to the Sec-
 2 retary, plus interest, as determined by the Sec-
 3 retary; and

4 (B) ineligible to receive assistance under
 5 this subsection for a period of 1 year following
 6 the determination of the Secretary.

7 **SEC. 1208. SPECIAL COMPETITIVE PROVISIONS FOR EXTRA**
 8 **LONG STAPLE COTTON.**

9 (a) *COMPETITIVENESS PROGRAM.*—Notwithstanding
 10 any other provision of law, during the period beginning on
 11 the date of the enactment of this Act through July 31, 2013,
 12 the Secretary shall carry out a program—

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

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

18 (3) to ensure that extra long staple cotton pro-
 19 duced in the United States remains competitive in
 20 world markets.

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

24 (1) for a consecutive 4-week period, the world
 25 market price for the lowest priced competing growth

1 of extra long staple cotton (adjusted to United States
2 quality and location and for other factors affecting
3 the competitiveness of such cotton), as determined by
4 the Secretary, is below the prevailing United States
5 price for a competing growth of extra long staple cot-
6 ton; and

7 (2) the lowest priced competing growth of extra
8 long staple cotton (adjusted to United States quality
9 and location and for other factors affecting the com-
10 petitiveness of such cotton), as determined by the Sec-
11 retary, is less than 134 percent of the loan rate for
12 extra long staple cotton.

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

20 (d) *PAYMENT AMOUNT.*—Payments under this section
21 shall be based on the amount of the difference in the prices
22 referred to in subsection (b)(1) during the fourth week of
23 the consecutive 4-week period multiplied by the amount of
24 documented purchases by domestic users and sales for ex-

1 port by exporters made in the week following such a con-
 2 secutive 4-week period.

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

5 (a) *HIGH MOISTURE FEED GRAINS.*—

6 (1) *DEFINITION OF HIGH MOISTURE STATE.*—In
 7 this subsection, the term “high moisture state” means
 8 corn or grain sorghum having a moisture content in
 9 excess of Commodity Credit Corporation standards
 10 for marketing assistance loans made by the Secretary
 11 under section 1201.

12 (2) *RECOURSE LOANS AVAILABLE.*—For each of
 13 the 2008 through 2012 crops of corn and grain sor-
 14 ghum, the Secretary shall make available recourse
 15 loans, as determined by the Secretary, to producers on
 16 a farm that—

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

20 (B) present—

21 (i) certified scale tickets from an in-
 22 spected, certified commercial scale, includ-
 23 ing a licensed warehouse, feedlot, feed mill,
 24 distillery, or other similar entity approved

by the Secretary, pursuant to regulations issued by the Secretary; or

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

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

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

(3) *ELIGIBILITY OF ACQUIRED FEED GRAINS.*—

A loan under this subsection shall be made on a quantity of corn or grain sorghum of the same crop

1 *acquired by the producer equivalent to a quantity de-*
 2 *termined by multiplying—*

3 *(A) the acreage of the corn or grain sor-*
 4 *ghum in a high moisture state harvested on the*
 5 *producer's farm; by*

6 *(B) the lower of the farm program payment*
 7 *yield used to make counter-cyclical payments*
 8 *under part I or the actual yield on a field, as*
 9 *determined by the Secretary, that is similar to*
 10 *the field from which the corn or grain sorghum*
 11 *was obtained.*

12 *(b) RECOURSE LOANS AVAILABLE FOR SEED COT-*
 13 *TON.—For each of the 2008 through 2012 crops of upland*
 14 *cotton and extra long staple cotton, the Secretary shall make*
 15 *available recourse seed cotton loans, as determined by the*
 16 *Secretary, on any production.*

17 *(c) REPAYMENT RATES.—Repayment of a recourse*
 18 *loan made under this section shall be at the loan rate estab-*
 19 *lished for the commodity by the Secretary, plus interest (de-*
 20 *termined in accordance with section 163 of the Federal Ag-*
 21 *riculture Improvement and Reform Act of 1996 (7 U.S.C.*
 22 *7283)).*

23 **SEC. 1210. ADJUSTMENTS OF LOANS.**

24 *(a) ADJUSTMENT AUTHORITY.—Subject to subsections*
 25 *(e) and (f), the Secretary may make appropriate adjust-*

1 *ments in the loan rates for any loan commodity (other than*
 2 *cotton) for differences in grade, type, quality, location, and*
 3 *other factors.*

4 (b) *MANNER OF ADJUSTMENT.*—*The adjustments*
 5 *under subsection (a) shall, to the maximum extent prac-*
 6 *ticable, be made in such a manner that the average loan*
 7 *level for the commodity will, on the basis of the anticipated*
 8 *incidence of the factors, be equal to the level of support de-*
 9 *termined in accordance with this subtitle and subtitles B*
 10 *through E.*

11 (c) *ADJUSTMENT ON COUNTY BASIS.*—

12 (1) *IN GENERAL.*—*The Secretary may establish*
 13 *loan rates for a crop for producers in individual*
 14 *counties in a manner that results in the lowest loan*
 15 *rate being 95 percent of the national average loan*
 16 *rate, if those loan rates do not result in an increase*
 17 *in outlays.*

18 (2) *PROHIBITION.*—*Adjustments under this sub-*
 19 *section shall not result in an increase in the national*
 20 *average loan rate for any year.*

21 (d) *ADJUSTMENT IN LOAN RATE FOR COTTON.*—

22 (1) *IN GENERAL.*—*The Secretary may make ap-*
 23 *propriate adjustments in the loan rate for cotton for*
 24 *differences in quality factors.*

1 (2) *REVISIONS TO QUALITY ADJUSTMENTS FOR*
2 *UPLAND COTTON.*—

3 (A) *IN GENERAL.*—*Not later than 180 days*
4 *after the enactment of this Act and after con-*
5 *sultation with the private sector in accordance*
6 *with paragraph (3), the Secretary shall imple-*
7 *ment revisions in the administration of the mar-*
8 *keting assistance loan program for upland cotton*
9 *to more accurately and efficiently reflect market*
10 *values for upland cotton.*

11 (B) *MANDATORY REVISIONS.*—*Revisions*
12 *under subparagraph (A) shall include—*

13 (i) *the elimination of warehouse loca-*
14 *tion differentials;*

15 (ii) *the establishment of differentials*
16 *for the various quality factors and staple*
17 *lengths of cotton based on a 3-year, weight-*
18 *ed moving average of the weighted des-*
19 *ignated spot market regions, as determined*
20 *by regional production;*

21 (iii) *the elimination of any artificial*
22 *split in the premium or discount between*
23 *upland cotton with a 32 or 33 staple length*
24 *due to micronaire; and*

(iv) a mechanism to ensure that no premium or discount is established that exceeds the premium or discount associated with a leaf grade that is 1 better than the applicable color grade.

(C) *DISCRETIONARY REVISIONS.*—Revisions under subparagraph (A) may include—

(i) the use of non-spot market price data, in addition to spot market price data, that would enhance the accuracy of the price information used in determining quality adjustments under this subsection;

(ii) adjustments in the premiums or discounts associated with upland cotton with a staple length of 33 or above due to micronaire with the goal of eliminating any unnecessary artificial splits in the calculations of the premiums or discounts; and

(iii) such other adjustments as the Secretary determines appropriate, after consultations conducted in accordance with paragraph (3).

(3) *CONSULTATION WITH PRIVATE SECTOR.*—

(A) *PRIOR TO REVISION.*—Prior to implementing any revisions to the administration of

1 *the marketing assistance loan program for up-*
 2 *land cotton, the Secretary shall consult with a*
 3 *private sector committee that—*

4 *(i) is in existence as of the date of en-*
 5 *actment of this Act;*

6 *(ii) has a membership that includes*
 7 *representatives of the production, ginning,*
 8 *warehousing, cooperative, and merchan-*
 9 *dising segments of the United States cotton*
 10 *industry; and*

11 *(iii) has developed recommendations*
 12 *concerning the revisions.*

13 *(B) REVIEW OF ADJUSTMENTS.—The Sec-*
 14 *retary shall consult with the committee described*
 15 *in subparagraph (A) when conducting a review*
 16 *of adjustments in the operation of the loan pro-*
 17 *gram for upland cotton in accordance with para-*
 18 *graph (4).*

19 *(C) INAPPLICABILITY OF FEDERAL ADVI-*
 20 *SORY COMMITTEE ACT.—The Federal Advisory*
 21 *Committee Act (5 U.S.C. App.) shall not apply*
 22 *to consultations under this subsection.*

23 *(4) REVIEW OF ADJUSTMENTS.—The Secretary*
 24 *may review the operation of the upland cotton quality*
 25 *adjustments implemented pursuant to this subsection*

1 *and may make further revisions to the administration*
 2 *of the loan program for upland cotton, by—*

3 *(A) revoking or revising any actions taken*
 4 *under paragraph (2)(B); or*

5 *(B) revoking or revising any actions taken*
 6 *or authorized to be taken under paragraph*
 7 *(2)(C).*

8 (5) *ADJUSTMENTS IN EFFECT PRIOR TO REVI-*
 9 *SION.—The quality differences (premiums and dis-*
 10 *counts for quality factors) applicable to the loan pro-*
 11 *gram for upland cotton (prior to any revisions in ac-*
 12 *cordance with this subsection) shall be established by*
 13 *the Secretary by giving equal weight to—*

14 *(A) loan differences for the preceding crop;*
 15 *and*

16 *(B) market differences for the crop in the*
 17 *designated United States spot markets.*

18 (e) *CORN AND GRAIN SORGHUM.—In the case of corn*
 19 *and grain sorghum, the Secretary—*

20 (1) *shall administer the applicable loan, mar-*
 21 *keting loan, and related programs using a single loan*
 22 *rate for corn and grain sorghum that is identical in*
 23 *each individual county;*

24 (2) *shall provide that any adjustment in the*
 25 *corn and grain sorghum loan rate for location shall*

1 *be determined and applied on the basis of the com-*
 2 *bined corn and grain sorghum data set in a manner*
 3 *that any transportation adjustment shall be the same*
 4 *for corn and grain sorghum in each individual coun-*
 5 *ty; and*

6 *(3) may provide for adjustments for grade, type,*
 7 *and quality, as appropriate, for the corn or grain sor-*
 8 *ghum involved in each specific transaction.*

9 *(f) RICE.—The Secretary shall not make adjustments*
 10 *in the loan rates for long grain rice and medium grain*
 11 *rice, except for differences in grade and quality (including*
 12 *milling yields).*

13 **PART III—PEANUTS**

14 **SEC. 1301. DEFINITIONS.**

15 *In this part:*

16 *(1) BASE ACRES FOR PEANUTS.—The term “base*
 17 *acres for peanuts” means the number of acres as-*
 18 *signed to a farm pursuant to section 1302 of the*
 19 *Farm Security and Rural Investment Act of 2002 (7*
 20 *U.S.C. 7952), as in effect on the day before the date*
 21 *of enactment of this Act, subject to any adjustment*
 22 *under section 1302 of this Act.*

23 *(2) COUNTER-CYCLICAL PAYMENT.—The term*
 24 *“counter-cyclical payment” means a payment made*
 25 *to producers on a farm under section 1304.*

1 (3) *DIRECT PAYMENT.*—*The term “direct pay-*
2 *ment” means a direct payment made to producers on*
3 *a farm under section 1303.*

4 (4) *EFFECTIVE PRICE.*—*The term “effective*
5 *price” means the price calculated by the Secretary*
6 *under section 1304 for peanuts to determine whether*
7 *counter-cyclical payments are required to be made*
8 *under that section for a crop year.*

9 (5) *PAYMENT ACRES.*—*The term “payment*
10 *acres” means 85 percent of the base acres for peanuts.*

11 (6) *PAYMENT YIELD.*—*The term “payment*
12 *yield” means the yield established for direct payments*
13 *and counter-cyclical payments under section 1302 of*
14 *the Farm Security and Rural Investment Act of 2002*
15 *(7 U.S.C. 7952), as in effect on the day before the*
16 *date of enactment of this Act, for a farm for peanuts.*

17 (7) *PRODUCER.*—

18 (A) *IN GENERAL.*—*The term “producer”*
19 *means an owner, operator, landlord, tenant, or*
20 *sharecropper that shares in the risk of producing*
21 *a crop on a farm and is entitled to share in the*
22 *crop available for marketing from the farm, or*
23 *would have shared had the crop been produced.*

1 (B) *HYBRID SEED.*—*In determining wheth-*
 2 *er a grower of hybrid seed is a producer, the Sec-*
 3 *retary shall—*

4 (i) *not take into consideration the ex-*
 5 *istence of a hybrid seed contract; and*

6 (ii) *ensure that program requirements*
 7 *do not adversely affect the ability of the*
 8 *grower to receive a payment under this*
 9 *part.*

10 (8) *STATE.*—*The term “State” means—*

11 (A) *a State;*

12 (B) *the District of Columbia;*

13 (C) *the Commonwealth of Puerto Rico; and*

14 (D) *any other territory or possession of the*
 15 *United States.*

16 (9) *TARGET PRICE.*—*The term “target price”*
 17 *means the price per ton of peanuts used to determine*
 18 *the payment rate for counter-cyclical payments.*

19 (10) *UNITED STATES.*—*The term “United*
 20 *States”, when used in a geographical sense, means all*
 21 *of the States.*

22 **SEC. 1302. BASE ACRES FOR PEANUTS FOR A FARM.**

23 (a) *ADJUSTMENT OF BASE ACREAGE FOR PEANUTS.*—

24 (1) *TREATMENT OF CONSERVATION RESERVE*
 25 *CONTRACT ACREAGE.*—*The Secretary shall provide for*

1 *an adjustment, as appropriate, in the base acres for*
 2 *peanuts for a farm whenever either of the following*
 3 *circumstances occur:*

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

8 *(B) Cropland is released from coverage*
 9 *under a conservation reserve contract by the Sec-*
 10 *retary.*

11 *(C) The producer has eligible pulse crop or*
 12 *camelina acreage.*

13 *(D) The producer has eligible oilseed acre-*
 14 *age as the result of the Secretary designating ad-*
 15 *ditional oilseeds.*

16 (2) *SPECIAL CONSERVATION RESERVE ACREAGE*
 17 *PAYMENT RULES.—For the crop year in which a base*
 18 *acres for peanuts adjustment under paragraph (1) is*
 19 *first made, the owner of the farm shall elect to receive*
 20 *either direct payments and counter-cyclical payments*
 21 *with respect to the acreage added to the farm under*
 22 *this subsection or a prorated payment under the con-*
 23 *servation reserve contract, but not both.*

24 (b) *PREVENTION OF EXCESS BASE ACRES FOR PEA-*
 25 *NUTS.—*

1 (1) *REQUIRED REDUCTION.*—If the sum of the
 2 base acres for peanuts for a farm, together with the
 3 acreage described in paragraph (2), exceeds the actual
 4 cropland acreage of the farm, the Secretary shall re-
 5 duce the base acres for peanuts for the farm or the
 6 base acres for 1 or more covered commodities for the
 7 farm so that the sum of the base acres for peanuts
 8 and acreage described in paragraph (2) does not ex-
 9 ceed the actual cropland acreage of the farm.

10 (2) *OTHER ACREAGE.*—For purposes of para-
 11 graph (1), the Secretary shall include the following:

12 (A) Any base acres for the farm for a cov-
 13 ered commodity.

14 (B) Any acreage on the farm enrolled in the
 15 conservation reserve program or wetlands reserve
 16 program under chapter 1 of subtitle D of title
 17 XII of the Food Security Act of 1985 (16 U.S.C.
 18 3830 *et seq.*).

19 (C) Any other acreage on the farm enrolled
 20 in a Federal conservation program for which
 21 payments are made in exchange for not pro-
 22 ducing an agricultural commodity on the acre-
 23 age.

24 (D) Any eligible pulse crop or camelina
 25 acreage, which shall be determined in the same

1 *manner as eligible oilseed acreage under section*
 2 *1101(a)(2) of the Farm Security and Rural In-*
 3 *vestment Act of 2002 (7 U.S.C. 7911(a)(2)).*

4 *(E) If the Secretary designates additional*
 5 *oilseeds, any eligible oilseed acreage, which shall*
 6 *be determined in the same manner as eligible oil-*
 7 *seed acreage under section 1101(a)(2) of the*
 8 *Farm Security and Rural Investment Act of*
 9 *2002 (7 U.S.C. 7911(a)(2)).*

10 *(3) SELECTION OF ACRES.—The Secretary shall*
 11 *give the owner of the farm the opportunity to select*
 12 *the base acres for peanuts or the base acres for covered*
 13 *commodities against which the reduction required by*
 14 *paragraph (1) will be made.*

15 *(4) EXCEPTION FOR DOUBLE-CROPPED ACRE-*
 16 *AGE.—In applying paragraph (1), the Secretary shall*
 17 *make an exception in the case of double cropping, as*
 18 *determined by the Secretary.*

19 *(5) COORDINATED APPLICATION OF REQUIRE-*
 20 *MENTS.—The Secretary shall take into account sec-*
 21 *tion 1101(b) when applying the requirements of this*
 22 *subsection.*

23 *(c) REDUCTION IN BASE ACRES.—*

24 *(1) REDUCTION AT OPTION OF OWNER.—*

1 (A) *IN GENERAL.*—*The owner of a farm*
 2 *may reduce, at any time, the base acres for pea-*
 3 *nuts for the farm.*

4 (B) *EFFECT OF REDUCTION.*—*A reduction*
 5 *under subparagraph (A) shall be permanent and*
 6 *made in a manner prescribed by the Secretary.*

7 (2) *REQUIRED ACTION BY SECRETARY.*—

8 (A) *IN GENERAL.*—*The Secretary shall sus-*
 9 *pend all direct, counter-cyclical, and average*
 10 *crop revenue payments on base acres for peanuts*
 11 *for land that is no longer a farming operation*
 12 *or used in conjunction with a farming operation,*
 13 *as determined by the Secretary.*

14 (B) *REDUCTION.*—*The Secretary shall re-*
 15 *duce base acres for peanuts in a manner pre-*
 16 *scribed by the Secretary, for land that—*

17 (i) *has been developed for commercial*
 18 *or industrial use unless the producer dem-*
 19 *onstrates that the land remains devoted ex-*
 20 *clusively to agricultural production; or*

21 (ii) *has been subdivided and developed*
 22 *for multiple residential units or other non-*
 23 *farming uses, unless the producer dem-*
 24 *onstrates that the land remains devoted ex-*
 25 *clusively to agricultural production.*

1 (3) *REVIEW AND REPORT.*—*Each year, to ensure,*
 2 *to the maximum extent practicable, that payments*
 3 *are received only by producers, the Secretary shall—*

4 (A) *track each reconstitution of land that is*
 5 *reported by a producer that is covered by para-*
 6 *graph (2);*

7 (B) *include in any end-of-the-year review*
 8 *for purposes of payment limitations or other*
 9 *compliance inspections or other actions taken by*
 10 *the Secretary, a review to ensure compliance*
 11 *with paragraph (2); and*

12 (C) *submit to Congress a report that de-*
 13 *scribes the results of the actions taken under sub-*
 14 *paragraphs (A) and (B).*

15 **SEC. 1303. AVAILABILITY OF DIRECT PAYMENTS FOR PEA-**
 16 **NUTS.**

17 (a) *PAYMENT REQUIRED.*—*Except as provided in sec-*
 18 *tion 1401, for each of the 2008 through 2012 crop years*
 19 *for peanuts, the Secretary shall make direct payments to*
 20 *the producers on a farm to which a payment yield and base*
 21 *acres for peanuts are established.*

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

1 (c) *PAYMENT AMOUNT.*—*The amount of the direct pay-*
 2 *ment to be paid to the producers on a farm for the 2008*
 3 *through 2012 crops of peanuts shall be equal to the product*
 4 *of the following:*

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

6 (2) *The payment acres on the farm.*

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

8 (d) *TIME FOR PAYMENT.*—

9 (1) *IN GENERAL.*—*In the case of each of the 2008*
 10 *through 2012 crop years, the Secretary shall make di-*
 11 *rect payments under this section not earlier than Oc-*
 12 *tober 1 of the calendar year in which the crop is har-*
 13 *vested.*

14 (2) *ADVANCE PAYMENTS.*—

15 (A) *OPTION.*—*At the option of the producers*
 16 *on a farm, the Secretary shall pay in advance*
 17 *up to 22 percent of the direct payment for pea-*
 18 *nuts for any of the 2008 through 2011 crop years*
 19 *to the producers on a farm.*

20 (B) *MONTH.*—

21 (i) *SELECTION.*—*Subject to clauses (ii)*
 22 *and (iii), the producers on a farm shall se-*
 23 *lect the month during which the advance*
 24 *payment for a crop year will be made.*

1 (ii) *OPTIONS.*—*The month selected*
2 *may be any month during the period—*

3 *(I) beginning on December 1 of*
4 *the calendar year before the calendar*
5 *year in which the crop of peanuts is*
6 *harvested; and*

7 *(II) ending during the month*
8 *within which the direct payment would*
9 *otherwise be made.*

10 (iii) *CHANGE.*—*The producers on a*
11 *farm may change the selected month for a*
12 *subsequent advance payment by providing*
13 *advance notice to the Secretary.*

14 (3) *REPAYMENT OF ADVANCE PAYMENTS.*—*If a*
15 *producer on a farm that receives an advance direct*
16 *payment for a crop year ceases to be a producer on*
17 *that farm, or the extent to which the producer shares*
18 *in the risk of producing a crop changes, before the*
19 *date the remainder of the direct payment is made, the*
20 *producer shall be responsible for repaying the Sec-*
21 *retary the applicable amount of the advance payment,*
22 *as determined by the Secretary.*

1 **SEC. 1304. AVAILABILITY OF COUNTER-CYCLICAL PAY-**
 2 **MENTS FOR PEANUTS.**

3 (a) *PAYMENT REQUIRED.*—*Except as provided in sec-*
 4 *tion 1401, for each of the 2008 through 2012 crop years*
 5 *for peanuts, the Secretary shall make counter-cyclical pay-*
 6 *ments to producers on farms for which payment yields and*
 7 *base acres for peanuts are established if the Secretary deter-*
 8 *mines that the effective price for peanuts is less than the*
 9 *target price for peanuts.*

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

13 (1) *The higher of the following:*

14 (A) *The national average market price for*
 15 *peanuts received by producers during the 12-*
 16 *month marketing year for peanuts, as deter-*
 17 *mined by the Secretary.*

18 (B) *The national average loan rate for a*
 19 *marketing assistance loan for peanuts in effect*
 20 *for the applicable period under this part.*

21 (2) *The payment rate in effect for peanuts under*
 22 *section 1303 for the purpose of making direct pay-*
 23 *ments.*

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

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

4 (1) *the target price; and*

5 (2) *the effective price determined under sub-*
 6 *section (b).*

7 (e) *PAYMENT AMOUNT.*—*If counter-cyclical payments*
 8 *are required to be paid for any of the 2008 through 2012*
 9 *crops of peanuts, the amount of the counter-cyclical pay-*
 10 *ment to be paid to the producers on a farm for that crop*
 11 *year shall be equal to the product of the following:*

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

13 (2) *The payment acres on the farm.*

14 (3) *The payment yield for the farm.*

15 (f) *TIME FOR PAYMENTS.*—

16 (1) *GENERAL RULE.*—*If the Secretary deter-*
 17 *mines under subsection (a) that counter-cyclical pay-*
 18 *ments are required to be made under this section for*
 19 *a crop year, the Secretary shall make the counter-cy-*
 20 *clical payments for the crop year beginning on Octo-*
 21 *ber 1 or as soon as practicable after the end of the*
 22 *marketing year.*

23 (2) *AVAILABILITY OF PARTIAL PAYMENTS.*—

24 (A) *IN GENERAL.*—*If, before the end of the*
 25 *12-month marketing year, the Secretary esti-*

1 *mates that counter-cyclical payments will be re-*
 2 *quired under this section for a crop year, the*
 3 *Secretary shall give producers on a farm the op-*
 4 *tion to receive partial payments of the counter-*
 5 *cyclical payment projected to be made for the*
 6 *crop.*

7 *(B) ELECTION.—*

8 *(i) IN GENERAL.—The Secretary shall*
 9 *allow participants to make an election to*
 10 *receive partial payments under subpara-*
 11 *graph (A) at any time but not later than 30*
 12 *days prior to the end of the marketing year*
 13 *for the crop.*

14 *(ii) DATE OF ISSUANCE.—The Sec-*
 15 *retary shall issue the partial payment after*
 16 *the date of an announcement by the Sec-*
 17 *retary but not later than 30 days prior to*
 18 *the end of the marketing year.*

19 *(3) TIME FOR PARTIAL PAYMENTS.—When the*
 20 *Secretary makes partial payments available for any*
 21 *of the 2008 through 2010 crop years—*

22 *(A) the first partial payment shall be made*
 23 *after completion of the first 180 days of the mar-*
 24 *keting year for that crop; and*

1 (B) *the final partial payment shall be made*
 2 *on October 1 of the fiscal year starting in the*
 3 *same calendar year as the end of the marketing*
 4 *year for that crop.*

5 (4) *AMOUNT OF PARTIAL PAYMENTS.—*

6 (A) *FIRST PARTIAL PAYMENT.—For each of*
 7 *the 2008 through 2010 crop years, the first par-*
 8 *tial payment under paragraph (3) to the pro-*
 9 *ducers on a farm may not exceed 40 percent of*
 10 *the projected counter-cyclical payment for the*
 11 *crop year, as determined by the Secretary.*

12 (B) *FINAL PAYMENT.—The final payment*
 13 *for a crop year shall be equal to the difference*
 14 *between—*

15 (i) *the actual counter-cyclical payment*
 16 *to be made to the producers for that crop*
 17 *year; and*

18 (ii) *the amount of the partial payment*
 19 *made to the producers under subparagraph*
 20 *(A).*

21 (5) *REPAYMENT.—The producers on a farm that*
 22 *receive a partial payment under this subsection for a*
 23 *crop year shall repay to the Secretary the amount, if*
 24 *any, by which the total of the partial payments exceed*

1 *the actual counter-cyclical payment to be made for*
 2 *that crop year.*

3 **SEC. 1305. PRODUCER AGREEMENT REQUIRED AS CONDI-**
 4 **TION ON PROVISION OF DIRECT PAYMENTS**
 5 **AND COUNTER-CYCLICAL PAYMENTS.**

6 *(a) COMPLIANCE WITH CERTAIN REQUIREMENTS.—*

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

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

17 *(B) to comply with applicable wetland pro-*
 18 *tection requirements under subtitle C of title XII*
 19 *of that Act (16 U.S.C. 3821 et seq.);*

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

22 *(D) to use the land on the farm, in a quan-*
 23 *tity equal to the attributable base acres for pea-*
 24 *nuts and any base acres for the farm under part*
 25 *I, for an agricultural or conserving use, and not*

1 *for a nonagricultural commercial, industrial, or*
 2 *residential use (including land subdivided and*
 3 *developed into residential units or other non-*
 4 *farming uses, or that is otherwise no longer in-*
 5 *tended to be used in conjunction with a farming*
 6 *operation), as determined by the Secretary; and*

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

13 *(2) COMPLIANCE.—The Secretary may issue such*
 14 *rules as the Secretary considers necessary to ensure*
 15 *producer compliance with the requirements of para-*
 16 *graph (1).*

17 *(3) MODIFICATION.—At the request of the trans-*
 18 *feree or owner, the Secretary may modify the require-*
 19 *ments of this subsection if the modifications are con-*
 20 *sistent with the objectives of this subsection, as deter-*
 21 *mined by the Secretary.*

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

23 *(1) TERMINATION.—*

24 *(A) IN GENERAL.—Except as provided in*
 25 *paragraph (2), a transfer of (or change in) the*

1 *interest of the producers on a farm in the base*
 2 *acres for peanuts for which direct payments or*
 3 *counter-cyclical payments are made shall result*
 4 *in the termination of the payments with respect*
 5 *to those acres, unless the transferee or owner of*
 6 *the acreage agrees to assume all obligations*
 7 *under subsection (a).*

8 *(B) EFFECTIVE DATE.—The termination*
 9 *shall take effect on the date determined by the*
 10 *Secretary.*

11 *(2) EXCEPTION.—If a producer entitled to a di-*
 12 *rect payment or counter-cyclical payment dies, be-*
 13 *comes incompetent, or is otherwise unable to receive*
 14 *the payment, the Secretary shall make the payment,*
 15 *in accordance with rules issued by the Secretary.*

16 *(c) ACREAGE REPORTS.—*

17 *(1) IN GENERAL.—As a condition on the receipt*
 18 *of any benefits under this part, the Secretary shall re-*
 19 *quire producers on a farm to submit to the Secretary*
 20 *annual acreage reports with respect to all cropland on*
 21 *the farm.*

22 *(2) PENALTIES.—No penalty with respect to ben-*
 23 *efits under this part shall be assessed against the pro-*
 24 *ducers on a farm for an inaccurate acreage report un-*

1 *less the producers on the farm knowingly and will-*
 2 *fully falsified the acreage report.*

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

6 (e) *SHARING OF PAYMENTS.*—*The Secretary shall pro-*
 7 *vide for the sharing of direct payments and counter-cyclical*
 8 *payments among the producers on a farm on a fair and*
 9 *equitable basis.*

10 **SEC. 1306. PLANTING FLEXIBILITY.**

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

14 (b) *LIMITATIONS REGARDING CERTAIN COMMOD-*
 15 *ITIES.*—

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

20 (2) *TREATMENT OF TREES AND OTHER*
 21 *PERENNIALS.*—*The planting of an agricultural com-*
 22 *modity specified in paragraph (3) that is produced*
 23 *on a tree or other perennial plant shall be prohibited*
 24 *on base acres for peanuts.*

1 (3) *COVERED AGRICULTURAL COMMODITIES.*—
 2 *Paragraphs (1) and (2) apply to the following agri-*
 3 *cultural commodities:*

4 (A) *Fruits.*

5 (B) *Vegetables (other than mung beans and*
 6 *pulse crops).*

7 (C) *Wild rice.*

8 (c) *EXCEPTIONS.*—*Paragraphs (1) and (2) of sub-*
 9 *section (b) shall not limit the planting of an agricultural*
 10 *commodity specified in paragraph (3) of that subsection—*

11 (1) *in any region in which there is a history of*
 12 *double-cropping of peanuts with agricultural com-*
 13 *modities specified in subsection (b)(3), as determined*
 14 *by the Secretary, in which case the double-cropping*
 15 *shall be permitted;*

16 (2) *on a farm that the Secretary determines has*
 17 *a history of planting agricultural commodities speci-*
 18 *fied in subsection (b)(3) on the base acres for peanuts,*
 19 *except that direct payments and counter-cyclical pay-*
 20 *ments shall be reduced by an acre for each acre plant-*
 21 *ed to such an agricultural commodity; or*

22 (3) *by the producers on a farm that the Sec-*
 23 *retary determines has an established planting history*
 24 *of a specific agricultural commodity specified in sub-*
 25 *section (b)(3), except that—*

1 (A) the quantity planted may not exceed the
 2 average annual planting history of such agricul-
 3 tural commodity by the producers on the farm in
 4 the 1991 through 1995 or 1998 through 2001
 5 crop years (excluding any crop year in which no
 6 plantings were made), as determined by the Sec-
 7 retary; and

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

11 **SEC. 1307. MARKETING ASSISTANCE LOANS AND LOAN DE-**
 12 **FICIENCY PAYMENTS FOR PEANUTS.**

13 (a) **NONRECOURSE LOANS AVAILABLE.**—

14 (1) **AVAILABILITY.**—*Except as provided in sec-*
 15 *tion 1401, for each of the 2008 through 2012 crops of*
 16 *peanuts, the Secretary shall make available to pro-*
 17 *ducers on a farm nonrecourse marketing assistance*
 18 *loans for peanuts produced on the farm.*

19 (2) **TERMS AND CONDITIONS.**—*The loans shall be*
 20 *made under terms and conditions that are prescribed*
 21 *by the Secretary and at the loan rate established*
 22 *under subsection (b).*

23 (3) **ELIGIBLE PRODUCTION.**—*The producers on a*
 24 *farm shall be eligible for a marketing assistance loan*

1 *under this subsection for any quantity of peanuts*
 2 *produced on the farm.*

3 (4) *TREATMENT OF CERTAIN COMMINGLED COM-*
 4 *MODITIES.—In carrying out this subsection, the Sec-*
 5 *retary shall make loans to producers on a farm that*
 6 *would be eligible to obtain a marketing assistance*
 7 *loan, but for the fact the peanuts owned by the pro-*
 8 *ducers on the farm are commingled with other pea-*
 9 *nuts in facilities unlicensed for the storage of agricul-*
 10 *tural commodities by the Secretary or a State licens-*
 11 *ing authority, if the producers obtaining the loan*
 12 *agree to immediately redeem the loan collateral in ac-*
 13 *cordance with section 166 of the Federal Agriculture*
 14 *Improvement and Reform Act of 1996 (7 U.S.C.*
 15 *7286).*

16 (5) *OPTIONS FOR OBTAINING LOAN.—A mar-*
 17 *keting assistance loan under this subsection, and loan*
 18 *deficiency payments under subsection (e), may be ob-*
 19 *tained at the option of the producers on a farm*
 20 *through—*

21 (A) *a designated marketing association or*
 22 *marketing cooperative of producers that is ap-*
 23 *proved by the Secretary; or*

24 (B) *the Farm Service Agency.*

1 (6) *STORAGE OF LOAN PEANUTS.*—*As a condi-*
 2 *tion on the Secretary's approval of an individual or*
 3 *entity to provide storage for peanuts for which a mar-*
 4 *keting assistance loan is made under this section, the*
 5 *individual or entity shall agree—*

6 (A) *to provide such storage on a non-*
 7 *discriminatory basis; and*

8 (B) *to comply with such additional require-*
 9 *ments as the Secretary considers appropriate to*
 10 *accomplish the purposes of this section and pro-*
 11 *mote fairness in the administration of the bene-*
 12 *fits of this section.*

13 (7) *STORAGE, HANDLING, AND ASSOCIATED*
 14 *COSTS.*—

15 (A) *IN GENERAL.*—*Beginning with the 2007*
 16 *crop of peanuts, to ensure proper storage of pea-*
 17 *nuts for which a loan is made under this section*
 18 *or section 1307 of the Farm Security and Rural*
 19 *Investment Act of 2002 (7 U.S.C. 7957), the Sec-*
 20 *retary shall use the funds of the Commodity*
 21 *Credit Corporation to pay handling and other*
 22 *associated costs (other than storage costs) in-*
 23 *curring at the time at which the peanuts are*
 24 *placed under loan, as determined by the Sec-*
 25 *retary.*

1 (B) *REDEMPTION AND FORFEITURE.*—*The*
 2 *Secretary shall—*

3 (i) *require the repayment of handling*
 4 *and other associated costs paid under sub-*
 5 *paragraph (A) for all peanuts pledged as*
 6 *collateral for a loan that is redeemed under*
 7 *this section or section 1307 of the Farm Se-*
 8 *curity and Rural Investment Act of 2002 (7*
 9 *U.S.C. 7957); and*

10 (ii) *pay storage, handling, and other*
 11 *associated costs for all peanuts pledged as*
 12 *collateral that are forfeited under this sec-*
 13 *tion or section 1307 of that Act.*

14 (8) *MARKETING.*—*A marketing association or co-*
 15 *operative may market peanuts for which a loan is*
 16 *made under this section in any manner that conforms*
 17 *to consumer needs, including the separation of pea-*
 18 *nuts by type and quality.*

19 (b) *LOAN RATE.*—*The loan rate for a marketing assist-*
 20 *ance loan for peanuts under subsection (a) shall be equal*
 21 *to \$355 per ton.*

22 (c) *TERM OF LOAN.*—

23 (1) *IN GENERAL.*—*A marketing assistance loan*
 24 *for peanuts under subsection (a) shall have a term of*

1 9 months beginning on the first day of the first month
2 after the month in which the loan is made.

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

6 (d) *REPAYMENT RATE.*—The Secretary shall permit
7 producers on a farm to repay a marketing assistance loan
8 for peanuts under subsection (a) at a rate that is the lesser
9 of—

10 (1) the loan rate established for peanuts under
11 subsection (b), plus interest (determined in accord-
12 ance with section 163 of the Federal Agriculture Im-
13 provement and Reform Act of 1996 (7 U.S.C. 7283));
14 or

15 (2) a rate that the Secretary determines will—

16 (A) minimize potential loan forfeitures;

17 (B) minimize the accumulation of stocks of
18 peanuts by the Federal Government;

19 (C) minimize the cost incurred by the Fed-
20 eral Government in storing peanuts; and

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

24 (e) *LOAN DEFICIENCY PAYMENTS.*—

1 (1) *AVAILABILITY.*—*The Secretary may make*
 2 *loan deficiency payments available to producers on a*
 3 *farm that, although eligible to obtain a marketing as-*
 4 *istance loan for peanuts under subsection (a), agree*
 5 *to forgo obtaining the loan for the peanuts in return*
 6 *for loan deficiency payments under this subsection.*

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

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

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

16 (3) *PAYMENT RATE.*—*For purposes of this sub-*
 17 *section, the payment rate shall be the amount by*
 18 *which—*

19 (A) *the loan rate established under sub-*
 20 *section (b); exceeds*

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

23 (4) *EFFECTIVE DATE FOR PAYMENT RATE DE-*
 24 *TERMINATION.*—

1 (A) *IN GENERAL.*—*The Secretary shall de-*
 2 *termine the amount of the loan deficiency pay-*
 3 *ment to be made under this subsection to the*
 4 *producers on a farm with respect to a quantity*
 5 *of peanuts using the payment rate in effect*
 6 *under paragraph (3) as soon as practicable after*
 7 *the date on which the producers on the farm lose*
 8 *beneficial interest.*

9 (B) *APPLICABILITY.*—*This paragraph does*
 10 *not apply for the 2009 through 2012 crop years.*

11 (f) *COMPLIANCE WITH CONSERVATION AND WETLANDS*
 12 *REQUIREMENTS.*—*As a condition of the receipt of a mar-*
 13 *keting assistance loan under subsection (a), the producer*
 14 *shall comply with applicable conservation requirements*
 15 *under subtitle B of title XII of the Food Security Act of*
 16 *1985 (16 U.S.C. 3811 et seq.) and applicable wetland pro-*
 17 *tection requirements under subtitle C of title XII of that*
 18 *Act (16 U.S.C. 3821 et seq.) during the term of the loan.*

19 (g) *REIMBURSABLE AGREEMENTS AND PAYMENT OF*
 20 *ADMINISTRATIVE EXPENSES.*—*The Secretary may imple-*
 21 *ment any reimbursable agreements or provide for the pay-*
 22 *ment of administrative expenses under this part only in*
 23 *a manner that is consistent with such activities in regard*
 24 *to other commodities.*

1 **SEC. 1308. ADJUSTMENTS OF LOANS.**

2 (a) *ADJUSTMENT AUTHORITY.*—*The Secretary may*
3 *make appropriate adjustments in the loan rates for peanuts*
4 *for differences in grade, type, quality, location, and other*
5 *factors.*

6 (b) *MANNER OF ADJUSTMENT.*—*The adjustments*
7 *under subsection (a) shall, to the maximum extent prac-*
8 *ticable, be made in such a manner that the average loan*
9 *level for peanuts will, on the basis of the anticipated inci-*
10 *dence of the factors, be equal to the level of support deter-*
11 *mined in accordance with this subtitle and subtitles B*
12 *through E.*

13 (c) *ADJUSTMENT ON COUNTY BASIS.*—

14 (1) *IN GENERAL.*—*The Secretary may establish*
15 *loan rates for a crop of peanuts for producers in indi-*
16 *vidual counties in a manner that results in the lowest*
17 *loan rate being 95 percent of the national average*
18 *loan rate, if those loan rates do not result in an in-*
19 *crease in outlays.*

20 (2) *PROHIBITION.*—*Adjustments under this sub-*
21 *section shall not result in an increase in the national*
22 *average loan rate for any year.*

1 ***Subtitle B—Average Crop Revenue***
 2 ***Program***

3 ***SEC. 1401. AVAILABILITY OF AVERAGE CROP REVENUE PAY-***
 4 ***MENTS.***

5 *(a) AVAILABILITY AND ELECTION OF ALTERNATIVE*
 6 *APPROACH.—*

7 *(1) AVAILABILITY OF AVERAGE CROP REVENUE*
 8 *PAYMENTS.—As an alternative to receiving payments*
 9 *or loans under subtitle A with respect to all covered*
 10 *commodities and peanuts on a farm (other than loans*
 11 *for graded and nongraded wool, mohair, and honey),*
 12 *the Secretary shall give the producers on the farm an*
 13 *opportunity to make a 1-time election to instead re-*
 14 *ceive average crop revenue payments under this sec-*
 15 *tion for—*

16 *(A) the 2010, 2011, and 2012 crop years;*
 17 *(B) the 2011 and 2012 crop years; or*
 18 *(C) the 2012 crop year.*

19 *(2) ELECTION; TIME FOR ELECTION.—*

20 *(A) IN GENERAL.—The Secretary shall pro-*
 21 *vide notice to producers regarding the oppor-*
 22 *tunity to make the election described in para-*
 23 *graph (1).*

24 *(B) NOTICE REQUIREMENTS.—The notice*
 25 *shall include—*

1 (i) notice of the opportunity of the pro-
 2 ducers on a farm to make the election; and
 3 (ii) information regarding the manner
 4 in which the election must be made and the
 5 time periods and manner in which notice of
 6 the election must be submitted to the Sec-
 7 retary.

8 (3) *ELECTION DEADLINE.*—Within the time pe-
 9 riod and in the manner prescribed pursuant to para-
 10 graph (2), the producers on a farm shall submit to the
 11 Secretary notice of the election made under para-
 12 graph (1).

13 (4) *EFFECT OF FAILURE TO MAKE ELECTION.*—
 14 If the producers on a farm fail to make the election
 15 under paragraph (1) or fail to timely notify the Sec-
 16 retary of the election made, as required by paragraph
 17 (3), the producers shall be deemed to have made the
 18 election to receive payments and loans under subtitle
 19 A for all covered commodities and peanuts on the
 20 farm for the applicable crop year.

21 (b) *PAYMENTS REQUIRED.*—

22 (1) *IN GENERAL.*—In the case of producers on a
 23 farm who make the election under subsection (a) to
 24 receive average crop revenue payments, for any of the
 25 2010 through 2012 crop years for all covered commod-

ities and peanuts, the Secretary shall make average crop revenue payments available to the producers on a farm in accordance with this subsection.

(2) *FIXED PAYMENT COMPONENT*.—Subject to paragraph (3), in the case of producers on a farm described in paragraph (1), the Secretary shall make average crop revenue payments available to the producers on a farm for each crop year in an amount equal to not less than the product obtained by multiplying—

(A) \$15 per acre; and

(B) 100 percent of the quantity of base acres on the farm for all covered commodities and peanuts (as adjusted in accordance with the terms and conditions of section 1101 or 1302, as determined by the Secretary).

(3) *REVENUE COMPONENT*.—The Secretary shall increase the amount of the average crop revenue payments available to the producers on a farm in a State for a crop year if—

(A) the actual State revenue for the crop year for the covered commodity or peanuts in the State determined under subsection (c); is less than

1 (B) the average crop revenue program guar-
 2 antee for the crop year for the covered com-
 3 modity or peanuts in the State determined under
 4 subsection (d).

5 (4) *TIME FOR PAYMENTS.*—In the case of each of
 6 the 2010 through 2012 crop years, the Secretary shall
 7 make average crop revenue payments beginning Octo-
 8 ber 1, or as soon as practicable thereafter, after the
 9 end of the applicable marketing year for the covered
 10 commodity or peanuts.

11 (c) *ACTUAL STATE REVENUE.*—

12 (1) *IN GENERAL.*—For purposes of subsection
 13 (b)(3)(A), the amount of the actual State revenue for
 14 a crop year of a covered commodity shall equal the
 15 product obtained by multiplying—

16 (A) the actual State yield for each planted
 17 acre for the crop year for the covered commodity
 18 or peanuts determined under paragraph (2); and

19 (B) the average crop revenue program har-
 20 vest price for the crop year for the covered com-
 21 modity or peanuts determined under paragraph
 22 (3).

23 (2) *ACTUAL STATE YIELD.*—For purposes of
 24 paragraph (1)(A) and subsection (d)(1)(A), the actual
 25 State yield for each planted acre for a crop year for

1 *a covered commodity or peanuts in a State shall*
 2 *equal (as determined by the Secretary)—*

3 *(A) the quantity of the covered commodity*
 4 *or peanuts that is produced in the State during*
 5 *the crop year; divided by*

6 *(B) the number of acres that are planted to*
 7 *the covered commodity or peanuts in the State*
 8 *during the crop year.*

9 *(3) AVERAGE CROP REVENUE PROGRAM HARVEST*
 10 *PRICE.—*

11 *(A) IN GENERAL.—For purposes of para-*
 12 *graph (1)(B), subject to subparagraph (B), the*
 13 *average crop revenue program harvest price for*
 14 *a crop year for a covered commodity or peanuts*
 15 *in a State shall equal the harvest price that is*
 16 *used to calculate revenue under revenue coverage*
 17 *plans that are offered for the crop year for the*
 18 *covered commodity or peanuts in the State under*
 19 *the Federal Crop Insurance Act (7 U.S.C. 1501*
 20 *et seq.).*

21 *(B) ASSIGNED PRICE.—If the Secretary*
 22 *cannot establish the harvest price for a crop year*
 23 *for a covered commodity or peanuts in a State*
 24 *in accordance with subparagraph (A), the Sec-*
 25 *retary shall assign a price for the covered com-*

1 *modity or peanuts in the State on the basis of*
 2 *comparable price data.*

3 (d) *AVERAGE CROP REVENUE PROGRAM GUAR-*
 4 *ANTEE.—*

5 (1) *IN GENERAL.—The average crop revenue pro-*
 6 *gram guarantee for a crop year for a covered com-*
 7 *modity or peanuts in a State shall equal 90 percent*
 8 *of the product obtained by multiplying—*

9 (A) *the expected State yield for each planted*
 10 *acre for the crop year for the covered commodity*
 11 *or peanuts in a State determined under para-*
 12 *graph (2); and*

13 (B) *the average crop revenue program pre-*
 14 *planting price for the crop year for the covered*
 15 *commodity or peanuts determined under para-*
 16 *graph (3).*

17 (2) *EXPECTED STATE YIELD.—*

18 (A) *IN GENERAL.—For purposes of para-*
 19 *graph (1)(A), subject to subparagraph (B), the*
 20 *expected State yield for each planted acre for a*
 21 *crop year for a covered commodity or peanuts in*
 22 *a State shall equal the projected yield for the*
 23 *crop year for the covered commodity or peanuts*
 24 *in the State, based on a linear regression trend*
 25 *of the yield per acre planted to the covered com-*

1 *modity or peanuts in the State during the 1980*
 2 *through 2006 period using National Agricultural*
 3 *Statistics Service data.*

4 (B) *ASSIGNED YIELD.*—*If the Secretary*
 5 *cannot establish the expected State yield for each*
 6 *planted acre for a crop year for a covered com-*
 7 *modity or peanuts in a State in accordance with*
 8 *subparagraph (A) or if the linear regression*
 9 *trend of the yield per acre planted to the covered*
 10 *commodity or peanuts in the State (as deter-*
 11 *mined under subparagraph (A)) is negative, the*
 12 *Secretary shall assign an expected State yield for*
 13 *each planted acre for the crop year for the cov-*
 14 *ered commodity or peanuts in the State on the*
 15 *basis of expected State yields for planted acres*
 16 *for the crop year for the covered commodity or*
 17 *peanuts in similar States.*

18 (3) *AVERAGE CROP REVENUE PROGRAM PRE-*
 19 *PLANTING PRICE.*—

20 (A) *IN GENERAL.*—*For purposes of para-*
 21 *graph (1)(B), subject to subparagraphs (B) and*
 22 *(C), the average crop revenue program pre-plant-*
 23 *ing price for a crop year for a covered com-*
 24 *modity or peanuts in a State shall equal the av-*
 25 *erage price that is used to calculate revenue*

1 *under revenue coverage plans that are offered for*
 2 *the covered commodity in the State under the*
 3 *Federal Crop Insurance Act (7 U.S.C. 1501 et*
 4 *seq.) for the crop year and the preceding 2 crop*
 5 *years.*

6 (B) *ASSIGNED PRICE.—If the Secretary*
 7 *cannot establish the pre-planting price for a crop*
 8 *year for a covered commodity or peanuts in a*
 9 *State in accordance with subparagraph (A), the*
 10 *Secretary shall assign a price for the covered*
 11 *commodity or peanuts in the State on the basis*
 12 *of comparable price data.*

13 (C) *MINIMUM AND MAXIMUM PRICE.—In the*
 14 *case of each of the 2011 through 2012 crop years,*
 15 *the average crop revenue program pre-planting*
 16 *price for a crop year for a covered commodity or*
 17 *peanuts under subparagraph (A) shall not de-*
 18 *crease or increase more than 15 percent from the*
 19 *pre-planting price for the preceding year.*

20 (e) *PAYMENT AMOUNT.—If average crop revenue pay-*
 21 *ments are required to be paid for any of the 2010 through*
 22 *2012 crop years of a covered commodity or peanuts under*
 23 *subsection (b)(3), in addition to the amount payable under*
 24 *subsection (b)(2), the amount of the average crop revenue*
 25 *payment to be paid to the producers on the farm for the*

1 *crop year under this section shall be increased by an*
2 *amount equal to the product obtained by multiplying—*

3 *(1) the difference between—*

4 *(A) the average crop revenue program guar-*
5 *antee for the crop year for the covered com-*
6 *modity or peanuts in the State determined under*
7 *subsection (d); and*

8 *(B) the actual State revenue from the crop*
9 *year for the covered commodity or peanuts in the*
10 *State determined under subsection (c);*

11 *(2) 85 percent of the quantity of base acres on*
12 *the farm for the covered commodity or peanuts (as*
13 *adjusted in accordance with the terms and conditions*
14 *of section 1101 or 1302, as determined by the Sec-*
15 *retary);*

16 *(3) the quotient obtained by dividing—*

17 *(A)(i) the yield used to calculate crop insur-*
18 *ance coverage for the covered commodity or pea-*
19 *nuts on the farm under the Federal Crop Insur-*
20 *ance Act (7 U.S.C. 1501 et seq.) (commonly re-*
21 *ferred to as “actual production history”); or*

22 *(ii) if actual production history for the cov-*
23 *ered commodity or peanuts on the farm is not*
24 *available, a comparable yield as determined by*
25 *the Secretary; by*

1 (B) the expected State yield for the crop
 2 year, as determined under subsection (d)(2); and
 3 (4) 90 percent.

4 (f) *RECOURSE LOANS*.—For each of the 2010 through
 5 2012 crops of a covered commodity or peanuts, the Sec-
 6 retary shall make available to producers on a farm who
 7 elect to receive payments under this section recourse loans,
 8 as determined by the Secretary, on any production of the
 9 covered commodity.

10 **SEC. 1402. PRODUCER AGREEMENT AS CONDITION OF AV-**
 11 **ERAGE CROP REVENUE PAYMENTS.**

12 (a) *COMPLIANCE WITH CERTAIN REQUIREMENTS*.—

13 (1) *REQUIREMENTS*.—Before the producers on a
 14 farm may receive average crop revenue payments
 15 with respect to the farm, the producers shall agree,
 16 and in the case of subparagraph (C), the Farm Serv-
 17 ice Agency shall certify, during the crop year for
 18 which the payments are made and in exchange for the
 19 payments—

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

1 (B) to comply with applicable wetland pro-
2 tection requirements under subtitle C of title XII
3 of that Act (16 U.S.C. 3821 et seq.); and

4 (C) that the individuals or entities receiving
5 payments are producers;

6 (D) to use the land on the farm, in a quan-
7 tity equal to the attributable base acres for the
8 farm and any base acres for peanuts for the
9 farm under part III of subtitle A, for an agricul-
10 tural or conserving use, and not for a non-
11 agricultural commercial, industrial, or residen-
12 tial use (including land subdivided and devel-
13 oped into residential units or other nonfarming
14 uses, or that is otherwise no longer intended to
15 be used in conjunction with a farming oper-
16 ation), as determined by the Secretary; and

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

23 (2) COMPLIANCE.—The Secretary may issue such
24 rules as the Secretary considers necessary to ensure

1 *producer compliance with the requirements of para-*
 2 *graph (1).*

3 (3) *MODIFICATION.*—*At the request of the trans-*
 4 *feree or owner, the Secretary may modify the require-*
 5 *ments of this subsection if the modifications are con-*
 6 *sistent with the objectives of this subsection, as deter-*
 7 *mined by the Secretary.*

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

9 (1) *TERMINATION.*—

10 (A) *IN GENERAL.*—*Except as provided in*
 11 *paragraph (2), a transfer of (or change in) the*
 12 *interest of the producers on a farm for which av-*
 13 *erage crop revenue payments are made shall re-*
 14 *sult in the termination of the payments, unless*
 15 *the transferee or owner of the farm agrees to as-*
 16 *sume all obligations under subsection (a).*

17 (B) *EFFECTIVE DATE.*—*The termination*
 18 *shall take effect on the date determined by the*
 19 *Secretary.*

20 (2) *EXCEPTION.*—*If a producer entitled to an*
 21 *average crop revenue payment dies, becomes incom-*
 22 *petent, or is otherwise unable to receive the payment,*
 23 *the Secretary shall make the payment, in accordance*
 24 *with rules issued by the Secretary.*

25 (c) *ACREAGE REPORTS.*—

1 (1) *IN GENERAL.*—As a condition on the receipt
2 of any benefits under this subtitle, the Secretary shall
3 require producers on a farm to submit to the Sec-
4 retary annual acreage reports with respect to all
5 cropland on the farm.

6 (2) *PENALTIES.*—No penalty with respect to ben-
7 efits under subtitle shall be assessed against the pro-
8 ducers on a farm for an inaccurate acreage report un-
9 less the producers on the farm knowingly and will-
10 fully falsified the acreage report.

11 (d) *TENANTS AND SHARECROPPERS.*—In carrying out
12 this subtitle, the Secretary shall provide adequate safe-
13 guards to protect the interests of tenants and sharecroppers.

14 (e) *SHARING OF PAYMENTS.*—The Secretary shall pro-
15 vide for the sharing of average crop revenue payments
16 among the producers on a farm on a fair and equitable
17 basis.

18 (f) *AUDIT AND REPORT.*—Each year, to ensure, to the
19 maximum extent practicable, that payments are received
20 only by producers, the Secretary shall—

21 (1) *conduct an audit of average crop revenue*
22 *payments; and*

23 (2) *submit to Congress a report that describes the*
24 *results of that audit.*

1 **SEC. 1403. PLANTING FLEXIBILITY.**

2 (a) *PERMITTED CROPS.*—Subject to subsection (b),
 3 any commodity or crop may be planted on base acres on
 4 a farm for which the producers on a farm elect to receive
 5 average crop revenue payments (referred to in this section
 6 as “base acres”).

7 (b) *LIMITATIONS REGARDING CERTAIN COMMOD-*
 8 *ITIES.*—

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

13 (2) *TREATMENT OF TREES AND OTHER*
 14 *PERENNIALS.*—The planting of an agricultural com-
 15 modity specified in paragraph (3) that is produced
 16 on a tree or other perennial plant shall be prohibited
 17 on base acres.

18 (3) *COVERED AGRICULTURAL COMMODITIES.*—
 19 Paragraphs (1) and (2) apply to the following agri-
 20 cultural commodities:

21 (A) *Fruits.*

22 (B) *Vegetables (other than mung beans and*
 23 *pulse crops).*

24 (C) *Wild rice.*

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

4 (1) *in any region in which there is a history of*
 5 *double-cropping of covered commodities with agricul-*
 6 *tural commodities specified in subsection (b)(3), as*
 7 *determined by the Secretary, in which case the dou-*
 8 *ble-cropping shall be permitted;*

9 (2) *on a farm that the Secretary determines has*
 10 *a history of planting agricultural commodities speci-*
 11 *fied in subsection (b)(3) on base acres, except that av-*
 12 *erage crop revenue payments shall be reduced by an*
 13 *acre for each acre planted to such an agricultural*
 14 *commodity; or*

15 (3) *by the producers on a farm that the Sec-*
 16 *retary determines has an established planting history*
 17 *of a specific agricultural commodity specified in sub-*
 18 *section (b)(3), except that—*

19 (A) *the quantity planted may not exceed the*
 20 *average annual planting history of such agricul-*
 21 *tural commodity by the producers on the farm in*
 22 *the 1991 through 1995 or 1998 through 2001*
 23 *crop years (excluding any crop year in which no*
 24 *plantings were made), as determined by the Sec-*
 25 *retary; and*

1 (B) *average crop revenue payments shall be*
 2 *reduced by an acre for each acre planted to such*
 3 *agricultural commodity.*

4 (d) *PLANTING TRANSFERABILITY PILOT PROJECT.—*
 5 *Producers on a farm that elect to receive average crop rev-*
 6 *enue payments shall be eligible to participate in the pilot*
 7 *program established under section 1106(d) under the same*
 8 *terms and conditions as producers that receive direct pay-*
 9 *ments and counter-cyclical payments.*

10 (e) *PRODUCTION OF FRUITS OR VEGETABLES FOR*
 11 *PROCESSING.—*

12 (1) *IN GENERAL.—Subject to paragraphs (2)*
 13 *through (4), effective beginning with the 2010 crop*
 14 *years, producers on a farm that elect to receive aver-*
 15 *age crop revenue payments, with the consent of the*
 16 *owner of and any other producers on the farm, may*
 17 *reduce the base acres for a covered commodity for the*
 18 *farm if the reduced acres are used for the planting*
 19 *and production of fruits or vegetables for processing.*

20 (2) *REVERSION TO BASE ACRES FOR COVERED*
 21 *COMMODITY.—Any reduced acres on a farm devoted to*
 22 *the planting and production of fruits or vegetables*
 23 *during a crop year under paragraph (1) shall be in-*
 24 *cluded in base acres for the covered commodity for the*
 25 *subsequent crop year, unless the producers on the*

1 *farm make the election described in paragraph (1) for*
2 *the subsequent crop year.*

3 (3) *RECALCULATION OF BASE ACRES.*—

4 (A) *IN GENERAL.*—*Subject to subparagraph*
5 *(B), if the Secretary recalculates base acres for*
6 *a farm, the planting and production of fruits or*
7 *vegetables for processing under paragraph (1)*
8 *shall be considered to be the same as the plant-*
9 *ing, prevented planting, or production of a cov-*
10 *ered commodity.*

11 (B) *AUTHORITY.*—*Nothing in this sub-*
12 *section provides authority for the Secretary to*
13 *recalculate base acres for a farm covered by this*
14 *subsection other than as provided in this sub-*
15 *section.*

16 (4) *LIMITATIONS.*—

17 (A) *IN GENERAL.*—*This subsection applies*
18 *in land located in each of the States of Illinois,*
19 *Indiana, Iowa, Michigan, Minnesota, Ohio, and*
20 *Wisconsin.*

21 (B) *ACREAGE LIMIT.*—*The total number of*
22 *base acres that may be reduced in any State*
23 *under this subsection shall not exceed 10,000.*

Subtitle C—Sugar

2 SEC. 1501. SUGAR PROGRAM.

3 *Section 156 of the Federal Agriculture Improvement*
 4 *and Reform Act of 1996 (7 U.S.C. 7272) is amended to*
 5 *read as follows:*

6 “SEC. 156. SUGAR PROGRAM.

7 *“(a) SUGARCANE.—The Secretary shall make loans*
 8 *available to processors of domestically grown sugarcane at*
 9 *a rate equal to—*

10 *“(1) 18.00 cents per pound for raw cane sugar*
 11 *for the 2008 crop year;*

12 *“(2) 18.25 cents per pound for raw cane sugar*
 13 *for the 2009 crop year;*

14 *“(3) 18.50 cents per pound for raw cane sugar*
 15 *for the 2010 crop year;*

16 *“(4) 18.75 cents per pound for raw cane sugar*
 17 *for the 2011 crop year; and*

18 *“(5) 19.00 cents per pound for raw cane sugar*
 19 *for the 2012 crop year.*

20 *“(b) SUGAR BEETS.—The Secretary shall make loans*
 21 *available to processors of domestically grown sugar beets at*
 22 *a rate per pound for refined beet sugar that is equal to*
 23 *128.5 percent of the loan rate per pound of raw cane sugar*
 24 *for the applicable crop year under subsection (a).*

25 *“(c) TERM OF LOANS.—*

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

5 “(A) the end of the 9-month period begin-
 6 ning on the first day of the first month after the
 7 month in which the loan is made; or

8 “(B) the end of the fiscal year in which the
 9 loan is made.

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

15 “(A) be made at the loan rate in effect at
 16 the time the first loan was made; and

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

19 “(d) *LOAN TYPE; PROCESSOR ASSURANCES.*—

20 “(1) *NONRECOURSE LOANS.*—The Secretary shall
 21 carry out this section through the use of nonrecourse
 22 loans.

23 “(2) *PROCESSOR ASSURANCES.*—

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

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

8 *“(B) MINIMUM PAYMENTS.—*

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

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

19 *“(3) ADMINISTRATION.—The Secretary may not*
20 *impose or enforce any prenotification requirement, or*
21 *similar administrative requirement not otherwise in*
22 *effect on May 13, 2002, that has the effect of pre-*
23 *venting a processor from electing to forfeit the loan*
24 *collateral (of an acceptable grade and quality) on the*
25 *maturity of the loan.*

1 “(e) *LOANS FOR IN-PROCESS SUGAR.*—

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

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

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

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

18 “(A) *IN GENERAL.*—*As a condition of the*
 19 *forfeiture of in-process sugars and syrups serving*
 20 *as collateral for a loan under paragraph (2), the*
 21 *processor shall, within such reasonable time pe-*
 22 *riod as the Secretary may prescribe and at no*
 23 *cost to the Commodity Credit Corporation, con-*
 24 *vert the in-process sugars and syrups into raw*
 25 *cane sugar or refined beet sugar of acceptable*

1 *grade and quality for sugars eligible for loans*
 2 *under subsection (a) or (b).*

3 “(B) *TRANSFER TO CORPORATION.*—Once
 4 *the in-process sugars and syrups are fully proc-*
 5 *essed into raw cane sugar or refined beet sugar,*
 6 *the processor shall transfer the sugar to the Com-*
 7 *modity Credit Corporation.*

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

12 “(i) *the difference between—*

13 “(I) *the loan rate for raw cane*
 14 *sugar or refined beet sugar, as appro-*
 15 *priate; and*

16 “(II) *the loan rate the processor*
 17 *received under paragraph (3); by*

18 “(ii) *the quantity of sugar transferred*
 19 *to the Secretary.*

20 “(5) *LOAN CONVERSION.*—If the processor does
 21 *not forfeit the collateral as described in paragraph*
 22 *(4), but instead further processes the in-process sugars*
 23 *and syrups into raw cane sugar or refined beet sugar*
 24 *and repays the loan on the in-process sugars and syr-*
 25 *ups, the processor may obtain a loan under subsection*

1 (a) or (b) for the raw cane sugar or refined beet
2 sugar, as appropriate.

3 “(6) *TERM OF LOAN.*—The term of a loan made
4 under this subsection for a quantity of in-process sug-
5 ars and syrups, when combined with the term of a
6 loan made with respect to the raw cane sugar or re-
7 fined beet sugar derived from the in-process sugars
8 and syrups, may not exceed 9 months, consistent with
9 subsection (c).

10 “(f) *FEEDSTOCK FLEXIBILITY PROGRAM FOR BIO-*
11 *ENERGY PRODUCERS.*—

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

13 “(A) *BIOENERGY.*—The term ‘bioenergy’
14 means fuel grade ethanol and other biofuel.

15 “(B) *BIOENERGY PRODUCER.*—The term
16 ‘bioenergy producer’ means a producer of bio-
17 energy that uses an eligible commodity to
18 produce bioenergy under this subsection.

19 “(C) *ELIGIBLE COMMODITY.*—The term ‘eli-
20 gible commodity’ means a form of raw or refined
21 sugar or in-process sugar that is eligible—

22 “(i) to be marketed in the United
23 States for human consumption; or

24 “(ii) to be used for the extraction of
25 sugar for human consumption.

1 “(D) *ELIGIBLE ENTITY*.—The term ‘eligible
2 entity’ means an entity located in the United
3 States that markets an eligible commodity in the
4 United States.

5 “(2) *FEEDSTOCK FLEXIBILITY PROGRAM*.—

6 “(A) *PURCHASES AND SALES*.—For each of
7 fiscal years 2008 through 2012, the Secretary
8 shall purchase eligible commodities from eligible
9 entities and sell such commodities to bioenergy
10 producers for the purpose of producing bioenergy
11 in a manner that ensures that this section is op-
12 erated at no cost to the Federal Government and
13 avoids forfeitures to the Commodity Credit Cor-
14 poration.

15 “(B) *COMPETITIVE PROCEDURES*.—In car-
16 rying out the purchases and sales required under
17 subparagraph (A), the Secretary shall, to the
18 maximum extent practicable, use competitive
19 procedures, including the receiving, offering, and
20 accepting of bids, when entering into contracts
21 with eligible entities and bioenergy producers,
22 provided that the procedures are consistent with
23 the purposes of subparagraph (A).

24 “(C) *LIMITATION*.—The purchase and sale
25 of eligible commodities under subparagraph (A)

1 *shall only be made for a fiscal year for which the*
2 *purchases and sales are necessary to ensure that*
3 *the program under this section is operated at no*
4 *cost to the Federal Government by avoiding for-*
5 *feitures to the Commodity Credit Corporation.*

6 “(3) NOTICE.—

7 “(A) IN GENERAL.—As soon as practicable
8 *after the date of enactment of the Food and En-*
9 *ergy Security Act of 2007, and each September*
10 *1 thereafter through fiscal year 2011, the Sec-*
11 *retary shall provide notice to eligible entities and*
12 *bioenergy producers of the quantity of eligible*
13 *commodities that shall be made available for*
14 *purchase and sale for the subsequent fiscal year*
15 *under this subsection.*

16 “(B) REESTIMATES.—Not later than the
17 *first day of each of the second through fourth*
18 *quarters of each of fiscal years 2008 through*
19 *2012, the Secretary shall reestimate the quantity*
20 *of eligible commodities determined under sub-*
21 *paragraph (A), and provide notice and make*
22 *purchases and sales based on the reestimates.*

23 “(4) COMMODITY CREDIT CORPORATION INVEN-
24 *TORY.—To the extent that an eligible commodity is*
25 *owned and held in inventory by the Commodity Cred-*

1 *it Corporation (accumulated pursuant to the program*
 2 *under this section), the Secretary shall sell the eligible*
 3 *commodity to bioenergy producers under this sub-*
 4 *section.*

5 “(5) *TRANSFER RULE; STORAGE FEES.*—

6 “(A) *GENERAL TRANSFER RULE.*—*Except*
 7 *as provided in subparagraph (C), the Secretary*
 8 *shall ensure that bioenergy producers that pur-*
 9 *chase eligible commodities pursuant to this sub-*
 10 *section take possession of the eligible commodities*
 11 *not later than 30 calendar days after the date of*
 12 *the purchase from the Commodity Credit Cor-*
 13 *poration.*

14 “(B) *PAYMENT OF STORAGE FEES PROHIB-*
 15 *ITED.*—

16 “(i) *IN GENERAL.*—*The Secretary*
 17 *shall, to the maximum extent practicable,*
 18 *carry out this subsection in a manner that*
 19 *ensures no storage fees are paid by the Com-*
 20 *modity Credit Corporation in the adminis-*
 21 *tration of this subsection.*

22 “(ii) *EXCEPTION.*—*Clause (i) shall not*
 23 *apply with respect to any commodities*
 24 *owned and held in inventory by the Com-*
 25 *modity Credit Corporation (accumulated*

1 *pursuant to the program under this sec-*
 2 *tion).*

3 “(C) *OPTION TO PREVENT STORAGE*
 4 *FEES.*—

5 “(i) *IN GENERAL.*—*The Secretary may*
 6 *enter into contracts with bioenergy pro-*
 7 *ducers to sell eligible commodities to the bio-*
 8 *energy producers prior in time to entering*
 9 *into contracts with eligible entities to pur-*
 10 *chase the eligible commodities to be used to*
 11 *satisfy the contracts entered into with the*
 12 *bioenergy producers.*

13 “(ii) *SPECIAL TRANSFER RULE.*—*If the*
 14 *Secretary makes a sale and purchase re-*
 15 *ferred to in clause (i), the Secretary shall*
 16 *ensure that the bioenergy producer that pur-*
 17 *chased eligible commodities takes possession*
 18 *of the eligible commodities not later than 30*
 19 *calendar days after the date on which the*
 20 *Commodity Credit Corporation purchases*
 21 *the eligible commodities.*

22 “(6) *RELATION TO OTHER LAWS.*—*If sugar that*
 23 *is subject to a marketing allotment under part VII of*
 24 *subtitle B of title III of the Agricultural Adjustment*
 25 *Act of 1938 (7 U.S.C. 1359aa et seq.) is the subject*

1 *of a purchase by the Secretary under paragraph (2),*
 2 *the sugar shall be considered marketed and shall*
 3 *count against the allocation of a processor of an allot-*
 4 *ment under that part, as applicable.*

5 “(7) *FUNDING.—The Secretary shall use the*
 6 *funds, facilities, and authorities of the Commodity*
 7 *Credit Corporation, including the use of such sums as*
 8 *are necessary, to carry out this subsection.*

9 “(g) *AVOIDING FORFEITURES; CORPORATION INVEN-*
 10 *TORY DISPOSITION.—*

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

17 “(2) *INVENTORY DISPOSITION.—*

18 “(A) *IN GENERAL.—To carry out para-*
 19 *graph (1), the Commodity Credit Corporation*
 20 *may accept bids to obtain raw cane sugar or re-*
 21 *fined beet sugar in the inventory of the Com-*
 22 *modity Credit Corporation from (or otherwise*
 23 *make available such commodities, on appro-*
 24 *priate terms and conditions, to) processors of*
 25 *sugarcane and processors of sugar beets (acting*

1 *in conjunction with the producers of the sugar-*
 2 *cane or sugar beets processed by the processors)*
 3 *in return for the reduction of production of raw*
 4 *cane sugar or refined beet sugar, as appropriate.*

5 “(B) *BIOENERGY FEEDSTOCK.*—*Sugar beets*
 6 *or sugarcane planted on acreage diverted from*
 7 *production to achieve any reduction required*
 8 *under subparagraph (A) may not be used for*
 9 *any commercial purpose other than as a bio-*
 10 *energy feedstock.*

11 “(C) *ADDITIONAL AUTHORITY.*—*The author-*
 12 *ity provided under this paragraph is in addition*
 13 *to any authority of the Commodity Credit Cor-*
 14 *poration under any other law.*

15 “(h) *INFORMATION REPORTING.*—

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

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

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

10 “(B) *OTHER STATES.*—*The Secretary may*
 11 *require each producer of sugarcane or sugar beets*
 12 *not covered by subparagraph (A) to report, in a*
 13 *manner prescribed by the Secretary, the yields*
 14 *of, and acres planted to, sugarcane or sugar*
 15 *beets, respectively, of the producer.*

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

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

1 “(B) *TARIFF-RATE QUOTAS.*—Subpara-
 2 *graph (A) shall not apply to sugars, syrups, or*
 3 *molasses that are within the quantities of tariff-*
 4 *rate quotas that are subject to the lower rate of*
 5 *duties.*

6 “(4) *INFORMATION ON MEXICO.*—

7 “(A) *COLLECTION.*—*The Secretary shall*
 8 *collect—*

9 “(i) *information of the production,*
 10 *consumption, stocks, and trade of sugar in*
 11 *Mexico, including United States exports of*
 12 *sugar to Mexico; and*

13 “(ii) *publicly-available information on*
 14 *Mexican production, consumption, and*
 15 *trade of high fructose corn syrups.*

16 “(B) *PUBLICATION.*—*The data collected*
 17 *under subparagraph (A) shall be published in*
 18 *each edition of the World Agricultural Supply*
 19 *and Demand Estimates.*

20 “(5) *PENALTY.*—*Any person willfully failing or*
 21 *refusing to furnish the information required under*
 22 *paragraph (1), (2), or (3), or furnishing willfully any*
 23 *false information, shall be subject to a civil penalty*
 24 *of not more than \$10,000 for each such violation.*

1 “(6) *MONTHLY REPORTS.*—*Taking into consider-*
 2 *ation the information received under this subsection,*
 3 *the Secretary shall publish on a monthly basis com-*
 4 *posite data on production, imports, distribution, and*
 5 *stock levels of sugar.*

6 “(i) *SUBSTITUTION OF REFINED SUGAR.*—*For pur-*
 7 *poses of Additional U.S. Note 6 to chapter 17 of the Har-*
 8 *monized Tariff Schedule of the United States and the reex-*
 9 *port programs and polyhydric alcohol program adminis-*
 10 *tered by the Secretary, all refined sugars (whether derived*
 11 *from sugar beets or sugarcane) produced by cane sugar re-*
 12 *fineries and beet sugar processors shall be fully substitutable*
 13 *for the export of sugar and sugar-containing products under*
 14 *those programs.*

15 “(j) *EFFECTIVE PERIOD.*—

16 “(1) *IN GENERAL.*—*This section shall be effective*
 17 *only for the 2008 through 2012 crops of sugar beets*
 18 *and sugarcane.*

19 “(2) *TRANSITION.*—*The Secretary shall make*
 20 *loans for raw cane sugar and refined beet sugar*
 21 *available for the 2007 crop year on the terms and*
 22 *conditions provided in this section as in effect on the*
 23 *day before the date of enactment of the Food and En-*
 24 *ergy Security Act of 2007.”.*

1 **SEC. 1502. STORAGE FACILITY LOANS.**

2 *Section 1402(c) of the Farm Security and Rural In-*
 3 *vestment Act of 2002 (7 U.S.C. 7971(c)) is amended—*

4 *(1) in paragraph (1), by striking “and” at the*
 5 *end;*

6 *(2) by redesignating paragraph (2) as para-*
 7 *graph (3);*

8 *(3) by inserting after paragraph (1) the fol-*
 9 *lowing:*

10 *“(2) not include any penalty for prepayment”;*
 11 *and*

12 *(4) in paragraph (3) (as redesignated by para-*
 13 *graph (2)), by inserting “other” after “on such”.*

14 **SEC. 1503. COMMODITY CREDIT CORPORATION STORAGE**
 15 **PAYMENTS.**

16 *Subtitle E of the Federal Agriculture Improvement*
 17 *and Reform Act of 1996 (7 U.S.C. 7281 et seq.) is amended*
 18 *by adding at the end the following:*

19 **“SEC. 167. COMMODITY CREDIT CORPORATION STORAGE**
 20 **PAYMENTS.**

21 *“(a) INITIAL CROP YEARS.—Notwithstanding any*
 22 *other provision of law, for each of the 2008 through 2011*
 23 *crop years, the Commodity Credit Corporation shall estab-*
 24 *lish rates for the storage of forfeited sugar in an amount*
 25 *that is not less than—*

1 “(1) in the case of refined sugar, 15 cents per
2 hundredweight of refined sugar per month; and

3 “(2) in the case of raw cane sugar, 10 cents per
4 hundredweight of raw cane sugar per month.

5 “(b) *SUBSEQUENT CROP YEARS.*—For each of the 2012
6 and subsequent crop years, the Commodity Credit Corpora-
7 tion shall establish rates for the storage of forfeited sugar
8 in the same manner as was used on the day before the date
9 of enactment of this section.”.

10 **SEC. 1504. FLEXIBLE MARKETING ALLOTMENTS FOR SUGAR.**

11 (a) *DEFINITIONS.*—Section 359a of the Agricultural
12 Adjustment Act of 1938 (7 U.S.C. 1359aa) is amended—

13 (1) by redesignating paragraphs (1), (2), (3),
14 and (4) as paragraphs (2), (4), (5), and (6), respec-
15 tively;

16 (2) by inserting before paragraph (2) (as so re-
17 designated) the following:

18 “(1) *HUMAN CONSUMPTION.*—The term ‘human
19 consumption’, when used in the context of a reference
20 to sugar (whether in the form of sugar, in-process
21 sugar, syrup, molasses, or in some other form) for
22 human consumption, includes sugar for use in human
23 food, beverages, or similar products.”; and

24 (3) by inserting after paragraph (2) (as so redес-
25 ignated) the following:

1 “(3) *MARKET*.—

2 “(A) *IN GENERAL*.—*The term ‘market’*
3 *means to sell or otherwise dispose of in commerce*
4 *in the United States.*

5 “(B) *INCLUSIONS*.—*The term ‘market’*
6 *includes—*

7 “(i) *the forfeiture of sugar under the*
8 *loan program for sugar established under*
9 *section 156 of the Federal Agriculture Im-*
10 *provement and Reform Act of 1996 (7*
11 *U.S.C. 7272);*

12 “(ii) *with respect to any integrated*
13 *processor and refiner, the movement of raw*
14 *cane sugar into the refining process; and*

15 “(iii) *the sale of sugar for the produc-*
16 *tion of ethanol or other bioenergy product,*
17 *if the disposition of the sugar is adminis-*
18 *tered by the Secretary under section 156(f)*
19 *of the Federal Agriculture Improvement and*
20 *Reform Act of 1996 (7 U.S.C. 7272(f)).*

21 “(C) *MARKETING YEAR*.—*Forfeited sugar*
22 *described in subparagraph (B)(i) shall be consid-*
23 *ered to have been marketed during the crop year*
24 *for which a loan is made under the loan pro-*
25 *gram described in that subparagraph.”.*

1 (b) *FLEXIBLE MARKETING ALLOTMENTS FOR*
 2 *SUGAR.*—*Section 359b of the Agricultural Adjustment Act*
 3 *of 1938 (7 U.S.C. 1359bb) is amended to read as follows:*

4 **“SEC. 359b. FLEXIBLE MARKETING ALLOTMENTS FOR**
 5 **SUGAR.**

6 “(a) *SUGAR ESTIMATES.*—

7 “(1) *IN GENERAL.*—*Not later than August 1 be-*
 8 *fore the beginning of each of the 2008 through 2012*
 9 *crop years for sugarcane and sugar beets, the Sec-*
 10 *retary shall estimate—*

11 “(A) *the quantity of sugar that will be sub-*
 12 *ject to human consumption in the United States*
 13 *during the crop year;*

14 “(B) *the quantity of sugar that would pro-*
 15 *vide for reasonable carryover stocks;*

16 “(C) *the quantity of sugar that will be*
 17 *available from carry-in stocks for human con-*
 18 *sumption in the United States during the crop*
 19 *year;*

20 “(D) *the quantity of sugar that will be*
 21 *available from the domestic processing of sugarcane,*
 22 *sugar beets, and in-process beet sugar; and*

23 “(E) *the quantity of sugars, syrups, and*
 24 *molasses that will be imported for human con-*
 25 *sumption or to be used for the extraction of*

1 *sugar for human consumption in the United*
2 *States during the crop year, whether the articles*
3 *are under a tariff-rate quota or are in excess or*
4 *outside of a tariff-rate quota.*

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

10 “(3) *REESTIMATES.*—*The Secretary shall make*
11 *reestimates of sugar consumption, stocks, production,*
12 *and imports for a crop year as necessary, but not*
13 *later than the beginning of each of the second through*
14 *fourth quarters of the crop year.*

15 “(b) *SUGAR ALLOTMENTS.*—

16 “(1) *ESTABLISHMENT.*—*By the beginning of*
17 *each crop year, the Secretary shall establish for that*
18 *crop year appropriate allotments under section 359c*
19 *for the marketing by processors of sugar processed*
20 *from sugar cane or sugar beets or in-process beet*
21 *sugar (whether the sugar beets or in-process beet sugar*
22 *was produced domestically or imported) at a level*
23 *that is—*

24 “(A) *sufficient to maintain raw and refined*
25 *sugar prices above forfeiture levels so that there*

1 *will be no forfeitures of sugar to the Commodity*
 2 *Credit Corporation under the loan program for*
 3 *sugar established under section 156 of the Fed-*
 4 *eral Agriculture Improvement and Reform Act of*
 5 *1996 (7 U.S.C. 7272); but*

6 *“(B) not less than 85 percent of the esti-*
 7 *mated quantity of sugar for domestic human*
 8 *consumption for the crop year.*

9 *“(2) PRODUCTS.—The Secretary may include*
 10 *sugar products, the majority content of which is su-*
 11 *crose for human consumption, derived from sugar*
 12 *cane, sugar beets, molasses, or sugar in the allotments*
 13 *established under paragraph (1) if the Secretary de-*
 14 *termines it to be appropriate for purposes of this*
 15 *part.*

16 *“(c) COVERAGE OF ALLOTMENTS.—*

17 *“(1) IN GENERAL.—The marketing allotments*
 18 *under this part shall apply to the marketing by proc-*
 19 *essors of sugar intended for domestic human con-*
 20 *sumption that has been processed from sugar cane,*
 21 *sugar beets, or in-process beet sugar, whether such*
 22 *sugar beets or in-process beet sugar was produced do-*
 23 *mestically or imported.*

24 *“(2) EXCEPTIONS.—Consistent with the adminis-*
 25 *tration of marketing allotments during for each of the*

1 *2002 through 2007 crop years, the marketing allot-*
 2 *ments shall not apply to sugar sold—*

3 *“(A) to facilitate the exportation of the*
 4 *sugar to a foreign country, except that the ex-*
 5 *ports of sugar shall not be eligible to receive cred-*
 6 *its under reexport programs for refined sugar or*
 7 *sugar containing products administered by the*
 8 *Secretary;*

9 *“(B) to enable another processor to fulfill an*
 10 *allocation established for that processor; or*

11 *“(C) for uses other than domestic human*
 12 *consumption, except for the sale of sugar for the*
 13 *production of ethanol or other bioenergy if the*
 14 *disposition of the sugar is administered by the*
 15 *Secretary under section 156(f) of the Federal Ag-*
 16 *riculture Improvement and Reform Act of 1996*
 17 *(7 U.S.C. 7272(f)).*

18 *“(3) REQUIREMENT.—The sale of sugar described*
 19 *in paragraph (2)(B) shall be—*

20 *“(A) made prior to May 1; and*

21 *“(B) reported to the Secretary.*

22 *“(d) PROHIBITIONS.—*

23 *“(1) IN GENERAL.—During all or part of any*
 24 *crop year for which marketing allotments have been*
 25 *established, no processor of sugar beets or sugarcane*

1 *shall market for domestic human consumption a*
 2 *quantity of sugar in excess of the allocation estab-*
 3 *lished for the processor, except—*

4 *“(A) to enable another processor to fulfill an*
 5 *allocation established for that other processor; or*

6 *“(B) to facilitate the exportation of the*
 7 *sugar.*

8 *“(2) CIVIL PENALTY.—Any processor who know-*
 9 *ingly violates paragraph (1) shall be liable to the*
 10 *Commodity Credit Corporation for a civil penalty in*
 11 *an amount equal to 3 times the United States market*
 12 *value, at the time of the commission of the violation,*
 13 *of that quantity of sugar involved in the violation.”.*

14 *(c) ESTABLISHMENT OF FLEXIBLE MARKETING AL-*
 15 *LOTMENTS.—Section 359c of the Agricultural Adjustment*
 16 *Act of 1938 (7 U.S.C. 1359cc) is amended—*

17 *(1) by striking subsection (b) and inserting the*
 18 *following:*

19 *“(b) OVERALL ALLOTMENT QUANTITY.—*

20 *“(1) IN GENERAL.—The Secretary shall establish*
 21 *the overall quantity of sugar to be allotted for the*
 22 *crop year (referred to in this part as the ‘overall al-*
 23 *lotment quantity’) at a level that is—*

24 *“(A) sufficient to maintain raw and refined*
 25 *sugar prices above forfeiture levels to avoid for-*

1 *feiture of sugar to the Commodity Credit Cor-*
 2 *poration; but*

3 *“(B) not less than a quantity equal to 85*
 4 *percent of the estimated quantity of sugar for do-*
 5 *mestic human consumption for the crop year.*

6 *“(2) ADJUSTMENT.—Subject to paragraph (1),*
 7 *the Secretary shall adjust the overall allotment quan-*
 8 *tity to maintain—*

9 *“(A) raw and refined sugar prices above*
 10 *forfeiture levels to avoid the forfeiture of sugar to*
 11 *the Commodity Credit Corporation; and*

12 *“(B) adequate supplies of raw and refined*
 13 *sugar in the domestic market.”;*

14 *(2) in subsection (d)(2), by inserting “or in-*
 15 *process beet sugar” before the period at the end;*

16 *(3) in subsection (g)(1)—*

17 *(A) by striking “(1) IN GENERAL. The Sec-*
 18 *retary” and inserting the following:*

19 *“(1) ADJUSTMENTS.—*

20 *“(A) IN GENERAL.—Subject to subpara-*
 21 *graph (B), the Secretary”; and*

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

23 *“(B) LIMITATION.—In carrying out sub-*
 24 *paragraph (A), the Secretary may not reduce the*
 25 *overall allotment quantity to a quantity of less*

1 *than 85 percent of the estimated quantity of*
 2 *sugar for domestic human consumption for the*
 3 *crop year.”; and*

4 *(4) by striking subsection (h).*

5 *(d) ALLOCATION OF MARKETING ALLOTMENTS.—Sec-*
 6 *tion 359d(b) of the Agricultural Adjustment Act of 1938 (7*
 7 *U.S.C. 1359dd(b)) is amended—*

8 *(1) in paragraph (1)(F), by striking “Except as*
 9 *otherwise provided in section 359f(c)(8), if” and in-*
 10 *serting “If”; and*

11 *(2) in paragraph (2), by striking subparagraphs*
 12 *(H) and (I) and inserting the following:*

13 *“(H) NEW ENTRANTS STARTING PRODUC-*
 14 *TION OR REOPENING FACTORIES.—*

15 *“(i) DEFINITION OF NEW ENTRANT.—*

16 *“(I) IN GENERAL.—In this sub-*
 17 *paragraph, the term ‘new entrant’*
 18 *means an individual, corporation, or*
 19 *other entity that—*

20 *“(aa) does not have an allo-*
 21 *cation of the beet sugar allotment*
 22 *under this part;*

23 *“(bb) is not affiliated with*
 24 *any other individual, corporation,*
 25 *or entity that has an allocation of*

1 *beet sugar under this part (re-*
2 *ferred to in this clause as a ‘third*
3 *party’); and*

4 *“(cc) will process sugar beets*
5 *produced by sugar beet growers*
6 *under contract with the new en-*
7 *trant for the production of sugar*
8 *at the new or re-opened factory*
9 *that is the basis for the new en-*
10 *trant allocation.*

11 *“(II) AFFILIATION.—For purposes*
12 *of subclause (I)(bb), a new entrant and*
13 *a third party shall be considered to be*
14 *affiliated if—*

15 *“(aa) the third party has an*
16 *ownership interest in the new en-*
17 *trant;*

18 *“(bb) the new entrant and*
19 *the third party have owners in*
20 *common;*

21 *“(cc) the third party has the*
22 *ability to exercise control over the*
23 *new entrant by organizational*
24 *rights, contractual rights, or any*
25 *other means;*

1 “(dd) the third party has a
 2 contractual relationship with the
 3 new entrant by which the new en-
 4 trant will make use of the facili-
 5 ties or assets of the third party; or

6 “(ee) there are any other
 7 similar circumstances by which
 8 the Secretary determines that the
 9 new entrant and the third party
 10 are affiliated.

11 “(ii) *ALLOCATION FOR A NEW ENTRANT*
 12 *THAT HAS CONSTRUCTED A NEW FACTORY*
 13 *OR REOPENED A FACTORY THAT WAS NOT*
 14 *OPERATED SINCE BEFORE 1998.—If a new*
 15 *entrant constructs a new sugar beet proc-*
 16 *essing factory, or acquires and reopens a*
 17 *sugar beet processing factory that last proc-*
 18 *essed sugar beets prior to the 1998 crop*
 19 *year and there is no allocation currently as-*
 20 *sociated with the factory, the Secretary*
 21 *shall—*

22 “(I) assign an allocation for beet
 23 sugar to the new entrant that provides
 24 a fair and equitable distribution of the
 25 allocations for beet sugar so as to en-

1 able the new entrant to achieve a fac-
 2 tory utilization rate comparable to the
 3 factory utilization rates of other simi-
 4 larly-situated processors; and

5 “(II) reduce the allocations for
 6 beet sugar of all other processors on a
 7 pro rata basis to reflect the allocation
 8 to the new entrant.

9 “(iii) ALLOCATION FOR A NEW EN-
 10 TRANT THAT HAS ACQUIRED AN EXISTING
 11 FACTORY WITH A PRODUCTION HISTORY.—

12 “(I) IN GENERAL.—If a new en-
 13 trant acquires an existing factory that
 14 has processed sugar beets from the 1998
 15 or subsequent crop year and has a pro-
 16 duction history, on the mutual agree-
 17 ment of the new entrant and the com-
 18 pany currently holding the allocation
 19 associated with the factory, the Sec-
 20 retary shall transfer to the new entrant
 21 a portion of the allocation of the cur-
 22 rent allocation holder to reflect the his-
 23 torical contribution of the production
 24 of the acquired factory to the total allo-
 25 cation of the current allocation holder.

1 “(II) *PROHIBITION.*—*In the ab-*
 2 *sence of a mutual agreement described*
 3 *in subclause (I), the new entrant shall*
 4 *be ineligible for a beet sugar allocation.*

5 “(iv) *APPEALS.*—*Any decision made*
 6 *under this subsection may be appealed to*
 7 *the Secretary in accordance with section*
 8 *359i.”.*

9 (e) *REASSIGNMENT OF DEFICITS.*—*Section 359e(b) of*
 10 *the Agricultural Adjustment Act of 1938 (7 U.S.C.*
 11 *1359ee(b)) is amended in paragraphs (1)(D) and (2)(C),*
 12 *by inserting “of raw cane sugar” after “imports” each place*
 13 *it appears.*

14 (f) *PROVISIONS APPLICABLE TO PRODUCERS.*—*Section*
 15 *359f(c) of the Agricultural Adjustment Act of 1938 (7*
 16 *U.S.C. 1359ff(c)) is amended—*

17 (1) *by striking paragraph (8);*

18 (2) *by redesignating paragraphs (1) through (7)*
 19 *as paragraphs (2) through (8), respectively;*

20 (3) *by inserting before paragraph (2) (as so re-*
 21 *designated) the following:*

22 “(1) *DEFINITION OF SEED.*—

23 “(A) *IN GENERAL.*—*In this subsection, the*
 24 *term ‘seed’ means only those varieties of seed*
 25 *that are dedicated to the production of sugarcane*

1 *from which is produced sugar for human con-*
 2 *sumption.*

3 “(B) *EXCLUSION.*—*The term ‘seed’ does not*
 4 *include seed of a high-fiber cane variety dedi-*
 5 *cated to other uses, as determined by the Sec-*
 6 *retary”;*

7 *(4) in paragraph (3) (as so redesignated)—*

8 *(A) in the first sentence—*

9 *(i) by striking “paragraph (1)” and*
 10 *inserting “paragraph (2)”;* and

11 *(ii) by inserting “sugar produced*
 12 *from” after “quantity of”; and*

13 *(B) in the second sentence, by striking*
 14 *“paragraph (7)” and inserting “paragraph (8)”;*

15 *(5) in the first sentence of paragraph (6)(C) (as*
 16 *so redesignated), by inserting “for sugar” before “in*
 17 *excess of the farm’s proportionate share”; and*

18 *(6) in paragraph (8) (as so redesignated), by in-*
 19 *serting “sugar from” after “the amount of”.*

20 *(g) SPECIAL RULES.*—*Section 359g of the Agricultural*
 21 *Adjustment Act of 1938 (7 U.S.C. 1359gg) is amended—*

22 *(1) by striking subsection (a) and inserting the*
 23 *following:*

24 *“(a) TRANSFER OF ACREAGE BASE HISTORY.—*

1 “(1) *IN GENERAL.*—For the purpose of estab-
 2 lishing proportionate shares for sugarcane farms
 3 under section 359f(c), the Secretary, on application of
 4 any producer, with the written consent of all owners
 5 of a farm, may transfer the acreage base history of the
 6 farm to any other parcels of land of the applicant.

7 “(2) *CONVERTED ACREAGE BASE.*—

8 “(A) *IN GENERAL.*—Sugarcane base acreage
 9 established under section 359f(c) that has been or
 10 is converted to nonagricultural use on or after
 11 May 13, 2002, may be transferred to other land
 12 suitable for the production of sugarcane that can
 13 be delivered to a processor in a proportionate
 14 share State in accordance with this paragraph.

15 “(B) *NOTIFICATION.*—Not later than 90
 16 days after the date of the enactment of this para-
 17 graph, or on the subsequent conversion of any
 18 sugarcane base acreage to a nonagricultural use,
 19 the Administrator of the Farm Service Agency
 20 shall notify the 1 or more affected landowners of
 21 the transferability of the applicable sugarcane
 22 acreage base.

23 “(C) *INITIAL TRANSFER PERIOD.*—Not later
 24 than the end of the 90-day period beginning on
 25 the date of receipt of the notification under sub-

1 *paragraph (B), the owner of the base attributable*
 2 *to the acreage at the time of the conversion may*
 3 *transfer the base to 1 or more farms owned by*
 4 *the owner.*

5 *“(D) GROWER OF RECORD.—If a transfer*
 6 *under subparagraph (C) cannot be accomplished*
 7 *during the period specified in that subpara-*
 8 *graph, the grower of record with regard to the*
 9 *acreage base on the date on which the acreage*
 10 *was converted to nonagricultural use shall—*

11 *“(i) be notified; and*

12 *“(ii) have 90 days from the date of the*
 13 *receipt of the notification to transfer the*
 14 *base to 1 or more farms operated by the*
 15 *grower.*

16 *“(E) POOL DISTRIBUTION.—*

17 *“(i) IN GENERAL.—If transfers under*
 18 *subparagraphs (B) and (C) cannot be ac-*
 19 *complished during the periods specified in*
 20 *those subparagraphs, the county committee*
 21 *of the Farm Service Agency for the applica-*
 22 *ble county shall place the acreage base in a*
 23 *pool for possible assignment to other farms.*

24 *“(ii) ACCEPTANCE OF REQUESTS.—*
 25 *After providing reasonable notice to farm*

1 *owners, operators, and growers of record in*
2 *the county, the county committee shall ac-*
3 *cept requests from owners, operators, and*
4 *growers of record in the county.*

5 *“(iii) ASSIGNMENT.—The county com-*
6 *mittee shall assign the acreage base to other*
7 *farms in the county that are eligible and*
8 *capable of accepting the acreage base, based*
9 *on a random drawing from among the re-*
10 *quests received under clause (ii).*

11 *“(F) STATEWIDE REALLOCATION.—*

12 *“(i) IN GENERAL.—Any acreage base*
13 *remaining unassigned after the transfers*
14 *and processes described in subparagraphs*
15 *(A) through (E) shall be made available to*
16 *the State committee of the Farm Service*
17 *Agency for allocation among the remaining*
18 *county committees in the State representing*
19 *counties with farms eligible for assignment*
20 *of the base, based on a random drawing.*

21 *“(ii) ALLOCATION.—Any county com-*
22 *mittee receiving acreage base under this*
23 *subparagraph shall allocate the acreage base*
24 *to eligible farms using the process described*
25 *in subparagraph (E).*

1 “(G) *STATUS OF REASSIGNED BASE*.—After
2 *acreage base has been reassigned in accordance*
3 *with this subparagraph, the acreage base shall—*
4 “(i) *remain on the farm; and*
5 “(ii) *be subject to the transfer provi-*
6 *sions of paragraph (1).”;* and
7 *(2) in subsection (d)—*
8 *(A) in paragraph (1)—*
9 *(i) by inserting “affected” before “crop-*
10 *share owners” each place it appears; and*
11 *(ii) by striking “, and from the proc-*
12 *essing company holding the applicable allo-*
13 *cation for such shares,”; and*
14 *(B) in paragraph (2), by striking “based*
15 *on” and all that follows through the end of sub-*
16 *paragraph (B) and inserting “based on—*
17 *“(A) the number of acres of sugarcane base*
18 *being transferred; and*
19 *“(B) the pro rata amount of allocation at*
20 *the processing company holding the applicable*
21 *allocation that equals the contribution of the*
22 *grower to allocation of the processing company*
23 *for the sugarcane acreage base being trans-*
24 *ferred.”.*

1 (h) *APPEALS*.—Section 359i of the Agricultural Ad-
2 justment Act of 1938 (7 U.S.C. 1359ii) is amended—

3 (1) in subsection (a), by inserting “or 359g(d)”
4 after “359f”; and

5 (2) by striking subsection (c).

6 (i) *REALLOCATING SUGAR QUOTA IMPORT SHORT-*
7 *FALLS*.—Section 359k of the Agricultural Adjustment Act
8 of 1938 (7 U.S.C. 1359kk) is repealed.

9 (j) *ADMINISTRATION OF TARIFF RATE QUOTAS*.—Part
10 VII of subtitle B of title III of the Agricultural Adjustment
11 Act of 1938 (7 U.S.C. 1359aa) (as amended by subsection
12 (i)) is amended by adding at the end the following:

13 **“SEC. 359k. ADMINISTRATION OF TARIFF RATE QUOTAS.**

14 “(a) *ESTABLISHMENT*.—

15 “(1) *IN GENERAL*.—Except as provided in para-
16 graph (2) and notwithstanding any other provision of
17 law, at the beginning of the quota year, the Secretary
18 shall establish the tariff-rate quotas for raw cane
19 sugar and refined sugars at the minimum level nec-
20 essary to comply with obligations under international
21 trade agreements that have been approved by Con-
22 gress.

23 “(2) *EXCEPTION*.—Paragraph (1) shall not
24 apply to specialty sugar.

25 “(b) *ADJUSTMENT*.—

1 “(1) *BEFORE APRIL 1.*—*Before April 1 of each*
2 *fiscal year, if there is an emergency shortage of sugar*
3 *in the United States market that is caused by a war,*
4 *flood, hurricane, or other natural disaster, or other*
5 *similar event as determined by the Secretary—*

6 “(A) *the Secretary shall take action to in-*
7 *crease the supply of sugar in accordance with*
8 *sections 359c(b)(2) and 359e(b), including an in-*
9 *crease in the tariff-rate quota for raw cane sugar*
10 *to accommodate the reassignment to imports;*
11 *and*

12 “(B) *if there is still a shortage of sugar in*
13 *the United States market, and marketing of do-*
14 *mestic sugar has been maximized, the Secretary*
15 *may increase the tariff-rate quota for refined*
16 *sugars sufficient to accommodate the supply in-*
17 *crease, if the further increase will not threaten to*
18 *result in the forfeiture of sugar pledged as collat-*
19 *eral for a loan under section 156 of the Federal*
20 *Agriculture Improvement and Reform Act of*
21 *1996 (7 U.S.C. 7272).*

22 “(2) *ON OR AFTER APRIL 1.*—*On or after April*
23 *1 of each fiscal year—*

24 “(A) *the Secretary may take action to in-*
25 *crease the supply of sugar in accordance with*

sections 359c(b)(2) and 359e(b), including an increase in the tariff-rate quota for raw cane sugar to accommodate the reassignment to imports; and

“(B) if there is still a shortage of sugar in the United States market, and marketing of domestic sugar has been maximized, the Secretary may increase the tariff-rate quota for raw cane sugar if the further increase will not threaten to result in the forfeiture of sugar pledged as collateral for a loan under section 156 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7272).”.

(k) *PERIOD OF EFFECTIVENESS.*—Part VII of subtitle B of title III of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359aa) (as amended by subsection (j)) is amended by adding at the end the following:

“SEC. 359I. PERIOD OF EFFECTIVENESS.

“(a) *IN GENERAL.*—This part shall be effective only for the 2008 through 2012 crop years for sugar.

“(b) *TRANSITION.*—The Secretary shall administer flexible marketing allotments for sugar for the 2007 crop year for sugar on the terms and conditions provided in this part as in effect on the day before the date of enactment of this section.”.

1 (l) *UNITED STATES MEMBERSHIP IN THE INTER-*
 2 *NATIONAL SUGAR ORGANIZATION.*—*Not later than 1 year*
 3 *after the date of enactment of this Act, the Secretary shall*
 4 *work with the Secretary of State to restore, to the maximum*
 5 *extent practicable, United States membership in the Inter-*
 6 *national Sugar Organization.*

7 **SEC. 1505. SENSE OF THE SENATE REGARDING NAFTA**
 8 **SUGAR COORDINATION.**

9 *It is the sense of the Senate that in order to further*
 10 *strengthen the operations of the North American Free Trade*
 11 *Agreement—*

12 (1) *the United States Government and the Gov-*
 13 *ernment of Mexico should coordinate the operation of*
 14 *their respective sugar policies, to the fullest extent*
 15 *consistent with the international obligations of the*
 16 *United States; and*

17 (2) *the United States Government should consult*
 18 *with the Government of Mexico on policies to avoid*
 19 *disruptions of the United States and Mexican sweet-*
 20 *ener markets in order to maximize the benefits of*
 21 *sugar policies for growers, processors, and consumers*
 22 *of sugar in the United States and Mexico, while sup-*
 23 *porting the interests of corn growers, corn refiners,*
 24 *and sweetener users in both markets.*

Subtitle D—Dairy

SEC. 1601. DAIRY PRODUCT PRICE SUPPORT PROGRAM.

(a) *SUPPORT ACTIVITIES.*—During the period beginning on January 1, 2008, and ending on December 31, 2012, the Secretary shall support the price of cheddar cheese, butter, and nonfat dry milk through the purchase of such products made from milk produced in the United States.

(b) *PURCHASE PRICE.*—To carry out subsection (a), the Secretary shall purchase cheddar cheese, butter, and nonfat dry milk at prices that are equivalent to—

(1) *in the case of cheddar cheese—*

(A) *in blocks, not less than \$1.13 per pound;*

(B) *in barrels, not less than \$1.10 per pound;*

(2) *in the case of butter, not less than \$1.05 per pound; and*

(3) *in the case of nonfat dry milk, not less than \$0.80 per pound.*

(c) *UNIFORM PURCHASE PRICE.*—The prices that the Secretary pays for cheese, butter, or nonfat dry milk under this section shall be uniform for all regions of the United States.

(d) *SALES FROM INVENTORIES.*—

1 (1) *IN GENERAL.*—*Except as provided in para-*
 2 *graph (2), in the case of each commodity specified in*
 3 *subsection (b) that is available for unrestricted use in*
 4 *inventories of the Commodity Credit Corporation, the*
 5 *Secretary may sell the commodity at the market*
 6 *prices prevailing for that commodity at the time of*
 7 *sale.*

8 (2) *MINIMUM AMOUNT.*—*The sale price described*
 9 *in paragraph (1) may not be less than 110 percent*
 10 *of the minimum purchase price specified in subsection*
 11 *(b) for that commodity.*

12 **SEC. 1602. NATIONAL DAIRY MARKET LOSS PAYMENTS.**

13 (a) *DEFINITIONS.*—*In this section:*

14 (1) *CLASS I MILK.*—*The term “Class I milk”*
 15 *means milk (including milk components) classified as*
 16 *Class I milk under a Federal milk marketing order.*

17 (2) *ELIGIBLE PRODUCTION.*—*The term “eligible*
 18 *production” means milk produced by a producer in*
 19 *a participating State.*

20 (3) *FEDERAL MILK MARKETING ORDER.*—*The*
 21 *term “Federal milk marketing order” means an order*
 22 *issued under section 8c of the Agricultural Adjust-*
 23 *ment Act (7 U.S.C. 608c), reenacted with amend-*
 24 *ments by the Agricultural Marketing Agreement Act*
 25 *of 1937.*

1 (4) *PARTICIPATING STATE*.—*The term “partici-*
 2 *parting State” means each State.*

3 (5) *PRODUCER*.—*The term “producer” means an*
 4 *individual or entity that directly or indirectly (as de-*
 5 *termined by the Secretary)—*

6 (A) *shares in the risk of producing milk;*
 7 *and*

8 (B) *makes contributions (including land,*
 9 *labor, management, equipment, or capital) to the*
 10 *dairy farming operation of the individual or en-*
 11 *tity that are at least commensurate with the*
 12 *share of the individual or entity of the proceeds*
 13 *of the operation.*

14 (b) *PAYMENTS*.—*The Secretary shall offer to enter into*
 15 *contracts with producers on a dairy farm located in a par-*
 16 *ticipating State under which the producers receive pay-*
 17 *ments on eligible production.*

18 (c) *AMOUNT*.—*Payments to a producer under this sec-*
 19 *tion shall be calculated by multiplying (as determined by*
 20 *the Secretary)—*

21 (1) *the payment quantity for the producer dur-*
 22 *ing the applicable month established under subsection*
 23 (i);

24 (2) *the amount equal to—*

25 (A) *\$16.94 per hundredweight; less*

1 (B) *the Class I milk price per hundred-*
 2 *weight in Boston under the applicable Federal*
 3 *milk marketing order; by*

4 (3)(A) *for the period beginning October 1, 2007,*
 5 *and ending September 30, 2008, 34 percent;*

6 (B) *for the period beginning October 1, 2008,*
 7 *and ending August 31, 2012, 45 percent; and*

8 (C) *for the period beginning September 1, 2012,*
 9 *and thereafter, 34 percent.*

10 (d) *PAYMENT QUANTITY.—*

11 (1) *IN GENERAL.—Subject to paragraph (2), the*
 12 *payment quantity for a producer during the applica-*
 13 *ble month under this section shall be equal to the*
 14 *quantity of eligible production marketed by the pro-*
 15 *ducer during the month.*

16 (2) *LIMITATION.—*

17 (A) *IN GENERAL.—The payment quantity*
 18 *for all producers on a single dairy operation for*
 19 *which the producers receive payments under sub-*
 20 *section (b) shall not exceed—*

21 (i) *for the period beginning October 1,*
 22 *2007, and ending September 30, 2008,*
 23 *2,400,000 pounds;*

1 (ii) *for the period beginning October 1,*
 2 2008, *and ending August 31, 2012,*
 3 4,150,000 pounds; *and*

4 (iii) *effective beginning September 1,*
 5 2012, 2,400,000 pounds.

6 (B) *STANDARDS.—For purposes of deter-*
 7 *mining whether producers are producers on sepa-*
 8 *rate dairy operations or a single dairy oper-*
 9 *ation, the Secretary shall apply the same stand-*
 10 *ards as were applied in implementing the dairy*
 11 *program under section 805 of the Agriculture,*
 12 *Rural Development, Food and Drug Administra-*
 13 *tion, and Related Agencies Appropriations Act,*
 14 2001 *(as enacted into law by Public Law 106–*
 15 387; 114 Stat. 1549A–50).

16 (3) *RECONSTITUTION.—The Secretary shall en-*
 17 *sure that a producer does not reconstitute a dairy op-*
 18 *eration for the sole purpose of receiving additional*
 19 *payments under this section.*

20 (e) *PAYMENTS.—A payment under a contract under*
 21 *this section shall be made on a monthly basis not later than*
 22 60 days *after the last day of the month for which the pay-*
 23 *ment is made.*

24 (f) *SIGNUP.—The Secretary shall offer to enter into*
 25 *contracts under this section during the period beginning on*

1 *the date that is 90 days after the date of enactment of this*
 2 *Act and ending on September 30, 2012.*

3 *(g) DURATION OF CONTRACT.—*

4 *(1) IN GENERAL.—Except as provided in para-*
 5 *graph (2), any contract entered into by producers on*
 6 *a dairy farm under this section shall cover eligible*
 7 *production marketed by the producers on the dairy*
 8 *farm during the period starting with the first day of*
 9 *month the producers on the dairy farm enter into the*
 10 *contract and ending on September 30, 2012.*

11 *(2) VIOLATIONS.—If a producer violates the con-*
 12 *tract, the Secretary may—*

13 *(A) terminate the contract and allow the*
 14 *producer to retain any payments received under*
 15 *the contract; or*

16 *(B) allow the contract to remain in effect*
 17 *and require the producer to repay a portion of*
 18 *the payments received under the contract based*
 19 *on the severity of the violation.*

20 **SEC. 1603. DAIRY EXPORT INCENTIVE AND DAIRY INDEM-**
 21 **NITY PROGRAMS.**

22 *(a) DAIRY EXPORT INCENTIVE PROGRAM.—Section*
 23 *153(a) of the Food Security Act of 1985 (15 U.S.C. 713a–*
 24 *14(a)) is amended by striking “2007” and inserting*
 25 *“2012”.*

1 (b) *DAIRY INDEMNITY PROGRAM*.—Section 3 of Public
 2 Law 90–484 (7 U.S.C. 450l) is amended by striking “2007”
 3 and inserting “2012”.

4 **SEC. 1604. FUNDING OF DAIRY PROMOTION AND RESEARCH**
 5 **PROGRAM.**

6 Section 113(e)(2) of the Dairy Production Stabiliza-
 7 tion Act of 1983 (7 U.S.C. 4504(e)(2)) is amended by strik-
 8 ing “2007” and inserting “2012”.

9 **SEC. 1605. REVISION OF FEDERAL MARKETING ORDER**
 10 **AMENDMENT PROCEDURES.**

11 Section 8c of the Agricultural Adjustment Act (7
 12 U.S.C. 608c), reenacted with amendments by the Agricul-
 13 tural Marketing Agreement Act of 1937, is amended by
 14 striking subsection (17) and inserting the following:

15 “(17) *PROVISIONS APPLICABLE TO AMEND-*
 16 *MENTS.*—

17 “(A) *APPLICABILITY TO AMENDMENTS.*—

18 *The provisions of this section and section 8d ap-*
 19 *plicable to orders shall be applicable to amend-*
 20 *ments to orders.*

21 “(B) *SUPPLEMENTAL RULES OF PRAC-*
 22 *TICE.*—

23 “(i) *IN GENERAL.*—Not later than 60
 24 days after the date of enactment of this sub-
 25 paragraph, the Secretary shall issue, using

1 *informal rulemaking, supplemental rules of*
2 *practice to define guidelines and timeframes*
3 *for the rulemaking process relating to*
4 *amendments to orders.*

5 “(ii) *ISSUES.—At a minimum, the*
6 *supplemental rules of practice shall*
7 *establish—*

8 “(I) *proposal submission require-*
9 *ments;*

10 “(II) *pre-hearing information ses-*
11 *sion specifications;*

12 “(III) *written testimony and data*
13 *request requirements;*

14 “(IV) *public participation time-*
15 *frames; and*

16 “(V) *electronic document submis-*
17 *sion standards.*

18 “(iii) *EFFECTIVE DATE.—The supple-*
19 *mental rules of practice shall take effect not*
20 *later than 120 days after the date of enact-*
21 *ment of this subparagraph, as determined*
22 *by the Secretary.*

23 “(C) *HEARING TIMEFRAMES.—*

24 “(i) *IN GENERAL.—Not more than 30*
25 *days after the receipt of a proposal for an*

1 *amendment hearing regarding a milk mar-*
2 *keting order, the Secretary shall—*

3 *“(I) issue a notice providing an*
4 *action plan and expected timeframes*
5 *for completion of the hearing not more*
6 *than 180 days after the date of the*
7 *issuance of the notice;*

8 *“(II)(aa) issue a request for addi-*
9 *tional information to be used by the*
10 *Secretary in making a determination*
11 *regarding the proposal; and*

12 *“(bb) if the additional informa-*
13 *tion is not provided to the Secretary*
14 *within the timeframe requested by the*
15 *Secretary, issue a denial of the request;*
16 *or*

17 *“(III) issue a denial of the re-*
18 *quest.*

19 *“(ii) NOTICE.—A notice issued under*
20 *clause (i)(I) shall be individualized for each*
21 *proceeding and take into consideration—*

22 *“(I) the number of orders affected;*

23 *“(II) the complexity of issues in-*
24 *volved; and*

1 “(III) *the extent of the analyses*
2 *required by applicable Executive orders*
3 *(including Executive orders relating to*
4 *civil rights, regulatory flexibility, and*
5 *economic impact).*

6 “(iii) *RECOMMENDED DECISIONS.—A*
7 *recommended decision on a proposed*
8 *amendment to an order shall be issued not*
9 *later than 90 days after the deadline estab-*
10 *lished after the hearing for the submission*
11 *of post-hearing briefs, unless otherwise pro-*
12 *vided in the initial notice issued under*
13 *clause (i)(I).*

14 “(iv) *FINAL DECISIONS.—A final deci-*
15 *sion on a proposed amendment to an order*
16 *shall be issued not later than 60 days after*
17 *the deadline for submission of comments*
18 *and exceptions to the recommended decision*
19 *issued under clause (ii), unless otherwise*
20 *provided in the initial notice issued under*
21 *clause (i)(I).*

22 “(D) *INDUSTRY ASSESSMENTS.—If the Sec-*
23 *retary determines it is necessary to improve or*
24 *expedite rulemaking under this subsection, the*
25 *Secretary may impose an assessment on the af-*

1 *fected industry to supplement appropriated*
 2 *funds for the procurement of service providers,*
 3 *such as court reporters.*

4 “(E) *USE OF INFORMAL RULEMAKING.—The*
 5 *Secretary may use rulemaking under section 553*
 6 *of title 5, United States Code, to amend orders,*
 7 *other than provisions of orders that directly af-*
 8 *fecting milk prices.*

9 “(F) *MONTHLY FEED AND FUEL COSTS FOR*
 10 *MAKE ALLOWANCES.—As part of any hearing to*
 11 *adjust make allowances under marketing orders,*
 12 *the Secretary shall—*

13 “(i) *determine the average monthly*
 14 *prices of feed and fuel incurred by dairy*
 15 *producers in the relevant marketing area;*

16 “(ii) *consider the most recent monthly*
 17 *feed and fuel price data available; and*

18 “(iii) *consider those prices in deter-*
 19 *mining whether or not to adjust make al-*
 20 *lowances.”.*

21 **SEC. 1606. DAIRY FORWARD PRICING PROGRAM.**

22 (a) *IN GENERAL.—Section 23 of the Agricultural Ad-*
 23 *justment Act (7 U.S.C. 627), reenacted with amendments*
 24 *by the Agricultural Marketing Agreement Act of 1937, is*
 25 *amended—*

1 (1) in the section heading, by striking “**PILOT**”;

2 (2) by striking subsection (a) and inserting the
3 following:

4 “(a) *PROGRAM REQUIRED.*—The Secretary of Agri-
5 culture shall establish a program under which milk pro-
6 ducers and cooperative associations of producers are author-
7 ized to voluntarily enter into forward price contracts with
8 milk handlers.”;

9 (3) in subsection (c)—

10 (A) in the subsection heading, by striking
11 “PILOT”; and

12 (B) in paragraph (1), by striking “pilot”;

13 (4) by striking subsections (d) and (e); and

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

15 “(d) *VOLUNTARY PROGRAM.*—

16 “(1) *IN GENERAL.*—A milk handler may not re-
17 quire participation in a forward price contract as a
18 condition of the handler receiving milk from a pro-
19 ducer or cooperative association of producers.

20 “(2) *EFFECT OF NONPARTICIPATION.*—A pro-
21 ducer or cooperative association that does not enter
22 into a forward price contract may continue to have
23 milk priced under the minimum payment provisions
24 of the applicable milk marketing order.

25 “(3) *COMPLAINTS.*—The Secretary shall—

1 “(A) investigate complaints made by pro-
 2 ducers or cooperative associations of coercion by
 3 handlers to enter into forward price contracts;
 4 and

5 “(B) if the Secretary finds evidence of coer-
 6 cion, take appropriate action.

7 “(e) *DURATION*.—No forward price contract under this
 8 section may—

9 “(1) be entered into after September 30, 2012; or

10 “(2) may extend beyond September 30, 2015.”.

11 (b) *CONFORMING AMENDMENTS*.—Section 23 of the
 12 Agricultural Adjustment Act (7 U.S.C. 627), reenacted with
 13 amendments by the Agricultural Marketing Agreement Act
 14 of 1937, is amended by striking “cooperatives” each place
 15 it appears in subsections (b) and (c)(2) and inserting “co-
 16 operative associations of producers”.

17 **SEC. 1607. REPORT ON DEPARTMENT OF AGRICULTURE RE-**
 18 **PORTING PROCEDURES FOR NONFAT DRY**
 19 **MILK.**

20 Not later than 90 days after the date of the enactment
 21 of this Act, the Secretary shall submit to the Committee on
 22 Agriculture of the House of Representatives and the Com-
 23 mittee on Agriculture, Nutrition, and Forestry of the Senate
 24 a report regarding Department of Agriculture reporting
 25 procedures for nonfat dry milk and the impact of the proce-

1 *dures on Federal milk marketing order minimum prices*
 2 *during the period beginning on July 1, 2006, and ending*
 3 *on the date of the enactment of this Act.*

4 **SEC. 1608. FEDERAL MILK MARKETING ORDER REVIEW COM-**
 5 **MISSION.**

6 (a) *DEFINITION OF ASCARR INSTITUTION.—In this*
 7 *section:*

8 (1) *IN GENERAL.—The term “ASCARR Institu-*
 9 *tion” means a public college or university offering a*
 10 *baccalaureate or higher degree in the study of agri-*
 11 *culture.*

12 (2) *EXCLUSIONS.—The term “ASCARR Institu-*
 13 *tion” does not include an institution eligible to re-*
 14 *ceive funds under—*

15 (A) *the Act of July 2, 1862 (commonly*
 16 *known as the “First Morrill Act”) (7 U.S.C. 301*
 17 *et seq.);*

18 (B) *the Act of August 30, 1890 (commonly*
 19 *known as the “Second Morrill Act”) (7 U.S.C.*
 20 *321 et seq.); or*

21 (C) *the Equity in Educational Land-Grant*
 22 *Status Act of 1994 (Public Law 103–382; 7*
 23 *U.S.C. 301 note).*

24 (b) *ESTABLISHMENT.—Subject to the availability of*
 25 *funds appropriated to carry out this section, the Secretary*

1 *shall establish a commission to be known as the “Federal*
 2 *Milk Marketing Order Review Commission” (referred to in*
 3 *this section as the “Commission”), which shall conduct a*
 4 *comprehensive review and evaluation of—*

5 (1) *the Federal milk marketing order system in*
 6 *effect on the date of enactment of this Act; and*

7 (2) *non-Federal milk marketing order systems.*

8 (c) *ELEMENTS OF REVIEW AND EVALUATION.—As*
 9 *part of the review and evaluation under subsection (b), the*
 10 *Commission shall consider legislative and regulatory op-*
 11 *tions for—*

12 (1) *ensuring that the competitiveness of dairy*
 13 *products with other competing products in the mar-*
 14 *ketplace is preserved and enhanced;*

15 (2) *ensuring that dairy producers receive fair*
 16 *and reasonable minimum prices;*

17 (3) *enhancing the competitiveness of United*
 18 *States dairy producers in world markets;*

19 (4) *preventing anticompetitive behavior and en-*
 20 *suring that dairy markets are not prone to manipula-*
 21 *tion;*

22 (5) *increasing the responsiveness of the Federal*
 23 *milk marketing order system to market forces;*

1 (6) *streamlining and expediting the process by*
2 *which amendments to Federal milk market orders are*
3 *adopted;*

4 (7) *simplifying the Federal milk marketing order*
5 *system;*

6 (8) *evaluating whether the Federal milk mar-*
7 *keting order system, established during the Great De-*
8 *pression, continues to serve the interests of the public,*
9 *dairy processors, and dairy producers;*

10 (9) *evaluating whether Federal milk marketing*
11 *orders are operating in a manner to minimize costs*
12 *to taxpayers and consumers, while still maintaining*
13 *a fair price for producers;*

14 (10) *evaluating the nutritional composition of*
15 *milk, including the potential benefits and costs of ad-*
16 *justing the milk content standards;*

17 (11) *evaluating the economic benefits to milk*
18 *producers of establishing a 2-class system of*
19 *classifying milk consisting of a fluid milk class and*
20 *a manufacturing grade milk class, with the price of*
21 *both classes determined using the component prices of*
22 *butterfat, protein, and other solids; and*

23 (12) *evaluating a change in advance pricing that*
24 *is used to calculate the advance price of Class II skim*
25 *milk under Federal milk marketing orders using the*

1 *4-week component prices that are used to calculate*
 2 *prices for Class III and Class IV milk.*

3 *(d) MEMBERSHIP.—*

4 *(1) COMPOSITION.—The Commission shall con-*
 5 *sist of 18 members.*

6 *(2) MEMBERS.—As soon as practicable after the*
 7 *date on which funds are first made available to carry*
 8 *out this section—*

9 *(A) 2 members of the Commission shall be*
 10 *appointed by the Chairman of the Committee on*
 11 *Agriculture of the House of Representatives, in*
 12 *consultation with the ranking member of that*
 13 *committee;*

14 *(B) 2 members of the Commission shall be*
 15 *appointed by the Chairman of the Committee on*
 16 *Agriculture, Nutrition, and Forestry of the Sen-*
 17 *ate, in consultation with the ranking member of*
 18 *that committee;*

19 *(C) 10 members of the Commission shall be*
 20 *appointed by the Secretary;*

21 *(D) 2 members of the Commission shall be*
 22 *appointed by the Chairman of the Subcommittee*
 23 *on Agriculture, Rural Development, Food and*
 24 *Drug Administration, and Related Agencies of*
 25 *the House of Representatives, in consultation*

1 *with the ranking member of that subcommittee;*
2 *and*

3 *(E) 2 members of the Commission shall be*
4 *appointed by the Chairman of the Subcommittee*
5 *on Agriculture, Rural Development, Food and*
6 *Drug Administration, and Related Agencies of*
7 *the Senate, in consultation with the ranking*
8 *member of that subcommittee.*

9 *(3) SPECIAL APPOINTMENT REQUIREMENTS.—In*
10 *the case of members of the Commission appointed*
11 *under paragraph (2)(C), the Secretary shall ensure*
12 *that—*

13 *(A) at least 1 member represents a national*
14 *consumer organization;*

15 *(B) at least 4 members represent land-grant*
16 *colleges or universities (as defined in section*
17 *1404 of the National Agricultural Research, Ex-*
18 *tension, and Teaching Policy Act of 1977 (7*
19 *U.S.C. 3103)) or ASCARR institutions with ac-*
20 *credited dairy economic programs, with at least*
21 *2 of those members being experts in the field of*
22 *economics;*

23 *(C) at least 1 member represents the food*
24 *and beverage retail sector; and*

1 (D) 4 dairy producers and 4 dairy proc-
 2 essors are appointed in a manner that will—

3 (i) balance geographical distribution of
 4 milk production and dairy processing;

5 (ii) reflect all segments of dairy proc-
 6 essing; and

7 (iii) represent all regions of the United
 8 States equitably, including States that oper-
 9 ate outside of a Federal milk marketing
 10 order.

11 (4) CHAIR.—The Commission shall elect 1 of the
 12 members of the Commission to serve as chairperson
 13 for the duration of the proceedings of the Commission.

14 (5) VACANCY.—Any vacancy occurring before the
 15 termination of the Commission shall be filled in the
 16 same manner as the original appointment.

17 (6) COMPENSATION.—A member of the Commis-
 18 sion shall serve without compensation, but shall be re-
 19 imbursed by the Secretary from existing budget au-
 20 thority for necessary and reasonable expenses incurred
 21 in the performance of the duties of the Commission.

22 (e) REPORT.—

23 (1) IN GENERAL.—Not later than 2 years after
 24 the date of the first meeting of the Commission, the
 25 Commission shall submit to Congress and the Sec-

1 retary a report describing the results of the review
2 and evaluation conducted under this section, includ-
3 ing such recommendations regarding the legislative
4 and regulatory options considered under subsection
5 (c) as the Commission considers to be appropriate.

6 (2) *SUPPORT.*—The report findings shall reflect,
7 to the maximum extent practicable, a consensus opin-
8 ion of the Commission members, but the report may
9 include majority and minority findings regarding
10 those matters for which consensus was not reached.

11 (f) *ADVISORY NATURE.*—The Commission is wholly
12 advisory in nature and the recommendations of the Com-
13 mission are nonbinding.

14 (g) *NO EFFECT ON EXISTING PROGRAMS.*—The Sec-
15 retary shall not allow the existence of the Commission to
16 impede, delay, or otherwise affect any decisionmaking proc-
17 ess of the Department of Agriculture, including any rule-
18 making procedures planned, proposed, or near completion.

19 (h) *ADMINISTRATIVE ASSISTANCE.*—The Secretary
20 shall provide such administrative support to the Commis-
21 sion, and expend such funds as necessary from budget au-
22 thority available to the Secretary, as is necessary to carry
23 out this section.

1 (i) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
 2 *authorized to be appropriated such sums as are necessary*
 3 *to carry out this section.*

4 (j) *TERMINATION OF EFFECTIVENESS.*—*The authority*
 5 *provided by this section terminates effective on the date of*
 6 *the submission of the report under subsection (e).*

7 **SEC. 1609. MANDATORY REPORTING OF DAIRY COMMOD-**
 8 **ITIES.**

9 *Section 273 of the Agricultural Marketing Act of 1946*
 10 *(7 U.S.C. 1637b) is amended by striking subsections (a)*
 11 *and (b) and inserting the following:*

12 “(a) *DAILY REPORTING.*—

13 “(1) *IN GENERAL.*—*Not later than 180 days*
 14 *after the enactment of the Food and Energy Security*
 15 *Act of 2007, the Secretary shall—*

16 “(A) *establish a program for mandatory*
 17 *daily dairy product information reporting*
 18 *that—*

19 “(i) *provides timely, accurate, and re-*
 20 *liable market information;*

21 “(ii) *facilitates more informed mar-*
 22 *keting decisions; and*

23 “(iii) *promotes competition in the*
 24 *dairy product manufacturing industry; and*

1 “(B) require officers or officially designated
 2 representatives of each dairy processor to report
 3 daily pricing information for relevant sales
 4 transaction involving a dairy product, as deter-
 5 mined by the Secretary.

6 “(2) PUBLICATION.—The Secretary shall make
 7 the information reported under paragraph (1) avail-
 8 able to the public not less frequently than once each
 9 reporting day, categorized by appropriate product
 10 characteristics, as determined by the Secretary.

11 “(b) REQUIREMENTS.—

12 “(1) PRICE REPORTING.—

13 “(A) IN GENERAL.—Subject to the condi-
 14 tions described in paragraph (3), on each busi-
 15 ness day of the Department of Agriculture, each
 16 dairy manufacturer shall report to the Secretary
 17 on all sales of dairy products that the dairy
 18 manufacturer made on the immediately pre-
 19 ceding day or since the last report by the dairy
 20 manufacturer.

21 “(B) REQUIREMENTS.—A dairy manufac-
 22 turer shall report such price, quantity, and prod-
 23 uct characteristics as the Secretary determines
 24 appropriate.

1 “(C) *SUBMISSION.*—*Reports under this*
 2 *paragraph shall be submitted by electronic*
 3 *means at such time as designated by the Sec-*
 4 *retary.*

5 “(D) *AVAILABILITY.*—*The Secretary shall*
 6 *compile the information reported under this*
 7 *paragraph and make the compiled information*
 8 *available to the public on the same day as the*
 9 *information is reported.*

10 “(2) *STORAGE REPORTING.*—

11 “(A) *IN GENERAL.*—*The Secretary shall re-*
 12 *quire each dairy manufacturer or other person*
 13 *storing dairy products to report, at periodic in-*
 14 *tervals determined by the Secretary, information*
 15 *regarding the quantities of dairy products in*
 16 *storage.*

17 “(B) *AVAILABILITY.*—*The Secretary shall*
 18 *make information described under subparagraph*
 19 *(A) available to the public in a timely manner.*

20 “(3) *CONDITIONS.*—*The conditions referred to in*
 21 *paragraph (1) are that the information required*
 22 *under that paragraph is required only—*

23 “(A) *with respect to those package sizes ac-*
 24 *tually used to establish minimum prices for*

1 *Class III or Class IV milk under a Federal milk*
2 *marketing order; and*

3 “(B) *to the extent that the information is*
4 *actually used to establish minimum prices for*
5 *Class III or Class IV milk under a Federal milk*
6 *marketing order.*

7 “(4) *EXEMPTION FOR SMALL PROCESSORS.—The*
8 *daily reporting requirements of this subsection shall*
9 *not apply to a processor that processes not more than*
10 *1,000,000 pounds of dairy products a year.*

11 “(5) *PERIODIC REVIEW.—The Secretary shall—*

12 “(A) *periodically review the information re-*
13 *ported for products under this subsection; and*

14 “(B) *propose changes for the information*
15 *required to be reported under this subsection,*
16 *through the public hearing process established*
17 *under the applicable Federal milk marketing*
18 *order.*

19 “(6) *ELECTRONIC REPORTING.—To the max-*
20 *imum extent practicable, the Secretary shall carry out*
21 *the program established under this subsection using*
22 *electronic reporting technology.”.*

1 **SEC. 1610. ADDITIONAL MANDATORY DAIRY REPORTING.**

2 *Subsection (b)(3) of section 273 of the Agricultural*
 3 *Marketing Act of 1946 (7 U.S.C. 1637b) (as redesignated*
 4 *by section 1609(2)) is amended—*

5 *(1) by striking “shall take such actions” and in-*
 6 *serting “shall—*

7 *“(A) take such actions”;*

8 *(2) in subparagraph (A) (as designated by para-*
 9 *graph (1)), by striking the period at the end and in-*
 10 *serting “; and”; and*

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

12 *“(B) include regular audits and compari-*
 13 *sons with other related dairy market statistics on*
 14 *at least a quarterly basis.”.*

15 ***Subtitle E—Administration***

16 **SEC. 1701. ADMINISTRATION GENERALLY.**

17 *(a) USE OF COMMODITY CREDIT CORPORATION.—Ex-*
 18 *cept as otherwise provided in subtitles A through D and*
 19 *this subtitle, the Secretary shall use the funds, facilities, and*
 20 *authorities of the Commodity Credit Corporation to carry*
 21 *out subtitles A through D and this subtitle.*

22 *(b) DETERMINATIONS BY SECRETARY.—A determina-*
 23 *tion made by the Secretary under this title shall be final*
 24 *and conclusive.*

25 *(c) REGULATIONS.—*

1 (1) *IN GENERAL.*—Not later than 90 days after
 2 the date of the enactment of this Act, the Secretary
 3 and the Commodity Credit Corporation, as appro-
 4 priate, shall promulgate such regulations as are nec-
 5 essary to implement this title and the amendments
 6 made by this title.

7 (2) *PROCEDURE.*—The promulgation of the regu-
 8 lations and administration of this title and the
 9 amendments made by this title shall be made without
 10 regard to—

11 (A) chapter 35 of title 44, United States
 12 Code (commonly known as the “Paperwork Re-
 13 duction Act”);

14 (B) the Statement of Policy of the Secretary
 15 of Agriculture effective July 24, 1971 (36 Fed.
 16 Reg. 13804), relating to notices of proposed rule-
 17 making and public participation in rulemaking;
 18 and

19 (C) the notice and comment provisions of
 20 section 553 of title 5, United States Code.

21 (3) *CONGRESSIONAL REVIEW OF AGENCY RULE-*
 22 *MAKING.*—In carrying out this subsection, the Sec-
 23 retary shall use the authority provided under section
 24 808 of title 5, United States Code.

1 (d) *ADJUSTMENT AUTHORITY RELATED TO TRADE*
 2 *AGREEMENTS COMPLIANCE.*—

3 (1) *REQUIRED DETERMINATION; ADJUSTMENT.*—

4 *If the Secretary determines that expenditures under*
 5 *subtitles A through D and this subtitle that are sub-*
 6 *ject to the total allowable domestic support levels*
 7 *under the Uruguay Round Agreements (as defined in*
 8 *section 2 of the Uruguay Round Agreements Act (19*
 9 *U.S.C. 3501)) will exceed such allowable levels for*
 10 *any applicable reporting period, the Secretary shall,*
 11 *to the maximum extent practicable, make adjustments*
 12 *in the amount of such expenditures during that pe-*
 13 *riod to ensure that such expenditures do not exceed*
 14 *such allowable levels.*

15 (2) *CONGRESSIONAL NOTIFICATION.*—*Before*
 16 *making any adjustment under paragraph (1), the*
 17 *Secretary shall submit to the Committee on Agri-*
 18 *culture of the House of Representatives or the Com-*
 19 *mittee on Agriculture, Nutrition, and Forestry of the*
 20 *Senate a report describing the determination made*
 21 *under that paragraph and the extent of the adjust-*
 22 *ment to be made.*

23 (e) *TREATMENT OF ADVANCE PAYMENT OPTION.*—*Sec-*
 24 *tion 1601(d) of the Farm Security and Rural Investment*
 25 *Act of 2002 (7 U.S.C. 7991(d)) is amended—*

1 (1) in paragraph (1), by striking “and” at the
2 end;

3 (2) in paragraph (2), by striking the period at
4 the end and inserting “; and”; and

5 (3) by adding at the end the following:

6 “(3) the advance payment of direct payments
7 and counter-cyclical payments under title I of the
8 Food and Energy Security Act of 2007.”.

9 **SEC. 1702. SUSPENSION OF PERMANENT PRICE SUPPORT**
10 **AUTHORITY.**

11 (a) *AGRICULTURAL ADJUSTMENT ACT OF 1938.*—The
12 following provisions of the Agricultural Adjustment Act of
13 1938 shall not be applicable to the 2008 through 2012 crops
14 of covered commodities and sugar and shall not be applica-
15 ble to milk during the period beginning on the date of enact-
16 ment of this Act through December 31, 2012:

17 (1) *Parts II through V of subtitle B of title III*
18 *(7 U.S.C. 1326 et seq.).*

19 (2) *In the case of upland cotton, section 377 (7*
20 *U.S.C. 1377).*

21 (3) *Subtitle D of title III (7 U.S.C. 1379a et*
22 *seq.).*

23 (4) *Title IV (7 U.S.C. 1401 et seq.).*

24 (b) *AGRICULTURAL ACT OF 1949.*—The following pro-
25 visions of the Agricultural Act of 1949 shall not be applica-

1 *ble to the 2008 through 2012 crops of covered commodities*
 2 *and sugar and shall not be applicable to milk during the*
 3 *period beginning on the date of enactment of this Act and*
 4 *through December 31, 2012:*

5 (1) *Section 101 (7 U.S.C. 1441).*

6 (2) *Section 103(a) (7 U.S.C. 1444(a)).*

7 (3) *Section 105 (7 U.S.C. 1444b).*

8 (4) *Section 107 (7 U.S.C. 1445a).*

9 (5) *Section 110 (7 U.S.C. 1445e).*

10 (6) *Section 112 (7 U.S.C. 1445g).*

11 (7) *Section 115 (7 U.S.C. 1445k).*

12 (8) *Section 201 (7 U.S.C. 1446).*

13 (9) *Title III (7 U.S.C. 1447 et seq.).*

14 (10) *Title IV (7 U.S.C. 1421 et seq.), other than*
 15 *sections 404, 412, and 416 (7 U.S.C. 1424, 1429, and*
 16 *1431).*

17 (11) *Title V (7 U.S.C. 1461 et seq.).*

18 (12) *Title VI (7 U.S.C. 1471 et seq.).*

19 (c) *SUSPENSION OF CERTAIN QUOTA PROVISIONS.—*
 20 *The joint resolution entitled “A joint resolution relating to*
 21 *corn and wheat marketing quotas under the Agricultural*
 22 *Adjustment Act of 1938, as amended”, approved May 26,*
 23 *1941 (7 U.S.C. 1330 and 1340), shall not be applicable to*
 24 *the crops of wheat planted for harvest in the calendar years*
 25 *2008 through 2012.*

1 **SEC. 1703. PAYMENT LIMITATIONS.**

2 (a) *EXTENSION OF LIMITATIONS.*—Sections 1001 and
 3 1001C(a) of the Food Security Act of 1985 (7 U.S.C. 1308,
 4 1308–3(a)) are amended by striking “Farm Security and
 5 Rural Investment Act of 2002” each place it appears and
 6 inserting “Food and Energy Security Act of 2007”.

7 (b) *REVISION OF LIMITATIONS.*—

8 (1) *DEFINITIONS.*—Section 1001(a) of the Food
 9 Security Act of 1985 (7 U.S.C. 1308) is amended—
 10 (A) in the matter preceding paragraph (1),
 11 by inserting “and section 1001A” after “sec-
 12 tion”;

13 (B) by striking paragraph (2) and redesign-
 14 nating paragraph (3) as paragraph (5); and

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

17 “(2) *FAMILY MEMBER.*—The term ‘family mem-
 18 ber’ means an individual to whom a member in the
 19 farming operation is related as lineal ancestor, lineal
 20 descendant, sibling, or spouse.

21 “(3) *LEGAL ENTITY.*—The term ‘legal entity’
 22 means an entity that is created under Federal or
 23 State law and that—

24 “(A) owns land or an agricultural com-
 25 modity; or

26 “(B) produces an agricultural commodity.

1 “(4) *PERSON*.—The term ‘person’ means a nat-
2 ural person, and does not include a legal entity.”.

3 (2) *LIMITATION ON DIRECT PAYMENTS AND*
4 *COUNTER-CYCLICAL PAYMENTS*.—Section 1001 of the
5 *Food Security Act of 1985 (7 U.S.C. 1308)* is amend-
6 ed by striking subsections (b), (c) and (d) and insert-
7 ing the following:

8 “(b) *LIMITATION ON DIRECT AND COUNTER-CYCLICAL*
9 *PAYMENTS FOR COVERED COMMODITIES (OTHER THAN*
10 *PEANUTS)*.—

11 “(1) *DIRECT PAYMENTS*.—The total amount of
12 direct payments received, directly or indirectly, by a
13 person or legal entity (except a joint venture or a gen-
14 eral partnership) for any crop year under part I of
15 subtitle A of title I of the *Food and Energy Security*
16 *Act of 2007* for 1 or more covered commodities (except
17 for peanuts), or average crop revenue payments deter-
18 mined under section 1401(b)(2) of that Act, may not
19 exceed \$40,000.

20 “(2) *COUNTER-CYCLICAL PAYMENTS*.—The total
21 amount of counter-cyclical payments received, directly
22 or indirectly, by a person or legal entity (except a
23 joint venture or a general partnership) for any crop
24 year under part I of subtitle A of title I of the *Food*
25 and *Energy Security Act of 2007* for one or more cov-

1 *ered commodities (except for peanuts), or average*
 2 *crop revenue payments determined under section*
 3 *1401(b)(3) of that Act, may not exceed \$60,000.*

4 “(c) *LIMITATION ON DIRECT PAYMENTS AND*
 5 *COUNTER-CYCLICAL PAYMENTS FOR PEANUTS.—*

6 “(1) *DIRECT PAYMENTS.—The total amount of*
 7 *direct payments received, directly or indirectly, by a*
 8 *person or legal entity (except a joint venture or a gen-*
 9 *eral partnership) for any crop year under part III of*
 10 *subtitle A of title I of the Food and Energy Security*
 11 *Act of 2007 for peanuts, or average crop revenue pay-*
 12 *ments determined under section 1401(b)(2) of that*
 13 *Act, may not exceed \$40,000.*

14 “(2) *COUNTER-CYCLICAL PAYMENTS.—The total*
 15 *amount of counter-cyclical payments received, directly*
 16 *or indirectly, by a person or legal entity (except a*
 17 *joint venture or a general partnership) for any crop*
 18 *year under part III of subtitle A of title I of the Food*
 19 *and Energy Security Act of 2007 for peanuts, or av-*
 20 *erage crop revenue payments determined under sec-*
 21 *tion 1401(b)(3) of that Act, may not exceed \$60,000.”.*

22 “(d) *LIMITATION ON APPLICABILITY.—Nothing in this*
 23 *section authorizes any limitation on any benefit associated*
 24 *with the marketing assistance loan program or the loan de-*

1 *ficiency payment program under title I of the Food and*
 2 *Energy Security Act of 2007.”.*

3 (3) *DIRECT ATTRIBUTION.*—*Section 1001 of the*
 4 *Food Security Act of 1985 (7 U.S.C. 1308) is amend-*
 5 *ed by striking subsection (e) and redesignating sub-*
 6 *sections (f) and (g) as (g) and (h), respectively, and*
 7 *inserting the following:*

8 “(e) *ATTRIBUTION OF PAYMENTS.*—

9 “(1) *IN GENERAL.*—*In implementing subsections*
 10 *(b) and (c) and a program described in section*
 11 *1001D(b)(2)(C), the Secretary shall issue such regula-*
 12 *tions as are necessary to ensure that the total amount*
 13 *of payments are attributed to a person by taking into*
 14 *account the direct and indirect ownership interests of*
 15 *the person in a legal entity that is eligible to receive*
 16 *the payments.*

17 “(2) *PAYMENTS TO A PERSON.*—*Each payment*
 18 *made directly to a person shall be combined with the*
 19 *pro rata interest of the person in payments received*
 20 *by a legal entity in which the person has a direct or*
 21 *indirect ownership interest unless the payments of the*
 22 *legal entity have been reduced by the pro rata share*
 23 *of the person.*

24 “(3) *PAYMENTS TO A LEGAL ENTITY.*—

1 “(A) *IN GENERAL.*—Each payment made to
 2 a legal entity shall be attributed to those persons
 3 who have a direct or indirect ownership interest
 4 in the legal entity unless the payment to the
 5 legal entity has been reduced by the pro rata
 6 share of the person.

7 “(B) *ATTRIBUTION OF PAYMENTS.*—

8 “(i) *PAYMENT LIMITS.*—Except as pro-
 9 vided in clause (ii), payments made to a
 10 legal entity shall not exceed the amounts
 11 specified in subsections (b) and (c).

12 “(ii) *EXCEPTION FOR JOINT VENTURES*
 13 *AND GENERAL PARTNERSHIPS.*—Payments
 14 made to a joint venture or a general part-
 15 nership shall not exceed, for each payment
 16 specified in subsections (b) and (c), the
 17 amount determined by multiplying the
 18 maximum payment amount specified in
 19 subsections (b) and (c) by the number of
 20 persons and legal entities (other than joint
 21 ventures and general partnerships) that
 22 comprise the ownership of the joint venture
 23 or general partnership.

24 “(iii) *REDUCTION.*—Payments made to
 25 a legal entity shall be reduced proportion-

ately by an amount that represents the direct or indirect ownership in the legal entity by any individual or legal entity that has otherwise exceeded the applicable maximum payment limitation.

“(4) 4 LEVELS OF ATTRIBUTION FOR EMBEDDED
LEGAL ENTITIES.—

“(A) IN GENERAL.—Attribution of payments made to legal entities shall be traced through 4 levels of ownership in legal entities.

“(B) FIRST LEVEL.—Any payments made to a legal entity (a first-tier legal entity) that is owned in whole or in part by a person shall be attributed to the person in an amount that represents the direct ownership in the first-tier legal entity by the person.

“(C) SECOND LEVEL.—

“(i) IN GENERAL.—Any payments made to a first-tier legal entity that is owned (in whole or in part) by another legal entity (a second-tier legal entity) shall be attributed to the second-tier legal entity in proportion to the ownership of the second-tier legal entity in the first-tier legal entity.

1 “(ii) *OWNERSHIP BY A PERSON.*—If
 2 *the second-tier legal entity is owned (in*
 3 *whole or in part) by a person, the amount*
 4 *of the payment made to the first-tier legal*
 5 *entity shall be attributed to the person in*
 6 *the amount that represents the indirect*
 7 *ownership in the first-tier legal entity by*
 8 *the person.*

9 “(D) *THIRD AND FOURTH LEVELS.*—

10 “(i) *IN GENERAL.*—Except as provided
 11 *in clause (ii), the Secretary shall attribute*
 12 *payments at the third and fourth tiers of*
 13 *ownership in the same manner as specified*
 14 *in subparagraph (C).*

15 “(ii) *FOURTH-TIER OWNERSHIP.*—If
 16 *the fourth-tier of ownership is that of a*
 17 *fourth-tier legal entity and not that of a*
 18 *person, the Secretary shall reduce the*
 19 *amount of the payment to be made to the*
 20 *first-tier legal entity in the amount that*
 21 *represents the indirect ownership in the*
 22 *first-tier legal entity by the fourth-tier legal*
 23 *entity.*

24 “(f) *SPECIAL RULES.*—

25 “(1) *MINOR CHILDREN.*—

1 “(A) *IN GENERAL.*—*Except as provided in*
 2 *subparagraph (B), payments received by a child*
 3 *under the age of 18 shall be attributed to the*
 4 *parents of the child.*

5 “(B) *REGULATIONS.*—*The Secretary shall*
 6 *issue regulations specifying the conditions under*
 7 *which payments received by a child under the*
 8 *age of 18 will not be attributed to the parents of*
 9 *the child.*

10 “(2) *MARKETING COOPERATIVES.*—*Subsections*
 11 *(b) and (c) shall not apply to a cooperative associa-*
 12 *tion of producers with respect to commodities pro-*
 13 *duced by the members of the association that are mar-*
 14 *keted by the association on behalf of the members of*
 15 *the association but shall apply to the producers as*
 16 *persons.*

17 “(3) *TRUSTS AND ESTATES.*—

18 “(A) *IN GENERAL.*—*With respect to irrev-*
 19 *ocable trusts and estates, the Secretary shall ad-*
 20 *minister this section through section 1001F in*
 21 *such manner as the Secretary determines will*
 22 *ensure the fair and equitable treatment of the*
 23 *beneficiaries of the trusts and estates.*

24 “(B) *IRREVOCABLE TRUST.*—

1 “(i) *IN GENERAL.*—*In order for a trust*
 2 *to be considered an irrevocable trust, the*
 3 *terms of the trust agreement shall not—*

4 “(I) *allow for modification or ter-*
 5 *mination of the trust by the grantor;*

6 “(II) *allow for the grantor to have*
 7 *any future, contingent, or remainder*
 8 *interest in the corpus of the trust; or*

9 “(III) *except as provided in clause*
 10 *(ii), provide for the transfer of the cor-*
 11 *pus of the trust to the remainder bene-*
 12 *ficiary in less than 20 years beginning*
 13 *on the date the trust is established.*

14 “(ii) *EXCEPTION.*—*Clause (i)(III)*
 15 *shall not apply in a case in which the*
 16 *transfer is—*

17 “(I) *contingent on the remainder*
 18 *beneficiary achieving at least the age of*
 19 *majority; or*

20 “(II) *is contingent on the death of*
 21 *the grantor or income beneficiary.*

22 “(C) *REVOCABLE TRUST.*—*For the purposes*
 23 *of this section through section 1001F, a revocable*
 24 *trust shall be considered to be the same person as*
 25 *the grantor of the trust.*

1 “(4) *CASH RENT TENANTS.*—

2 “(A) *DEFINITION.*—*In this paragraph, the*
 3 *term ‘cash rent tenant’ means a person or legal*
 4 *entity that rents land—*

5 “(i) *for cash; or*

6 “(ii) *for a crop share guaranteed as to*
 7 *the amount of the commodity to be paid in*
 8 *rent.*

9 “(B) *RESTRICTION.*—*A cash rent tenant*
 10 *who makes a significant contribution of active*
 11 *personal management, but not of personal labor,*
 12 *with respect to a farming operation shall be eli-*
 13 *gible to receive a payment described in sub-*
 14 *section (b) or (c) only if the tenant makes a sig-*
 15 *nificant contribution of equipment to the farm-*
 16 *ing operation.*

17 “(5) *FEDERAL AGENCIES.*—

18 “(A) *IN GENERAL.*—*A Federal agency shall*
 19 *not be eligible to receive any payment described*
 20 *in subsection (b) or (c).*

21 “(B) *LAND RENTAL.*—*A lessee of land*
 22 *owned by a Federal agency may receive a pay-*
 23 *ment described in subsection (b) or (c) if the les-*
 24 *see otherwise meets all applicable criteria.*

25 “(6) *STATE AND LOCAL GOVERNMENTS.*—

1 “(A) *IN GENERAL.*—*Except as provided in*
 2 *subsection (g), a State or local government, or*
 3 *political subdivision or agency of the govern-*
 4 *ment, shall not be eligible to receive a payment*
 5 *described in subsection (b) or (c).*

6 “(B) *TENANTS.*—*A lessee of land owned by*
 7 *a State or local government, or political subdivi-*
 8 *sion or agency of the government, may receive*
 9 *payments described in subsections (b) and (c) if*
 10 *the lessee otherwise meet all applicable criteria.*

11 “(7) *CHANGES IN FARMING OPERATIONS.*—

12 “(A) *IN GENERAL.*—*In the administration*
 13 *of this section through section 1001F, the Sec-*
 14 *retary may not approve any change in a farm-*
 15 *ing operation that otherwise will increase the*
 16 *number of persons to which the limitations*
 17 *under this section are applied unless the Sec-*
 18 *retary determines that the change is bona fide*
 19 *and substantive.*

20 “(B) *FAMILY MEMBERS.*—*The addition of a*
 21 *family member to a farming operation under the*
 22 *criteria set out in section 1001A shall be consid-*
 23 *ered a bona fide and substantive change in the*
 24 *farming operation.*

25 “(8) *DEATH OF OWNER.*—

“(A) *IN GENERAL.*—If any ownership interest in land or a commodity is transferred as the result of the death of a program participant, the new owner of the land or commodity may, if the person is otherwise eligible to participate in the applicable program, succeed to the contract of the prior owner and receive payments subject to this section without regard to the amount of payments received by the new owner.

“(B) *LIMITATIONS ON PRIOR OWNER.*—Payments made under this paragraph shall not exceed the amount to which the previous owner was entitled to receive under the terms of the contract at the time of the death of the prior owner.”.

(c) *REPEAL OF 3-ENTITY RULE.*—Section 1001A of the Food Security Act of 1985 (7 U.S.C. 1308–1) is amended—

(1) in the section heading, by striking “**PREVENTION OF CREATION OF ENTITIES TO QUALIFY AS SEPARATE PERSONS**” and inserting “**NOTIFICATION OF INTERESTS**”; and

(2) by striking subsection (a) and inserting the following:

“(a) *NOTIFICATION OF INTERESTS.*—To facilitate administration of section 1001 and this section, each person or legal entity receiving payments described in subsections

1 (b) and (c) of section 1001 as a separate person or legal
 2 entity shall separately provide to the Secretary, at such
 3 times and in such manner as prescribed by the Secretary—

4 “(1) the name and social security number of
 5 each individual, or the name and taxpayer identifica-
 6 tion number of each legal entity, that holds or ac-
 7 quires an ownership interest in the separate person or
 8 legal entity; and

9 “(2) the name and taxpayer identification num-
 10 ber of each legal entity in which the person or legal
 11 entity holds an ownership interest.”.

12 (d) AMENDMENT FOR CONSISTENCY.—Section 1001A
 13 of the Food Security Act of 1985 (7 U.S.C. 1308–1) is
 14 amended by striking subsection (b) and inserting the fol-
 15 lowing:

16 “(b) ACTIVELY ENGAGED.—

17 “(1) IN GENERAL.—To be eligible to receive a
 18 payment described in subsection (b) or (c) of section
 19 1001, a person or legal entity shall be actively en-
 20 gaged in farming with respect to a farming operation
 21 as provided in this subsection or subsection (c).

22 “(2) CLASSES ACTIVELY ENGAGED.—Except as
 23 provided in subsections (c) and (d)—

24 “(A) a person (including a person partici-
 25 pating in a farming operation as a partner in

1 *a general partnership, a participant in a joint*
2 *venture, a grantor of a revocable trust, or a par-*
3 *ticipant in a similar entity, as determined by*
4 *the Secretary) shall be considered to be actively*
5 *engaged in farming with respect to a farming*
6 *operation if—*

7 *“(i) the person makes a significant*
8 *contribution (based on the total value of the*
9 *farming operation) to the farming oper-*
10 *ation of—*

11 *“(I) capital, equipment, or land;*

12 *and*

13 *“(II) personal labor or active per-*
14 *sonal management;*

15 *“(ii) the person’s share of the profits or*
16 *losses from the farming operation is com-*
17 *mensurate with the contributions of the per-*
18 *son to the farming operation; and*

19 *“(iii) the contributions of the person*
20 *are at risk;*

21 *“(B) a legal entity that is a corporation,*
22 *joint stock company, association, limited part-*
23 *nership, charitable organization, or other similar*
24 *entity determined by the Secretary (including*
25 *any such legal entity participating in the farm-*

1 *ing operation as a partner in a general partner-*
2 *ship, a participant in a joint venture, a grantor*
3 *of a revocable trust, or as a participant in a*
4 *similar legal entity as determined by the Sec-*
5 *retary) shall be considered as actively engaged in*
6 *farming with respect to a farming operation if—*

7 *“(i) the legal entity separately makes a*
8 *significant contribution (based on the total*
9 *value of the farming operation) of capital,*
10 *equipment, or land;*

11 *“(ii) the stockholders or members col-*
12 *lectively make a significant contribution of*
13 *personal labor or active personal manage-*
14 *ment to the operation; and*

15 *“(iii) the standards provided in clauses*
16 *(ii) and (iii) of subparagraph (A), as ap-*
17 *plied to the legal entity, are met by the legal*
18 *entity;*

19 *“(C) if a legal entity that is a general part-*
20 *nership, joint venture, or similar entity, as de-*
21 *termined by the Secretary, separately makes a*
22 *significant contribution (based on the total value*
23 *of the farming operation involved) of capital,*
24 *equipment, or land, and the standards provided*
25 *in clauses (ii) and (iii) of subparagraph (A), as*

1 *applied to the legal entity, are met by the legal*
 2 *entity, the partners or members making a sig-*
 3 *nificant contribution of personal labor or active*
 4 *personal management shall be considered to be*
 5 *actively engaged in farming with respect to the*
 6 *farming operation involved; and*

7 *“(D) in making determinations under this*
 8 *subsection regarding equipment and personal*
 9 *labor, the Secretary shall take into consideration*
 10 *the equipment and personal labor normally and*
 11 *customarily provided by farm operators in the*
 12 *area involved to produce program crops.*

13 *“(c) SPECIAL CLASSES ACTIVELY ENGAGED.—*

14 *“(1) LANDOWNER.—A person or legal entity that*
 15 *is a landowner contributing the owned land to a*
 16 *farming operation shall be considered to be actively*
 17 *engaged in farming with respect to the farming oper-*
 18 *ation if—*

19 *“(A) the landowner receives rent or income*
 20 *for the use of the land based on the production*
 21 *on the land or the operating results of the oper-*
 22 *ation; and*

23 *“(B) the person or legal entity meets the*
 24 *standards provided in clauses (ii) and (iii) of*
 25 *subsection (b)(2)(A).*

1 “(2) *ADULT FAMILY MEMBER.*—If a majority of
2 the participants in a farming operation are family
3 members, an adult family member shall be considered
4 to be actively engaged in farming with respect to the
5 farming operation if the person—

6 “(A) makes a significant contribution,
7 based on the total value of the farming operation,
8 of active personal management or personal labor;
9 and

10 “(B) with respect to such contribution,
11 meets the standards provided in clauses (ii) and
12 (iii) of subsection (b)(2)(A).

13 “(3) *SHARECROPPER.*—A sharecropper who
14 makes a significant contribution of personal labor to
15 a farming operation shall be considered to be actively
16 engaged in farming with respect to the farming oper-
17 ation if the contribution meets the standards provided
18 in clauses (ii) and (iii) of subsection (b)(2)(A).

19 “(4) *GROWERS OF HYBRID SEED.*—In deter-
20 mining whether a person or legal entity growing hy-
21 brid seed under contract shall be considered to be ac-
22 tively engaged in farming, the Secretary shall not
23 take into consideration the existence of a hybrid seed
24 contract.

25 “(5) *CUSTOM FARMING SERVICES.*—

1 “(A) *IN GENERAL.*—A person or legal entity
 2 receiving custom farming services shall be con-
 3 sidered separately eligible for payment limita-
 4 tion purposes if the person or legal entity is ac-
 5 tively engaged in farming based on subsection
 6 (b)(2) or paragraphs (1) through (4) of this sub-
 7 section.

8 “(B) *PROHIBITION.*—No other rules with re-
 9 spect to custom farming shall apply.

10 “(6) *SPOUSE.*—If 1 spouse (or estate of a de-
 11 ceased spouse) is determined to be actively engaged,
 12 the other spouse shall be determined to have met the
 13 requirements of subsection (b)(2)(A)(i)(II).

14 “(d) *CLASSES NOT ACTIVELY ENGAGED.*—

15 “(1) *CASH RENT LANDLORD.*—A landlord con-
 16 tributing land to a farming operation shall not be
 17 considered to be actively engaged in farming with re-
 18 spect to the farming operation if the landlord receives
 19 cash rent, or a crop share guaranteed as to the
 20 amount of the commodity to be paid in rent, for the
 21 use of the land.

22 “(2) *OTHER PERSONS AND LEGAL ENTITIES.*—
 23 Any other person or legal entity that the Secretary
 24 determines does not meet the standards described in
 25 subsections (b)(2) and (c) shall not be considered to

1 *be actively engaged in farming with respect to a*
 2 *farming operation.”.*

3 *(e) DENIAL OF PROGRAM BENEFITS.—Section 1001B*
 4 *of the Food Security Act of 1985 (7 U.S.C. 1308–2) is*
 5 *amended to read as follows:*

6 **“SEC. 1001B. DENIAL OF PROGRAM BENEFITS.**

7 *“(a) 2-YEAR DENIAL OF PROGRAM BENEFITS.—A per-*
 8 *son or legal entity shall be ineligible to receive payments*
 9 *specified in subsections (b) and (c) of section 1001 for the*
 10 *crop year, and the succeeding crop year, in which the Sec-*
 11 *retary determines that the person or legal entity—*

12 *“(1) failed to comply with section 1001A(b) and*
 13 *adopted or participated in adopting a scheme or de-*
 14 *vice to evade the application of section 1001, 1001A,*
 15 *or 1001C; or*

16 *“(2) intentionally concealed the interest of the*
 17 *person or legal entity in any farm or legal entity en-*
 18 *gaged in farming.*

19 *“(b) EXTENDED INELIGIBILITY.—If the Secretary de-*
 20 *termines that a person or legal entity, for the benefit of the*
 21 *person or legal entity or the benefit of any other person*
 22 *or legal entity, has knowingly engaged in, or aided in the*
 23 *creation of a fraudulent document, presented false informa-*
 24 *tion that was material and relevant to the administration*
 25 *of sections 1001 through 1001F, or committed other equally*

1 *serious actions (as identified in regulations issued by the*
2 *Secretary), the Secretary may for a period not to exceed*
3 *5 crop years deny the issuance of payments to the person*
4 *or legal entity.*

5 “(c) *PRO RATA DENIAL.*—

6 “(1) *IN GENERAL.*—*Payments otherwise owed to*
7 *a person or legal entity described in subsections (a)*
8 *or (b) shall be denied in a pro rata manner based on*
9 *the ownership interest of the person or legal entity in*
10 *a farm.*

11 “(2) *CASH RENT TENANT.*—*Payments otherwise*
12 *payable to the person or legal entity described in sub-*
13 *section (a) or (b) who is a cash rent tenant on a farm*
14 *owned or under the control of the person or legal enti-*
15 *ty shall be denied.*

16 “(d) *JOINT AND SEVERAL LIABILITY.*—*Any member of*
17 *any legal entity (including partnerships and joint ventures)*
18 *determined to have knowingly participated in a scheme or*
19 *device to evade, or that has the purpose of evading, sections*
20 *1001, 1001A, or 1001C shall be jointly and severally liable*
21 *for any amounts that are payable to the Secretary as the*
22 *result of the scheme or device (including amounts necessary*
23 *to recover those amounts).*

24 “(e) *RELEASE.*—*The Secretary may partially or fully*
25 *release from liability any person or legal entity who cooper-*

1 *ates with the Secretary in enforcing sections 1001, 1001A,*
 2 *and 1001C, and this section.”.*

3 *(f) CONFORMING AMENDMENTS.—*

4 *(1) Section 1009(e) of the Food Security Act of*
 5 *1985 (7 U.S.C. 1308a(e)) is amended in the second*
 6 *sentence by striking “of \$50,000”.*

7 *(2) Section 609(b)(1) of the Emergency Livestock*
 8 *Feed Assistance Act of 1988 (7 U.S.C. 1471g(b)(1)) is*
 9 *amended by inserting “(before the amendment made*
 10 *by section 1703(a) of the Food and Energy Security*
 11 *Act of 2007)” after “1985”.*

12 *(3) Section 524(b)(3) of the Federal Crop Insur-*
 13 *ance Act (7 U.S.C. 1524(b)(3)) is amended by insert-*
 14 *ing “(before the amendment made by section 1703(a)*
 15 *of the Food and Energy Security Act of 2007)” after*
 16 *“1308(5))”.*

17 *(4) Section 196(i) of the Federal Agriculture Im-*
 18 *provement and Reform Act of 1996 (7 U.S.C. 7333(i))*
 19 *is amended in paragraphs (1)(A) and (5) by insert-*
 20 *ing “(before the amendment made by section 1703(a)*
 21 *of the Food and Energy Security Act of 2007)” after*
 22 *“1308)” each place it appears.*

23 *(5) Section 10204(c)(1) of the Farm Security*
 24 *and Rural Investment Act of 2002 (7 U.S.C.*
 25 *8204(c)(1)) is amended by inserting “(before the*

1 *amendment made by section 1703(a) of the Food and*
 2 *Energy Security Act of 2007)” after “1308”.*

3 (6) *Section 1271(c)(3)(A) of the Food, Agri-*
 4 *culture, Conservation, and Trade Act of 1990 (16*
 5 *U.S.C. 2106a(c)(3)(A)) is amended by inserting “(be-*
 6 *fore the amendment made by section 1703(a) of the*
 7 *Food and Energy Security Act of 2007)” after*
 8 *“1308”.*

9 (7) *Section 291(2) of the Trade Act of 1974 (19*
 10 *U.S.C. 2401(2)) is amended by inserting “(before the*
 11 *amendment made by section 1703(a) of the Food and*
 12 *Energy Security Act of 2007)” before the period at*
 13 *the end.*

14 (g) *TRANSITION.—Section 1001, 1001A, and 1001B of*
 15 *the Food Security Act of 1985 (7 U.S.C. 1308, 1308–1,*
 16 *1308–2), as in effect on the day before the date of the enact-*
 17 *ment of this Act, shall continue to apply with respect to*
 18 *the 2007 crop of any covered commodity or peanuts.*

19 **SEC. 1704. ADJUSTED GROSS INCOME LIMITATION.**

20 (a) *EXTENSION OF ADJUSTED GROSS INCOME LIMITA-*
 21 *TION.—Section 1001D(e) of the Food Security Act of 1985*
 22 *(7 U.S.C. 1308–3a(e)) is amended by striking “2007” and*
 23 *inserting “2012”.*

1 **(b) ALLOCATION OF INCOME.**—Section 1001D(a) of the
 2 *Food Security Act of 1985 (7 U.S.C. 1308–3a(a))* is amend-
 3 *ed by adding at the end the following:*

4 **“(3) ALLOCATION OF INCOME.**—On the request of
 5 *any individual filing a joint tax return, the Secretary*
 6 *shall provide for the allocation of adjusted gross in-*
 7 *come among the individuals filing the return based on*
 8 *a certified statement provided by a certified public*
 9 *accountant or attorney specifying the manner in*
 10 *which the income would have been declared and re-*
 11 *ported if the individuals had filed 2 separate returns,*
 12 *if the Secretary determines that the calculation is*
 13 *consistent with the information supporting the filed*
 14 *joint return.”.*

15 **(c) MODIFICATION OF LIMITATION.**—Section 1001D of
 16 *the Food Security Act of 1985 (7 U.S.C. 1308–3a)* is
 17 *amended by striking subsection (b) and inserting the fol-*
 18 *lowing:*

19 **“(b) LIMITATION.**—

20 **“(1) COMMODITY AND CONSERVATION PRO-**
 21 **GRAMS.**—

22 **“(A) COMMODITY PROGRAMS.**—

23 **“(i) 2009 CROP YEAR.**—Notwith-
 24 *standing any other provision of law, an in-*
 25 *dividual or entity shall not be eligible to re-*

ceive any benefit described in paragraph (2)(A) during the 2009 crop year if the average adjusted gross income of the individual or entity exceeds \$1,000,000, unless not less than 66.66 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.

“(ii) 2010 AND SUBSEQUENT CROP YEARS.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive any benefit described in paragraph (2)(A) during any of the 2010 and subsequent crop years if the average adjusted gross income of the individual or entity exceeds \$750,000, unless not less than 66.66 percent of the average adjusted gross income of the individual or entity is derived from farming, ranching, or forestry operations, as determined by the Secretary.

“(B) CONSERVATION PROGRAMS.—Notwithstanding any other provision of law, an individual or entity shall not be eligible to receive

1 *any benefit described in paragraph (2)(B) dur-*
 2 *ing a fiscal year if the average adjusted gross in-*
 3 *come of the individual or entity exceeds*
 4 *\$2,500,000, unless not less than 75 percent of the*
 5 *average adjusted gross income of the individual*
 6 *or entity is derived from farming, ranching, or*
 7 *forestry operations, as determined by the Sec-*
 8 *retary.*

9 “(2) COVERED BENEFITS.—

10 “(A) IN GENERAL.—Paragraph (1)(A)
 11 *apply with respect to the following:*

12 “(i) *A direct payment or counter-cycli-*
 13 *cal payment under part I or III of subtitle*
 14 *A of title I of the Food and Energy Security*
 15 *Act of 2007.*

16 “(ii) *A marketing loan gain or loan*
 17 *deficiency payment under part II or III of*
 18 *subtitle A of title I of the Food and Energy*
 19 *Security Act of 2007.*

20 “(iii) *An average crop revenue pay-*
 21 *ment under subtitle B of title I of Food and*
 22 *Energy Security Act of 2007.*

23 “(B) CONSERVATION PROGRAMS.—Para-
 24 *graph (1)(B) applies with respect to a payment*
 25 *under any program under—*

1 “(i) title XII of this Act;

2 “(ii) title II of the Farm Security and
3 Rural Investment Act of 2002 (Public Law
4 107–171; 116 Stat. 223); or

5 “(iii) title II of the Food and Energy
6 Security Act of 2007.

7 “(3) INCOME DERIVED FROM FARMING, RANCH-
8 ING OR FORESTRY OPERATIONS.—In determining
9 what portion of the average adjusted gross income of
10 an individual or entity is derived from farming,
11 ranching, or forestry operations, the Secretary shall
12 include income derived from—

13 “(A) the production of crops, livestock, or
14 unfinished raw forestry products;

15 “(B) the sale, including the sale of ease-
16 ments and development rights, of farm, ranch, or
17 forestry land or water or hunting rights;

18 “(C) the sale of equipment to conduct farm,
19 ranch, or forestry operations;

20 “(D) the rental or lease of land used for
21 farming, ranching, or forestry operations, in-
22 cluding water or hunting rights;

23 “(E) the provision of production inputs and
24 services to farmers, ranchers, and foresters;

1 “(F) the processing (including packing),
 2 storing (including shedding), and transporting of
 3 farm, ranch, and forestry commodities;

4 “(G) the sale of land that has been used for
 5 agriculture; and

6 “(H) payments or other income attributable
 7 to benefits received under any program author-
 8 ized under title I or II of the Food and Energy
 9 Security Act of 2007.”.

10 (d) *TRANSITION.*—Section 1001D of the Food Security
 11 Act of 1985 (7 U.S.C. 1308–3a), as in effect on the day
 12 before the date of the enactment of this Act, shall continue
 13 to apply with respect to the 2007 and 2008 crops of any
 14 covered commodity or peanuts.

15 **SEC. 1705. AVAILABILITY OF QUALITY INCENTIVE PAY-**
 16 **MENTS FOR CERTAIN PRODUCERS.**

17 (a) *INCENTIVE PAYMENTS REQUIRED.*—Subject to sub-
 18 section (b), the Secretary shall use funds made available
 19 under subsection (g) to provide quality incentive payments
 20 for the production of oilseeds with specialized traits that
 21 enhance human health, as determined by the Secretary.

22 (b) *COVERED OILSEEDS.*—The Secretary shall make
 23 payments under this section only for the production of an
 24 oilseed variety that has, as determined by the Secretary—

1 (1) *been demonstrated to improve the health pro-*
 2 *file of the oilseed for use in human consumption by—*

3 (A) *reducing or eliminating the need to*
 4 *partially hydrogenate the oil derived from the*
 5 *oilseed for use in human consumption; or*

6 (B) *adopting new technology traits; and*

7 (2) *1 or more impediments to commercialization.*

8 (c) *REQUEST FOR PROPOSALS.—*

9 (1) *ISSUANCE.—If funds are made available to*
 10 *carry out this section for a crop year, the Secretary*
 11 *shall issue a request for proposals for payments under*
 12 *this section.*

13 (2) *MULTIYEAR PROPOSALS.—An entity may*
 14 *submit a multiyear proposal for payments under this*
 15 *section.*

16 (3) *CONTENT OF PROPOSALS.—A proposal for*
 17 *payments under this section shall include a descrip-*
 18 *tion of—*

19 (A) *each oilseed variety described in sub-*
 20 *section (b) and the value of the oilseed variety as*
 21 *a matter of public policy;*

22 (B) *a range for the amount of total per*
 23 *bushel or hundredweight premiums to be paid to*
 24 *producers;*

1 (C) a per bushel or hundredweight amount
 2 of incentive payments requested for each year
 3 under this section that does not exceed $\frac{1}{3}$ of the
 4 total premium offered for any year;

5 (D) the period of time, not to exceed 4
 6 years, during which incentive payments are to be
 7 provided to producers; and

8 (E) the targeted total quantity of produc-
 9 tion and estimated acres needed to produce the
 10 targeted quantity for each year under this sec-
 11 tion.

12 (d) *CONTRACTS FOR PRODUCTION.*—

13 (1) *IN GENERAL.*—The Secretary shall approve
 14 successful proposals submitted under subsection (c) on
 15 a timely basis so as to allow production contracts to
 16 be entered into with producers in advance of the
 17 spring planting season for the 2009 crop year.

18 (2) *TIMING OF PAYMENTS.*—The Secretary shall
 19 make payments to producers under this section after
 20 the Secretary receives documentation that the pre-
 21 mium required under a contract has been made to
 22 covered producers.

23 (e) *ADMINISTRATION.*—If funding provided for a crop
 24 year is not fully allocated under the initial request for pro-
 25 posals under subsection (c), the Secretary shall issue addi-

1 *tional requests for proposals for subsequent crop years*
 2 *under this section.*

3 (f) *PROPRIETARY INFORMATION.—The Secretary shall*
 4 *protect proprietary information provided to the Secretary*
 5 *for the purpose of administering this section.*

6 (g) *AUTHORIZATION OF APPROPRIATIONS.—There are*
 7 *authorized to be appropriated to carry out this section*
 8 *\$400,000,000 for the period of fiscal years 2008 through*
 9 *2012.*

10 **SEC. 1706. HARD WHITE WHEAT DEVELOPMENT PROGRAM.**

11 (a) *DEFINITIONS.—In this section:*

12 (1) *ELIGIBLE HARD WHITE WHEAT SEED.—The*
 13 *term “eligible hard white wheat seed” means hard*
 14 *white wheat seed that, as determined by the Sec-*
 15 *retary, is—*

16 (A) *certified;*

17 (B) *of a variety that is suitable for the*
 18 *State in which the seed will be planted;*

19 (C) *rated at least superior with respect to*
 20 *quality; and*

21 (D) *specifically approved under a seed es-*
 22 *tablishment program established by the State De-*
 23 *partment of Agriculture and the State Wheat*
 24 *Commission of the 1 or more States in which the*
 25 *seed will be planted.*

1 (2) *PROGRAM.*—*The term “program” means the*
 2 *hard white wheat development program established*
 3 *under subsection (b)(1).*

4 (3) *SECRETARY.*—*The term “Secretary” means*
 5 *the Secretary of Agriculture, in consultation with the*
 6 *State Departments of Agriculture and the State*
 7 *Wheat Commissions of the States in regions in which*
 8 *hard white wheat is produced, as determined by the*
 9 *Secretary.*

10 (b) *ESTABLISHMENT.*—

11 (1) *IN GENERAL.*—*The Secretary shall establish*
 12 *a hard white wheat development program in accord-*
 13 *ance with paragraph (2) to promote the establishment*
 14 *of hard white wheat as a viable market class of wheat*
 15 *in the United States by encouraging production of at*
 16 *least 240,000,000 bushels of hard white wheat by*
 17 *2012.*

18 (2) *PAYMENTS.*—

19 (A) *IN GENERAL.*—*Subject to subpara-*
 20 *graphs (B) and (C) and subsection (c), the Sec-*
 21 *retary shall make available incentive payments*
 22 *to producers of each of the 2008 through 2012*
 23 *crops of hard white wheat.*

24 (B) *ACREAGE LIMITATION.*—*The Secretary*
 25 *shall carry out subparagraph (A) subject to a re-*

gional limitation determined by the Secretary on the number of acres for which payments may be received that takes into account planting history and potential planting, but does not exceed a total of 2,900,000 acres or the equivalent volume of production based on a yield of 50 bushels per acre.

(C) *PAYMENT LIMITATIONS.*—Payments to producers on a farm described in subparagraph (A) shall be—

(i) in an amount that is not less than \$0.20 per bushel; and

(ii) in an amount that is not less than \$2.00 per acre for planting eligible hard white wheat seed.

(c) *FUNDING.*—The Secretary shall make available \$35,000,000 of funds of the Commodity Credit Corporation during the period of crop years 2008 through 2012 to provide incentive payments to producers of hard white wheat under this section.

SEC. 1707. DURUM WHEAT QUALITY PROGRAM.

(a) *IN GENERAL.*—Subject to the availability of funds under subsection (c), the Secretary shall provide compensation to producers of durum wheat in an amount not to exceed 50 percent of the actual cost of fungicides applied to

1 *a crop of durum wheat of the producers to control Fusarium*
 2 *head blight (wheat scab) on acres certified to have been*
 3 *planted to Durum wheat in a crop year.*

4 (b) *INSUFFICIENT FUNDS.—If the total amount of*
 5 *funds appropriated for a fiscal year under subsection (c)*
 6 *are insufficient to fulfill all eligible requests for compensa-*
 7 *tion under this section, the Secretary shall prorate the com-*
 8 *pensation payments in a manner determined by the Sec-*
 9 *retary to be equitable.*

10 (c) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 11 *authorized to be appropriated to carry out this section*
 12 *\$10,000,000 for each of fiscal years 2008 through 2012.*

13 **SEC. 1708. STORAGE FACILITY LOANS.**

14 (a) *IN GENERAL.—As soon as practicable after the*
 15 *date of enactment of this Act, the Secretary shall establish*
 16 *a storage facility loan program to provide funds for pro-*
 17 *ducers of grains, oilseeds, pulse crops, hay, renewable bio-*
 18 *mass, and other storable commodities (other than sugar),*
 19 *as determined by the Secretary, to construct or upgrade*
 20 *storage and handling facilities for the commodities.*

21 (b) *ELIGIBLE PRODUCERS.—A storage facility loan*
 22 *under this section shall be made available to any producer*
 23 *described in subsection (a) that, as determined by the*
 24 *Secretary—*

25 (1) *has a satisfactory credit history;*

1 (2) *has a need for increased storage capacity;*
2 *and*

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

4 (c) *TERM OF LOANS.*—*A storage facility loan under*
5 *this section shall have a maximum term of 12 years.*

6 (d) *LOAN AMOUNT.*—*The maximum principal amount*
7 *of a storage facility loan under this section shall be*
8 *\$500,000.*

9 (e) *LOAN DISBURSEMENTS.*—*The Secretary shall pro-*
10 *vide for partial disbursements of loan principal, as deter-*
11 *mined to be appropriate and subject to acceptable docu-*
12 *mentation, to facilitate the purchase and construction of eli-*
13 *gible facilities.*

14 (f) *LOAN SECURITY.*—*Approval of a storage facility*
15 *loan under this section shall—*

16 (1) *for loan amounts of less than \$150,000, not*
17 *require a lien on the real estate parcel on which the*
18 *storage facility is located;*

19 (2) *for loan amounts equal to or more than*
20 *\$150,000, not require a severance agreement from the*
21 *holder of any prior lien on the real estate parcel on*
22 *which the storage facility is located, if the borrower—*

23 (A) *agrees to increase the down payment on*
24 *the storage facility loan by an amount deter-*
25 *mined appropriate by the Secretary; or*

1 (B) provides other security acceptable to the
2 Secretary; and

3 (3) allow a borrower, upon the approval of the
4 Secretary, to define a subparcel of real estate as secu-
5 rity for the storage facility loan if the subparcel is—

6 (A) of adequate size and value to adequately
7 secure the loan; and

8 (B) not subject to any other liens or mort-
9 gages that are superior to the lien interest of the
10 Commodity Credit Corporation.

11 **SEC. 1709. PERSONAL LIABILITY OF PRODUCERS FOR DEFICI-
12 CIENCIES.**

13 Section 164 of the Federal Agriculture Improvement
14 and Reform Act of 1996 (7 U.S.C. 7284) is amended by
15 striking “and title I of the Farm Security and Rural In-
16 vestment Act of 2002” each place it appears and inserting
17 “title I of the Farm Security and Rural Investment Act
18 of 2002, and title I of the Food and Energy Security Act
19 of 2007”.

20 **SEC. 1710. EXTENSION OF EXISTING ADMINISTRATIVE AU-
21 THORITY REGARDING LOANS.**

22 Section 166 of the Federal Agriculture Improvement
23 and Reform Act of 1996 (7 U.S.C. 7286) is amended in
24 subsections (a) and (c)(1) by striking “and subtitle B and
25 C of title I of the Farm Security and Rural Investment

1 *Act of 2002” each place it appears and inserting “title I*
 2 *of the Farm Security and Rural Investment Act of 2002,*
 3 *and title I of the Food and Energy Security Act of 2007”.*

4 **SEC. 1711. ASSIGNMENT OF PAYMENTS.**

5 (a) *IN GENERAL.*—*The provisions of section 8(g) of the*
 6 *Soil Conservation and Domestic Allotment Act (16 U.S.C.*
 7 *590h(g)), relating to assignment of payments, shall apply*
 8 *to payments made under the authority of subtitles A*
 9 *through E and this subtitle.*

10 (b) *NOTICE.*—*The producer making the assignment, or*
 11 *the assignee, shall provide the Secretary with notice, in such*
 12 *manner as the Secretary may require, of any assignment*
 13 *made under this section.*

14 **SEC. 1712. COTTON CLASSIFICATION SERVICES.**

15 *Section 3a of the Act of March 3, 1927 (7 U.S.C.*
 16 *473a), is amended to read as follows:*

17 **“SEC. 3a. COTTON CLASSIFICATION SERVICES.**

18 “(a) *IN GENERAL.*—*The Secretary of Agriculture (re-*
 19 *ferred to in this section as the ‘Secretary’) shall—*

20 “(1) *make cotton classification services available*
 21 *to producers of cotton; and*

22 “(2) *provide for the collection of classification*
 23 *fees from participating producers or agents that vol-*
 24 *untarily agree to collect and remit the fees on behalf*
 25 *of producers.*

1 “(b) *USE OF FEES.*—*Classification fees collected under*
 2 *subsection (a)(2) and the proceeds from the sales of samples*
 3 *submitted under this section shall, to the maximum extent*
 4 *practicable, be used to pay the cost of the services provided*
 5 *under this section, including administrative and super-*
 6 *visory costs.*

7 “(c) *CONSULTATION.*—

8 “(1) *IN GENERAL.*—*In establishing the amount*
 9 *of fees under this section, the Secretary shall consult*
 10 *with representatives of the United States cotton in-*
 11 *dustry.*

12 “(2) *EXEMPTION.*—*The Federal Advisory Com-*
 13 *mittee Act (5 U.S.C. App.) shall not apply to con-*
 14 *sultations with representatives of the United States*
 15 *cotton industry under this section.*

16 “(d) *CREDITING OF FEES.*—*Any fees collected under*
 17 *this section and under section 3d, late payment penalties,*
 18 *the proceeds from the sales of samples, and interest earned*
 19 *from the investment of such funds shall—*

20 “(1) *be credited to the current appropriation ac-*
 21 *count that incurs the cost of services provided under*
 22 *this section and section 3d; and*

23 “(2) *remain available without fiscal year limita-*
 24 *tion to pay the expenses of the Secretary in providing*
 25 *those services.*

1 “(e) *INVESTMENT OF FUNDS.*—*Funds described in sub-*
 2 *section (d) may be invested—*

3 “(1) *by the Secretary in insured or fully*
 4 *collateralized, interest-bearing accounts; or*

5 “(2) *at the discretion of the Secretary, by the*
 6 *Secretary of the Treasury in United States Govern-*
 7 *ment debt instruments.*

8 “(f) *LEASE AGREEMENTS.*—*Notwithstanding any*
 9 *other provision of law, the Secretary may enter into long-*
 10 *term lease agreements that exceed 5 years or may take title*
 11 *to property (including through purchase agreements) for the*
 12 *purpose of obtaining offices to be used for the classification*
 13 *of cotton in accordance with this Act, if the Secretary deter-*
 14 *mines that action would best effectuate the purposes of this*
 15 *Act.*

16 “(g) *AUTHORIZATION OF APPROPRIATIONS.*—*To the*
 17 *extent that financing is not available from fees and the pro-*
 18 *ceeds from the sales of samples, there are authorized to be*
 19 *appropriated such sums as are necessary to carry out this*
 20 *section.”.*

21 **SEC. 1713. DESIGNATION OF STATES FOR COTTON RE-**
 22 **SEARCH AND PROMOTION.**

23 *Section 17(f) of the Cotton Research and Promotion*
 24 *Act (7 U.S.C. 2116(f)) is amended—*

1 (1) by striking “(f) The term” and inserting the
2 following:

3 “(f) COTTON-PRODUCING STATE.—

4 “(1) IN GENERAL.—The term”;

5 (2) by striking “more, and the term” and all
6 that follows through the end of the subsection and in-
7 serting the following: “more.

8 “(2) INCLUSIONS.—The term ‘cotton-producing
9 State’ includes—

10 “(A) any combination of States described in
11 paragraph (1); and

12 “(B) effective beginning with the 2008 crop
13 of cotton, the States of Kansas, Virginia, and
14 Florida.”.

15 **SEC. 1714. GOVERNMENT PUBLICATION OF COTTON PRICE**
16 **FORECASTS.**

17 Section 15 of the Agricultural Marketing Act (12
18 U.S.C. 1141j) is amended—

19 (1) by striking subsection (d); and

20 (2) by redesignating subsections (e) through (g)
21 as subsections (d) through (f), respectively.

22 **SEC. 1715. STATE, COUNTY, AND AREA COMMITTEES.**

23 Section 8(b)(5)(B)(ii) of the Soil Conservation and
24 Domestic Allotment Act (16 U.S.C. 590h(b)(5)(B)(ii)) is
25 amended—

1 (1) by redesignating subclauses (I) and (II) as
2 items (aa) and (bb), respectively, and indenting ap-
3 propriately;

4 (2) in the matter preceding item (aa) (as redes-
5 ignated by paragraph (1)), by striking “A committee
6 established” and inserting the following:

7 “(I) IN GENERAL.—Except as pro-
8 vided in subclause (II), a committee es-
9 tablished”; and

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

11 “(II) COMBINATION OR CONSOLI-
12 DATION OF AREAS.—A committee es-
13 tablished by combining or consoli-
14 dating 2 or more county or area com-
15 mittees shall consist of not fewer than
16 3 nor more than 11 members that—

17 “(aa) are fairly representa-
18 tive of the agricultural producers
19 within the area covered by the
20 county, area, or local committee;
21 and

22 “(bb) are elected by the agri-
23 cultural producers that partici-
24 pate or cooperate in programs ad-
25 ministered within the area under

the jurisdiction of the county,
area, or local committee.

“(III) *REPRESENTATION OF SOCIALLY DISADVANTAGED FARMERS AND RANCHERS.*—The Secretary shall ensure, to the extent practicable, that representation of socially disadvantaged farmers and ranchers is maintained on combined or consolidated committees.

“(IV) *ELIGIBILITY FOR MEMBERSHIP.*—Notwithstanding any other producer eligibility requirements for service on county or area committees, if a county or area is consolidated or combined, a producer shall be eligible to serve only as a member of the county or area committee that the producer elects to administer the farm records of the producer.”.

SEC. 1716. PROHIBITION ON CHARGING CERTAIN FEES.

Public Law 108–470 (7 U.S.C. 7416a) is amended—

(1) in subsection (a), by striking “may” and inserting “shall”; and

(2) by adding at the end the following:

1 “(c) *PROHIBITION ON CHARGING CERTAIN FEES.*—
 2 *The Secretary may not charge any fees or related costs for*
 3 *the collection of commodity assessments pursuant to this*
 4 *Act.*”.

5 **SEC. 1717. SIGNATURE AUTHORITY.**

6 *In carrying out this title and title II and amendments*
 7 *made by those titles, if the Secretary approves a document*
 8 *containing signatures of program applicants, the Secretary*
 9 *shall not subsequently determine the document is inad-*
 10 *equated or invalid because of the lack of authority of any*
 11 *applicant signing the document on behalf of the applicant*
 12 *or any other individual, entity, general partnership, or*
 13 *joint venture, or the documents relied upon were determined*
 14 *inadequate or invalid, unless the applicant knowingly and*
 15 *willfully falsified the evidence of signature authority or a*
 16 *signature.*

17 **SEC. 1718. MODERNIZATION OF FARM SERVICE AGENCY.**

18 *The Secretary shall modernize the Farm Service Agen-*
 19 *cy information technology and communication systems to*
 20 *ensure timely and efficient program delivery at national,*
 21 *State, and County offices.*

22 **SEC. 1719. GEOSPATIAL SYSTEMS.**

23 (a) *IN GENERAL.*—*The Secretary shall ensure that all*
 24 *agencies of the Department of Agriculture consolidate the*
 25 *geospatial systems of the agencies into a single enterprise*

1 *system that ensures that geospatial data is shareable, port-*
 2 *able, and standardized.*

3 (b) *REQUIREMENTS.—In carrying out subsection (a),*
 4 *the Secretary shall—*

5 (1) *identify common datasets;*

6 (2) *give responsibility for managing each identi-*
 7 *fied dataset to the agency best suited for collecting*
 8 *and maintaining that data, as determined by the Sec-*
 9 *retary; and*

10 (3) *make every effort to minimize the duplica-*
 11 *tion of efforts.*

12 (c) *AVAILABILITY OF DATA.—The Secretary shall en-*
 13 *sure, to the maximum extent practicable, that data is read-*
 14 *ily available to all agencies beginning not later than 2 years*
 15 *after the date of enactment of this Act.*

16 **SEC. 1720. LEASING OFFICE SPACE.**

17 *The Secretary may use the funds, facilities, and au-*
 18 *thorities of the Commodity Credit Corporation to lease*
 19 *space for use by agencies of the Department of Agriculture*
 20 *in cases in which office space would be jointly occupied by*
 21 *the agencies.*

22 **SEC. 1721. REPEALS.**

23 (a) *COMMISSION ON APPLICATION OF PAYMENT LIM-*
 24 *TATIONS.—Section 1605 of the Farm Security and Rural*
 25 *Investment Act of 2002 (7 U.S.C. 7993) is repealed.*

1 (b) *RENEWED AVAILABILITY OF MARKET LOSS AS-*
 2 *SISTANCE AND CERTAIN EMERGENCY ASSISTANCE TO PER-*
 3 *SONS THAT FAILED TO RECEIVE ASSISTANCE UNDER EAR-*
 4 *LIER AUTHORITIES.*—Section 1617 of the Farm Security
 5 and Rural Investment Act of 2002 (7 U.S.C. 8000) is re-
 6 pealed.

7 ***Subtitle F—Specialty Crop***
 8 ***Programs***

9 ***SEC. 1801. DEFINITIONS.***

10 *In this subtitle:*

11 (1) *SPECIALTY CROP.*—The term “specialty
 12 crop” has the meaning given the term in section 3 of
 13 the Specialty Crops Competitiveness Act of 2004 (7
 14 U.S.C. 1621 note; Public Law 108–465).

15 (2) *STATE.*—The term “State” means each of the
 16 several States of the United States.

17 (3) *STATE DEPARTMENT OF AGRICULTURE.*—The
 18 term “State department of agriculture” means the
 19 agency, commission, or department of a State govern-
 20 ment responsible for protecting and promoting agri-
 21 culture in the State.

1 **PART I—MARKETING, INFORMATION, AND**
 2 **EDUCATION**

3 **SEC. 1811. FRUIT AND VEGETABLE MARKET NEWS ALLOCA-**
 4 **TION.**

5 (a) *IN GENERAL.*—*The Secretary, acting through the*
 6 *Administrator of the Agricultural Marketing Service, shall*
 7 *carry out market news activities to provide timely price*
 8 *information of United States fruits and vegetables in the*
 9 *United States.*

10 (b) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 11 *authorized to be appropriated to carry out this section*
 12 *\$9,000,000 for each of fiscal years 2008 through 2012, to*
 13 *remain available until expended.*

14 **SEC. 1812. FARMERS' MARKET PROMOTION PROGRAM.**

15 *Section 6 of the Farmer-to-Consumer Direct Marketing*
 16 *Act of 1976 (7 U.S.C. 3005) is amended—*

17 (1) *in subsection (a), by inserting “and to pro-*
 18 *mote direct producer-to-consumer marketing” before*
 19 *the period at the end;*

20 (2) *in subsection (b)(1)(B), by striking “infra-*
 21 *structure” and inserting “marketing opportunities”;*

22 (3) *in subsection (c)(1), by inserting “or a pro-*
 23 *ducer network or association” after “cooperative”;*
 24 *and*

25 (4) *by striking subsection (e) and inserting the*
 26 *following:*

1 “(e) *FUNDING.*—*Of the funds of the Commodity Credit*
 2 *Corporation, the Secretary shall use to carry out this*
 3 *section—*

4 “(1) \$5,000,000 for each of fiscal years 2008
 5 *through 2011; and*

6 “(2) \$10,000,000 for fiscal year 2012.”.

7 **SEC. 1813. FOOD SAFETY INITIATIVES.**

8 (a) *INITIATIVE AUTHORIZED.*—*The Secretary may*
 9 *carry out a food safety education program to educate the*
 10 *public and persons in the fresh produce industry about—*

11 (1) *scientifically proven practices for reducing*
 12 *microbial pathogens on fresh produce; and*

13 (2) *methods of reducing the threat of cross-con-*
 14 *tamination of fresh produce through unsanitary han-*
 15 *dling practices.*

16 (b) *COOPERATION.*—*The Secretary may carry out the*
 17 *education program in cooperation with public and private*
 18 *partners.*

19 (c) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 20 *authorized to be appropriated to the Secretary to carry out*
 21 *this section \$1,000,000.*

22 **SEC. 1814. CENSUS OF SPECIALTY CROPS.**

23 (a) *ESTABLISHMENT.*—*Not later than September 30,*
 24 *2008, and each 5 years thereafter, the Secretary shall con-*
 25 *duct a census of specialty crops to assist in the regularly*

1 *development and dissemination of information relative to*
 2 *specialty crops.*

3 (b) *RELATION TO OTHER CENSUS.—The Secretary*
 4 *may include the census of specialty crops in the census on*
 5 *agriculture.*

6 **PART II—ORGANIC PRODUCTION**

7 **SEC. 1821. ORGANIC DATA COLLECTION AND PRICE RE-**
 8 **PORTING.**

9 *Section 2104 of the Organic Foods Production Act of*
 10 *1990 (7 U.S.C. 6503) is amended by adding at the end the*
 11 *following:*

12 “(e) *DATA COLLECTION AND PRICE REPORTING.—Of*
 13 *the funds of the Commodity Credit Corporation, the Sec-*
 14 *retary shall use \$5,000,000 for the period of fiscal years*
 15 *2008 through 2012—*

16 “(1) *to collect data relating to organic agri-*
 17 *culture;*

18 “(2) *to identify and publish organic production*
 19 *and market data initiatives and surveys;*

20 “(3) *to expand, collect, and publish organic cen-*
 21 *sus data analyses;*

22 “(4) *to fund comprehensive reporting of prices*
 23 *relating to organically-produced agricultural prod-*
 24 *ucts;*

1 “(5) to conduct analysis relating to organic pro-
 2 duction, handling, distribution, retail, and trend
 3 studies;

4 “(6) to study and perform periodic updates on
 5 the effects of organic standards on consumer behavior;
 6 and

7 “(7) to conduct analyses for organic agriculture
 8 using the national crop table.”.

9 **SEC. 1822. EXEMPTION OF CERTIFIED ORGANIC PRODUCTS**
 10 **FROM ASSESSMENTS.**

11 Section 501(e) of the *Federal Agriculture Improvement*
 12 *and Reform Act of 1996* (7 U.S.C. 7401(e)) is amended by
 13 striking paragraph (1) and inserting the following:

14 “(1) *IN GENERAL.*—Notwithstanding any provi-
 15 sion of a commodity promotion law, a person that
 16 produces and markets organic products shall be ex-
 17 empt from the payment of an assessment under a
 18 commodity promotion law with respect to that por-
 19 tion of agricultural commodities that the person—

20 “(A) produces on a certified organic farm
 21 (as defined in section 2103 of the *Organic Foods*
 22 *Production Act of 1990* (7 U.S.C. 6502); and

23 “(B) produces or markets as organically
 24 produced (as so defined).”.

1 **SEC. 1823. NATIONAL ORGANIC CERTIFICATION COST**
 2 **SHARE PROGRAM.**

3 *Section 10606 of the Farm Security and Rural Invest-*
 4 *ment Act of 2002 (7 U.S.C. 6523) is amended to read as*
 5 *follows:*

6 **“SEC. 10606. NATIONAL ORGANIC CERTIFICATION COST-**
 7 **SHARE PROGRAM.**

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

9 *“(1) PROGRAM.—The term ‘program’ means the*
 10 *national certification cost-share program established*
 11 *under subsection (b).*

12 *“(2) SECRETARY.—The term ‘Secretary’ means*
 13 *the Secretary of Agriculture, acting through the Agri-*
 14 *cultural Marketing Service.*

15 *“(b) ESTABLISHMENT.—The Secretary shall use*
 16 *amounts made available under subsection (f) to establish*
 17 *a national organic certification cost-share program under*
 18 *which the Secretary shall make payments to States to assist*
 19 *producers and handlers of agricultural products in obtain-*
 20 *ing certification under the national organic production pro-*
 21 *gram established under the Organic Foods Production Act*
 22 *of 1990 (7 U.S.C. 6501 et seq.).*

23 *“(c) FEDERAL SHARE.—*

24 *“(1) IN GENERAL.—Subject to paragraph (2), the*
 25 *Secretary shall pay under this section not more than*
 26 *75 percent of the costs incurred by a producer or han-*

1 *der in obtaining certification under the national or-*
 2 *ganic production program, as certified to and ap-*
 3 *proved by the Secretary.*

4 “(2) *MAXIMUM AMOUNT.*—*The maximum*
 5 *amount of a payment made to a producer or handler*
 6 *under this section shall be \$750.*

7 “(d) *RECORDKEEPING REQUIREMENTS.*—

8 “(1) *IN GENERAL.*—*The Secretary shall—*

9 “(A) *keep accurate, up-to-date records of re-*
 10 *quests and disbursements from the program; and*

11 “(B) *require accurate and consistent record-*
 12 *keeping from each State and entity that receives*
 13 *program payments.*

14 “(2) *FEDERAL REQUIREMENTS.*—*Not later than*
 15 *30 days after the last day on which a State may re-*
 16 *quest funding under the program, the Secretary*
 17 *shall—*

18 “(A) *determine the number of States re-*
 19 *questing funding and the amount of each request;*
 20 *and*

21 “(B) *distribute the funding to the States.*

22 “(3) *STATE REQUIREMENTS.*—*An annual fund-*
 23 *ing request from a State shall include data from the*
 24 *program during the preceding year, including—*

25 “(A) *a description of—*

1 “(i) the entities that requested reim-
2 bursement;

3 “(ii) the amount of each reimburse-
4 ment request; and

5 “(iii) any discrepancies between the
6 amount requested and the amount provided;

7 “(B) data to support increases in requests
8 expected in the coming year, including informa-
9 tion from certifiers or other data showing growth
10 projections; and

11 “(C) an explanation of any case in which
12 an annual request is lower than the request of
13 the preceding year.

14 “(e) *REPORTING*.—Not later than March 1 of each
15 year, the Secretary shall submit to Congress a report that
16 describes the expenditures for each State under the program
17 during the previous fiscal year, including the number of
18 producers and handlers served by the program in the pre-
19 vious fiscal year.

20 “(f) *FUNDING*.—

21 “(1) *IN GENERAL*.—Not later than 30 days after
22 the date of enactment of the Food and Energy Secu-
23 rity Act of 2007, out of any funds in the Treasury
24 not otherwise appropriated, the Secretary of the
25 Treasury shall transfer to the Secretary of Agriculture

1 to carry out this section \$22,000,000, to remain
2 available until expended.

3 “(2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
4 *shall be entitled to receive, shall accept, and shall use*
5 *to carry out this section the funds transferred under*
6 *paragraph (1), without further appropriation.”.*

7 **SEC. 1824. NATIONAL ORGANIC PROGRAM.**

8 *Section 2123 of the Organic Foods Production Act of*
9 *1990 (7 U.S.C. 6522) is amended—*

10 *(1) by striking “There are” and inserting the fol-*
11 *lowing:*

12 *“(a) IN GENERAL.—There are”; and*

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

14 *“(b) NATIONAL ORGANIC PROGRAM.—Notwithstanding*
15 *any other provision of law, in order to carry out the activi-*
16 *ties of the Agricultural Marketing Service under the na-*
17 *tional organic program established under this title, there*
18 *are authorized to be appropriated—*

19 *“(1) \$5,000,000 for fiscal year 2008;*

20 *“(2) \$6,500,000 for fiscal year 2009;*

21 *“(3) \$8,000,000 for fiscal year 2010;*

22 *“(4) \$9,500,000 for fiscal year 2011; and*

23 *“(5) \$11,000,000 for fiscal year 2012.”.*

1 **PART III—INTERNATIONAL TRADE**

2 **SEC. 1831. FOREIGN MARKET ACCESS STUDY AND STRAT-**
 3 **EGY PLAN.**

4 (a) *DEFINITION OF URUGUAY ROUND AGREEMENTS.—*
 5 *In this section, the term “Uruguay Round Agreements” in-*
 6 *cludes any agreement described in section 101(d) of the*
 7 *Uruguay Round Agreements Act (19 U.S.C. 3511(d)).*

8 (b) *STUDY.—The Comptroller General of the United*
 9 *States shall study—*

10 (1) *the extent to which United States specialty*
 11 *crops have or have not benefitted from any reductions*
 12 *of foreign trade barriers, as provided for in the Uru-*
 13 *guay Round Agreements; and*

14 (2) *the reasons why United States specialty*
 15 *crops have or have not benefitted from such trade-bar-*
 16 *rier reductions.*

17 (c) *STRATEGY PLAN.—The Secretary shall prepare a*
 18 *foreign market access strategy plan based on the study in*
 19 *subsection (b), to increase exports of specialty crops, includ-*
 20 *ing an assessment of the foreign trade barriers that are in-*
 21 *compatible with the Uruguay Round Agreements and a*
 22 *strategy for removing those barriers.*

23 (d) *REPORT.—Not later than 18 months after the date*
 24 *of enactment of this Act—*

1 (1) *the Comptroller General shall submit to Con-*
 2 *gress a report that contains the results of the study;*
 3 *and*

4 (2) *the Secretary shall submit to Congress the*
 5 *strategy plan.*

6 **SEC. 1832. TECHNICAL ASSISTANCE FOR SPECIALTY CROPS.**

7 *Section 3205 of the Farm Security and Rural Invest-*
 8 *ment Act of 2002 (7 U.S.C. 5680) is amended by striking*
 9 *subsection (d) and inserting the following:*

10 “(d) *PETITION.*—*A participant in the program may*
 11 *petition the Secretary for an extension of a project carried*
 12 *out under this section that exceeds, or will exceed, applicable*
 13 *time restrictions.*

14 “(e) *FUNDING.*—

15 “(1) *IN GENERAL.*—*The Secretary shall make*
 16 *available to carry out the program under this*
 17 *section—*

18 “(A) *\$6,800,000 of funds of, or an equal*
 19 *value of commodities owned by, the Commodity*
 20 *Credit Corporation for each of fiscal years 2008*
 21 *through 2011; and*

22 “(B) *\$2,000,000 of funds of, or an equal*
 23 *value of commodities owned by, the Commodity*
 24 *Credit Corporation for fiscal year 2012 and each*
 25 *subsequent fiscal year.*

1 “(2) *CARRYOVER OF UNOBLIGATED FUNDS.*—*In*
 2 *a case in which the total amount of funds or commod-*
 3 *ities made available under paragraph (1) for a fiscal*
 4 *year is not obligated in that fiscal year, the Secretary*
 5 *shall make available in the subsequent fiscal year an*
 6 *amount equal to—*

7 “(A) *the amount made available for the fis-*
 8 *cal year under paragraph (1); plus*

9 “(B) *the amount not obligated in the pre-*
 10 *vious fiscal year.”*

11 **SEC. 1833. CONSULTATIONS ON SANITARY AND**
 12 **PHYTOSANITARY RESTRICTIONS FOR FRUITS**
 13 **AND VEGETABLES.**

14 *To the maximum extent practicable, the Secretary and*
 15 *the United States Trade Representative shall consult with*
 16 *interested persons, and conduct annual briefings, on sani-*
 17 *tary and phytosanitary trade issues, including—*

18 (1) *the development of a strategic risk manage-*
 19 *ment framework; and*

20 (2) *as appropriate, implementation of peer re-*
 21 *view for risk analysis.*

22 **PART IV—SPECIALTY CROPS COMPETITIVENESS**

23 **SEC. 1841. SPECIALTY CROP BLOCK GRANTS.**

24 (a) *EXTENSION OF PROGRAM.*—*Section 101(a) of the*
 25 *Specialty Crops Competitiveness Act of 2004 (7 U.S.C.*

1 1621 note; Public Law 108–465) is amended by striking
2 “2009” and inserting “2012”.

3 (b) *ELIGIBILITY*.—Section 101 of the Specialty Crops
4 Competitiveness Act of 2004 (7 U.S.C. 1621 note; Public
5 Law 108–465) is amended by striking subsection (e) and
6 inserting the following:

7 “(e) *PLAN REQUIREMENTS*.—

8 “(1) *IN GENERAL*.—The State plan shall identify
9 the lead agency charged with the responsibility for
10 carrying out the plan and indicate how the grant
11 funds will be used to enhance the competitiveness of
12 specialty crops.

13 “(2) *REPRESENTATION OF CERTAIN INDIVID-*
14 *UALS*.—To the maximum extent practicable and ap-
15 propriate, the State plan shall be developed taking
16 into consideration the opinions and expertise of be-
17 ginning farmers or ranchers (as defined in section
18 343(a) of the Consolidated Farm and Rural Develop-
19 ment Act (7 U.S.C. 1991(a)) and socially disadvan-
20 taged farmers or ranchers (as defined in section
21 355(e) of the Consolidated Farm and Rural Develop-
22 ment Act (7 U.S.C. 2003(e))) who produce specialty
23 crops.”.

24 (c) *AUDIT AND PLAN REQUIREMENTS*.—Section 101 of
25 the Specialty Crops Competitiveness Act of 2004 (7 U.S.C.

1 1621 note; Public Law 108–465) is amended by striking
 2 subsection (h) and inserting the following:

3 “(h) *AUDIT AND PLAN REQUIREMENTS.*—

4 “(1) *IN GENERAL.*—For each year that a State
 5 receives a grant under this section, the State shall
 6 conduct an audit of the expenditures of grant funds
 7 by the State.

8 “(2) *SUBMISSION OF AUDIT AND DESCRIPTION.*—
 9 Not later than 30 days after the date of completion
 10 of an audit under paragraph (1), the State shall sub-
 11 mit to the Secretary of Agriculture—

12 “(A) a copy of the audit;

13 “(B) a description of the ways in which the
 14 State is complying with the requirement under
 15 subsection (e); and

16 “(C) such additional information as the
 17 Secretary may request to ensure, to the max-
 18 imum extent practicable, that the State is com-
 19 plying with that requirement.”.

20 (d) *AVAILABILITY OF FUNDS.*—Section 101 of the Spe-
 21 cialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621
 22 note; Public Law 108–465) is amended by striking sub-
 23 section (i) and inserting the following:

1 “(i) *FUNDING.—Of the funds of the Commodity Credit*
 2 *Corporation, the Secretary of Agriculture shall make grants*
 3 *under this section, using—*

4 “(1) \$60,000,000 for fiscal year 2008;

5 “(2) \$65,000,000 for fiscal year 2009;

6 “(3) \$70,000,000 for fiscal year 2010;

7 “(4) \$75,000,000 for fiscal year 2011; and

8 “(5) \$0 for fiscal year 2012.”.

9 (e) *CONFORMING AMENDMENTS.—Section 101 of the*
 10 *Specialty Crops Competitiveness Act of 2004 (7 U.S.C.*
 11 *1621 note; Public Law 108–465) is amended—*

12 (1) *in subsection (a), by striking “Subject to the*
 13 *appropriation of funds to carry out this section” and*
 14 *inserting “Using the funds made available under sub-*
 15 *section (i)”;*

16 (2) *in subsection (b), by striking “appropriated*
 17 *pursuant to the authorization of appropriations in”*
 18 *and inserting “made available under”;*

19 (3) *by striking subsection (c) and inserting the*
 20 *following:*

21 “(c) *MINIMUM GRANT AMOUNT.—Notwithstanding*
 22 *subsection (b), each State shall receive a grant under this*
 23 *section for each fiscal year in an amount that is at least*
 24 *½ of 1 percent of the total amount of funding made avail-*
 25 *able to carry out this section for the fiscal year.”;*

1 (4) by redesignating subsection (i) as subsection
2 (j); and

3 (5) by inserting after subsection (h) the fol-
4 lowing:

5 “(i) *REALLOCATION*.—The Secretary may reallocate to
6 other States any amounts made available under this section
7 that are not obligated or expended by a date determined
8 by the Secretary.”.

9 (f) *DEFINITION OF SPECIALTY CROP*.—Section 3 of the
10 Specialty Crops Competitiveness Act of 2004 (7 U.S.C.
11 1621 note; Public Law 108–465) is amended by striking
12 paragraph (1) and inserting the following:

13 “(1) *SPECIALTY CROP*.—The term ‘specialty
14 crop’ means fruits, vegetables, tree nuts, dried fruits,
15 nursery crops, floriculture, and horticulture, includ-
16 ing turfgrass sod and herbal crops.”.

17 (g) *DEFINITION OF STATE*.—Section 3(2) of the Spe-
18 cialty Crops Competitiveness Act of 2004 (7 U.S.C. 1621
19 note; Public Law 108–465) is amended by striking “and
20 the Commonwealth of Puerto Rico” and inserting “the
21 Commonwealth of Puerto Rico, Guam, American Samoa,
22 the United States Virgin Islands, and the Commonwealth
23 of the Northern Mariana Islands”.

1 **SEC. 1842. GRANT PROGRAM TO IMPROVE MOVEMENT OF**
 2 **SPECIALTY CROPS.**

3 *Title II of the Specialty Crops Competitiveness Act of*
 4 *2004 (Public Law 108–465; 118 Stat. 3884) is amended*
 5 *by adding at the end the following:*

6 **“SEC. 204. GRANT PROGRAM TO IMPROVE MOVEMENT OF**
 7 **SPECIALTY CROPS.**

8 *“(a) IN GENERAL.—The Secretary of Agriculture may*
 9 *make grants under this section to an eligible entity de-*
 10 *scribed in subsection (b)—*

11 *“(1) to improve the cost-effective movement of*
 12 *specialty crops to local, regional, national, and inter-*
 13 *national markets; and*

14 *“(2) to address regional intermodal transpor-*
 15 *tation deficiencies that adversely affect the movement*
 16 *of specialty crops to markets inside or outside the*
 17 *United States.*

18 *“(b) ELIGIBLE ENTITIES.—Grants may be made*
 19 *under this section to—*

20 *“(1) a State or local government;*

21 *“(2) a grower cooperative;*

22 *“(3) a State or regional producer or shipper or-*
 23 *ganization;*

24 *“(4) a nonprofit trucking association and their*
 25 *research entities;*

1 “(5) a combination of the entities described in
2 paragraphs (1) through (4); or

3 “(6) other entities, as determined by the Sec-
4 retary.

5 “(c) *MATCHING FUNDS.*—As a condition of the receipt
6 of a grant under this section, the recipient of a grant under
7 this section shall contribute an amount of non-Federal
8 funds toward the project for which the grant is provided
9 that is at least equal to the amount of grant funds received
10 by the recipient under this section.

11 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—There
12 are authorized to be appropriated such sums as are nec-
13 essary to carry out this section for each of fiscal years 2008
14 through 2012.”.

15 **SEC. 1843. HEALTHY FOOD ENTERPRISE DEVELOPMENT**
16 **CENTER.**

17 *Title II of the Specialty Crops Competitiveness Act of*
18 *2004 (Public Law 108–465; 118 Stat. 3884) (as amended*
19 *by section 1842) is amended by adding at the end the fol-*
20 *lowing:*

21 **“SEC. 205. HEALTHY FOOD ENTERPRISE DEVELOPMENT**
22 **CENTER.**

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

1 “(1) *CENTER*.—The term ‘Center’ means the
2 healthy food enterprise development center established
3 under subsection (b).

4 “(2) *ELIGIBLE ENTITY*.—The term ‘eligible enti-
5 ty’ means—

6 “(A) a nonprofit organization;

7 “(B) a cooperative;

8 “(C) a business;

9 “(D) an agricultural producer;

10 “(E) an academic institution;

11 “(F) an individual; and

12 “(G) such other entities as the Secretary
13 may designate.

14 “(3) *SECRETARY*.—The term ‘Secretary’ means
15 the Secretary of Agriculture.

16 “(4) *UNDERSERVED COMMUNITY*.—The term ‘un-
17 derserved community’ means a community (including
18 an urban or rural community and an Indian tribal
19 community) that, as determined by the Secretary,
20 has—

21 “(A) limited access to affordable, healthy
22 foods, including fresh fruits and vegetables;

23 “(B) a high incidence of a diet-related dis-
24 ease (including obesity) as compared to the na-
25 tional average;

1 “(C) a high rate of hunger or food insecu-
2 rity; or

3 “(D) severe or persistent poverty.

4 “(b) CENTER.—The Secretary, acting through the Ag-
5 ricultural Marketing Service, shall offer to enter into a con-
6 tract with a nonprofit organization to establish and support
7 a healthy food enterprise development center to increase ac-
8 cess to healthy, affordable foods, such as fresh fruit and vege-
9 tables, particularly for school-aged children and individuals
10 in low-income communities.

11 “(c) ACTIVITIES.—

12 “(1) PURPOSE.—The purpose of the Center is to
13 increase access to healthy affordable foods, including
14 locally produced agricultural products, to underserved
15 communities.

16 “(2) TECHNICAL ASSISTANCE AND INFORMA-
17 TION.—The Center shall collect, develop, and provide
18 technical assistance and information to small and
19 mid-sized agricultural producers, food wholesalers and
20 retailers, schools, and other individuals and entities
21 regarding best practices and the availability of assist-
22 ance for aggregating, storing, processing, and mar-
23 keting locally produced agricultural products and in-
24 creasing the availability of the products in under-
25 served communities.

1 “(d) *AUTHORITY TO SUBGRANT.*—*The Center may*
 2 *provide subgrants to eligible entities to carry out feasibility*
 3 *studies to establish businesses to carry out the purposes of*
 4 *this section.*

5 “(e) *PRIORITY.*—*In providing technical assistance and*
 6 *grants under subsections (c)(2) and (d), the Center shall*
 7 *give priority to applications that have components that*
 8 *will—*

9 “(1) *benefit underserved communities; and*

10 “(2) *develop market opportunities for small and*
 11 *mid-sized farm and ranch operations.*

12 “(f) *REPORT.*—*For each fiscal year for which the non-*
 13 *profit organization described in subsection (b) receives*
 14 *funds, the organization shall submit to the Secretary a re-*
 15 *port describing the activities carried out in the previous fis-*
 16 *cal year, including—*

17 “(1) *a description of technical assistance pro-*
 18 *vided;*

19 “(2) *the total number and a description of the*
 20 *subgrants provided under subsection (d);*

21 “(3) *a complete listing of cases in which the ac-*
 22 *tivities of the Center have resulted in increased access*
 23 *to healthy, affordable foods, such as fresh fruit and*
 24 *vegetables, particularly for school-aged children and*
 25 *individuals in low-income communities; and*

1 “(4) a determination of whether the activities
2 identified in paragraph (3) are sustained in the years
3 following the initial provision of technical assistance
4 and subgrants under this section.

5 “(g) *COMPETITIVE AWARD PROCESS.*—The Secretary
6 shall use a competitive process to award funds to establish
7 the Center.

8 “(h) *FUNDING.*—Out of any funds in the Treasury not
9 otherwise appropriated, the Secretary of the Treasury shall
10 transfer to the Secretary to carry out this section—

11 “(1) \$1,000,000 for fiscal year 2009; and

12 “(2) \$2,000,000 for each of fiscal years 2010
13 through 2012.”.

14 **PART V—MISCELLANEOUS**

15 **SEC. 1851. CLEAN PLANT NETWORK.**

16 (a) *IN GENERAL.*—The Secretary shall establish a pro-
17 gram to be known as the “National Clean Plant Network”
18 (referred to in this section as the “Program”).

19 (b) *REQUIREMENTS.*—Under the Program, the Sec-
20 retary shall establish a network of clean plant centers for
21 diagnostic and pathogen elimination services to—

22 (1) produce clean propagative plant material;

23 and

24 (2) maintain blocks of pathogen-tested plant ma-
25 terial in sites located throughout the United States.

1 (c) *AVAILABILITY OF CLEAN PLANT SOURCE MATE-*
 2 *RIAL.*—*Clean plant source material may be made available*
 3 *to—*

4 (1) *a State for a certified plant program of the*
 5 *State; and*

6 (2) *private nurseries and producers.*

7 (d) *CONSULTATION AND COLLABORATION.*—*In car-*
 8 *rying out the Program, the Secretary shall—*

9 (1) *consult with State departments of agriculture*
 10 *and land grant universities; and*

11 (2) *to the extent practicable and with input from*
 12 *the appropriate State officials and industry rep-*
 13 *resentatives, use existing Federal or State facilities to*
 14 *serve as clean plant centers.*

15 (e) *FUNDING.*—*Of the funds of the Commodity Credit*
 16 *Corporation, the Secretary shall use to carry out the Pro-*
 17 *gram \$4,000,000 for each of fiscal years 2008 through 2012.*

18 **SEC. 1852. MARKET LOSS ASSISTANCE FOR ASPARAGUS**
 19 **PRODUCERS.**

20 (a) *IN GENERAL.*—*As soon as practicable after the*
 21 *date of enactment of this Act, the Secretary shall make pay-*
 22 *ments to producers of the 2007 crop of asparagus for market*
 23 *loss resulting from imports during the 2004 through 2007*
 24 *crop years.*

1 (b) *PAYMENT RATE.*—*The payment rate for a payment*
 2 *under this section shall be based on the reduction in revenue*
 3 *received by asparagus producers associated with imports*
 4 *during the 2004 through 2007 crop years.*

5 (c) *PAYMENT QUANTITY.*—*The payment quantity for*
 6 *asparagus for which the producers on a farm are eligible*
 7 *for payments under this section shall be equal to the average*
 8 *quantity of the 2003 crop of asparagus produced by pro-*
 9 *ducers on the farm.*

10 (d) *FUNDING.*—

11 (1) *IN GENERAL.*—*Subject to paragraph (2), the*
 12 *Secretary shall make available \$15,000,000 of the*
 13 *funds of the Commodity Credit Corporation to carry*
 14 *out a program to provide market loss payments to*
 15 *producers of asparagus under this section.*

16 (2) *ALLOCATION.*—*Of the amount made avail-*
 17 *able under paragraph (1), the Secretary shall use—*

18 (A) *\$7,500,000 to make payments to pro-*
 19 *ducers of asparagus for the fresh market; and*

20 (B) *\$7,500,000 to make payments to pro-*
 21 *ducers of asparagus for the processed or frozen*
 22 *market.*

1 **SEC. 1853. MUSHROOM PROMOTION, RESEARCH, AND CON-**
 2 **SUMER INFORMATION.**

3 (a) *REGIONS AND MEMBERS.*—Section 1925(b)(2) of
 4 the Mushroom Promotion, Research, and Consumer Infor-
 5 mation Act of 1990 (7 U.S.C. 6104(b)(2)) is amended—

6 (1) in subparagraph (B), by striking “4 regions”
 7 and inserting “3 regions”;

8 (2) in subparagraph (D), by striking
 9 “35,000,000 pounds” and inserting “50,000,000
 10 pounds”; and

11 (3) by striking subparagraph (E), and inserting
 12 the following:

13 “(E) *ADDITIONAL MEMBERS.*—In addition
 14 to the members appointed pursuant to para-
 15 graph (1), and subject to the 9-member limita-
 16 tion on members on the Council provided in that
 17 paragraph, the Secretary shall appoint addi-
 18 tional members to the Council from a region that
 19 attains additional pounds of production of
 20 mushrooms as follows:

21 “(i) If the annual production of the re-
 22 gion is greater than 110,000,000 pounds,
 23 but not more than 180,000,000 pounds, the
 24 region shall be represented by 1 additional
 25 member.

1 “(ii) *If the annual production of the*
 2 *region is greater than 180,000,000 pounds,*
 3 *but not more than 260,000,000 pounds, the*
 4 *region shall be represented by 2 additional*
 5 *members.*

6 “(iii) *If the annual production of the*
 7 *region is greater than 260,000,000 pounds,*
 8 *the region shall be represented by 3 addi-*
 9 *tional members.”.*

10 (b) *POWERS AND DUTIES OF COUNCIL.*—Section
 11 1925(c) of the *Mushroom Promotion, Research, and Con-*
 12 *sumer Information Act of 1990 (7 U.S.C. 6104(c)) is*
 13 *amended—*

14 (1) *by redesignating paragraphs (6), (7), and (8)*
 15 *as paragraphs (7), (8), and (9), respectively; and*

16 (2) *by inserting after paragraph (5) the fol-*
 17 *lowing:*

18 “(6) *to develop food safety programs, including*
 19 *good agricultural practices and good handling prac-*
 20 *tices or related activities for mushrooms;”.*

21 **SEC. 1854. NATIONAL HONEY BOARD.**

22 Section 7(c) of the *Honey Research, Promotion, and*
 23 *Consumer Information Act (7 U.S.C. 4606(c)) is amended*
 24 *by adding at the end the following:*

25 “(12) *REFERENDUM REQUIREMENT.*—

1 “(A) *IN GENERAL.*—Notwithstanding any
2 other provision of law, subject to subparagraph
3 (B), the order providing for the establishment
4 and operation of the Honey Board in effect on
5 the date of enactment of this paragraph shall
6 continue in force, and the Secretary shall not
7 schedule or conduct any referendum on the con-
8 tinuation or termination of the order, until the
9 Secretary first conducts, at the earliest prac-
10 ticable date, concurrent referenda among all eli-
11 gible producers, importers, packers, and handlers
12 of honey for the purpose of ascertaining whether
13 eligible producers, importers, packers, and han-
14 dlers of honey approve of 1 or more orders to es-
15 tablish successor marketing boards for honey.

16 “(B) *REQUIREMENTS.*—In conducting con-
17 current referenda under subparagraph (A), the
18 Secretary shall ensure that—

19 “(i) a referendum of United States
20 honey producers for the establishment of a
21 marketing board solely for United States
22 honey producers is included in the process;
23 and

24 “(ii) the rights and interests of honey
25 producers, importers, packers, and handlers

1 of honey are protected in the transition to
2 any new marketing board.”.

3 **SEC. 1855. IDENTIFICATION OF HONEY.**

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

6 (1) by designating the first through sixth sen-
7 tences as paragraphs (1), (2)(A), (2)(B), (3), (4), and
8 (5), respectively; and

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

10 “(6) *IDENTIFICATION OF HONEY.*—The use of a
11 label or advertising material on, or in conjunction
12 with, packaged honey that bears any official certifi-
13 cate of quality, grade mark or statement, continuous
14 inspection mark or statement, sampling mark or
15 statement, or any combination of the certificates,
16 marks, or statements of the Department of Agriculture
17 shall be considered a deceptive practice that is prohib-
18 ited under this Act unless there appears legibly and
19 permanently in close proximity to the certificate,
20 mark, or statement, and in at least a comparable size,
21 the 1 or more names of the 1 or more countries of ori-
22 gin of the lot or container of honey, preceded by
23 ‘Product of’ or other words of similar meaning.”.

1 **SEC. 1856. EXPEDITED MARKETING ORDER FOR HASS AVO-**
 2 **CADOS FOR GRADES AND STANDARDS AND**
 3 **OTHER PURPOSES.**

4 (a) *IN GENERAL.*—The Secretary shall initiate proce-
 5 dures under the Agricultural Adjustment Act (7 U.S.C. 601
 6 et seq.), reenacted with amendments by the Agricultural
 7 Marketing Agreement Act of 1937, to determine whether it
 8 would be appropriate to establish a Federal marketing order
 9 for Hass avocados relating to grades and standards and for
 10 other purposes under that Act.

11 (b) *EXPEDITED PROCEDURES.*—

12 (1) *PROPOSAL FOR AN ORDER.*—An organization
 13 of domestic avocado producers in existence on the date
 14 of enactment of this Act may request the issuance of,
 15 and submit to the Secretary a proposal for, an order
 16 described in subsection (a).

17 (2) *PUBLICATION OF PROPOSAL.*—Not later than
 18 60 days after the date on which the Secretary receives
 19 a proposed order under paragraph (1), the Secretary
 20 shall initiate procedures described in subsection (a) to
 21 determine whether the proposed order should proceed.

22 (c) *EFFECTIVE DATE.*—Any order issued under this
 23 section shall become effective not later than 15 months after
 24 the date on which the Secretary initiates procedures under
 25 the Agricultural Adjustment Act (7 U.S.C. 601 et seq.), re-

1 *enacted with amendments by the Agricultural Marketing*
 2 *Agreement Act of 1937.*

3 ***Subtitle G—Risk Management***

4 ***SEC. 1901. DEFINITION OF ORGANIC CROP.***

5 *Section 502(b) of the Federal Crop Insurance Act (7*
 6 *U.S.C. 1502(b)) is amended—*

7 *(1) by redesignating paragraphs (7) and (8) as*
 8 *paragraphs (8) and (9), respectively; and*

9 *(2) by inserting after paragraph (6) the fol-*
 10 *lowing:*

11 *“(7) ORGANIC CROP.—The term ‘organic crop’*
 12 *means an agricultural commodity that is organically*
 13 *produced consistent with section 2103 of the Organic*
 14 *Foods Production Act of 1990 (7 U.S.C. 6502).”.*

15 ***SEC. 1902. GENERAL POWERS.***

16 *(a) IN GENERAL.—Section 506 of the Federal Crop In-*
 17 *surance Act (7 U.S.C. 1506) is amended—*

18 *(1) in the first sentence of subsection (d), by*
 19 *striking “The Corporation” and inserting “Subject to*
 20 *section 508(j)(2)(A), the Corporation”; and*

21 *(2) by striking subsection (n).*

22 ***(b) CONFORMING AMENDMENTS.—***

23 *(1) Section 506 of the Federal Crop Insurance*
 24 *Act (7 U.S.C. 1506) is amended by redesignating sub-*

1 sections (o), (p), and (q) as subsections (n), (o), and
2 (p), respectively.

3 (2) *Section 521 of the Federal Crop Insurance*
4 *Act (7 U.S.C. 1521) is amended by striking the last*
5 *sentence.*

6 **SEC. 1903. REDUCTION IN LOSS RATIO.**

7 (a) *PROJECTED LOSS RATIO.*—Subsection (n)(2) of
8 *section 506 of the Federal Crop Insurance Act (7 U.S.C.*
9 *1506) (as redesignated by section 1902(b)(1)) is amended—*

10 *(1) in the paragraph heading, by striking “AS*
11 *OF OCTOBER 1, 1998”;*

12 *(2) by striking “, on and after October 1, 1998,”;*
13 *and*

14 *(3) by striking “1.075” and inserting “1.0”.*

15 (b) *PREMIUMS REQUIRED.*—Section 508(d)(1) of the
16 *Federal Crop Insurance Act (7 U.S.C. 1508(d)(1)) is*
17 *amended by striking “not greater than” and all that follows*
18 *and inserting “not greater than—*

19 *“(A) 1.1 through September 30, 1998;*

20 *“(B) 1.075 for the period beginning October*
21 *1, 1998, and ending on the date of enactment of*
22 *the Food and Energy Security Act of 2007; and*

23 *“(C) 1.0 on and after the date of enactment*
24 *of that Act.”.*

1 **SEC. 1904. CONTROLLED BUSINESS INSURANCE.**

2 *Section 508(a) of the Federal Crop Insurance Act (7*
 3 *U.S.C. 1508(a) is amended by adding at the end the fol-*
 4 *lowing:*

5 “(9) COMMISSIONS.—

6 “(A) DEFINITION OF IMMEDIATE FAMILY.—

7 *In this paragraph, the term ‘immediate family’*
 8 *means a person’s father, mother, stepfather, step-*
 9 *mother, brother, sister, stepbrother, stepsister,*
 10 *son, daughter, stepson, stepdaughter, grand-*
 11 *parent, grandson, granddaughter, father-in-law,*
 12 *mother-in-law, brother-in-law, sister-in-law, son-*
 13 *in-law, daughter-in-law, the spouse of the fore-*
 14 *going, and the person’s spouse.*

15 “(B) PROHIBITION.—*No person may receive*
 16 *a commission or share of a commission for any*
 17 *policy or plan of insurance offered under this*
 18 *Act in which the person has a substantial bene-*
 19 *ficial interest or in which a member of the per-*
 20 *son’s immediate family has a substantial bene-*
 21 *ficial interest if, in a calendar year, the aggre-*
 22 *gate of the commissions exceeds 30 percent of the*
 23 *aggregate of all commissions received by the per-*
 24 *son for any policy or plan of insurance offered*
 25 *under this Act.*

1 “(C) *REPORTING.*—On the completion of the
2 *reinsurance year, any person that received a*
3 *commission or share of a commission for any*
4 *policy or plan of insurance offered under this*
5 *Act in the prior calendar year shall certify to*
6 *applicable approved insurance providers that the*
7 *person received the commissions in compliance*
8 *with this paragraph.*

9 “(D) *SANCTIONS.*—The requirements and
10 *sanctions prescribed in section 515(h) shall*
11 *apply to the prosecution of a violation of this*
12 *paragraph.*

13 “(E) *APPLICABILITY.*—

14 “(i) *IN GENERAL.*—Sanctions for vio-
15 *lations under this paragraph shall only*
16 *apply to the person directly responsible for*
17 *the certification required under subpara-*
18 *graph (C) or the failure to comply with the*
19 *requirements of this paragraph.*

20 “(ii) *PROHIBITION.*—No sanctions
21 *shall apply with respect to the policy or*
22 *plans of insurance upon which commissions*
23 *are received, including the reinsurance for*
24 *those policies or plans.”.*

1 **SEC. 1905. ADMINISTRATIVE FEE.**

2 *Section 508(b)(5) of the Federal Crop Insurance Act*
 3 *(7 U.S.C. 1508(b)(5)) is amended—*

4 *(1) in subparagraph (A), by striking “\$100” and*
 5 *inserting “\$200”; and*

6 *(2) in subparagraph (B)—*

7 *(A) by striking “PAYMENT ON BEHALF OF*
 8 *PRODUCERS” and inserting “PAYMENT OF CATA-*
 9 *STROPHIC RISK PROTECTION FEE ON BEHALF OF*
 10 *PRODUCERS”;*

11 *(B) in clause (i)—*

12 *(i) by striking “or other payment”;*
 13 *and*

14 *(ii) by striking “with catastrophic risk*
 15 *protection or additional coverage” and in-*
 16 *serting “through the payment of cata-*
 17 *strophic risk protection administrative*
 18 *fees”;*

19 *(C) by striking clauses (ii) and (vi);*

20 *(D) by redesignating clauses (iii), (iv), and*
 21 *(v) as clauses (ii), (iii), and (iv), respectively;*

22 *(E) in clause (iii) (as so redesignated), by*
 23 *striking “A policy or plan of insurance” and in-*
 24 *serting “Catastrophic risk protection coverage”;*
 25 *and*

26 *(F) in clause (iv) (as so redesignated)—*

- 1 (i) by striking “or other arrangement
2 under this subparagraph”; and
3 (ii) by striking “additional”.

4 **SEC. 1906. TIME FOR PAYMENT.**

5 Section 508 of the Federal Crop Insurance Act (7
6 U.S.C. 1508) is amended—

7 (1) in subsection (d), by adding at the end the
8 following:

9 “(4) *TIME FOR PAYMENT.*—Effective beginning
10 with the 2012 reinsurance year, a producer that ob-
11 tains a policy or plan of insurance under this title
12 shall submit the required premium not later than
13 September 30 of the year for which the plan or policy
14 of insurance was obtained.”; and

15 (2) in subsection (k)(4), by adding at the end the
16 following:

17 “(D) *TIME FOR REIMBURSEMENT.*—Effec-
18 tive beginning with the 2012 reinsurance year,
19 the Corporation shall reimburse approved insur-
20 ance providers and agents for the allowable ad-
21 ministrative and operating costs of the providers
22 and agents as soon as practicable after October
23 1 (but not later than October 31) of the reinsur-
24 ance year for which reimbursements are
25 earned.”.

1 **SEC. 1907. SURCHARGE PROHIBITION.**

2 *Section 508(d) of the Federal Crop Insurance Act (7*
 3 *U.S.C. 1508(d)) (as amended by section 1906(1)) is amend-*
 4 *ed by adding at the end the following:*

5 “(5) *SURCHARGE PROHIBITION.*—

6 “(A) *IN GENERAL.*—*Except as provided in*
 7 *subparagraph (B), the Corporation may not re-*
 8 *quire producers to pay a premium surcharge for*
 9 *using scientifically-sound sustainable and or-*
 10 *ganic farming practices and systems.*

11 “(B) *EXCEPTION.*—

12 “(i) *IN GENERAL.*—*A surcharge may*
 13 *be required for individual organic crops on*
 14 *the basis of significant, consistent, and sys-*
 15 *temic increased risk factors (including loss*
 16 *history) demonstrated by published crop-*
 17 *ping system research (as applied to crop*
 18 *types and regions) and other relevant*
 19 *sources of information.*

20 “(ii) *CONSULTATION.*—*The Corpora-*
 21 *tion shall evaluate the reliability of infor-*
 22 *mation described in clause (i) in consulta-*
 23 *tion with independent experts in the field.”.*

1 **SEC. 1908. PREMIUM REDUCTION PLAN.**

2 *Section 508(e) of Federal Crop Insurance Act (7*
 3 *U.S.C. 1508(e)) is amended by striking paragraph (3) and*
 4 *inserting the following:*

5 “(3) *DISCOUNT STUDY.*—

6 “(A) *IN GENERAL.*—*The Secretary shall*
 7 *commission an entity independent of the crop in-*
 8 *surance industry (with expertise that includes*
 9 *traditional crop insurance) to study the feasi-*
 10 *bility of permitting approved insurance pro-*
 11 *viders to provide discounts to producers pur-*
 12 *chasing crop insurance coverage without under-*
 13 *mining the viability of the Federal crop insur-*
 14 *ance program.*

15 “(B) *COMPONENTS.*—*The study should*
 16 *include—*

17 “(i) *an evaluation of the operation of*
 18 *a premium reduction plan that examines—*

19 “(I) *the clarity, efficiency, and ef-*
 20 *fectiveness of the statutory language*
 21 *and related regulations;*

22 “(II) *whether the regulations frus-*
 23 *trated the goal of offering producers*
 24 *upfront, predictable, and reliable pre-*
 25 *mium discount payments; and*

1 “(III) whether the regulations
2 provided for reasonable, cost-effective
3 oversight by the Corporation of pre-
4 mium discounts offered by approved
5 insurance providers, including—

6 “(aa) whether the savings
7 were generated from verifiable cost
8 efficiencies adequate to offset the
9 cost of discounts paid; and

10 “(bb) whether appropriate
11 control was exercised to prevent
12 approved insurance providers
13 from preferentially offering the
14 discount to producers of certain
15 agricultural commodities, in cer-
16 tain regions, or in specific size
17 categories;

18 “(ii) examination of the impact on
19 producers, the crop insurance industry, and
20 profitability from offering discounted crop
21 insurance to producers;

22 “(iii) examination of implications for
23 industry concentration from offering dis-
24 counted crop insurance to producers;

1 “(iv) an examination of the desir-
2 ability and feasibility of allowing other
3 forms of price competition in the Federal
4 crop insurance program;

5 “(v) a review of the history of commis-
6 sions paid by crop insurance providers; and

7 “(vi) recommendations on—

8 “(I) potential changes to this title
9 that would address the deficiencies in
10 past efforts to provide discounted crop
11 insurance to producers,

12 “(II) whether approved insurance
13 providers should be allowed to draw on
14 both administrative and operating re-
15 imbursement and underwriting gains
16 to provide discounted crop insurance to
17 producers; and

18 “(III) any other action that could
19 increase competition in the crop insur-
20 ance industry that will benefit pro-
21 ducers but not undermine the viability
22 of the Federal crop insurance program.

23 “(C) REQUEST FOR PROPOSALS.—In devel-
24 oping the request for proposals for the study, the
25 Secretary shall consult with parties in the crop

1 *insurance industry (including producers and ap-*
 2 *proved insurance providers and agents, includ-*
 3 *ing providers and agents with experience selling*
 4 *discount crop insurance products).*

5 *“(D) REVIEW OF STUDY.—The independent*
 6 *entity selected by Secretary under subparagraph*
 7 *(A) shall seek comments from interested stake-*
 8 *holders before finalizing the report of the entity.*

9 *“(E) REPORT.—Not later than 18 months*
 10 *after the date of enactment of the Food and En-*
 11 *ergy Security Act of 2007, the Secretary shall*
 12 *submit to the Committee on Agriculture of the*
 13 *House of Representatives and the Committee on*
 14 *Agriculture, Nutrition, and Forestry of the Sen-*
 15 *ate a report that describes the results and rec-*
 16 *ommendations of the study.”.*

17 **SEC. 1909. ENTERPRISE AND WHOLE FARM UNITS.**

18 *Section 508(e) of Federal Crop Insurance Act (7*
 19 *U.S.C. 1508(e)) is amended by adding at the end the fol-*
 20 *lowing:*

21 *“(6) ENTERPRISE AND WHOLE FARM UNITS.—*

22 *“(A) IN GENERAL.—The Corporation may*
 23 *carry out a pilot program under which the Cor-*
 24 *poration pays a portion of the premiums for*
 25 *plans or policies of insurance for which the in-*

1 *surable unit is defined on a whole farm or enter-*
 2 *prise unit basis that is higher than would other-*
 3 *wise be paid in accordance with paragraph (2)*
 4 *for policyholders that convert from a plan or pol-*
 5 *icy of insurance for which the insurable unit is*
 6 *defined on optional or basic unit basis.*

7 *“(B) ELIGIBILITY.—To be eligible to par-*
 8 *ticipate in a pilot program established under*
 9 *this paragraph, a policyholder shall—*

10 *“(i) have purchased additional cov-*
 11 *erage for the 2005 crop on an optional or*
 12 *basic unit basis for at least 90 percent of*
 13 *the acreage to be covered by enterprise or*
 14 *whole farm unit policy for the current crop;*
 15 *and*

16 *“(ii) purchase the enterprise or whole*
 17 *farm unit policy at not less than the highest*
 18 *coverage level that was purchased for the*
 19 *acreage for the 2005 crop.*

20 *“(C) AMOUNT.—*

21 *“(i) IN GENERAL.—The amount of the*
 22 *premium per acre paid by the Corporation*
 23 *to a policyholder for a policy with an enter-*
 24 *prise and whole farm unit under this para-*
 25 *graph shall be, the maximum extent prac-*

1 *ticable, equal to the average dollar amount*
 2 *of subsidy per acre paid by the Corporation*
 3 *under paragraph (2) for a basic or optional*
 4 *unit.*

5 *“(ii) LIMITATION.—The amount of the*
 6 *premium paid by the Corporation under*
 7 *this paragraph may not exceed the total*
 8 *premium for the enterprise or whole farm*
 9 *unit policy.*

10 *“(D) CONVERSION OF PILOT TO A PERMA-*
 11 *NENT PROGRAM.—Not earlier than 180 days*
 12 *after the date of enactment of this paragraph, the*
 13 *Corporation may convert the pilot program de-*
 14 *scribed in this paragraph to a permanent pro-*
 15 *gram if the Corporation has—*

16 *“(i) carried out the pilot program;*

17 *“(ii) analyzed the results of the pilot*
 18 *program; and*

19 *“(iii) submitted to Congress a report*
 20 *describing the results of the analysis.”.*

21 **SEC. 1910. DENIAL OF CLAIMS.**

22 *Section 508(j)(2)(A) of the Federal Crop Insurance Act*
 23 *(7 U.S.C. 1508(j)(2)(A)) is amended by inserting “on behalf*
 24 *of the Corporation” after “approved provider”.*

1 **SEC. 1911. MEASUREMENT OF FARM-STORED COMMODITIES.**

2 *Section 508(j) of the Federal Crop Insurance Act (7*
 3 *U.S.C. 1508(j)) is amended by adding at the end the fol-*
 4 *lowing:*

5 “(5) *MEASUREMENT OF FARM-STORED COMMOD-*
 6 *ITIES.—Beginning with the 2009 crop year, for the*
 7 *purpose of determining the amount of any insured*
 8 *production loss sustained by a producer and the*
 9 *amount of any indemnity to be paid under a plan of*
 10 *insurance—*

11 “(A) *a producer may elect, at the expense of*
 12 *the producer, to have the Farm Service Agency*
 13 *measure the quantity of the commodity; and*

14 “(B) *the results of the measurement shall be*
 15 *used as the evidence of the quantity of the com-*
 16 *modity that was produced.”.*

17 **SEC. 1912. REIMBURSEMENT RATE.**

18 *Section 508(k)(4) of the Federal Crop Insurance Act*
 19 *(7 U.S.C. 1508(k)(4)) (as amended by section 1906(2)) is*
 20 *amended—*

21 *(1) in subparagraph (A), by striking “Except as*
 22 *provided in subparagraph (B)” and inserting “Ex-*
 23 *cept as otherwise provided in this paragraph”; and*

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

25 “(E) *REIMBURSEMENT RATE REDUCTION.—*

26 *For each of the 2009 and subsequent reinsurance*

years, the reimbursement rates for administrative and operating costs shall be 2 percentage points below the rates in effect as of the date of enactment of the Food and Energy Security Act of 2007 for all crop insurance policies used to define loss ratio, except that the reduction shall not apply in a reinsurance year to the total premium written in a State in which the State loss ratio is greater than 1.2.

“(F) *REIMBURSEMENT RATE FOR AREA POLICIES AND PLANS OF INSURANCE.*—Notwithstanding subparagraphs (A) through (E), for each of the 2009 and subsequent reinsurance years, the reimbursement rate for area policies and plans of insurance shall be 17 percent of the premium used to define loss ratio for that reinsurance year.”.

SEC. 1913. RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.

Section 508(k) of the Federal Crop Insurance Act (7 U.S.C. 1508(k)) is amended by adding at the end the following:

“(8) *RENEGOTIATION OF STANDARD REINSURANCE AGREEMENT.*—

“(A) *IN GENERAL.*—Notwithstanding section 536 of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 1506 note; Public Law 105–185) and section 148 of the Agricultural Risk Protection Act of 2000 (7 U.S.C. 1506 note; Public Law 106–224), the Corporation may renegotiate the financial terms and conditions of each Standard Reinsurance Agreement—

“(i) following the reinsurance year ending June 30, 2012;

“(ii) once during each period of 5 reinsurance years thereafter; and

“(iii) subject to subparagraph (B), in any case in which the approved insurance providers, as a whole, experience unexpected adverse circumstances, as determined by the Secretary.

“(B) *NOTIFICATION REQUIREMENT.*—If the Corporation renegotiates a Standard Reinsurance Agreement under subparagraph (A)(iii), the Corporation shall notify the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate of the renegotiation.

1 “(C) *CONSULTATION.*—*The approved insur-*
 2 *ance providers may confer with each other and*
 3 *collectively with the Corporation during any re-*
 4 *negotiation under subparagraph (A).”.*

5 **SEC. 1914. CHANGE IN DUE DATE FOR CORPORATION PAY-**
 6 **MENTS FOR UNDERWRITING GAINS.**

7 *Section 508(k) of the Federal Crop Insurance Act (7*
 8 *U.S.C. 1508(k)) (as amended by section 1912) is amended*
 9 *by adding at the end the following:*

10 “(9) *DUE DATE FOR PAYMENT OF UNDER-*
 11 *WRITING GAINS.*—*Effective beginning with the 2011*
 12 *reinsurance year, the Corporation shall make pay-*
 13 *ments for underwriting gains under this title on—*

14 “(A) *for the 2011 reinsurance year, October*
 15 *1, 2012; and*

16 “(B) *for each reinsurance year thereafter,*
 17 *October 1 of the following calendar year.”.*

18 **SEC. 1915. ACCESS TO DATA MINING INFORMATION.**

19 (a) *IN GENERAL.*—*Section 515(j)(2) of the Federal*
 20 *Crop Insurance Act (7 U.S.C. 1515(j)(2)) is amended—*

21 (1) *by striking “The Secretary” and inserting*
 22 *the following:*

23 “(A) *IN GENERAL.*—*The Secretary”;* and

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

1 “(B) *ACCESS TO DATA MINING INFORMA-*
2 *TION.*—

3 “(i) *IN GENERAL.*—*The Secretary shall*
4 *establish a fee-for-access program under*
5 *which approved insurance providers pay to*
6 *the Secretary a user fee in exchange for ac-*
7 *cess to the data mining system established*
8 *under subparagraph (A) for the purpose of*
9 *assisting in fraud and abuse detection.*

10 “(ii) *PROHIBITION.*—

11 “(I) *IN GENERAL.*—*Except as pro-*
12 *vided in subclause (II), the Corpora-*
13 *tion shall not impose a requirement on*
14 *approved insurance providers to access*
15 *the data mining system established*
16 *under subparagraph (A).*

17 “(II) *ACCESS WITHOUT FEE.*—*If*
18 *the Corporation requires approved in-*
19 *surance providers to access the data*
20 *mining system established under sub-*
21 *paragraph (A), including for quality*
22 *assurance purposes under the Standard*
23 *Reinsurance Agreement access will be*
24 *provided without charge to the extent*
25 *necessary to fulfill the requirements.*

1 “(iii) *ACCESS LIMITATION.*—*In estab-*
 2 *lishing the program under clause (i), the*
 3 *Secretary shall ensure that an approved in-*
 4 *surance provider has access only to infor-*
 5 *mation relating to the policies or plans of*
 6 *insurance for which the approved insurance*
 7 *provider provides insurance coverage, in-*
 8 *cluding any information relating to—*

9 “(I) *information of agents and*
 10 *adjusters relating to policies for which*
 11 *the approved insurance provider pro-*
 12 *vides coverage;*

13 “(II) *the other policies or plans of*
 14 *an insured that are insured through*
 15 *another approved insurance providers;*
 16 *and*

17 “(III) *the policies or plans of an*
 18 *insured for prior crop insurance*
 19 *years.”.*

20 (b) *INSURANCE FUND.*—*Section 516 of the Federal*
 21 *Crop Insurance Act (7 U.S.C. 1516) is amended—*

22 (1) *in subsection (b), by adding at the end the*
 23 *following:*

24 “(3) *DATA MINING SYSTEM.*—*The Corporation*
 25 *shall use amounts deposited in the insurance fund es-*

1 *tablished under subsection (c) from fees collected*
 2 *under section 515(j)(2)(B) to administer and carry*
 3 *out improvements to the data mining system under*
 4 *that section.”; and*

5 *(2) in subsection (c)(1)—*

6 *(A) by striking “and civil” and inserting*
 7 *“civil”; and*

8 *(B) by inserting “and fees collected under*
 9 *section 515(j)(2)(B)(i),” after “section 515(h),”.*

10 **SEC. 1916. PRODUCER ELIGIBILITY.**

11 *Section 520(2) of the Federal Crop Insurance Act (7*
 12 *U.S.C. 1520(2)) is amended by inserting “or is a person*
 13 *who raises livestock owned by other persons (that is not cov-*
 14 *ered by insurance under this title by another person)” after*
 15 *“sharecropper”.*

16 **SEC. 1917. CONTRACTS FOR ADDITIONAL CROP POLICIES.**

17 *Section 522(c) of the Federal Crop Insurance Act (7*
 18 *U.S.C. 1522) is amended—*

19 *(1) by redesignating paragraph (10) as para-*
 20 *graph (14); and*

21 *(2) by inserting after paragraph (9) the fol-*
 22 *lowing:*

23 *“(10) ENERGY CROP INSURANCE POLICY.—*

24 *“(A) DEFINITION OF DEDICATED ENERGY*
 25 *CROP.—In this subsection, the term ‘dedicated*

1 *energy crop’ means an annual or perennial crop*
2 *that—*

3 “(i) *is grown expressly for the purpose*
4 *of producing a feedstock for renewable*
5 *biofuel, renewable electricity, or bio-based*
6 *products; and*

7 “(ii) *is not typically used for food,*
8 *feed, or fiber.*

9 “(B) *AUTHORITY.—The Corporation shall*
10 *offer to enter into 1 or more contracts with*
11 *qualified entities to carry out research and devel-*
12 *opment regarding a policy to insure dedicated*
13 *energy crops.*

14 “(C) *RESEARCH AND DEVELOPMENT.—Re-*
15 *search and development described in subpara-*
16 *graph (B) shall evaluate the effectiveness of risk*
17 *management tools for the production of dedicated*
18 *energy crops, including policies and plans of in-*
19 *surance that—*

20 “(i) *are based on market prices and*
21 *yields;*

22 “(ii) *to the extent that insufficient*
23 *data exist to develop a policy based on mar-*
24 *ket prices and yields, evaluate the policies*
25 *and plans of insurance based on the use of*

1 *weather or rainfall indices to protect the in-*
 2 *terests of crop producers; and*

3 *“(iii) provide protection for production*
 4 *or revenue losses, or both.*

5 *“(11) AQUACULTURE INSURANCE POLICY.—*

6 *“(A) DEFINITION OF AQUACULTURE.—In*
 7 *this subsection:*

8 *“(i) IN GENERAL.—The term ‘aqua-*
 9 *culture’ means the propagation and rearing*
 10 *of aquatic species in controlled or selected*
 11 *environments, including shellfish cultivation*
 12 *on grants or leased bottom and ocean*
 13 *ranching.*

14 *“(ii) EXCLUSION.—The term ‘aqua-*
 15 *culture’ does not include the private ocean*
 16 *ranching of Pacific salmon for profit in*
 17 *any State in which private ocean ranching*
 18 *of Pacific salmon is prohibited by any law*
 19 *(including regulations).*

20 *“(B) AUTHORITY.—The Corporation shall*
 21 *offer to enter into 1 or more contracts with*
 22 *qualified entities to carry out research and devel-*
 23 *opment regarding a policy to insure aquaculture*
 24 *operations.*

“(C) *RESEARCH AND DEVELOPMENT.*—*Research and development described in subparagraph (B) shall evaluate the effectiveness of risk management tools for the production of fish and other seafood in aquaculture operations, including policies and plans of insurance that—*

“(i) *are based on market prices and yields;*

“(ii) *to the extent that insufficient data exist to develop a policy based on market prices and yields, evaluate how best to incorporate insuring of aquaculture operations into existing policies covering adjusted gross revenue; and*

“(iii) *provide protection for production or revenue losses, or both.*

“(12) *ORGANIC CROP PRODUCTION COVERAGE IMPROVEMENTS.*—

“(A) *IN GENERAL.*—*Not later than 180 days after the date of enactment of this paragraph, the Corporation shall offer to enter into 1 or more contracts with qualified entities for the development of improvements in Federal crop insurance policies covering organic crops.*

“(B) *PRICE ELECTION.*—

1 “(i) *IN GENERAL.*—*The contracts*
 2 *under subparagraph (A) shall include the*
 3 *development of procedures (including any*
 4 *associated changes in policy terms or mate-*
 5 *rials required for implementation of the*
 6 *procedures) to offer producers of organic*
 7 *crops a price election that would reflect the*
 8 *actual retail or wholesale prices, as appro-*
 9 *priate, received by producers for organic*
 10 *crops, as established using data collected*
 11 *and maintained by the Agricultural Mar-*
 12 *keting Service.*

13 “(ii) *DEADLINE.*—*The development of*
 14 *the procedures required under clause (i)*
 15 *shall be completed not later than the date*
 16 *necessary to allow the Corporation to offer*
 17 *the price election—*

18 “(I) *beginning in the 2009 rein-*
 19 *surance year for organic crops with*
 20 *adequate data available; and*

21 “(II) *subsequently for additional*
 22 *organic crops as data collection for*
 23 *those organic crops is sufficient, as de-*
 24 *termined by the Corporation.*

25 “(13) *SKIPROW CROPPING PRACTICES.*—

1 “(A) *IN GENERAL.*—*The Corporation shall*
2 *offer to enter into a contract with a qualified en-*
3 *tity to carry out research into needed modifica-*
4 *tions of policies to insure corn and sorghum pro-*
5 *duced in the Central Great Plains (as deter-*
6 *mined by the Agricultural Research Service)*
7 *through use of skiprow cropping practices.*

8 “(B) *RESEARCH.*—*Research described in*
9 *subparagraph (A) shall—*

10 “(i) *review existing research on*
11 *skiprow cropping practices and actual pro-*
12 *duction history of producers using skiprow*
13 *cropping practices; and*

14 “(ii) *evaluate the effectiveness of risk*
15 *management tools for producers using*
16 *skiprow cropping practices, including—*

17 “(I) *the appropriateness of rules*
18 *in existence as of the date of enactment*
19 *of this paragraph relating to the deter-*
20 *mination of acreage planted in*
21 *skiprow patterns; and*

22 “(II) *whether policies for crops*
23 *produced through skiprow cropping*
24 *practices reflect actual production ca-*
25 *pabilities.”.*

1 **SEC. 1918. RESEARCH AND DEVELOPMENT.**

2 (a) *REIMBURSEMENT AUTHORIZED.*—Section 522(b)
3 of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is
4 amended by striking paragraph (1) and inserting the fol-
5 lowing:

6 “(1) *RESEARCH AND DEVELOPMENT REIMBURSE-*
7 *MENT.*—The Corporation shall provide a payment to
8 reimburse an applicant for research and development
9 costs directly related to a policy that—

10 “(A) is submitted to, and approved by, the
11 Board pursuant to a FCIC reimbursement grant
12 under paragraph (7); or

13 “(B) is—

14 “(i) submitted to the Board and ap-
15 proved by the Board under section 508(h)
16 for reinsurance; and

17 “(ii) if applicable, offered for sale to
18 producers.”.

19 (b) *FCIC REIMBURSEMENT GRANTS.*—Section 522(b)
20 of the Federal Crop Insurance Act (7 U.S.C. 1522(b)) is
21 amended by adding at the end the following:

22 “(7) *FCIC REIMBURSEMENT GRANTS.*—

23 “(A) *GRANTS AUTHORIZED.*—The Corpora-
24 tion shall provide FCIC reimbursement grants to
25 persons (referred to in this paragraph as ‘sub-
26 mitters’) proposing to prepare for submission to

1 *the Board crop insurance policies and provisions*
 2 *under subparagraphs (A) and (B) of section*
 3 *508(h)(1), that apply and are approved for the*
 4 *FCIC reimbursement grants under this para-*
 5 *graph.*

6 “(B) *SUBMISSION OF APPLICATION.*—

7 “(i) *IN GENERAL.*—*The Board shall re-*
 8 *ceive and consider applications for FCIC*
 9 *reimbursement grants at least once each*
 10 *year.*

11 “(ii) *REQUIREMENTS.*—*An application*
 12 *to receive a FCIC reimbursement grant*
 13 *from the Corporation shall consist of such*
 14 *materials as the Board may require,*
 15 *including—*

16 “(I) *a concept paper that de-*
 17 *scribes the proposal in sufficient detail*
 18 *for the Board to determine whether the*
 19 *proposal satisfies the requirements of*
 20 *subparagraph (C); and*

21 “(II) *a description of—*

22 “(aa) *the need for the prod-*
 23 *uct, including an assessment of*
 24 *marketability and expected de-*
 25 *mand among affected producers;*

1 “(bb) support from pro-
2 ducers, producer organizations,
3 lenders, or other interested par-
4 ties; and

5 “(cc) the impact the product
6 would have on producers and on
7 the crop insurance delivery sys-
8 tem; and

9 “(III) a statement that no prod-
10 ucts are offered by the private sector
11 that provide the same benefits and risk
12 management services as the proposal;

13 “(IV) a summary of data sources
14 available that demonstrate that the
15 product can reasonably be developed
16 and properly rated; and

17 “(V) an identification of the risks
18 the proposed product will cover and an
19 explanation of how the identified risks
20 are insurable under this title.

21 “(C) APPROVAL CONDITIONS.—

22 “(i) IN GENERAL.—A majority vote of
23 the Board shall be required to approve an
24 application for a FCIC reimbursement
25 grant.

1 “(ii) *REQUIRED FINDINGS.—The*
2 *Board shall approve the application if the*
3 *Board finds that—*

4 “(I) *the proposal contained in the*
5 *application—*

6 “(aa) *provides coverage to a*
7 *crop or region not traditionally*
8 *served by the Federal crop insur-*
9 *ance program;*

10 “(bb) *provides crop insur-*
11 *ance coverage in a significantly*
12 *improved form;*

13 “(cc) *addresses a recognized*
14 *flaw or problem in the Federal*
15 *crop insurance program or an ex-*
16 *isting product;*

17 “(dd) *introduces a signifi-*
18 *cant new concept or innovation to*
19 *the Federal crop insurance pro-*
20 *gram; or*

21 “(ee) *provides coverage or*
22 *benefits not available from the*
23 *private sector;*

24 “(II) *the submitter demonstrates*
25 *the necessary qualifications to complete*

1 *the project successfully in a timely*
2 *manner with high quality;*

3 “(III) *the proposal is in the inter-*
4 *ests of producers and can reasonably be*
5 *expected to be actuarially appropriate*
6 *and function as intended;*

7 “(IV) *the Board determines that*
8 *the Corporation has sufficient available*
9 *funding to award the FCIC reimburse-*
10 *ment grant; and*

11 “(V) *the proposed budget and*
12 *timetable are reasonable.*

13 “(D) *PARTICIPATION.—*

14 “(i) *IN GENERAL.—In reviewing pro-*
15 *posals under this paragraph, the Board*
16 *may use the services of persons that the*
17 *Board determines appropriate to carry out*
18 *expert review in accordance with section*
19 *508(h).*

20 “(ii) *CONFIDENTIALITY.—All proposals*
21 *submitted under this paragraph shall be*
22 *treated as confidential in accordance with*
23 *section 508(h)(4).*

24 “(E) *ENTERING INTO AGREEMENT.—Upon*
25 *approval of an application, the Board shall offer*

1 *to enter into an agreement with the submitter for*
 2 *the development of a formal submission that*
 3 *meets the requirements for a complete submission*
 4 *established by the Board under section 508(h).*

5 *“(F) FEASIBILITY STUDIES.—*

6 *“(i) IN GENERAL.—In appropriate*
 7 *cases, the Corporation may structure the*
 8 *FCIC reimbursement grant to require, as*
 9 *an initial step within the overall process,*
 10 *the submitter to complete a feasibility*
 11 *study, and report the results of the study to*
 12 *the Corporation, prior to proceeding with*
 13 *further development.*

14 *“(ii) MONITORING.—The Corporation*
 15 *may require such other reports as the Cor-*
 16 *poration determines necessary to monitor*
 17 *the development efforts.*

18 *“(G) RATES.—Payment for work performed*
 19 *by the submitter under this paragraph shall be*
 20 *based on rates determined by the Corporation for*
 21 *products—*

22 *“(i) submitted under section 508(h); or*

23 *“(ii) contracted by the Corporation*
 24 *under subsection (c).*

25 *“(H) TERMINATION.—*

1 “(i) *IN GENERAL.*—*The Corporation or*
 2 *the submitter may terminate any FCIC re-*
 3 *imbursement grant at any time for just*
 4 *cause.*

5 “(ii) *REIMBURSEMENT.*—*If the Cor-*
 6 *poration or the submitter terminates the*
 7 *FCIC reimbursement grant before final ap-*
 8 *proval of the product covered by the grant,*
 9 *the submitter shall be entitled to—*

10 “(I) *reimbursement of all eligible*
 11 *costs incurred to that point; or*

12 “(II) *in the case of a fixed rate*
 13 *agreement, payment of an appropriate*
 14 *percentage, as determined by the Cor-*
 15 *poration.*

16 “(iii) *DENIAL.*—*If the submitter termi-*
 17 *nates development without just cause, the*
 18 *Corporation may deny reimbursement or*
 19 *recover any reimbursement already made.*

20 “(I) *CONSIDERATION OF PRODUCTS.*—*The*
 21 *Board shall consider any product developed*
 22 *under this paragraph and submitted to the*
 23 *Board under the rules the Board has established*
 24 *for products submitted under section 508(h).”.*

1 (c) *CONFORMING AMENDMENT.*—Section 523(b)(10) of
 2 the Federal Crop Insurance Act (7 U.S.C. 1523(b)(10)) is
 3 amended by striking “(other than research and development
 4 costs covered by section 522)”.

5 **SEC. 1919. FUNDING FROM INSURANCE FUND.**

6 Section 522(e) of the Federal Crop Insurance Act (7
 7 U.S.C. 1522(e)) is amended—

8 (1) in paragraph (1), by striking “\$10,000,000”
 9 and all that follows through the end of the paragraph
 10 and inserting “\$7,500,000 for fiscal year 2008 and
 11 each subsequent fiscal year”;

12 (2) in paragraph (2)(A), by striking
 13 “\$20,000,000 for” and all that follows through “year
 14 2004” and inserting “\$12,500,000 for fiscal year
 15 2008”; and

16 (3) in paragraph (3), by striking “the Corpora-
 17 tion may use” and all that follows through the end
 18 of the paragraph and inserting “the Corporation may
 19 use—

20 “(A) not more than \$5,000,000 for each fis-
 21 cal year to improve program integrity, including
 22 by—

23 “(i) increasing compliance-related
 24 training;

1 “(ii) improving analysis tools and
2 technology regarding compliance;

3 “(iii) use of information technology, as
4 determined by the Corporation;

5 “(iv) identifying and using innovative
6 compliance strategies; and

7 “(B) any excess amounts to carry out other
8 activities authorized under this section.”.

9 **SEC. 1920. CAMELINA PILOT PROGRAM.**

10 (a) *IN GENERAL*.—Section 523 of the Federal Crop In-
11 surance Act (7 U.S.C. 1523) is amended by adding at the
12 end the following:

13 “(f) *CAMELINA PILOT PROGRAM*.—

14 “(1) *IN GENERAL*.—Beginning with the 2008
15 crop year, the Corporation shall establish a pilot pro-
16 gram under which producers or processors of
17 camelina may propose for approval by the Board
18 policies or plans of insurance for camelina, in accord-
19 ance with section 508(h).

20 “(2) *DETERMINATION BY BOARD*.—The Board
21 shall approve a policy or plan of insurance proposed
22 under paragraph (1) if, as determined by the Board,
23 the policy or plan of insurance—

24 “(A) protects the interests of producers;

25 “(B) is actuarially sound; and

1 “(C) *meets the requirements of this title.*”.

2 (b) *NONINSURED CROP ASSISTANCE PROGRAM.—Sec-*
 3 *tion 196(a)(2) of the Federal Agriculture Improvement and*
 4 *Reform Act of 1996 (7 U.S.C. 7333(a)(2)) is amended by*
 5 *adding at the end the following:*

6 “(D) *CAMELINA.—*

7 “(i) *IN GENERAL.—For each of crop*
 8 *years 2008 through 2011, the Secretary*
 9 *shall consider camelina to be an eligible*
 10 *crop for purposes of the noninsured crop*
 11 *disaster assistance program under this sec-*
 12 *tion.*

13 “(ii) *LIMITATION.—Producers that are*
 14 *eligible to purchase camelina crop insur-*
 15 *ance, including camelina crop insurance*
 16 *under a pilot program, shall not be eligible*
 17 *for assistance under this section.*”.

18 **SEC. 1921. SESAME INSURANCE PILOT PROGRAM.**

19 *Section 523 of the Federal Crop Insurance Act (7*
 20 *U.S.C. 1523) is amended by adding at the end the following:*

21 “(g) *SESAME INSURANCE PILOT PROGRAM.—*

22 “(1) *IN GENERAL.—The Secretary of Agriculture*
 23 *shall establish and carry out a pilot program under*
 24 *which a producer of non-dehiscent sesame under con-*

1 *tract may elect to obtain multi-peril crop insurance,*
2 *as determined by the Secretary.*

3 “(2) *TERMS AND CONDITIONS.—The multi-peril*
4 *crop insurance offered under the sesame insurance*
5 *pilot program shall—*

6 “(A) *be offered through reinsurance ar-*
7 *rangements with private insurance companies;*

8 “(B) *be actuarially sound; and*

9 “(C) *require the payment of premiums and*
10 *administrative fees by a producer obtaining the*
11 *insurance.*

12 “(3) *LOCATION.—The sesame insurance pilot*
13 *program shall be carried out only in the State of*
14 *Texas.*

15 “(4) *Relation to Prohibition on Research and*
16 *Development by Corporation-Section 522(e)(4) of the*
17 *Federal Crop Insurance Act (7 U.S.C. 1522(e)(4))*
18 *shall apply with respect to the sesame insurance pilot*
19 *program.*

20 “(5) *DURATION.—The Secretary shall commence*
21 *the sesame insurance pilot program as soon as prac-*
22 *ticable after the date of the enactment of this Act and*
23 *continue the program through the 2012 crop year.”*

1 **SEC. 1922. RISK MANAGEMENT EDUCATION FOR BEGINNING**
 2 **FARMERS OR RANCHERS.**

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

5 *(1) in paragraph (1), by striking “paragraph*
 6 *(4)” and inserting “paragraph (5)”;*

7 *(2) by redesignating paragraph (4) as para-*
 8 *graph (5); and*

9 *(3) by inserting after paragraph (3) the fol-*
 10 *lowing:*

11 *“(4) REQUIREMENTS.—In carrying out the pro-*
 12 *grams established under paragraphs (2) and (3), the*
 13 *Secretary shall place special emphasis on risk man-*
 14 *agement strategies, education, and outreach specifi-*
 15 *cally targeted at—*

16 *“(A) beginning farmers or ranchers;*

17 *“(B) immigrant farmers or ranchers that*
 18 *are attempting to become established producers*
 19 *in the United States;*

20 *“(C) socially disadvantaged farmers or*
 21 *ranchers;*

22 *“(D) farmers or ranchers that—*

23 *“(i) are preparing to retire; and*

24 *“(ii) are using transition strategies to*
 25 *help new farmers or ranchers get started;*
 26 *and*

1 “(E) new or established farmers or ranchers
2 that are converting production and marketing
3 systems to pursue new markets.”.

4 **SEC. 1923. AGRICULTURAL MANAGEMENT ASSISTANCE.**

5 Section 524(b)(4) of the Federal Crop Insurance Act
6 (7 U.S.C. 1524(b)(4)) is amended by adding at end the fol-
7 lowing:

8 “(C) COST-SHARING.—The Secretary may
9 provide matching funds to any State described
10 in paragraph (1) that appropriates a portion of
11 the budget of the State to provide financial as-
12 sistance for producer-paid premiums for crop in-
13 surance policies reinsured by the Corporation.”.

14 **SEC. 1924. CROP INSURANCE MEDIATION.**

15 Section 275 of the Department of Agriculture Reorga-
16 nization Act of 1994 (7 U.S.C. 6995) is amended—

17 (1) by striking “If an officer” and inserting the
18 following:

19 “(a) IN GENERAL.—If an officer”;

20 (2) by striking “With respect to” and inserting
21 the following:

22 “(b) FARM SERVICE AGENCY.—With respect to”;

23 (3) by striking “If a mediation”; and inserting
24 the following:

25 “(c) MEDIATION.—If a mediation”; and

1 (4) *in subsection (c) (as so designated)—*

2 (A) *by striking “participant shall be of-*
3 *fered” and inserting “participant shall—*

4 *“(1) be offered”; and*

5 (B) *by striking the period at the end and*
6 *inserting the following: “; and*

7 *“(2) to the maximum extent practicable, be al-*
8 *lowed to use both informal agency review and medi-*
9 *ation to resolve disputes under that title.”.*

10 **SEC. 1925. DROUGHT COVERAGE FOR AQUACULTURE**
11 **UNDER NONINSURED CROP ASSISTANCE PRO-**
12 **GRAM.**

13 *Section 196(c)(2) of the Federal Agriculture Improve-*
14 *ment and Reform Act of 1996 (7 U.S.C. 7333(c)(2)) is*
15 *amended—*

16 (1) *by striking “On making” and inserting the*
17 *following:*

18 “(A) *IN GENERAL.—On making*”; and

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

20 “(B) *AQUACULTURE PRODUCERS.—On*
21 *making a determination described in subsection*
22 *(a)(3) for aquaculture producers, the Secretary*
23 *shall provide assistance under this section to*
24 *aquaculture producers from all losses related to*
25 *drought.”.*

1 **SEC. 1926. INCREASE IN SERVICE FEES FOR NONINSURED**
 2 **CROP ASSISTANCE PROGRAM.**

3 *Section 196(k)(1) of the Federal Agriculture Improve-*
 4 *ment and Reform Act of 1996 (7 U.S.C. 7333(k)(1)) is*
 5 *amended—*

6 *(1) in subparagraph (A), by striking “\$100” and*
 7 *inserting “\$200”; and*

8 *(2) in subparagraph (B)—*

9 *(A) by striking “\$300” and inserting*
 10 *“\$600”; and*

11 *(B) by striking “\$900” and inserting*
 12 *“\$1,500”.*

13 **SEC. 1927. DETERMINATION OF CERTAIN SWEET POTATO**
 14 **PRODUCTION.**

15 *Section 9001(d) of the U.S. Troop Readiness, Veterans’*
 16 *Care, Katrina Recovery, and Iraq Accountability Appro-*
 17 *priations Act, 2007 (Public Law 110–28; 121 Stat. 211)*
 18 *is amended—*

19 *(1) by redesignating paragraph (8) as para-*
 20 *graph (9); and*

21 *(2) by inserting after paragraph (7) the fol-*
 22 *lowing:*

23 *“(8) SWEET POTATOES.—*

24 *“(A) DATA.—In the case of sweet potatoes,*
 25 *any data obtained under a pilot program car-*
 26 *ried out by the Risk Management Agency shall*

1 *not be considered for the purpose of determining*
 2 *the quantity of production under the crop dis-*
 3 *aster assistance program established under this*
 4 *section.*

5 “(B) *EXTENSION OF DEADLINE.*—*If this*
 6 *paragraph is not implemented before the sign-up*
 7 *deadline for the crop disaster assistance program*
 8 *established under this section, the Secretary shall*
 9 *extend the deadline for producers of sweet pota-*
 10 *toes to permit sign-up for the program in ac-*
 11 *cordance with this paragraph.”.*

12 **SEC. 1928. PERENNIAL CROP REPORT.**

13 *Not later than 180 days after the date of enactment*
 14 *of this Act, the Secretary shall submit to the Committee on*
 15 *Agriculture of the House of Representatives and the Com-*
 16 *mittee on Agriculture, Nutrition, and Forestry of the Senate*
 17 *a report containing details about activities and administra-*
 18 *tive options of the Federal Crop Insurance Corporation and*
 19 *Risk Management Agency that address issues relating to—*

20 *(1) declining yields on the actual production his-*
 21 *tories of producers; and*

22 *(2) declining and variable yields for perennial*
 23 *crops, including pecans.*

1 **SEC. 1929. MALTING BARLEY.**

2 *Section 508(m) of the Federal Crop Insurance Act (7*
 3 *U.S.C. 1508(m)) is amended by adding at the end the fol-*
 4 *lowing:*

5 “(5) *SPECIAL PROVISIONS FOR MALTING BAR-*
 6 *LEY.—The Corporation shall promulgate special pro-*
 7 *visions under this subsection specific to malting bar-*
 8 *ley, taking into consideration any changes in quality*
 9 *factors, as required by applicable market conditions.”.*

10 **SEC. 1930. DEFINITION OF BASIC UNIT.**

11 *The Secretary shall not modify the definition of “basic*
 12 *unit” in accordance with the proposed regulations entitled*
 13 *“Common Crop Insurance Regulations” (72 Fed. Reg.*
 14 *28895; relating to common crop insurance regulations) or*
 15 *any successor regulation.*

16 **TITLE II—CONSERVATION**

17 **Subtitle A—Definitions**

18 **SEC. 2001. DEFINITIONS.**

19 *Section 1201(a) of the Food Security Act of 1985 (16*
 20 *U.S.C. 3801(a)) is amended—*

21 *(1) by redesignating paragraphs (2) through*
 22 *(11), (12), (13) through (15), and (16), (17), and (18)*
 23 *as paragraphs (3) through (12), (14), (16) through*
 24 *(18), and (20), (22), and (23), respectively;*

25 *(2) by inserting after paragraph (1) the fol-*
 26 *lowing:*

1 “(2) *BEGINNING FARMER OR RANCHER.*—*The*
 2 *term ‘beginning farmer or rancher’ has, to the max-*
 3 *imum extent practicable, the meaning given the term*
 4 *in section 343(a) of the Consolidated Farm and Rural*
 5 *Development Act (7 U.S.C. 1991(a)), except that the*
 6 *Secretary may include in the definition of the term—*

7 “(A) *a fair and reasonable test of net worth;*
 8 *and*

9 “(B) *such other criteria as the Secretary de-*
 10 *termines to be appropriate.”;*

11 (3) *by inserting after paragraph (12) (as redes-*
 12 *ignated by paragraph (1)) the following:*

13 “(13) *INDIAN TRIBE.*—*The term ‘Indian tribe’*
 14 *has the meaning given the term in section 4 of the In-*
 15 *dian Self-Determination and Education Assistance*
 16 *Act (25 U.S.C. 450b).”.*

17 (4) *by inserting after paragraph (14) (as redes-*
 18 *ignated by paragraph (1)) the following:*

19 “(15) *NONINDUSTRIAL PRIVATE FOREST LAND.*—
 20 *The term ‘nonindustrial private forest land’ means*
 21 *rural land, as determined by the Secretary, that—*

22 “(A) *has existing tree cover or is suitable*
 23 *for growing trees; and*

24 “(B) *is owned by any nonindustrial private*
 25 *individual, group, association, corporation, In-*

1 *dian tribe, or other private legal entity that has*
 2 *definitive decisionmaking authority over the*
 3 *land.”;*

4 *(5) by inserting after paragraph (18) (as redes-*
 5 *ignated by paragraph (1)) the following:*

6 *“(19) SOCIALLY DISADVANTAGED FARMER OR*
 7 *RANCHER.—The term ‘socially disadvantaged farmer*
 8 *or rancher’ has the meaning given the term in section*
 9 *355(e) of the Consolidated Farm and Rural Develop-*
 10 *ment Act (7 U.S.C. 2003(e)).”;* and

11 *(6) by inserting after paragraph (20) (as redes-*
 12 *ignated by paragraph (1)) the following:*

13 *“(21) TECHNICAL ASSISTANCE.—*

14 *“(A) IN GENERAL.—The term ‘technical as-*
 15 *sistance’ means technical expertise, information,*
 16 *and tools necessary for the conservation of nat-*
 17 *ural resources on land active in agricultural, for-*
 18 *estry, or related uses.*

19 *“(B) INCLUSIONS.—The term ‘technical as-*
 20 *sistance’ includes—*

21 *“(i) technical services provided directly*
 22 *to farmers, ranchers, and other eligible enti-*
 23 *ties, such as conservation planning, tech-*
 24 *nical consultation, and assistance with de-*

sign and implementation of conservation practices; and

“(ii) technical infrastructure, including activities, processes, tools, and agency functions needed to support delivery of technical services, such as technical standards, resource inventories, training, data, technology, monitoring, and effects analyses.”.

Subtitle B—Highly Erodible Land Conservation

SEC. 2101. REVIEW OF GOOD FAITH DETERMINATIONS; EXEMPTIONS.

Section 1212 of the Food Security Act of 1985 (16 U.S.C. 3812) is amended by striking subsection (f) and inserting the following:

“(f) **GRADUATED PENALTIES.**—

“(1) **INELIGIBILITY.**—No person shall become ineligible under section 1211 for program loans, payments, and benefits as a result of the failure of the person to actively apply a conservation plan, if the Secretary determines that the person has acted in good faith and without an intent to violate this subtitle.

1 “(2) *ELIGIBLE REVIEWERS.*—A determination of
 2 the Secretary, or a designee of the Secretary, under
 3 paragraph (1) shall be reviewed by the applicable—

4 “(A) *State Executive Director, with the*
 5 *technical concurrence of the State Conserva-*
 6 *tionist; or*

7 “(B) *district director, with the technical*
 8 *concurrence of the area conservationist.*

9 “(3) *PERIOD FOR IMPLEMENTATION.*—A person
 10 who meets the requirements of paragraph (1) shall be
 11 allowed a reasonable period of time, as determined by
 12 the Secretary, but not to exceed 1 year, during which
 13 to implement the measures and practices necessary to
 14 be considered to be actively applying the conservation
 15 plan of the person.

16 “(4) *PENALTIES.*—

17 “(A) *APPLICATION.*—This paragraph ap-
 18 plies if the Secretary determines that—

19 “(i) *a person who has failed to comply*
 20 *with section 1211 with respect to highly*
 21 *erodible cropland, and has acted in good*
 22 *faith and without an intent to violate sec-*
 23 *tion 1211; or*

24 “(ii) *the violation—*

1 “(I) is technical and minor in na-
2 ture; and

3 “(II) has a minimal effect on the
4 erosion control purposes of the con-
5 servation plan applicable to the land
6 on which the violation has occurred.

7 “(B) REDUCTION.—If this paragraph ap-
8 plies under subparagraph (A), the Secretary
9 shall, in lieu of applying the ineligibility provi-
10 sions of section 1211, reduce program benefits de-
11 scribed in section 1211 that the producer would
12 otherwise be eligible to receive in a crop year by
13 an amount commensurate with the seriousness of
14 the violation, as determined by the Secretary.

15 “(5) SUBSEQUENT CROP YEARS.—Any person
16 whose benefits are reduced for any crop year under
17 this subsection shall continue to be eligible for all of
18 the benefits described in section 1211 for any subse-
19 quent crop year if, prior to the beginning of the subse-
20 quent crop year, the Secretary determines that the
21 person is actively applying a conservation plan ac-
22 cording to the schedule specified in the plan.”.

1 ***Subtitle C—Wetland Conservation***

2 ***SEC. 2201. REVIEW OF GOOD FAITH DETERMINATIONS.***

3 *Section 1222(h) of the Food Security Act of 1985 (16*
 4 *U.S.C. 3822(h)) is amended—*

5 *(1) by redesignating paragraph (2) as para-*
 6 *graph (3);*

7 *(2) by inserting after paragraph (1) the fol-*
 8 *lowing:*

9 *“(2) ELIGIBLE REVIEWERS.—A determination of*
 10 *the Secretary, or a designee of the Secretary, under*
 11 *paragraph (1) shall be reviewed by the applicable—*

12 *“(A) State Executive Director, with the*
 13 *technical concurrence of the State Conserva-*
 14 *tionist; or*

15 *“(B) district director, with the technical*
 16 *concurrence of the area conservationist.”; and*

17 *(3) in paragraph (3) (as redesignated by para-*
 18 *graph (1)), by inserting “be” before “actively”.*

1 ***Subtitle D—Agricultural Resources***
 2 ***Conservation Program***

3 ***CHAPTER 1—COMPREHENSIVE***
 4 ***CONSERVATION ENHANCEMENT***

5 ***Subchapter A—Comprehensive Conservation***
 6 ***Enhancement Program***

7 ***SEC. 2301. REAUTHORIZATION AND EXPANSION OF PRO-***
 8 ***GRAMS COVERED.***

9 *(a) IN GENERAL.—Section 1230 of the Food Security*
 10 *Act of 1985 (16 U.S.C. 3830) is amended to read as follows:*

11 ***“SEC. 1230. COMPREHENSIVE CONSERVATION ENHANCE-***
 12 ***MENT PROGRAM.***

13 *“(a) ESTABLISHMENT.—*

14 *“(1) IN GENERAL.—During the 1996 through*
 15 *2012 fiscal years, the Secretary shall establish a com-*
 16 *prehensive conservation enhancement program (re-*
 17 *ferred to in this section as ‘CCEP’) to be implemented*
 18 *through contracts and the acquisition of easements to*
 19 *assist owners and operators of farms, ranches, and*
 20 *nonindustrial private forestland to conserve and en-*
 21 *hance soil, water, and related natural resources, in-*
 22 *cluding grazing land, wetland, and wildlife habitat.*

23 *“(2) MEANS.—The Secretary shall carry out the*
 24 *CCEP by—*

1 “(A) providing for the long-term protection
2 of environmentally-sensitive land; and

3 “(B) providing technical and financial as-
4 sistance to farmers, ranchers, and nonindustrial
5 private forest landowners—

6 “(i) to improve the management and
7 operation of the farms, ranches, and private
8 nonindustrial forest land; and

9 “(ii) to reconcile productivity and
10 profitability with protection and enhance-
11 ment of the environment;

12 “(C) reducing administrative burdens and
13 streamlining application and planning proce-
14 dures to encourage producer participation; and

15 “(D) providing opportunities to leverage
16 Federal conservation investments through inno-
17 vative partnerships with governmental agencies,
18 education institutions, producer groups, and
19 other nongovernmental organizations.

20 “(3) PROGRAMS.—The CCEP shall consist of—

21 “(A) the conservation reserve program es-
22 tablished under subchapter B;

23 “(B) the wetlands reserve program estab-
24 lished under subchapter C; and

1 “(C) *the healthy forests reserve program es-*
 2 *tablished under subchapter D.*

3 “(b) *CONTRACTS AND ENROLLMENTS.—*

4 “(1) *IN GENERAL.—In carrying out the CCEP,*
 5 *the Secretary shall enter into contracts with owners*
 6 *and operators and acquire interests in land through*
 7 *easements from owners, as provided in this chapter.*

8 “(2) *PRIOR ENROLLMENTS.—Acreage enrolled in*
 9 *the conservation reserve program, wetlands reserve*
 10 *program, or healthy forests reserve program prior to*
 11 *the date of enactment of the Food and Energy Secu-*
 12 *rity Act of 2007 shall be considered to be placed into*
 13 *the CCEP.*

14 “(c) *ADMINISTRATION.—*

15 “(1) *LIMITATIONS.—*

16 “(A) *IN GENERAL.—The Secretary shall not*
 17 *enroll more than 25 percent of the cropland in*
 18 *any county in the programs administered under*
 19 *subchapters B and C of this chapter.*

20 “(B) *EASEMENTS.—Within the limit de-*
 21 *scribed in subparagraph (A), not more than 10*
 22 *percent of the land described in that subpara-*
 23 *graph may be subject to an easement acquired*
 24 *under subchapter C of this chapter.*

1 “(C) *EXCLUSION.*—Subparagraphs (A) and
2 (B) shall not apply to acres enrolled in the spe-
3 cial conservation reserve enhancement program
4 described in section 1234(f)(3).

5 “(D) *EXCEPTIONS.*—The Secretary may ex-
6 ceed the limitation in subparagraph (A) if the
7 Secretary determines that—

8 “(i)(I) the action would not adversely
9 affect the local economy of a county; and

10 “(II) operators in the county are hav-
11 ing difficulties complying with conservation
12 plans implemented under section 1212;

13 “(ii)(I) the acreage to be enrolled could
14 not be used for an agricultural purpose or
15 is precluded from planting as a result of a
16 State or local law, order, or regulation pro-
17 hibiting water use for agricultural produc-
18 tion; and

19 “(II) enrollment in the program would
20 benefit the acreage enrolled or land adjacent
21 to the acreage enrolled; or

22 “(iii) with respect to cropland in coun-
23 ties in the State of Washington that exceed
24 the limitation described in subparagraph

1 (A) as of the date of enrollment in the
2 program—

3 “(I) the acreage to be enrolled is
4 considered to be essential by Federal or
5 State plans for a sustainable wildlife
6 habitat; and

7 “(II) enrollment in the program
8 would assist the producer in meeting
9 environmental goals in the Federal or
10 State plans.”.

11 “(E) *SHELTERBELTS AND WINDBREAKS.*—
12 *The limitations established under this paragraph*
13 *shall not apply to cropland that is subject to an*
14 *easement under chapter 1 or 3 that is used for*
15 *the establishment of shelterbelts and windbreaks.*

16 “(F) *ENROLLMENT.*—*The Secretary shall*
17 *enroll acreage described in subparagraph (D)(ii)*
18 *not later than 180 days after the date of a re-*
19 *quest by a landowner to enroll the acreage.*

20 “(G) *PAYMENTS.*—*Rental payments for*
21 *acreage described in subparagraph (D)(ii) shall*
22 *be based on the cash rent market value prior to*
23 *the application of a State or local law, order, or*
24 *regulation prohibiting water use for agricultural*
25 *production.*

1 “(2) *TENANT PROTECTION.*—*Except for a person*
2 *who is a tenant on land that is subject to a conserva-*
3 *tion reserve contract that has been extended by the*
4 *Secretary, the Secretary shall provide adequate safe-*
5 *guards to protect the interests of tenants and share-*
6 *croppers, including provisions for sharing, on a fair*
7 *and equitable basis, in payments under the programs*
8 *established under this subtitle and subtitles B and C.*

9 “(3) *PROVISION OF TECHNICAL ASSISTANCE BY*
10 *OTHER SOURCES.*—

11 “(A) *IN GENERAL.*—*In the preparation and*
12 *application of a conservation compliance plan*
13 *under subtitle B or similar plan required as a*
14 *condition for assistance from the Department of*
15 *Agriculture, the Secretary shall permit persons*
16 *to secure technical assistance from approved*
17 *sources, as determined by the Secretary, other*
18 *than the Natural Resources Conservation Serv-*
19 *ice.*

20 “(B) *REJECTION.*—*If the Secretary rejects a*
21 *technical determination made by a source de-*
22 *scribed in subparagraph (A), the basis of the de-*
23 *termination of the Secretary shall be supported*
24 *by documented evidence.*

1 “(4) *REGULATIONS*.—Not later than 90 days
 2 after the date of enactment of the Food and Energy
 3 Security Act of 2007, the Secretary shall promulgate
 4 regulations to implement the conservation reserve and
 5 wetlands reserve programs established under this
 6 chapter.”.

7 (b) *CONFORMING AMENDMENTS*.—

8 (1) Section 1243 of the Food Security Act of
 9 1985 (16 U.S.C. 3843) is repealed.

10 (2) Section 1222(g) of the Food Security Act of
 11 1985 (16 U.S.C. 3822(g)) is amended by striking
 12 “1243” and inserting “1230(c)”.

13 (3) Section 1231(k)(3)(C)(i) of the Food Security
 14 Act of 1985 (16 U.S.C. 3831(k)(3)(C)(i)) is amended
 15 by striking “1243(b)” and inserting “1230(c)(1)”.

16 **Subchapter B—Conservation Reserve**

17 **SEC. 2311. CONSERVATION RESERVE PROGRAM.**

18 (a) *IN GENERAL*.—Section 1231(a) of the Food Secu-
 19 rity Act of 1985 (16 U.S.C. 3831(a)) is amended—

20 (1) by striking “2007” and inserting “2012”;
 21 and

22 (2) by striking “and wildlife” and inserting
 23 “wildlife, and pollinator habitat”.

24 (b) *ELIGIBLE LAND*.—Section 1231(b) of the Food Se-
 25 curity Act of 1985 (16 U.S.C. 3831(b)) is amended—

1 (1) in paragraph (1)(B), by striking the period
2 at the end and inserting a semicolon;

3 (2) in paragraph (4)—

4 (A) in subparagraph (C), by striking “; or”
5 and inserting a semicolon;

6 (B) in subparagraph (D), by striking “and”
7 at the end and inserting “or”; and

8 (C) in subparagraph (E), by inserting “in
9 the case of alfalfa or other forage crops,” before
10 “enrollment”;

11 (3) in paragraph (5), by striking the period at
12 the end and inserting a semicolon; and

13 (4) by adding at the end the following:

14 “(6) marginal pasture land or hay land that is
15 otherwise ineligible, if the land—

16 “(A) is to be devoted to native vegetation
17 appropriate to the ecological site; and

18 “(B) would contribute to the restoration of
19 a long-leaf pine forest or other declining forest
20 ecosystem, as defined by the Secretary; or

21 “(7) land that is enrolled in the flooded farm-
22 land program established under section 1235B.”.

23 (c) *ENROLLMENT*.—Section 1231(d) of the Food Secu-
24 rity Act of 1985 (16 U.S.C. 3831(d)) is amended by striking
25 “up to” and all that follows through “2007” and inserting

1 “up to 39,200,000 acres in the conservation reserve at any
2 1 time during the 2008 through 2012”.

3 (d) CONSERVATION PRIORITY AREAS.—Section
4 1231(f)(1) of the Food Security Act of 1985 (16 U.S.C.
5 3831(f)(1)) is amended—

6 (1) by striking “(Pennsylvania, Maryland, and
7 Virginia)”; and

8 (2) by inserting “the Prairie Pothole Region, the
9 Grand Lake St. Mary’s Watershed, the Eastern Snake
10 Plain Aquifer,” after “Sound Region,”.

11 (e) PILOT PROGRAM FOR ENROLLMENT OF WETLAND
12 AND BUFFER ACREAGE IN CONSERVATION RESERVE.—Sec-
13 tion 1231 of the Food Security Act of 1985 (16 U.S.C. 3831)
14 is amended by striking subsection (h) and inserting the fol-
15 lowing:

16 “(h) PILOT PROGRAM FOR ENROLLMENT OF WET-
17 LAND, SHALLOW WATER AREAS, AND BUFFER ACREAGE IN
18 CONSERVATION RESERVE.—

19 “(1) PROGRAM.—

20 “(A) IN GENERAL.—During the 2008
21 through 2012 calendar years, the Secretary shall
22 carry out a program in each State under which
23 the Secretary shall enroll eligible acreage de-
24 scribed in paragraph (2).

1 “(B) *PARTICIPATION AMONG STATES.*—*The*
 2 *Secretary shall ensure, to the maximum extent*
 3 *practicable, that owners and operators in each*
 4 *State have an equitable opportunity to partici-*
 5 *pate in the pilot program established under this*
 6 *subsection.*

7 “(2) *ELIGIBLE ACREAGE.*—

8 “(A) *IN GENERAL.*—*Subject to subpara-*
 9 *graphs (B) through (E), an owner or operator*
 10 *may enroll in the conservation reserve under this*
 11 *subsection—*

12 “(i)(I) *a wetland (including a con-*
 13 *verted wetland described in section*
 14 *1222(b)(1)(A)) that had a cropping history*
 15 *during at least 3 of the immediately pre-*
 16 *ceding 10 crop years;*

17 “(II) *a shallow water area that was*
 18 *devoted to a commercial pond-raised aqua-*
 19 *culture operation any year during the pe-*
 20 *riod of calendar years 2002 through 2007;*
 21 *or*

22 “(III) *an agriculture drainage water*
 23 *treatment that receives flow from a row*
 24 *crop agriculture drainage system and is de-*

1 *signed to provide nitrogen removal in addi-*
2 *tion to other wetland functions; and*

3 “(ii) *buffer acreage that—*

4 “(I) *is contiguous to a wetland or*
5 *shallow water area described in clause*
6 *(i);*

7 “(II) *is used to protect the wet-*
8 *land or shallow water area described*
9 *in clause (i); and*

10 “(III) *is of such width as the Sec-*
11 *retary determines is necessary to pro-*
12 *tect the wetland or shallow water area*
13 *described in clause (i) or to enhance*
14 *the wildlife benefits, including through*
15 *restriction of bottomland hardwood*
16 *habitat, taking into consideration and*
17 *accommodating the farming practices*
18 *(including the straightening of bound-*
19 *aries to accommodate machinery) used*
20 *with respect to the cropland that sur-*
21 *rounds the wetland or shallow water*
22 *area.*

23 “(B) *EXCLUSIONS.—Except for a shallow*
24 *water area described in paragraph (2)(A)(i), an*

owner or operator may not enroll in the conservation reserve under this subsection—

“(i) any wetland, or land on a floodplain, that is, or is adjacent to, a perennial riverine system wetland identified on the final national wetland inventory map of the Secretary of the Interior; or

“(ii) in the case of an area that is not covered by the final national inventory map, any wetland, or land on a floodplain, that is adjacent to a perennial stream identified on a 1–24,000 scale map of the United States Geological Survey.

“(C) PROGRAM LIMITATIONS.—

“(i) IN GENERAL.—The Secretary may enroll in the conservation reserve under this subsection not more than—

“(I) 100,000 acres in any 1 State referred to in paragraph (1); and

“(II) not more than a total of 1,000,000 acres.

“(ii) RELATIONSHIP TO PROGRAM MAXIMUM.—Subject to clause (iii), for the purposes of subsection (d), any acreage enrolled in the conservation reserve under this sub-

1 *section shall be considered acres maintained*
2 *in the conservation reserve.*

3 “(iii) *RELATIONSHIP TO OTHER EN-*
4 *ROLLED ACREAGE.*—*Acreage enrolled under*
5 *this subsection shall not affect for any fiscal*
6 *year the quantity of—*

7 “(I) *acreage enrolled to establish*
8 *conservation buffers as part of the pro-*
9 *gram announced on March 24, 1998*
10 *(63 Fed. Reg. 14109); or*

11 “(II) *acreage enrolled into the*
12 *conservation reserve enhancement pro-*
13 *gram announced on May 27, 1998 (63*
14 *Fed. Reg. 28965).*

15 “(iv) *REVIEW; POTENTIAL INCREASE IN*
16 *ENROLLMENT ACREAGE.*—*Not later than 3*
17 *years after the date of enactment of the*
18 *Food and Energy Security Act of 2007, the*
19 *Secretary shall—*

20 “(I) *conduct a review of the pro-*
21 *gram under this subsection with re-*
22 *spect to each State that has enrolled*
23 *land in the program; and*

24 “(II) *notwithstanding clause*
25 *(i)(I), increase the number of acres*

1 *that may be enrolled by a State under*
2 *clause (i)(I) to not more than 150,000*
3 *acres, as determined by the Secretary.*

4 “(D) OWNER OR OPERATOR LIMITATIONS.—

5 “(i) WETLAND.—

6 “(I) IN GENERAL.—*Except for a*
7 *shallow water area described in para-*
8 *graph (2)(A)(i), the maximum size of*
9 *any wetland described in subpara-*
10 *graph (A)(i) of an owner or operator*
11 *enrolled in the conservation reserve*
12 *under this subsection shall be 40 con-*
13 *tiguous acres.*

14 “(II) COVERAGE.—*All acres de-*
15 *scribed in subclause (I) (including*
16 *acres that are ineligible for payment)*
17 *shall be covered by the conservation*
18 *contract.*

19 “(ii) BUFFER ACREAGE.—*The max-*
20 *imum size of any buffer acreage described*
21 *in subparagraph (A)(ii) of an owner or op-*
22 *erator enrolled in the conservation reserve*
23 *under this subsection shall be determined by*
24 *the Secretary in consultation with the State*
25 *Technical Committee.*

1 “(iii) *TRACTS.*—*Except for a shallow*
 2 *water area described in paragraph (2)(A)(i)*
 3 *and buffer acreage, the maximum size of*
 4 *any eligible acreage described in subpara-*
 5 *graph (A) in a tract (as determined by the*
 6 *Secretary) of an owner or operator enrolled*
 7 *in the conservation reserve under this sub-*
 8 *section shall be 40 acres.*

9 “(3) *DUTIES OF OWNERS AND OPERATORS.*—
 10 *Under a contract entered into under this subsection,*
 11 *during the term of the contract, an owner or operator*
 12 *of a farm or ranch shall agree—*

13 “(A) *to restore the hydrology of the wetland*
 14 *within the eligible acreage to the maximum ex-*
 15 *tent practicable, as determined by the Secretary;*

16 “(B) *to establish vegetative cover (which*
 17 *may include emerging vegetation in water and*
 18 *bottomland hardwoods, cypress, and other appro-*
 19 *priate tree species in shallow water areas) on the*
 20 *eligible acreage, as determined by the Secretary;*

21 “(C) *to a general prohibition of commercial*
 22 *use of the enrolled land; and*

23 “(D) *to carry out other duties described in*
 24 *section 1232.*

25 “(4) *DUTIES OF THE SECRETARY.*—

1 “(A) *IN GENERAL.*—*Except as provided in*
 2 *subparagraphs (B) and (C), in return for a con-*
 3 *tract entered into by an owner or operator under*
 4 *this subsection, the Secretary shall make pay-*
 5 *ments based on rental rates for cropland and*
 6 *provide assistance to the owner or operator in*
 7 *accordance with sections 1233 and 1234.*

8 “(B) *CONTINUOUS SIGNUP.*—*The Secretary*
 9 *shall use continuous signup under section*
 10 *1234(c)(2)(B) to determine the acceptability of*
 11 *contract offers and the amount of rental pay-*
 12 *ments under this subsection.*

13 “(C) *INCENTIVES.*—*The amounts payable to*
 14 *owners and operators in the form of rental pay-*
 15 *ments under contracts entered into under this*
 16 *subsection shall reflect incentives that are pro-*
 17 *vided to owners and operators to enroll*
 18 *filterstrips in the conservation reserve under sec-*
 19 *tion 1234.”.*

20 (f) *BALANCE OF NATURAL RESOURCE PURPOSES.*—
 21 *Section 1231(j) of the Food Security Act of 1985 (16 U.S.C.*
 22 *3831(j)) is amended by striking “and wildlife” and insert-*
 23 *ing “wildlife, and pollinator”.*

1 (g) *DUTIES OF PARTICIPANTS.*—Section 1232(a) of the
 2 *Food Security Act of 1985* (16 U.S.C. 3832(a)) is
 3 amended—

4 (1) in paragraph (4)—

5 (A) by redesignating subparagraphs (A)
 6 and (B) as subparagraphs (B) and (C), respec-
 7 tively; and

8 (B) by inserting before subparagraph (B)
 9 (as so redesignated) the following:

10 “(A) approved vegetative cover shall encour-
 11 age the planting of native species and restoration
 12 of biodiversity;”;

13 (2) by redesignating paragraphs (5) through (10)
 14 as paragraphs (6) through (11), respectively; and

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

17 “(5) to undertake active management on the
 18 land as needed throughout the term of the contract to
 19 implement the conservation plan;”.

20 (h) *MANAGED HARVESTING AND GRAZING.*—Section
 21 1232(a)(7) of the *Food Security Act of 1985* (16 U.S.C.
 22 3832(a)(7)) is amended—

23 (1) in the matter preceding subparagraph (A),
 24 by inserting “and brood rearing” after “habitat dur-
 25 ing nesting”; and

1 (2) *in subparagraph (A), by striking “biomass”*
 2 *and inserting “biomass and prescribed grazing for the*
 3 *control of invasive species), if such activity is per-*
 4 *mitted and consistent with the conservation plan de-*
 5 *scribed in subsection (b)(1)(A))”.*

6 (i) *CONSERVATION PLANS.—Section 1232(b)(1)(A) of*
 7 *the Food Security Act of 1985 (16 U.S.C. 3832(b)(1)(A))*
 8 *is amended by striking “contract; and” and inserting the*
 9 *following: “contract that are—*

10 *“(i) compatible with the conservation*
 11 *and improvement of soil, water, and wild-*
 12 *life and wildlife habitat;*

13 *“(ii) clearly described and apply*
 14 *throughout the duration of the contract;*

15 *“(iii) actively managed by the owner*
 16 *or operator that entered into the contract;*
 17 *and*

18 *“(iv) consistent with local active man-*
 19 *agement conservation measures and prac-*
 20 *tices, as determined by the Secretary; and”.*

21 (j) *ACCEPTANCE OF CONTRACT OFFERS.—Section*
 22 *1234(c) of the Food Security Act of 1985 (16 U.S.C.*
 23 *3834(c)) is amended—*

24 *(1) by striking paragraph (3) and inserting the*
 25 *following:*

1 “(3) *ACCEPTANCE OF CONTRACT OFFERS.*—

2 “(A) *EVALUATION OF OFFERS.*—*In deter-*
3 *mining the acceptability of contract offers, the*
4 *Secretary may take into consideration the extent*
5 *to which enrollment of the land that is the sub-*
6 *ject of the contract offer would improve soil re-*
7 *sources, water quality, pollinator, fish, or wild-*
8 *life habitat, or provide other environmental bene-*
9 *fits.*

10 “(B) *LOCAL PREFERENCE.*—*In determining*
11 *the acceptability of contract offers for new enroll-*
12 *ments if, as determined by the Secretary, the*
13 *land would provide at least equivalent conserva-*
14 *tion benefits to land under competing offers, the*
15 *Secretary shall, to the maximum extent prac-*
16 *ticable, accept an offer from an owner or oper-*
17 *ator that is a resident of the county in which the*
18 *land is located or of a contiguous county.”; and*
19 *(2) by adding at the end the following:*

20 “(5) *RENTAL RATES.*—

21 “(A) *ANNUAL ESTIMATES.*—*Not later than*
22 *1 year after the date of enactment of this para-*
23 *graph, the Secretary (acting through the Na-*
24 *tional Agricultural Statistics Service) shall con-*
25 *duct an annual survey of per acre estimates of*

1 *county average market dryland and irrigated*
 2 *cash rental rates for cropland and pastureland*
 3 *in all counties or equivalent subdivisions within*
 4 *each State that have 20,000 acres or more of*
 5 *cropland and pastureland.*

6 “(B) PUBLIC AVAILABILITY OF ESTI-
 7 *MATES.—The estimates derived from the annual*
 8 *survey conducted under subparagraph (A) shall*
 9 *be maintained on a website of the Department of*
 10 *Agriculture for use by the general public.”.*

11 (k) *EARLY TERMINATION BY OWNER OR OPERATOR.—*

12 *Section 1235(e)(1) of the Food Security Act of 1985 (16*
 13 *U.S.C. 3835(e)(1)) is amended by striking subparagraph*
 14 *(A) and inserting the following:*

15 “(A) IN GENERAL.—The Secretary shall
 16 *allow a participant to terminate a conservation*
 17 *reserve contract at any time if, as determined by*
 18 *the Secretary—*

19 “(i) *the participant entered into a con-*
 20 *tract under this subchapter before January*
 21 *1, 1995, and the contract has been in effect*
 22 *for at least 5 years; or*

23 “(ii) *in the case of a participant who*
 24 *is disabled (as defined in section 72(m)(7)*
 25 *of the Internal Revenue Code of 1986) or re-*

1 *tired from farming or ranching, the partici-*
 2 *pant has endured financial hardship as a*
 3 *result of the taxation of rental payments re-*
 4 *ceived.”.*

5 **SEC. 2312. FLOODED FARMLAND PROGRAM.**

6 *Subchapter B of chapter 1 of subtitle D of title XII*
 7 *of the Food Security Act of 1985 (16 U.S.C. 3831a et seq.)*
 8 *is amended by adding at the end the following:*

9 **“SEC. 1235B. FLOODED FARMLAND PROGRAM.**

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

11 *“(1) CLOSED BASIN LAKE OR POTHOLE.—The*
 12 *term ‘closed basin lake or pothole’ means a naturally*
 13 *occurring lake, pond, pothole, or group of potholes*
 14 *within a tract that—*

15 *“(A) covered, on average, at least 5 acres in*
 16 *surface area during the preceding 3 crop years,*
 17 *as determined by the Secretary; and*

18 *“(B) has no natural outlet.*

19 *“(2) TRACT.—The term ‘tract’ has the meaning*
 20 *given the term by the Secretary.*

21 *“(b) PROGRAM.—*

22 *“(1) IN GENERAL.—Notwithstanding any other*
 23 *provision of law (including regulations), as part of*
 24 *the conservation reserve program established under*
 25 *this subchapter, the Secretary shall offer to enter into*

1 *contracts under which the Secretary shall permit the*
 2 *enrollment in the conservation reserve of eligible crop-*
 3 *land and grazing land that has been flooded by the*
 4 *natural overflow of a closed basin lake or pothole lo-*
 5 *cated within the Prairie Pothole Region of the north-*
 6 *ern Great Plains priority area (as determined by the*
 7 *Secretary, by regulation).*

8 “(2) *EXTENSIONS.*—*The Secretary may offer to*
 9 *extend a contract entered into under paragraph (1) if*
 10 *the Secretary determines that conditions persist that*
 11 *make cropland or grazing land covered by the con-*
 12 *tract and eligible for entry into the program under*
 13 *this section.*

14 “(c) *CONTINUOUS SIGNUP.*—*The Secretary shall offer*
 15 *the program under this section through continuous signup*
 16 *under this subchapter.*

17 “(d) *ELIGIBILITY.*—

18 “(1) *IN GENERAL.*—*To be eligible to enter into a*
 19 *contract under subsection (b), the owner shall own*
 20 *land that, as determined by the Secretary—*

21 “(A) *during the 3 crop years preceding*
 22 *entry into the contract, was rendered incapable*
 23 *of use for the production of an agricultural com-*
 24 *modity or for grazing purposes; and*

1 “(B) prior to the natural overflow of a
2 closed basin lake or pothole caused by a period
3 of precipitation in excess of historical patterns,
4 had been consistently used for the production of
5 crops or as grazing land.

6 “(2) *INCLUSIONS*.—Land described in paragraph
7 (1) shall include—

8 “(A) land that has been flooded as the result
9 of the natural overflow of a closed basin lake or
10 pothole;

11 “(B) land that has been rendered inacces-
12 sible due to flooding as the result of the natural
13 overflow of a closed basin lake or pothole; and

14 “(C) a reasonable quantity of additional
15 land adjoining the flooded land that would en-
16 hance the conservation or wildlife value of the
17 tract, as determined by the Secretary.

18 “(3) *ADMINISTRATION*.—The Secretary may
19 establish—

20 “(A) reasonable minimum acreage levels for
21 individual parcels of land that may be included
22 in a contract entered into under this section; and

23 “(B) the location and area of adjoining
24 flooded land that may be included in a contract
25 entered into under this section.

1 “(e) *PAYMENTS.*—

2 “(1) *IN GENERAL.*—Subject to paragraph (2), the
3 *rate of an annual rental payment under this section,*
4 *as determined by the Secretary—*

5 “(A) *shall be based on the rental rate under*
6 *this subchapter for cropland, and an appropriate*
7 *rental rate for pastureland; and*

8 “(B) *may be reduced by up to 25 percent,*
9 *based on the ratio of upland associated with the*
10 *enrollment of the flooded land.*

11 “(2) *EXCLUSIONS.*—During the term of a con-
12 *tract entered into under this section, an owner shall*
13 *not be eligible to participate in or receive benefits for*
14 *land that is included in the contract under—*

15 “(A) *the Federal crop insurance program*
16 *established under the Federal Crop Insurance*
17 *Act (7 U.S.C. 1501 et seq.);*

18 “(B) *the noninsured crop assistance pro-*
19 *gram established under section 196 of the Fed-*
20 *eral Agriculture Improvement and Reform Act of*
21 *1996 (7 U.S.C. 7333); or*

22 “(C) *any Federal agricultural crop disaster*
23 *assistance program.*

24 “(f) *RELATIONSHIP TO AGRICULTURAL COMMODITY*
25 *PROGRAMS.*—

1 “(1) *IN GENERAL.*—Subject to paragraph (2), the
 2 Secretary, by regulation, shall provide for the preser-
 3 vation of cropland base, allotment history, and pay-
 4 ment yields applicable to land that was rendered in-
 5 capable of use for the production of an agricultural
 6 commodity or for grazing purposes as the result of the
 7 natural overflow of a closed basin lake or pothole.

8 “(2) *TERMINATION OF CONTRACT.*—On termi-
 9 nation of a contract under this section, the Secretary
 10 shall adjust the cropland base, allotment history, and
 11 payment yields for land covered by the contract to en-
 12 sure equitable treatment of the land relative to pro-
 13 gram payment yields of comparable land in the coun-
 14 ty that was not flooded as a result of the natural
 15 overflow of a closed basin lake or pothole and was ca-
 16 pable of remaining in agricultural production.

17 “(g) *USE OF LAND.*—An owner that has entered into
 18 a contract with the Secretary under this section shall take
 19 such actions as are necessary to avoid degrading any wild-
 20 life habitat on land covered by the contract that has natu-
 21 rally developed as a result of the natural overflow of a closed
 22 basin lake or pothole.”.

23 **SEC. 2313. WILDLIFE HABITAT PROGRAM.**

24 Subchapter B of chapter 1 of subtitle D of title XII
 25 of the Food Security Act of 1985 (16 U.S.C. 3831a et seq.)

1 *(as amended by section 2312) is amended by adding at the*
 2 *end the following:*

3 **“SEC. 1235C. WILDLIFE HABITAT PROGRAM.**

4 “(a) *IN GENERAL.*—As part of the conservation reserve
 5 program established under this subchapter, the Secretary
 6 shall carry out a program to provide to owners and opera-
 7 tors who have entered into contracts under this subchapter
 8 and established softwood pine stands, for each of fiscal years
 9 2008 through 2012, assistance to carry out, on the acreage
 10 of the owner or operator enrolled in the program under this
 11 subchapter, activities that improve the condition of the en-
 12 rolled land for the benefit of wildlife.

13 “(b) *SCOPE OF PROGRAM.*—In carrying out the pro-
 14 gram under this section, the Secretary shall determine—

15 “(1) *the amount and rate of payments (includ-*
 16 *ing incentive payments and cost-sharing payments)*
 17 *to be made to owners and operators who participate*
 18 *in the program to ensure the participation of those*
 19 *owners and operators;*

20 “(2) *the areas in each of the States in which*
 21 *owners and operators referred to in subsection (a) are*
 22 *located that should be given priority under the pro-*
 23 *gram, based on the need in those areas for changes in*
 24 *the condition of land to benefit wildlife; and*

1 “(3) the management strategies and practices
2 (including thinning, burning, seeding, establishing
3 wildlife food plots, and such other practices that have
4 benefits for wildlife as are approved by the Secretary)
5 that may be carried out by owners and operators
6 under the program.

7 “(c) AGREEMENTS.—

8 “(1) IN GENERAL.—An owner or operator de-
9 scribed in subsection (a) that seeks to receive assist-
10 ance under this section shall enter into an agreement
11 with the Secretary that—

12 “(A) describes the management strategies
13 and practices referred to in subsection (b)(3) that
14 will be carried out by the owner or operator
15 under the agreement;

16 “(B) describes measures to be taken by the
17 owner or operator to ensure active but flexible
18 management of acreage covered by the agree-
19 ment;

20 “(C) requires the owner or operator to sub-
21 mit to periodic monitoring and evaluation by
22 wildlife or forestry agencies of the State in which
23 land covered by the agreement is located; and

24 “(D) contains such other terms or condi-
25 tions as the Secretary may require.

1 “(2) *TERM; INCLUSION IN CONTRACT.*—An agree-
 2 *ment entered into under this section shall have a term*
 3 *of not more than 5 years.*

4 “(d) *PARTNERSHIPS.*—In carrying out this section, the
 5 *Secretary may establish or identify and, as appropriate,*
 6 *require owners and operators participating in the program*
 7 *under this section to work cooperatively with, partnerships*
 8 *among the Secretary and State, local, and nongovernmental*
 9 *organizations.*

10 “(e) *TECHNICAL ASSISTANCE AND COST SHARING.*—
 11 *The Secretary may provide to owners and operators partici-*
 12 *pating in the program under this section, and members of*
 13 *partnerships described in subsection (d)—*

14 “(1) *technical assistance for use in carrying out*
 15 *an activity covered by an agreement described in sub-*
 16 *section (c); and*

17 “(2) *a payment for use in covering a percentage*
 18 *of the costs of carrying out each such activity that*
 19 *does not exceed the applicable amount and rate deter-*
 20 *mined by the Secretary under subsection (b)(1).*

21 “(f) *TERMINATION OF PROGRAM.*—The program under
 22 *this section shall terminate on September 30, 2011.”.*

1 ***Subchapter C—Wetlands Reserve Program***

2 ***SEC. 2321. WETLANDS RESERVE PROGRAM.***

3 *Section 1237 of the Food Security Act of 1985 (16*
 4 *U.S.C. 3837) is amended—*

5 *(1) by striking subsection (b) and inserting the*
 6 *following:*

7 *“(b) ENROLLMENT CONDITIONS.—*

8 *“(1) ANNUAL ENROLLMENT.—To the maximum*
 9 *extent practicable, the Secretary shall enroll 250,000*
 10 *acres in each fiscal year, with no enrollments begin-*
 11 *ning in fiscal year 2013.*

12 *“(2) METHODS OF ENROLLMENT.—*

13 *“(A) IN GENERAL.—Except as provided in*
 14 *subparagraph (B), the Secretary shall enroll*
 15 *acreage into the wetlands reserve program*
 16 *through the use of—*

17 *“(i) permanent easements;*

18 *“(ii) 30-year easements;*

19 *“(iii) restoration cost-share agree-*
 20 *ments; or*

21 *“(iv) any combination of the options*
 22 *described in clauses (i) through (iii).*

23 *“(B) ACREAGE OWNED BY INDIAN*
 24 *TRIBES.—In the case of acreage owned by an In-*
 25 *dian tribe, the Secretary shall enroll acreage into*

1 *the wetlands reserve program through the use*
2 *of—*

3 *“(i) a 30-year contract (the value of*
4 *which shall be equivalent to the value of a*
5 *30-year easement);*

6 *“(ii) restoration cost-share agreements;*
7 *or*

8 *“(iii) any combination of the options*
9 *described in clauses (i) and (ii).”;*

10 *(2) in subsection (c), by striking “2007 cal-*
11 *endar” and inserting “2012 fiscal”; and*

12 *(3) in subsection (d)—*

13 *(A) in paragraph (2), by striking “or” at*
14 *the end; and*

15 *(B) by striking paragraph (3) and inserting*
16 *the following:*

17 *“(3) a riparian area; or*

18 *“(4) a riparian area and an adjacent area that*
19 *links the riparian area to other parcels of wetland*
20 *that are protected by wetlands reserve agreements or*
21 *some other device or circumstance that achieves the*
22 *same purpose as a wetlands reserve agreement.”.*

1 **SEC. 2322. EASEMENTS AND AGREEMENTS.**

2 (a) *TERMS OF EASEMENT.*—Section 1237A(b)(2)(B) of
3 the Food Security Act of 1985 (16 U.S.C. 3837a(b)(2)(B))
4 is amended—

5 (1) in clause (i), by striking “or” at the end;

6 (2) in clause (ii), by striking “; and” and insert-
7 ing “; or”; and

8 (3) by adding at the end the following:

9 “(iii) to meet habitat needs of specific
10 wildlife species; and”.

11 (b) *COMPENSATION.*—Section 1237A(f) of the Food Se-
12 curity Act of 1985 (16 U.S.C. 3837a(f)) is amended—

13 (1) in the first sentence—

14 (A) by striking “Compensation” and insert-
15 ing the following:

16 “(1) *IN GENERAL.*—Compensation”; and

17 (B) by striking “agreed to” and all that fol-
18 lows through “encumbered by the easement” and
19 inserting “determined under paragraph (4)”;

20 (2) in the second sentence, by striking “Lands”
21 and inserting the following:

22 “(2) *BIDS.*—Land”;

23 (3) by striking the third sentence and inserting
24 the following:

25 “(3) *PAYMENTS.*—Compensation may be pro-
26 vided in not less than 1 and not more than 30 annual

1 *payments of equal or unequal size, as agreed to by the*
2 *owner and the Secretary.”; and*

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

4 *“(4) COMPENSATION.—Effective on the date of*
5 *enactment of this paragraph, the Secretary shall pay*
6 *the lowest amount of compensation for a conservation*
7 *easement, as determined by a comparison of subpara-*
8 *graphs (A), (B), and (C):*

9 *“(A) The amount necessary to encourage the*
10 *enrollment of parcels of land that are of impor-*
11 *tance in achieving the purposes of the program,*
12 *as determined by the State Conservationist, with*
13 *advice from the State technical committee, based*
14 *on 1 of the following:*

15 *“(i) The net present value of 30 years*
16 *of annual rental payments based on the*
17 *county simple average soil rental rates de-*
18 *veloped under subchapter B.*

19 *“(ii) An area-wide market analysis or*
20 *survey.*

21 *“(iii) An amount not less than the*
22 *value of the agricultural or otherwise unde-*
23 *veloped raw land based on the Uniform*
24 *Standards of Professional Appraisal Prac-*
25 *tice.*

1 “(B) *The amount corresponding to a geo-*
 2 *graphical area value limitation, as determined*
 3 *by the State Conservationist, with advice from*
 4 *the State technical committee.*

5 “(C) *The amount contained in the offer*
 6 *made by the landowner.”.*

7 (c) *WETLANDS RESERVE ENHANCEMENT PROGRAM.—*
 8 *Section 1237A of the Food Security Act of 1985 (16 U.S.C.*
 9 *3837a) is amended by adding at the end the following:*

10 “(h) *WETLANDS RESERVE ENHANCEMENT PRO-*
 11 *GRAM.—*

12 “(1) *IN GENERAL.—The Secretary may enter*
 13 *into 1 or more agreements with a State (including a*
 14 *political subdivision or agency of a State), non-*
 15 *governmental organization, or Indian tribe to carry*
 16 *out a special wetlands reserve enhancement program*
 17 *that the Secretary determines would advance the pur-*
 18 *poses of this subchapter.*

19 “(2) *RESERVED RIGHTS.—Under the wetlands*
 20 *reserve enhancement program, the Secretary may use*
 21 *unique wetlands reserve agreements that may include*
 22 *certain compatible uses as reserved rights in the war-*
 23 *ranty easement deed restriction, if using those agree-*
 24 *ments is determined by the Secretary to be—*

1 “(A) consistent with the long-term wetland
2 protection and enhancement goals for which the
3 easement was established; and

4 “(B) in accordance with a conservation
5 plan.”.

6 (d) *REPORT.*—

7 (1) *IN GENERAL.*—Not later than January 1,
8 2010, the Secretary shall submit to the Committee on
9 Agriculture of the House of Representatives and the
10 Committee on Agriculture, Nutrition, and Forestry of
11 the Senate a report that evaluates the implications of
12 the long-term nature of conservation easements grant-
13 ed under section 1237A of the Food Security Act of
14 1985 (16 U.S.C. 3837a) on resources of the Depart-
15 ment of Agriculture.

16 (2) *INCLUSIONS.*—The report shall include—

17 (A) data relating to the number and loca-
18 tion of conservation easements granted under
19 that section that the Secretary holds or has a sig-
20 nificant role in monitoring or managing;

21 (B) an assessment of the extent to which the
22 oversight of the conservation easement agree-
23 ments impacts the availability of resources, in-
24 cluding technical assistance;

1 (C) an assessment of the uses and value of
2 agreements with partner organizations; and

3 (D) any other relevant information relating
4 to costs or other effects that would be helpful to
5 the Committees.

6 **SEC. 2323. PAYMENTS.**

7 Section 1237D(c) of the Food Security Act of 1985 (16
8 U.S.C. 3837d(c)) is amended—

9 (1) in paragraph (1)—

10 (A) by striking “The total” and inserting
11 “Subject to section 1244(i), the total”;

12 (B) by striking “easement payments” and
13 inserting “payments”;

14 (C) by striking “person” and inserting “in-
15 dividual”; and

16 (D) by inserting “or under 30-year con-
17 tracts or restoration agreements” before the pe-
18 riod at the end; and

19 (2) in paragraph (3)—

20 (A) by striking “Easement payments” and
21 inserting “Payments”; and

22 (B) by striking “the Food, Agriculture, Con-
23 servation, and Trade Act of 1990, or the Agricul-
24 tural Act of 1949 (7 U.S.C. 1421 et seq.)” and
25 inserting “the Federal Agriculture Improvement

1 *and Reform Act of 1996 (Public Law 104–127;*
 2 *110 Stat. 888), or the Farm Security and Rural*
 3 *Investment Act of 2002 (Public Law 107–171;*
 4 *116 Stat. 134)”.*

5 ***Subchapter D—Healthy Forests Reserve***
 6 ***Program***

7 ***SEC. 2331. HEALTHY FORESTS RESERVE PROGRAM.***

8 *(a) IN GENERAL.—Chapter 1 of subtitle D of title XII*
 9 *of the Food Security Act of 1985 (16 U.S.C. 3831 et seq.)*
 10 *is amended by adding at the end the following:*

11 ***“Subchapter D—Healthy Forests Reserve***
 12 ***Program***

13 ***“SEC. 1237M. ESTABLISHMENT OF HEALTHY FORESTS RE-***
 14 ***SERVE PROGRAM.***

15 *“(a) ESTABLISHMENT.—The Secretary shall establish*
 16 *the healthy forests reserve program for the purpose of restor-*
 17 *ing and enhancing forest ecosystems—*

18 *“(1) to promote the recovery of threatened and*
 19 *endangered species;*

20 *“(2) to improve biodiversity; and*

21 *“(3) to enhance carbon sequestration.*

22 *“(b) COORDINATION.—The Secretary shall carry out*
 23 *the healthy forests reserve program in coordination with the*
 24 *Secretary of the Interior and the Secretary of Commerce.*

1 **“SEC. 1237N. ELIGIBILITY AND ENROLLMENT OF LANDS IN**
 2 **PROGRAM.**

3 “(a) *IN GENERAL.*—*The Secretary, in coordination*
 4 *with the Secretary of the Interior and the Secretary of Com-*
 5 *merce, shall describe and define forest ecosystems that are*
 6 *eligible for enrollment in the healthy forests reserve pro-*
 7 *gram.*

8 “(b) *ELIGIBILITY.*—*To be eligible for enrollment in the*
 9 *healthy forests reserve program, land shall be—*

10 “(1) *private land the enrollment of which will*
 11 *restore, enhance, or otherwise measurably increase the*
 12 *likelihood of recovery of a species listed as endangered*
 13 *or threatened under section 4 of the Endangered Spe-*
 14 *cies Act of 1973 (16 U.S.C. 1533); and*

15 “(2) *private land the enrollment of which will*
 16 *restore, enhance, or otherwise measurably improve the*
 17 *well-being of species that—*

18 “(A) *are not listed as endangered or threat-*
 19 *ened under section 4 of the Endangered Species*
 20 *Act of 1973 (16 U.S.C. 1533); but*

21 “(B) *are candidates for such listing, State-*
 22 *listed species, or special concern species.*

23 “(c) *OTHER CONSIDERATIONS.*—*In enrolling land that*
 24 *satisfies the criteria under subsection (b), the Secretary*
 25 *shall give additional consideration to land the enrollment*
 26 *of which will—*

1 “(1) *improve biological diversity; and*

2 “(2) *increase carbon sequestration.*

3 “(d) *ENROLLMENT BY WILLING OWNERS.—The Sec-*
4 *retary shall enroll land in the healthy forests reserve pro-*
5 *gram only with the consent of the owner of the land.*

6 “(e) *METHODS OF ENROLLMENT.—*

7 “(1) *IN GENERAL.—Land may be enrolled in the*
8 *healthy forests reserve program in accordance with—*

9 “(A) *a 10-year cost-share agreement;*

10 “(B) *a 30-year easement; or*

11 “(C) *a permanent easement.*

12 “(2) *PROPORTION.—The extent to which each en-*
13 *rollment method is used shall be based on the approxi-*
14 *mate proportion of owner interest expressed in that*
15 *method in comparison to the other methods.*

16 “(3) *ACREAGE OWNED BY INDIAN TRIBES.—In*
17 *the case of acreage owned by an Indian tribe, the Sec-*
18 *retary may enroll acreage into the healthy forests re-*
19 *serve program through the use of—*

20 “(A) *a 30-year contract (the value of which*
21 *shall be equivalent to the value of a 30-year ease-*
22 *ment);*

23 “(B) *a 10-year cost-share agreement; or*

24 “(C) *any combination of the options de-*
25 *scribed in subparagraphs (A) and (B).*

1 “(f) *ENROLLMENT PRIORITY.*—

2 “(1) *SPECIES.*—*The Secretary shall give priority*
 3 *to the enrollment of land that provides the greatest*
 4 *conservation benefit to—*

5 “(A) *primarily, species listed as endangered*
 6 *or threatened under section 4 of the Endangered*
 7 *Species Act of 1973 (16 U.S.C. 1533); and*

8 “(B) *secondarily, species that—*

9 “(i) *are not listed as endangered or*
 10 *threatened under section 4 of the Endan-*
 11 *gered Species Act of 1973 (16 U.S.C. 1533);*
 12 *but*

13 “(ii) *are candidates for such listing,*
 14 *State-listed species, or special concern spe-*
 15 *cies.*

16 “(2) *COST-EFFECTIVENESS.*—*The Secretary shall*
 17 *also consider the cost-effectiveness of each agreement*
 18 *or easement, and associated restoration plans, so as*
 19 *to maximize the environmental benefits per dollar ex-*
 20 *pended.*

21 **“SEC. 12370. RESTORATION PLANS.**

22 “(a) *IN GENERAL.*—*Land enrolled in the healthy for-*
 23 *ests reserve program shall be subject to a restoration plan,*
 24 *to be developed jointly by the landowner and the Secretary,*
 25 *in coordination with the Secretary of Interior.*

1 “(b) *PRACTICES.*—*The restoration plan shall require*
 2 *such restoration practices as are necessary to restore and*
 3 *enhance habitat for—*

4 “(1) *species listed as endangered or threatened*
 5 *under section 4 of the Endangered Species Act of*
 6 *1973 (16 U.S.C. 1533); and*

7 “(2) *animal or plant species before the species*
 8 *reach threatened or endangered status, such as can-*
 9 *didate, State-listed species, and special concern spe-*
 10 *cies.*

11 **“SEC. 1237P. FINANCIAL ASSISTANCE.**

12 “(a) *PERMANENT EASEMENTS.*—*In the case of land*
 13 *enrolled in the healthy forests reserve program using a per-*
 14 *manent easement, the Secretary shall pay to the owner of*
 15 *the land an amount equal to not less than 75 percent, nor*
 16 *more than 100 percent, of (as determined by the Sec-*
 17 *retary)—*

18 “(1) *the fair market value of the enrolled land*
 19 *during the period the land is subject to the easement,*
 20 *less the fair market value of the land encumbered by*
 21 *the easement; and*

22 “(2) *the actual costs of the approved conservation*
 23 *practices or the average cost of approved practices*
 24 *carried out on the land during the period in which*
 25 *the land is subject to the easement.*

1 “(b) *30-YEAR EASEMENT OR CONTRACT.*—*In the case*
2 *of land enrolled in the healthy forests reserve program using*
3 *a 30-year easement or contract, the Secretary shall pay the*
4 *owner of the land an amount equal to not more than (as*
5 *determined by the Secretary)*—

6 “(1) *75 percent of the fair market value of the*
7 *land, less the fair market value of the land encum-*
8 *bered by the easement or contract; and*

9 “(2) *75 percent of the actual costs of the ap-*
10 *proved conservation practices or 75 percent of the av-*
11 *erage cost of approved practices.*

12 “(c) *10-YEAR AGREEMENT.*—*In the case of land en-*
13 *rolled in the healthy forests reserve program using a 10-*
14 *year cost-share agreement, the Secretary shall pay the*
15 *owner of the land an amount equal to not more than (as*
16 *determined by the Secretary)*—

17 “(1) *50 percent of the actual costs of the ap-*
18 *proved conservation practices; or*

19 “(2) *50 percent of the average cost of approved*
20 *practices.*

21 “(d) *ACCEPTANCE OF CONTRIBUTIONS.*—*The Sec-*
22 *retary may accept and use contributions of non-Federal*
23 *funds to make payments under this section.*

1 **“SEC. 1237Q. TECHNICAL ASSISTANCE.**

2 “(a) *IN GENERAL.*—*The Secretary shall provide land-*
 3 *owners with technical assistance to assist the owners in*
 4 *complying with the terms of plans (as included in agree-*
 5 *ments or easements) under the healthy forests reserve pro-*
 6 *gram.*

7 “(b) *TECHNICAL SERVICE PROVIDERS.*—*The Secretary*
 8 *may request the services of, and enter into cooperative*
 9 *agreements with, individuals or entities certified as tech-*
 10 *nical service providers under section 1242, to assist the Sec-*
 11 *retary in providing technical assistance necessary to de-*
 12 *velop and implement the healthy forests reserve program.*

13 **“SEC. 1237R. PROTECTIONS AND MEASURES.**

14 “(a) *PROTECTIONS.*—*In the case of a landowner that*
 15 *enrolls land in the program and whose conservation activi-*
 16 *ties result in a net conservation benefit for listed, candidate,*
 17 *or other species, the Secretary shall make available to the*
 18 *landowner safe harbor or similar assurances and protection*
 19 *under—*

20 “(1) *section 7(b)(4) of the Endangered Species*
 21 *Act of 1973 (16 U.S.C. 1536(b)(4)); or*

22 “(2) *section 10(a)(1) of that Act (16 U.S.C.*
 23 *1539(a)(1)).*

24 “(b) *MEASURES.*—*If protection under subsection (a)*
 25 *requires the taking of measures that are in addition to the*
 26 *measures covered by the applicable restoration plan agreed*

1 *to under section 1237O, the cost of the additional measures,*
 2 *as well as the cost of any permit, shall be considered part*
 3 *of the restoration plan for purposes of financial assistance*
 4 *under section 1237P.*

5 **“SEC. 1237S. INVOLVEMENT BY OTHER AGENCIES AND OR-**
 6 **GANIZATIONS.**

7 *“In carrying out this subchapter, the Secretary may*
 8 *consult with—*

9 *“(1) nonindustrial private forest landowners;*

10 *“(2) other Federal agencies;*

11 *“(3) State fish and wildlife agencies;*

12 *“(4) State forestry agencies;*

13 *“(5) State environmental quality agencies;*

14 *“(6) other State conservation agencies; and*

15 *“(7) nonprofit conservation organizations.*

16 **“SEC. 1237T. AUTHORIZATION OF APPROPRIATIONS.**

17 *“There are authorized to be appropriated to carry out*
 18 *this subchapter such sums as are necessary for each of fiscal*
 19 *years 2008 through 2012.”.*

20 *(b) CONFORMING AMENDMENTS.—The Healthy Forests*
 21 *Restoration Act of 2003 (16 U.S.C. 6501 et seq.) is*
 22 *amended—*

23 *(1) by striking title V (16 U.S.C. 6571 et seq.);*

24 *and*

1 (2) by redesignating title VI and section 601 (16
2 U.S.C. 6591) as title V and section 501, respectively.

3 **CHAPTER 2—COMPREHENSIVE**
4 **STEWARDSHIP INCENTIVES PROGRAM**
5 ***Subchapter A—General Provisions***

6 **SEC. 2341. COMPREHENSIVE STEWARDSHIP INCENTIVES**
7 **PROGRAM.**

8 *Subtitle D of title XII of the Food Security Act of 1985*
9 *(16 U.S.C. 3830 et seq.) is amended by adding at the end*
10 *the following:*

11 **“CHAPTER 6—COMPREHENSIVE**
12 **STEWARDSHIP INCENTIVES PROGRAM**
13 **“Subchapter A—Comprehensive Stewardship**
14 ***Incentives Program***

15 **“SEC. 1240T. COMPREHENSIVE STEWARDSHIP INCENTIVES**
16 **PROGRAM.**

17 “(a) *ESTABLISHMENT.*—

18 “(1) *IN GENERAL.*—*The Secretary shall establish*
19 *a comprehensive stewardship incentives program (re-*
20 *ferred to in this chapter as ‘CSIP’) to—*

21 “(A) *promote coordinated efforts within*
22 *conservation programs in this chapter to address*
23 *resources of concern, as identified at the local*
24 *level;*

1 “(B) *encourage the adoption of conservation*
 2 *practices, activities and management measures;*
 3 *and*

4 “(C) *promote agricultural production and*
 5 *environmental quality as compatible goals.*

6 “(2) *MEANS.—The Secretary shall carry out*
 7 *CSIP by—*

8 “(A) *identifying resources of concern at a*
 9 *local level as described in subsection (b)(4);*

10 “(B) *entering into contracts with owners*
 11 *and operators of agricultural and nonindustrial*
 12 *private forest land to—*

13 “(i) *address natural resource concerns;*

14 “(ii) *meet regulatory requirements; or*

15 “(iii) *achieve and maintain new con-*
 16 *servation practices, activities and manage-*
 17 *ment measures; and*

18 “(C) *providing technical assistance.*

19 “(3) *PROGRAMS.—CSIP shall consist of—*

20 “(A) *the conservation stewardship program;*
 21 *and*

22 “(B) *the environmental quality incentives*
 23 *program.*

1 “(4) *DEFINITION OF RESOURCE OF CONCERN.*—

2 *In this chapter, the term ‘resource of concern’*
 3 *means—*

4 “(A) *a specific resource concern on agricul-*
 5 *tural or nonindustrial private forest land that—*

6 “(i) *is identified by the Secretary in*
 7 *accordance with subsection (b)(4);*

8 “(ii) *represents a significant conserva-*
 9 *tion concern in the State to which agricul-*
 10 *tural activities are contributing; and*

11 “(iii) *is likely to be addressed success-*
 12 *fully through the implementation of con-*
 13 *servation practices, activities, and manage-*
 14 *ment measures by owners and operators of*
 15 *agricultural and nonindustrial private for-*
 16 *est land; or*

17 “(B) *a specific resource concern on agricul-*
 18 *tural or nonindustrial private forest land that is*
 19 *the subject of mandatory environmental require-*
 20 *ments that apply to a producer under Federal,*
 21 *State, or local law.*

22 “(b) *ADMINISTRATION.*—

23 “(1) *IN GENERAL.*—*In carrying out CSIP, the*
 24 *Secretary shall ensure that the conservation programs*

1 *under this chapter are managed in a coordinated*
2 *manner.*

3 “(2) *PLANS.*—*The Secretary shall, to the max-*
4 *imum extent practicable, avoid duplication in the*
5 *conservation plans required under this chapter and*
6 *comparable conservation and regulatory programs,*
7 *including a permit acquired under an approved*
8 *water or air quality regulatory program.*

9 “(3) *TENANT PROTECTION.*—*The Secretary shall*
10 *provide adequate safeguards to protect the interests of*
11 *tenants and sharecroppers, including provision for*
12 *sharing, on a fair and equitable basis, in payments*
13 *under the programs established under this chapter.*

14 “(4) *IDENTIFICATION OF RESOURCES OF CON-*
15 *CERN.*—

16 “(A) *IN GENERAL.*—*The Secretary shall en-*
17 *sure that resources of concern are identified at*
18 *the State level in consultation with the State*
19 *Technical Committee.*

20 “(B) *LIMITATION.*—*The Secretary shall*
21 *identify not more than 5 resources of concern in*
22 *a particular watershed or other appropriate re-*
23 *gion or area within a State.*

24 “(5) *REGULATIONS.*—*Not later than 180 days*
25 *after the date of enactment of the Food and Energy*

1 *Security Act of 2007 the Secretary shall issue regula-*
 2 *tions to implement the programs established under*
 3 *this chapter.*

4 **“Subchapter B—Conservation Stewardship**
 5 **Program**

6 **“SEC. 1240U. PURPOSES.**

7 *“The purpose of the conservation stewardship program*
 8 *is to promote agricultural production and environmental*
 9 *quality as compatible goals, and to optimize environmental*
 10 *benefits, by assisting producers—*

11 *“(1) in promoting conservation and improving*
 12 *resources of concern (including soil, water, and en-*
 13 *ergy conservation, soil, water, and air quality, bio-*
 14 *diversity, fish, wildlife and pollinator habitat, and re-*
 15 *lated resources of concern, as defined by the Sec-*
 16 *retary) by providing flexible assistance to install, im-*
 17 *prove, and maintain conservation systems, practices,*
 18 *activities, and management measures on agricultural*
 19 *land (including cropland, grazing land, and wetland)*
 20 *while sustaining production of food and fiber;*

21 *“(2) in making beneficial, cost-effective changes*
 22 *to conservation systems, practices, activities, and*
 23 *management measures carried out on agricultural*
 24 *and forest land relating to—*

25 *“(A) cropping systems;*

1 “(B) grazing management systems;
 2 “(C) nutrient management associated with
 3 *livestock and crops*;
 4 “(D) forest management;
 5 “(E) fuels management;
 6 “(F) integrated pest management;
 7 “(G) irrigation management;
 8 “(H) invasive species management;
 9 “(I) energy conservation; or
 10 “(J) other management-intensive issues;
 11 “(3) in complying with Federal, State, tribal,
 12 *and local requirements concerning—*
 13 “(A) soil, water, and air quality;
 14 “(B) fish, wildlife, and pollinator habitat;
 15 *and*
 16 “(C) surface water and groundwater con-
 17 *servation*;
 18 “(4) in avoiding, to the maximum extent prac-
 19 *ticable, the need for resource and regulatory programs*
 20 *by protecting resources of concern and meeting envi-*
 21 *ronmental quality criteria established by Federal,*
 22 *State, tribal, and local agencies; and*
 23 “(5) by encouraging, consolidating, and stream-
 24 *lining conservation planning and regulatory compli-*
 25 *ance processes to reduce administrative burdens on*

1 *producers and the cost of achieving environmental*
 2 *goals.*

3 **“SEC. 1240V. DEFINITIONS.**

4 *“In this chapter:*

5 *“(1) COMPREHENSIVE CONSERVATION PLAN.—*

6 *The term ‘comprehensive conservation plan’ means a*
 7 *plan produced by following the planning process out-*
 8 *lined in the applicable National Planning Procedures*
 9 *Handbook of the Department of Agriculture with re-*
 10 *gard to all applicable resources of concern.*

11 *“(2) CONTRACT OFFER.—The term ‘contract*
 12 *offer’ means an application submitted by a producer*
 13 *that seeks to address 1 or more resources of concern*
 14 *with the assistance of the program.*

15 *“(3) ENHANCEMENT PAYMENT.—The term ‘en-*
 16 *hancement payment’ means a payment described in*
 17 *section 1240X(d).*

18 *“(4) ELIGIBLE LAND.—The term ‘eligible land’*
 19 *means land described in section 1240X(b).*

20 *“(5) LIVESTOCK.—The term ‘livestock’ means*
 21 *dairy cattle, beef cattle, laying hens, broilers, turkeys,*
 22 *swine, sheep, goats, ducks, ratites, shellfish, alpacas,*
 23 *bison, catfish, managed pollinators, and such other*
 24 *animals and fish as are determined by the Secretary.*

1 “(6) *MANAGEMENT INTENSITY*.—The term ‘man-
 2 agement intensity’ means the degree, scope, and com-
 3 prehensiveness of conservation systems, practices, ac-
 4 tivities, or management measures adopted by a pro-
 5 ducer to improve and sustain the condition of a re-
 6 source of concern.

7 “(7) *PAYMENT*.—The term ‘payment’ means fi-
 8 nancial assistance provided to a producer under the
 9 program to compensate the producers for incurred
 10 costs associated with planning, materials, installa-
 11 tion, labor, management, maintenance, technical as-
 12 sistance, and training, the value of risk, and income
 13 forgone by the producer, as applicable, including—

14 “(A) enhancement payments;

15 “(B) CSP supplemental payments; and

16 “(C) other payments provided under this
 17 chapter.

18 “(8) *PRACTICE*.—

19 “(A) *IN GENERAL*.—The term ‘practice’
 20 means 1 or more measures that improve or sus-
 21 tain a resource of concern.

22 “(B) *INCLUSIONS*.—The term ‘practice’
 23 includes—

“(i) *structural measures, vegetative measures, and land management measures, as determined by the Secretary; and*

“(ii) *planning activities needed to improve or sustain a resource of concern, including implementation of—*

“(I) *a comprehensive conservation plan; and*

“(II) *a comprehensive nutrient management plan.*

“(9) *PRODUCER.—The term ‘producer’ means an individual who is an owner, operator, landlord, tenant, or sharecropper that—*

“(A) *derives income from, and controls, the production or management of an agricultural commodity, livestock, or nonindustrial forest land regardless of ownership;*

“(B) *shares in the risk of producing any crop or livestock; and*

“(C)(i) *is entitled to share in the crop or livestock available for marketing from a farm (or would have shared had the crop or livestock been produced); or*

“(ii) *is a custom feeder or contract grower.*

1 “(10) *PROGRAM*.—The term ‘program’ means the
2 *conservation stewardship program established under*
3 *this chapter.*

4 “(11) *RESOURCE-CONSERVING CROP*.—The term
5 ‘resource-conserving crop’ means—

6 “(A) *a perennial grass;*

7 “(B) *a legume grown for use as forage, seed*
8 *for planting, or green manure;*

9 “(C) *a legume-grass mixture;*

10 “(D) *a small grain grown in combination*
11 *with a grass or legume, whether interseeded or*
12 *planted in succession;*

13 “(E) *a winter annual oilseed crop that pro-*
14 *vides soil protection; and*

15 “(F) *such other plantings as the Secretary*
16 *determines to be appropriate for a particular*
17 *area.*

18 “(12) *RESOURCE-CONSERVING CROP ROTA-*
19 *TION*.—The term ‘resource-conserving crop rotation’
20 *means a crop rotation that—*

21 “(A) *includes at least 1 resource-conserving*
22 *crop;*

23 “(B) *reduces erosion;*

24 “(C) *improves soil fertility and tilth;*

25 “(D) *interrupts pest cycles; and*

1 “(E) in applicable areas, reduces depletion
2 of soil moisture (or otherwise reduces the need for
3 irrigation).

4 “(13) *RESOURCE-SPECIFIC INDICES*.—The term
5 ‘resource-specific indices’ means indices developed by
6 the Secretary that measure or estimate the expected
7 level of resource and environmental outcomes of the
8 conservation systems, practices, activities, and man-
9 agement measures employed by a producer to address
10 a resource of concern on an agricultural operation.

11 “(14) *STEWARDSHIP CONTRACT*.—The term
12 ‘stewardship contract’ means a contract entered into
13 under the conservation stewardship program to carry
14 out the programs and activities described in this
15 chapter.

16 “(15) *STEWARDSHIP THRESHOLD*.—The term
17 ‘stewardship threshold’ means the level of natural re-
18 source conservation and environmental management
19 required, as determined by the Secretary—

20 “(A) to maintain, conserve, and improve
21 the quality or quantity of a resource of concern
22 reflecting at a minimum, the resource manage-
23 ment system quality criteria described in the
24 handbooks of the Natural Resource Conservation
25 Service, if available and appropriate; or

“(B) in the case of a resource of concern that is the subject of a Federal, State, or local regulatory requirement, to meet the higher of—

“(i) the standards that are established by the requirement for the resource of concern; or

“(ii) standards reflecting the resource management system quality criteria described in the handbooks of the Natural Resource Conservation Service, if available and appropriate.

“SEC. 1240W. ESTABLISHMENT OF PROGRAM.

“The Secretary shall establish and, for each of fiscal years 2008 through 2012, carry out a conservation stewardship program to assist producers in improving environmental quality by addressing resources of concern in a comprehensive manner through—

“(1) the addition of conservation systems, practices, activities, and management measures; and

“(2) the active management, maintenance, and improvement of existing, and adoption of new, conservation systems, practices, activities, and management measures.

“SEC. 1240X. ELIGIBILITY.

“(a) *ELIGIBLE PRODUCERS.*—

1 “(1) *GENERAL PROGRAM ELIGIBILITY.*—*To be el-*
 2 *igible to participate in the conservation stewardship*
 3 *program, a producer shall—*

4 “(A) *submit to the Secretary for approval a*
 5 *contract offer to participate in the program;*

6 “(B) *agree to receive technical services, ei-*
 7 *ther directly from the Secretary or, at the option*
 8 *of the producer, from an approved third party*
 9 *under section 1242(b)(3);*

10 “(C) *enter into a contract with the Sec-*
 11 *retary, as described in subsection (c); and*

12 “(D) *demonstrate to the satisfaction of the*
 13 *Secretary that the producer—*

14 “(i) *is addressing resources of concern*
 15 *relating to both soil and water to at least*
 16 *the stewardship threshold; and*

17 “(ii) *is adequately addressing other re-*
 18 *sources of concern applicable to the agricul-*
 19 *tural operation, as determined by the Sec-*
 20 *retary.*

21 “(b) *ELIGIBLE LAND.*—

22 “(1) *IN GENERAL.*—*Except as provided in para-*
 23 *graph (2), private agricultural land that is eligible*
 24 *for enrollment in the program includes—*

1 “(A) cropland (including vineyards and or-
2 chards);

3 “(B) pasture land;

4 “(C) rangeland;

5 “(D) other agricultural land used for the
6 production of livestock;

7 “(E) land used for agroforestry;

8 “(F) land used for aquaculture;

9 “(G) riparian areas adjacent to otherwise
10 eligible land;

11 “(H) land under the jurisdiction of an In-
12 dian tribe (as determined by the Secretary);

13 “(I) public land, if failure to enroll the land
14 in the program would defeat the purposes of the
15 program on private land that is an integral part
16 of the operation enrolled or offered to be enrolled
17 in the program by the producer;

18 “(J) State and school owned land that is
19 under the effective control of a producer; and

20 “(K) other agricultural land (including
21 cropped woodland and marshes) that the Sec-
22 retary determines is vulnerable to serious threats
23 to resources of concern.

24 “(2) EXCLUSIONS.—

1 “(A) *LAND ENROLLED IN OTHER CONSERVA-*
2 *TION PROGRAMS.—The following land is not eli-*
3 *gible for enrollment in the program:*

4 “(i) *Land enrolled in the conservation*
5 *reserve program under subchapter B of*
6 *chapter 1.*

7 “(ii) *Land enrolled in the wetlands re-*
8 *serve program established under subchapter*
9 *C of chapter 1.*

10 “(B) *CONVERSION TO CROPLAND.—With re-*
11 *gard to the program, land used for crop produc-*
12 *tion after May 13, 2002, that had not been*
13 *planted, considered to be planted, or devoted to*
14 *crop production for at least 4 of the 6 years pre-*
15 *ceding that date (except for land enrolled in the*
16 *conservation reserve program or that has been*
17 *maintained using long-term crop rotation prac-*
18 *tices, as determined by the Secretary) shall not*
19 *be the basis for any payment under the program.*

20 “(3) *ECONOMIC USES.—The Secretary shall not*
21 *restrict economic uses of land covered by a program*
22 *contract (including buffers and other partial field*
23 *conservation practices) that comply with the agree-*
24 *ment and comprehensive conservation plan, or other*
25 *applicable law.*

1 “(c) *CONTRACT REQUIREMENTS AND PROVISIONS.*—

2 “(1) *IN GENERAL.*—After a determination by the
3 Secretary that a producer is eligible to participate in
4 the program, and on acceptance of the contract offer
5 of the producer, the Secretary shall enter into a con-
6 tract with the producer to enroll the land to be cov-
7 ered by the contract.

8 “(2) *AGRICULTURAL OPERATIONS.*—All acres of
9 all agricultural operations, whether or not contiguous,
10 that are under the effective control of a producer
11 within a particular watershed or region (or in a con-
12 tiguous watershed or region) of a State and constitute
13 a cohesive management unit, as determined by the
14 Secretary, at the time the producer enters into a stew-
15 ardship contract shall be covered by the stewardship
16 contract, other than land the producer has enrolled in
17 the conservation reserve program or the wetlands re-
18 serve program.

19 “(3) *RESOURCES OF CONCERN.*—Each steward-
20 ship contract shall, at a minimum, meet or exceed the
21 stewardship threshold for at least 1 additional re-
22 source of concern by the end of the stewardship con-
23 tract through—

1 “(A) the installation and adoption of addi-
2 tional conservation systems, practices, activities,
3 or management measures; and

4 “(B) the active management and improve-
5 ment of conservation systems, practices, activi-
6 ties, and management measures in place at the
7 operation of the producer at the time the con-
8 tract offer is accepted by the Secretary.

9 “(4) *TERMS.*—A contract entered into under
10 paragraph (1) shall—

11 “(A) describe the land covered by the con-
12 tract;

13 “(B) describe the practices or technical serv-
14 ices from an approved third party, to be imple-
15 mented on eligible land of the producer;

16 “(C) state the amount of payments (deter-
17 mined in accordance with subsection (f)) the Sec-
18 retary agrees to make to the producer each year
19 of the contract;

20 “(D) describe existing conservation systems,
21 practices, activities, and management measures
22 the producer agrees to maintain, manage, and
23 improve during the term of the stewardship con-
24 tract in order to meet and exceed the appropriate

1 *stewardship threshold for the resources of con-*
2 *cern;*

3 “(E) *describe the additional conservation*
4 *systems, practices, activities, and management*
5 *measures the producer agrees to plan, install,*
6 *maintain, and manage during the term of the*
7 *stewardship contract in order to meet and exceed*
8 *the appropriate stewardship threshold for the ap-*
9 *propriate resource or resources of concern;*

10 “(F) *if applicable, describe the on-farm con-*
11 *servation research, demonstration, training, or*
12 *pilot project activities the producer agrees to un-*
13 *dertake during the term of the contract;*

14 “(G) *if applicable, describe the on-farm*
15 *monitoring and evaluation activities the pro-*
16 *ducer agrees to undertake during the term of the*
17 *contract relating to—*

18 “(i) *a comprehensive conservation*
19 *plan; or*

20 “(ii) *conservation systems, practices,*
21 *activities, and management measures; and*

22 “(H) *include such other provisions as the*
23 *Secretary determines are necessary to ensure that*
24 *the purposes of the program are achieved.*

1 “(5) *ON-FARM RESEARCH, DEMONSTRATION,*
 2 *TRAINING, OR PILOT PROJECTS.*—*The Secretary may*
 3 *approve a stewardship contract that includes—*

4 “(A) *on-farm conservation research, dem-*
 5 *onstration, and training activities; and*

6 “(B) *pilot projects for evaluation of new*
 7 *technologies or innovative conservation practices.*

8 “(6) *DURATION.*—*A contract under this chapter*
 9 *shall have a term of 5 years.*

10 “(7) *EVALUATION OF CONTRACT OFFERS.*—*In*
 11 *evaluating contract offers made by producers to enter*
 12 *into contracts under the program, the Secretary*
 13 *shall—*

14 “(A) *prioritize applications based on—*

15 “(i) *the level of conservation treatment*
 16 *on all resources of concern at the time of*
 17 *application, based on the initial scores re-*
 18 *ceived by the producer on applicable re-*
 19 *source-specific indices;*

20 “(ii) *the degree to which the proposed*
 21 *conservation treatment effectively increases*
 22 *the level of performance on applicable re-*
 23 *source-specific indices or the level of man-*
 24 *agement intensity with which the producer*

1 *addresses the designated resources of con-*
2 *cern;*

3 “(iii) *the extent to which all resources*
4 *of concern will exceed the stewardship*
5 *threshold level by the end of the contract pe-*
6 *riod;*

7 “(iv) *the extent to which resources of*
8 *concern in addition to resources of concern*
9 *will be addressed to meet and exceed the*
10 *stewardship threshold level by the end of the*
11 *contract period;*

12 “(v) *the extent to which the producer*
13 *proposes to address the goals and objectives*
14 *of State, regional, and national fish and*
15 *wildlife conservation plans and initiatives;*

16 “(vi) *whether the proposed conserva-*
17 *tion treatment reflects the multiple natural*
18 *resource and environmental benefits of con-*
19 *servation-based farming systems, including*
20 *resource-conserving crop rotations, advanced*
21 *integrated pest management, and managed*
22 *rotational grazing; and*

23 “(vii) *whether the application includes*
24 *land transitioning out of the conservation*
25 *reserve program, on the condition that the*

1 *land is maintained in a grass-based system*
2 *and would help meet habitat needs for fish*
3 *and wildlife;*

4 “(B) *evaluate the extent to which the antici-*
5 *pated environmental benefits from the contract*
6 *would be provided in the most cost-effective man-*
7 *ner, relative to other similarly beneficial contract*
8 *offers;*

9 “(C) *reward higher levels of environmental*
10 *performance and management intensity;*

11 “(D) *develop criteria for use in evaluating*
12 *applications that will ensure that national,*
13 *State, and local conservation priorities are effec-*
14 *tively addressed;*

15 “(E) *evaluate the extent to which the envi-*
16 *ronmental benefits expected to result from the*
17 *contract complement other conservation efforts in*
18 *the watershed or region; and*

19 “(F) *provide opportunities to agricultural*
20 *producers that have not previously participated*
21 *in Federal conservation programs, including be-*
22 *ginning farmers and ranchers and socially dis-*
23 *advantaged farmers and ranchers.*

24 “(8) *TERMINATION OF CONTRACTS.—*

25 “(A) *IN GENERAL.—*

1 “(i) *VOLUNTARY TERMINATION.*—*The*
 2 *producer may terminate a contract entered*
 3 *into with the Secretary under this chapter*
 4 *if the Secretary determines that the termi-*
 5 *nation is in the public interest.*

6 “(ii) *INVOLUNTARY TERMINATION.*—
 7 *The Secretary may terminate a contract*
 8 *under this chapter if the Secretary deter-*
 9 *mines that the producer violated the con-*
 10 *tract.*

11 “(B) *REPAYMENT.*—*If a contract is termi-*
 12 *nated, the Secretary may—*

13 “(i) *allow the producer to retain pay-*
 14 *ments already received under the contract*
 15 *if—*

16 “(I) *the producer has complied*
 17 *with the terms and conditions of the*
 18 *contract; and*

19 “(II) *the Secretary determines*
 20 *that allowing the producer to retain*
 21 *the payments is consistent with the*
 22 *purposes of the program;*

23 “(ii) *require repayment, in whole or in*
 24 *part, of payments already received; and*

1 “(iii) assess liquidated damages, if
 2 doing so is consistent with the purposes of
 3 the program.

4 “(C) *TRANSFER OR CHANGE OF INTEREST*
 5 *IN LAND SUBJECT TO A CONTRACT.*—

6 “(i) *IN GENERAL.*—*Except as provided*
 7 *in clause (ii), the transfer, or change in the*
 8 *interest, of a producer in land subject to a*
 9 *contract under this chapter shall result in*
 10 *the termination of the contract.*

11 “(ii) *TRANSFER OF DUTIES AND*
 12 *RIGHTS.*—*Clause (i) shall not apply if—*

13 “(I) *within a reasonable period of*
 14 *time (as determined by the Secretary)*
 15 *after the date of the transfer or change*
 16 *in the interest in land, the transferee of*
 17 *the land provides written notice to the*
 18 *Secretary that all duties and rights*
 19 *under the contract have been trans-*
 20 *ferred to, and assumed by, the trans-*
 21 *feree; and*

22 “(II) *the transferee meets the eli-*
 23 *gibility requirements of this sub-*
 24 *chapter.*

25 “(9) *MODIFICATION.*—

1 “(A) *IN GENERAL.*—*The Secretary may*
2 *allow a producer to modify a contract before the*
3 *expiration of the contract if the Secretary deter-*
4 *mines that failure to modify the contract would*
5 *significantly interfere with achieving the pur-*
6 *poses of the program.*

7 “(B) *PARTICIPATION IN OTHER PRO-*
8 *GRAMS.*—*If appropriate payment reductions and*
9 *other adjustments (as determined by the Sec-*
10 *retary) are made to the contract of a producer,*
11 *the producer may remove land enrolled in the*
12 *conservation stewardship program for enrollment*
13 *in the conservation reserve program, wetlands re-*
14 *serve program, or other conservation programs,*
15 *as determined by the Secretary.*

16 “(C) *CHANGES IN SIZE OF OPERATION.*—
17 *The Secretary shall allow a producer to modify*
18 *a stewardship contract before the expiration of*
19 *the stewardship contract if the agricultural oper-*
20 *ation of the producer has reduced or enlarged in*
21 *size to reflect the new acreage total.*

22 “(D) *NEW ACREAGE.*—*With respect to acre-*
23 *age added to the agricultural operation of a pro-*
24 *ducer after entering into a stewardship contract,*
25 *a producer may elect to not add the acreage to*

1 *the stewardship contract during the term of the*
 2 *current stewardship contract, except that such*
 3 *additional acreage shall be included in any con-*
 4 *tract renewal.*

5 *“(E) CHANGES IN PRODUCTION.—The Sec-*
 6 *retary shall allow a producer to modify a stew-*
 7 *ardship contract before the expiration of the*
 8 *stewardship contract if—*

9 *“(i) the producer has a change in pro-*
 10 *duction that requires a change to scheduled*
 11 *conservation practices and activities; and*

12 *“(ii) the Secretary determines that—*

13 *“(I) all relevant conservation*
 14 *standards will be maintained or im-*
 15 *proved; and*

16 *“(II) there is no increase in total*
 17 *payment under the stewardship con-*
 18 *tract.*

19 *“(10) EFFECT OF NONCOMPLIANCE DUE TO CIR-*
 20 *CUMSTANCES BEYOND THE CONTROL OF PRODUCER.—*
 21 *The Secretary shall include in each contract a provi-*
 22 *sion to ensure that a producer shall not be considered*
 23 *in violation of the contract for failure to comply with*
 24 *the contract due to circumstances beyond the control*
 25 *of the producer, including a disaster or related weath-*

er, pest, disease, or other similar condition, as determined by the Secretary.

“(11) COORDINATION WITH ORGANIC CERTIFICATION.—

“(A) IN GENERAL.—Not later than 180 days after the date of enactment of this chapter, the Secretary shall establish a transparent and producer-friendly means by which producers may coordinate and simultaneously certify eligibility under—

“(i) a stewardship contract; and

“(ii) the national organic production program established under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.).

“(B) PROGRAMMATIC CONSIDERATIONS.—The Secretary shall identify and implement programmatic considerations, including conservation systems, practices, activities, and management measures, technical assistance, evaluation of contract offers, enhancement payments, on-farm research, demonstration, training, and pilot projects, and data management, through which to maximize the purposes of the program by enrolling producers who are certified under

1 *the national organic production program estab-*
2 *lished under the Organic Foods Production Act*
3 *of 1990 (7 U.S.C. 6501 et seq.).*

4 “(12) *RENEWAL.*—*At the end of a stewardship*
5 *contract of a producer, the Secretary shall allow the*
6 *producer to renew the stewardship contract for an ad-*
7 *ditional 5-year period if the producer—*

8 “(A) *demonstrates compliance with the*
9 *terms of the existing contract, including a dem-*
10 *onstration that the producer has complied with*
11 *the schedule for the implementation of additional*
12 *conservation systems, practices, activities, and*
13 *management measures included in the steward-*
14 *ship contract and is addressing the designated*
15 *resources of concern to a level that meets and ex-*
16 *ceeds the stewardship threshold; and*

17 “(B) *agrees to implement and maintain*
18 *such additional conservation practices and ac-*
19 *tivities as the Secretary determines to be nec-*
20 *essary and feasible to achieve higher levels of per-*
21 *formance on applicable resource-specific indices*
22 *or higher levels of management intensity with*
23 *which the producer addresses the resources of*
24 *concern.*

25 “(d) *ENHANCEMENT PAYMENTS.*—

1 “(1) *LOWER PAYMENTS.*—*In evaluating applica-*
 2 *tions and making payments under this chapter, the*
 3 *Secretary shall not assign a higher priority to any*
 4 *application because the applicant is willing to accept*
 5 *a lower payment than the applicant would otherwise*
 6 *be entitled to receive.*

7 “(2) *EVALUATION OF CONTRACT OFFERS.*—*Noth-*
 8 *ing in this subsection relieves the Secretary of the ob-*
 9 *ligation, in evaluating applications for payments, to*
 10 *evaluate and prioritize the applications in accordance*
 11 *with subsection (e)(4)), including the requirement for*
 12 *contracts to be cost-effective.*

13 “(3) *LOWEST-COST ALTERNATIVES.*—*In deter-*
 14 *mining the eligibility of a conservation system, prac-*
 15 *tice, activity, or management measure for a payment*
 16 *under this subsection, the Secretary shall require, to*
 17 *the maximum extent practicable, that the lowest-cost*
 18 *alternatives be used to achieve the purposes of the con-*
 19 *tract, as determined by the Secretary.*

20 “(4) *METHOD OF PAYMENT.*—*Payments under*
 21 *this subsection shall be made in such amounts and in*
 22 *accordance with such time schedule as is agreed on*
 23 *and specified in the contract.*

24 “(5) *ACTIVITIES QUALIFYING FOR PAYMENTS.*—

1 “(A) *IN GENERAL.*—*To receive an enhance-*
2 *ment payment under this subsection, a producer*
3 *shall agree—*

4 “(i) *to implement additional conserva-*
5 *tion systems, practices, activities, and man-*
6 *agement measures and maintain, manage,*
7 *and improve existing conservation systems,*
8 *practices, activities, and management meas-*
9 *ures in order to maintain and improve the*
10 *level of performance of the producer, as de-*
11 *termined by applicable resource-specific in-*
12 *indices, or the level of management intensity*
13 *of the producer with respect to resources of*
14 *concern in order to meet and exceed the*
15 *stewardship threshold for resources of con-*
16 *cern; and*

17 “(ii) *to maintain, and make available*
18 *to the Secretary at such times as the Sec-*
19 *retary may request, appropriate records*
20 *demonstrating the effective and timely im-*
21 *plementation of the stewardship contract.*

22 “(B) *COMPENSATION.*—*Subject to subpara-*
23 *graph (C), the Secretary shall provide an en-*
24 *hancement payment to a producer to compensate*
25 *the producer for—*

1 “(i) ongoing implementation, active
 2 management, and maintenance of conserva-
 3 tion systems, practices, activities, and man-
 4 agement measures in place on the operation
 5 of the producer at the time the contract offer
 6 of the producer is accepted; and

7 “(ii) installation and adoption of ad-
 8 ditional conservation systems, practices, ac-
 9 tivities, and management measures or im-
 10 provements to conservation systems, prac-
 11 tices, activities, and management measures
 12 in place on the operation of the producer at
 13 the time the contract offer is accepted.

14 “(C) *ADJUSTMENTS*.—A payment under
 15 subparagraph (B) shall be adjusted to reflect—

16 “(i) management intensity; or

17 “(ii) resource-specific indices, in a case
 18 in which those indices have been developed
 19 and implemented.

20 “(D) *ON-FARM RESEARCH, DEMONSTRA-*
 21 *TION, TRAINING, AND PILOT PROJECT PAY-*
 22 *MENTS*.—The Secretary shall provide an addi-
 23 tional enhancement payment to a producer who
 24 opts to participate as part of the stewardship
 25 contract in an on-farm conservation research,

demonstration, training or pilot project certified by the Secretary to compensate the producer for the cost of participation.

“(E) *RESTRICTION ON STRUCTURAL PRACTICES.*—For purposes of the conservation stewardship program, structural practices shall be eligible for payment only if the structural practices are integrated with and essential to support site-specific management activities that are part of an implemented management system designed to address 1 or more resources of concern.

“(6) *EXCLUSIONS.*—An enhancement payment to a producer under this subsection shall not be provided for the design, construction, or maintenance of animal waste storage or treatment facilities or associated waste transport or transfer devices for animal feeding operations.

“(7) *TIMING OF PAYMENTS.*—

“(A) *IN GENERAL.*—The Secretary shall make enhancement payments as soon as practicable after October 1 of each fiscal year.

“(B) *ADDITIONAL SYSTEMS, PRACTICES, ACTIVITIES, AND MANAGEMENT MEASURES.*—The Secretary shall make enhancement payments to compensate producers for installation and adop-

tion of additional conservation systems, practices, activities, and management measures or improvements to existing conservation systems, practices, activities, and management measures at the time at which the systems, practices, activities, and measures or improvements are installed and adopted.

“(8) *RESEARCH, DEMONSTRATION, TRAINING, AND PILOT PROJECT PAYMENT LIMITATIONS.*—An enhancement payment for research, demonstration, training and pilot projects may not exceed \$25,000 for each 5-year term of the stewardship contract (excluding funding arrangements with federally recognized Indian tribes or Alaska Native Corporations).

“(e) *CSP SUPPLEMENTAL PAYMENTS.*—

“(1) *IN GENERAL.*—The Secretary shall provide additional payments to producers that, in participating in the conservation stewardship program, agree to adopt resource-conserving crop rotations to achieve optimal crop rotations as appropriate for the land of the producers.

“(2) *OPTIMAL CROP ROTATIONS.*—The Secretary shall determine whether a resource-conserving crop rotation is an optimal crop rotation eligible for additional payments under paragraph (1), based on

1 *whether the resource-conserving crop rotation is de-*
 2 *signed to optimize natural resource conservation and*
 3 *production benefits, including—*

4 “(A) *increased efficiencies in pesticide, fer-*
 5 *tilizer, and energy use; and*

6 “(B) *improved disease management.*

7 “(3) *ELIGIBILITY.—To be eligible to receive a*
 8 *payment described in paragraph (1), a producer shall*
 9 *agree to adopt and maintain optimal resource-con-*
 10 *serving crop rotations for the term of the contract.*

11 “(4) *RATE.—The Secretary shall provide pay-*
 12 *ments under this subsection at a rate that encourages*
 13 *producers to adopt optimal resource-conserving crop*
 14 *rotations.*

15 “(f) *LIMITATION ON PAYMENTS.—Subject to section*
 16 *1244(i), an individual or entity may not receive, directly*
 17 *or indirectly, payments under this subchapter that, in the*
 18 *aggregate, exceed \$240,000 for all contracts entered into*
 19 *under the conservation stewardship program during any 6-*
 20 *year period.*

21 “(g) *DUTIES OF PRODUCERS.—In order to receive as-*
 22 *sistance under this chapter, a producer shall—*

23 “(1) *implement the terms of the contract ap-*
 24 *proved by the Secretary;*

1 “(2) not conduct any practices on the covered
2 land that would defeat the purposes of the program;

3 “(3) on the violation of a term or condition of
4 the contract at any time the producer has control of
5 the land—

6 “(A) if the Secretary determines that the
7 violation warrants termination of the contract—

8 “(i) forfeit all rights to receive pay-
9 ments under the contract; and

10 “(ii) refund to the Secretary all or a
11 portion of the payments received by the
12 owner or operator under the contract, in-
13 cluding any interest on the payments or liq-
14 uidated damages, as determined by the Sec-
15 retary;

16 “(B) if the Secretary determines that the
17 violation does not warrant termination of the
18 contract, refund to the Secretary, or accept ad-
19 justments to, the payments provided to the owner
20 or operator, as the Secretary determines to be
21 appropriate; or

22 “(C) comply with a combination of the rem-
23 edies authorized by subparagraphs (A) and (B),
24 as the Secretary determines to be appropriate;

1 “(4) on the transfer of the right and interest of
 2 the producer in land subject to the contract (unless
 3 the transferee of the right and interest agrees with the
 4 Secretary to assume all obligations of the contract) re-
 5 fund any cost-share payments, incentive payments,
 6 and stewardship payments received under the pro-
 7 gram, as determined by the Secretary;

8 “(5) supply information as required by the Sec-
 9 retary to determine compliance with the contract and
 10 requirements of the program; and

11 “(6) comply with such additional provisions as
 12 the Secretary determines are necessary to carry out
 13 the contract.

14 “(h) DUTIES OF SECRETARY.—

15 “(1) IN GENERAL.—To achieve the conservation
 16 and environmental goals of a contract under this
 17 chapter, to the extent appropriate, the Secretary
 18 shall—

19 “(A) provide to a producer information and
 20 training to aid in implementation of the con-
 21 servation systems, practices, activities, and man-
 22 agement measures covered by the contract;

23 “(B) develop agreements with governmental
 24 agencies, nonprofit organizations, and private

1 *entities to facilitate the provision of technical*
2 *and administrative assistance and services;*

3 *“(C) make the program available to eligible*
4 *producers on a continuous enrollment basis;*

5 *“(D) when identifying biodiversity or fish*
6 *and wildlife as a resource of concern for a par-*
7 *ticular watershed or other appropriate region or*
8 *area within a State, ensure that the*
9 *identification—*

10 *“(i) is specific with respect to par-*
11 *ticular species or habitat; and*

12 *“(ii) would further the goals and objec-*
13 *tives of State, regional, and national fish*
14 *and wildlife conservation plans and initia-*
15 *tives;*

16 *“(E) provide technical assistance and pay-*
17 *ments for each of fiscal years 2008 through 2012;*

18 *“(F) maintain contract and payment data*
19 *relating to the conservation stewardship program*
20 *in a manner that provides detailed and seg-*
21 *mented data and allows for quantification of the*
22 *amount of payments made to producers for—*

23 *“(i) the installation and adoption of*
24 *additional conservation systems, practices,*
25 *activities, or management measures;*

1 “(ii) participating in research, dem-
2 onstration, training, and pilot projects;

3 “(iii) the development, monitoring,
4 and evaluation of comprehensive conserva-
5 tion plans; and

6 “(iv) the maintenance and active man-
7 agement of conservation systems, practices,
8 activities, and management measures, and
9 the improvement of conservation practices,
10 in place on the operation of the producer on
11 the date on which the contract offer is ac-
12 cepted by the Secretary;

13 “(G) develop resource-specific indices for
14 purposes of determining eligibility and pay-
15 ments; and

16 “(H) establish and publicize design proto-
17 cols and application procedures for individual
18 producer and collaborative on-farm research,
19 demonstration, training, and pilot projects.

20 “(2) SPECIALTY CROP PRODUCERS.—The Sec-
21 retary shall ensure that outreach and technical assist-
22 ance are available and program specifications are ap-
23 propriate to enable specialty crop producers to par-
24 ticipate in the conservation stewardship program.

1 “(3) *ADDITIONAL REQUIREMENTS.*—*For the pe-*
 2 *riod beginning on the date of enactment of this chap-*
 3 *ter and ending on September 30, 2017, with respect*
 4 *to eligible land of producers participating in the pro-*
 5 *gram, the Secretary shall—*

6 “(A) *to the maximum extent practicable,*
 7 *enroll an additional 13,273,000 acres for each*
 8 *fiscal year, but not to exceed 79,638,000 acres;*

9 “(B) *implement the program nationwide to*
 10 *make the program available to producers meeting*
 11 *the eligibility requirements in each county;*

12 “(C) *to the maximum extent practicable,*
 13 *manage the program to achieve a national aver-*
 14 *age annual cost per acre of \$19, which shall in-*
 15 *clude the costs of all financial assistance, tech-*
 16 *nical assistance, and any other expenses associ-*
 17 *ated with enrollment or participation in the pro-*
 18 *gram of those acres; and*

19 “(D) *establish a minimum contract value,*
 20 *to ensure equity for small acreage farms, includ-*
 21 *ing specialty crop and organic producers.*

22 “(i) *ACRE ALLOCATION.*—

23 “(1) *INITIAL ALLOCATIONS TO STATES.*—*In mak-*
 24 *ing allocations of acres to States to enroll in the con-*
 25 *servation stewardship program, to the maximum ex-*

1 *tent practicable, the Secretary shall allocate to each*
 2 *State a number of acres equal to the proportion*
 3 *that—*

4 “(A) *the number of acres of eligible land in*
 5 *the State; bears to*

6 “(B) *the number of acres of eligible land in*
 7 *all States.*

8 “(2) *MINIMUM ACRE ALLOCATION.—Of the acres*
 9 *allocated for each fiscal year, no State shall have allo-*
 10 *cated fewer than the lesser of—*

11 “(A) *20,000 acres; or*

12 “(B) *2.2 percent of the number of acres of*
 13 *eligible land in the State.*

14 “(3) *REALLOCATION TO STATES.—For any fiscal*
 15 *year, acres not obligated under this subsection by a*
 16 *date determined by the Secretary through rulemaking*
 17 *shall be reallocated to each State that—*

18 “(A) *has obligated 100 percent of the initial*
 19 *allocation of the State; and*

20 “(B) *requests additional acres.*

21 **“SEC. 1240Y. REGULATIONS.**

22 *“Not later than 180 days after the date of enactment*
 23 *of this chapter, the Secretary shall promulgate such regula-*
 24 *tions as are necessary to carry out the program, including*
 25 *regulations that—*

1 “(1) provide for adequate safeguards to protect
2 the interests of tenants and sharecroppers, including
3 provision for sharing payments, on a fair and equi-
4 table basis;

5 “(2) prescribe such other rules as the Secretary
6 determines to be necessary to ensure a fair and rea-
7 sonable application of the program; and

8 “(3) to the maximum extent practicable, elimi-
9 nate duplication of planning activities under the pro-
10 gram and comparable conservation programs.”.

11 **Subchapter B—Environmental Quality**

12 **Incentives Program**

13 **SEC. 2351. PURPOSES.**

14 Section 1240 of the Food Security Act of 1985 (16
15 U.S.C. 3839aa) is amended—

16 (1) in the matter preceding paragraph (1), by
17 inserting “, forest management,” after “agricultural
18 production”;

19 (2) in paragraph (3)—

20 (A) by inserting “, forest land,” after “graz-
21 ing land”; and

22 (B) by inserting “pollinators,” after “wet-
23 land),”; and

24 (3) in paragraph (4)—

1 (A) by inserting “fuels management, forest
2 management,” after “grazing management,”;
3 and

4 (B) by inserting “and forested” after “agri-
5 cultural”.

6 **SEC. 2352. DEFINITIONS.**

7 (a) *ELIGIBLE LAND*.—Section 1240A(2) of the Food
8 Security Act of 1985 (16 U.S.C. 3839aa–1(2)) is
9 amended—

10 (1) in subparagraph (A), by striking “commod-
11 ities or livestock” and inserting “commodities, live-
12 stock, or forest-related products”; and

13 (2) in subparagraph (B)—

14 (A) by striking clause (v) and inserting the
15 following:

16 “(v) nonindustrial private forest
17 land;”;

18 (B) by redesignating clause (vi) as clause
19 (vii); and

20 (C) by inserting after clause (v) the fol-
21 lowing:

22 “(vi) land used for pond-raised aqua-
23 culture production; and”.

1 (b) *LAND MANAGEMENT PRACTICE*.—Section 1240A(3)
 2 of the Food Security Act of 1985 (16 U.S.C. 3839aa–1(3))
 3 is amended—

4 (1) by striking “The term” and inserting the fol-
 5 lowing:

6 “(A) *IN GENERAL*.—The term”;

7 (2) by inserting “fuels management, forest man-
 8 agement,” after “grazing management”; and

9 (3) by adding at the end the following:

10 “(B) *FOREST MANAGEMENT*.—For purposes
 11 of subparagraph (A), forest management prac-
 12 tices may include activities that the Secretary
 13 determines are necessary—

14 “(i) to improve water, soil, or air qual-
 15 ity;

16 “(ii) to restore forest biodiversity;

17 “(iii) to control invasive species;

18 “(iv) to improve wildlife habitat; or

19 “(v) to achieve conservation priorities
 20 identified in an applicable forest resource
 21 assessment and plan.”.

22 (c) *PRACTICE*.—Section 1240A(5) of the Food Security
 23 Act of 1985 (16 U.S.C. 3839aa–1(5)) is amended by insert-
 24 ing “conservation planning practices,” after “land manage-
 25 ment practices,”.

1 (d) *CUSTOM FEEDING BUSINESS*.—Section 1240A of
 2 the Food Security Act of 1985 (16 U.S.C. 3839aa–1) is
 3 amended—

4 (1) by redesignating paragraph (6) as para-
 5 graph (7); and

6 (2) by inserting after paragraph (5) the fol-
 7 lowing:

8 “(6) *PRODUCER*.—The term ‘producer’ includes
 9 a custom feeding business and a contract grower or
 10 finisher.”.

11 (e) *STRUCTURAL PRACTICE*.—Paragraph (7)(A) of sec-
 12 tion 1240A of the Food Security Act of 1985 (16 U.S.C.
 13 3839aa–1) (as redesignated by subsection (d)(1)) is amend-
 14 ed by inserting “firebreak, fuelbreak,” after “constructed
 15 wetland,”.

16 **SEC. 2353. ESTABLISHMENT AND ADMINISTRATION OF EN-**
 17 **VIRONMENTAL QUALITY INCENTIVES PRO-**
 18 **GRAM.**

19 (a) *ESTABLISHMENT*.—Section 1240B(a) of the Food
 20 Security Act of 1985 (16 U.S.C. 3839aa–2(a)) is
 21 amended—

22 (1) in paragraph (1), by striking “2010” and in-
 23 serting “2012”; and

24 (2) in paragraph (2)(B), by inserting “conserva-
 25 tion plan or” after “develops a”.

1 (b) *PRACTICES AND TERM.*—Section 1240B(b) of the
 2 *Food Security Act of 1985* (16 U.S.C. 3839aa–2(b)) is
 3 amended—

4 (1) in paragraph (1), by inserting “conservation
 5 planning practices,” after “land management prac-
 6 tices,”; and

7 (2) in paragraph (2)(B), by striking “10” and
 8 inserting “5”.

9 (c) *ESTABLISHMENT AND ADMINISTRATION.*—Section
 10 1240B of the *Food Security Act of 1985* (16 U.S.C. 3839aa–
 11 2) is amended—

12 (1) by striking subsection (c);

13 (2) in subsection (d)—

14 (A) in paragraph (2), by striking subpara-
 15 graph (A) and inserting the following:

16 “(A) *SOCIALLY DISADVANTAGED FARMERS*
 17 *OR RANCHERS AND BEGINNING FARMERS OR*
 18 *RANCHERS.*—

19 “(i) *IN GENERAL.*—In the case of a
 20 producer that is a socially disadvantaged
 21 farmer or rancher or a beginning farmer or
 22 rancher, the Secretary may increase the
 23 amount that would otherwise be provided to
 24 the producer under paragraph (1) to—

1 “(I) not more than 90 percent;

2 and

3 “(II) not less than 15 percent

4 above the otherwise applicable rate.

5 “(ii) *ADVANCE PAYMENTS.*—Not more

6 than 30 percent of the amount determined

7 under clause (i) may be provided in ad-

8 vance for the purpose of purchasing mate-

9 rials or contracting.”;

10 (B) by striking paragraph (3) and inserting

11 the following:

12 “(3) *OTHER PAYMENTS.*—A producer shall not

13 be eligible for cost-share payments for practices on eli-

14 gible land under the program if the producer receives

15 cost-share payments or other benefits for the same

16 practice on the same land under another program.”;

17 and

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

19 “(4) *GUARANTEED LOAN ELIGIBILITY.*—Notwith-

20 standing section 333(1) of the Consolidated Farm and

21 Rural Development Act (7 U.S.C. 1983(1)), with re-

22 spect to the cost of a loan, a producer with an appli-

23 cation that meets the standards for a cost-share pay-

24 ment under this subsection but that is not approved

25 by the Secretary shall receive priority consideration

1 *for a guaranteed loan under section 304 of that Act*
 2 *(7 U.S.C. 1924).”;*

3 *(3) in subsection (e), by striking paragraph (2)*
 4 *and inserting the following:*

5 *“(2) SPECIAL RULE.—In determining the*
 6 *amount and rate of incentive payments, the Secretary*
 7 *may accord great significance to a practice that pro-*
 8 *motes residue, nutrient, air quality, pest, or predator*
 9 *deterrence, including practices to deter predator spe-*
 10 *cies protected under the Endangered Species Act of*
 11 *1973 (16 U.S.C. 1531 et seq.), gray wolves, grizzly*
 12 *bears, and black bears.”;*

13 *(4) in subsection (g), by striking “2007” and in-*
 14 *serting “2012”;*

15 *(5) by redesignating subsections (d) through (h)*
 16 *as subsections (c) through (g), respectively; and*

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

18 *“(h) WATER CONSERVATION OR IRRIGATION EFFI-*
 19 *CIENCY PRACTICE.—*

20 *“(1) IN GENERAL.—The Secretary may provide*
 21 *technical assistance, cost-share payments, and incen-*
 22 *tive payments to a producer for a water conservation*
 23 *or irrigation practice.*

24 *“(2) PRIORITY.—In providing assistance and*
 25 *payments to producers for a water conservation or ir-*

1 *rigation practice, the Secretary may give priority to*
 2 *applications in which—*

3 *“(A) there is an improvement in surface*
 4 *flows or a reduction in the use of groundwater*
 5 *in the agricultural operation of the producer,*
 6 *consistent with the law of the State in which the*
 7 *operation of the producer is located; or*

8 *“(B) the producer agrees not to use any as-*
 9 *sociated water savings to bring new land, other*
 10 *than incidental land needed for efficient oper-*
 11 *ations, under irrigated production, unless the*
 12 *producer is participating in a watershed-wide*
 13 *project that will effectively conserve water, as de-*
 14 *termined by the Secretary.*

15 *“(i) AIR QUALITY IMPROVEMENT PRACTICE.—*

16 *“(1) IN GENERAL.—The Secretary shall provide*
 17 *technical and financial assistance to a producer to*
 18 *promote air quality improvements and address air*
 19 *quality concerns associated with agriculture.*

20 *“(2) PRIORITY.—In providing assistance for im-*
 21 *provements in air quality, the Secretary shall give*
 22 *priority to applications that—*

23 *“(A) are located in areas—*

24 *“(i) that are nonattainment areas with*
 25 *respect to ambient air quality standards; or*

1 “(ii) in which there is air quality deg-
 2 radation recognized by a State or local
 3 agency or by the Secretary (in consultation
 4 with the State Technical Committee) to
 5 which agricultural emissions significantly
 6 contribute;

7 “(B) are the most cost-effective in address-
 8 ing air quality concerns; and

9 “(C)(i) reduce emissions and air pollutant
 10 precursors from agricultural operations, includ-
 11 ing through making improvements in mobile or
 12 stationary equipment (including engines);

13 “(ii) would assist producers in meeting
 14 Federal, State, or local regulatory requirements
 15 relating to air quality;

16 “(iii) are part of a group of producers im-
 17 plementing eligible conservation activities in a
 18 coordinated manner to promote air quality; or

19 “(iv) reflect innovative approaches and
 20 technologies.”.

21 (d) *ELIGIBILITY REQUIREMENT.*—Section 1240B of
 22 the Food Security Act of 1985 (16 U.S.C. 3839aa–2) (as
 23 amended by subsection (c)) is amended by adding at the
 24 end the following:

1 “(i) *ELIGIBILITY REQUIREMENT.*—A producer shall
 2 not be eligible to receive any payment under this section
 3 unless the producer is a farmer or rancher that, as deter-
 4 mined by the Secretary, derives or expects to derive at least
 5 \$15,000 in gross sales from farming, ranching, or forestry
 6 operations (not including payments under the conservation
 7 reserve program established under subchapter B of chapter
 8 1 of subtitle D), as determined by the Secretary.”.

9 **SEC. 2354. EVALUATION OF OFFERS AND PAYMENTS.**

10 Section 1240C of the Food Security Act of 1985 (16
 11 U.S.C. 3839aa–3) is amended—

12 (1) in paragraph (1), by striking “and” at the
 13 end;

14 (2) by redesignating paragraph (2) as para-
 15 graph (3); and

16 (3) by inserting after paragraph (1) the fol-
 17 lowing:

18 “(2) improve conservation practices or systems
 19 in place on the operation at the time the contract
 20 offer is accepted or to complete a conservation system;
 21 and”.

22 **SEC. 2355. DUTIES OF PRODUCERS.**

23 Section 1240D(2) of the Food Security Act of 1985 (16
 24 U.S.C. 3839aa–4(2)) is amended by striking “farm or
 25 ranch” and inserting “farm, ranch, or forest land”.

1 **SEC. 2356. ENVIRONMENTAL QUALITY INCENTIVES PRO-**
 2 **GRAM PLAN.**

3 *Section 1240E(a) of the Food Security Act of 1985 (16*
 4 *U.S.C. 3839aa–5(a)) is amended—*

5 *(1) in the matter preceding paragraph (1), by*
 6 *inserting “, or an entity described in section 1244(e)*
 7 *acting on behalf of producers,” after “producer”;*

8 *(2) in paragraph (2), by striking “and” after the*
 9 *semicolon at the end;*

10 *(3) in paragraph (3), by striking the period at*
 11 *the end and inserting “; and”; and*

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

13 *“(4) in the case of forest land, is consistent with*
 14 *a forest management plan that is approved by the*
 15 *Secretary, which may include—*

16 *“(A) a forest stewardship plan described in*
 17 *section 5 of the Cooperative Forestry Assistance*
 18 *Act of 1978 (16 U.S.C. 2103a);*

19 *“(B) another practice plan approved by the*
 20 *State forester; or*

21 *“(C) another plan determined appropriate*
 22 *by the Secretary.”.*

23 **SEC. 2357. LIMITATION ON PAYMENTS.**

24 *Section 1240G of the Food Security Act of 1985 (16*
 25 *U.S.C. 3839aa–7) is amended—*

1 (1) *by striking “An individual” and inserting*
 2 *“(a) IN GENERAL.—Subject to section 1244(i), an in-*
 3 *dividual”;* and

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

5 *“(b) PRODUCER ORGANIZATIONS.—In the case of an*
 6 *entity described in section 1244(e), the limitation estab-*
 7 *lished under this section shall apply to each participating*
 8 *producer and not to the entity described in section*
 9 *1244(e).”.*

10 **SEC. 2358. CONSERVATION INNOVATION GRANTS.**

11 *Section 1240H of the Food Security Act of 1985 (16*
 12 *U.S.C. 3839aa–8) is amended—*

13 (1) *by striking subsection (a) and inserting the*
 14 *following:*

15 *“(a) IN GENERAL.—The Secretary may pay the cost*
 16 *of competitive grants that leverage Federal investment in*
 17 *environmental enhancement and protection through the*
 18 *program by—*

19 *“(1) stimulating the development of innovative*
 20 *technologies; and*

21 *“(2) transferring those technologies to agricul-*
 22 *tural and nonindustrial private forest land in pro-*
 23 *duction.”;* and

24 (2) *in subsection (b), by striking paragraph (2)*
 25 *and inserting the following:*

1 “(2)(A) *implement innovative conservation tech-*
 2 *nologies, such as market systems for pollution reduc-*
 3 *tion and practices for the storing of carbon in the*
 4 *soil;*

5 “(B) *provide a mechanism for transferring those*
 6 *technologies to agricultural and nonindustrial private*
 7 *forest land in production; and*

8 “(C) *increase environmental and resource con-*
 9 *servation benefits through specialty crop production;*
 10 *and”.*

11 **SEC. 2359. GROUND AND SURFACE WATER CONSERVATION.**

12 *Section 1240I of the Food Security Act of 1985 (16*
 13 *U.S.C. 3839aa–9) is amended by striking subsection (c) and*
 14 *inserting the following:*

15 “(c) *FUNDING.—*

16 “(1) *AVAILABILITY OF FUNDS.—Of the funds of*
 17 *the Commodity Credit Corporation, in addition to*
 18 *amounts made available under section 1241(a) to*
 19 *carry out this chapter, the Secretary shall use—*

20 “(A) *\$65,000,000 for each of fiscal years*
 21 *2008 through 2012; and*

22 “(B) *\$60,000,000 for each fiscal year there-*
 23 *after.*

1 “(2) *FUNDING FOR CERTAIN STATES.*—Of the
2 *funds made available under paragraph (1), the Sec-*
3 *retary shall—*

4 “(A) *provide to each State that received*
5 *funds under this title during the period of fiscal*
6 *years 2002 through 2007, the greater of—*

7 “(i) *the simple average of amounts al-*
8 *located to producers in the State under this*
9 *section for the period of fiscal years 2002*
10 *through 2007; or*

11 “(ii) *the amount allocated to producers*
12 *in the State under this section in fiscal year*
13 *2007; and*

14 “(B) *in the case of each State the bound-*
15 *aries of which encompass a multistate aquifer*
16 *from which documented groundwater with-*
17 *drawals exceed 16,000,000,000 gallons per day,*
18 *provide an amount not less than the greater of—*

19 “(i) *\$3,000,000; or*

20 “(ii) *the amount provided under sub-*
21 *paragraph (A).*

22 “(3) *EASTERN SNAKE PLAIN AQUIFER PILOT.*—

23 “(A) *IN GENERAL.*—Of the funds made
24 *available under paragraph (1), the Secretary*
25 *shall reserve not less than \$2,000,000, to remain*

1 *available until expended, for regional water con-*
 2 *servation activities in the Eastern Snake Aquifer*
 3 *region.*

4 “(B) *APPROVAL.*—*The Secretary may ap-*
 5 *prove regional water conservation activities*
 6 *under this paragraph that address, in whole or*
 7 *in part, water quality issues.”.*

8 **SEC. 2360. ORGANIC CONVERSION.**

9 *The Food Security Act of 1985 is amended by inserting*
 10 *after section 1240I (16 U.S.C. 3839aa–9) the following:*

11 **“SEC. 1240J. ORGANIC CONVERSION.**

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

13 “(1) *NATIONAL ORGANIC PROGRAM.*—*The term*
 14 *‘national organic program’ means the national or-*
 15 *ganic program established under the Organic Foods*
 16 *Production Act of 1990 (7 U.S.C. 6501 et. seq.).*

17 “(2) *ORGANIC SYSTEM PLAN.*—*The term ‘organic*
 18 *system plan’ means an organic plan approved under*
 19 *the national organic program.*

20 “(b) *ESTABLISHMENT.*—*Under the environmental*
 21 *quality incentives program established under this chapter,*
 22 *not later than 180 days after the date of enactment of this*
 23 *section, the Secretary shall establish a program under which*
 24 *the Secretary shall provide cost-share and incentive pay-*
 25 *ments to producers to promote conservation practices and*

1 *activities for production systems undergoing conversion on*
 2 *some or all of the operations of the producer to organic pro-*
 3 *duction in accordance with the Organic Foods Production*
 4 *Act of 1990 (7 U.S.C. 6501 et seq.).*

5 “(c) *ORGANIC CONVERSION COST-SHARE AND INCEN-*
 6 *TIVE PAYMENTS.*—*The Secretary shall provide organic con-*
 7 *version cost-share and incentive payments to producers*
 8 *that—*

9 “(1) *are converting to organic production sys-*
 10 *tems, including producers with existing certified or-*
 11 *ganic production for conversion to organic production*
 12 *of land and livestock not previously certified organic;*
 13 *and*

14 “(2) *enter into contracts with the Secretary for*
 15 *eligible practices and activities described in subsection*
 16 *(d).*

17 “(d) *ELIGIBLE PRACTICES AND ACTIVITIES.*—*Pro-*
 18 *ducers may use funds made available under subsection (c)*
 19 *for—*

20 “(1) *practices and activities during conversion to*
 21 *certified organic production that—*

22 “(A) *are required by, or consistent with, an*
 23 *approved organic system plan; and*

24 “(B) *protect resources of concern, as identi-*
 25 *fied by the Secretary;*

1 “(2) *technical services, including the costs of de-*
2 *veloping an approved organic system plan; and*

3 “(3) *such other measures as the Secretary deter-*
4 *mines to be appropriate and consistent with an ap-*
5 *proved organic system plan.*

6 “(e) *ELIGIBLE PRODUCERS.—To be eligible to receive*
7 *cost-share and incentive payments under this section, a pro-*
8 *ducer shall agree—*

9 “(1) *to develop and carry out conservation and*
10 *environmental activities that—*

11 “(A) *are required by, or consistent with, an*
12 *approved organic system plan; and*

13 “(B) *protect resources of concern, as identi-*
14 *fied by the Secretary;*

15 “(2) *to receive technical and educational assist-*
16 *ance from the Secretary or from an organization, in-*
17 *stitute, or consultant with a cooperative agreement*
18 *with the Secretary relating to—*

19 “(A) *the development of an organic system*
20 *plan and the implementation of conservation*
21 *practices and activities that are part of an or-*
22 *ganic system plan; or*

23 “(B) *other aspects of an organic system*
24 *plan, including marketing, credit, business, and*
25 *risk management plans; and*

1 “(3) to submit annual verification by a certi-
 2 fying entity accredited by the Secretary to determine
 3 the compliance of the producer with organic certifi-
 4 cation requirements.

5 “(f) *TERM.*—Notwithstanding section 1240B(b)(2)(A),
 6 a contract under this section shall have a term of—

7 “(1) not less than 3 years; and

8 “(2) not more than 4 years.

9 “(g) *LIMITATIONS ON PAYMENTS.*—As part of the pay-
 10 ment limitation described in section 1240G, an individual
 11 or entity may not receive, directly or indirectly, cost-share
 12 or incentive payments under this section—

13 “(1) for a period of more than 4 years; or

14 “(2) that, in the aggregate and exclusive of tech-
 15 nical assistance, exceed—

16 “(A) \$20,000 per year; or

17 “(B) a total amount of \$80,000.

18 “(h) *TERMINATION OF CONTRACTS.*—The Secretary
 19 may cancel or otherwise nullify a contract entered into
 20 under this section if the Secretary determines the producers
 21 are not pursuing organic certification.”.

22 **SEC. 2361. CHESAPEAKE BAY WATERSHED CONSERVATION**
 23 **PROGRAM.**

24 *The Food Security Act of 1985 is amended by inserting*
 25 *after section 1240J (as added by section 2360) the following:*

1 **“SEC. 1240K. CHESAPEAKE BAY WATERSHED CONSERVA-**
 2 **TION PROGRAM.**

3 “(a) *DEFINITION OF CHESAPEAKE BAY WATER-*
 4 *SHED.*—*In this section, the term ‘Chesapeake Bay water-*
 5 *shed’ includes all tributaries, backwaters, and side channels*
 6 *(including watersheds) draining into the Chesapeake Bay.*

7 “(b) *ESTABLISHMENT.*—*The Secretary shall use the*
 8 *authorities granted under the environmental quality incen-*
 9 *tives program established under this chapter to address nat-*
 10 *ural resource concerns relating to agricultural and non-*
 11 *industrial private forest land in the Chesapeake Bay water-*
 12 *shed.*

13 “(c) *FUNDING.*—*Of the funds of the Commodity Credit*
 14 *Corporation, the Secretary shall use \$165,000,000 to carry*
 15 *out this section for the period of fiscal years 2008 through*
 16 *2012.”.*

17 **CHAPTER 3—FARMLAND PROTECTION**

18 **Subchapter A—Farmland Protection Program**

19 **SEC. 2371. FARMLAND PROTECTION PROGRAM.**

20 (a) *DEFINITIONS.*—*Section 1238H of the Food Secu-*
 21 *rity Act of 1985 (16 U.S.C. 3838h) is amended—*

22 (1) *by striking paragraph (1) and inserting the*
 23 *following:*

24 “(1) *ELIGIBLE ENTITY.*—*The term ‘eligible enti-*
 25 *ty’ means—*

1 “(A) any agency of any State or local gov-
 2 ernment or an Indian tribe (including a farm-
 3 land protection board or land resource council
 4 established under State law); or

5 “(B) any organization that—

6 “(i) is organized for, and at all times
 7 since the formation of the organization has
 8 been operated principally for, 1 or more of
 9 the conservation purposes specified in clause
 10 (i), (ii), (iii), or (iv) of section 170(h)(4)(A)
 11 of the Internal Revenue Code of 1986;

12 “(ii) is an organization described in
 13 section 501(c)(3) of that Code that is ex-
 14 empt from taxation under section 501(a) of
 15 that Code; and

16 “(iii) is—

17 “(I) described in paragraph (1) or
 18 (2) of section 509(a) of that Code; or

19 “(II) described in section
 20 509(a)(3), and is controlled by an or-
 21 ganization described in section
 22 509(a)(2), of that Code.”; and

23 (2) in paragraph (2)—

24 (A) in subparagraph (A), by striking
 25 clauses (i) and (ii) and inserting the following:

1 “(i) has prime, unique, or other pro-
2 ductive soil;

3 “(ii) contains historical or archae-
4 ological resources; or

5 “(iii) furthers a State or local policy
6 consistent with the purposes of the pro-
7 gram.”; and

8 (B) in subparagraph (B)—

9 (i) in clause (iv), by striking “and” at
10 the end;

11 (ii) by striking clause (v) and insert-
12 ing the following:

13 “(v) forest land that—

14 “(I) contributes to the economic
15 viability of an agricultural operation;
16 or

17 “(II) serves as a buffer to protect
18 an agricultural operation from devel-
19 opment; and

20 “(vi) land that is incidental to land
21 described in clauses (i) through (v), if the
22 incidental land is determined by the Sec-
23 retary to be necessary for the efficient ad-
24 ministration of a conservation easement.”.

1 (b) *FARMLAND PROTECTION*.—Section 1238I of the
2 *Food Security Act of 1985* (16 U.S.C. 3838i) is amended—

3 (1) in subsection (a), by striking “purchase con-
4 servation easements” and all the follows through the
5 end of the subsection and inserting “enter into cooper-
6 ative agreements with eligible entities for the eligible
7 entities to purchase permanent conservation ease-
8 ments or other interests in eligible land for the pur-
9 pose of protecting the agricultural use and related
10 conservation values of the land by limiting incompat-
11 ible nonagricultural uses of the land.”;

12 (2) by redesignating subsections (b) and (c) as
13 subsections (e) and (f), respectively;

14 (3) by inserting after subsection (a) the fol-
15 lowing:

16 “(b) *TERMS AND CONDITIONS FOR COOPERATIVE*
17 *AGREEMENTS*.—

18 “(1) *IN GENERAL*.—The Secretary shall establish
19 the terms and conditions of any cooperative agree-
20 ment entered into under this subchapter under which
21 the eligible entity shall use funds provided by the Sec-
22 retary.

23 “(2) *MINIMUM REQUIREMENTS*.—A cooperative
24 agreement shall, at a minimum—

1 “(A) *specify the qualifications of the eligible*
2 *entity to carry out the responsibilities of the eli-*
3 *gible entity under the program, including acqui-*
4 *sition and management policies and procedures*
5 *that ensure the long-term integrity of the con-*
6 *servation easement protections;*

7 “(B) *subject to subparagraph (C), identify a*
8 *specific project or a range of projects funded*
9 *under the agreement;*

10 “(C) *allow, upon mutual agreement of the*
11 *parties, substitution of qualified projects that are*
12 *identified at the time of substitution;*

13 “(D) *specify the manner in which the eligi-*
14 *ble entity will evaluate and report the use of*
15 *funds to the Secretary;*

16 “(E) *allow the eligible entity flexibility to*
17 *use the terms and conditions of the eligible entity*
18 *for conservation easements and other purchases*
19 *of interests in land, except that—*

20 “(i) *subject to clause (ii), each ease-*
21 *ment shall include a limitation on the total*
22 *quantity of impervious surface of not more*
23 *than—*

24 “(I) *20 percent of the first 10*
25 *acres;*

1 “(II) 5 percent of the next 90
2 acres; and

3 “(III) 1 percent of any additional
4 acres; and

5 “(ii) the Secretary may waive a limi-
6 tation under clause (i) after a determina-
7 tion by the Secretary that the eligible entity
8 has in place a requirement that provides
9 substantially-similar protection consistent
10 with agricultural activities regarding the
11 impervious surfaces to be allowed for any
12 conservation easement or other interest in
13 land purchases using funds provided under
14 the program;

15 “(F) require appraisals of acquired interests
16 in eligible land that comply with, at the option
17 of the eligible entity—

18 “(i) the Uniform Standards of Profes-
19 sional Appraisal Practice; or

20 “(ii) any other industry-approved
21 standard, as determined by the Secretary;
22 and

23 “(G) allow as part of the share of the eligi-
24 ble entity of the cost to purchase a conservation
25 easement or other interest in eligible land de-

scribed in subsection (a), that an eligible entity may include a charitable donation or qualified conservation contribution (as defined by section 170(h) of the Internal Revenue Code of 1986), from the private landowner from which the conservation easement will be purchased.

“(c) *COST SHARING.*—

“(1) *IN GENERAL.*—Subject to paragraphs (2) and (3), the Secretary may provide a share of the purchase price of a conservation easement or other interest in land acquired by an eligible entity under the program.

“(2) *MAXIMUM AMOUNT OF FAIR MARKET VALUE.*—The Secretary shall not pay more than 50 percent of the appraised fair market value of the acquisition under this subsection.

“(3) *MINIMUM SHARE BY ELIGIBLE ENTITY.*—The eligible entity shall be required to provide a share of the cost under this subsection in an amount that is not less than the lesser of—

“(A) $\frac{1}{2}$ of the purchase price of the acquisition;

“(B) if the landowner has made a donation of 25 percent or less of the appraised fair market value of the acquisition, an amount that, when

1 combined with the donation, equals the amount
2 of the payment by the Secretary; or

3 “(C) if the landowner has made a donation
4 of more than 25 percent of the appraised fair
5 market value of the acquisition, $\frac{1}{3}$ of the pur-
6 chase price of the acquisition.

7 “(d) *PROTECTION OF FEDERAL INVESTMENT.*—

8 “(1) *IN GENERAL.*—The Secretary shall ensure
9 that the terms of an easement acquired by the eligible
10 entity provides protection for the Federal investment
11 through an executory limitation by the Federal Gov-
12 ernment.

13 “(2) *RELATIONSHIP TO FEDERAL ACQUISITION*
14 *OF REAL PROPERTY.*—The inclusion of a Federal ex-
15 ecutory limitation described in paragraph (1) shall—

16 “(A) not be considered the Federal acquisi-
17 tion of real property; and

18 “(B) not trigger any Federal appraisal or
19 other real property requirements, including the
20 Federal standards and procedures for land ac-
21 quisition.”; and

22 (4) in subsection (f) (as redesignated by para-
23 graph (2)), by striking “*COST SHARING.*—” and all
24 that follows through “*BIDDING DOWN.*—” and insert-
25 ing “*BIDDING DOWN.*—”.

1 ***Subchapter B—Grassland Reserve Program***

2 ***SEC. 2381. GRASSLAND RESERVE PROGRAM.***

3 *Subchapter C of chapter 2 of subtitle D of title XII*
 4 *of the Food Security Act of 1985 (16 U.S.C. 3838n et seq.)*
 5 *is amended to read as follows:*

6 ***“Subchapter C—Grassland Reserve Program***

7 ***“SEC. 1238N. DEFINITIONS.***

8 *“In this subchapter:*

9 *“(1) ELIGIBLE ENTITY.—The term ‘eligible enti-*
 10 *ty’ means—*

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

15 *“(B) any organization that—*

16 *“(i) is organized for, and at all times*
 17 *since the formation of the organization has*
 18 *been operated principally for, 1 or more of*
 19 *the conservation purposes specified in clause*
 20 *(i), (ii), (iii), or (iv) of section 170(h)(4)(A)*
 21 *of the Internal Revenue Code of 1986;*

22 *“(ii) is an organization described in*
 23 *section 501(c)(3) of that Code that is ex-*
 24 *empt from taxation under section 501(a) of*
 25 *that Code; and*

1 “(iii) is—

2 “(I) described in paragraph (1) or
3 (2) of section 509(a) of that Code; or

4 “(II) described in section
5 509(a)(3), and is controlled by an or-
6 ganization described in section
7 509(a)(2), of that Code.

8 “(2) *ELIGIBLE LAND*.—The term ‘eligible land’
9 means private land that—

10 “(A) is grassland, rangeland, land that con-
11 tains forbs, or shrub land (including improved
12 rangeland and pastureland) for which grazing is
13 the predominant use;

14 “(B) is located in an area that has been his-
15 torically dominated by grassland, forbs, or shrub
16 land, and the land potentially could provide
17 habitat for animal or plant populations of sig-
18 nificant ecological value if the land—

19 “(i) is retained in the current use of
20 the land;

21 “(ii) is restored to a natural condition;

22 “(iii) contains historical or archaeo-
23 logical resources;

24 “(iv) would further the goals and objec-
25 tives of State, regional, and national fish,

1 *and wildlife conservation plans and initia-*
 2 *tives; or*

3 “(v) *is incidental to land described in*
 4 *clauses (i) through (iv), if the incidental*
 5 *land is determined by the Secretary to be*
 6 *necessary for the efficient administration of*
 7 *an agreement or conservation easement.*

8 “(3) *PERMANENT CONSERVATION EASEMENT.—*
 9 *The term ‘permanent conservation easement’ means a*
 10 *conservation easement that is—*

11 “(A) *a permanent easement; or*

12 “(B) *in a State that imposes a maximum*
 13 *duration for easements, an easement for the max-*
 14 *imum duration allowed under State law.*

15 **“SEC. 1238O. GRASSLAND RESERVE PROGRAM.**

16 “(a) *ESTABLISHMENT.—The Secretary shall establish*
 17 *and carry out a grassland reserve program through which*
 18 *the Secretary shall provide payments and technical assist-*
 19 *ance to landowners to assist in restoring and conserving*
 20 *eligible land described in section 1238N(2).*

21 “(b) *ENROLLMENT OF LAND.—*

22 “(1) *IN GENERAL.—The Secretary may enroll el-*
 23 *igible land in the program through—*

24 “(A) *an easement or contract described in*
 25 *paragraph (2); or*

1 “(B) a cooperative agreement with an eligi-
2 ble entity.

3 “(2) *OPTIONS.—Eligible land enrolled in the*
4 *program shall be subject to—*

5 “(A) a 30-year contract;

6 “(B) a 30-year conservation easement; or

7 “(C) a permanent conservation easement.

8 “(3) *ENROLLMENT OF CONSERVATION RESERVE*
9 *ACREAGE.—*

10 “(A) *IN GENERAL.—Eligible land enrolled*
11 *in the conservation reserve program established*
12 *under subchapter B of chapter 1 may be enrolled*
13 *into permanent conservation easements under*
14 *this subchapter if—*

15 “(i) the Secretary determines that the
16 eligible land—

17 “(I) is of high ecological value;
18 and

19 “(II) would be under significant
20 threat of conversion to other uses if the
21 conservation reserve program contract
22 were terminated; and

23 “(ii) the landowner agrees to the en-
24 rollment.

1 “(B) *MAXIMUM ENROLLMENT.*—*The number*
 2 *of acres of conservation reserve program land en-*
 3 *rolled under this paragraph in a calendar year*
 4 *shall not exceed the number of acres that could*
 5 *be funded by 10 percent of the total amount of*
 6 *funds available for this section for a fiscal year.*

7 “(C) *PROHIBITION ON DUPLICATE PAY-*
 8 *MENTS.*—*Eligible land enrolled in the program*
 9 *shall no longer be eligible for payments under the*
 10 *conservation reserve program.*

11 “(c) *RESTORATION AGREEMENTS.*—*The Secretary*
 12 *may enter into a restoration agreement with a landowner,*
 13 *as determined appropriate by the Secretary.*

14 “(d) *CONSERVATION EASEMENT TITLE.*—*The title*
 15 *holder of a conservation easement obtained under this sub-*
 16 *chapter may be—*

17 “(1) *the Secretary; or*

18 “(2) *an eligible entity.*

19 **“SEC. 1238P. DUTIES.**

20 “(a) *DUTIES OF LANDOWNERS.*—

21 “(1) *IN GENERAL.*—*To become eligible to enroll*
 22 *eligible land through the grant of a conservation ease-*
 23 *ment, the landowner shall—*

1 “(A) *create and record an appropriate deed*
 2 *restriction in accordance with applicable State*
 3 *law;*

4 “(B) *provide proof of clear title to the un-*
 5 *derlying fee interest in the eligible land that is*
 6 *subject of the conservation easement;*

7 “(C) *provide a written statement of consent*
 8 *to the easement signed by persons holding a secu-*
 9 *rity interest or any vested interest in the land;*

10 “(D) *grant the conservation easement to the*
 11 *Secretary or an eligible entity; and*

12 “(E) *comply with the terms of the conserva-*
 13 *tion easement and any associated restoration*
 14 *agreement.*

15 “(2) *RESTORATION AGREEMENT.—If a restora-*
 16 *tion agreement is required by the Secretary, the land-*
 17 *owner shall develop and implement a restoration*
 18 *plan.*

19 “(b) *DUTIES OF SECRETARY.—*

20 “(1) *EVALUATION OF OFFERS.—*

21 “(A) *IN GENERAL.—The Secretary shall es-*
 22 *tablish criteria to evaluate and rank applica-*
 23 *tions for easements and contracts under this sub-*
 24 *chapter.*

1 “(B) *CONSIDERATIONS.*—*In establishing the*
 2 *criteria, the Secretary shall emphasize support*
 3 *for—*

4 “(i) *grazing operations;*

5 “(ii) *plant and animal biodiversity;*

6 “(iii) *grassland, land that contains*
 7 *forbs, and shrubland under the greatest*
 8 *threat of conversion; and*

9 “(iv) *other considerations, as deter-*
 10 *mined by the Secretary.*

11 “(C) *PRIORITY.*—*In evaluating offers under*
 12 *this subchapter, the Secretary may give priority*
 13 *to applications that—*

14 “(i) *include a cash contribution from*
 15 *the eligible entity submitting the applica-*
 16 *tion; or*

17 “(ii) *leverage resources from other*
 18 *sources.*

19 “(2) *COMPENSATION.*—

20 “(A) *IN GENERAL.*—

21 “(i) *EASEMENTS AND CONTRACTS.*—*In*
 22 *return for the granting of an easement, the*
 23 *Secretary shall provide to the landowner an*
 24 *amount that is equal to—*

1 “(I) in the case of a permanent
2 easement, the fair market value of the
3 land less the grazing value of the land
4 encumbered by the easement; and

5 “(II) in the case of a 30-year
6 easement or 30-year contract, 30 per-
7 cent of the fair market value of the
8 land less the grazing value of the land
9 for the period during which the land is
10 encumbered by the easement.

11 “(ii) *RESTORATION AGREEMENTS.*—In
12 making cost-share payments for restoration
13 agreements, the Secretary shall make pay-
14 ments to the landowner—

15 “(I) in the case of a permanent
16 easement, in an amount that is not less
17 than 90, but not more than 100, per-
18 cent of the eligible costs; and

19 “(II) in the case of a 30-year
20 easement or 30-year contract, in an
21 amount that is not less than 50, but
22 not more than 75, percent of the eligi-
23 ble costs.

24 “(B) *DELIVERY OF PAYMENTS.*—

1 “(i) *PAYMENT SCHEDULE.*—*Except as*
2 *otherwise provided in this subchapter, pay-*
3 *ments may be provided pursuant to an*
4 *easement, contract, or other agreement, in*
5 *not more than 30 annual payments, and in*
6 *an equal or unequal amounts, as agreed to*
7 *by the Secretary and the landowner.*

8 “(ii) *PAYMENTS TO OTHERS.*—*If an*
9 *owner that is entitled to a payment under*
10 *this subchapter dies, becomes incompetent,*
11 *is otherwise unable to receive the payment,*
12 *or is succeeded by another person who ren-*
13 *ders or completes the required performance,*
14 *the Secretary shall make the payment, in*
15 *accordance with regulations promulgated by*
16 *the Secretary and without regard to any*
17 *other provision of law, in such manner as*
18 *the Secretary determines is fair and reason-*
19 *able after considering all the circumstances.*

20 “(3) *TECHNICAL ASSISTANCE.*—*If a restoration*
21 *agreement is required by the Secretary, the Secretary*
22 *shall provide technical assistance to comply with the*
23 *terms and conditions of the restoration agreement.*

1 **“SEC. 1238Q. TERMS AND CONDITIONS.**

2 “(a) *TERMS AND CONDITIONS OF EASEMENT OR CON-*
 3 *TRACTS.*—*An easement or contract under this subchapter*
 4 *shall—*

5 “(1) *permit—*

6 “(A) *common grazing practices, including*
 7 *maintenance and necessary cultural practices, on*
 8 *the land in a manner that is consistent with*
 9 *maintaining the viability of grassland, forb, and*
 10 *shrub species appropriate to that locality;*

11 “(B) *haying, mowing, or harvesting for seed*
 12 *production, subject to appropriate restrictions*
 13 *during the nesting season for birds in the local*
 14 *area that are in significant decline or are con-*
 15 *served in accordance with Federal or State law,*
 16 *as determined by the State Conservationist; and*

17 “(C) *fire presuppression, rehabilitation, and*
 18 *construction of fire breaks and fences (including*
 19 *placement of the posts necessary for fences);*

20 “(2) *prohibit—*

21 “(A) *the production of crops (other than*
 22 *hay), fruit trees, vineyards, or any other agricul-*
 23 *tural commodity that is inconsistent with main-*
 24 *taining grazing land; and*

25 “(B) *except as permitted under a restora-*
 26 *tion plan, the conduct of any other activity that*

1 *would be inconsistent with maintaining grazing*
 2 *land covered by the easement or agreement; and*
 3 “(3) *include such additional provisions as the*
 4 *Secretary determines are appropriate to carry out or*
 5 *facilitate the administration of this subchapter.*

6 “(b) *TERMS AND CONDITIONS OF COOPERATIVE*
 7 *AGREEMENTS.—*

8 “(1) *IN GENERAL.—The Secretary shall establish*
 9 *the terms and conditions of any cooperative agree-*
 10 *ment entered into under this subchapter under which*
 11 *the eligible entity shall use funds provided by the Sec-*
 12 *retary.*

13 “(2) *MINIMUM REQUIREMENTS.—A cooperative*
 14 *agreement shall, at a minimum—*

15 “(A) *specify the qualification of the eligible*
 16 *entity to carry out the responsibilities of the eli-*
 17 *gible entity under the program, including acqui-*
 18 *sition, monitoring, enforcement, and manage-*
 19 *ment policies and procedures that ensure the*
 20 *long-term integrity of the conservation easement*
 21 *protections;*

22 “(B) *subject to subparagraph (C), identify a*
 23 *specific project or a range of projects funded*
 24 *under the agreement;*

1 “(C) allow, upon mutual agreement of the
2 parties, substitution of qualified projects that are
3 identified at the time of substitution;

4 “(D) specify the manner in which the eligi-
5 ble entity will evaluate and report the use of
6 funds to the Secretary;

7 “(E) allow the eligible entity flexibility to
8 develop and use terms and conditions for con-
9 servation easements and other purchases of inter-
10 est in eligible land, if the Secretary finds the
11 terms and conditions consistent with the pur-
12 poses of the program and adequate to achieve
13 and permit effective enforcement of the conserva-
14 tion purposes of the conservation easements or
15 other interests;

16 “(F) require appraisals of acquired interests
17 in eligible land that comply with a method ap-
18 proved by industry;

19 “(G) if applicable, allow as part of the
20 share of the eligible entity of the cost to purchase
21 a conservation easement or other interest in eli-
22 gible land described in section 1238O(b), that an
23 eligible entity may include a charitable donation
24 or qualified conservation contribution (as defined
25 by section 170(h) of the Internal Revenue Code

1 of 1986), from the private landowner for which
 2 the conservation easement will be purchased; and

3 “(H) provide for a schedule of payments to
 4 an eligible entity, as agreed to by the Secretary
 5 and the eligible entity, over a term of not to ex-
 6 ceed 30 years.

7 “(3) *PROTECTION OF FEDERAL INVESTMENT.*—

8 “(A) *IN GENERAL.*—The Secretary shall en-
 9 sure that the terms of an easement acquired by
 10 the eligible entity provides protection for the
 11 Federal investment through an executory limita-
 12 tion by the Federal government.

13 “(B) *RELATIONSHIP TO FEDERAL ACQUISI-*
 14 *TION OF REAL PROPERTY.*—The inclusion of an
 15 executory limitation described in subparagraph
 16 (A) shall—

17 “(i) not be considered the Federal ac-
 18 quisition of real property; and

19 “(ii) not trigger any Federal appraisal
 20 or other real property requirements, includ-
 21 ing the Federal standards and procedures
 22 for land acquisition.

23 “(C) *TERMS OF RESTORATION AGREE-*
 24 *MENT.*—A restoration agreement shall contain—

1 “(i) a statement of the conservation
2 measures and practices that will be under-
3 taken in regard to the eligible land subject
4 to the conservation easement;

5 “(ii) restrictions on the use of the eligi-
6 ble land subject to the conservation ease-
7 ment; and

8 “(iii) a statement of the respective du-
9 ties of the Secretary, landowner, and eligi-
10 ble entity, as appropriate.

11 “(c) VIOLATION.—If a violation occurs of the terms or
12 conditions of a conservation easement, contract, cooperative
13 agreement or restoration agreement entered into under this
14 section—

15 “(1) the conservation easement, contract, cooper-
16 ative agreement, or restoration agreement shall re-
17 main in force; and

18 “(2) the Secretary may require the owner or en-
19 tity to refund all or part of any payments received
20 by the owner under this subchapter, with interest on
21 the payments as determined appropriate by the Sec-
22 retary.”.

1 **CHAPTER 4—OTHER CONSERVATION**
2 **PROGRAMS**

3 **SEC. 2391. CONSERVATION SECURITY PROGRAM.**

4 *Subchapter A of chapter 2 of subtitle D of title XII*
5 *of the Food Security Act of 1985 is amended by adding*
6 *after section 1238C (16 U.S.C. 3838c) the following:*

7 **“SEC. 1238D. PERIOD OF EFFECTIVENESS.**

8 “(a) *IN GENERAL.*—*This subchapter, and the terms*
9 *and conditions of the conservation security program, shall*
10 *continue to apply to conservation security contracts entered*
11 *into as of the date before the date of enactment of this sec-*
12 *tion.*

13 “(b) *PAYMENTS.*—*The Secretary shall make payments*
14 *under this subchapter with respect to conservation security*
15 *contracts described in subsection (a) during the term of the*
16 *contracts.*

17 “(c) *PROHIBITION ON NEW CONTRACTS.*—*A conserva-*
18 *tion security contract may not be entered into or renewed*
19 *under this subchapter as of the date of enactment of this*
20 *section.*

21 “(d) *LIMITATION.*—*A contract described in subsection*
22 *(a) may not be administered under the regulations issued*
23 *under section 1240Y.”.*

1 **SEC. 2392. CONSERVATION OF PRIVATE GRAZING LAND.**

2 *Section 1240M(e) of the Food Security Act of 1985 (16*
 3 *U.S.C. 3839bb(e)) is amended by striking “2007” and in-*
 4 *serting “2012”.*

5 **SEC. 2393. REAUTHORIZATION OF WILDLIFE HABITAT IN-**
 6 **CENTIVE PROGRAM.**

7 *Section 1240N of the Food Security Act of 1985 (16*
 8 *U.S.C. 3839bb–1) is amended—*

9 *(1) in subsection (b)—*

10 *(A) in the subsection heading, by striking*
 11 *“COST-SHARE”;*

12 *(B) in paragraph (1), by inserting “and in-*
 13 *centive” after “cost-share”; and*

14 *(C) in paragraph (2)(B), by striking “15*
 15 *percent” and inserting “25 percent”; and*

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

17 *“(d) FISH AND WILDLIFE CONSERVATION PLANS AND*
 18 *INITIATIVES.—In carrying out this section, the Secretary*
 19 *shall give priority to projects that would further the goals*
 20 *and objectives of State, regional, and national fish and*
 21 *wildlife conservation plans and initiatives.*

22 *“(e) DURATION OF PROGRAM.—Using funds made*
 23 *available under section 1241(a)(7), the Secretary shall*
 24 *carry out the program during each of fiscal years 2008*
 25 *through 2012.”.*

1 **SEC. 2394. GRASSROOTS SOURCE WATER PROTECTION PRO-**
 2 **GRAM.**

3 *Section 1240O of the Food Security Act of 1985 (16*
 4 *U.S.C. 3839bb–2) is amended by striking subsection (b) and*
 5 *inserting the following:*

6 “(b) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 7 *authorized to be appropriated to carry out this section*
 8 *\$20,000,000 for each of fiscal years 2008 through 2012.”.*

9 **SEC. 2395. GREAT LAKES BASIN PROGRAM FOR SOIL ERO-**
 10 **SION AND SEDIMENT CONTROL.**

11 *Section 1240P of the Food Security Act of 1985 (16*
 12 *U.S.C. 3839bb–3) is amended to read as follows:*

13 **“SEC. 1240P. GREAT LAKES BASIN PROGRAM FOR SOIL ERO-**
 14 **SION AND SEDIMENT CONTROL.**

15 “(a) *IN GENERAL.—The Secretary, in consultation*
 16 *with the Great Lakes Commission created by Article IV of*
 17 *the Great Lakes Basin Compact (82 Stat. 415) and in co-*
 18 *operation with the Administrator of the Environmental*
 19 *Protection Agency and the Secretary of the Army, may*
 20 *carry out the Great Lakes basin program for soil erosion*
 21 *and sediment control (referred to in this section as the ‘pro-*
 22 *gram’) to assist in implementing the recommendations of*
 23 *the Great Lakes Regional Collaboration Strategy to Restore*
 24 *and Protect the Great Lakes.*

25 “(b) *ASSISTANCE.—In carrying out the program, the*
 26 *Secretary may—*

1 “(1) provide project demonstration grants, pro-
 2 vide technical assistance, and carry out information
 3 and educational programs to improve water quality
 4 in the Great Lakes basin by reducing soil erosion and
 5 improving sediment control; and

6 “(2) establish a priority for projects and activi-
 7 ties that—

8 “(A) directly reduce soil erosion or improve
 9 sediment control;

10 “(B) reduce soil loss in degraded rural wa-
 11 tersheds; or

12 “(C) improve hydrological conditions in
 13 urban watersheds.

14 “(c) *AUTHORIZATION OF APPROPRIATIONS.*—There is
 15 authorized to be appropriated to carry out this section
 16 \$5,000,000 for each of fiscal years 2008 through 2012.”.

17 **SEC. 2396. FARM VIABILITY PROGRAM.**

18 Section 1238J(b) of the Food Security Act of 1985 (16
 19 U.S.C. 3838j(b)) is amended by striking “2007” and insert-
 20 ing “2012”.

21 **SEC. 2397. DISCOVERY WATERSHED DEMONSTRATION PRO-**
 22 **GRAM.**

23 Chapter 5 of subtitle D of title XII of the Food Security
 24 Act of 1985 (16 U.S.C. 3839bb et seq.) is amended by add-
 25 ing at the end the following:

1 **“SEC. 1240Q. DISCOVERY WATERSHED DEMONSTRATION**
2 **PROGRAM.**

3 “(a) *ESTABLISHMENT.*—*The Secretary shall establish*
4 *and carry out a demonstration program in not less than*
5 *30 small watersheds in States of the Upper Mississippi*
6 *River basin to identify and promote the most cost-effective*
7 *and efficient approaches to reducing the loss of nutrients*
8 *to surface waters.*

9 “(b) *PURPOSE.*—*The demonstration program shall*
10 *demonstrate in small watersheds performance-based and*
11 *market-based approaches—*

12 “(1) *to reduce the loss of nutrients to surface wa-*
13 *ters from agricultural land; and*

14 “(2) *to monitor the cost-effectiveness of manage-*
15 *ment practices designed to reduce the loss of nutrients*
16 *to surface waters from agricultural land.*

17 “(c) *PARTNERSHIPS.*—*In carrying out this section, the*
18 *Secretary may establish or identify, as appropriate, part-*
19 *nerships to select the watersheds and to encourage coopera-*
20 *tive effort among the Secretary and State, local, and non-*
21 *governmental organizations.*

22 “(d) *SELECTION OF SMALL WATERSHEDS.*—*In select-*
23 *ing small watersheds for participation in the program, the*
24 *Secretary shall consider the extent to which—*

25 “(1) *reducing nutrient losses to surface water in*
26 *the small watershed would be likely to result in meas-*

1 ~~urable improvements in water quality in the small~~
2 ~~watershed;~~

3 “(2) a demonstration project would use innova-
4 ~~tive approaches to attract a high level of producer~~
5 ~~participation in the small watershed to ensure suc-~~
6 ~~cess;~~

7 “(3) a demonstration project could be imple-
8 ~~mented through a third party, including a producer~~
9 ~~organization, farmer cooperative, conservation dis-~~
10 ~~trict, water utility, agency of State or local govern-~~
11 ~~ment, conservation organization, or other organiza-~~
12 ~~tion with appropriate expertise;~~

13 “(4) a demonstration project would leverage
14 ~~funding from State, local, and private sources;~~

15 “(5) a demonstration project would demonstrate
16 ~~market-based approaches to nutrient losses to surface~~
17 ~~waters;~~

18 “(6) baseline data related to water quality and
19 ~~agricultural practices and contributions from non-~~
20 ~~agricultural sources as relevant in the small water-~~
21 ~~shed has been collected or could be readily collected;~~
22 ~~and~~

23 “(7) water quality monitoring infrastructure is
24 ~~in place or could reasonably be put in place in the~~
25 ~~small watershed.~~

1 “(e) *USE OF FUNDS.*—

2 “(1) *IN GENERAL.*—*Funding provided for the*
 3 *program under subsection (f) shall be used in not less*
 4 *than 30 small watersheds—*

5 “(A) *to provide technical assistance;*

6 “(B) *to provide and assess financial incen-*
 7 *tives to agricultural producers implementing*
 8 *conservation practices that reduce nutrient losses*
 9 *to surface waters;*

10 “(C) *to monitor the performance and costs*
 11 *of alternative nutrient management techniques,*
 12 *including soil tests, stalk tests, cover crops, soil*
 13 *amendments, buffers, and tillage practices; and*

14 “(D) *to share the cost of data collection,*
 15 *monitoring, and analysis.*

16 “(2) *PROHIBITION.*—*None of the funds made*
 17 *available to carry out the program for each fiscal*
 18 *year may be used for administrative expenses.*

19 “(f) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
 20 *authorized to be appropriated such sums as are necessary*
 21 *to carry out this section.”.*

22 **SEC. 2398. EMERGENCY LANDSCAPE RESTORATION PRO-**
 23 **GRAM.**

24 (a) *IN GENERAL.*—*Chapter 5 of subtitle D of the Food*
 25 *Security Act of 1985 (16 U.S.C. 3839bb et seq.) (as amend-*

1 *ed by section 2386) is amended by adding at the end the*
 2 *following:*

3 **“SEC. 1240R. EMERGENCY LANDSCAPE RESTORATION PRO-**
 4 **GRAM.**

5 “(a) *DEFINITION OF ELIGIBLE RECIPIENT.—In this*
 6 *section, the term ‘eligible recipient’ means—*

7 “(1) *an organization that is eligible for technical*
 8 *assistance and cost-share payments under this section*
 9 *and assists working agricultural land and nonindus-*
 10 *trial private forest land, including—*

11 “(A) *a community-based association; and*

12 “(B) *a city, county, or regional government,*
 13 *including a watershed council and a conserva-*
 14 *tion district; and*

15 “(2) *an individual who is eligible for technical*
 16 *assistance and cost-share payments under this section,*
 17 *including—*

18 “(A) *a producer;*

19 “(B) *a rancher;*

20 “(C) *an operator;*

21 “(D) *a nonindustrial private forest land-*
 22 *owner; and*

23 “(E) *a landlord on working agricultural*
 24 *land.*

1 “(b) *PURPOSE.*—*The purpose of the emergency land-*
 2 *scape restoration program is to rehabilitate watersheds,*
 3 *nonindustrial private forest land, and working agricultural*
 4 *land adversely affected by natural catastrophic events, by—*

5 “(1) *providing a source of assistance for restora-*
 6 *tion of the land back to a productive state;*

7 “(2) *preventing further impairment of land and*
 8 *water, including prevention through the purchase of*
 9 *floodplain easements; and*

10 “(3) *providing further protection of natural re-*
 11 *sources.*

12 “(c) *ESTABLISHMENT.*—*The Secretary, acting through*
 13 *the Natural Resources Conservation Service, shall carry out*
 14 *an emergency landscape restoration program under which*
 15 *technical assistance and cost-share payments are made*
 16 *available to eligible recipients to carry out remedial activi-*
 17 *ties to restore landscapes damaged by—*

18 “(1) *fire;*

19 “(2) *drought;*

20 “(3) *flood;*

21 “(4) *hurricane force or excessive winds;*

22 “(5) *ice storms or blizzards; or*

23 “(6) *other resource-impacting natural events, as*
 24 *determined by the Secretary.*

1 “(d) *PRIORITIZATION.*—*The Secretary shall provide*
 2 *the highest priority for those activities that protect human*
 3 *health and safety.*

4 “(e) *TECHNICAL ASSISTANCE AND COST-SHARE PAY-*
 5 *MENTS.*—

6 “(1) *IN GENERAL.*—*The Secretary shall provide*
 7 *technical assistance and cost-share payments in*
 8 *amounts of up to 75 percent of the cost of remedial*
 9 *activities described in paragraph (2) to rehabilitate*
 10 *watersheds, nonindustrial private forest land, and*
 11 *working agricultural land.*

12 “(2) *REMEDIAL ACTIVITIES.*—*Remedial activi-*
 13 *ties that are eligible for technical assistance and cost-*
 14 *share payments under this section include—*

15 “(A) *removal of debris from streams, agri-*
 16 *cultural land, and nonindustrial forest land,*
 17 *including—*

18 “(i) *the restoration of natural hydrol-*
 19 *ogy; and*

20 “(ii) *the removal of barriers for aquat-*
 21 *ic species;;*

22 “(B) *restoration of destabilized*
 23 *streambanks;*

24 “(C) *establishment of cover on critically*
 25 *eroding land;*

1 “(D) restoration of fences;

2 “(E) construction of conservation structures;

3 “(F) provision of water for livestock in
4 drought situations;

5 “(G) rehabilitation of farm or ranch land;

6 “(H) restoration of damaged nonindustrial
7 private forest land, including—

8 “(i) the removal of damaged standing
9 trees and downed timber; and

10 “(ii) site preparation, tree planting,
11 direct seeding, and firebreaks;

12 “(I) the carrying out of emergency water
13 conservation measures;

14 “(J) restoration of wildlife habitat and cor-
15 ridors;

16 “(K) livestock carcass removal and disposal;
17 and

18 “(L) such other remedial activities as are
19 determined by the Secretary.

20 “(f) AUTHORIZATION OF APPROPRIATIONS.—There are
21 authorized to be appropriated to the Secretary to carry out
22 this section such sums as are necessary for each of fiscal
23 years 2008 through 2012, to remain available until ex-
24 pended.

1 “(g) *TEMPORARY ADMINISTRATION OF EMERGENCY*
 2 *LANDSCAPE RESTORATION PROGRAM.*—

3 “(1) *IN GENERAL.*—*During the period beginning*
 4 *on the date of enactment of this section and ending*
 5 *on the termination date described in paragraph (2),*
 6 *to ensure that technical assistance, cost-share pay-*
 7 *ments, and other payments continue to be adminis-*
 8 *tered in an orderly manner until the date on which*
 9 *final regulations are promulgated to implement the*
 10 *emergency landscape restoration program, the Sec-*
 11 *retary shall, to the extent the terms and conditions of*
 12 *the programs described in clauses (i) and (ii) of sub-*
 13 *paragraph (A) are consistent with the emergency*
 14 *landscape restoration program, continue to—*

15 “(A) *provide technical assistance, cost-share*
 16 *payments, and other payments under the terms*
 17 *and conditions of—*

18 “(i) *the emergency conservation pro-*
 19 *gram established under title IV of the Agri-*
 20 *cultural Credit Act of 1978 (16 U.S.C. 2201*
 21 *et seq.); and*

22 “(ii) *the emergency watershed protec-*
 23 *tion program established under section 403*
 24 *of the Agricultural Credit Act of 1978 (16*
 25 *U.S.C. 2203); and*

1 “(B) use for those purposes—

2 “(i) any funds made available under
3 those programs; and

4 “(ii) as the Secretary determines to be
5 necessary, any funds made available to
6 carry out the emergency landscape restora-
7 tion program.

8 “(2) *TERMINATION OF AUTHORITY.*—The author-
9 ity of the Secretary to carry out paragraph (1) shall
10 terminate on the effective date of final regulations to
11 implement the emergency landscape restoration pro-
12 gram.”.

13 (b) *CONFORMING AMENDMENTS.*—

14 (1) *Effective on the effective date of final regula-*
15 *tions to implement the emergency landscape restora-*
16 *tion program under section 1240R of the Food Secu-*
17 *rity Act of 1985 (as added by subsection (a)), title IV*
18 *of the Agricultural Credit Act of 1978 (16 U.S.C.*
19 *2201 et seq.) is repealed.*

20 (2) *Section 1211(a)(3)(C) of the Food Security*
21 *Act of 1985 (16 U.S.C. 3811(a)(3)(C)) is amended by*
22 *inserting “section 1240R or” after “a payment*
23 *under”.*

24 (3) *Section 1221(b)(3)(C) of the Food Security*
25 *Act of 1985 (16 U.S.C. 3821(b)(3)(C)) is amended by*

1 inserting “section 1240R or” after “A payment
2 under”.

3 **SEC. 2399. VOLUNTARY PUBLIC ACCESS AND HABITAT IN-**
4 **CENTIVE PROGRAM.**

5 Chapter 5 of subtitle D of title XII of the Food Security
6 Act of 1985 (16 U.S.C. 3839bb et seq.) (as amended by sec-
7 tion 2387(a)) is amended by adding at the end the fol-
8 lowing:

9 **“SEC. 1240S. VOLUNTARY PUBLIC ACCESS AND HABITAT IN-**
10 **CENTIVE PROGRAM.**

11 “(a) *IN GENERAL.*—The Secretary shall establish a
12 voluntary public access program under which States and
13 tribal governments may apply for grants to encourage own-
14 ers and operators of privately-held farm, ranch, and forest
15 land to voluntarily make that land available for access by
16 the public for wildlife-dependent recreation, including hunt-
17 ing or fishing under programs administered by the States
18 and tribal governments.

19 “(b) *APPLICATIONS.*—In submitting applications for a
20 grant under the program, a State or tribal government shall
21 describe—

22 “(1) the benefits that the State or tribal govern-
23 ment intends to achieve by encouraging public access
24 to private farm and ranch land for—

25 “(A) hunting and fishing; and

1 “(B) to the maximum extent practicable,
2 other recreational purposes; and

3 “(2) the methods that will be used to achieve
4 those benefits.

5 “(c) *PRIORITY*.—In approving applications and
6 awarding grants under the program, the Secretary shall
7 give priority to States and tribal governments that
8 propose—

9 “(1) to maximize participation by offering a
10 program the terms of which are likely to meet with
11 widespread acceptance among landowners;

12 “(2) to ensure that land enrolled under the State
13 or tribal government program has appropriate wild-
14 life habitat;

15 “(3) to strengthen wildlife habitat improvement
16 efforts on land enrolled in a special conservation re-
17 serve enhancement program described in section
18 1234(f)(3) by providing incentives to increase public
19 hunting and other recreational access on that land;

20 “(4) to use additional Federal, State, tribal gov-
21 ernment, or private resources in carrying out the pro-
22 gram; and

23 “(5) to make available to the public the location
24 of land enrolled.

1 “(d) *RELATIONSHIP TO OTHER LAWS.*—Nothing in
 2 this section preempts a State or tribal government law (in-
 3 cluding any State or tribal government liability law).

4 “(e) *REGULATIONS.*—The Secretary shall promulgate
 5 such regulations as are necessary to carry out this section.”.

6 ***Subtitle E—Funding and*** 7 ***Administration***

8 ***SEC. 2401. FUNDING AND ADMINISTRATION.***

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

11 *(1) in the matter preceding paragraph (1), by*
 12 *striking “2007” and inserting “2012”; and*

13 *(2) by striking paragraphs (3) through (7) and*
 14 *inserting the following:*

15 *“(3) The conservation security program under*
 16 *subchapter A of chapter 2, using \$2,317,000,000 to*
 17 *administer contracts entered into as of the day before*
 18 *the date of enactment of the Food and Energy Secu-*
 19 *rity Act of 2007, to remain available until expended.*

20 *“(4) The conservation stewardship program*
 21 *under subchapter B of chapter 6.*

22 *“(5) The farmland protection program under*
 23 *subchapter B of chapter 2, using, to the maximum ex-*
 24 *tent practicable, \$97,000,000 for each of fiscal years*
 25 *2008 through 2012.*

1 “(6) *The grassland reserve program under sub-*
 2 *chapter C of chapter 2, using, to the maximum extent*
 3 *practicable, \$240,000,000 for the period of fiscal years*
 4 *2008 through 2012.*

5 “(7) *The environmental quality incentives pro-*
 6 *gram under chapter 4, using, to the maximum extent*
 7 *practicable—*

8 “(A) *\$1,270,000,000 for each of fiscal years*
 9 *2008 and 2009; and*

10 “(B) *\$1,300,000,000 for each of fiscal years*
 11 *2010 through 2012.*

12 “(8) *The wildlife habitat incentives program*
 13 *under section 1240N, using, to the maximum extent*
 14 *practicable, \$85,000,000 for each of fiscal years 2008*
 15 *through 2012.*

16 “(9) *The voluntary public access program under*
 17 *section 1240S, using, to the maximum extent prac-*
 18 *ticable, \$20,000,000 in each of fiscal years 2008*
 19 *through 2012.”.*

20 **SEC. 2402. REGIONAL EQUITY.**

21 *Section 1241 of the Food Security Act of 1985 (16*
 22 *U.S.C. 3841) is amended by striking subsection (d) and in-*
 23 *serting the following:*

24 “(d) *REGIONAL EQUITY.—*

1 “(1) *IN GENERAL.*—Before April 1 of each fiscal
 2 year, the Secretary shall give priority for funding
 3 under the conservation programs under subtitle D
 4 and the agricultural management assistance program
 5 under section 524(b) of the Federal Crop Insurance
 6 Act (7 U.S.C. 1524(b)) (excluding the conservation re-
 7 serve program under subchapter B of chapter 1 and
 8 the wetlands reserve program under subchapter C of
 9 chapter 1) to approved applications in any State that
 10 has not received, for the fiscal year, an aggregate
 11 amount of at least \$15,000,000 for those conservation
 12 programs.

13 “(e) *SPECIFIC FUNDING ALLOCATIONS.*—In deter-
 14 mining the specific funding allocations for each State under
 15 paragraph (1), the Secretary shall consider the respective
 16 demand for each program in each State.

17 “(f) *ALLOCATIONS REVIEW AND UPDATE.*—

18 “(1) *REVIEW.*—Not later than January 1, 2012,
 19 the Secretary shall conduct a review of conservation
 20 program allocation formulas to determine the suffi-
 21 ciency of the formulas in accounting for State-level
 22 economic factors, level of agricultural infrastructure,
 23 or related factors that affect conservation program
 24 costs.

1 “(2) *UPDATE.*—*The Secretary shall improve con-*
 2 *servation program allocation formulas as necessary to*
 3 *ensure that the formulas adequately reflect the costs of*
 4 *carrying out the conservation programs.*”.

5 **SEC. 2403. CONSERVATION ACCESS.**

6 *Section 1241 of the Food Security Act of 1985 (16*
 7 *U.S.C. 3841) (as amended by section 2402) is amended by*
 8 *adding at the end the following:*

9 “(g) *CONSERVATION ACCESS.*—

10 “(1) *ASSISTANCE TO ELIGIBLE FARMERS OR*
 11 *RANCHERS.*—

12 “(A) *DEFINITION OF ELIGIBLE FARMER OR*
 13 *RANCHER.*—*In this paragraph, the term ‘eligible*
 14 *farmer or rancher’ means a farmer or rancher*
 15 *that, as determined by the Secretary—*

16 “(i) *derives or expects to derive at least*
 17 *\$15,000 in gross sales from agriculture (not*
 18 *including payments under the conservation*
 19 *reserve program established under sub-*
 20 *chapter B of chapter 1 of subtitle D); and*

21 “(ii) *is—*

22 “(I) *a beginning farmer or ranch-*
 23 *er (as defined in section 343 of the*
 24 *Consolidated Farm and Rural Devel-*
 25 *opment Act (7 U.S.C. 1991)), except*

1 *that in determining whether the farmer*
 2 *or rancher qualifies as a beginning*
 3 *farmer or rancher, the Secretary*
 4 *may—*

5 *“(aa) employ a fair and rea-*
 6 *sonable test of net worth; and*

7 *“(bb) use such other criteria*
 8 *as the Secretary determines to be*
 9 *appropriate; or*

10 *“(II) a socially disadvantaged*
 11 *farmer or rancher (as defined in sec-*
 12 *tion 355(e) of the Consolidated Farm*
 13 *and Rural Development Act (7 U.S.C.*
 14 *2003(e)).*

15 *“(B) ASSISTANCE.—In the case of each pro-*
 16 *gram described in subsection (a), except as pro-*
 17 *vided in paragraph (2), for each fiscal year in*
 18 *which funding is made available for the pro-*
 19 *gram, 10 percent of the funds available for the*
 20 *fiscal year shall be used by the Secretary to as-*
 21 *sist eligible farmers or ranchers.*

22 *“(2) ACREAGE PROGRAMS.—In the case of the*
 23 *conservation reserve and wetlands reserve programs,*
 24 *10 percent of the acreage authorized to be enrolled in*

1 *any fiscal year shall be used to assist eligible farmers*
2 *or ranchers.*

3 “(3) *REPOOLING.*—*In any fiscal year, amounts*
4 *not obligated under this subsection by a date deter-*
5 *mined by the Secretary shall be available for pay-*
6 *ments and technical assistance to all persons eligible*
7 *for payments or technical assistance in that fiscal*
8 *year under the program for which the amounts were*
9 *originally made available under this title.*

10 “(4) *CONSERVATION INNOVATION GRANTS.*—
11 *Funding under paragraph (1) for conservation inno-*
12 *vation grants under section 1240H may, in addition*
13 *to purposes described in subsection (b) of that section,*
14 *be used for—*

15 “(A) *technology transfer;*

16 “(B) *farmer-to-farmer workshops; and*

17 “(C) *demonstrations of innovative conserva-*
18 *tion practices.*

19 “(5) *TECHNICAL ASSISTANCE.*—*The Secretary*
20 *shall offer, to the maximum extent practicable, higher*
21 *levels of technical assistance to beginning farmers or*
22 *ranchers and socially disadvantaged farmers or*
23 *ranchers than are otherwise made available to pro-*
24 *ducers participating in programs under this title.*

1 “(6) *COOPERATIVE AGREEMENTS.*—*The Sec-*
 2 *retary may develop and implement cooperative agree-*
 3 *ments with entities (including government agencies,*
 4 *extension entities, nongovernmental and community-*
 5 *based organizations, and educational institutions)*
 6 *with expertise in addressing the needs of beginning*
 7 *farmers or ranchers and socially disadvantaged farm-*
 8 *ers or ranchers to provide technical assistance, com-*
 9 *prehensive conservation planning education, and sus-*
 10 *tainable agriculture training.”.*

11 **SEC. 2404. DELIVERY OF TECHNICAL ASSISTANCE.**

12 *Section 1242 of the Food Security Act of 1985 (16*
 13 *U.S.C. 3842) is amended to read as follows:*

14 **“SEC. 1242. DELIVERY OF TECHNICAL ASSISTANCE.**

15 “(a) *DEFINITION OF ELIGIBLE PARTICIPANT.*—*In this*
 16 *section, the term ‘eligible participant’ means—*

- 17 “(1) *an agricultural producer;*
 18 “(2) *an eligible entity;*
 19 “(3) *an eligible landowner; and*
 20 “(4) *an interested organization.*

21 “(b) *PURPOSE.*—*The purpose of technical assistance*
 22 *authorized by this title is to provide eligible participants*
 23 *with consistent, science-based, site-specific practices de-*
 24 *signed to achieve conservation objectives on land active in*
 25 *agricultural, forestry, or related uses.*

1 “(c) *PROVISION OF TECHNICAL ASSISTANCE.—The*
 2 *Secretary shall provide technical assistance under this title*
 3 *to an eligible participant—*

4 “(1) *directly;*

5 “(2) *through a contract or agreement with a*
 6 *third-party provider; or*

7 “(3) *at the option of the eligible participant,*
 8 *through a payment, as determined by the Secretary,*
 9 *to the eligible participant for an approved third-*
 10 *party provider, if available.*

11 “(d) *CERTIFICATION OF THIRD-PARTY PROVIDERS.—*

12 “(1) *IN GENERAL.—The Secretary shall continue*
 13 *to carry out the technical service provider program*
 14 *established under regulations promulgated under sub-*
 15 *section (b)(1) (as in existence on the day before the*
 16 *date of enactment of this subsection).*

17 “(2) *PURPOSE.—The purpose of the technical*
 18 *service provider program shall be to increase the*
 19 *availability and range of technical expertise available*
 20 *to farmers, ranchers, and eligible landowners to plan*
 21 *and implement conservation measures.*

22 “(3) *EXPERTISE.—In promulgating regulations*
 23 *to carry out this subsection, the Secretary shall—*

24 “(A) *ensure that persons with expertise in*
 25 *the technical aspects of conservation planning,*

1 *watershed planning, and environmental engi-*
 2 *neering (including commercial entities, nonprofit*
 3 *entities, State or local governments or agencies,*
 4 *and other Federal agencies) are eligible to be-*
 5 *come approved providers of the technical assist-*
 6 *ance; and*

7 *“(B) to the maximum extent practicable—*

8 *“(i) provide national criteria for the*
 9 *certification of technical service providers;*
 10 *and*

11 *“(ii) approve any unique certification*
 12 *standards established at the State level.*

13 *“(4) SYSTEM ADMINISTRATION.—*

14 *“(A) FUNDING.—Effective for fiscal year*
 15 *2008 and each subsequent fiscal year, funds of*
 16 *the Commodity Credit Corporation that are*
 17 *made available to carry out each of the programs*
 18 *specified in section 1241 shall be available for*
 19 *the provision of technical assistance from third-*
 20 *party providers under this section.*

21 *“(B) CONTRACT TERM.—A contract under*
 22 *this section shall have a term that—*

23 *“(i) at a minimum, is equal to the*
 24 *period—*

1 “(I) beginning on the date on
2 which the contract is entered into; and

3 “(II) ending on the date that is 1
4 year after the date on which all activi-
5 ties in the contract have been com-
6 pleted;

7 “(ii) does not exceed 3 years; and

8 “(iii) can be renewed, as determined
9 by the Secretary.

10 “(C) *REVIEW OF CERTIFICATION REQUIRE-*
11 *MENTS.—Not later than 1 year after the date of*
12 *enactment of this subsection, the Secretary*
13 *shall—*

14 “(i) review certification requirements
15 for third-party providers; and

16 “(ii) make any adjustments considered
17 necessary by the Secretary to improve par-
18 ticipation.

19 “(D) *ELIGIBLE ACTIVITIES.—The Secretary*
20 *may include in activities eligible for payment to*
21 *a third-party provider—*

22 “(i) education and outreach to eligible
23 participants; and

1 “(ii) *administrative services necessary*
 2 *to support conservation program implemen-*
 3 *tation.*

4 “(5) *PAYMENT AMOUNTS.—The Secretary shall*
 5 *establish fair and reasonable amounts of payments for*
 6 *technical services provided by third-party providers.*

7 “(e) *AVAILABILITY OF TECHNICAL SERVICES.—*

8 “(1) *AVAILABILITY.—*

9 “(A) *IN GENERAL.—In carrying out the*
 10 *programs under this title and the agricultural*
 11 *management assistance program under section*
 12 *524 of the Federal Crop Insurance Act (7 U.S.C.*
 13 *1524), the Secretary shall make technical services*
 14 *available to all eligible participants who are in-*
 15 *stalling an eligible practice.*

16 “(B) *TECHNICAL SERVICE CONTRACTS.—In*
 17 *any case in which financial assistance is not re-*
 18 *quested or is not provided under subparagraph*
 19 *(A), the Secretary may enter into a technical*
 20 *service contract with the applicable eligible par-*
 21 *ticipant for the purposes of assisting in the plan-*
 22 *ning, design, or installation of an eligible prac-*
 23 *tice.*

24 “(2) *REVIEW OF CONSERVATION PRACTICE*
 25 *STANDARDS.—*

1 “(A) *IN GENERAL.*—*The Secretary shall—*

2 “(i) *review conservation practice*
 3 *standards, including engineering design*
 4 *specifications, in effect on the date of enact-*
 5 *ment of this subsection;*

6 “(ii) *ensure, to the maximum extent*
 7 *practicable, the completeness and relevance*
 8 *of the standards to local agricultural, for-*
 9 *estry, and natural resource needs, including*
 10 *specialty crops, native and managed polli-*
 11 *nators, bioenergy crop production, forestry,*
 12 *and such other needs as are determined by*
 13 *the Secretary; and*

14 “(iii) *ensure that the standards pro-*
 15 *vide for the optimal balance between meet-*
 16 *ing site-specific conservation needs and*
 17 *minimizing risks of design failure and asso-*
 18 *ciated costs of construction and installation.*

19 “(B) *CONSULTATION.*—*In conducting the*
 20 *assessment under subparagraph (A), the Sec-*
 21 *retary shall consult with eligible participants,*
 22 *crop consultants, cooperative extension and land*
 23 *grant universities, nongovernmental organiza-*
 24 *tions, and other qualified entities.*

“(C) *EXPEDITED REVISION OF STANDARDS.—If the Secretary determines under subparagraph (A) that revisions to the conservation practice standards, including engineering design specifications, are necessary, the Secretary shall establish an administrative process for expediting the revisions.*

“(3) *ADDRESSING CONCERNS OF SPECIALITY CROP, ORGANIC, AND PRECISION AGRICULTURE PRODUCERS.—*

“(A) *IN GENERAL.—The Secretary shall—*

“(i) *to the maximum extent practicable, fully incorporate specialty crop production, organic crop production, and precision agriculture into the conservation practice standards; and*

“(ii) *provide for the appropriate range of conservation practices and resource mitigation measures available to producers involved with organic or specialty crop production or precision agriculture.*

“(B) *AVAILABILITY OF ADEQUATE TECHNICAL ASSISTANCE.—*

“(i) *IN GENERAL.—The Secretary shall ensure that adequate technical assistance is*

1 *available for the implementation of con-*
2 *servation practices by producers involved*
3 *with organic or specialty crop production*
4 *or precision agriculture through Federal*
5 *conservation programs.*

6 “(ii) *REQUIREMENTS.—In carrying*
7 *out clause (i), the Secretary shall develop—*

8 “(I) *programs that meet specific*
9 *needs of producers involved with or-*
10 *ganic or specialty crop production or*
11 *precision agriculture through coopera-*
12 *tive agreements with other agencies*
13 *and nongovernmental organizations;*
14 *and*

15 “(II) *program specifications that*
16 *allow for innovative approaches to en-*
17 *gage local resources in providing tech-*
18 *nical assistance for planning and im-*
19 *plementation of conservation prac-*
20 *tices.”.*

21 **SEC. 2405. ADMINISTRATIVE REQUIREMENTS FOR CON-**
22 **SERVATION PROGRAMS.**

23 (a) *STREAMLINED APPLICATION PROCESS.—Section*
24 *1244 of the Food Security Act of 1985 (16 U.S.C. 3844)*
25 *is amended—*

1 (1) *by redesignating subsection (b) as subsection*
2 *(c); and*

3 (2) *by inserting after subsection (a) the fol-*
4 *lowing:*

5 “(b) *STREAMLINED APPLICATION PROCESS.*—

6 “(1) *IN GENERAL.*—*In carrying out each con-*
7 *serva- tion program under this title, the Secretary shall*
8 *ensure that the application process used by producers*
9 *and landowners is streamlined to minimize com-*
10 *plexity and eliminate redundancy.*

11 “(2) *REVIEW AND STREAMLINING.*—

12 “(A) *REVIEW.*—*The Secretary shall carry*
13 *out a review of the application forms and proc-*
14 *esses for each conserva- tion program covered by*
15 *this subsection.*

16 “(B) *STREAMLINING.*—*On completion of the*
17 *review the Secretary shall revise application*
18 *forms and processes, as necessary, to ensure*
19 *that—*

20 “(i) *all required application informa-*
21 *tion is essential for the efficient, effective,*
22 *and accountable implementation of con-*
23 *serva- tion programs;*

24 “(ii) *conserva- tion program applicants*
25 *are not required to provide information that*

1 *is readily available to the Secretary through*
 2 *existing information systems of the Depart-*
 3 *ment of Agriculture;*

4 *“(iii) information provided by the ap-*
 5 *plicant is managed and delivered efficiently*
 6 *for use in all stages of the application proc-*
 7 *ess, or for multiple applications; and*

8 *“(iv) information technology is used ef-*
 9 *fectively to minimize data and information*
 10 *input requirements.*

11 *“(3) IMPLEMENTATION AND NOTIFICATION.—Not*
 12 *later than 1 year after the date of enactment of the*
 13 *Food and Energy Security Act of 2007, the Secretary*
 14 *shall submit to Congress a written notification of*
 15 *completion of the requirements of this subsection.”.*

16 *(b) ADMINISTRATION.—Section 1244 of the Food Secu-*
 17 *rity Act of 1985 (16 U.S.C. 3844) (as amended by sub-*
 18 *section (a)) is amended by adding at the end the following:*

19 *“(d) COOPERATION REGARDING PROTECTION.—In the*
 20 *case of a landowner who enrolls land in a conservation pro-*
 21 *gram authorized under this title that results in a net con-*
 22 *servation benefit for a listed, candidate, or other species,*
 23 *the Secretary shall cooperate at the request of the landowner*
 24 *with the Secretary of the Interior and the Secretary of Com-*
 25 *merce, as appropriate, to make available to the landowner*

1 *safe harbor or similar assurances and protections under sec-*
 2 *tions 7(b)(4) and 10(a), as applicable, of the Endangered*
 3 *Species Act of 1973 (16 U.S.C. 1536(b)(4), 1539(a)).*

4 “(e) *ELIGIBILITY OF PRODUCER ORGANIZATIONS.*—

5 “(1) *IN GENERAL.*—*In carrying out a conserva-*
 6 *tion program administered by the Secretary, the Sec-*
 7 *retary shall accept applications from, and shall pro-*
 8 *vide cost-share and incentive payments and other as-*
 9 *sistance to, producers who elect to apply through an*
 10 *organization that represents producers and of which*
 11 *producers make up a majority of the governing body,*
 12 *if the Secretary determines that—*

13 “(A) *the full objective of the proposed activ-*
 14 *ity, practice, or plan cannot be realized without*
 15 *the participation of all or substantially all of the*
 16 *producers in the affected area; and*

17 “(B) *the benefits achieved through the pro-*
 18 *posed activity, practice, or plan are likely to be*
 19 *greater and to be delivered more cost-effectively if*
 20 *provided through a single organization with re-*
 21 *lated conservation expertise and management ex-*
 22 *perience.*

23 “(2) *LIMITATION.*—*Any applicable payment lim-*
 24 *itation shall apply to each participating producer*

1 *and not to the organization described in paragraph*
 2 *(1).*

3 “(f) *PARTNERSHIPS AND COOPERATION.*—

4 “(1) *IN GENERAL.*—*In carrying out each pro-*
 5 *gram under subtitle D (excluding the wetlands reserve*
 6 *program and the conservation reserve program), the*
 7 *Secretary, acting through the State Conservationist,*
 8 *shall designate special projects to enhance conserva-*
 9 *tion outcomes by working with multiple producers to*
 10 *address conservation issues, if recommended by the*
 11 *State Conservationist, in consultation with the State*
 12 *technical committee.*

13 “(2) *GUIDELINES.*—*The Secretary shall establish*
 14 *guidelines to be used by States in the designation of*
 15 *special projects under paragraph (1).*

16 “(3) *PURPOSES.*—*The purposes of special*
 17 *projects carried out under this subsection shall be to*
 18 *achieve local, statewide, or regional conservation ob-*
 19 *jectives by—*

20 “(A) *encouraging producers to cooperate in*
 21 *the installation and maintenance of conservation*
 22 *practices that affect multiple agricultural oper-*
 23 *ations;*

24 “(B) *encouraging producers to cooperate in*
 25 *meeting applicable Federal, State, and local reg-*

1 *ulatory requirements regarding natural resources*
2 *and the environment;*

3 “(C) *encouraging producers to share infor-*
4 *mation and technical and financial resources;*

5 “(D) *facilitating cumulative conservation*
6 *benefits in geographic areas; and*

7 “(E) *promoting the development and dem-*
8 *onstration of innovative conservation methods.*

9 “(4) *ELIGIBLE PARTNERS.—State and local gov-*
10 *ernment entities (including irrigation and water dis-*
11 *tricts and canal companies), Indian tribes, farmer co-*
12 *operatives, institutions of higher education, non-*
13 *governmental organizations, and producer associa-*
14 *tions shall be eligible to apply under this subsection.*

15 “(5) *SPECIAL PROJECT APPLICATION.—To apply*
16 *for designation as a special project, partners shall*
17 *submit an application to the Secretary that*
18 *includes—*

19 “(A) *a description of the geographic area,*
20 *the current conditions, the conservation objectives*
21 *to be achieved through the special project, and*
22 *the expected level of participation by agricul-*
23 *tural and nonindustrial private forest land-*
24 *owners;*

1 “(B) a description of the partners collabo-
2 rating to achieve the project objectives and the
3 roles, responsibilities, and capabilities of the
4 partners;

5 “(C) a description of the program resources
6 from 1 or more programs under subtitle D that
7 are requested from the Secretary, in relevant
8 units, and the non-Federal resources that will be
9 leveraged by the Federal contribution;

10 “(D) a description of the plan for moni-
11 toring, evaluating, and reporting on any
12 progress made towards achieving the purposes of
13 the special project; and

14 “(E) such other information as described in
15 guidelines established by the Secretary under
16 paragraph (2).

17 “(6) DUTIES OF THE SECRETARY.—

18 “(A) IN GENERAL.—The Secretary shall
19 enter into multiyear agreements with partners to
20 facilitate the delivery of conservation program
21 resources in a manner to achieve the purposes
22 described in paragraph (3).

23 “(B) PROJECT SELECTION.—

1 “(i) *IN GENERAL.*—*The Secretary shall*
2 *conduct a competitive process to select*
3 *projects funded under this subsection.*

4 “(ii) *FACTORS CONSIDERED.*—*In con-*
5 *ducting the process described in clause (i),*
6 *the Secretary shall make public the factors*
7 *to be considered in evaluating applications.*

8 “(iii) *PRIORITY.*—*The Secretary may*
9 *give priority to applications based on—*

10 “(I) *the highest percentage of pro-*
11 *ducers involved, and the inclusion of*
12 *the highest percentage of working agri-*
13 *cultural land in the area;*

14 “(II) *the highest percentage of on-*
15 *the-ground conservation to be imple-*
16 *mented;*

17 “(III) *non-Federal resources to be*
18 *leveraged;*

19 “(IV) *innovation in conservation*
20 *methods and delivery, including out-*
21 *come-based performance measures and*
22 *methods; and*

23 “(V) *other factors, as determined*
24 *by the Secretary.*

1 “(C) *TECHNICAL AND FINANCIAL ASSIST-*
2 *ANCE.—The Secretary and partners shall provide*
3 *appropriate technical and financial assistance to*
4 *producers participating in a special project in*
5 *an amount determined by the Secretary to be*
6 *necessary to achieve the purposes described in*
7 *paragraph (3).*

8 “(D) *ADMINISTRATION.—*

9 “(i) *IN GENERAL.—The Secretary shall*
10 *ensure that resources made available under*
11 *this subsection are delivered in accordance*
12 *with applicable program rules relating to*
13 *basic program functions, including rules*
14 *governing appeals, payment limitations,*
15 *and conservation compliance.*

16 “(ii) *FLEXIBILITY.—The Secretary*
17 *may adjust elements of the programs under*
18 *this title, as requested by the State Con-*
19 *servationist, to better reflect unique local*
20 *circumstances and purposes, if the Sec-*
21 *retary determines that such adjustments are*
22 *necessary to achieve the purposes of this*
23 *subsection.*

24 “(iii) *ADDITIONAL REQUIREMENTS.—*
25 *The Secretary may establish additional re-*

quirements beyond applicable program rules
in order to effectively implement this sub-
section.

“(7) *SPECIAL RULES APPLICABLE TO REGIONAL
WATER ENHANCEMENT PROJECTS.*—

“(A) *DEFINITIONS.*—*In this paragraph:*

“(i) *ELIGIBLE PARTNER.*—*The term
‘eligible partner’ means—*

“(I) *an eligible partner identified
in paragraph (4); and*

“(II) *a water or wastewater agen-
cy of a State.*

“(ii) *ELIGIBLE PROJECT.*—

“(I) *IN GENERAL.*—*The term ‘eli-
gible project’ means a project that is
specifically targeted to improve water
quality or quantity in an area.*

“(II) *INCLUSIONS.*—*The term ‘eli-
gible project’ includes a project that
involves—*

“(aa) *resource condition as-
sessment and modeling;*

“(bb) *water quality, water
quantity, or water conservation
plan development;*

1 “(cc) management system
2 and environmental monitoring
3 and evaluation;

4 “(dd) cost-share restoration
5 or enhancement;

6 “(ee) incentive payments for
7 land management practices;

8 “(ff) easement purchases;

9 “(gg) conservation contracts
10 with landowners;

11 “(hh) improved irrigation
12 systems;

13 “(ii) water banking and
14 other forms of water transactions;

15 “(jj) groundwater recharge;

16 “(kk) stormwater capture;
17 and

18 “(ll) other water-related ac-
19 tivities that the Secretary deter-
20 mines will help to achieve the
21 water quality or water quantity
22 benefits identified in the agree-
23 ment in subparagraph (E).

24 “(B) REGIONAL WATER ENHANCEMENT PRO-
25 CEDURES.—With respect to proposals for eligible

1 *projects by eligible partners, the Secretary shall*
 2 *establish specific procedures (to be known collec-*
 3 *tively as ‘regional water enhancement proce-*
 4 *dures’)* in accordance with this paragraph.

5 “(C) *MEANS.—Regional water enhancement*
 6 *activities in a particular region shall be carried*
 7 *out through a combination of—*

8 “(i) *multiyear agreements between the*
 9 *Secretary and eligible partners;*

10 “(ii) *other regional water enhancement*
 11 *activities carried out by the Secretary; and*

12 “(iii) *regional water enhancement ac-*
 13 *tivities carried out by eligible partners*
 14 *through other means.*

15 “(D) *MULTIYEAR AGREEMENTS WITH ELIGI-*
 16 *BLE PARTNERS.—*

17 “(i) *SOLICITATION OF PROPOSALS.—*
 18 *Not later than 90 days after the date of en-*
 19 *actment of this subsection, the Secretary*
 20 *shall invite prospective eligible partners to*
 21 *submit proposals for regional water en-*
 22 *hancement projects.*

23 “(ii) *ELEMENTS OF PROPOSALS.—To*
 24 *be eligible for consideration for participa-*

tion in the program, a proposal submitted
by an eligible partner shall include—

“(I) identification of the exact geographic area for which the partnership is proposed, which may be based on—

“(aa) a watershed (or portion of a watershed);

“(bb) an irrigation, water, or drainage district;

“(cc) the service area of an irrigation water delivery entity; or

“(dd) some other geographic area with characteristics that make the area suitable for landscape-wide program implementation;

“(II) identification of the water quality or water quantity issues that are of concern in the area;

“(III) a method for determining a baseline assessment of water quality, water quantity, and other related resource conditions in the region;

1 “(IV) a detailed description of the
2 proposed water quality or water quan-
3 tity improvement activities to be un-
4 dertaken in the area, including an esti-
5 mated timeline and program resources
6 for every activity; and

7 “(V) a description of the perform-
8 ance measures to be used to gauge the
9 effectiveness of the water quality or
10 water quantity improvement activities.

11 “(iii) *SELECTION OF PROPOSALS.*—The
12 Secretary shall award multiyear agreements
13 competitively, with priority given, as deter-
14 mined by the Secretary, to selecting pro-
15 posals that—

16 “(I) have the highest likelihood of
17 improving the water quality or quan-
18 tity issues of concern for the area;

19 “(II) involve multiple stakeholders
20 and will ensure the highest level of par-
21 ticipation by producers and land-
22 owners in the area through perform-
23 ance incentives to encourage adoption
24 of specific practices in specific loca-
25 tions;

1 “(III) will result in the inclusion
2 of the highest percentage of working ag-
3 ricultural land in the area;

4 “(IV) will result in the highest
5 percentage of on-the-ground activities
6 as compared to administrative costs;

7 “(V) will provide the greatest con-
8 tribution to sustaining or enhancing
9 agricultural or silvicultural production
10 in the area; and

11 “(VI) include performance meas-
12 ures that will allow post-activity con-
13 ditions to be satisfactorily measured to
14 gauge overall effectiveness.

15 “(iv) IDENTIFICATION OF WATER
16 QUALITY AND WATER QUANTITY PRIORITY
17 AREAS.—

18 “(I) IN GENERAL.—Subject to
19 subclause (II), the Secretary shall iden-
20 tify areas in which protecting or im-
21 proving water quality or water quan-
22 tity is a priority.

23 “(II) MANDATORY INCLUSIONS.—
24 The Secretary shall include in any

1 *identification of areas under subclause*
2 *(I)—*

3 “(aa) *the Chesapeake Bay;*

4 “(bb) *the Upper Mississippi*
5 *River basin;*

6 “(cc) *the greater Everglades*
7 *ecosystem;*

8 “(dd) *the Klamath River*
9 *basin;*

10 “(ee) *the Sacramento/San*
11 *Joaquin River watershed;*

12 “(ff) *the Mobile River basin;*

13 “(gg) *the Puget Sound;*

14 “(hh) *the Ogallala Aquifer;*

15 “(ii) *the Illinois River water-*
16 *shed (located in the States of Ar-*
17 *kansas and Oklahoma);*

18 “(jj) *the Champlain Basin*
19 *watershed;*

20 “(kk) *the Platte River water-*
21 *shed;*

22 “(ll) *the Republican River*
23 *watershed;*

24 “(mm) *the Chattahoochee*
25 *River watershed; and*

1 “(nn) the Rio Grande water-
2 shed.

3 “(E) AGREEMENTS.—Not later than 30
4 days after the date on which the Secretary
5 awards an agreement under subparagraph (D),
6 the Secretary shall enter into an agreement with
7 the eligible partner that, at a minimum,
8 contains—

9 “(i) a description of the respective du-
10 ties and responsibilities of the Secretary
11 and the eligible partner in carrying out the
12 activities in the area; and

13 “(ii) the criteria that the Secretary
14 will use to evaluate the overall effectiveness
15 of the regional water enhancement activities
16 funded by the multiyear agreement in im-
17 proving the water quality or quantity con-
18 ditions of the region relative to the perform-
19 ance measures in the proposal.

20 “(F) CONTRACTS WITH OTHER PARTIES.—
21 An agreement awarded under subparagraph (D)
22 may provide for the use of third-party providers
23 (including other eligible partners) to undertake
24 specific regional water enhancement activities in

1 *a region on a contractual basis with the Sec-*
 2 *retary or the eligible partner.*

3 “(G) *CONSULTATION WITH OTHER AGEN-*
 4 *CIES.—With respect to areas in which a Federal*
 5 *or State agency is, or will be, undertaking other*
 6 *water quality or quantity-related activities, the*
 7 *Secretary and the eligible partner may consult*
 8 *with the Federal or State agency in order to—*

9 “(i) *coordinate activities;*

10 “(ii) *avoid duplication; and*

11 “(iii) *ensure that water quality or*
 12 *quantity improvements attributable to the*
 13 *other activities are taken into account in*
 14 *the evaluation of the Secretary under sub-*
 15 *paragraph (E)(ii).*

16 “(H) *RELATIONSHIP TO OTHER PRO-*
 17 *GRAMS.—The Secretary shall ensure that, to the*
 18 *extent that producers and landowners are indi-*
 19 *vidually participating in other programs under*
 20 *subtitle D in a region in which a regional water*
 21 *enhancement project is in effect, any improve-*
 22 *ments to water quality or water quantity attrib-*
 23 *utable to the individual participation are in-*
 24 *cluded in the evaluation criteria developed under*
 25 *subparagraph (E)(ii).*

1 “(I) *CONSISTENCY WITH STATE LAW.*—*Any*
 2 *water quality or water quantity improvement*
 3 *activity undertaken under this paragraph shall*
 4 *be consistent with State water laws.*

5 “(8) *DURATION.*—

6 “(A) *IN GENERAL.*—*Multiyear agreements*
 7 *under this subsection shall be for a period not to*
 8 *exceed 5 years.*

9 “(B) *EARLY TERMINATION.*—*The Secretary*
 10 *may terminate a multiyear agreement before the*
 11 *end of the agreement if the Secretary determines*
 12 *that performance measures are not being met.*

13 “(9) *FUNDING.*—

14 “(A) *SET ASIDE.*—

15 “(i) *IN GENERAL.*—*Of the funds pro-*
 16 *vided for each of fiscal years 2008 through*
 17 *2012 to carry out the conservation pro-*
 18 *grams in subtitle D (excluding the conserva-*
 19 *tion reserve program, the conservation secu-*
 20 *rity program, the conservation stewardship*
 21 *program, and the wetlands reserve pro-*
 22 *gram), the Secretary shall reserve 10 per-*
 23 *cent of the funds allocated to each State for*
 24 *use for activities under this subsection.*

1 “(ii) CONSERVATION STEWARDSHIP
2 PROGRAM.—Of the acres allocated for the
3 conservation stewardship program for each
4 of fiscal years 2008 through 2012, the Sec-
5 retary shall reserve 10 percent of acres allo-
6 cated to each State for use for activities
7 under this subsection.

8 “(B) USE OF RESOURCES.—Of the funds re-
9 served and acres allocated to each State under
10 this subsection in each fiscal year, the Secretary
11 shall—

12 “(i) allocate not less than 75 percent to
13 be used by the State Conservationist to
14 carry out special projects under this sub-
15 section (including regional water enhance-
16 ment projects); and

17 “(ii) use not more than 25 percent for
18 multistate projects authorized under this
19 subsection.

20 “(C) PARTNERS.—Overhead or administra-
21 tive costs of partners may not be covered by
22 funds provided through this subsection.

23 “(D) UNUSED FUNDING.—Any funds made
24 available, and any acres reserved, for a fiscal
25 year under subparagraph (A) that are not obli-

1 gated or enrolled by April 1 of the fiscal year
2 may be used to carry out other activities under
3 conservation programs under subtitle D during
4 the fiscal year in which the funding becomes
5 available.

6 “(g) *ACCURACY OF PAYMENTS.*—Immediately after the
7 date of enactment of this subsection, the Secretary shall im-
8 plement policies and procedures to ensure proper payment
9 of farm program benefits to producers participating in con-
10 servation easement programs and correct other management
11 deficiencies identified in Report No. 50099–11–SF issued
12 by the Department of Agriculture Office of Inspector Gen-
13 eral in August 2007.

14 “(h) *COMPLIANCE AND PERFORMANCE.*—For each con-
15 servation program under this title, the Secretary shall de-
16 velop procedures—

17 “(1) to monitor compliance with program re-
18 quirements by landowners and eligible entities;

19 “(2) to measure program performance;

20 “(3) to demonstrate whether the long-term con-
21 servation benefits of the program are being achieved;
22 and

23 “(4) to coordinate activities described in this
24 subsection with the national conservation program

1 *authorized under section 5 of the Soil and Water Re-*
 2 *sources Conservation Act of 1977 (16 U.S.C. 2004).*

3 “(i) *DIRECT ATTRIBUTION OF PAYMENTS.—In imple-*
 4 *menting payment limitations for any program under this*
 5 *title, the Secretary shall issue such regulations as are nec-*
 6 *essary to ensure that the total amount of payments are at-*
 7 *tributed to an individual by taking into account the direct*
 8 *and indirect ownership interests of the individual in an*
 9 *entity that is eligible to receive the payments.”.*

10 (c) *CONFORMING AMENDMENTS.—Section 1234 of the*
 11 *Food Security Act of 1985 (16 U.S.C. 3834) is amended—*

12 (1) *in subsection (d)(3)(B), by striking “(f)(4)”*
 13 *and inserting “(f)(3)”;* and

14 (2) *in subsection (f)—*

15 (A) *in paragraph (1)—*

16 (i) *by striking “The total” and insert-*
 17 *ing “Subject to section 1244(i), the total”;*
 18 *and*

19 (ii) *by striking “a person” and insert-*
 20 *ing “an individual”;*

21 (B) *by striking paragraph (2); and*

22 (C) *by redesignating paragraphs (3) and*
 23 *(4) as paragraphs (2) and (3), respectively.*

1 **SEC. 2406. CONSERVATION PROGRAMS IN ENVIRONMENTAL**
 2 **SERVICES MARKETS.**

3 *Subtitle E of the Food Security Act of 1985 (16 U.S.C.*
 4 *3841 et seq.) is amended by adding at the end the following:*

5 **“SEC. 1245. CONSERVATION PROGRAMS IN ENVIRON-**
 6 **MENTAL SERVICES MARKETS.**

7 *“(a) FRAMEWORK.—*

8 *“(1) IN GENERAL.—The Secretary shall establish*
 9 *a framework to facilitate the participation of farmers,*
 10 *ranchers, and forest landowners in emerging environ-*
 11 *mental services markets.*

12 *“(2) PROCESS.—In carrying out paragraph (1),*
 13 *the Secretary shall use a collaborative process that in-*
 14 *cludes representatives of—*

15 *“(A) farm, ranch, and forestry interests;*

16 *“(B) financial institutions involved in envi-*
 17 *ronmental services trading;*

18 *“(C) institutions of higher education with*
 19 *relevant expertise or experience;*

20 *“(D) nongovernmental organizations with*
 21 *relevant expertise or experience;*

22 *“(E) government agencies of relevant juris-*
 23 *diction, including—*

24 *“(i) the Department of Commerce;*

25 *“(ii) the Department of Energy;*

26 *“(iii) the Department of the Interior;*

1 “(iv) the Department of Transpor-
2 tation;

3 “(v) the Environmental Protection
4 Agency; and

5 “(vi) the Corps of Engineers; and

6 “(F) other appropriate interests, as deter-
7 mined by the Secretary.

8 “(3) REQUIREMENTS.—

9 “(A) DEFINITION OF STANDARD.—In this
10 paragraph, the term ‘standard’ means a tech-
11 nical guideline that outlines accepted, science-
12 based methods to quantify the environmental
13 services benefits from agricultural and forest con-
14 servation and land management practices, as de-
15 termined by the Secretary.

16 “(B) FRAMEWORK REQUIREMENTS.—In es-
17 tablishing the framework under paragraph (1),
18 the Secretary shall—

19 “(i) establish uniform standards;

20 “(ii) design accounting procedures to
21 quantify environmental services benefits
22 that would assist farmers, ranchers, and
23 forest landowners in using the uniform
24 standards to establish certifications, as de-

1 *fined in emerging environmental services*
2 *markets;*

3 “(iii) *establish—*

4 “(I) *a protocol to report environ-*
5 *mental services benefits; and*

6 “(II) *a registry to report and*
7 *maintain the benefits for future use in*
8 *emerging environmental services mar-*
9 *kets; and*

10 “(iv) *establish a process to verify that*
11 *a farmer, rancher, or forest landowner that*
12 *reports and maintains an environmental*
13 *services benefit in the registry described in*
14 *clause (iii)(II) has implemented the re-*
15 *ported conservation or land management*
16 *activity.*

17 “(C) *THIRD-PARTY SERVICE PROVIDERS.—*

18 *In developing the process described in subpara-*
19 *graph (B)(iv), the Secretary shall consider the*
20 *role of third-party service providers.*

21 “(4) *COORDINATION.—The Secretary shall co-*
22 *ordinate and leverage activities in existence on the*
23 *date of enactment of this section in agriculture and*
24 *forestry relating to emerging environmental services*
25 *markets.*

1 “(5) *PRIORITY.*—*In establishing the framework*
 2 *under this subsection, the Secretary shall give priority*
 3 *to providing assistance to farmers, ranchers, and for-*
 4 *est landowners participating in carbon markets.*

5 “(b) *AUTHORITY TO DELEGATE.*—*The Secretary may*
 6 *delegate any responsibility under this section to a relevant*
 7 *agency or office, as determined by the Secretary.*

8 “(c) *REPORTS TO CONGRESS.*—

9 “(1) *STATUS OF COLLABORATIVE PROCESS.*—*Not*
 10 *later than 90 days after the date of enactment of this*
 11 *section, the Secretary shall provide to the Committee*
 12 *on Agriculture of the House of Representatives and*
 13 *the Committee on Agriculture, Nutrition, and For-*
 14 *estry of the Senate information on the status of the*
 15 *collaborative process under subsection (a)(2).*

16 “(2) *INTERIM REPORT.*—*Not later than 180 days*
 17 *after the date of enactment of this section, the Sec-*
 18 *retary shall submit to the committees of Congress de-*
 19 *scribed in paragraph (1) an interim report that—*

20 “(A) *describes the adequacy of existing re-*
 21 *search and methods to quantify environmental*
 22 *services benefits;*

23 “(B) *proposes methods—*

1 “(i) to establish technical guidelines,
2 accounting procedures, and reporting proto-
3 cols; and

4 “(ii) to structure the registry; and

5 “(C) includes recommendations for actions
6 to remove barriers for farmers, ranchers, and for-
7 est landowners to participation, reporting, reg-
8 istration, and verification relating to environ-
9 mental services markets.

10 “(3) *FINAL REPORT*.—Not later than 18 months
11 after the date of enactment of this section, the Sec-
12 retary shall submit to the committees of Congress de-
13 scribed in paragraph (1) a report that describes—

14 “(A) the progress of the Secretary in meet-
15 ing the requirements described in subsection
16 (a)(3)(B);

17 “(B) the rates of participation of farmers,
18 ranchers, and forest landowners in emerging en-
19 vironmental services markets; and

20 “(C) any recommendations of the Secretary
21 relating to reauthorization of this section.

22 “(d) *FUNDING*.—There are authorized to be appro-
23 priated to the Secretary to carry out this section such sums
24 as are necessary for each of fiscal years 2008 through
25 2012.”.

Subtitle F—State Technical Committees

SEC. 2501. STATE TECHNICAL COMMITTEES.

(a) *STANDARDS.*—Section 1261 of the Food Security Act of 1985 (16 U.S.C. 3861(c)) is amended by striking subsection (b) and inserting the following:

“(b) *STANDARDS.*—Not later than 180 days after the date of enactment of the Food and Energy Security Act of 2007, the Secretary shall develop—

“(1) standard operating procedures to standardize the operations of State technical committees; and

“(2) standards to be used by the State technical committees in the development of technical guidelines under section 1262(b) for the implementation of the conservation provisions of this title.”.

(b) *COMPOSITION.*—Section 1261(c) of the Food Security Act of 1985 (16 U.S.C. 3861(c)) is amended—

(1) by striking paragraphs (1) and (2) and inserting the following:

“(1) the Natural Resources Conservation Service;

“(2) the Farm Service Agency;”;

(2) by striking paragraph (5) and inserting the following:

“(5) Rural Development agencies;”;

1 (3) in paragraph (11), by striking “and” at the
2 end;

3 (4) in paragraph (12), by striking the period at
4 the end and inserting “; and”; and

5 (5) by adding at the end the following:

6 “(13) nonindustrial private forest land owners.”.

7 (c) *FACA REQUIREMENTS*.—Section 1262(e) of the
8 *Food Security Act of 1985* (16 U.S.C. 3862(e)) is
9 amended—

10 (1) by striking “The committees” and inserting
11 the following:

12 “(1) *IN GENERAL*.—The committees”; and

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

14 “(2) *LOCAL WORKING GROUPS*.—For purposes of
15 the *Federal Advisory Committee Act* (5 U.S.C. App.),
16 any local working group established under this sub-
17 title shall be considered to be a subcommittee of the
18 applicable State technical committee.”.

19 ***Subtitle G—Other Authorities***

20 ***SEC. 2601. AGRICULTURAL MANAGEMENT ASSISTANCE.***

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

23 (1) in paragraph (1), by inserting “Idaho” after
24 “Delaware”; and

1 (2) in paragraph (4)(B), by striking “2007”
 2 each place it appears and inserting “2012”.

3 **SEC. 2602. AGRICULTURE CONSERVATION EXPERIENCED**
 4 **SERVICES PROGRAM.**

5 *The Department of Agriculture Reorganization Act of*
 6 *1994 (7 U.S.C. 6901 et seq.) is amended by adding at the*
 7 *end the following:*

8 **“SEC. 307. AGRICULTURE CONSERVATION EXPERIENCED**
 9 **SERVICES PROGRAM.**

10 “(a) *ESTABLISHMENT.*—

11 “(1) *IN GENERAL.*—Notwithstanding any other
 12 provision of law relating to Federal grants, coopera-
 13 tive agreements, or contracts, there is established in
 14 the Department the agriculture conservation experi-
 15 enced services program (referred to in this section as
 16 the ‘ACE program’).

17 “(2) *AUTHORIZATION.*—Under the ACE pro-
 18 gram, the Secretary may offer to enter into agree-
 19 ments with nonprofit private agencies and organiza-
 20 tions eligible to receive grants for the applicable fiscal
 21 year under title V of the Older Americans Act of 1965
 22 (42 U.S.C. 3056 et seq.) to use the talents of individ-
 23 uals who are age 55 or older, to provide conservation
 24 technical assistance in support of the administration

1 *of conservation-related programs and authorities ad-*
2 *ministered by the Secretary.*

3 “(3) *FUNDING.—Agreements described in para-*
4 *graph (2) may be carried out using funds made avail-*
5 *able to carry out—*

6 “(A) *the environmental quality incentives*
7 *program of the comprehensive stewardship incen-*
8 *tives program established under subchapter A of*
9 *chapter 6 of subtitle D of title XII of the Food*
10 *Security Act of 1985;*

11 “(B) *the Soil Conservation and Domestic*
12 *Allotment Act (16 U.S.C. 590a et seq.); or*

13 “(C) *title V of the Older Americans Act of*
14 *1965 (42 U.S.C. 3056).*

15 “(b) *DETERMINATION.—Prior to entering into an*
16 *agreement described in subsection (a)(2), the Secretary shall*
17 *determine that the agreement would not—*

18 “(1) *result in the displacement of individuals*
19 *employed by the Department, including partial dis-*
20 *placement through reduction of nonovertime hours,*
21 *wages, or employment benefits;*

22 “(2) *result in the use of an individual covered by*
23 *this section for a job or function in a case in which*
24 *a Federal employee is in a layoff status from the*

1 *same or a substantially-equivalent job or function*
 2 *with the Department; or*

3 “(3) *affect existing contracts for services.*”

4 “(c) *TECHNICAL ASSISTANCE.—The Secretary may*
 5 *make available to individuals providing technical assist-*
 6 *ance under an agreement authorized by this section appro-*
 7 *priate conservation technical tools, including the use of*
 8 *agency vehicles necessary to carry out technical assistance*
 9 *in support of the conservation-related programs affected by*
 10 *the ACE program.”.*

11 **SEC. 2603. TECHNICAL ASSISTANCE.**

12 (a) *SOIL CONSERVATION AND DOMESTIC ALLOTMENT*
 13 *ACT.—*

14 (1) *PREVENTION OF SOIL EROSION.—*

15 (A) *IN GENERAL.—The first section of the*
 16 *Soil Conservation and Domestic Allotment Act*
 17 *(16 U.S.C. 590a) is amended—*

18 (i) *by striking “That it” and inserting*
 19 *the following:*

20 **“SECTION 1. PURPOSE.**

21 *“It”; and*

22 (ii) *in the matter preceding paragraph*
 23 *(1), by striking “and thereby to preserve*
 24 *natural resources,” and inserting “to pre-*

1 *serve soil, water, and related resources, pro-*
 2 *mote soil and water quality,”.*

3 (B) *POLICIES AND PURPOSES.*—Section
 4 7(a)(1) of the Soil Conservation and Domestic
 5 Allotment Act (16 U.S.C. 590g(a)(1)) is amended
 6 by striking “fertility” and inserting “and water
 7 quality and related resources”.

8 (2) *DEFINITIONS.*—Section 10 of the Soil Con-
 9 servation and Domestic Allotment Act (16 U.S.C.
 10 590j) is amended to read as follows:

11 **“SEC. 10. DEFINITIONS.**

12 *“In this Act:*

13 *“(1) AGRICULTURAL COMMODITY.—The term ‘ag-*
 14 *ricultural commodity’ means—*

15 *“(A) an agricultural commodity; and*

16 *“(B) any regional or market classification,*
 17 *type, or grade of an agricultural commodity.*

18 *“(2) TECHNICAL ASSISTANCE.—*

19 *“(A) IN GENERAL.—The term ‘technical as-*
 20 *sistance’ means technical expertise, information,*
 21 *and tools necessary for the conservation of nat-*
 22 *ural resources on land active in agricultural, for-*
 23 *estry, or related uses.*

24 *“(B) INCLUSIONS.—The term ‘technical as-*
 25 *sistance’ includes—*

“(i) *technical services provided directly to farmers, ranchers, and other eligible entities, such as conservation planning, technical consultation, and assistance with design and implementation of conservation practices; and*

“(ii) technical infrastructure, including activities, processes, tools, and agency functions needed to support delivery of technical services, such as technical standards, resource inventories, training, data, technology, monitoring, and effects analyses.”.

(b) *SOIL AND WATER RESOURCES CONSERVATION ACT OF 1977.*—

(1) *CONGRESSIONAL FINDINGS.*—*Section 2 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2001) is amended—*

(A) *in paragraph (2), by striking “base, of the” and inserting “base of the”; and*

(B) *in paragraph (3), by striking “(3)” and all that follows through “Since individual” and inserting the following:*

“(3) Appraisal and inventory of resources, assessment and inventory of conservation needs, evaluation of the effects of conservation practices, and anal-

yses of alternative conservation programs are basic to effective soil, water, and related natural resource conservation.

“(4) Since individual”.

(2) CONTINUING APPRAISAL OF SOIL, WATER, AND RELATED RESOURCES.—Section 5 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004) is amended—

(A) in subsection (a)—

(i) in paragraph (5), by striking

“and” at the end;

(ii) in paragraph (6), by striking the period at the end and inserting “; and”;

and

(iii) by adding at the end the following:

“(7) data on conservation plans, conservation practices planned or implemented, environmental outcomes, economic costs, and related matters under conservation programs administered by the Secretary.”;

(B) by redesignating subsection (d) as subsection (e);

(C) by inserting after subsection (c) the following:

1 “(d) *EVALUATION OF APPRAISAL.*—In conducting the
 2 appraisal described in subsection (a), the Secretary shall
 3 concurrently solicit and evaluate recommendations for im-
 4 proving the appraisal, including the content, scope, process,
 5 participation in, and other elements of the appraisal, as
 6 determined by the Secretary.”; and

7 (D) in subsection (e) (as redesignated by
 8 subparagraph (B)), by striking “December 31,
 9 1979” and all that follows through “December
 10 31, 2005” and inserting “December 31, 2010,
 11 December 31, 2015, December 31, 2020, and De-
 12 cember 31, 2025”.

13 (3) *SOIL AND WATER CONSERVATION PRO-*
 14 *GRAM.*—Section 6 of the Soil and Water Resources
 15 Conservation Act of 1977 (16 U.S.C. 2005) is
 16 amended—

17 (A) by redesignating subsection (b) as sub-
 18 section (d);

19 (B) by inserting after subsection (a) the fol-
 20 lowing:

21 “(b) *EVALUATION OF EXISTING CONSERVATION PRO-*
 22 *GRAMS.*—In evaluating existing conservation programs, the
 23 Secretary shall emphasize demonstration, innovation, and
 24 monitoring of specific program components in order to en-

1 *courage further development and adoption of practices and*
 2 *performance-based standards.*

3 “(c) *IMPROVEMENT TO PROGRAM.*—*In developing a*
 4 *national soil and water conservation program under sub-*
 5 *section (a), the Secretary shall solicit and evaluate rec-*
 6 *ommendations for improving the program, including the*
 7 *content, scope, process, participation in, and other elements*
 8 *of the program, as determined by the Secretary.”; and*

9 (C) *in subsection (d) (as redesignated by*
 10 *subparagraph (A)), by striking “December 31,*
 11 *1979” and all that follows through “December*
 12 *31, 2007” and inserting “December 31, 2011,*
 13 *December 31, 2016, December 31, 2021, and De-*
 14 *cember 31, 2026”.*

15 (4) *REPORTS TO CONGRESS.*—*Section 7 of the*
 16 *Soil and Water Resources Conservation Act of 1977*
 17 *(16 U.S.C. 2006) is amended to read as follows:*

18 **“SEC. 7. REPORTS TO CONGRESS.**

19 “(a) *APPRAISAL.*—*Not later than the date on which*
 20 *Congress convenes in 2011, 2016, 2021, and 2026, the Presi-*
 21 *dent shall transmit to the Speaker of the House of Rep-*
 22 *resentatives and the President of the Senate the appraisal*
 23 *developed under section 5 and completed prior to the end*
 24 *of the previous year.*

1 “(b) *PROGRAM AND STATEMENT OF POLICY.*—Not
2 *later than the date on which Congress convenes in 2012,*
3 *2017, 2022, and 2027, the President shall transmit to the*
4 *Speaker of the House of Representatives and the President*
5 *of the Senate—*

6 “(1) *the initial program or updated program de-*
7 *veloped under section 6 and completed prior to the*
8 *end of the previous year;*

9 “(2) *a detailed statement of policy regarding soil*
10 *and water conservation activities of the Department*
11 *of Agriculture; and*

12 “(3) *a special evaluation of the status, condi-*
13 *tions, and trends of soil quality on cropland in the*
14 *United States that addresses the challenges and op-*
15 *portunities for reducing soil erosion to tolerance lev-*
16 *els.*

17 “(c) *IMPROVEMENTS TO APPRAISAL AND PROGRAM.*—
18 *Not later than the date on which Congress convenes in 2012,*
19 *the Secretary shall submit to the Speaker of the House of*
20 *Representatives and the President of the Senate a report*
21 *describing the plans of the Department of Agriculture for*
22 *improving the resource appraisal and national conserva-*
23 *tion program required under this Act, based on the rec-*
24 *ommendations received under sections 5(d) and 6(c).”.*

1 (5) *TERMINATION OF PROGRAM.*—Section 10 of
 2 *the Soil and Water Resources Conservation Act of*
 3 *1977 (16 U.S.C. 2009) is amended by striking “2008”*
 4 *and inserting “2028”.*

5 **SEC. 2604. SMALL WATERSHED REHABILITATION PROGRAM.**

6 *Section 14 of the Watershed Protection and Flood Pre-*
 7 *vention Act (16 U.S.C. 1012) is amended by striking sub-*
 8 *section (h) and inserting the following:*

9 “(h) *AUTHORIZATION OF APPROPRIATIONS.*—There
 10 *are authorized to be appropriated such sums as are nec-*
 11 *essary to carry out this section for each of fiscal years 2008*
 12 *through 2012.”.*

13 **SEC. 2605. RESOURCE CONSERVATION AND DEVELOPMENT**
 14 **PROGRAM.**

15 (a) *LOCALLY LED PLANNING PROCESS.*—Section 1528
 16 *of the Agriculture and Food Act of 1981 (16 U.S.C. 3451)*
 17 *is amended—*

18 (1) *in paragraph (1), in the matter preceding*
 19 *subparagraph (A), by striking “planning process”*
 20 *and inserting “locally led planning process”;*

21 (2) *by redesignating paragraphs (8) and (9) as*
 22 *paragraphs (9) and (8), respectively, and moving*
 23 *those paragraphs so as to appear in numerical order;*

24 (3) *in paragraph (8) (as so redesignated)—*

1 (A) by striking “(8) *PLANNING PROCESS*”
 2 and inserting “(8) *LOCALLY LED PLANNING*
 3 *PROCESS*”; and

4 (B) by striking “council” and inserting “lo-
 5 cally led council”.

6 (b) *AUTHORIZED TECHNICAL ASSISTANCE*.—Section
 7 1528(13) of the Agriculture and Food Act of 1981 (16
 8 U.S.C. 3451(13)) is amended by striking subparagraphs (C)
 9 and (D) and inserting the following:

10 “(C) providing assistance for the implemen-
 11 tation of area plans and projects; and

12 “(D) providing services that involve the re-
 13 sources of Department of Agriculture programs
 14 in a local community, as defined in the locally
 15 led planning process.”.

16 (c) *IMPROVED PROVISION OF TECHNICAL ASSIST-*
 17 *ANCE*.—Section 1531 of the Agriculture and Food Act of
 18 1981 (16 U.S.C. 3454) is amended—

19 (1) by redesignating paragraphs (1) through (4)
 20 as clauses (i) through (iv), respectively, and indenting
 21 appropriately;

22 (2) by striking “In carrying” and inserting the
 23 following:

24 “(1) *IN GENERAL*.—In carrying”; and

25 (3) by adding at the end the following:

1 “(b) *COORDINATOR*.—

2 “(1) *IN GENERAL*.—*To improve the provision of*
 3 *technical assistance to councils under this subtitle, the*
 4 *Secretary shall designate for each council an indi-*
 5 *vidual to be the coordinator for the council.*

6 “(2) *RESPONSIBILITY*.—*A coordinator for a*
 7 *council shall be directly responsible for the provision*
 8 *of technical assistance to the council.”.*

9 (d) *PROGRAM EVALUATION*.—*Section 1534 of the Agri-*
 10 *culture and Food Act of 1981 (16 U.S.C. 3457) is repealed.*

11 **SEC. 2606. NATIONAL NATURAL RESOURCES CONSERVA-**
 12 **TION FOUNDATION.**

13 (a) *ADVISORY FUNCTIONS*.—*Section 353 of the Federal*
 14 *Agriculture Improvement and Reform Act of 1996 (16*
 15 *U.S.C. 5802) is amended—*

16 (1) *in subsection (b)(3), by striking “agencies”*
 17 *and inserting “agencies, individuals,”; and*

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

19 “(d) *ADVISORY FUNCTIONS*.—*Notwithstanding the re-*
 20 *quirements of the Federal Advisory Committee Act (5*
 21 *U.S.C. App.), the Foundation may provide advice and rec-*
 22 *ommendations to the Secretary.”.*

23 (b) *GIFTS, DEVISES, AND BEQUESTS OF PERSONAL*
 24 *PROPERTY*.—*Section 354 of the Federal Agriculture Im-*

1 *provement and Reform Act of 1996 (16 U.S.C. 5803) is*
 2 *amended by adding at the end the following:*

3 “(h) *GIFTS, DEVISES, AND BEQUESTS OF PERSONAL*
 4 *PROPERTY.*—

5 “(1) *IN GENERAL.*—*Prior to the appointment*
 6 *and initial meeting of the members of the Board and*
 7 *after the initial meeting of the Board, the Secretary*
 8 *may, on behalf of the Foundation—*

9 “(A) *accept, receive, and hold nonmonetary*
 10 *gifts, devises, or bequests of personal property;*
 11 *and*

12 “(B) *accept and receive monetary gifts, de-*
 13 *vise, or bequests.*

14 “(2) *HELD IN TRUST.*—*Gifts, devises, or bequests*
 15 *of monetary and nonmonetary personal property*
 16 *shall—*

17 “(A) *be held in trust for the Foundation;*
 18 *and*

19 “(B) *shall not be—*

20 “(i) *considered gifts to the United*
 21 *States; or*

22 “(ii) *used for the benefit of the United*
 23 *States.*

24 “(3) *TREASURY ACCOUNT.*—*The Secretary shall*
 25 *deposit monetary gifts, devises, and bequests to the*

1 *Foundation in a special interest-bearing account in*
 2 *the Treasury of the United States.*

3 “(4) *INITIAL GIFTS, DEVISES, AND BEQUESTS.—*

4 “(A) *IN GENERAL.—The Secretary may use*
 5 *initial gifts, devises, or bequests received prior to*
 6 *the first meeting of the Board for any necessary*
 7 *expenses and activities related to the first meet-*
 8 *ing of the Board.*

9 “(B) *TRANSFER.—Except with respect to*
 10 *any amounts expended under subparagraph (A),*
 11 *the Secretary shall, at the first meeting of the*
 12 *Board, transfer to the Foundation all gifts, de-*
 13 *vises, or bequests received prior to the first meet-*
 14 *ing of the Board.”.*

15 “(c) *OFFICERS AND EMPLOYEES.—Section 355(b)(1) of*
 16 *the Federal Agriculture Improvement and Reform Act of*
 17 *1996 (16 U.S.C. 5804(b)(1)) is amended—*

18 (1) *by striking “Foundation—” and all that fol-*
 19 *lows through “shall not,” in subparagraph (A) and*
 20 *inserting “Foundation shall not”;*

21 (2) *by striking “employee; and” and inserting*
 22 *“employee.”; and*

23 (3) *by striking subparagraph (B).*

1 (d) *CONTRACTS AND AGREEMENTS.*—Section 356 of
 2 the Federal Agriculture Improvement Reform Act of 1996
 3 (16 U.S.C. 5805) is amended—

4 (1) in subsection (c)(7), by striking “State or
 5 local” and inserting “Federal, State, or local”; and

6 (2) in subsection (d)(2)—

7 (A) by striking “A gift” and inserting the
 8 following:

9 “(A) *IN GENERAL.*—A gift”; and

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

11 “(B) *TAX STATUS.*—A gift, devise, or be-
 12 quest to the Foundation shall be treated as a gift,
 13 devise, or bequest to an organization exempt
 14 from taxation under section 501(c)(3) of the In-
 15 ternal Revenue Code of 1986.”.

16 (e) *ADMINISTRATIVE SERVICES AND SUPPORT.*—Sec-
 17 tion 356 of the Federal Agriculture Improvement Reform
 18 Act of 1996 (16 U.S.C. 5806) is amended by striking “1996
 19 through 1998” and inserting “2008 through 2012.”.

20 **SEC. 2607. DESERT TERMINAL LAKES.**

21 Section 2507 of the Farm Security and Rural Invest-
 22 ment Act of 2002 (43 U.S.C. 2211 note; Public Law 107-
 23 171) is amended—

24 (1) in subsection (a), by striking “, as soon as
 25 practicable after the date of enactment of this Act,”

1 *and inserting the following: “and paragraph (1) of*
 2 *section 207(a) of Public Law 108–7 (117 Stat. 146),*
 3 *notwithstanding paragraph (3) of that section, on the*
 4 *date of enactment of the Food and Energy Security*
 5 *Act of 2007,”; and*

6 *(2) by striking subsection (b) and inserting the*
 7 *following:*

8 *“(b) PERMITTED USES.—In any case in which there*
 9 *are willing sellers, the funds described in subsection (a) may*
 10 *be used—*

11 *“(1) to lease water; or*

12 *“(2) to purchase land, water appurtenant to the*
 13 *land, and related interests in the Walker River Basin*
 14 *in accordance with section 208(a)(1)(A) of the Energy*
 15 *and Water Development Appropriations Act, 2006*
 16 *(Public Law 109–103, 119 Stat. 2268).”.*

17 **SEC. 2607A. DESERT TERMINAL LAKES.**

18 *Section 2507 of the Farm Security and Rural Invest-*
 19 *ment Act of 2002 (43 U.S.C. 2211 note; Public Law 107–*
 20 *171) is amended—*

21 *(1) in subsection (a), by striking “, as soon as*
 22 *practicable after the date of enactment of this Act,”*
 23 *and inserting the following: “and paragraph (1) of*
 24 *section 207(a) of Public Law 108–7 (117 Stat. 146),*
 25 *notwithstanding paragraph (3) of that section, on the*

1 *date of enactment of the Food and Energy Security*
 2 *Act of 2007,”; and*

3 *(2) by striking subsection (b) and inserting the*
 4 *following:*

5 *“(b) PERMITTED USES.—In any case in which there*
 6 *are willing sellers, the funds described in subsection (a) may*
 7 *be used—*

8 *“(1) to lease water; or*

9 *“(2) to purchase land, water appurtenant to the*
 10 *land, and related interests in the Walker River Basin*
 11 *in accordance with section 208(a)(1)(A) of the Energy*
 12 *and Water Development Appropriations Act, 2006*
 13 *(Public Law 109–103, 119 Stat. 2268).”.*

14 **SEC. 2608. CROP INSURANCE INELIGIBILITY RELATING TO**
 15 **CROP PRODUCTION ON NATIVE SOD.**

16 *(a) FEDERAL CROP INSURANCE.—Section 508 of the*
 17 *Federal Crop Insurance Act (7 U.S.C. 1508) is amended*
 18 *by adding at the end the following:*

19 *“(o) CROP INSURANCE INELIGIBILITY RELATING TO*
 20 *CROP PRODUCTION ON NATIVE SOD.—*

21 *“(1) DEFINITION OF NATIVE SOD.—In this sub-*
 22 *section, the term ‘native sod’ means land—*

23 *“(A) on which the plant cover is composed*
 24 *principally of native grasses, grasslike plants,*

1 *forbs, or shrubs suitable for grazing and brows-*
 2 *ing; and*

3 *“(B) that has never been used for produc-*
 4 *tion of an agricultural commodity.*

5 *“(2) INELIGIBILITY.—*

6 *“(A) IN GENERAL.—Except as provided in*
 7 *subparagraph (B), native sod acreage on which*
 8 *an agricultural commodity is planted for which*
 9 *a policy or plan of insurance is available under*
 10 *this title shall be ineligible for benefits under this*
 11 *Act.*

12 *“(B) DE MINIMIS ACREAGE EXEMPTION.—*
 13 *The Secretary shall exempt areas of 5 acres or*
 14 *less from subparagraph (A).”.*

15 *(b) NONINSURED CROP DISASTER ASSISTANCE.—Sec-*
 16 *tion 196(a) of the Federal Agriculture Improvement and*
 17 *Reform Act of 1996 (7 U.S.C. 7333(a)) is amended by add-*
 18 *ing at the end the following:*

19 *“(4) PROGRAM INELIGIBILITY RELATING TO CROP*
 20 *PRODUCTION ON NATIVE SOD.—*

21 *“(A) DEFINITION OF NATIVE SOD.—In this*
 22 *paragraph, the term ‘native sod’ means land—*

23 *“(i) on which the plant cover is com-*
 24 *posed principally of native grasses, grasslike*

1 *plants, forbs, or shrubs suitable for grazing*
2 *and browsing; and*

3 “(ii) *that has never been used for pro-*
4 *duction of an agricultural commodity.*

5 “(B) *INELIGIBILITY.—Except as provided*
6 *in subparagraph (C), native sod acreage on*
7 *which an agricultural commodity is planted for*
8 *which a policy or plan of Federal crop insurance*
9 *is available shall be ineligible for benefits under*
10 *this section.*

11 “(C) *DE MINIMIS ACREAGE EXEMPTION.—*
12 *The Secretary shall exempt areas of 5 acres or*
13 *less from subparagraph (B).”.*

14 (c) *CROPLAND REPORT.—*

15 (1) *BASELINE.—Not later than 180 days after*
16 *the date of enactment of this Act, the Secretary shall*
17 *submit to the Committee on Agriculture of the House*
18 *of Representatives and the Committee on Agriculture,*
19 *Nutrition, and Forestry of the Senate a report that*
20 *describes the cropland acreage in each county and*
21 *State, and the change in cropland acreage from the*
22 *preceding year in each county and State, beginning*
23 *with calendar year 1995 and including that informa-*
24 *tion for the most recent year for which that informa-*
25 *tion is available.*

1 (2) *ANNUAL UPDATES.*—*Not later than January*
 2 *1, 2008, and each January 1 thereafter through Janu-*
 3 *ary 1, 2012, the Secretary shall submit to the Com-*
 4 *mittee on Agriculture of the House of Representatives*
 5 *and the Committee on Agriculture, Nutrition, and*
 6 *Forestry of the Senate a report that describes—*

7 (A) *the cropland acreage in each county*
 8 *and State as of the date of submission of the re-*
 9 *port; and*

10 (B) *the change in cropland acreage from the*
 11 *preceding year in each county and State.*

12 **SEC. 2609. HIGH PLAINS WATER STUDY.**

13 *Notwithstanding any other provision of this Act, no*
 14 *person shall become ineligible for any program benefits*
 15 *under this Act or an amendment made by this Act solely*
 16 *as a result of participating in a 1-time study of recharge*
 17 *potential for the Ogallala Aquifer in the High Plains of*
 18 *the State of Texas.*

19 **SEC. 2610. PAYMENT OF EXPENSES.**

20 *Section 17(d) of the Federal Insecticide, Fungicide,*
 21 *and Rodenticide Act (7 U.S.C. 136o(d)) is amended—*

22 (1) *by striking “The Administrator” and insert-*
 23 *ing the following:*

24 “*(1) IN GENERAL.—The Administrator*”; *and*

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

1 “(2) *DEPARTMENT OF STATE EXPENSES.*—Any
 2 *expenses incurred by an employee of the Environ-*
 3 *mental Protection Agency who participates in any*
 4 *international technical, economic, or policy review*
 5 *board, committee, or other official body that is meet-*
 6 *ing in relation to an international treaty shall be*
 7 *paid by the Department of State.*”.

8 **SEC. 2611. USE OF FUNDS IN BASIN FUNDS FOR SALINITY**
 9 **CONTROL ACTIVITIES UPSTREAM OF IMPE-**
 10 **RIAL DAM.**

11 (a) *IN GENERAL.*—Section 202(a) of the Colorado
 12 *River Basin Salinity Control Act (43 U.S.C. 1592(a)) is*
 13 *amended by adding at the end the following:*

14 “(7) *BASIN STATES PROGRAM.*—

15 “(A) *IN GENERAL.*—A Basin States Pro-
 16 *gram that the Secretary, acting through the Bu-*
 17 *reau of Reclamation, shall implement to carry*
 18 *out salinity control activities in the Colorado*
 19 *River Basin using funds made available under*
 20 *section 205(f).*

21 “(B) *ASSISTANCE.*—The Secretary, in con-
 22 *sultation with the Colorado River Basin Salinity*
 23 *Control Advisory Council, shall carry out this*
 24 *paragraph using funds described in subpara-*
 25 *graph (A) directly or by providing grants, grant*

1 *commitments, or advance funds to Federal or*
2 *non-Federal entities under such terms and condi-*
3 *tions as the Secretary may require.*

4 “(C) *ACTIVITIES.*—*Funds described in sub-*
5 *paragraph (A) shall be used to carry out, as de-*
6 *termined by the Secretary—*

7 “(i) *cost-effective measures and associ-*
8 *ated works to reduce salinity from saline*
9 *springs, leaking wells, irrigation sources,*
10 *industrial sources, erosion of public and*
11 *private land, or other sources;*

12 “(ii) *operation and maintenance of sa-*
13 *linity control features constructed under the*
14 *Colorado River Basin salinity control pro-*
15 *gram; and*

16 “(iii) *studies, planning, and adminis-*
17 *tration of salinity control activities.*

18 “(D) *REPORT.*—

19 “(i) *IN GENERAL.*—*Not later than 30*
20 *days before implementing the program es-*
21 *tablished under this paragraph, the Sec-*
22 *retary shall submit to the appropriate com-*
23 *mittees of Congress a planning report that*
24 *describes the proposed implementation of*
25 *the program.*

“(ii) *IMPLEMENTATION.*—The Secretary may not expend funds to implement the program established under this paragraph before the expiration of the 30-day period beginning on the date on which the Secretary submits the report, or any revision to the report, under clause (i).”.

(b) *CONFORMING AMENDMENTS.*—

(1) *Section 202 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1592) is amended—*

(A) *in subsection (a), in the matter preceding paragraph (1), by striking “program” and inserting “programs”; and*

(B) *in subsection (b)(4)—*

(i) *by striking “program” and inserting “programs”; and*

(ii) *by striking “and (6)” and inserting “(6), and (7)”.*

(2) *Section 205 of the Colorado River Basin Salinity Control Act (43 U.S.C. 1595) is amended by striking subsection (f) and inserting the following:*

“(f) *UPFRONT COST SHARE.*—

“(1) *IN GENERAL.*—Effective beginning on the date of enactment of this paragraph, subject to paragraph (3), the cost share obligations required by this

1 *section shall be met through an upfront cost share*
 2 *from the Basin Funds, in the same proportions as the*
 3 *cost allocations required under subsection (a), as pro-*
 4 *vided in paragraph (2).*

5 “(2) *BASIN STATES PROGRAM.*—*The Secretary*
 6 *shall expend the required cost share funds described in*
 7 *paragraph (1) through the Basin States Program for*
 8 *salinity control activities established under section*
 9 *202(a)(7).*

10 “(3) *EXISTING SALINITY CONTROL ACTIVITIES.*—
 11 *The cost share contribution required by this section*
 12 *shall continue to be met through repayment in a*
 13 *manner consistent with this section for all salinity*
 14 *control activities for which repayment was com-*
 15 *menced prior to the date of enactment of this para-*
 16 *graph.”.*

17 **SEC. 2612. TECHNICAL CORRECTIONS TO THE FEDERAL IN-**
 18 **SECTICIDE, FUNGICIDE, AND RODENTICIDE**
 19 **ACT.**

20 *(a) PESTICIDE REGISTRATION SERVICE FEES.*—*Sec-*
 21 *tion 33 of the Federal Insecticide, Fungicide, and*
 22 *Rodenticide Act (7 U.S.C. 136w–8) is amended—*

23 *(1) in subsection (b)(7)—*

24 *(A) in subparagraph (D)—*

1 *(i) by striking clause (i) and inserting*
 2 *the following:*

3 *“(i) IN GENERAL.—The Administrator*
 4 *may exempt from, or waive a portion of, the*
 5 *registration service fee for an application*
 6 *for minor uses for a pesticide.”; and*

7 *(ii) in clause (ii), by inserting “or ex-*
 8 *emption” after “waiver”; and*

9 *(B) in subparagraph (E)—*

10 *(i) in the paragraph heading, by strik-*
 11 *ing “WAIVER” and inserting “EXEMPTION”;*

12 *(ii) by striking “waive the registration*
 13 *service fee for an application” and inserting*
 14 *“exempt an application from the registra-*
 15 *tion service fee”; and*

16 *(iii) in clause (ii), by striking “waiv-*
 17 *er” and inserting “exemption”; and*

18 *(2) in subsection (m)(2), by striking “2008” each*
 19 *place it appears and inserting “2012”.*

20 *(b) EFFECTIVE DATE.—The amendments made by sub-*
 21 *section (a) take effect on October 1, 2007.*

TITLE III—TRADE

Subtitle A—Food for Peace Act

SEC. 3001. SHORT TITLE.

(a) *IN GENERAL.*—Section 1 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 note; 104 Stat. 3633) is amended by striking “Agricultural Trade Development and Assistance Act of 1954” and inserting “Food for Peace Act”.

(b) CONFORMING AMENDMENTS.—

(1) *IN GENERAL.*—Each provision of law described in paragraph (2) is amended—

(A) by striking “Agricultural Trade Development and Assistance Act of 1954” each place it appears and inserting “Food for Peace Act”; and

(B) in each section heading, by striking “**AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE ACT OF 1954**” each place it appears and inserting “**FOOD FOR PEACE ACT**”.

(2) *PROVISIONS OF LAW.*—The provisions of law referred to in paragraph (1) are the following:

(A) *The Agriculture and Food Act of 1981* (Public Law 97–98; 95 Stat. 1213).

1 (B) *The Agricultural Act of 1949* (7 U.S.C.
2 1421 *et seq.*).

3 (C) *Section 9(a) of the Military Construc-*
4 *tion Codification Act* (7 U.S.C. 1704c).

5 (D) *Section 201 of the Africa: Seeds of*
6 *Hope Act of 1998* (7 U.S.C. 1721 *note*; *Public*
7 *Law 105–385*).

8 (E) *The Bill Emerson Humanitarian Trust*
9 *Act* (7 U.S.C. 1736f–1 *et seq.*).

10 (F) *The Food for Progress Act of 1985* (7
11 U.S.C. 1736o).

12 (G) *Section 3107 of the Farm Security and*
13 *Rural Investment Act of 2002* (7 U.S.C. 1736o–
14 1).

15 (H) *Sections 605B and 606C of the Act of*
16 *August 28, 1954 (commonly known as the “Agri-*
17 *cultural Act of 1954”)* (7 U.S.C. 1765b, 1766b).

18 (I) *Section 206 of the Agricultural Act of*
19 *1956* (7 U.S.C. 1856).

20 (J) *The Agricultural Competitiveness and*
21 *Trade Act of 1988* (7 U.S.C. 5201 *et seq.*).

22 (K) *The Agricultural Trade Act of 1978* (7
23 U.S.C. 5601 *et seq.*).

24 (L) *The Export-Import Bank Act of 1945*
25 *(12 U.S.C. 635 et seq.)*.

1 (M) *Section 301 of title 13, United States*
2 *Code.*

3 (N) *Section 8 of the Endangered Species*
4 *Act of 1973 (16 U.S.C. 1537).*

5 (O) *Section 604 of the Enterprise for the*
6 *Americas Act of 1992 (22 U.S.C. 2077).*

7 (P) *Section 5 of the International Health*
8 *Research Act of 1960 (22 U.S.C. 2103).*

9 (Q) *The Foreign Assistance Act of 1961 (22*
10 *U.S.C. 2151 et seq.).*

11 (R) *The Horn of Africa Recovery and Food*
12 *Security Act (22 U.S.C. 2151 note; Public Law*
13 *102–274).*

14 (S) *Section 105 of the Mutual Educational*
15 *and Cultural Exchange Act of 1961 (22 U.S.C.*
16 *2455).*

17 (T) *Section 35 of the Foreign Military Sales*
18 *Act (22 U.S.C. 2775).*

19 (U) *The Support for East European De-*
20 *mocracy (SEED) Act of 1989 (22 U.S.C. 5401 et*
21 *seq.).*

22 (V) *Section 1707 of the Cuban Democracy*
23 *Act of 1992 (22 U.S.C. 6006).*

1 (W) *The Cuban Liberty and Democratic*
 2 *Solidarity (LIBERTAD) Act of 1996 (22 U.S.C.*
 3 *6021 et seq.).*

4 (X) *Section 902 of the Trade Sanctions Re-*
 5 *form and Export Enhancement Act of 2000 (22*
 6 *U.S.C. 7201).*

7 (Y) *Chapter 553 of title 46, United State*
 8 *Code.*

9 (Z) *Section 4 of the Strategic and Critical*
 10 *Materials Stock Piling Act (50 U.S.C. 98c).*

11 (AA) *The Food, Agriculture, Conservation,*
 12 *and Trade Act of 1990 (Public Law 101–624;*
 13 *104 Stat. 3359).*

14 (BB) *Section 738 of the Agriculture, Rural*
 15 *Development, Food and Drug Administration,*
 16 *and Related Agencies Appropriations Act, 2001*
 17 *(Public Law 106–387; 114 Stat 1549A–34).*

18 (c) *REFERENCES.—Any reference in any Federal,*
 19 *State, tribal, or local law (including regulations) to the*
 20 *“Agricultural Trade Development and Assistance Act of*
 21 *1954” shall be considered to be a reference to the “Food*
 22 *for Peace Act”.*

23 **SEC. 3002. UNITED STATES POLICY.**

24 *Section 2 of the Food for Peace Act (7 U.S.C. 1691)*
 25 *is amended—*

1 (1) *by striking paragraph (4); and*
 2 (2) *by redesignating paragraphs (5) and (6) as*
 3 *paragraphs (4) and (5), respectively.*

4 **SEC. 3003. FOOD AID TO DEVELOPING COUNTRIES.**

5 *Section 3(b) of the Food for Peace Act (7 U.S.C.*
 6 *1691a(b)) is amended by striking “(b)” and all that follows*
 7 *through paragraph (1) and inserting the following:*

8 “(b) *SENSE OF CONGRESS.—It is the sense of Congress*
 9 *that—*

10 *“(1) in negotiations with other countries at the*
 11 *Food Aid Convention, the World Trade Organization,*
 12 *the United Nations Food and Agriculture Organiza-*
 13 *tion, and other appropriate venues, the President*
 14 *shall—*

15 *“(A) seek commitments of higher levels of*
 16 *food aid by donors in order to meet the legiti-*
 17 *mate needs of developing countries;*

18 *“(B) ensure, to the maximum extent prac-*
 19 *ticable, that humanitarian nongovernmental or-*
 20 *ganizations, recipient country governments,*
 21 *charitable bodies, and international organiza-*
 22 *tions shall continue—*

23 *“(i) to be eligible to receive resources*
 24 *based on assessments of need conducted by*
 25 *those organizations and entities; and*

1 “(ii) to implement food aid programs
2 in agreements with donor countries; and

3 “(C) ensure, to the maximum extent prac-
4 ticable, that options for providing food aid for
5 emergency and nonemergency, or chronic, needs
6 shall not be subject to limitation, including in-
7 kind commodities, provision of funds for com-
8 modity procurement, and monetization of com-
9 modities, on the condition that the provision of
10 those commodities or funds—

11 “(i) is based on assessments of need
12 and intended to benefit the food security of
13 or otherwise assist recipients, and

14 “(ii) is provided in a manner that
15 avoids disincentives to local agricultural
16 production and marketing and with mini-
17 mal potential for disruption of commercial
18 markets; and”.

19 **SEC. 3004. TRADE AND DEVELOPMENT ASSISTANCE.**

20 (a) Title I of the Food for Peace Act (7 U.S.C. 1701
21 et seq.) is amended in the title heading, by striking
22 **“TRADE AND DEVELOPMENT ASSISTANCE”**
23 and inserting **“ECONOMIC ASSISTANCE AND**
24 **FOOD SECURITY”**.

1 (b) *Section 101 of the Food for Peace Act (7 U.S.C.*
 2 *1701) is amended in the section heading, by striking*
 3 *“**TRADE AND DEVELOPMENT ASSISTANCE**” and in-*
 4 *serting “**ECONOMIC ASSISTANCE AND FOOD SECU-***
 5 ***RITY**”.*

6 **SEC. 3005. AGREEMENTS REGARDING ELIGIBLE COUNTRIES**
 7 **AND PRIVATE ENTITIES.**

8 *Section 102 of the Food for Peace Act (7 U.S.C. 1702)*
 9 *is amended—*

10 (1) *in subsection (a)—*

11 (A) *by striking paragraph (1); and*

12 (B) *by redesignating paragraphs (2) and*

13 (3) *as paragraphs (1) and (2), respectively; and*

14 (2) *by striking subsection (c).*

15 **SEC. 3006. USE OF LOCAL CURRENCY PAYMENTS.**

16 *Section 104(c) of the Food for Peace Act (7 U.S.C.*
 17 *1704(c)) is amended—*

18 (1) *in the matter preceding paragraph (1), by*
 19 *inserting “, through agreements with recipient gov-*
 20 *ernments, private voluntary organizations, and co-*
 21 *operatives,” after “developing country”;*

22 (2) *in paragraph (2)—*

23 (A) *in subparagraph (C), by striking “and”*

24 *at the end;*

(B) in subparagraph (D), by striking the period at the end and inserting “; and”; and

(C) by adding at the end the following:

“(E) the improvement of the trade capacity of the recipient country.”;

(3) by striking paragraphs (1), (3), (4), (5), and (6); and

(4) by redesignating paragraphs (2), (7), (8), and (9) as paragraphs (1), (2), (3), and (4), respectively.

SEC. 3007. GENERAL AUTHORITY.

Section 201 of the Food for Peace Act (7 U.S.C. 1721) is amended—

(1) by striking paragraph (1) and inserting the following:

“(1) address famine and respond to emergency food needs arising from man-made and natural disasters;”;

(2) in paragraph (5), by inserting “food security and support” after “promote”; and

(3) by striking paragraph (6) and inserting the following:

“(6) protect livelihoods, provide safety nets for food insecure populations, and encourage participa-

1 *tion in educational, training, and other productive*
 2 *activities.”.*

3 **SEC. 3008. PROVISION OF AGRICULTURAL COMMODITIES.**

4 *Section 202 of the Food for Peace Act (7 U.S.C. 1722)*
 5 *is amended—*

6 *(1) in subsection (b)(2), by striking “may not*
 7 *deny a request for funds” and inserting “may not use*
 8 *as a sole rationale for denying a request for funds”;*

9 *(2) in subsection (e)(1)—*

10 *(A) in the matter preceding subparagraph*

11 *(A)—*

12 *(i) by striking “Of the funds made*
 13 *available in” and inserting “Of the total*
 14 *amount of funds made available from all*
 15 *sources for”; and*

16 *(ii) by striking “not less than 5 per-*
 17 *cent nor more than 10 percent” and insert-*
 18 *ing “not less than 7.5 percent”;*

19 *(B) in subparagraph (A), by striking “and”*
 20 *at the end;*

21 *(C) by striking subparagraph (B) and in-*
 22 *serting the following:*

23 *“(B) meeting specific administrative, man-*
 24 *agement, personnel, programmatic, and oper-*
 25 *ational activities, and internal transportation*

1 *and distribution costs for carrying out new and*
 2 *existing programs in foreign countries under this*
 3 *title; and”*

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

5 *“(C) improving and implementing meth-*
 6 *odologies for food aid programs, including needs*
 7 *assessments, monitoring, and evaluation.”; and*

8 *(3) by striking subsection (h) and inserting the*
 9 *following:*

10 *“(h) FOOD AID QUALITY.—*

11 *“(1) IN GENERAL.—The Administrator shall use*
 12 *funds made available for fiscal year 2008 and subse-*
 13 *quent fiscal years to carry out this title—*

14 *“(A) to assess the types and quality of agri-*
 15 *cultural commodities and products donated for*
 16 *food aid;*

17 *“(B) to adjust products and formulations as*
 18 *necessary to cost-effectively meet nutrient needs*
 19 *of target populations; and*

20 *“(C) to pretest prototypes.*

21 *“(2) ADMINISTRATION.—The Administrator—*

22 *“(A) shall carry out this subsection in con-*
 23 *sultation with and through an independent enti-*
 24 *ty with proven impartial expertise in food aid*
 25 *commodity quality enhancements;*

1 “(B) may enter into contracts to obtain the
2 services of such an entity; and

3 “(C) shall consult with the Food Aid Con-
4 sultative Group on how to carry out this sub-
5 section.

6 “(3) *REPORTS.*—The Administrator shall submit
7 to the Committees on Agriculture and Foreign Affairs
8 of the House of Representatives and the Committee on
9 Agriculture, Nutrition, and Forestry of the Senate—

10 “(A) a report that describes the activities of
11 the Administrator in carrying out paragraph (1)
12 for fiscal year 2008; and

13 “(B) an annual report that describes the
14 progress of the Administrator in addressing food
15 aid quality issues.”.

16 **SEC. 3009. MICROENTERPRISE ACTIVITIES.**

17 Section 203(d)(2) of the Food for Peace Act (7
18 U.S.C.1723(d)(2)) is amended by inserting “, including ac-
19 tivities involving microenterprise and village banking,”
20 after “other developmental activities”.

21 **SEC. 3010. LEVELS OF ASSISTANCE.**

22 Section 204(a)(1) of the Food for Peace Act (7 U.S.C.
23 1724(a)(1)) is amended by striking “2007” and inserting
24 “2012”.

1 **SEC. 3011. FOOD AID CONSULTATIVE GROUP.**

2 *Section 205 of the Food for Peace Act (7 U.S.C. 1725)*
 3 *is amended—*

4 *(1) in subsection (b)—*

5 *(A) in paragraph (5), by striking “and” at*
 6 *the end;*

7 *(B) in paragraph (6), by striking the period*
 8 *and inserting “; and”; and*

9 *(C) by inserting at the end the following:*

10 *“(7) representatives from the maritime transpor-*
 11 *tation sector involved in transporting agricultural*
 12 *commodities overseas for programs under this Act.”;*

13 *(2) in subsection (d)—*

14 *(A) by striking “In preparing” and insert-*
 15 *ing the following:*

16 *“(1) IN GENERAL.—In preparing”;*

17 *(B) by striking “The Administrator” and*
 18 *inserting the following:*

19 *“(2) BIENNIAL CONSULTATION.—The Adminis-*
 20 *trator”; and*

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

22 *“(3) CONSULTATION FOR DRAFT REGULA-*
 23 *TIONS.—In addition to the meetings required under*
 24 *paragraph (2), the Administrator shall consult and*
 25 *meet with the Group—*

1 “(A) before issuing the draft regulations to
2 carry out the program described in section 209;
3 and

4 “(B) during the public comment period re-
5 lating to those draft regulations.”; and

6 (3) in subsection (f), by striking “2007” and in-
7 serting “2012”.

8 **SEC. 3012. ADMINISTRATION.**

9 Section 207 of the Food for Peace Act (7 U.S.C. 1726a)
10 is amended—

11 (1) in subsection (a)(3), by striking “must be
12 met for the approval of such proposal” and inserting
13 “should be considered for a proposal in a future fiscal
14 year”;

15 (2) in subsection (c), by striking paragraph (3);

16 (3) by striking subsection (d) and inserting the
17 following:

18 “(d) *TIMELY PROVISION OF COMMODITIES.*—The Ad-
19 ministrators, in consultation with the Secretary, shall de-
20 velop procedures that ensure expedited processing of com-
21 modity call forwards in order to provide commodities over-
22 seas in a timely manner and to the extent feasible, accord-
23 ing to planned delivery schedules.”;

24 (4) in subsection (e)(2), by striking “December
25 1” and inserting “June 1”; and

1 (5) *by adding at the end the following:*

2 “(f) *PROGRAM OVERSIGHT.*—

3 “(1) *IN GENERAL.*—*Funds made available to*
4 *carry out this title may be used to pay the expenses*
5 *of the United States Agency for International Devel-*
6 *opment associated with program monitoring, evalua-*
7 *tion, assessments, food aid data collection, and food*
8 *aid information management and commodity report-*
9 *ing systems.*

10 “(2) *CONTRACT AUTHORITY.*—

11 “(A) *IN GENERAL.*—*Subject to subpara-*
12 *graphs (B) and (C) and notwithstanding any*
13 *other provision of law, in carrying out adminis-*
14 *trative and management activities related to the*
15 *implementation of programs under this title, the*
16 *Administrator may contract with 1 or more in-*
17 *dividuals for personal service to be performed in*
18 *recipient countries or neighboring countries.*

19 “(B) *PROHIBITION.*—*Individuals con-*
20 *tracting with the Administrator under subpara-*
21 *graph (A) shall not be considered to be employees*
22 *of the United States Government for the purpose*
23 *of any law administered by the Office of Per-*
24 *sonnel Management.*

1 “(C) *PERSONAL SERVICE*.—Subparagraph
 2 (A) *does not limit the ability of the Adminis-*
 3 *trator to contract with individuals for personal*
 4 *service under section 202(a).*

5 “(g) *INDIRECT SUPPORT COSTS TO THE WORLD FOOD*
 6 *PROGRAM OF THE UNITED NATIONS*.—

7 “(1) *IN GENERAL*.—Notwithstanding any other
 8 *provision of law, in providing assistance under this*
 9 *title, the Administrator may make contributions to*
 10 *the World Food Program of the United Nations to the*
 11 *extent that the contributions are made in accordance*
 12 *with the rules and regulations of that program for in-*
 13 *direct cost rates.*

14 “(2) *REPORT*.—The Administrator shall submit
 15 *the Committees on Agriculture and Foreign Affairs of*
 16 *the House of Representatives and the Committee on*
 17 *Agriculture, Nutrition, and Forestry of the Senate an*
 18 *annual report on the level of the contribution and the*
 19 *reasons for the level.*

20 “(h) *INDIRECT SUPPORT COSTS TO COOPERATING*
 21 *SPONSORS*.—Notwithstanding any other provision of law,
 22 *the Administrator may pay to a private voluntary organi-*
 23 *zation or cooperative indirect costs associated with any*
 24 *funds received or generated for programs, costs, or activities*
 25 *under this title, on the condition that the indirect costs are*

1 *consistent with Office of Management and Budget cost prin-*
 2 *ciples.*

3 “(i) *PROJECT REPORTING.*—

4 “(1) *IN GENERAL.*—*In submitting project reports*
 5 *to the Administrator, a private voluntary organiza-*
 6 *tion or cooperative shall provide a copy of the report*
 7 *in such form as is necessary for the report to be dis-*
 8 *played for public use on the website of the United*
 9 *States Agency for International Development.*

10 “(2) *CONFIDENTIAL INFORMATION.*—*An organi-*
 11 *zation or cooperative described in paragraph (1) may*
 12 *omit any confidential information from the copy of*
 13 *the report submitted for public display under that*
 14 *paragraph.”.*

15 **SEC. 3013. ASSISTANCE FOR STOCKPILING AND RAPID**
 16 **TRANSPORTATION, DELIVERY, AND DIS-**
 17 **TRIBUTION OF SHELF-STABLE PREPACKAGED**
 18 **FOODS.**

19 *Section 208(f) of the Food for Peace Act (7 U.S.C.*
 20 *1726b(f)) is amended—*

21 (1) *by striking “\$3,000,000” and inserting*
 22 *“\$8,000,000”; and*

23 (2) *by striking “2007” and inserting “2012”.*

1 **SEC. 3014. PILOT PROGRAM FOR LOCAL PURCHASE.**

2 *Chapter 1 of part I of the Foreign Assistance Act of*
 3 *1961 (22 U.S.C. 2151 et seq.) is amended by adding at the*
 4 *end the following:*

5 **“SEC. 136. PILOT PROGRAM FOR LOCAL PURCHASE OF ELI-**
 6 **GIBLE COMMODITIES.**

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

8 *“(1) ADMINISTRATOR.—The term ‘Adminis-*
 9 *trator’ means the Administrator of the Agency for*
 10 *International Development.*

11 *“(2) ELIGIBLE COMMODITY.—The term ‘eligible*
 12 *commodity’ means an agricultural commodity, or the*
 13 *product of an agricultural commodity, that is pro-*
 14 *duced in—*

15 *“(A) the recipient country;*

16 *“(B) a low-income, developing country near*
 17 *the recipient country; or*

18 *“(C) Africa.*

19 *“(3) ELIGIBLE ORGANIZATION.—The term ‘eligi-*
 20 *ble organization’ means—*

21 *“(A) an organization that is—*

22 *“(i) described in section 202(d) of the*
 23 *Food for Peace Act; and*

24 *“(ii) subject to guidelines promulgated*
 25 *to carry out this section, including United*

1 *States audit requirements that are applica-*
 2 *ble to non-governmental organizations; or*

3 *“(B) an intergovernmental organization, if*
 4 *the organization agrees to be subject to all re-*
 5 *quirements of this section, including any regula-*
 6 *tions promulgated or guidelines issued by the*
 7 *Administrator to carry out this section.*

8 *“(4) PILOT PROGRAM.—The term ‘pilot program’*
 9 *means the pilot program established under subsection*
 10 *(b).*

11 *“(b) ESTABLISHMENT.—The Administrator shall es-*
 12 *tablish a field-based pilot program for local and regional*
 13 *purchases of eligible commodities in accordance with this*
 14 *section.*

15 *“(c) PURPOSES.—Eligible commodities under the pilot*
 16 *program shall be used solely—*

17 *“(1) to address severe food shortages caused by*
 18 *sudden events, including—*

19 *“(A) earthquakes, floods, and other unfore-*
 20 *seen crises; or*

21 *“(B) human-made crises, such as conflicts;*

22 *“(2) to prevent or anticipate increasing food*
 23 *scarcity as the result of slow-onset events, such as*
 24 *drought, crop failures, pests, economic shocks, and*
 25 *diseases that result in an erosion of the capacity of*

1 *communities and vulnerable populations to meet food*
 2 *needs;*

3 “(3) *to address recovery, resettlement, and recon-*
 4 *struction following 1 or more disasters or emergencies*
 5 *described in paragraph (1) or (2); and*

6 “(4) *to protect and improve livelihoods and food*
 7 *security, provide safety nets for food insecure or un-*
 8 *dernourished populations, and encourage participa-*
 9 *tion in education and other productive activities.*

10 “(d) *PROCUREMENT.—Eligible commodities under the*
 11 *pilot program shall for emergency situations be procured*
 12 *through the most effective 1 or more approaches or meth-*
 13 *odologies that are likely to expedite the provision of food*
 14 *aid to affected populations.*

15 “(e) *REVIEW OF PRIOR LOCAL CASH PURCHASE EX-*
 16 *PERIENCE.—*

17 “(1) *IN GENERAL.—Not later than 30 days after*
 18 *the date of enactment of this section, the Adminis-*
 19 *trator shall initiate the process to commission an ex-*
 20 *ternal review of local cash purchase projects conducted*
 21 *before the date of enactment of this section by other*
 22 *donor countries, private voluntary organizations, and*
 23 *the World Food Program of the United Nations.*

24 “(2) *USE OF REVIEW.—The Administrator shall*
 25 *use the results of the review to develop—*

1 “(A) *proposed guidelines under subsection*
 2 *(j); and*

3 “(B) *requests for applications under sub-*
 4 *section (f).*

5 “(3) *REPORT.—Not later than 270 days after the*
 6 *date of enactment of this section, the Administrator*
 7 *shall submit to the Committees on Agriculture and*
 8 *Foreign Affairs of the House of Representatives and*
 9 *the Committee on Agriculture, Nutrition, and For-*
 10 *estry of the Senate a report containing the results of*
 11 *the review.*

12 “(f) *GRANTS TO ELIGIBLE ORGANIZATIONS.—*

13 “(1) *IN GENERAL.—After the promulgation of*
 14 *final guidelines under subsection (j), the Adminis-*
 15 *trator may seek applications from and provide grants*
 16 *to eligible organizations to carry out the pilot pro-*
 17 *gram.*

18 “(2) *COMPLETION REQUIREMENT.—As a condi-*
 19 *tion of receiving a grant under the pilot program, an*
 20 *eligible organization shall agree—*

21 “(A) *to complete all projects funded through*
 22 *the grant not later than September 30, 2011; and*

23 “(B) *to provide information about the re-*
 24 *sults of the project in accordance with subsection*
 25 *(i).*

1 “(3) *OTHER REQUIREMENTS.*—*Other require-*
 2 *ments for submission of proposals for consideration*
 3 *under this title shall apply to the submission of an*
 4 *application for a grant under this section.*

5 “(g) *PROJECT DIVERSITY.*—*In selecting projects to*
 6 *fund under the pilot program, the Administrator shall select*
 7 *a diversity of projects, including—*

8 “(1) *at least 1 project for each of the situations*
 9 *described in subsection (c);*

10 “(2) *at least 1 project carried out jointly with a*
 11 *project funded through grassroots efforts by agricul-*
 12 *tural producers through eligible United States organi-*
 13 *zations;*

14 “(3) *projects in both food surplus and food def-*
 15 *icit regions, using regional procurement for food def-*
 16 *icit regions; and*

17 “(4) *projects in diverse geographical regions,*
 18 *with most, but not all, projects located in Africa.*

19 “(h) *INFORMATION REQUIRED IN APPLICATIONS.*—*In*
 20 *submitting an application under this section, an eligible*
 21 *organization shall—*

22 “(1) *request funding for up to 3 years; and*

23 “(2) *include in the application—*

24 “(A) *a description of the target population*
 25 *through a needs assessment and sufficient infor-*

1 *mation to demonstrate that the situation is a sit-*
2 *uation described in subsection (c);*

3 *“(B) an assurance that the local or regional*
4 *procurement—*

5 *“(i) is likely to expedite the provision*
6 *of food aid to the affected population; and*

7 *“(ii) would meet the requirements of*
8 *subsection (d);*

9 *“(C) a description of—*

10 *“(i) the quantities and types of eligible*
11 *commodities that would be procured;*

12 *“(ii) the rationale for selecting those el-*
13 *igible commodities; and*

14 *“(iii) how the eligible commodities*
15 *could be procured and delivered in a timely*
16 *manner;*

17 *“(D) an analysis of the potential impact of*
18 *the purchase of eligible commodities on the pro-*
19 *duction, pricing, and marketing of the same and*
20 *similar agricultural commodities in the country*
21 *and localities in which the purchase will take*
22 *place;*

23 *“(E) a description of food quality and safe-*
24 *ty assurance measures; and*

1 “(F) a monitoring and evaluation plan that
2 ensures collection of sufficient data—

3 “(i) to determine the full cost of pro-
4 curement, delivery, and administration;

5 “(ii) to report on the agricultural pro-
6 duction, marketing, and price impact of the
7 local or regional purchases, including the
8 impact on low-income consumers; and

9 “(iii) to provide sufficient information
10 to support the completion of the report de-
11 scribed in subsection (i).

12 “(i) *INDEPENDENT EVALUATION AND REPORT.*—

13 “(1) *IN GENERAL.*—The Administrator shall—

14 “(A) arrange for an independent evaluation
15 of the pilot program; and

16 “(B) provide access to all records and re-
17 ports for the completion of the evaluation.

18 “(2) *REPORT.*—Not later than 4 years after the
19 date of enactment of this section, the Administrator
20 shall submit to the Committees on Agriculture and
21 Foreign Affairs of the House of Representatives and
22 the Committee on Agriculture, Nutrition, and For-
23 estry of the Senate a report that—

24 “(A) includes the analysis and findings of
25 the independent evaluation;

1 “(B) assesses whether the requirements of
2 this section have been met;

3 “(C) describes for each of the relevant mar-
4 kets in which the commodities were purchased—

5 “(i) prevailing and historic supply, de-
6 mand, and price movements;

7 “(ii) impact on producer and con-
8 sumer prices;

9 “(iii) government market interferences
10 and other donor activities that may have af-
11 fected the supply and demand in the area
12 in which the local or regional purchase took
13 place; and

14 “(iv) the quantities and types of eligi-
15 ble commodities procured in each market,
16 the time frame for procurement, and the
17 complete costs of the procurement (including
18 procurement, storage, handling, transpor-
19 tation, and administrative costs);

20 “(D) assesses the impact of different meth-
21 odologies and approaches on local and regional
22 agricultural producers (including large and
23 small producers), markets, low-income con-
24 sumers, and program recipients;

1 “(E) assesses the time elapsed from initi-
2 ation of the procurement process to delivery;

3 “(F) compares different methodologies used
4 in terms of—

5 “(i) the benefits to local agriculture;

6 “(ii) the impact on markets and con-
7 sumers;

8 “(iii) the time for procurement and de-
9 livery;

10 “(iv) quality and safety assurances;
11 and

12 “(v) implementation costs; and

13 “(G) to the extent adequate information is
14 available, includes a comparison of the different
15 methodologies used by other donors to make local
16 and regional purchases, including purchases con-
17 ducted through the World Food Program of the
18 United Nations.

19 “(j) GUIDELINES.—Prior to approving projects or the
20 procurement of eligible commodities under this section, not
21 later than 1 year after the date of enactment of this section,
22 the Administrator shall issue guidelines to carry out this
23 section.

24 “(k) AUTHORIZATION OF APPROPRIATIONS.—

1 “(1) *IN GENERAL.*—*There are authorized to be*
 2 *appropriated \$25,000,000 for each of the fiscal years*
 3 *2009 through 2012 to carry out this section.*

4 “(2) *AVAILABILITY.*—*Any amounts appropriated*
 5 *pursuant to paragraph (1) shall remain available*
 6 *until expended.”.*

7 **SEC. 3015. GENERAL AUTHORITIES AND REQUIREMENTS.**

8 (a) *IN GENERAL.*—*Section 401 of the Food for Peace*
 9 *Act (7 U.S.C. 1731) is amended—*

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

11 (2) *redesignating subsections (b) and (c) as sub-*
 12 *sections (a) and (b), respectively; and*

13 (3) *in subsection (b) (as so redesignated), by*
 14 *striking “(b)(1)” and inserting “(a)(1)”.*

15 (b) *CONFORMING AMENDMENTS.*—

16 (1) *Section 406(a) of the Food for Peace Act (7*
 17 *U.S.C. 1736(a)) is amended by striking “(that have*
 18 *been determined to be available under section*
 19 *401(a))”.*

20 (2) *Subsection (e)(1) of the Food for Progress Act*
 21 *of 1985 (7 U.S.C. 1736o(e)(1)) is amended by striking*
 22 *“determined to be available under section 401 of the*
 23 *Food for Peace Act”.*

1 **SEC. 3016. USE OF COMMODITY CREDIT CORPORATION.**

2 *Section 406(b)(2) of the Food for Peace Act (7 U.S.C.*
 3 *1736(b)(2)) is amended by inserting “, including the costs*
 4 *of carrying out section 415” before the semicolon.*

5 **SEC. 3017. ADMINISTRATIVE PROVISIONS.**

6 *Section 407 of the Food for Peace Act (7 U.S.C. 1736a)*
 7 *is amended—*

8 *(1) in subsection (c)(4)—*

9 *(A) by striking “2007” and inserting*
 10 *“2012”;*

11 *(B) by striking “\$2,000,000” and inserting*
 12 *“\$4,000,000”; and*

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

14 *“(5) NONEMERGENCY OR MULTIYEAR AGREE-*
 15 *MENTS.—Annual resource requests for ongoing non-*
 16 *emergency or multiyear agreements under title II*
 17 *shall be finalized not later than October 1 of the fiscal*
 18 *year in which the agricultural commodities will be*
 19 *shipped under the agreement.”; and*

20 *(2) in subsection (f)—*

21 *(A) in paragraph (2)—*

22 *(i) in subparagraph (B), by inserting*
 23 *“, and the amount of funds, tonnage levels,*
 24 *and types of activities for nonemergency*
 25 *programs under title II” before the semi-*
 26 *colon;*

(ii) in subparagraph (C), by inserting
 “, and a general description of the projects
 and activities implemented” before the semi-
 colon; and

(iii) in subparagraph (D), by striking
 “achieving food security” and inserting “re-
 ducing food insecurity”; and
 (B) in paragraph (3)—

(i) by striking “shall submit” and in-
 serting the following: “shall—
 “(A) submit”;

(ii) by striking “January 15” and in-
 serting “April 1”; and

(iii) by striking “of the Senate”. and
 inserting the following: “of the Senate; and
 “(B) make the reports available to the pub-
 lic by electronic and other means.”.

SEC. 3018. EXPIRATION DATE.

Section 408 of the Food for Peace Act (7 U.S.C. 1736b)
 is amended by striking “2007” and inserting “2012”.

SEC. 3019. AUTHORIZATION OF APPROPRIATIONS.

Section 412 of the Food for Peace Act (7 U.S.C. 1736f)
 is amended by striking subsection (b) and inserting the fol-
 lowing:

1 “(b) *MINIMUM LEVEL OF NONEMERGENCY FOOD AS-*
 2 *SISTANCE.—For each of fiscal years 2008 through 2012, of*
 3 *the amounts made available to carry out emergency and*
 4 *nonemergency food assistance programs under title II, not*
 5 *less than \$600,000,000 for each of those fiscal years shall*
 6 *be obligated and expended for nonemergency food assistance*
 7 *programs under title II.”.*

8 **SEC. 3020. MICRONUTRIENT FORTIFICATION PROGRAMS.**

9 *Section 415 of the Food for Peace Act (7 U.S.C. 1736g—*
 10 *2) is amended—*

11 *(1) in subsection (a)—*

12 *(A) in paragraph (1), by striking “Not later*
 13 *than September 30, 2003, the Administrator, in*
 14 *consultation with the Secretary” and inserting*
 15 *“Not later than September 30, 2008, the Sec-*
 16 *retary, in consultation with the Administrator”;*
 17 *and*

18 *(B) in paragraph (2)—*

19 *(i) in subparagraph (A), by adding*
 20 *“and” after the semicolon at the end; and*

21 *(ii) by striking subparagraphs (B) and*
 22 *(C) and inserting the following:*

23 *“(B) assess and apply technologies and sys-*
 24 *tems to improve and ensure the quality, shelf*
 25 *life, bioavailability, and safety of fortified food*

1 *aid agricultural commodities, and products of*
 2 *those agricultural commodities, that are provided*
 3 *to developing countries, using recommendations*
 4 *included in the report entitled ‘Micronutrient*
 5 *Compliance Review of Fortified Public Law 480*
 6 *Commodities’, published in October 2001, with*
 7 *implementation by an independent entity with*
 8 *proven impartial experience and expertise in*
 9 *food aid commodity quality enhancements.’;*

10 *(2) by striking subsection (b) and redesignating*
 11 *subsections (c) and (d) as subsections (b) and (c), re-*
 12 *spectively; and*

13 *(3) in subsection (c) (as redesignated by para-*
 14 *graph (2), by striking “2007” and inserting “2012”.*

15 **SEC. 3021. GERMPLASM CONSERVATION.**

16 *Title IV of the Food for Peace Act (7 U.S.C. 1731 et*
 17 *seq.) is amended by adding at the end the following:*

18 **“SEC. 417. GERMPLASM CONSERVATION.**

19 *“(a) CONTRIBUTION.—The Administrator of the*
 20 *United States Agency for International Development shall*
 21 *contribute funds to endow the Global Crop Diversity Trust*
 22 *(referred to in this section as the ‘Trust’) to assist in the*
 23 *conservation of genetic diversity in food crops through the*
 24 *collection and storage of the germplasm of food crops in a*
 25 *manner that provides for—*

1 “(1) *the maintenance and storage of seed collec-*
2 *tions;*

3 “(2) *the documentation and cataloguing of the*
4 *genetics and characteristics of conserved seeds to en-*
5 *sure efficient reference for researchers, plant breeders,*
6 *and the public;*

7 “(3) *building the capacity of seed collection in*
8 *developing countries;*

9 “(4) *making information regarding crop genetic*
10 *data publicly available for researchers, plant breeders,*
11 *and the public (including through the provision of an*
12 *accessible Internet website);*

13 “(5) *the operation and maintenance of a back-*
14 *up facility in which are stored duplicate samples of*
15 *seeds, in the case of natural or man-made disasters;*
16 *and*

17 “(6) *oversight designed to ensure international*
18 *coordination of those actions and efficient, public ac-*
19 *cessibility to that diversity through a cost-effective*
20 *system.*

21 “(b) *UNITED STATES CONTRIBUTION LIMIT.—The ag-*
22 *gregate contributions of funds of the Federal Government*
23 *provided to the Trust shall not exceed 25 percent of the total*
24 *of the funds contributed to the Trust from all sources.*

1 “(c) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 2 *authorized to be appropriated to carry out this section*
 3 *\$60,000,000 for the period of fiscal years 2008 through*
 4 *2012.*”.

5 **SEC. 3022. JOHN OGWONSKI AND DOUG BEREUTER FARM-**
 6 **ER-TO-FARMER PROGRAM.**

7 *Section 501 of the Food for Peace Act (7 U.S.C. 1737)*
 8 *is amended by striking “2007” each place it appears and*
 9 *inserting “2012”.*

10 ***Subtitle B—Agricultural Trade Act***
 11 ***of 1978 and Related Statutes***

12 **SEC. 3101. EXPORT CREDIT GUARANTEE PROGRAM.**

13 *(a) REPEAL OF SUPPLIER CREDIT GUARANTEE PRO-*
 14 *GRAM AND INTERMEDIATE EXPORT CREDIT GUARANTEE*
 15 *PROGRAM.*—*Section 202 of the Agricultural Trade Act of*
 16 *1978 (7 U.S.C. 5622) is amended—*

17 *(1) in subsection (a)—*

18 *(A) in paragraph (1), by striking “The*
 19 *Commodity” and inserting “Subject to para-*
 20 *graph (2), the Commodity”; and*

21 *(B) by striking paragraphs (2) and (3) and*
 22 *inserting the following:*

23 *“(2) TENURE.*—*Beginning with the 2012 fiscal*
 24 *year, credit terms described in paragraph (1) may*
 25 *not exceed a 180-day period.”;*

1 (2) *by striking subsections (b) and (c);*

2 (3) *by redesignating subsections (d) through (l)*

3 *as subsections (b) through (j), respectively; and*

4 (4) *by adding at the end the following:*

5 “(k) *ADMINISTRATION.—*

6 “(1) *DEFINITION OF LONG TERM.—In this sub-*
7 *section, the term ‘long term’ means a period of 10 or*
8 *more years.*

9 “(2) *GUARANTEES.—In administering the export*
10 *credit guarantees authorized under this section, the*
11 *Secretary shall—*

12 “(A) *maximize the export sales of agricul-*
13 *tural commodities;*

14 “(B) *maximize the export credit guarantees*
15 *that are made available and used during the*
16 *course of a fiscal year;*

17 “(C) *develop an approach to risk evaluation*
18 *that facilitates accurate country risk designa-*
19 *tions and timely adjustments to the designations*
20 *(on an ongoing basis) in response to material*
21 *changes in country risk conditions, with ongoing*
22 *opportunity for input and evaluation from the*
23 *private sector;*

1 “(D) *adjust risk-based guarantees as nec-*
 2 *essary to ensure program effectiveness and*
 3 *United States competitiveness; and*

4 “(E) *work with industry to ensure that*
 5 *risk-based fees associated with the guarantees*
 6 *cover, but do not exceed, the operating costs and*
 7 *losses over the long term.”.*

8 (b) *CONFORMING AMENDMENTS.—The Agricultural*
 9 *Trade Act of 1978 is amended—*

10 *(1) in section 202 (7 U.S.C. 5622)—*

11 *(A) in subsection (b)(4) (as redesignated by*
 12 *subsection (a)(3)), by striking “, consistent with*
 13 *the provisions of subsection (c)”;*

14 *(B) in subsection (d) (as redesignated by*
 15 *subsection (a)(3))—*

16 *(i) by striking “(1)” and all that fol-*
 17 *lows through “The Commodity” and insert-*
 18 *ing “The Commodity”; and*

19 *(ii) by striking paragraph (2); and*

20 *(C) in subsection (g)(2) (as redesignated by*
 21 *subsection (a)(3)), by striking “subsections (a)*
 22 *and (b)” and inserting “subsection (a)”;* and

23 *(2) in section 211, by striking subsection (b) and*
 24 *inserting the following:*

1 “(b) *EXPORT CREDIT GUARANTEE PROGRAMS.*—The
 2 *Commodity Credit Corporation* shall make available for
 3 each of fiscal years 1996 through 2012 not less than
 4 \$5,000,000,000 in credit guarantees under section 202(a).”.

5 **SEC. 3102. MARKET ACCESS PROGRAM.**

6 (a) *ORGANIC COMMODITIES.*—Section 203(a) of the
 7 *Agricultural Trade Act of 1978* (7 U.S.C. 5623(a)) is
 8 amended by inserting after “agricultural commodities” the
 9 following: “(including commodities that are organically
 10 produced (as defined in section 2103 of the *Organic Foods*
 11 *Production Act of 1990* (7 U.S.C. 6502)))”.

12 (b) *FUNDING.*—Section 211(c)(1)(A) of the *Agricul-*
 13 *tural Trade Act of 1978* (7 U.S.C. 5641(c)(1)(A)) is amend-
 14 ed by striking “, and \$200,000,000 for each of fiscal years
 15 2006 and 2007” and inserting “\$200,000,000 for each of
 16 fiscal years 2006 and 2007, \$210,000,000 for fiscal year
 17 2008, \$220,000,000 for fiscal year 2009, \$230,000,000 for
 18 fiscal year 2010, \$240,000,000 for fiscal year 2011, and
 19 \$200,000,000 for fiscal year 2012 and each subsequent fiscal
 20 year”.

21 **SEC. 3103. EXPORT ENHANCEMENT PROGRAM.**

22 (a) *IN GENERAL.*—Section 301 of the *Agricultural*
 23 *Trade Act of 1978* (7 U.S.C. 5651) is repealed.

24 (b) *CONFORMING AMENDMENTS.*—The *Agricultural*
 25 *Trade Act of 1978* is amended—

(1) in title III, by striking the title heading and inserting the following:

**“TITLE III—BARRIERS TO
EXPORTS”;**

(2) by redesignating section 302 as section 301;

(3) by striking section 303;

(4) in section 401 (7 U.S.C. 5661)—

(A) in subsection (a), by striking “section 201, 202, or 301” and inserting “section 201 or 202”; and

(B) in subsection (b), by striking “sections 201, 202, and 301” and inserting “sections 201 and 202”; and

(5) in section 402(a)(1) (7 U.S.C. 5662(a)(1)), by striking “sections 201, 202, 203, and 301” and inserting “sections 201, 202, and 203”.

SEC. 3104. VOLUNTARY CERTIFICATION OF CHILD LABOR

STATUS OF AGRICULTURAL IMPORTS.

Section 414 of the Agricultural Trade Act of 1978 (7 U.S.C. 5674) is amended by adding at the end the following:

“(d) *REDUCING CHILD LABOR AND FORCED LABOR.*—

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

“(A) *CHILD LABOR.*—The term ‘child labor’ means the worst forms of child labor as defined in International Labor Convention 182, the Con-

1 *vention Concerning the Prohibition and Imme-*
 2 *diate Action for the Elimination of the Worst*
 3 *Forms of Child Labor, done at Geneva on June*
 4 *17, 1999.*

5 “(B) *FORCED LABOR.*—*The term ‘forced*
 6 *labor’ means all work or service—*

7 “(i) *that is exacted from any indi-*
 8 *vidual under menace of any penalty for*
 9 *non-performance of the work or service, and*
 10 *for which the individual does not offer him-*
 11 *self or herself voluntarily, by coercion, debt*
 12 *bondage, involuntary servitude (as those*
 13 *terms are defined in section 103 of the Traf-*
 14 *ficking Victims Protection Act of 2000 (22*
 15 *U.S.C. 7102)); and*

16 “(ii) *by 1 or more individuals who, at*
 17 *the time of production, were being subjected*
 18 *to a severe form of trafficking in persons (as*
 19 *that term is defined in that section).*

20 “(2) *DEVELOPMENT OF STANDARD SET OF PRAC-*
 21 *TICES.*—

22 “(A) *IN GENERAL.*—*The Secretary, in co-*
 23 *ordination with the Secretary of Labor, shall de-*
 24 *velop a standard set of practices for the produc-*
 25 *tion of agricultural commodities that are im-*

1 ported, sold, or marketed in the United States in
2 order to reduce the likelihood that the agricul-
3 tural commodities are produced with the use of
4 forced labor or child labor.

5 “(B) *REQUIREMENT.*—The standard set of
6 practices shall be developed in accordance with
7 the requirements of the Trafficking Victims Pro-
8 tection Act of 2000 (22 U.S.C. 7101 et seq.).

9 “(3) *REQUIREMENTS.*—Not later than 3 years
10 after the date of enactment of this subsection, the Sec-
11 retary shall, with respect to the standard set of prac-
12 tices developed under paragraph (2), promulgate pro-
13 posed regulations that shall, at a minimum, establish
14 a voluntary certification program to enforce this sub-
15 section by—

16 “(A) requiring agricultural commodity
17 traceability and inspection at all stages of the
18 supply chain;

19 “(B) allowing for multistakeholder partici-
20 pation in the certification process;

21 “(C) providing for annual onsite inspection
22 by a certifying agent, who shall be certified in
23 accordance with the International Organization
24 for Standardization Guide 65, of each affected
25 worksite and handling operation;

1 “(D) incorporating a comprehensive conflict
 2 of interest policy for certifying agents, in accord-
 3 ance with section 2116(h) of the Organic Foods
 4 Production Act of 1990 (7 U.S.C. 6515(h)); and

5 “(E) providing an anonymous grievance
 6 procedure that—

7 “(i) is accessible by third parties to
 8 allow for the identification of new or con-
 9 tinuing violations of the regulations; and

10 “(ii) provides protections for whistle-
 11 blowers.

12 “(4) *REPORTING REQUIREMENT.*—Not later than
 13 180 days after the date of enactment of this sub-
 14 section, and annually thereafter, the Secretary shall
 15 submit to the Committee on Agriculture of the House
 16 of Representatives and the Committee on Agriculture,
 17 Nutrition, and Forestry of the Senate, a report on the
 18 development and implementation of the standard set
 19 of practices under this subsection.”.

20 **SEC. 3105. FOREIGN MARKET DEVELOPMENT COOPERATOR**
 21 **PROGRAM.**

22 Section 703(a) of the Agricultural Trade Act of 1978
 23 (7 U.S.C. 5723(a)) is amended by striking “amount of
 24 \$34,500,000 for each of fiscal years 2002 through 2007” and
 25 inserting “amount of—

1 “(1) \$39,500,000 for each of fiscal years 2008
2 and 2009;

3 “(2) \$44,500,000 for fiscal year 2010; and

4 “(3) \$34,500,000 for fiscal year 2011 and each
5 subsequent fiscal year.”.

6 **SEC. 3106. FOOD FOR PROGRESS ACT OF 1985.**

7 *The Food for Progress Act of 1985 (7 U.S.C. 1736o)*
8 *is amended—*

9 (1) *by striking “2007” each place it appears and*
10 *inserting “2012”;*

11 (2) *in subsection (b)(5)—*

12 (A) *by striking subparagraphs (A), (B), and*
13 *(F);*

14 (B) *in subparagraph (D), by inserting*
15 *“and” after the semicolon;*

16 (C) *in subparagraph (E), by striking “;*
17 *and” and inserting a period; and*

18 (D) *by redesignating subparagraphs (C),*
19 *(D), and (E) as subparagraphs (A), (B), and*
20 *(C), respectively; and*

21 (3) *in subsection (f), by striking paragraph (3)*
22 *and inserting the following:*

23 “(3) *FUNDING LIMITATIONS.—With respect to el-*
24 *igible commodities made available under section*
25 *416(b) of the Agricultural Act of 1949 (42 U.S.C.*

1 1431(b)), unless authorized in advance in appropria-
 2 tion Acts—

3 “(A) for each of fiscal years 2008 through
 4 2010, no funds of the Corporation in excess of
 5 \$48,000,000 (exclusive of the cost of eligible com-
 6 modities) may be used to carry out this section;
 7 and

8 “(B) for fiscal year 2011 and each fiscal
 9 year thereafter, no funds of the Corporation in
 10 excess of \$40,000,000 (exclusive of the cost of eli-
 11 gible commodities) may be used to carry out this
 12 section.”.

13 **SEC. 3107. MCGOVERN-DOLE INTERNATIONAL FOOD FOR**
 14 **EDUCATION AND CHILD NUTRITION PRO-**
 15 **GRAM.**

16 Section 3107 of the Farm Security and Rural Invest-
 17 ment Act of 2002 (7 U.S.C. 1736o–1) is amended—

18 (1) in subsection (b), by inserting “in the De-
 19 partment of Agriculture” after “establish a program”;

20 (2) in subsections (c)(2)(B), (f)(1), (h), (i), and
 21 (l)(1) by striking “President” each place it appears
 22 and inserting “Secretary”;

23 (3) in subsection (d), by striking “The President
 24 shall designate 1 or more Federal agencies” and in-
 25 serting “The Secretary shall”;

(4) in paragraph (f)(2), by striking “implementing agency” and inserting “Secretary”; and

(5) in subsection (l)(2), by striking “such sums” and all that follows through “2007” and inserting “\$300,000,000 for each of fiscal years 2008 through 2012”.

Subtitle C—Miscellaneous

SEC. 3201. BILL EMERSON HUMANITARIAN TRUST.

Section 302 of the Bill Emerson Humanitarian Trust Act (7 U.S.C. 1736f–1) is amended—

(1) in subsection (a), by striking “a trust stock” and all that follows through the end of the subsection and inserting the following: “a trust of commodities, for use as described in subsection (c), to consist of—

“(1) quantities equivalent to not more than 4,000,000 metric tons of commodities; or

“(2) any combination of funds and commodities equivalent to not more than 4,000,000 metric tons of commodities.”;

(2) in subsection (b)—

(A) in paragraph (1)—

(i) in subparagraph (B)—

(I) by striking “replenish” each place it appears and inserting “reimburse”; and

1 (II) by striking “replenished” and
2 inserting “reimbursed”; and

3 (ii) by striking subparagraph (D) and
4 inserting the following:

5 “(D) funds made available—

6 “(i) under paragraph (2)(B);

7 “(ii) as a result of an exchange of any
8 commodity held in the trust for an equiva-
9 lent amount of funds from—

10 “(I) the Agricultural Trade Devel-
11 opment and Assistance Act of 1954 (7
12 U.S.C. 1691 et seq.);

13 “(II) the McGovern-Dole Inter-
14 national Food for Education and Child
15 Nutrition Program established under
16 section 3107 of the Farm Security and
17 Rural Investment Act of 2002 (7
18 U.S.C. 1736o–1); or

19 “(III) the market, if the Secretary
20 determines that such a sale of the com-
21 modity on the market will not unduly
22 disrupt domestic markets; and

23 “(iii) in the course of management of
24 the trust or to maximize the value of the

1 *trust, in accordance with subsection*
 2 *(d)(3).”; and*
 3 *(B) in paragraph (2)(B)—*

4 *(i) in the matter preceding clause (i),*
 5 *by striking “replenish” and inserting “re-*
 6 *imburse”;*

7 *(ii) in clause (i)—*

8 *(I) by striking “2007” each place*
 9 *it appears and inserting “2012”;*

10 *(II) by striking “(c)(2)” and in-*
 11 *serting “(c)(1)”;* and

12 *(III) by striking “and” at the*
 13 *end;*

14 *(iii) in clause (ii), by striking the pe-*
 15 *riod at the end and inserting “; or”;* and

16 *(iv) by adding at the end the following:*

17 *“(iii) from funds accrued through the*
 18 *management of the trust under subsection*
 19 *(d).”;*

20 *(3) in subsection (c)—*

21 *(A) by striking paragraphs (1) and (2) and*
 22 *inserting the following:*

23 *“(1) RELEASES FOR EMERGENCY ASSISTANCE.—*

24 *“(A) DEFINITION OF EMERGENCY.—*

1 “(i) *IN GENERAL.*—*In this paragraph,*
 2 *the term ‘emergency’ means an urgent*
 3 *situation—*

4 “(I) *in which there is clear evi-*
 5 *dence that an event or series of events*
 6 *described in clause (ii) has occurred—*

7 “(aa) *that causes human suf-*
 8 *fering or imminently threatens*
 9 *human lives or livelihoods; and*

10 “(bb) *for which a government*
 11 *concerned has not the means to*
 12 *remedy; or*

13 “(II) *created by a demonstrably*
 14 *abnormal event or series of events that*
 15 *produces dislocation in the lives of*
 16 *residents of a country or region of a*
 17 *country on an exceptional scale.*

18 “(ii) *EVENT OR SERIES OF EVENTS.*—
 19 *An event or series of events referred to in*
 20 *clause (i) includes 1 or more of—*

21 “(I) *a sudden calamity, such as*
 22 *an earthquake, flood, locust infestation,*
 23 *or similar unforeseen disaster;*

24 “(II) *a human-made emergency*
 25 *resulting in—*

1 “(aa) a significant influx of
2 refugees;

3 “(bb) the internal displace-
4 ment of populations; or

5 “(cc) the suffering of other-
6 wise affected populations;

7 “(III) food scarcity conditions
8 caused by slow-onset events, such as
9 drought, crop failure, pest infestation,
10 and disease, that result in an erosion
11 of the ability of communities and vul-
12 nerable populations to meet food needs;
13 and

14 “(IV) severe food access or avail-
15 ability conditions resulting from sud-
16 den economic shocks, market failure, or
17 economic collapse, that result in an
18 erosion of the ability of communities
19 and vulnerable populations to meet
20 food needs.

21 “(B) RELEASES.—

22 “(i) IN GENERAL.—Any funds or com-
23 modities held in the trust may be released
24 to provide assistance under title II of the

Food for Peace Act (7 U.S.C. 1721 et seq.)—

“(I) to meet emergency needs, including during the period immediately preceding the emergency;

“(II) to respond to an emergency;
or

“(III) for recovery and rehabilitation after an emergency.

“(ii) PROCEDURE.—Subject to subparagraph (B), a release under clause (i) shall be carried out in the same manner, and pursuant to the same authority as provided in title II of that Act.

“(C) INSUFFICIENCY OF OTHER FUNDS.—The funds and commodities held in the trust shall be made immediately available on a determination by the Administrator that funds available for emergency needs under title II of that Act (7 U.S.C. 1721 et seq.) for a fiscal year are insufficient to meet emergency needs during the fiscal year.”; and

(B) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively;

1 (4) in subsection (d)—

2 (A) by redesignating paragraphs (1)
3 through (3) as subparagraphs (A) through (C),
4 respectively, and indenting the subparagraphs
5 appropriately;

6 (B) by striking the subsection designation
7 and heading and all that follows through “pro-
8 vide—” and inserting the following:

9 “(d) *MANAGEMENT OF TRUST.*—

10 “(1) *IN GENERAL.*—The Secretary shall provide
11 for the management of eligible commodities and funds
12 held in the trust in a manner that is consistent with
13 maximizing the value of the trust, as determined by
14 the Secretary.

15 “(2) *ELIGIBLE COMMODITIES.*—The Secretary
16 shall provide—”;

17 (C) in paragraph (2) (as redesignated by
18 subparagraph (B))—

19 (i) in subparagraph (B) (as redesign-
20 ated by subparagraph (A)), by striking
21 “and” at the end;

22 (ii) in subparagraph (C) (as redesign-
23 ated by subparagraph (A)), by striking the
24 period at the end and inserting “; and”;
25 and

1 (iii) by adding at the end the fol-
2 lowing:

3 “(D) for the management of price risks as-
4 sociated with commodities held or potentially
5 held in the trust.”; and

6 (D) by adding at the end the following:

7 “(3) FUNDS.—

8 “(A) REQUIREMENT.—The Secretary shall
9 maximize the value of funds held in the trust, to
10 the maximum extent practicable.

11 “(B) RELEASES ON EMERGENCY.—If any
12 commodity is released from the trust in the case
13 of an emergency under subsection (c), the Sec-
14 retary shall transfer to the trust funds of the
15 Commodity Credit Corporation in an amount
16 equal to, as determined by the Secretary, the
17 amount of storage charges that will be saved by
18 Commodity Credit Corporation due to the emer-
19 gency release.

20 “(C) EXCHANGES.—If any commodity held
21 in the trust is exchanged for funds under sub-
22 section (b)(1)(D)(ii)—

23 “(i) the funds shall be held in the trust
24 until the date on which the funds are re-

1 *leased in the case of an emergency under*
 2 *subsection (c); and*

3 *“(ii) the Secretary shall transfer to the*
 4 *trust funds of the Commodity Credit Cor-*
 5 *poration in an amount equal to, as deter-*
 6 *mined by the Secretary, the amount of stor-*
 7 *age charges that will be saved by Com-*
 8 *modity Credit Corporation due to the ex-*
 9 *change.*

10 *“(D) INVESTMENT.—The Secretary—*

11 *“(i) may invest funds held in the trust*
 12 *in any short-term obligation of the United*
 13 *States or any other low-risk short-term in-*
 14 *strument or security insured by the Federal*
 15 *Government in which a regulated insurance*
 16 *company may invest under the laws of the*
 17 *District of Columbia; and*

18 *“(ii) shall not invest any funds held in*
 19 *the trust in real estate.”;*

20 *(5) in subsection (f)(2)(A), by striking “replen-*
 21 *ish” and inserting “reimburse”; and*

22 *(6) in subsection (h)—*

23 *(A) in paragraph (1), by striking “replen-*
 24 *ish” and inserting “reimburse”; and*

1 (B) in each of paragraphs (1) and (2), by
 2 striking “2007” each place it appears and in-
 3 serting “2012”.

4 **SEC. 3202. EMERGING MARKETS AND FACILITY GUARANTEE**
 5 **LOAN PROGRAM.**

6 Section 1542 of the Food, Agriculture, Conservation,
 7 and Trade Act of 1990 (7 U.S.C. 5622 note; Public Law
 8 101–624) is amended—

9 (1) in subsection (a), by striking “2007” and in-
 10 serting “2012”;

11 (2) in subsection (b)—

12 (A) in the first sentence, by redesignating
 13 paragraphs (1) and (2) as subparagraphs (A)
 14 and (B), respectively, and indenting appro-
 15 priately;

16 (B) by striking “A portion” and inserting
 17 the following:

18 “(1) *IN GENERAL.*—A portion”;

19 (C) in the second sentence, by striking “The
 20 Commodity Credit Corporation” and inserting
 21 the following:

22 “(2) *PRIORITY.*—The Commodity Credit Cor-
 23 poration”; and

24 (D) by adding at the end the following:

1 “(3) *CONSTRUCTION WAIVER.*—*The Secretary*
 2 *may waive any applicable requirements relating to*
 3 *the use of United States goods in the construction of*
 4 *a proposed facility, if the Secretary determines that—*

5 “(A) *goods from the United States are not*
 6 *available; or*

7 “(B) *the use of goods from the United States*
 8 *is not practicable.*

9 “(4) *TERM OF GUARANTEE.*—*A facility payment*
 10 *guarantee under this subsection shall be for a term*
 11 *that is not more than the lesser of—*

12 “(A) *the term of the depreciation schedule of*
 13 *the facility assisted; or*

14 “(B) *20 years.*”; and

15 (3) *in subsection (d)(1)(A)(i) by striking “2007”*
 16 *and inserting “2012”.*

17 **SEC. 3203. BIOTECHNOLOGY AND AGRICULTURAL TRADE**
 18 **PROGRAM.**

19 *Section 1543A(d) of the Food, Agriculture, Conserva-*
 20 *tion, and Trade Act of 1990 (7 U.S.C. 5679(d)) is amended*
 21 *by striking “2007” and inserting “2012”.*

22 **SEC. 3204. TECHNICAL ASSISTANCE FOR THE RESOLUTION**
 23 **OF TRADE DISPUTES.**

24 (a) *IN GENERAL.*—*The Secretary may provide moni-*
 25 *toring, analytic support, and other technical assistance to*

1 *limited resource persons that are involved in trading agri-*
 2 *cultural commodities, as determined by the Secretary, to*
 3 *reduce trade barriers to the persons.*

4 (b) *AUTHORIZATION OF APPROPRIATIONS.—There are*
 5 *authorized to be appropriated such sums as are necessary*
 6 *to carry out this section.*

7 **SEC. 3205. IMPORTATION OF LIVE DOGS.**

8 (a) *IN GENERAL.—The Animal Welfare Act is amend-*
 9 *ed by adding after section 17 (7 U.S.C. 2147) the following:*
 10 **“SEC. 18. IMPORTATION OF LIVE DOGS.**

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

12 *“(1) IMPORTER.—The term ‘importer’ means*
 13 *any person who, for purposes of resale, transports*
 14 *into the United States puppies from a foreign coun-*
 15 *try.*

16 *“(2) RESALE.—The term ‘resale’ includes any*
 17 *transfer of ownership or control of an imported dog*
 18 *of less than 6 months of age to another person, for*
 19 *more than de minimis consideration.*

20 *“(b) REQUIREMENTS.—*

21 *“(1) IN GENERAL.—Except as provided in para-*
 22 *graph (2), no person shall import a dog into the*
 23 *United States for purposes of resale unless, as deter-*
 24 *mined by the Secretary, the dog—*

25 *“(A) is in good health;*

1 “(B) has received all necessary vaccinations;

2 and

3 “(C) is at least 6 months of age, if imported

4 for resale.

5 “(2) *EXCEPTION.*—The Secretary, by regulation,

6 shall provide an exception to any requirement under

7 paragraph (1) in any case in which a dog is im-

8 ported for—

9 “(A) research purposes; or

10 “(B) veterinary treatment.

11 “(c) *IMPLEMENTATION AND REGULATIONS.*—The Sec-

12 retary, the Secretary of Health and Human Services, the

13 Secretary of Commerce, and the Secretary of Homeland Se-

14 curity shall promulgate such regulations as the Secretaries

15 determine to be necessary to implement and enforce this sec-

16 tion.

17 “(d) *ENFORCEMENT.*—An importer that fails to com-

18 ply with this section shall—

19 “(1) be subject to penalties under section 19; and

20 “(2) provide for the care (including appropriate

21 veterinary care), forfeiture, and adoption of each ap-

22 plicable dog, at the expense of the importer.”.

23 “(b) *EFFECTIVE DATE.*—The amendment made by sub-

24 section (a) takes effect on the date of enactment of this Act.

1 **SEC. 3206. REPORT ON THE IMPORTATION OF HIGH PRO-**
2 **TEIN FOOD INGREDIENTS.**

3 (a) *IN GENERAL.*—Not later than 180 days after the
4 date of enactment of this Act, the Secretary and the Sec-
5 retary of Health and Human Services (acting through the
6 Commissioner of Food and Drugs), in consultation with the
7 heads of other appropriate Federal agencies, shall jointly
8 submit to Congress a report on imports of high protein food
9 ingredients (including gluten, casein, and milk protein con-
10 centrate) into the United States during the 5-year period
11 preceding the date of enactment of this Act.

12 (b) *COMPONENTS.*—The report required under sub-
13 section (a) shall include—

14 (1) a description of—

15 (A) the quantity of each high protein food
16 ingredient imported into the United States; and

17 (B) the source of the high protein food in-
18 gredients being imported;

19 (2) an accounting of the percentage of imports in
20 each category and subcategory of high protein food in-
21 gredients that were inspected, including whether the
22 inspections were—

23 (A) basic or visual inspections; or

24 (B) more intensive inspections or laboratory
25 analyses;

26 (3) an evaluation of—

1 (A) *whether the laboratory tests conducted*
 2 *on high protein food ingredients were able to de-*
 3 *tect adulteration with other high nitrogen com-*
 4 *pounds, such as melamine; and*

5 (B) *if some of the laboratory tests were sen-*
 6 *sitive and others were not sensitive, the number*
 7 *and results for each sensitivity; and*

8 (4) *a survey of whether high protein food ingre-*
 9 *dients were imported for food uses or non-food uses,*
 10 *including an analysis of—*

11 (A) *whether the food uses were animal or*
 12 *human food uses; and*

13 (B) *whether any non-food or animal feed*
 14 *products could have entered the human food sup-*
 15 *ply, including an analysis of any safeguards to*
 16 *prevent such products from entering the human*
 17 *food supply.*

18 (c) *AVAILABILITY.—As soon as practicable after the*
 19 *completion of the report under subsection (a), the Secretary*
 20 *and the Secretary of Health and Human Services shall*
 21 *make the report available to the public.*

22 **SEC. 3207. QUALITY REQUIREMENTS FOR CLEMENTINES.**

23 *Section 8e(a) of the Agricultural Adjustment Act (7*
 24 *U.S.C. 608e–1(a)), reenacted with amendments by the Agri-*
 25 *cultural Marketing Agreement Act of 1937, is amended in*

1 *the matter preceding the first proviso in the first sentence*
 2 *by inserting “clementines,” after “nectarines,”.*

3 ***TITLE IV—NUTRITION***

4 ***PROGRAMS***

5 ***Subtitle A—Food and Nutrition*** 6 ***Program***

7 ***PART I—RENAMING OF FOOD STAMP PROGRAM***

8 ***SEC. 4001. RENAMING OF FOOD STAMP PROGRAM.***

9 *(a) SHORT TITLE.—The first section of the Food*
 10 *Stamp Act of 1977 (7 U.S.C. 2011 note; Public Law 88–*
 11 *525) is amended by striking “Food Stamp Act of 1977”*
 12 *and inserting “Food and Nutrition Act of 2007”.*

13 *(b) PROGRAM.—The Food and Nutrition Act of 2007*
 14 *(7 U.S.C. 2011 et seq.) (as amended by subsection (a)) is*
 15 *amended by striking “food stamp program” each place it*
 16 *appears and inserting “food and nutrition program”.*

17 ***PART II—IMPROVING PROGRAM BENEFITS***

18 ***SEC. 4101. EXCLUSION OF CERTAIN MILITARY PAYMENTS*** 19 ***FROM INCOME.***

20 *Section 5(d) of the Food and Nutrition Act of 2007*
 21 *(7 U.S.C. 2014(d)) is amended—*

22 *(1) by striking “(d) Household” and inserting*
 23 *“(d) EXCLUSIONS FROM INCOME.—Household”;*

24 *(2) by striking “only (1) any” and inserting*
 25 *“only—*

1 “(1) any”;

2 (3) by indenting each of paragraphs (2) through
3 (18) so as to align with the margin of paragraph (1)
4 (as amended by paragraph (1));

5 (4) by striking the comma at the end of each of
6 paragraphs (1) through (16) and inserting a semi-
7 colon;

8 (5) in paragraph (3)—

9 (A) by striking “like (A) awarded” and in-
10 serting “like—

11 “(A) awarded”;

12 (B) by striking “thereof, (B) to” and insert-
13 ing “thereof;

14 “(B) to”; and

15 (C) by striking “program, and (C) to” and
16 inserting “program; and

17 “(C) to”;

18 (6) in paragraph (11), by striking “)), or (B) a”
19 and inserting “)); or

20 “(B) a”;

21 (7) in paragraph (17), by striking “, and” at the
22 end and inserting a semicolon;

23 (8) in paragraph (18), by striking the period at
24 the end and inserting “; and”; and

25 (9) by adding at the end the following:

“(19) any additional payment under chapter 5 of title 37, United States Code, or otherwise designated by the Secretary to be appropriate for exclusion under this paragraph, that is received by or from a member of the United States Armed Forces deployed to a designated combat zone, if the additional pay—

“(A) is the result of deployment to or service in a combat zone; and

“(B) was not received immediately prior to serving in a combat zone.”.

SEC. 4102. STRENGTHENING THE FOOD PURCHASING POWER OF LOW-INCOME AMERICANS.

Section 5(e)(1) of the Food and Nutrition Act of 2007 (7 U.S.C. 2014(e)(1)) is amended—

(1) in subparagraph (A)(ii), by striking “not less than \$134” and all that follows through the end of the clause and inserting the following: “not less than—

“(I) for fiscal year 2008, \$140, \$239, \$197, and \$123, respectively; and

“(II) for fiscal year 2009 and each fiscal year thereafter, an amount that is equal to the amount from the previous fiscal year adjusted to the nearest lower dollar increment to re-

1 *flect changes for the 12-month period*
2 *ending on the preceding June 30 in the*
3 *Consumer Price Index for All Urban*
4 *Consumers published by the Bureau of*
5 *Labor Statistics of the Department of*
6 *Labor, for items other than food.”;*

7 (2) *in subparagraph (B)(ii), by striking “not*
8 *less than \$269” and all that follows through the end*
9 *of the clause and inserting the following: “not less*
10 *than—*

11 *“(I) for fiscal year 2008, \$281;*
12 *and*

13 *“(II) for fiscal year 2009 and*
14 *each fiscal year thereafter, an amount*
15 *that is equal to the amount from the*
16 *previous fiscal year adjusted to the*
17 *nearest lower dollar increment to re-*
18 *flect changes for the 12-month period*
19 *ending on the preceding June 30 in the*
20 *Consumer Price Index for All Urban*
21 *Consumers published by the Bureau of*
22 *Labor Statistics of the Department of*
23 *Labor, for items other than food.”; and*

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

1 “(C) *REQUIREMENT.*—*Each adjustment*
 2 *under subparagraphs (A)(ii)(II) and (B)(ii)(II)*
 3 *shall be based on the unrounded amount for the*
 4 *prior 12-month period.”.*

5 **SEC. 4103. SUPPORTING WORKING FAMILIES WITH CHILD**
 6 **CARE EXPENSES.**

7 *Section 5(e)(3)(A) of the Food and Nutrition Act of*
 8 *2007 (7 U.S.C. 2014(e)(3)(A)) is amended by striking “,*
 9 *the maximum allowable level of which shall be \$200 per*
 10 *month for each dependent child under 2 years of age and*
 11 *\$175 per month for each other dependent,”.*

12 **SEC. 4104. ENCOURAGING RETIREMENT AND EDUCATION**
 13 **SAVINGS AMONG FOOD STAMP RECIPIENTS.**

14 (a) *ALLOWABLE FINANCIAL RESOURCES.*—*Section*
 15 *5(g) of the Food and Nutrition Act of 2007 (7 U.S.C.*
 16 *2014(g)) is amended—*

17 (1) *by striking “(g)(1) The Secretary” and in-*
 18 *serting the following:*

19 “(g) *ALLOWABLE FINANCIAL RESOURCES.*—

20 “(1) *TOTAL AMOUNT.*—

21 “(A) *IN GENERAL.*—*The Secretary*”;

22 (2) *in subparagraph (A) (as designated by para-*
 23 *graph (1))—*

1 (A) by striking “\$2,000” and inserting
 2 “\$3,500 (as adjusted in accordance with sub-
 3 paragraph (B))”; and

4 (B) by striking “\$3,000” and inserting
 5 “\$4,500 (as adjusted in accordance with sub-
 6 paragraph (B))”; and

7 (3) by adding at the end the following:

8 “(B) *ADJUSTMENT FOR INFLATION.*—

9 “(i) *IN GENERAL.*—Beginning on Octo-
 10 ber 1, 2008, and each October 1 thereafter,
 11 the amounts in subparagraph (A) shall be
 12 adjusted and rounded down to the nearest
 13 \$250 to reflect changes for the 12-month pe-
 14 riod ending the preceding June in the Con-
 15 sumer Price Index for All Urban Consumers
 16 published by the Bureau of Labor Statistics
 17 of the Department of Labor.

18 “(ii) *REQUIREMENT.*—Each adjust-
 19 ment under clause (i) shall be based on the
 20 unrounded amount for the prior 12-month
 21 period.”.

22 (b) *EXCLUSION OF RETIREMENT ACCOUNTS FROM AL-*
 23 *LOWABLE FINANCIAL RESOURCES.*—

24 (1) *IN GENERAL.*—Section 5(g)(2)(B)(v) of the
 25 *Food and Nutrition Act of 2007* (7 U.S.C.

1 2014(g)(2)(B)(v)) is amended by striking “or retire-
 2 ment account (including an individual account)” and
 3 inserting “account”.

4 (2) MANDATORY AND DISCRETIONARY EXCLU-
 5 SIONS.—Section 5(g) of the Food and Nutrition Act
 6 of 2007 (7 U.S.C. 2014(g)) is amended by adding at
 7 the end the following:

8 “(7) EXCLUSION OF RETIREMENT ACCOUNTS
 9 FROM ALLOWABLE FINANCIAL RESOURCES.—

10 “(A) MANDATORY EXCLUSIONS.—The Sec-
 11 retary shall exclude from financial resources
 12 under this subsection the value of—

13 “(i) any funds in a plan, contract, or
 14 account, described in sections 401(a),
 15 403(a), 403(b), 408, 408A, 457(b), and
 16 501(c)(18) of the Internal Revenue Code of
 17 1986 and the value of funds in a Federal
 18 Thrift Savings Plan account as provided in
 19 section 8439 of title 5, United States Code;
 20 and

21 “(ii) any retirement program or ac-
 22 count included in any successor or similar
 23 provision that may be enacted and deter-
 24 mined to be exempt from tax under the In-
 25 ternal Revenue Code of 1986.

1 “(B) *DISCRETIONARY EXCLUSIONS.*—*The*
 2 *Secretary may exclude from financial resources*
 3 *under this subsection the value of any other re-*
 4 *irement plans, contracts, or accounts (as deter-*
 5 *mined by the Secretary).’’.*

6 (c) *EXCLUSION OF EDUCATION ACCOUNTS FROM AL-*
 7 *LOWABLE FINANCIAL RESOURCES.*—*Section 5(g) of the*
 8 *Food and Nutrition Act of 2007 (7 U.S.C. 2014(g)) (as*
 9 *amended by subsection (b)) is amended by adding at the*
 10 *end the following:*

11 “(8) *EXCLUSION OF EDUCATION ACCOUNTS FROM*
 12 *ALLOWABLE FINANCIAL RESOURCES.*—

13 “(A) *MANDATORY EXCLUSIONS.*—*The Sec-*
 14 *retary shall exclude from financial resources*
 15 *under this subsection the value of any funds in*
 16 *a qualified tuition program described in section*
 17 *529 of the Internal Revenue Code of 1986 or in*
 18 *a Coverdell education savings account under sec-*
 19 *tion 530 of that Code.*

20 “(B) *DISCRETIONARY EXCLUSIONS.*—*The*
 21 *Secretary may exclude from financial resources*
 22 *under this subsection the value of any other edu-*
 23 *cation programs, contracts, or accounts (as de-*
 24 *termined by the Secretary).’’.*

1 **SEC. 4105. FACILITATING SIMPLIFIED REPORTING.**

2 *Section 6(c)(1)(A) of the Food and Nutrition Act of*
 3 *2007 (7 U.S.C. 2015(c)(1)(A)) is amended—*

4 *(1) by striking “reporting by” and inserting “re-*
 5 *porting”;*

6 *(2) in clause (i), by inserting “for periods short-*
 7 *er than 4 months by” before “migrant”;*

8 *(3) in clause (ii), by inserting “for periods short-*
 9 *er than 4 months by” before “households”; and*

10 *(4) in clause (iii), by inserting “for periods*
 11 *shorter than 1 year by” before “households”.*

12 **SEC. 4106. ACCRUAL OF BENEFITS.**

13 *Section 7(i) of the Food and Nutrition Act of 2007*
 14 *(7 U.S.C. 2016(i)) is amended by adding at the end the*
 15 *following:*

16 *“(12) RECOVERING ELECTRONIC BENEFITS.—*

17 *“(A) IN GENERAL.—A State agency shall es-*
 18 *tablish a procedure for recovering electronic ben-*
 19 *efits from the account of a household due to inac-*
 20 *tivity.*

21 *“(B) BENEFIT STORAGE.—A State agency*
 22 *may store recovered electronic benefits off-line in*
 23 *accordance with subparagraph (D), if the house-*
 24 *hold has not accessed the account after 6 months.*

1 “(C) *BENEFIT EXPUNGING.*—A State agency
2 shall expunge benefits that have not been accessed
3 by a household after a period of 12 months.

4 “(D) *NOTICE.*—A State agency shall—
5 “(i) send notice to a household the ben-
6 efits of which are stored under subpara-
7 graph (B); and
8 “(ii) not later than 48 hours after re-
9 quest by the household, make the stored ben-
10 efits available to the household.”.

11 **SEC. 4107. ELIGIBILITY FOR UNEMPLOYED ADULTS.**

12 (a) *IN GENERAL.*—Section 6(o) of the Food and Nutri-
13 tion Act of 2007 (7 U.S.C. 2015(o)) is amended—

14 (1) in paragraph (2), in the matter preceding
15 subparagraph (A) by striking “3 months” and insert-
16 ing “6 months”; and

17 (2) in paragraph (5), by striking subparagraph
18 (C).

19 (b) *EFFECTIVE DATE.*—The amendments made by sub-
20 section (a) take effect on October 1, 2008.

21 **SEC. 4108. TRANSITIONAL BENEFITS OPTION.**

22 Section 11(s)(1) of the Food and Nutrition Act of 2007
23 (7 U.S.C. 2020(s)(1)) is amended—

24 (1) by striking “benefits to a household”; and in-
25 serting “benefits—

1 “(A) to a household”;

2 (2) by striking the period at the end and insert-
3 ing “; or”; and

4 (3) by adding at the end the following:

5 “(B) at the option of the State, to a house-
6 hold with children that ceases to receive cash as-
7 sistance under a State-funded public assistance
8 program.”.

9 **SEC. 4109. MINIMUM BENEFIT.**

10 (a) *IN GENERAL.*—Section 8(a) of the *Food and Nutri-*
11 *tion Act of 2007* (7 U.S.C. 2017(a)) is amended by striking
12 “\$10 per month” and inserting “10 percent of the thrifty
13 food plan for a household containing 1 member”.

14 (b) *EFFECTIVE DATE.*—The amendment made by sub-
15 section (a) takes effect on October 1, 2008.

16 **SEC. 4110. AVAILABILITY OF COMMODITIES FOR THE EMER-**
17 **GENCY FOOD ASSISTANCE PROGRAM.**

18 (a) *IN GENERAL.*—Section 27(a) of the *Food and Nu-*
19 *trition Act of 2007* (7 U.S.C. 2036(a)) is amended—

20 (1) by striking “(a) *PURCHASE OF COMMOD-*
21 *ITIES*” and all that follows through “through 2007”
22 and inserting the following:

23 “(a) *PURCHASE OF COMMODITIES.*—

24 “(1) *IN GENERAL.*—Subject to paragraph (2), for
25 fiscal year 2008 and each fiscal year thereafter”; and

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

2 “(2) *AMOUNTS.*—*In addition to the amounts*
 3 *made available under paragraph (1), for fiscal year*
 4 *2008 and each fiscal year thereafter, from amounts*
 5 *made available to carry out this Act, the Secretary*
 6 *shall use to carry out this subsection \$110,000,000.”.*

7 (b) *EFFECTIVE DATE.*—*The amendments made by sub-*
 8 *section (a) take effect on the date of enactment of this Act.*

9 ***PART III—IMPROVING PROGRAM OPERATIONS***

10 ***SEC. 4201. TECHNICAL CLARIFICATION REGARDING ELIGI-***
 11 ***BILITY.***

12 *Section 6(k) of the Food and Nutrition Act of 2007*
 13 *(7 U.S.C. 2015(k)) is amended—*

14 (1) *by redesignating paragraphs (1) and (2) as*
 15 *subparagraphs (A) and (B), respectively, and indent-*
 16 *ing appropriately;*

17 (2) *by striking “No member” and inserting the*
 18 *following:*

19 “(1) *IN GENERAL.*—*No member”;* and

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

21 “(2) *PROCEDURES.*—*The Secretary shall issue*
 22 *consistent procedures—*

23 “(A) *to define the terms ‘fleeing’ and ‘ac-*
 24 *tively seeking’ for purposes of this subsection;*
 25 *and*

1 “(B) to ensure that State agencies use con-
 2 sistent procedures that disqualify individuals
 3 whom law enforcement authorities are actively
 4 seeking for the purpose of holding criminal pro-
 5 ceedings against the individual.”.

6 **SEC. 4202. ISSUANCE AND USE OF PROGRAM BENEFITS.**

7 (a) *IN GENERAL*.—Section 7 of the Food and Nutri-
 8 tion Act of 2007 (7 U.S.C. 2016) is amended—

9 (1) by striking the section designation and head-
 10 ing and all that follows through “subsection (j)) shall
 11 be” and inserting the following:

12 **“SEC. 7. ISSUANCE AND USE OF PROGRAM BENEFITS.**

13 “(a) *IN GENERAL*.—Except as provided in subsection
 14 (i), EBT cards shall be”;

15 (2) in subsection (b)—

16 (A) by striking “(b) Coupons” and inserting
 17 the following:

18 “(b) *USE*.—

19 “(1) *IN GENERAL*.—Benefits”;

20 (B) in paragraph (1) (as designated by sub-
 21 paragraph (A)), by striking the second proviso;
 22 and

23 (C) by adding at the end the following:

24 “(2) *STUDY*.—As soon as practicable after the
 25 date of enactment of this paragraph, the Comptroller

1 *General of the United States shall conduct a study of*
 2 *the effects of the Secretary issuing a rule requiring*
 3 *that benefits shall only be used to purchase food that*
 4 *is included in the most recent applicable thrifty food*
 5 *plan market basket.”;*

6 *(3) in subsection (c)—*

7 *(A) by striking “(c) Coupons” and inserting*
 8 *the following:*

9 *“(c) DESIGN.—*

10 *“(1) IN GENERAL.—EBT cards”;*

11 *(B) in the first sentence, by striking “and*
 12 *define their denomination”;* and

13 *(C) by striking the second sentence and in-*
 14 *serting the following:*

15 *“(2) PROHIBITION.—The name of any public of-*
 16 *ficial shall not appear on any EBT card.”;*

17 *(4) by striking subsection (d);*

18 *(5) in subsection (e)—*

19 *(A) by striking “coupons” each place it ap-*
 20 *pears and inserting “benefits”;* and

21 *(B) by striking “coupon issuers” each place*
 22 *it appears and inserting “benefit issuers”;*

23 *(6) in subsection (f)—*

24 *(A) by striking “coupons” each place it ap-*
 25 *pears and inserting “benefits”;*

1 (B) by striking “coupon issuer” and insert-
2 ing “benefit issuers”;

3 (C) by striking “section 11(e)(20)” and in-
4 serting “section 11(e)(19).”; and

5 (D) by striking “and allotments”;

6 (7) by striking subsection (g) and inserting the
7 following:

8 “(g) *ALTERNATIVE BENEFIT DELIVERY.*—

9 “(1) *IN GENERAL.*—If the Secretary determines,
10 in consultation with the Inspector General of the De-
11 partment of Agriculture, that it would improve the
12 integrity of the food and nutrition program, the Sec-
13 retary shall require a State agency to issue or deliver
14 benefits using alternative methods.

15 “(2) *NO IMPOSITION OF COSTS.*—The cost of doc-
16 uments or systems that may be required by this sub-
17 section may not be imposed upon a retail food store
18 participating in the food and nutrition program.

19 “(3) *DEVALUATION AND TERMINATION OF*
20 *ISSUANCE OF PAPER COUPONS.*—

21 “(A) *COUPON ISSUANCE.*—Effective on the
22 date of enactment of the Food and Energy Secu-
23 rity Act of 2007, no State shall issue any cou-
24 pon, stamp, certificate, or authorization card to

1 *a household that receives food and nutrition ben-*
 2 *efits under this Act.*

3 “(B) *EBT CARDS.*—Effective beginning on
 4 the date that is 1 year after the date of enact-
 5 ment of the Food and Energy Security Act of
 6 2007, only an EBT card issued under subsection
 7 (i) shall be eligible for exchange at any retail
 8 food store.

9 “(C) *DE-OBLIGATION OF COUPONS.*—Cou-
 10 pons not redeemed during the 1-year period be-
 11 ginning on the date of enactment of the Food
 12 and Energy Security Act of 2007 shall—

13 “(i) no longer be an obligation of the
 14 Federal Government; and

15 “(ii) not be redeemable.”;

16 (8) in subsection (h)(1), by striking “coupons”
 17 and inserting “benefits”;

18 (9) in subsection (i), by adding at the end the
 19 following:

20 “(12) *INTERCHANGE FEES.*—No interchange fees
 21 shall apply to electronic benefit transfer transactions
 22 under this subsection.”;

23 (10) in subsection (j)—

24 (A) in paragraph (2)(A)(ii), by striking
 25 “printing, shipping, and redeeming coupons”

1 *and inserting “issuing and redeeming benefits”;*
 2 *and*

3 *(B) in paragraph (5), by striking “coupon”*
 4 *and inserting “benefit”;*
 5 *(11) in subsection (k)—*

6 *(A) by striking “coupons in the form of”*
 7 *each place it appears and inserting “program*
 8 *benefits in the form of”;*

9 *(B) by striking “a coupon issued in the*
 10 *form of” each place it appears and inserting*
 11 *“program benefits in the form of”; and*

12 *(C) in subparagraph (A), by striking “sub-*
 13 *section (i)(11)(A)” and inserting “subsection*
 14 *(h)(11)(A)”;* *and*

15 *(12) by redesignating subsections (e) through (k)*
 16 *as subsections (d) through (j), respectively.*

17 ***(b) CONFORMING AMENDMENTS.—***

18 *(1) Section 3 of the Food and Nutrition Act of*
 19 *2007 (7 U.S.C. 2012) is amended—*

20 *(A) in subsection (a), by striking “coupons”*
 21 *and inserting “benefits”;*

22 *(B) by striking subsection (b) and inserting*
 23 *the following:*

1 “(b) *BENEFIT*.—The term ‘benefit’ means the value of
2 food and nutrition assistance provided to a household by
3 means of—

4 “(1) an electronic benefit transfer under section
5 7(i); or

6 “(2) other means of providing assistance, as de-
7 termined by the Secretary.”;

8 (C) in subsection (c), in the first sentence,
9 by striking “authorization cards” and inserting
10 “benefits”;

11 (D) in subsection (d), by striking “or access
12 device” and all that follows through the end of
13 the subsection and inserting a period;

14 (E) in subsection (e)—

15 (i) by striking “(e) ‘Coupon issuer’
16 means” and inserting the following:

17 “(e) *BENEFIT ISSUER*.—The term ‘benefit issuer’
18 means”; and

19 (ii) by striking “coupons” and insert-
20 ing “benefits”;

21 (F) in subsection (g)(7), by striking “sub-
22 section (r)” and inserting “subsection (j)”;

23 (G) in subsection (i)(5)—

1 (i) in subparagraph (B), by striking
2 “subsection (r)” and inserting “subsection
3 (j)”; and

4 (ii) in subparagraph (D), by striking
5 “coupons” and inserting “benefits”;

6 (H) in subsection (j), by striking “(as that
7 term is defined in subsection (p))”;

8 (I) in subsection (k)—

9 (i) in paragraph (1)(A), by striking
10 “subsection (u)(1)” and inserting “sub-
11 section (r)(1)”;

12 (ii) in paragraph (2), by striking
13 “subsections (g)(3), (4), (5), (7), (8), and
14 (9) of this section” and inserting “para-
15 graphs (3), (4), (5), (7), (8), and (9) of sub-
16 section (k)”; and

17 (iii) in paragraph (3), by striking
18 “subsection (g)(6) of this section” and in-
19 serting “subsection (k)(6)”;

20 (J) in subsection (t), by inserting “, includ-
21 ing point of sale devices,” after “other means of
22 access”;

23 (K) in subsection (u), by striking “(as de-
24 fined in subsection (g))”; and

25 (L) by adding at the end the following:

1 “(v) *EBT CARD*.—The term ‘*EBT card*’ means an
 2 electronic benefit transfer card issued under section 7(i).”;
 3 and

4 (M) by redesignating subsections (a)
 5 through (v) as subsections (b), (d), (f), (g), (e),
 6 (h), (k), (l), (n), (o), (p), (q), (s), (t), (u), (v), (c),
 7 (j), (m), (a), (r), and (i), respectively, and mov-
 8 ing so as to appear in alphabetical order.

9 (2) Section 4(a) of the Food and Nutrition Act
 10 of 2007 (7 U.S.C. 2013(a)) is amended—

11 (A) by striking “coupons” each place it ap-
 12 pears and inserting “benefits”; and

13 (B) by striking “Coupons issued” and in-
 14 serting “benefits issued”.

15 (3) Section 5 of the Food and Nutrition Act of
 16 2007 (7 U.S.C. 2014) is amended—

17 (A) in subsection (a), by striking “section
 18 3(i)(4)” and inserting “section 3(n)(4)”;

19 (B) in subsection (h)(3)(B), in the second
 20 sentence, by striking “section 7(i)” and inserting
 21 “section 7(h)”;

22 (C) in subsection (i)(2)(E), by striking “, as
 23 defined in section 3(i) of this Act,”.

24 (4) Section 6 of the Food and Nutrition Act of
 25 2007 (7 U.S.C. 2015) is amended—

1 (A) in subsection (b)(1)—

2 (i) in subparagraph (B), by striking
3 “coupons or authorization cards” and in-
4 serting “program benefits”; and

5 (ii) by striking “coupons” each place it
6 appears and inserting “benefits”; and

7 (B) in subsection (d)(4)(L), by striking
8 “section 11(e)(22)” and inserting “section
9 11(e)(19)”.

10 (5) Section 7(f) of the Food and Nutrition Act
11 of 2007 (7 U.S.C. 2016(f)) is amended by striking
12 “including any losses” and all that follows through
13 “section 11(e)(20),”.

14 (6) Section 8 of the Food and Nutrition Act of
15 2007 (7 U.S.C. 2017) is amended—

16 (A) in subsection (b), by striking “, whether
17 through coupons, access devices, or otherwise”;
18 and

19 (B) in subsections (e)(1) and (f), by striking
20 “section 3(i)(5)” each place it appears and in-
21 serting “section 3(n)(5)”.

22 (7) Section 9 of the Food and Nutrition Act of
23 2007 (7 U.S.C. 2018) is amended—

24 (A) by striking “coupons” each place it ap-
25 pears and inserting “benefits”;

1 (B) in subsection (a)—

2 (i) in paragraph (1), by striking “cou-
3 pon business” and inserting “benefit trans-
4 actions”; and

5 (ii) by striking paragraph (3) and in-
6 serting the following:

7 “(3) *AUTHORIZATION PERIODS.*—The Secretary
8 shall establish specific time periods during which au-
9 thorization to accept and redeem benefits shall be
10 valid under the food and nutrition program.”; and

11 (C) in subsection (g), by striking “section
12 3(g)(9)” and inserting “section 3(k)(9)”.

13 (8) *Section 10 of the Food and Nutrition Act of*
14 *2007 (7 U.S.C. 2019) is amended—*

15 (A) by striking the section designation and
16 heading and all that follows through “Regula-
17 tions” and inserting the following:

18 **“SEC. 10. REDEMPTION OF PROGRAM BENEFITS.**

19 *“Regulations”;*

20 (B) by striking “section 3(k)(4) of this Act”
21 and inserting “section 3(p)(4)”;

22 (C) by striking “section 7(i)” and inserting
23 “section 7(h)”;

24 (D) by striking “coupons” each place it ap-
25 pears and inserting “benefits”.

1 (9) *Section 11 of the Food and Nutrition Act of*
2 *2007 (7 U.S.C. 2020) is amended—*

3 *(A) in subsection (d)—*

4 *(i) by striking “section 3(n)(1) of this*
5 *Act” each place it appears and inserting*
6 *“section 3(t)(1)”;* and

7 *(ii) by striking “section 3(n)(2) of this*
8 *Act” each place it appears and inserting*
9 *“section 3(t)(2)”;*

10 *(B) in subsection (e)—*

11 *(i) in paragraph (8)(E), by striking*
12 *“paragraph (16) or (20)(B)” and inserting*
13 *“paragraph (15) or (18)(B)”;*

14 *(ii) by striking paragraphs (15) and*
15 *(19);*

16 *(iii) by redesignating paragraphs (16)*
17 *through (18) and (20) through (25) as*
18 *paragraphs (15) through (17) and (18)*
19 *through (23), respectively; and*

20 *(iv) in paragraph (17) (as so redesign-*
21 *ated), by striking “(described in section*
22 *3(n)(1) of this Act)” and inserting “de-*
23 *scribed in section 3(t)(1)”;*

24 *(C) in subsection (h), by striking “coupon*
25 *or coupons” and inserting “benefits”;*

1 (D) by striking “coupon” each place it ap-
 2 pears and inserting “benefit”;

3 (E) by striking “coupons” each place it ap-
 4 pears and inserting “benefits”;

5 (F) in subsection (q), by striking “section
 6 11(e)(20)(B)” and inserting “subsection
 7 (e)(18)(B)”

8 (10) Section 13 of the Food and Nutrition Act
 9 of 2007 (7 U.S.C. 2022) is amended by striking “cou-
 10 pons” each place it appears and inserting “benefits”.

11 (11) Section 15 of the Food and Nutrition Act
 12 of 2007 (7 U.S.C. 2024) is amended—

13 (A) in subsection (a), by striking “coupons”
 14 and inserting “benefits”;

15 (B) in subsection (b)(1)—

16 (i) by striking “coupons, authorization
 17 cards, or access devices” each place it ap-
 18 pears and inserting “benefits”;

19 (ii) by striking “coupons or authoriza-
 20 tion cards” and inserting “benefits”; and

21 (iii) by striking “access device” each
 22 place it appears and inserting “benefit”;

23 (C) in subsection (c), by striking “coupons”
 24 each place it appears and inserting “benefits”;

1 (D) in subsection (d), by striking “Cou-
2 pons” and inserting “Benefits”;

3 (E) by striking subsections (e) and (f);

4 (F) by redesignating subsections (g) and (h)
5 as subsections (e) and (f), respectively; and

6 (G) in subsection (e) (as so redesignated),
7 by striking “coupon, authorization cards or ac-
8 cess devices” and inserting “benefits”.

9 (12) Section 16(a) of the Food and Nutrition Act
10 of 2007 (7 U.S.C. 2025(a)) is amended by striking
11 “coupons” each place it appears and inserting “bene-
12 fits”.

13 (13) Section 17 of the Food and Nutrition Act
14 of 2007 (7 U.S.C. 2026) is amended—

15 (A) in subsection (a)(2), by striking “cou-
16 pon” and inserting “benefit”;

17 (B) in subsection (b)(1)—

18 (i) in subparagraph (B)—

19 (I) in clause (iv)—

20 (aa) in subclause (I), insert-
21 ing “or otherwise providing bene-
22 fits in a form not restricted to the
23 purchase of food” after “of cash”;

1 (bb) in subclause (III)(aa),
 2 by striking “section 3(i)” and in-
 3 serting “section 3(n)”; and

4 (cc) in subclause (VII), by
 5 striking “section 7(j)” and insert-
 6 ing “section 7(i)”; and

7 (II) in clause (v)—

8 (aa) by striking
 9 “countersigned food coupons or
 10 similar”; and

11 (bb) by striking “food cou-
 12 pons” and inserting “EBT
 13 cards”; and

14 (ii) in subparagraph (C)(i)(I), by
 15 striking “coupons” and inserting “EBT
 16 cards”;

17 (C) in subsection (f), by striking “section
 18 7(g)(2)” and inserting “section 7(f)(2)”; and

19 (D) in subsection (j), by striking “coupon”
 20 and inserting “benefit”.

21 (14) Section 19(a)(2)(A)(ii) of the Food and Nu-
 22 trition Act of 2007 (7 U.S.C. 2028(a)(2)(A)(ii)) is
 23 amended by striking “section 3(o)(4)” and inserting
 24 “section 3(u)(4)”.

1 (15) *Section 21 of the Food and Nutrition Act*
 2 *of 2007 (7 U.S.C. 2030) is amended—*

3 (A) *in subsection (b)(2)(G)(i), by striking*
 4 *“and (19)” and inserting “(and (17))”;*

5 (B) *in subsection (d)(3), by striking “food*
 6 *coupons” and inserting “EBT cards”; and*

7 (C) *by striking “coupons” each place it ap-*
 8 *pears and inserting “EBT cards”.*

9 (16) *Section 22 of the Food and Nutrition Act*
 10 *of 2007 (7 U.S.C. 2031) is amended—*

11 (A) *by striking “food coupons” each place it*
 12 *appears and inserting “benefits”;*

13 (B) *by striking “coupons” each place it ap-*
 14 *pears and inserting “benefits”; and*

15 (C) *in subsection (g)(1)(A), by striking*
 16 *“coupon” and inserting “benefits”.*

17 (17) *Section 26(f)(3) of the Food and Nutrition*
 18 *Act of 2007 (7 U.S.C. 2035(f)(3)) is amended—*

19 (A) *in subparagraph (A), by striking “sub-*
 20 *sections (a) through (g)” and inserting “sub-*
 21 *sections (a) through (f)”;* and

22 (B) *in subparagraph (E), by striking “(16),*
 23 *(18), (20), (24), and (25)” and inserting “(15),*
 24 *(17), (18), (22), and (23)”.*

25 (c) *CONFORMING CROSS-REFERENCES.—*

(1) *IN GENERAL.*—

(A) *USE OF TERMS.*—Each provision of law described in subparagraph (B) is amended (as applicable)—

(i) by striking “coupons” each place it appears and inserting “benefits”;

(ii) by striking “coupon” each place it appears and inserting “benefit”;

(iii) by striking “food coupons” each place it appears and inserting “benefits”;

(iv) in each section heading, by striking “**FOOD COUPONS**” each place it appears and inserting “**BENEFITS**”;

(v) by striking “food stamp coupon” each place it appears and inserting “benefit”; and

(vi) by striking “food stamps” each place it appears and inserting “benefits”.

(B) *PROVISIONS OF LAW.*—The provisions of law referred to in subparagraph (A) are the following:

(i) Section 2 of Public Law 103–205 (7 U.S.C. 2012 note; 107 Stat. 2418).

(ii) Section 1956(c)(7)(D) of title 18, United States Code.

(iii) *Titles II through XIX of the Social Security Act (42 U.S.C. 401 et seq.).*

(iv) *Section 401(b)(3) of the Social Security Amendments of 1972 (42 U.S.C. 1382e note; Public Law 92–603).*

(v) *The Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.).*

(vi) *Section 802(d)(2)(A)(i)(II) of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 8011(d)(2)(A)(i)(II)).*

(2) *DEFINITION REFERENCES.—*

(A) *Section 2 of Public Law 103–205 (7 U.S.C. 2012 note; 107 Stat. 2418) is amended by striking “section 3(k)(1)” and inserting “section 3(p)(1)”.*

(B) *Section 205 of the Food Stamp Program Improvements Act of 1994 (7 U.S.C. 2012 note; Public Law 103–225) is amended by striking “section 3(k) of such Act (as amended by section 201)” and inserting “section 3(p) of that Act”.*

1 (C) *Section 115 of the Personal Responsi-*
 2 *bility and Work Opportunity Reconciliation Act*
 3 *of 1996 (21 U.S.C. 862a) is amended—*

4 (i) *by striking “section 3(h)” each*
 5 *place it appears and inserting “section*
 6 *3(l)”*; and

7 (ii) *in subsection (e)(2), by striking*
 8 *“section 3(m)” and inserting “section 3(s)”*.

9 (D) *Section 402(a) of the Personal Respon-*
 10 *sibility and Work Opportunity Reconciliation*
 11 *Act of 1996 (8 U.S.C. 1612(a)) is amended—*

12 (i) *in paragraph (2)(F)(ii), by striking*
 13 *“section 3(r)” and inserting “section 3(j)”*;
 14 and

15 (ii) *in paragraph (3)(B), by striking*
 16 *“section 3(h)” and inserting “section 3(l)”*.

17 (E) *Section 3803(c)(2)(C)(vii) of title 31,*
 18 *United States Code, is amended by striking “sec-*
 19 *tion 3(h)” and inserting “section 3(l)”*.

20 (F) *Section 303(d)(4) of the Social Security*
 21 *Act (42 U.S.C. 503(d)(4)) is amended by strik-*
 22 *ing “section 3(n)(1)” and inserting “section*
 23 *3(t)(1)”*.

24 (G) *Section 404 of the Social Security Act*
 25 *(42 U.S.C. 604) is amended by striking “section*

1 3(h)” each place it appears and inserting “sec-
2 tion 3(l)”.

3 (H) Section 531 of the Social Security Act
4 (42 U.S.C. 654) is amended by striking “section
5 3(h)” each place it appears and inserting “sec-
6 tion 3(l)”.

7 (I) Section 802(d)(2)(A)(i)(II) of the Cran-
8 ston-Gonzalez National Affordable Housing Act
9 (42 U.S.C. 8011(d)(2)(A)(i)(II)) is amended by
10 striking “(as defined in section 3(e) of such
11 Act)”.

12 (d) REFERENCES.—Any reference in any Federal,
13 State, tribal, or local law (including regulations) to a “cou-
14 pon”, “authorization card”, or other access device provided
15 under the Food and Nutrition Act of 2007 (7 U.S.C. 2011
16 et seq.) shall be considered to be a reference to a “benefit”
17 provided under that Act.

18 **SEC. 4203. CLARIFICATION OF SPLIT ISSUANCE.**

19 Section 7(h) of the Food and Nutrition Act of 2007
20 (7 U.S.C. 2016(h)) is amended by striking paragraph (2)
21 and inserting the following:

22 “(2) REQUIREMENTS.—

23 “(A) IN GENERAL.—Any procedure estab-
24 lished under paragraph (1) shall—

1 “(i) not reduce the allotment of any
2 household for any period; and

3 “(ii) ensure that no household experi-
4 ences an interval between issuances of more
5 than 40 days.

6 “(B) *MULTIPLE ISSUANCES.*—The proce-
7 dure may include issuing benefits to a household
8 in more than 1 issuance only when a benefit cor-
9 rection is necessary.”.

10 **SEC. 4204. STATE OPTION FOR TELEPHONIC SIGNATURE.**

11 Section 11(e)(2)(C) of the Food and Nutrition Act of
12 2007 (7 U.S.C. 2020(e)(2)(C)) is amended—

13 (1) by striking “Nothing in this Act” and insert-
14 ing the following:

15 “(C) *ELECTRONIC AND AUTOMATED SYS-*
16 *TEMS.*—

17 “(i) *IN GENERAL.*—Nothing in this
18 Act”; and

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

20 “(ii) *STATE OPTION FOR TELEPHONIC*
21 *SIGNATURE.*—A State agency may establish
22 a system by which an applicant household
23 may sign an application through a recorded
24 verbal assent over the telephone.

1 “(iii) *REQUIREMENTS.*—A system es-
2 *tablished under clause (ii) shall—*

3 “(I) *record for future reference the*
4 *verbal assent of the household member*
5 *and the information to which assent*
6 *was given;*

7 “(II) *include effective safeguards*
8 *against impersonation, identity theft,*
9 *and invasions of privacy;*

10 “(III) *not deny or interfere with*
11 *the right of the household to apply in*
12 *writing;*

13 “(IV) *promptly provide to the*
14 *household member a written copy of*
15 *the completed application, with in-*
16 *structions for a simple procedure for*
17 *correcting any errors or omissions;*

18 “(V) *comply with paragraph*
19 *(1)(B);*

20 “(VI) *satisfy all requirements for*
21 *a signature on an application under*
22 *this Act and other laws applicable to*
23 *the food and nutrition program, with*
24 *the date on which the household mem-*
25 *ber provides verbal assent considered as*

1 *the date of application for all purposes;*
 2 *and*
 3 “(VII) *comply with such other*
 4 *standards as the Secretary may estab-*
 5 *lish.”.*

6 **SEC. 4205. PRIVACY PROTECTIONS.**

7 *Section 11(e)(8) of the Food and Nutrition Act of 2007*
 8 *(7 U.S.C. 2020(e)(8)) is amended—*

9 *(1) in the matter preceding subparagraph (A)—*
 10 *(A) by striking “limit” and inserting “pro-*
 11 *hibit”; and*

12 *(B) by striking “to persons” and all that*
 13 *follows through “State programs”;*

14 *(2) by redesignating subparagraphs (A) through*
 15 *(E) as subparagraphs (B) through (F), respectively;*

16 *(3) by inserting before subparagraph (B) (as so*
 17 *redesignated) the following:*

18 *“(A) the safeguards shall permit—*

19 *“(i) the disclosure of such information*
 20 *to persons directly connected with the ad-*
 21 *ministration or enforcement of the provi-*
 22 *sions of this Act, regulations issued pursu-*
 23 *ant to this Act, Federal assistance pro-*
 24 *grams, or federally-assisted State programs;*
 25 *and*

1 “(ii) the subsequent use of the informa-
 2 tion by persons described in clause (i) only
 3 for such administration or enforcement;”;
 4 and
 5 (4) in subparagraph (F) (as so redesignated) by
 6 inserting “or subsection (u)” before the semicolon at
 7 the end.

8 **SEC. 4206. STUDY ON COMPARABLE ACCESS TO FOOD AND**
 9 **NUTRITION ASSISTANCE FOR PUERTO RICO.**

10 (a) *IN GENERAL.*—The Secretary shall carry out a
 11 study of the feasibility and effects of including the Common-
 12 wealth of Puerto Rico in the definition of the term “State”
 13 under section 3 of the Food and Nutrition Act of 2007 (7
 14 U.S.C. 2012), in lieu of providing block grants under sec-
 15 tion 19 of that Act (7 U.S.C. 2028).

16 (b) *INCLUSIONS.*—The study shall include—

17 (1) an assessment of the administrative, finan-
 18 cial management, and other changes that would be
 19 necessary for the Commonwealth to establish a com-
 20 parable food and nutrition program, including com-
 21 pliance with appropriate program rules under the
 22 Food and Nutrition Act of 2007 (7 U.S.C. 2011 *et*
 23 *seq.*), such as—

24 (A) benefit levels under section 3(o) of that
 25 Act (7 U.S.C. 3012(o));

1 (B) *income eligibility standards under sec-*
 2 *tions 5(c) and 6 of that Act (7 U.S.C. 2014(c),*
 3 *2015); and*

4 (C) *deduction levels under section 5(e) of*
 5 *that Act (7 U.S.C. 2014(e));*

6 (2) *an estimate of the impact on Federal and*
 7 *Commonwealth benefit and administrative costs;*

8 (3) *an assessment of the impact of the program*
 9 *on low-income Puerto Ricans, as compared to the*
 10 *program under section 19 of that Act (7 U.S.C.*
 11 *2028);*

12 (4) *such other matters as the Secretary considers*
 13 *to be appropriate.*

14 (c) *REPORT.*—*Not later than 1 year after the date of*
 15 *enactment of this Act, the Secretary shall submit to the*
 16 *Committee on Agriculture of the House of Representatives*
 17 *and the Committee on Agriculture, Nutrition, and Forestry*
 18 *of the Senate a report that describes the results of the study*
 19 *conducted under this section.*

20 (d) *FUNDING.*—

21 (1) *IN GENERAL.*—*On October 1, 2008, out of*
 22 *any funds in the Treasury not otherwise appro-*
 23 *priated, the Secretary of the Treasury shall transfer*
 24 *to the Secretary to carry out this section \$1,000,000,*
 25 *to remain available until expended.*

1 (2) *RECEIPT AND ACCEPTANCE.*—*The Secretary*
 2 *shall be entitled to receive, shall accept, and shall use*
 3 *to carry out this section the funds transferred under*
 4 *paragraph (1), without further appropriation.*

5 **SEC. 4207. CIVIL RIGHTS COMPLIANCE.**

6 *Section 11 of the Food and Nutrition Act of 2007 (7*
 7 *U.S.C. 2020) is amended by striking subsection (c) and in-*
 8 *serting the following:*

9 “(c) *CIVIL RIGHTS COMPLIANCE.*—

10 “(1) *IN GENERAL.*—*In the certification of appli-*
 11 *cant households for the food and nutrition program,*
 12 *there shall be no discrimination by reason of race,*
 13 *sex, religious creed, national origin, or political affili-*
 14 *ation.*

15 “(2) *RELATION TO OTHER LAWS.*—*The adminis-*
 16 *tration of the program by a State agency shall be con-*
 17 *sistent with the rights of households under the fol-*
 18 *lowing laws (including implementing regulations):*

19 “(A) *The Age Discrimination Act of 1975*
 20 *(42 U.S.C. 6101 et seq.).*

21 “(B) *Section 504 of the Rehabilitation Act*
 22 *of 1973 (29 U.S.C. 794).*

23 “(C) *The Americans with Disabilities Act of*
 24 *1990 (42 U.S.C. 12101 et seq.).*

1 “(D) *Title VI of the Civil Rights Act of*
2 *1964 (42 U.S.C. 2000d et seq.).*”.

3 **SEC. 4208. EMPLOYMENT, TRAINING, AND JOB RETENTION.**

4 *Section 6(d)(4) of the Food and Nutrition Act of 2007*
5 *(7 U.S.C. 2015(d)(4)) is amended—*

6 *(1) in subparagraph (B)—*

7 *(A) by redesignating clause (vii) as clause*
8 *(viii); and*

9 *(B) by inserting after clause (vi) the fol-*
10 *lowing:*

11 *“(vii) Programs intended to ensure job*
12 *retention by providing job retention serv-*
13 *ices, if the job retention services are pro-*
14 *vided for a period of not more than 90 days*
15 *after an individual who received employ-*
16 *ment and training services under this para-*
17 *graph gains employment.”; and*

18 *(2) in subparagraph (F), by adding at the end*
19 *the following:*

20 *“(iii) Any individual voluntarily elect-*
21 *ing to participate in a program under this*
22 *paragraph shall not be subject to the limita-*
23 *tions described in clauses (i) and (ii).”.*

1 **SEC. 4209. CODIFICATION OF ACCESS RULES.**

2 *Section 11(e)(1)) of the Food and Nutrition Act of*
 3 *2007 (7 U.S.C. 2020(e)(1)) is amended—*

4 *(1) by striking “shall (A) at” and inserting*
 5 *“shall—*

6 *“(A) at”; and*

7 *(2) by striking “and (B) use” and inserting*
 8 *“and*

9 *“(B) comply with regulations of the Sec-*
 10 *retary requiring the use of”.*

11 **SEC. 4210. EXPANDING THE USE OF EBT CARDS AT FARM-**
 12 **ERS’ MARKETS.**

13 *(a) IN GENERAL.—For each of fiscal years 2008*
 14 *through 2010, the Secretary shall make grants to pay 100*
 15 *percent of the costs of eligible entities approved by the Sec-*
 16 *retary to carry out projects to expand the number of farm-*
 17 *ers’ markets that accept EBT cards by—*

18 *(1) providing equipment and training necessary*
 19 *for farmers’ markets to accept EBT cards;*

20 *(2) educating and providing technical assistance*
 21 *to farmers and farmers’ market operators about the*
 22 *process and benefits of accepting EBT cards; or*

23 *(3) other activities considered to be appropriate*
 24 *by the Secretary.*

25 *(b) LIMITATION.—A grant under this section—*

1 (1) *may not be made for the ongoing cost of car-*
 2 *rying out any project; and*

3 (2) *shall only be provided to eligible entities that*
 4 *demonstrate a plan to continue to provide EBT card*
 5 *access at 1 or more farmers' markets following the re-*
 6 *ceipt of the grant.*

7 (c) *ELIGIBLE ENTITIES.—To be eligible to receive a*
 8 *grant under this section, an entity shall be—*

9 (1) *a State agency administering the food and*
 10 *nutrition program established under the Food and*
 11 *Nutrition Act of 2007 (7 U.S.C. 2011 et seq.);*

12 (2) *a State agency or local government; or*

13 (3) *a private nonprofit entity that coordinates*
 14 *farmers' markets in a State in cooperation with a*
 15 *State or local government.*

16 (d) *SELECTION OF ELIGIBLE ENTITIES.—The*
 17 *Secretary—*

18 (1) *shall develop criteria to select eligible entities*
 19 *to receive grants under this section; and*

20 (2) *may give preference to any eligible entity*
 21 *that consists of a partnership between a government*
 22 *entity and a nongovernmental entity.*

23 (e) *MANDATORY FUNDING.—*

24 (1) *IN GENERAL.—On October 1, 2007, out of*
 25 *any funds in the Treasury not otherwise appro-*

1 *appropriated, the Secretary of the Treasury shall transfer*
 2 *to the Secretary of Agriculture to carry out this sec-*
 3 *tion \$5,000,000, to remain available until expended.*

4 *(2) RECEIPT AND ACCEPTANCE.—The Secretary*
 5 *shall be entitled to receive, shall accept, and shall use*
 6 *to carry out this section the funds transferred under*
 7 *paragraph (1), without further appropriation.*

8 **SEC. 4211. REVIEW OF MAJOR CHANGES IN PROGRAM DE-**
 9 **SIGN.**

10 *Section 11 of the Food and Nutrition Act of 2007 (7*
 11 *U.S.C. 2020) is amended by striking subsection (a) and in-*
 12 *serting the following:*

13 *“(a) STATE RESPONSIBILITY.—*

14 *“(1) IN GENERAL.—The State agency of each*
 15 *participating State shall have responsibility for certi-*
 16 *fying applicant households and issuing EBT cards.*

17 *“(2) LOCAL ADMINISTRATION.—The responsi-*
 18 *bility of the agency of the State government shall not*
 19 *be affected by whether the program is operated on a*
 20 *State-administered or county-administered basis, as*
 21 *provided under section 3(t)(1).*

22 *“(3) RECORDS.—*

23 *“(A) IN GENERAL.—Each State agency*
 24 *shall keep such records as may be necessary to*
 25 *determine whether the program is being con-*

ducted in compliance with this Act (including regulations issued under this Act).

“(B) *INSPECTION AND AUDIT.*—Records described in subparagraph (A) shall—

“(i) be available for inspection and audit at any reasonable time;

“(ii) subject to subsection (e)(8), be available for review in any action filed by a household to enforce any provision of this Act (including regulations issued under this Act); and

“(iii) be preserved for such period of not less than 3 years as may be specified in regulations.

“(4) *REVIEW OF MAJOR CHANGES IN PROGRAM DESIGN.*—

“(A) *IN GENERAL.*—The Secretary shall develop standards for identifying major changes in the operations of a State agency, including—

“(i) large or substantially-increased numbers of low-income households that do not live in reasonable proximity to an office performing the major functions described in subsection (e);

1 “(ii) substantial increases in reliance
2 on automated systems for the performance
3 of responsibilities previously performed by
4 personnel described in subsection (e)(6)(B);

5 “(iii) changes that potentially increase
6 the difficulty of reporting information
7 under subsection (e) or section 6(c); and

8 “(iv) changes that may disproportion-
9 ately increase the burdens on any of the
10 types of households described in subsection
11 (e)(2)(A).

12 “(B) NOTIFICATION.—If a State agency im-
13 plements a major change in operations, the State
14 agency shall—

15 “(i) notify the Secretary; and

16 “(ii) collect such information as the
17 Secretary shall require to identify and cor-
18 rect any adverse effects on program integ-
19 rity or access, including access by any of
20 the types of households described in sub-
21 section (e)(2)(A).”.

1 **SEC. 4212. PRESERVATION OF ACCESS AND PAYMENT ACCU-**
 2 **RACY.**

3 *Section 16 of the Food and Nutrition Act of 2007 (7*
 4 *U.S.C. 2025) is amended by striking subsection (g) and in-*
 5 *serting the following:*

6 “(g) *COST SHARING FOR COMPUTERIZATION.*—

7 “(1) *IN GENERAL.*—*Except as provided in para-*
 8 *graphs (2) and (3), the Secretary is authorized to pay*
 9 *to each State agency the amount provided under sub-*
 10 *section (a)(6) for the costs incurred by the State agen-*
 11 *cy in the planning, design, development, or installa-*
 12 *tion of 1 or more automatic data processing and in-*
 13 *formation retrieval systems that the Secretary*
 14 *determines—*

15 “(A) *would assist in meeting the require-*
 16 *ments of this Act;*

17 “(B) *meet such conditions as the Secretary*
 18 *prescribes;*

19 “(C) *are likely to provide more efficient and*
 20 *effective administration of the food and nutrition*
 21 *program;*

22 “(D) *would be compatible with other sys-*
 23 *tems used in the administration of State pro-*
 24 *grams, including the program funded under part*
 25 *A of title IV of the Social Security Act (42*
 26 *U.S.C. 601 et seq.);*

1 “(E) would be tested adequately before and
 2 after implementation, including through pilot
 3 projects in limited areas for major systems
 4 changes as determined under rules promulgated
 5 by the Secretary, data from which shall be thor-
 6 oughly evaluated before the Secretary approves
 7 the system to be implemented more broadly; and

8 “(F) would be operated in accordance with
 9 an adequate plan for—

10 “(i) continuous updating to reflect
 11 changed policy and circumstances; and

12 “(ii) testing the effect of the system on
 13 access for eligible households and on pay-
 14 ment accuracy.

15 “(2) *LIMITATION.*—The Secretary shall not make
 16 payments to a State agency under paragraph (1) to
 17 the extent that the State agency—

18 “(A) is reimbursed for the costs under any
 19 other Federal program; or

20 “(B) uses the systems for purposes not con-
 21 nected with the food and nutrition program.”.

22 **SEC. 4213. NUTRITION EDUCATION.**

23 (a) *AUTHORITY TO PROVIDE NUTRITION EDU-*
 24 *CATION.*—Section 4(a) of the Food and Nutrition Act of
 25 2007 (7 U.S.C. 2013(a)) is amended in the first sentence

1 by inserting “and through an approved State plan, nutri-
 2 tion education” after “an allotment”.

3 (b) *IMPLEMENTATION.*—Section 11 of the Food and
 4 Nutrition Act of 2007 (7 U.S.C. 2020(f) is amended by
 5 striking subsection (f) and inserting the following:

6 “(f) *NUTRITION EDUCATION.*—

7 “(1) *IN GENERAL.*—State agencies may imple-
 8 ment a nutrition education program for individuals
 9 eligible for program benefits that promotes healthy
 10 food choices consistent with the most recent Dietary
 11 Guidelines for Americans published under section 301
 12 of the National Nutrition Monitoring and Related Re-
 13 search Act of 1990 (7 U.S.C. 5341).

14 “(2) *DELIVERY OF NUTRITION EDUCATION.*—
 15 State agencies may deliver nutrition education di-
 16 rectly to eligible persons or through agreements with
 17 the Cooperative State Research, Education, and Ex-
 18 tension Service, including through the expanded food
 19 and nutrition education under section 3(d) of the Act
 20 of May 8, 1914 (7 U.S.C. 343(d)), and other State
 21 and community health and nutrition providers and
 22 organizations.

23 “(3) *NUTRITION EDUCATION STATE PLANS.*—

24 “(A) *IN GENERAL.*—A State agency that
 25 elects to provide nutrition education under this

subsection shall submit a nutrition education
State plan to the Secretary for approval.

“(B) *REQUIREMENTS.*—The plan shall—

“(i) identify the uses of the funding for
local projects; and

“(ii) conform to standards established
by the Secretary through regulations or
guidance.

“(C) *REIMBURSEMENT.*—State costs for
providing nutrition education under this sub-
section shall be reimbursed pursuant to section
16(a).

“(4) *NOTIFICATION.*—To the maximum extent
practicable, State agencies shall notify applicants,
participants, and eligible program participants of the
availability of nutrition education under this sub-
section.”.

PART IV—IMPROVING PROGRAM INTEGRITY

SEC. 4301. MAJOR SYSTEMS FAILURES.

(a) *IN GENERAL.*—Section 13(b) of the Food and Nu-
trition Act of 2007 (7 U.S.C. 2022(b)) is amended by add-
ing at the end the following:

“(5) *OVER ISSUANCES CAUSED BY SYSTEMIC
STATE ERRORS.*—

1 “(A) *IN GENERAL.*—If the Secretary deter-
2 mines that a State agency over issued benefits to
3 a substantial number of households in a fiscal
4 year as a result of a major systemic error by the
5 State agency, as determined by the Secretary, the
6 Secretary may prohibit the State agency from
7 collecting these over issuances from some or all
8 households.

9 “(B) *PROCEDURES.*—

10 “(i) *INFORMATION REPORTING BY*
11 *STATES.*—Every State agency shall provide
12 to the Secretary all information requested
13 by the Secretary concerning the issuance of
14 benefits to households by the State agency in
15 the applicable fiscal year.

16 “(ii) *FINAL DETERMINATION.*—After
17 reviewing relevant information provided by
18 a State agency, the Secretary shall make a
19 final determination—

20 “(I) *whether the State agency over*
21 *issued benefits to a substantial number*
22 *of households as a result of a systemic*
23 *error in the applicable fiscal year; and*

1 “(II) as to the amount of the over
2 issuance in the applicable fiscal year
3 for which the State agency is liable.

4 “(iii) *ESTABLISHING A CLAIM.*—Upon
5 determining under clause (ii) that a State
6 agency has over issued benefits to households
7 due to a major systemic error determined
8 under subparagraph (A), the Secretary shall
9 establish a claim against the State agency
10 equal to the value of the over issuance
11 caused by the systemic error.

12 “(iv) *ADMINISTRATIVE AND JUDICIAL*
13 *REVIEW.*—Administrative and judicial re-
14 view, as provided in section 14, shall apply
15 to the final determinations by the Secretary
16 under clause (ii).

17 “(v) *REMISSION TO THE SECRETARY.*—

18 “(I) *DETERMINATION NOT AP-*
19 *PEALED.*—If the determination of the
20 Secretary under clause (ii) is not ap-
21 pealed, the State agency shall, as soon
22 as practicable, remit to the Secretary
23 the dollar amount specified in the
24 claim under clause (iii).

1 “(II) *DETERMINATION AP-*
2 *PEALED.—If the determination of the*
3 *Secretary under clause (ii) is appealed,*
4 *upon completion of administrative and*
5 *judicial review under clause (iv), and*
6 *a finding of liability on the part of the*
7 *State, the appealing State agency*
8 *shall, as soon as practicable, remit to*
9 *the Secretary a dollar amount subject*
10 *to the finding of the administrative*
11 *and judicial review.*

12 “(vi) *ALTERNATIVE METHOD OF COL-*
13 *LECTION.—*

14 “(I) *IN GENERAL.—If a State*
15 *agency fails to make a payment under*
16 *clause (v) within a reasonable period*
17 *of time, as determined by the Sec-*
18 *retary, the Secretary may reduce any*
19 *amount due to the State agency under*
20 *any other provision of this Act by the*
21 *amount due.*

22 “(II) *ACCRUAL OF INTEREST.—*
23 *During the period of time determined*
24 *by the Secretary to be reasonable under*

1 subclause (I), interest in the amount
2 owed shall not accrue.

3 “(vii) *LIMITATION.*—Any liability
4 amount established under section
5 16(c)(1)(C) shall be reduced by the amount
6 of the claim established under this subpara-
7 graph.”.

8 (b) *CONFORMING AMENDMENT.*—Section 14(a)(6) of
9 the Food and Nutrition Act of 2007 (7 U.S.C. 2023(a)(6))
10 is amended by striking “pursuant to section” and inserting
11 “pursuant to section 13(b)(5) and”.

12 **SEC. 4302. PERFORMANCE STANDARDS FOR BIOMETRIC**
13 **IDENTIFICATION TECHNOLOGY.**

14 Section 16 of the Food and Nutrition Act of 2007 (7
15 U.S.C. 2025) is amended by adding at the end the following:

16 “(l) *PERFORMANCE STANDARDS FOR BIOMETRIC*
17 *IDENTIFICATION TECHNOLOGY.*—

18 “(1) *DEFINITION OF BIOMETRIC IDENTIFICATION*
19 *TECHNOLOGY.*—In this subsection, the term ‘biometric
20 identification technology’ means a technology that
21 provides an automated method to identify an indi-
22 vidual based on physical characteristics, such as fin-
23 gerprints or retinal scans.

24 “(2) *ADMINISTRATIVE FUNDS.*—The Secretary
25 may not pay a State agency any amount for admin-

1 *istrative costs for the development, purchase, adminis-*
2 *tration, or other costs associated with the use of bio-*
3 *metric identification technology unless the State agen-*
4 *cy has, under such terms and conditions as the Sec-*
5 *retary considers appropriate—*

6 *“(A) provided to the Secretary an analysis*
7 *of the cost-effectiveness of the use of the proposed*
8 *biometric identification technology to detect*
9 *fraud in carrying out the food and nutrition*
10 *program;*

11 *“(B) demonstrated to the Secretary that the*
12 *analysis is—*

13 *“(i) statistically valid; and*

14 *“(ii) based on appropriate and valid*
15 *assumptions for the households served by the*
16 *food and nutrition program;*

17 *“(C) demonstrated to the Secretary that—*

18 *“(i) the proposed biometric identifica-*
19 *tion technology is cost-effective in reducing*
20 *fraud; and*

21 *“(ii) there are no other technologies or*
22 *fraud-detection methods that are at least as*
23 *cost-effective in carrying out the purposes of*
24 *the proposed biometric identification sys-*
25 *tem; and*

1 “(D) demonstrated to the Secretary that no
 2 information produced by or used in the biomet-
 3 ric information technology system will be made
 4 available or used for any purpose other than a
 5 purpose allowed under section 11(e)(8).

6 “(3) STANDARDS.—The Secretary shall establish
 7 uniform standards for the evaluation of cost-effective-
 8 ness analyses submitted to the Secretary under para-
 9 graph (2).”.

10 **SEC. 4303. CIVIL PENALTIES AND DISQUALIFICATION OF**
 11 **RETAIL FOOD STORES AND WHOLESALE**
 12 **FOOD CONCERNS.**

13 Section 12 of the Food and Nutrition Act of 2007 (7
 14 U.S.C. 2021) is amended—

15 (1) by striking the section designation and head-
 16 ing and all that follows through the end of subsection
 17 (a) and inserting the following:

18 **“SEC. 12. CIVIL PENALTIES AND DISQUALIFICATION OF RE-**
 19 **TAIL FOOD STORES AND WHOLESALE FOOD**
 20 **CONCERNS.**

21 “(a) DISQUALIFICATION.—

22 “(1) IN GENERAL.—An approved retail food store
 23 or wholesale food concern that violates a provision of
 24 this Act or a regulation under this Act may be—

1 “(A) disqualified for a specified period of
2 time from further participation in the food and
3 nutrition program; or

4 “(B) assessed a civil penalty of up to
5 \$100,000 for each violation.

6 “(2) *REGULATIONS.*—Regulations promulgated
7 under this Act shall provide criteria for the finding
8 of a violation of, the suspension or disqualification of,
9 and the assessment of a civil penalty against, a retail
10 food store or wholesale food concern on the basis of
11 evidence that may include facts established through
12 on-site investigations, inconsistent redemption data,
13 or evidence obtained through a transaction report
14 under an electronic benefit transfer system.”;

15 (2) in subsection (b)—

16 (A) by striking “(b) Disqualification” and
17 inserting the following:

18 “(b) *PERIOD OF DISQUALIFICATION.*—Subject to sub-
19 section (c), a disqualification”;

20 (B) in paragraph (1), by striking “of no
21 less than six months nor more than five years”
22 and inserting “not to exceed 5 years”;

23 (C) in paragraph (2), by striking “of no
24 less than twelve months nor more than ten
25 years” and inserting “not to exceed 10 years”;

1 (D) in paragraph (3)(B)—

2 (i) by inserting “or a finding of the
3 unauthorized redemption, use, transfer, ac-
4 quisition, alteration, or possession of EBT
5 cards” after “concern” the first place it ap-
6 pears; and

7 (ii) by striking “civil money penalties”
8 and inserting “civil penalties”; and

9 (E) by striking “civil money penalty” each
10 place it appears and inserting “civil penalty”;

11 (3) in subsection (c)—

12 (A) by striking “(c) The action” and insert-
13 ing the following:

14 “(c) CIVIL PENALTY AND REVIEW OF DISQUALIFICA-
15 TION AND PENALTY DETERMINATIONS.—

16 “(1) CIVIL PENALTY.—In addition to a disquali-
17 fication under this section, the Secretary may assess
18 a civil penalty in an amount not to exceed \$100,000
19 for each violation.

20 “(2) REVIEW.—The action”; and

21 (B) in paragraph (2) (as designated by sub-
22 paragraph (A)), by striking “civil money pen-
23 alty” and inserting “civil penalty”;

24 (4) in subsection (d)—

1 (A) by striking “(d)” and all that follows
 2 through “. The Secretary shall” and inserting
 3 the following:

4 “(d) CONDITIONS OF AUTHORIZATION.—

5 “(1) IN GENERAL.—As a condition of authoriza-
 6 tion to accept and redeem benefits, the Secretary may
 7 require a retail food store or wholesale food concern
 8 that, pursuant to subsection (a), has been disqualified
 9 for more than 180 days, or has been subjected to a
 10 civil penalty in lieu of a disqualification period of
 11 more than 180 days, to furnish a collateral bond or
 12 irrevocable letter of credit for a period of not more
 13 than 5 years to cover the value of benefits that the
 14 store or concern may in the future accept and redeem
 15 in violation of this Act.

16 “(2) COLLATERAL.—The Secretary also may re-
 17 quire a retail food store or wholesale food concern that
 18 has been sanctioned for a violation and incurs a sub-
 19 sequent sanction regardless of the length of the dis-
 20 qualification period to submit a collateral bond or ir-
 21 revocable letter of credit.

22 “(3) BOND REQUIREMENTS.—The Secretary
 23 shall”;

24 (B) by striking “If the Secretary finds” and
 25 inserting the following

1 “(4) *FORFEITURE*.—If the Secretary finds”; and
 2 (C) by striking “Such store or concern” and
 3 inserting the following:

4 “(5) *HEARING*.—A store or concern described in
 5 paragraph (4)”;

6 (5) in subsection (e), by striking “civil money
 7 penalty” each place it appears and inserting “civil
 8 penalty”; and

9 (6) by adding at the end the following:

10 “(h) *FLAGRANT VIOLATIONS*.—

11 “(1) *IN GENERAL*.—The Secretary, in consulta-
 12 tion with the Inspector General of the Department of
 13 Agriculture, shall establish procedures under which
 14 the processing of program benefit redemptions for a
 15 retail food store or wholesale food concern may be im-
 16 mediately suspended pending administrative action to
 17 disqualify the retail food store or wholesale food con-
 18 cern.

19 “(2) *REQUIREMENTS*.—Under the procedures de-
 20 scribed in paragraph (1), if the Secretary, in con-
 21 sultation with the Inspector General, determines that
 22 a retail food store or wholesale food concern is en-
 23 gaged in flagrant violations of this Act (including
 24 regulations promulgated under this Act), unsettled

1 *program benefits that have been redeemed by the re-*
 2 *tail food store or wholesale food concern—*

3 *“(A) may be suspended; and*

4 *“(B)(i) if the program disqualification is*
 5 *upheld, may be subject to forfeiture pursuant to*
 6 *subsection (g); or*

7 *“(ii) if the program disqualification is not*
 8 *upheld, shall be released to the retail food store*
 9 *or wholesale food concern.*

10 *“(3) NO LIABILITY FOR INTEREST.—The Sec-*
 11 *retary shall not be liable for the value of any interest*
 12 *on funds suspended under this subsection.”.*

13 **SEC. 4304. FUNDING OF EMPLOYMENT AND TRAINING PRO-**
 14 **GRAMS.**

15 *(a) IN GENERAL.—Section 16(h)(1)(A) of the Food*
 16 *and Nutrition Act of 2007 (7 U.S.C. 2025(h)(1)(A)) is*
 17 *amended in subparagraph (A), by striking “to remain*
 18 *available until expended” and inserting “to remain avail-*
 19 *able for 2 fiscal years”.*

20 *(b) RESCISSION OF FUNDS.—Notwithstanding any*
 21 *other provision of law, funds provided under section*
 22 *16(h)(1)(A) of the Food and Nutrition Act of 2007 (7 U.S.C.*
 23 *2025(h)(1)(A)) for any fiscal year before the fiscal year be-*
 24 *ginning October 1, 2007, shall be rescinded on the date of*

1 *enactment of this Act, unless obligated by a State agency*
 2 *before that date.*

3 **SEC. 4305. ELIGIBILITY DISQUALIFICATION.**

4 *Section 6 of the Food and Nutrition Assistance Act of*
 5 *2007 (7 U.S.C. 2015) is amended by adding at the end the*
 6 *following:*

7 “(p) *DISQUALIFICATION FOR OBTAINING CASH BY DE-*
 8 *STROYING FOOD AND COLLECTING DEPOSITS.*—*Any person*
 9 *who has been found by a State or Federal court or adminis-*
 10 *trative agency or in a hearing under subsection (b) to have*
 11 *intentionally obtained cash by purchasing products with*
 12 *food and nutrition benefits that have containers that require*
 13 *return deposits, discarding the product, and returning the*
 14 *container for the deposit amount shall be ineligible for bene-*
 15 *fits under this Act for such period of time as the Secretary*
 16 *shall prescribe by regulation.*

17 “(q) *DISQUALIFICATION FOR SALE OF FOOD PUR-*
 18 *CHASED WITH FOOD AND NUTRITION BENEFITS.*—*Subject*
 19 *to any requirements established by the Secretary, any per-*
 20 *son who has been found by a State or Federal court or ad-*
 21 *ministrative agency or in a hearing under subsection (b)*
 22 *to have intentionally sold any food that was purchased*
 23 *using food and nutrition benefits shall be ineligible for bene-*
 24 *fits under this Act for such period of time as the Secretary*
 25 *shall prescribe by regulation.”.*

PART V—MISCELLANEOUS

2 SEC. 4401. DEFINITION OF STAPLE FOODS.

3 *Subsection (r) of section 3 of the Food and Nutrition*
 4 *Act of 2007 (7 U.S.C. 2012) (as redesignated by section*
 5 *4202(b)(1)(M)) is amended—*

6 *(1) by striking “(r)(1) Except” and inserting the*
 7 *following:*

8 *“(r) STAPLE FOODS.—*

9 *“(1) IN GENERAL.—Except”; and*

10 *(2) by striking paragraph (2) and inserting the*
 11 *following:*

12 *“(2) EXCEPTIONS.—The term ‘staple foods’ does*
 13 *not include accessory food items, such as coffee, tea,*
 14 *cocoa, carbonate and uncarbonated drinks, candy,*
 15 *condiments, and spices, or dietary supplements.*

16 *“(3) DEPTH OF STOCK.—The Secretary may*
 17 *issue regulations to define depth of stock to ensure*
 18 *that stocks of staple foods are available on a contin-*
 19 *uous basis.”.*

20 **SEC. 4402. ACCESSORY FOOD ITEMS.**

21 *Section 9(a) of the Food and Nutrition Act of 2007*
 22 *(7 U.S.C. 2018(a)) is amended by adding at the end the*
 23 *following:*

24 *“(4) ACCESSORY FOOD ITEMS.—*

25 *“(A) IN GENERAL.—Not later than 1 year*
 26 *after the date of enactment of this paragraph, the*

1 *Secretary shall promulgate proposed regulations*
2 *providing that a dietary supplement shall not be*
3 *considered an accessory food item unless the die-*
4 *tary supplement—*

5 *“(i) contains folic acid or calcium in*
6 *accordance with sections 101.72 and 101.79*
7 *of title 21, Code of Federal Regulations (as*
8 *in effect on the date of enactment of this*
9 *paragraph); and*

10 *“(ii) is a multivitamin-mineral sup-*
11 *plement that—*

12 *“(I) provides at least $\frac{2}{3}$ of the es-*
13 *sential vitamins and minerals at 100*
14 *percent of the daily value levels, as de-*
15 *termined by the Food and Drug Ad-*
16 *ministration; and*

17 *“(II) does not exceed the daily*
18 *upper limit for those nutrients for*
19 *which an established daily upper limit*
20 *has been determined by the Institute of*
21 *Medicine of the National Academy of*
22 *Sciences.*

23 *“(B) FINAL REGULATIONS.—Not later than*
24 *2 years after the date of enactment of this para-*

1 *graph, the Secretary shall promulgate final regu-*
 2 *lations in accordance with subparagraph (A).*

3 “(C) *PURCHASE OF DIETARY SUPPLE-*
 4 *MENTS.—No dietary supplements may be pur-*
 5 *chased using benefits under this Act until the*
 6 *earlier of—*

7 *“(i) the date on which the Secretary*
 8 *promulgates final regulations under sub-*
 9 *paragraph (B); or*

10 *“(ii) the date on which the Secretary*
 11 *certifies a voluntary system of labeling for*
 12 *the ready and accurate identification of eli-*
 13 *gible dietary supplements, as developed by*
 14 *the Secretary in consultation with the die-*
 15 *tary supplement industry and dietary sup-*
 16 *plement retailers.”.*

17 **SEC. 4403. PILOT PROJECTS TO EVALUATE HEALTH AND**
 18 **NUTRITION PROMOTION IN THE FOOD AND**
 19 **NUTRITION PROGRAM.**

20 *Section 17 of the Food and Nutrition Act of 2007 (7*
 21 *U.S.C. 2026) is amended by adding at the end the following:*

22 “(k) *PILOT PROJECTS TO EVALUATE HEALTH AND*
 23 *NUTRITION PROMOTION IN THE FOOD AND NUTRITION*
 24 *PROGRAM.—*

1 “(1) *IN GENERAL.*—*The Secretary shall carry*
2 *out, under such terms and conditions as the Secretary*
3 *considers to be appropriate, pilot projects to develop*
4 *and test methods—*

5 “(A) *of using the food and nutrition pro-*
6 *gram to improve the dietary and health status of*
7 *households participating in the food and nutri-*
8 *tion program; and*

9 “(B) *to reduce overweight, obesity (includ-*
10 *ing childhood obesity), and associated co-*
11 *morbidities in the United States.*

12 “(2) *PROJECTS.*—*Pilot projects carried out*
13 *under paragraph (1) may include projects to deter-*
14 *mine whether healthier food purchases by and*
15 *healthier diets among households participating in the*
16 *food and nutrition program result from projects*
17 *that—*

18 “(A) *increase the food and nutrition assist-*
19 *ance purchasing power of the participating*
20 *households by providing increased food and nu-*
21 *trition assistance benefit allotments to the par-*
22 *ticipating households;*

23 “(B) *increase access to farmers markets by*
24 *participating households through the electronic*

1 *redemption of food and nutrition assistance at*
2 *the farmers markets;*

3 “(C) *provide incentives to authorized food*
4 *and nutrition program vendors to increase the*
5 *availability of healthy foods to participating*
6 *households;*

7 “(D) *subject authorized food and nutrition*
8 *program vendors to stricter vendor requirements*
9 *with respect to carrying and stocking healthy*
10 *foods;*

11 “(E) *provide incentives at the point of pur-*
12 *chase to encourage participating households to*
13 *purchase fruits, vegetables, or other healthy foods;*
14 *or*

15 “(F) *provide to participating households in-*
16 *tegrated communication and education pro-*
17 *grams, including the provision of funding for a*
18 *portion of a school based nutrition coordinator to*
19 *implement a broad nutrition action plan and*
20 *parent nutrition education programs in elemen-*
21 *tary schools, separately or in combination with*
22 *pilot projects carried out under subparagraphs*
23 *(A) through (E).*

1 “(3) *DURATION.*—*A pilot project carried out*
 2 *under this subsection shall have a term of not more*
 3 *than 5 years.*

4 “(4) *EVALUATIONS AND REPORTS.*—

5 “(A) *EVALUATIONS.*—

6 “(i) *INDEPENDENT EVALUATION.*—

7 “(I) *IN GENERAL.*—*The Secretary*
 8 *shall provide for an independent eval-*
 9 *uation of each pilot project under this*
 10 *subsection that measures the impact of*
 11 *the pilot program on health and nutri-*
 12 *tion as described in paragraph (1).*

13 “(II) *REQUIREMENT.*—*The inde-*
 14 *pendent evaluation under subclause (I)*
 15 *shall use rigorous methodologies, par-*
 16 *ticularly random assignment or other*
 17 *methods that are capable of producing*
 18 *scientifically-valid information regard-*
 19 *ing which activities are effective.*

20 “(ii) *COSTS.*—*The Secretary may use*
 21 *funds provided to carry out this section to*
 22 *pay costs associated with monitoring and*
 23 *evaluating each pilot project.*

24 “(B) *REPORTS.*—*Not later than 90 days*
 25 *after the last day of fiscal year 2008 and each*

1 *fiscal year thereafter until the completion of the*
2 *last evaluation under subparagraph (A), the Sec-*
3 *retary shall submit to the Committee on Agri-*
4 *culture of the House of Representatives and the*
5 *Committee on Agriculture, Nutrition, and For-*
6 *estry of the Senate a report that includes a de-*
7 *scription of—*

8 *“(i) the status of each pilot project;*

9 *“(ii) the results of the evaluation com-*
10 *pleted during the previous fiscal year; and*

11 *“(iii) to the maximum extent*
12 *practicable—*

13 *“(I) the impact of the pilot project*
14 *on appropriate health, nutrition, and*
15 *associated behavioral outcomes among*
16 *households participating in the pilot*
17 *project;*

18 *“(II) baseline information rel-*
19 *evant to the stated goals and desired*
20 *outcomes of the pilot project; and*

21 *“(III) equivalent information*
22 *about similar or identical measures*
23 *among control or comparison groups*
24 *that did not participate in the pilot*
25 *project.*

1 “(5) *FUNDING.*—

2 “(A) *IN GENERAL.*—*Out of any funds made*
 3 *available under section 18, the Secretary shall*
 4 *use \$50,000,000 to carry out this section, to re-*
 5 *main available until expended.*

6 “(B) *USE OF FUNDS.*—*Of funds made*
 7 *available under subparagraph (A), the Secretary*
 8 *shall use not more than \$25,000,000 to carry out*
 9 *a pilot project described in paragraph (2)(E).’.*

10 **SEC. 4404. BILL EMERSON NATIONAL HUNGER FELLOWS**
 11 **AND MICKEY LELAND INTERNATIONAL HUN-**
 12 **GER FELLOWS.**

13 (a) *IN GENERAL.*—*The Food and Nutrition Act of*
 14 *2007 (7 U.S.C. 2011 et seq.) is amended by adding at the*
 15 *end the following:*

16 **“SEC. 28. BILL EMERSON NATIONAL HUNGER FELLOWS AND**
 17 **MICKEY LELAND INTERNATIONAL HUNGER**
 18 **FELLOWS.**

19 “(a) *SHORT TITLE.*—*This section may be cited as the*
 20 *‘Bill Emerson National Hunger Fellows and Mickey Leland*
 21 *International Hunger Fellows Program Act of 2007’.*

22 “(b) *FINDINGS.*—*Congress finds that—*

23 “(1) *there is a critical need for compassionate*
 24 *individuals who are committed to assisting people*

1 *who suffer from hunger to initiate and administer so-*
2 *lutions to the hunger problem;*

3 *“(2) Bill Emerson, the distinguished late Rep-*
4 *resentative from the 8th District of Missouri,*
5 *demonstrated—*

6 *“(A) his commitment to solving the problem*
7 *of hunger in a bipartisan manner;*

8 *“(B) his commitment to public service; and*

9 *“(C) his great affection for the institution*
10 *and ideals of the United States Congress;*

11 *“(3) George T. (Mickey) Leland, the distin-*
12 *guished late Representative from the 18th District of*
13 *Texas, demonstrated—*

14 *“(A) his compassion for those in need;*

15 *“(B) his high regard for public service; and*

16 *“(C) his lively exercise of political talents;*

17 *“(4) the special concern that Mr. Emerson and*
18 *Mr. Leland demonstrated during their lives for the*
19 *hungry and poor was an inspiration for others to*
20 *work toward the goals of equality and justice for all;*

21 *“(5) these 2 outstanding leaders maintained a*
22 *special bond of friendship regardless of political affili-*
23 *ation and worked together to encourage future leaders*
24 *to recognize and provide service to others; and*

1 “(6) *it is especially appropriate to honor the*
 2 *memory of Mr. Emerson and Mr. Leland by creating*
 3 *a fellowship program to develop and train the future*
 4 *leaders of the United States to pursue careers in hu-*
 5 *manitarian service.*

6 “(c) *DEFINITIONS.—In this subsection:*

7 “(1) *DIRECTOR.—The term ‘Director’ means the*
 8 *head of the Congressional Hunger Center.*

9 “(2) *FELLOW.—The term ‘fellow’ means—*

10 “(A) *a Bill Emerson Hunger Fellow; or*

11 “(B) *Mickey Leland Hunger Fellow*

12 “(3) *FELLOWSHIP PROGRAMS.—The term ‘Fel-*
 13 *lowship Programs’ means the Bill Emerson National*
 14 *Hunger Fellowship Program and the Mickey Leland*
 15 *International Hunger Fellowship Program established*
 16 *under subsection (d)(1).*

17 “(d) *FELLOWSHIP PROGRAMS.—*

18 “(1) *IN GENERAL.—There is established the Bill*
 19 *Emerson National Hunger Fellowship Program and*
 20 *the Mickey Leland International Hunger Fellowship*
 21 *Program.*

22 “(2) *PURPOSES.—*

23 “(A) *IN GENERAL.—The purposes of the*
 24 *Fellowship Programs are—*

1 “(i) to encourage future leaders of the
2 United States—

3 “(I) to pursue careers in humani-
4 tarian and public service;

5 “(II) to recognize the needs of low-
6 income people and hungry people;

7 “(III) to provide assistance to
8 people in need; and

9 “(IV) to seek public policy solu-
10 tions to the challenges of hunger and
11 poverty;

12 “(ii) to provide training and develop-
13 ment opportunities for such leaders through
14 placement in programs operated by appro-
15 priate organizations or entities; and

16 “(iii) to increase awareness of the im-
17 portance of public service.

18 “(B) *BILL EMERSON HUNGER FELLOWSHIP*
19 *PROGRAM.—The purpose of the Bill Emerson*
20 *Hunger Fellowship Program is to address hunger*
21 *and poverty in the United States.*

22 “(C) *MICKEY LELAND HUNGER FELLOWSHIP*
23 *PROGRAM.—The purpose of the Mickey Leland*
24 *Hunger Fellowship Program is to address inter-*
25 *national hunger and other humanitarian needs.*

1 “(3) *ADMINISTRATION.*—

2 “(A) *IN GENERAL.*—Subject to subpara-
3 graph (B), the Secretary shall offer to provide a
4 grant to the Congressional Hunger Center to ad-
5 minister the Fellowship Programs.

6 “(B) *TERMS OF GRANT.*—The terms of the
7 grant provided under subparagraph (A), includ-
8 ing the length of the grant and provisions for the
9 alteration or termination of the grant, shall be
10 determined by the Secretary in accordance with
11 this section.

12 “(e) *FELLOWSHIPS.*—

13 “(1) *IN GENERAL.*—The Director shall make
14 available Bill Emerson Hunger Fellowships and
15 Mickey Leland Hunger Fellowships in accordance
16 with this subsection.

17 “(2) *CURRICULUM.*—

18 “(A) *IN GENERAL.*—The Fellowship Pro-
19 grams shall provide experience and training to
20 develop the skills necessary to train fellows to
21 carry out the purposes described in subsection
22 (d)(2), including—

23 “(i) training in direct service pro-
24 grams for the hungry and other anti-hunger
25 programs in conjunction with community-

1 *based organizations through a program of*
 2 *field placement; and*

3 “(ii) *providing experience in policy de-*
 4 *velopment through placement in a govern-*
 5 *mental entity or nongovernmental, non-*
 6 *profit, or private sector organization.*

7 “(B) *WORK PLAN.—To carry out subpara-*
 8 *graph (A) and assist in the evaluation of the fel-*
 9 *lowships under paragraph (6), the Director shall,*
 10 *for each fellow, approve a work plan that identi-*
 11 *fies the target objectives for the fellow in the fel-*
 12 *lowship, including specific duties and respon-*
 13 *sibilities relating to those objectives.*

14 “(3) *PERIOD OF FELLOWSHIP.—*

15 “(A) *BILL EMERSON HUNGER FELLOW.—A*
 16 *Bill Emerson Hunger Fellowship awarded under*
 17 *this section shall be for not more than 15*
 18 *months.*

19 “(B) *MICKEY LELAND HUNGER FELLOW.—A*
 20 *Mickey Leland Hunger Fellowship awarded*
 21 *under this section shall be for not more than 2*
 22 *years.*

23 “(4) *SELECTION OF FELLOWS.—*

1 “(A) *IN GENERAL.*—*Fellowships shall be*
 2 *awarded pursuant to a nationwide competition*
 3 *established by the Director.*

4 “(B) *QUALIFICATIONS.*—*A successful pro-*
 5 *gram applicant shall be an individual who has*
 6 *demonstrated—*

7 “(i) *an intent to pursue a career in*
 8 *humanitarian services and outstanding po-*
 9 *tential for such a career;*

10 “(ii) *leadership potential or actual*
 11 *leadership experience;*

12 “(iii) *diverse life experience;*

13 “(iv) *proficient writing and speaking*
 14 *skills;*

15 “(v) *an ability to live in poor or di-*
 16 *verse communities; and*

17 “(vi) *such other attributes as are con-*
 18 *sidered to be appropriate by the Director.*

19 “(5) *AMOUNT OF AWARD.*—

20 “(A) *IN GENERAL.*—*A fellow shall receive—*

21 “(i) *a living allowance during the term*
 22 *of the Fellowship; and*

23 “(ii) *subject to subparagraph (B), an*
 24 *end-of-service award.*

1 “(B) *REQUIREMENT FOR SUCCESSFUL COM-*
 2 *PLETION OF FELLOWSHIP.*—*Each fellow shall be*
 3 *entitled to receive an end-of-service award at an*
 4 *appropriate rate for each month of satisfactory*
 5 *service completed, as determined by the Director.*

6 “(C) *TERMS OF FELLOWSHIP.*—*A fellow*
 7 *shall not be considered an employee of—*

8 “(i) *the Department of Agriculture;*

9 “(ii) *the Congressional Hunger Center;*

10 *or*

11 “(iii) *a host agency in the field or pol-*
 12 *icy placement of the fellow.*

13 “(D) *RECOGNITION OF FELLOWSHIP*
 14 *AWARD.*—

15 “(i) *EMERSON FELLOW.*—*An indi-*
 16 *vidual awarded a fellowship from the Bill*
 17 *Emerson Hunger Fellowship shall be known*
 18 *as an ‘Emerson Fellow’.*

19 “(ii) *LELAND FELLOW.*—*An individual*
 20 *awarded a fellowship from the Mickey Le-*
 21 *land Hunger Fellowship shall be known as*
 22 *a ‘Leland Fellow’.*

23 “(6) *EVALUATIONS AND AUDITS.*—*Under terms*
 24 *stipulated in the contract entered into under sub-*
 25 *section (d)(3), the Director shall—*

1 “(A) conduct periodic evaluations of the
2 Fellowship Programs; and

3 “(B) arrange for annual independent finan-
4 cial audits of expenditures under the Fellowship
5 Programs.

6 “(f) *AUTHORITY*.—

7 “(1) *IN GENERAL*.—Subject to paragraph (2), in
8 carrying out this section, the Director may solicit, ac-
9 cept, use, and dispose of gifts, bequests, or devises of
10 services or property, both real and personal, for the
11 purpose of facilitating the work of the Fellowship Pro-
12 grams.

13 “(2) *LIMITATION*.—Gifts, bequests, or devises of
14 money and proceeds from sales of other property re-
15 ceived as gifts, bequests, or devises shall be used exclu-
16 sively for the purposes of the Fellowship Programs.

17 “(g) *REPORT*.—The Director shall annually submit to
18 the Secretary of Agriculture, the Committee on Agriculture
19 of the House of Representatives, and the Committee on Agri-
20 culture, Nutrition, and Forestry of the Senate a report
21 that—

22 “(1) describes the activities and expenditures of
23 the Fellowship Programs during the preceding fiscal
24 year, including expenditures made from funds made
25 available under subsection (h); and

1 “(2) includes the results of evaluations and au-
2 dits required by subsection (f).

3 “(h) *AUTHORIZATION OF APPROPRIATIONS.*—There
4 are authorized to be appropriated to the Secretary such
5 sums as are necessary to carry out this section, to remain
6 available until expended.”.

7 (b) *REPEAL.*—Section 4404 of the *Farm Security and*
8 *Rural Investment Act of 2002* (2 U.S.C. 1161) is repealed.

9 **SEC. 4405. HUNGER-FREE COMMUNITIES.**

10 (a) *DEFINITIONS.*—In this section:

11 (1) *DOMESTIC HUNGER GOAL.*—The term “do-
12 mestic hunger goal” means—

13 (A) the goal of reducing hunger in the
14 United States to at or below 2 percent by 2010;
15 or

16 (B) the goal of reducing food insecurity in
17 the United States to at or below 6 percent by
18 2010.

19 (2) *EMERGENCY FEEDING ORGANIZATION.*—The
20 term “emergency feeding organization” has the mean-
21 ing given the term in section 201A of the *Emergency*
22 *Food Assistance Act of 1983* (7 U.S.C. 7501).

23 (3) *FOOD SECURITY.*—The term “food security”
24 means the state in which an individual has access to
25 enough food for an active, healthy life.

(4) *HUNGER-FREE COMMUNITIES GOAL.*—The term “hunger-free communities goal” means any of the 14 goals described in the H. Con. Res. 302 (102nd Congress).

(b) *HUNGER REPORTS.*—

(1) *STUDY.*—

(A) *TIMELINE.*—

(i) *IN GENERAL.*—Not later than 1 year after the date of enactment of this Act, the Secretary shall conduct a study of major matters relating to the problem of hunger in the United States, as determined by the Secretary.

(ii) *UPDATE.*—Not later than 5 years after the date on which the study under clause (i) is conducted, the Secretary shall update the study.

(B) *MATTERS TO BE ASSESSED.*—The matters to be assessed by the Secretary in the study and update under this paragraph shall include—

(i) data on hunger and food insecurity in the United States;

(ii) measures carried out during the previous year by Federal, State, and local

1 *governments to achieve domestic hunger*
2 *goals and hunger-free communities goals;*
3 *and*

4 *(iii) measures that could be carried out*
5 *by Federal, State, and local governments to*
6 *achieve domestic hunger goals and hunger-*
7 *free communities goals.*

8 (2) *RECOMMENDATIONS.—The Secretary shall*
9 *develop recommendations on—*

10 *(A) removing obstacles to achieving domes-*
11 *tic hunger goals and hunger-free communities*
12 *goals; and*

13 *(B) otherwise reducing domestic hunger.*

14 (3) *REPORT.—The Secretary shall submit to the*
15 *President and Congress—*

16 *(A) not later than 1 year after the date of*
17 *enactment of this Act, a report that contains—*

18 *(i) a detailed statement of the results of*
19 *the study, or the most recent update to the*
20 *study, conducted under paragraph (1)(A);*
21 *and*

22 *(ii) the most recent recommendations*
23 *of the Secretary under paragraph (2); and*

1 (B) *not later than 5 years after the date of*
 2 *submission of the report under subparagraph*
 3 (A), *an update of the report.*

4 (c) *HUNGER-FREE COMMUNITIES COLLABORATIVE*
 5 *GRANTS.*—

6 (1) *DEFINITION OF ELIGIBLE ENTITY.*—*In this*
 7 *subsection, the term “eligible entity” means a public*
 8 *food program service provider or a nonprofit organi-*
 9 *zation, including but not limited to an emergency*
 10 *feeding organization, that demonstrates the organiza-*
 11 *tion has collaborated, or will collaborate, with 1 or*
 12 *more local partner organizations to achieve at least 1*
 13 *hunger-free communities goal.*

14 (2) *PROGRAM AUTHORIZED.*—

15 (A) *IN GENERAL.*—*The Secretary shall use*
 16 *not more than 55 percent of any funds made*
 17 *available under subsection (f) to make grants to*
 18 *eligible entities to pay the Federal share of the*
 19 *costs of an activity described in paragraph (4).*

20 (B) *FEDERAL SHARE.*—*The Federal share*
 21 *of the cost of carrying out an activity under this*
 22 *subsection shall not exceed 80 percent.*

23 (C) *NON-FEDERAL SHARE.*—

24 (i) *CALCULATION.*—*The non-Federal*
 25 *share of the cost of an activity under this*

1 *subsection may be provided in cash or in*
2 *kind, fairly evaluated, including facilities,*
3 *equipment, or services.*

4 (ii) *SOURCES.—Any entity may pro-*
5 *vide the non-Federal share of the cost of an*
6 *activity under this subsection through a*
7 *State government, a local government, or a*
8 *private source.*

9 (3) *APPLICATION.—*

10 (A) *IN GENERAL.—To receive a grant under*
11 *this subsection, an eligible entity shall submit an*
12 *application to the Secretary at the time and in*
13 *the manner and accompanied by any informa-*
14 *tion the Secretary may require.*

15 (B) *CONTENTS.—Each application sub-*
16 *mitted under subparagraph (A) shall—*

17 (i) *identify any activity described in*
18 *paragraph (4) that the grant will be used to*
19 *fund;*

20 (ii) *describe the means by which an ac-*
21 *tivity identified under clause (i) will reduce*
22 *hunger in the community of the eligible en-*
23 *tity;*

1 (iii) list any partner organizations of
2 the eligible entity that will participate in
3 an activity funded by the grant;

4 (iv) describe any agreement between a
5 partner organization and the eligible entity
6 necessary to carry out an activity funded
7 by the grant; and

8 (v) if an assessment described in para-
9 graph (4)(A) has been performed, include—

10 (I) a summary of that assessment;

11 and

12 (II) information regarding the
13 means by which the grant will help re-
14 duce hunger in the community of the
15 eligible entity.

16 (C) *PRIORITY.*—In making grants under
17 this subsection, the Secretary shall give priority
18 to eligible entities that—

19 (i) demonstrate in the application of
20 the eligible entity that the eligible entity
21 makes collaborative efforts to reduce hunger
22 in the community of the eligible entity; and

23 (ii)(I) serve communities in which the
24 rates of food insecurity, hunger, poverty, or

unemployment are demonstrably higher than national average rates;

(II) provide evidence of long-term efforts to reduce hunger in the community;

(III) provide evidence of public support for the efforts of the eligible entity; or

(IV) demonstrate in the application of the eligible entity a commitment to achieving more than 1 hunger-free communities goal.

(4) *USE OF FUNDS.*—

(A) *ASSESSMENT OF HUNGER IN THE COMMUNITY.*—

(i) *IN GENERAL.*—An eligible entity in a community that has not performed an assessment described in clause (ii) may use a grant received under this subsection to perform the assessment for the community.

(ii) *ASSESSMENT.*—The assessment referred to in clause (ii) shall include—

(I) an analysis of the problem of hunger in the community served by the eligible entity;

(II) an evaluation of any facility and any equipment used to achieve a

1 *hunger-free communities goal in the*
2 *community;*

3 *(III) an analysis of the effective-*
4 *ness and extent of service of existing*
5 *nutrition programs and emergency*
6 *feeding organizations; and*

7 *(IV) a plan to achieve any other*
8 *hunger-free communities goal in the*
9 *community.*

10 *(B) ACTIVITIES.—An eligible entity in a*
11 *community that has submitted an assessment to*
12 *the Secretary shall use a grant received under*
13 *this subsection for any fiscal year for activities*
14 *of the eligible entity, including—*

15 *(i) meeting the immediate needs of peo-*
16 *ple in the community served by the eligible*
17 *entity who experience hunger by—*

18 *(I) distributing food;*

19 *(II) providing community out-*
20 *reach; or*

21 *(III) improving access to food as*
22 *part of a comprehensive service;*

23 *(ii) developing new resources and*
24 *strategies to help reduce hunger in the com-*
25 *munity;*

(iii) *establishing a program to achieve a hunger-free communities goal in the community, including—*

(I) a program to prevent, monitor, and treat children in the community experiencing hunger or poor nutrition; or

(II) a program to provide information to people in the community on hunger, domestic hunger goals, and hunger-free communities goals; and

(iv) establishing a program to provide food and nutrition services as part of a coordinated community-based comprehensive service.

(d) HUNGER-FREE COMMUNITIES INFRASTRUCTURE GRANTS.—

(1) DEFINITION OF ELIGIBLE ENTITY.—In this subsection, the term “eligible entity” means an emergency feeding organization (as defined in section 201A(4) of the Emergency Food Assistance Act of 1983 (7 U.S.C. 7501(4))).

(2) PROGRAM AUTHORIZED.—

(A) IN GENERAL.—The Secretary shall use not more than 45 percent of any funds made

1 *available under subsection (f) to make grants to*
 2 *eligible entities to pay the Federal share of the*
 3 *costs of an activity described in paragraph (4).*

4 (B) *FEDERAL SHARE.*—*The Federal share*
 5 *of the cost of carrying out an activity under this*
 6 *subsection shall not exceed 80 percent.*

7 (3) *APPLICATION.*—

8 (A) *IN GENERAL.*—*To receive a grant under*
 9 *this subsection, an eligible entity shall submit an*
 10 *application to the Secretary at the time and in*
 11 *the manner and accompanied by any informa-*
 12 *tion the Secretary may require.*

13 (B) *CONTENTS.*—*Each application sub-*
 14 *mitted under subparagraph (A) shall—*

15 (i) *identify any activity described in*
 16 *paragraph (4) that the grant will be used to*
 17 *fund; and*

18 (ii) *describe the means by which an ac-*
 19 *tivity identified under clause (i) will reduce*
 20 *hunger in the community of the eligible en-*
 21 *tity.*

22 (C) *PRIORITY.*—*In making grants under*
 23 *this subsection, the Secretary shall give priority*
 24 *to eligible entities the applications of which dem-*
 25 *onstrate 2 or more of the following:*

1 (i) *The eligible entity serves a commu-*
 2 *nity in which the rates of food insecurity,*
 3 *hunger, poverty, or unemployment are de-*
 4 *monstrably higher than national average*
 5 *rates.*

6 (ii) *The eligible entity serves a commu-*
 7 *nity that has carried out long-term efforts*
 8 *to reduce hunger in the community.*

9 (iii) *The eligible entity serves a com-*
 10 *munity that provides public support for the*
 11 *efforts of the eligible entity.*

12 (iv) *The eligible entity is committed to*
 13 *achieving more than 1 hunger-free commu-*
 14 *nities goal.*

15 (4) *USE OF FUNDS.—An eligible entity shall use*
 16 *a grant received under this subsection for any fiscal*
 17 *year to carry out activities of the eligible entity,*
 18 *including—*

19 (A) *constructing, expanding, or repairing a*
 20 *facility or equipment to support hunger relief*
 21 *agencies in the community;*

22 (B) *assisting an emergency feeding organi-*
 23 *zation in the community in obtaining locally-*
 24 *produced produce and protein products; and*

1 (C) *assisting an emergency feeding organi-*
 2 *zation in the community to process and serve*
 3 *wild game.*

4 (e) *REPORT.—If funds are made available under sub-*
 5 *section (f), not later than September 30, 2012, the Secretary*
 6 *shall submit to Congress a report describing—*

7 (1) *each grant made under this section,*
 8 *including—*

9 (A) *a description of any activity funded by*
 10 *such a grant; and*

11 (B) *the degree of success of each activity*
 12 *funded by such a grant in achieving hunger-free*
 13 *communities goals; and*

14 (2) *the degree of success of all activities funded*
 15 *by grants under this section in achieving domestic*
 16 *hunger goals.*

17 (f) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 18 *authorized to be appropriated to carry out this section*
 19 *\$50,000,000 for each of fiscal years 2008 through 2012.*

20 **SEC. 4406. STATE PERFORMANCE ON ENROLLING CHIL-**
 21 **DREN RECEIVING PROGRAM BENEFITS FOR**
 22 **FREE SCHOOL MEALS.**

23 (a) *IN GENERAL.—Not later than June 30 of each*
 24 *year, the Secretary shall submit to the Committee on Agri-*
 25 *culture of the House of Representatives and the Committee*

1 *on Agriculture, Nutrition, and Forestry of the Senate a re-*
 2 *port that assesses the effectiveness of each State in enrolling*
 3 *school-aged children in households receiving program bene-*
 4 *fits under the Food and Nutrition Act of 2007 (7 U.S.C.*
 5 *2011 et seq.) (referred to in this section as “program bene-*
 6 *fits”)* for free school meals using direct certification.

7 (b) *SPECIFIC MEASURES.*—*The assessment of the Sec-*
 8 *retary of the performance of each State shall include—*

9 (1) *an estimate of the number of school-aged chil-*
 10 *dren, by State, who were members of a household re-*
 11 *ceiving program benefits at any time in July, August,*
 12 *or September of the prior year;*

13 (2) *an estimate of the number of school-aged chil-*
 14 *dren, by State, who were directly certified as eligible*
 15 *for free lunches under the Richard B. Russell Na-*
 16 *tional School Lunch Act (42 U.S.C. 1751 et seq.),*
 17 *based on receipt of program benefits, as of October 1*
 18 *of the prior year; and*

19 (3) *an estimate of the number of school-aged chil-*
 20 *dren, by State, who were members of a household re-*
 21 *ceiving program benefits at any time in July, August,*
 22 *or September of the prior year who were not can-*
 23 *didates for direct certification because on October 1 of*
 24 *the prior year the children attended a school oper-*
 25 *ating under the special assistance provisions of sec-*

1 *tion 11(a)(1) of the Richard B. Russell National*
 2 *School Lunch Act (42 U.S.C. 1759a) that is not oper-*
 3 *ating in a base year.*

4 *(c) PERFORMANCE INNOVATIONS.—The report of the*
 5 *Secretary shall describe best practices from States with the*
 6 *best performance or the most improved performance from*
 7 *the previous year.*

8 **SEC. 4407. SENSE OF CONGRESS REGARDING NUTRITION**
 9 **EDUCATION UNDER THE FOOD AND NUTRI-**
 10 **TION PROGRAM.**

11 *(a) FINDINGS.—Congress finds that—*

12 *(1) nutrition education under the Food and Nu-*
 13 *trition Act of 2007 (7 U.S.C. 2011 et seq.) plays an*
 14 *essential role in improving the dietary and physical*
 15 *activity practices of low-income people in the United*
 16 *States, helping to reduce food insecurity, prevent obe-*
 17 *sity, and reduce the risks of chronic disease;*

18 *(2) expert organizations, such as the Institute of*
 19 *Medicine, indicate that dietary and physical activity*
 20 *behavior change is more likely to result from the com-*
 21 *bined application of public health approaches and*
 22 *education than from education alone; and*

23 *(3) State programs are implementing nutrition*
 24 *education using effective strategies, including direct*
 25 *education, group activities, and social marketing.*

1 (b) *SENSE OF CONGRESS.*—*It is the sense of Congress*
2 *that—*

3 (1) *the Secretary should support and encourage*
4 *effective interventions for nutrition education under*
5 *the Food and Nutrition Act of 2007 (7 U.S.C. 2011*
6 *et seq.), including coordination with public health ap-*
7 *proaches and traditional education, to increase the*
8 *likelihood that recipients of food and nutrition pro-*
9 *gram benefits and people who are potentially eligible*
10 *for those benefits will choose diets and physical activ-*
11 *ity practices consistent with the Dietary Guidelines*
12 *for Americans;*

13 (2) *to promote the most effective implementation*
14 *of publicly-funded programs, State nutrition edu-*
15 *cation activities under the Food and Nutrition Act of*
16 *2007 (7 U.S.C. 2011 et seq.)—*

17 (A) *should be coordinated with other feder-*
18 *ally-funded food assistance and public health*
19 *programs; and*

20 (B) *should leverage public/private partner-*
21 *ships to maximize the resources and impact of*
22 *the programs; and*

23 (3) *funds provided under the Food and Nutrition*
24 *Act of 2007 (7 U.S.C. 2011 et seq.) for nutrition edu-*
25 *cation should be used only for activities that promote*

1 *diets and physical activity consistent with the Die-*
 2 *tary Guidelines for Americans among—*

3 *(A) recipients of food and nutrition pro-*
 4 *gram benefits; and*

5 *(B) people who are potentially eligible for*
 6 *those benefits.*

7 ***Subtitle B—Food Distribution***
 8 ***Program on Indian Reservations***

9 ***SEC. 4501. ASSESSING THE NUTRITIONAL VALUE OF THE***
 10 ***FDPIR FOOD PACKAGE.***

11 *(a) IN GENERAL.—Section 4 of the Food and Nutri-*
 12 *tion Act of 2007 (7 U.S.C. 2013) is amended by striking*
 13 *subsection (b) and inserting the following:*

14 *“(b) FOOD DISTRIBUTION PROGRAM ON INDIAN RES-*
 15 *ERVATIONS.—*

16 *“(1) IN GENERAL.—Distribution of commodities,*
 17 *with or without the food and nutrition program, shall*
 18 *be made whenever a request for concurrent or separate*
 19 *food program operations, respectively, is made by a*
 20 *tribal organization.*

21 *“(2) ADMINISTRATION.—*

22 *“(A) IN GENERAL.—Subject to subpara-*
 23 *graphs (B) and (C), in the event of distribution*
 24 *on all or part of an Indian reservation, the ap-*
 25 *propriate agency of the State government in the*

1 *area involved shall be responsible for the dis-*
2 *tribution.*

3 “(B) *ADMINISTRATION BY TRIBAL ORGANI-*
4 *ZATION.—If the Secretary determines that a trib-*
5 *al organization is capable of effectively and effi-*
6 *ciently administering a distribution described in*
7 *paragraph (1), then the tribal organization shall*
8 *administer the distribution.*

9 “(C) *PROHIBITION.—The Secretary shall*
10 *not approve any plan for a distribution de-*
11 *scribed in paragraph (1) that permits any*
12 *household on any Indian reservation to partici-*
13 *pate simultaneously in the food and nutrition*
14 *program and the distribution of federally do-*
15 *nated foods.*

16 “(3) *DISQUALIFIED PARTICIPANTS.—An indi-*
17 *vidual who is disqualified from participation in the*
18 *food distribution program on Indian reservations*
19 *under this subsection is not eligible to participate in*
20 *the food and nutrition program under this Act.*

21 “(4) *ADMINISTRATIVE COSTS.—The Secretary is*
22 *authorized to pay such amounts for administrative*
23 *costs and distribution costs on Indian reservations as*
24 *the Secretary finds necessary for effective administra-*

1 *tion of such distribution by a State agency or tribal*
 2 *organization.*

3 “(5) *BISON MEAT.*—*Subject to the availability of*
 4 *appropriations, the Secretary may purchase bison*
 5 *meat for recipients of food distributed under this sub-*
 6 *section, including bison meat from—*

7 “(A) *Native American bison producers; and*

8 “(B) *producer-owned cooperatives of bison*
 9 *ranchers.*

10 “(6) *TRADITIONAL FOOD FUND.*—

11 “(A) *IN GENERAL.*—*Subject to the avail-*
 12 *ability of appropriations, the Secretary shall es-*
 13 *tablish a fund for use in purchasing traditional*
 14 *foods for recipients of food distributed under this*
 15 *subsection.*

16 “(B) *SURVEY.*—*In carrying out this para-*
 17 *graph, the Secretary shall—*

18 “(i) *survey participants of the food*
 19 *distribution program on Indian reserva-*
 20 *tions established under this subsection to de-*
 21 *termine which traditional foods are most*
 22 *desired by those participants; and*

23 “(ii) *purchase or offer to purchase*
 24 *those traditional foods that may be procured*
 25 *cost-effectively.*

1 “(C) AUTHORIZATION OF APPROPRIA-
 2 TIONS.—*There is authorized to be appropriated*
 3 *to the Secretary to carry out this paragraph*
 4 *\$5,000,000 for each of fiscal years 2008 through*
 5 *2012.”.*

6 (b) *FDPIR FOOD PACKAGE*.—*Not later than 180 days*
 7 *after the date of enactment of this Act, the Secretary of Ag-*
 8 *riculture shall submit to the Committee on Agriculture of*
 9 *the House of Representatives and the Committee on Agri-*
 10 *culture, Nutrition, and Forestry of the Senate a report that*
 11 *describes—*

12 (1) *how the Secretary derives the process for de-*
 13 *termining the food package under the food distribu-*
 14 *tion program on Indian reservations established*
 15 *under section 4(b) of the Food and Nutrition Act of*
 16 *2007 (7 U.S.C. 2013(b)) (referred to in this subsection*
 17 *as the “food package”);*

18 (2) *the extent to which the food package—*

19 (A) *addresses the nutritional needs of low-*
 20 *income Americans compared to the food and nu-*
 21 *trition program, particularly for very low-in-*
 22 *come households;*

23 (B) *conforms (or fails to conform) to the*
 24 *2005 Dietary Guidelines for Americans pub-*
 25 *lished under section 301 of the National Nutri-*

1 *tion Monitoring and Related Research Act of*
 2 *1990 (7 U.S.C. 5341);*

3 *(C) addresses (or fails to address) the nutri-*
 4 *tional and health challenges that are specific to*
 5 *Native Americans; and*

6 *(D) is limited by distribution costs or chal-*
 7 *lenges of infrastructure;*

8 *(3) any plans of the Secretary to revise and up-*
 9 *date the food package to conform with the most recent*
 10 *Dietary Guidelines for Americans, including any*
 11 *costs associated with the planned changes; and*

12 *(4) if the Secretary does not plan changes to the*
 13 *food package, the rationale of the Secretary for retain-*
 14 *ing the food package.*

15 ***Subtitle C—Administration of***
 16 ***Emergency Food Assistance Pro-***
 17 ***gram and Commodity Supple-***
 18 ***mental Food Program***

19 ***SEC. 4601. EMERGENCY FOOD ASSISTANCE.***

20 *(a) STATE PLAN.—Section 202A of the Emergency*
 21 *Food Assistance Act of 1983 (7 U.S.C. 7503) is amended*
 22 *by striking subsection (a) and inserting the following:*

23 *“(a) PLANS.—To receive commodities under this Act,*
 24 *every 3 years, a State shall submit to the Secretary an oper-*

1 *ation and administration plan for the provision of assist-*
 2 *ance under this Act.”.*

3 *(b) DONATED WILD GAME.—Section 204(a)(1) of the*
 4 *Emergency Food Assistance Act of 1983 (7 U.S.C.*
 5 *7508(a)(1)) is amended in the first sentence by inserting*
 6 *“and donated wild game” before the period at the end.*

7 **SEC. 4602. COMMODITY SUPPLEMENTAL FOOD PROGRAM.**

8 *Section 5 of the Agriculture and Consumer Protection*
 9 *Act of 1973 (7 U.S.C. 612c note; Public Law 93–86) is*
 10 *amended by striking subsection (g) and inserting the fol-*
 11 *lowing:*

12 *“(g) PROHIBITION.—Notwithstanding any other provi-*
 13 *sion of law (including regulations), the Secretary may not*
 14 *require a State or local agency to prioritize assistance to*
 15 *a particular group of individuals that are—*

16 *“(1) low-income persons aged 60 and older; or*

17 *“(2) women, infants, and children.”.*

18 ***Subtitle D—Senior Farmers’ Market***
 19 ***Nutrition Program***

20 **SEC. 4701. EXCLUSION OF BENEFITS IN DETERMINING ELI-**
 21 ***GIBILITY FOR OTHER PROGRAMS.***

22 *(a) IN GENERAL.—Section 4402 of the Farm Security*
 23 *and Rural Investment Act of 2002 (7 U.S.C. 3007) is*
 24 *amended—*

1 (1) in subsection (a), by striking “each of fiscal
2 years 2003 through 2007” and inserting “fiscal year
3 2008 and each fiscal year thereafter”;

4 (2) by redesignating subsections (b) and (c) as
5 subsections (c) and (e), respectively;

6 (3) by inserting after subsection (a) the fol-
7 lowing:

8 “(b) *ADDITIONAL FUNDS.*—In addition to the amounts
9 made available under subsection (a), for fiscal year 2008
10 and each fiscal year thereafter, of the funds of the Com-
11 modity Credit Corporation, the Secretary of Agriculture
12 shall use \$10,000,000 to expand the program established
13 under this section.”; and

14 (4) by inserting after subsection (c) (as redesign-
15 ated by paragraph (2)) the following:

16 “(d) *EXCLUSION OF BENEFITS IN DETERMINING ELI-*
17 *GIBILITY FOR OTHER PROGRAMS.*—The value of any benefit
18 provided under the program under this section shall not
19 be taken into consideration in determining the eligibility
20 of an individual for any other Federal or State assistance
21 program.”.

22 (b) *EFFECTIVE DATE.*—The amendments made by sub-
23 section (a) take effect on the date of enactment of this Act.

1 **SEC. 4702. PROHIBITION ON COLLECTION OF SALES TAX.**

2 *Section 4402 of the Farm Security and Rural Invest-*
 3 *ment Act of 2002 (7 U.S.C. 3007) is amended by inserting*
 4 *after subsection (d) (as added by section 4701(a)(4)) the fol-*
 5 *lowing:*

6 “(e) *PROHIBITION ON COLLECTION OF SALES TAX.—*
 7 *A State that collects any sales tax on the purchase of food*
 8 *using a benefit provided under the program under this sec-*
 9 *tion shall not be eligible to participate in the program.”.*

10 ***Subtitle E—Reauthorization of***
 11 ***Federal Food Assistance Programs***

12 **SEC. 4801. FOOD AND NUTRITION PROGRAM.**

13 (a) *GRANTS FOR SIMPLE APPLICATION AND ELIGI-*
 14 *BILITY DETERMINATION SYSTEMS AND IMPROVED ACCESS*
 15 *TO BENEFITS.—Section 11(t)(1) of the Food and Nutrition*
 16 *Act of 2007 (7 U.S.C. 2020(t)(1)) is amended by striking*
 17 *“For each of fiscal years 2003 through 2007” and inserting*
 18 *“For fiscal year 2008 and each fiscal year thereafter”.*

19 (b) *FUNDING OF EMPLOYMENT AND TRAINING PRO-*
 20 *GRAMS.—Section 16(h)(1) of the Food and Nutrition Act*
 21 *of 2007 (7 U.S.C. 2025(h)(1)) is amended—*

22 (1) *in subparagraph (A)(vii), by striking “for*
 23 *each of fiscal years 2002 through 2007” and inserting*
 24 *“for fiscal year 2008 and each fiscal year thereafter”;*
 25 *and*

1 (2) *in subparagraph (E)(i), by striking “for each*
 2 *of fiscal years 2002 through 2007” and inserting “for*
 3 *fiscal year 2008 and each fiscal year thereafter”.*

4 (c) *REDUCTIONS IN PAYMENTS FOR ADMINISTRATIVE*
 5 *COSTS.—Section 16(k)(3) of the Food and Nutrition Act*
 6 *of 2007 (7 U.S.C. 2025(k)(3)) is amended—*

7 (1) *in the first sentence of subparagraph (A), by*
 8 *striking “for each of fiscal years 1999 through 2007”*
 9 *and inserting “for fiscal year 2008 and each fiscal*
 10 *year thereafter”; and*

11 (2) *in subparagraph (B)(ii), by striking*
 12 *“through fiscal year 2007”.*

13 (d) *CASH PAYMENT PILOT PROJECTS.—Section*
 14 *17(b)(1)(B)(vi) of the Food and Nutrition Act of 2007 (7*
 15 *U.S.C. 2026(b)(1)(B(vi)) is amended by striking “through*
 16 *October 1, 2007”.*

17 (e) *AUTHORIZATION OF APPROPRIATIONS.—Section*
 18 *18(a)(1) of the Food and Nutrition Act of 2007 (7 U.S.C.*
 19 *2027(a)(1)) is amended in the first sentence by striking “for*
 20 *each of the fiscal years 2003 through 2007” and inserting*
 21 *“for fiscal year 2008 and each fiscal year thereafter”.*

22 (f) *CONSOLIDATED BLOCK GRANTS FOR PUERTO RICO*
 23 *AND AMERICAN SAMOA.—Section 19(a)(2)(A)(ii) of the*
 24 *Food and Nutrition Act of 2007 (7 U.S.C.*
 25 *2028(a)(2)(A)(ii)) by striking “for each of fiscal years 2004*

1 *through 2007” and inserting “for fiscal year 2008 and each*
 2 *fiscal year thereafter”.*

3 *(g) ASSISTANCE FOR COMMUNITY FOOD PROJECTS.—*
 4 *Section 25 of the Food and Nutrition Act of 2007 (7 U.S.C.*
 5 *2034) is amended—*

6 *(1) in subsection (b)(2), by striking subpara-*
 7 *graph (B) and inserting the following:*

8 *“(B) \$10,000,000 for each of fiscal years*
 9 *2008 through 2012.”; and*

10 *(2) in subsection (h)(4), by striking “2007” and*
 11 *inserting “2012”.*

12 **SEC. 4802. COMMODITY DISTRIBUTION.**

13 *(a) EMERGENCY FOOD ASSISTANCE.—Section*
 14 *204(a)(1) of the Emergency Food Assistance Act of 1983*
 15 *(7 U.S.C. 7508(a)(1)) is amended in the first sentence by*
 16 *striking “\$60,000,000 for each of the fiscal years 2003*
 17 *through 2007” and inserting “\$100,000,000 for fiscal year*
 18 *2008 and each fiscal year thereafter”.*

19 *(b) COMMODITY DISTRIBUTION PROGRAM.—Section*
 20 *4(a) of the Agriculture and Consumer Protection Act of*
 21 *1973 (7 U.S.C. 612c note; Public Law 93–86) is amended*
 22 *in the first sentence by striking “years 1991 through 2007”*
 23 *and inserting “year 2008 and each fiscal year thereafter”.*

24 *(c) COMMODITY SUPPLEMENTAL FOOD PROGRAM.—*
 25 *Section 5 of the Agriculture and Consumer Protection Act*

1 of 1973 (7 U.S.C. 612c note; Public Law 93–86) is
2 amended—

3 (1) in subsection (a)—

4 (A) in paragraph (1), by striking “each of
5 fiscal years 2003 through 2007” and inserting
6 “fiscal year 2008 and each fiscal year there-
7 after”; and

8 (B) in paragraph (2)(B), by striking “(B)
9 FISCAL YEARS 2004 THROUGH 2007.—” and all
10 that follows through “2007” and inserting the
11 following:

12 “(B) SUBSEQUENT FISCAL YEARS.—For fis-
13 cal year 2004 and each subsequent fiscal year”;

14 (2) in subsection (d)(2), by striking “each of the
15 fiscal years 1991 through 2007” and inserting “fiscal
16 year 2008 and each fiscal year thereafter”; and

17 (3) in subsection (g)—

18 (A) by striking “If a local” and inserting
19 the following:

20 “(1) IN GENERAL.—If a local”; and

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

22 “(2) STATE OPTION.—Subject to a determination
23 by the Secretary that annual appropriations have en-
24 abled every State seeking to participate in the com-
25 modity supplemental food program to participate in

1 that program, a State may serve low-income persons
 2 aged 60 and older that have a household income that
 3 is not more than 185 percent of the most recent an-
 4 nual Federal Poverty Income Guidelines published by
 5 the Department of Health and Human Services, if—

6 “(A) the State has submitted to the Sec-
 7 retary justification for that service; and

8 “(B) the Secretary has approved the request
 9 of the State.”.

10 (d) *DISTRIBUTION OF SURPLUS COMMODITIES TO*
 11 *SPECIAL NUTRITION PROJECTS.*—Section 1114(a)(2)(A) of
 12 the Agriculture and Food Act of 1981 (7 U.S.C.
 13 1431e(2)(A)) is amended in the first sentence by striking
 14 “2007” and inserting “2012”.

15 **SEC. 4803. NUTRITION INFORMATION AND AWARENESS**
 16 **PILOT PROGRAM.**

17 Section 4403(f) of the Farm Security and Rural In-
 18 vestment Act of 2002 (7 U.S.C. 3171 note; Public Law 107–
 19 171) is amended by striking “2007” and inserting “2012”.

20 **Subtitle F—Miscellaneous**

21 **SEC. 4901. PERIODIC SURVEYS OF FOODS PURCHASED BY**
 22 **SCHOOL FOOD AUTHORITIES.**

23 Section 6 of the Richard B. Russell National School
 24 Lunch Act (42 U.S.C. 1755) is amended by adding at the
 25 end the following:

1 “(f) *PERIODIC SURVEYS OF FOODS PURCHASED BY*
2 *SCHOOL FOOD AUTHORITIES.*—

3 “(1) *IN GENERAL.*—For fiscal year 2008 and
4 every fifth fiscal year thereafter, the Secretary shall
5 carry out a nationally representative survey of the
6 foods purchased during the most recent school year for
7 which data is available by school authorities partici-
8 pating in the national school lunch program.

9 “(2) *REPORT.*—On completion of each survey,
10 the Secretary shall submit to Congress a report that
11 describes the results of the survey.

12 “(3) *FUNDING.*—Of the funds made available
13 under section 3, the Secretary shall use to carry out
14 this subsection not more than \$3,000,000 for fiscal
15 year 2008 and every fifth fiscal year thereafter.”.

16 **SEC. 4902. PURCHASES OF LOCALLY GROWN FRUITS AND**
17 **VEGETABLES.**

18 Section 9(j) of the Richard B. Russell National School
19 Lunch Act (42 U.S.C. 1758(j)) is amended to read as fol-
20 lows:

21 “(j) *PURCHASES OF LOCALLY GROWN FRUITS AND*
22 *VEGETABLES.*—The Secretary shall—

23 “(1) encourage institutions receiving funds under
24 this Act and the Child Nutrition Act of 1966 (42
25 U.S.C. 1771 et seq.) to purchase locally grown fruits

1 *and vegetables, to the maximum extent practicable*
 2 *and appropriate;*

3 *“(2) advise institutions participating in a pro-*
 4 *gram described in paragraph (1) of the policy de-*
 5 *scribed in that paragraph and post information con-*
 6 *cerning the policy on the website maintained by the*
 7 *Secretary; and*

8 *“(3) allow institutions receiving funds under this*
 9 *Act and the Child Nutrition Act of 1966 (42 U.S.C.*
 10 *1771 et seq.), including the Department of Defense, to*
 11 *use a geographic preference for the procurement of lo-*
 12 *cally grown fruits and vegetables.”.*

13 **SEC. 4903. HEALTHY FOOD EDUCATION AND PROGRAM**
 14 **REPLICABILITY.**

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

17 *(1) in paragraph (1)(C), by inserting “promotes*
 18 *healthy food education in the school curriculum and”*
 19 *before “incorporates”;*

20 *(2) by redesignating paragraph (2) as para-*
 21 *graph (4);*

22 *(3) by inserting after paragraph (1) the fol-*
 23 *lowing:*

1 “(2) *ADMINISTRATION.*—*In providing grants*
 2 *under paragraph (1), the Secretary shall give priority*
 3 *to projects that can be replicated in schools.*

4 “(3) *PILOT PROGRAM FOR HIGH-POVERTY*
 5 *SCHOOLS.*—

6 “(A) *DEFINITIONS.*—*In this paragraph:*

7 “(i) *ELIGIBLE PROGRAM.*—*The term*
 8 *‘eligible program’ means—*

9 “(I) *a school-based program with*
 10 *hands-on vegetable gardening and nu-*
 11 *trition education that is incorporated*
 12 *into the curriculum for 1 or more*
 13 *grades at 2 or more eligible schools; or*

14 “(II) *a community-based summer*
 15 *program with hands-on vegetable gar-*
 16 *dening and nutrition education that is*
 17 *part of, or coordinated with, a summer*
 18 *enrichment program at 2 or more eli-*
 19 *gible schools.*

20 “(ii) *ELIGIBLE SCHOOL.*—*The term ‘el-*
 21 *igible school’ means a public school, at least*
 22 *50 percent of the students of which are eligi-*
 23 *ble for free or reduced price meals under*
 24 *this Act.*

1 “(B) *ESTABLISHMENT.*—*The Secretary*
 2 *shall carry out a pilot program under which the*
 3 *Secretary shall provide to nonprofit organiza-*
 4 *tions or public entities in not more than 5 States*
 5 *grants to develop and run, through eligible pro-*
 6 *grams, community gardens at eligible schools in*
 7 *the States that would—*

8 “(i) *be planted, cared for, and har-*
 9 *vested by students at the eligible schools;*
 10 *and*

11 “(ii) *teach the students participating*
 12 *in the community gardens about agri-*
 13 *culture, sound farming practices, and diet.*

14 “(C) *PRIORITY STATES.*—*Of the States pro-*
 15 *vided a grant under this paragraph—*

16 “(i) *at least 1 State shall be among the*
 17 *15 largest States, as determined by the Sec-*
 18 *retary;*

19 “(ii) *at least 1 State shall be among*
 20 *the 16th to 30th largest States, as deter-*
 21 *mined by the Secretary; and*

22 “(iii) *at least 1 State shall be a State*
 23 *that is not described in clause (i) or (ii).*

1 “(D) *USE OF PRODUCE.*—Produce from a
2 community garden provided a grant under this
3 paragraph may be—

4 “(i) used to supplement food provided
5 at the eligible school;

6 “(ii) distributed to students to bring
7 home to the families of the students; or

8 “(iii) donated to a local food bank or
9 senior center nutrition program.

10 “(E) *NO COST-SHARING REQUIREMENT.*—A
11 nonprofit organization or public entity that re-
12 ceives a grant under this paragraph shall not be
13 required to share the cost of carrying out the ac-
14 tivities assisted under this paragraph.

15 “(F) *EVALUATION.*—A nonprofit organiza-
16 tion or public entity that receives a grant under
17 this paragraph shall be required to cooperate in
18 an evaluation in accordance with paragraph
19 (1)(H).

20 “(G) *AUTHORIZATION OF APPROPRIA-*
21 *TIONS.*—There is authorized to be appropriated
22 to carry out this paragraph \$10,000,000.”; and
23 (4) in paragraph (4) (as redesignated by para-
24 graph (2)), by inserting “(other than paragraph (3))”
25 after “this subsection”.

1 **SEC. 4904. FRESH FRUIT AND VEGETABLE PROGRAM.**

2 (a) *IN GENERAL.*—*The Richard B. Russell National*
 3 *School Lunch Act is amended by inserting after section 18*
 4 *(42 U.S.C. 1769) the following:*

5 **“SEC. 19. FRESH FRUIT AND VEGETABLE PROGRAM.**

6 “(a) *IN GENERAL.*—*For the school year beginning*
 7 *July 2008 and each subsequent school year, the Secretary*
 8 *shall provide grants to States to carry out a program to*
 9 *make free fresh fruits and vegetables available in elementary*
 10 *schools (referred to in this section as the ‘program’).*

11 “(b) *PROGRAM.*—*A school participating in the pro-*
 12 *gram shall make free fresh fruits and vegetables available*
 13 *to students throughout the school day (or at such other times*
 14 *as are considered appropriate by the Secretary) in 1 or*
 15 *more areas designated by the school.*

16 “(c) *FUNDING TO STATES.*—

17 “(1) *MINIMUM GRANT.*—*The Secretary shall pro-*
 18 *vide to each of the 50 States and the District of Co-*
 19 *lumbia an annual grant in an amount equal to 1*
 20 *percent of the funds made available for a fiscal year*
 21 *to carry out the program.*

22 “(2) *ADDITIONAL FUNDING.*—*Of the funds re-*
 23 *maining after grants are made under paragraph (1),*
 24 *the Secretary shall allocate additional funds to each*
 25 *State that is operating a school lunch program under*
 26 *section 4 based on the proportion that—*

1 “(A) *the population of the State; bears to*

2 “(B) *the population of the United States.*

3 “(d) *SELECTION OF SCHOOLS.—*

4 “(1) *IN GENERAL.—In selecting schools to par-*
5 *ticipate in the program, each State shall—*

6 “(A) *ensure that each school chosen to par-*
7 *ticipate in the program is a school—*

8 “(i) *except as provided in paragraph*
9 *(2), in which not less than 50 percent of the*
10 *students are eligible for free or reduced price*
11 *meals under this Act; and*

12 “(ii) *that submits an application in*
13 *accordance with subparagraph (C); and*

14 “(B) *to the maximum extent practicable,*
15 *give the highest priority to schools with the high-*
16 *est proportion of children who are eligible for*
17 *free or reduced price meals under this Act;*

18 “(C) *solicit applications from interested*
19 *schools that include—*

20 “(i) *information pertaining to the per-*
21 *centage of students enrolled in the school*
22 *submitting the application who are eligible*
23 *for free or reduced price school lunches*
24 *under this Act;*

1 “(ii) a certification of support for par-
2 ticipation in the program signed by the
3 school food manager, the school principal,
4 and the district superintendent (or equiva-
5 lent positions, as determined by the school);
6 and

7 “(iii) such other information as may
8 be requested by the Secretary;

9 “(D) give priority to schools that submit a
10 plan for implementation of the program that in-
11 cludes a partnership with 1 or more entities that
12 provide non-Federal resources (including entities
13 representing the fruit and vegetable industry)
14 for—

15 “(i) the acquisition, handling, pro-
16 motion, or distribution of fresh and dried
17 fruits and fresh vegetables; or

18 “(ii) other support that contributes to
19 the purposes of the program;

20 “(E) give priority to schools that provide
21 evidence of efforts to integrate activities carried
22 out under this section with other efforts to pro-
23 mote sound health and nutrition, reduce over-
24 weight and obesity, or promote physical activity;
25 and

1 “(F) ensure that each school selected is an
2 elementary school.

3 “(2) EXCEPTION.—Clause (i) of paragraph
4 (1)(A) shall not apply to a State if the State does not
5 have a sufficient number of schools that meet the re-
6 quirement of that clause.

7 “(3) CONSORTIA.—A consortia of schools may
8 apply for funding under this section.

9 “(e) NOTICE OF AVAILABILITY.—To be eligible to par-
10 ticipate in the program, a school shall widely publicize
11 within the school the availability of free fresh fruits and
12 vegetables under the program.

13 “(f) PER-STUDENT GRANT.—The per-student grant
14 provided to a school under this section shall be—

15 “(1) determined by a State agency; and

16 “(2) not less than \$50, nor more than \$75, annu-
17 ally.

18 “(g) LIMITATION.—To the maximum extent prac-
19 ticable, each State agency shall ensure that in making
20 available to students the fruits and vegetables provided
21 under this section, schools participating in the program
22 offer the fruits and vegetables separately from meals other-
23 wise provided at the school under this Act or the Child Nu-
24 trition Act of 1966 (42 U.S.C. 1771 et seq.).

1 “(h) *SCHOOLS ON INDIAN RESERVATIONS.*—*The Sec-*
 2 *retary shall ensure that not less than 100 of the schools cho-*
 3 *sen to participate in the program are schools operated on*
 4 *Indian reservations.*

5 “(i) *EVALUATION AND REPORTS.*—

6 “(1) *IN GENERAL.*—*The Secretary shall conduct*
 7 *an evaluation of the program, including a determina-*
 8 *tion as to whether children experienced, as a result of*
 9 *participating in the program—*

10 “(A) *increased consumption of fruits and*
 11 *vegetables;*

12 “(B) *other dietary changes, such as de-*
 13 *creased consumption of less nutritious foods; and*

14 “(C) *such other outcomes as are considered*
 15 *appropriate by the Secretary.*

16 “(2) *REPORT.*—*Not later than September 30,*
 17 *2011, the Secretary shall submit to the Committee on*
 18 *Education and Labor of the House of Representatives*
 19 *and the Committee on Agriculture, Nutrition, and*
 20 *Forestry of the Senate, a report that describes the re-*
 21 *sults of the evaluation under paragraph (1).*

22 “(j) *FUNDING.*—

23 “(1) *IN GENERAL.*—*Out of any funds in the*
 24 *Treasury not otherwise appropriated, the Secretary of*

1 *the Treasury shall transfer to the Secretary to carry*
2 *out this section—*

3 “(A) on October 1, 2007, \$225,000,000; and

4 “(B) on October 1, 2008, and each October
5 1 thereafter, the amount made available for the
6 preceding fiscal year, as adjusted to reflect
7 changes for the 12-month period ending the pre-
8 ceding June 30 in the Consumer Price Index for
9 All Urban Consumers published by the Bureau of
10 Labor Statistics of the Department of Labor, for
11 items other than food.

12 “(2) *EVALUATION FUNDING.*—On October 1,
13 2007, out of any funds in the Treasury not otherwise
14 appropriated, the Secretary of the Treasury shall
15 transfer to the Secretary to carry out the evaluation
16 required under subsection (i), \$3,000,000, to remain
17 available until expended.

18 “(3) *RECEIPT AND ACCEPTANCE.*—The Secretary
19 shall be entitled to receive, shall accept, and shall use
20 to carry out this section any funds transferred for
21 that purpose, without further appropriation.

22 “(4) *AUTHORIZATION OF APPROPRIATIONS.*—In
23 addition to any other amounts made available to
24 carry out this section, there are authorized to be ap-

1 *propriated such sums as are necessary to expand the*
 2 *program established under this section.*

3 “(5) *ADMINISTRATIVE COSTS.*—*Of funds made*
 4 *available to carry out this section for a fiscal year,*
 5 *the Secretary may use not more than \$500,000 for the*
 6 *administrative costs of carrying out the program.*

7 “(6) *REALLOCATION.*—

8 “(A) *AMONG STATES.*—*The Secretary may*
 9 *reallocate any amounts made available to carry*
 10 *out this section that are not obligated or ex-*
 11 *pended by a date determined by the Secretary.*

12 “(B) *WITHIN STATES.*—*A State that re-*
 13 *ceives a grant under this section may reallocate*
 14 *any amounts made available under the grant*
 15 *that are not obligated or expended by a date de-*
 16 *termined by the Secretary.”.*

17 (b) *CONFORMING AMENDMENTS.*—*Section 18 of the*
 18 *Richard B. Russell National School Lunch Act (42 U.S.C.*
 19 *1769) is amended—*

20 (1) *by striking subsection (g); and*

21 (2) *by redesignating subsections (h) through (k)*
 22 *as subsections (g) through (j), respectively.*

1 **SEC. 4905. TEAM NUTRITION NETWORK.**

2 *Section 19 of the Child Nutrition Act of 1966 (42*
 3 *U.S.C. 1788) is amended by striking subsection (l) and in-*
 4 *serting the following:*

5 “(l) *FUNDING.—*

6 “(1) *MANDATORY FUNDING.—*

7 “(A) *IN GENERAL.—On October 1, 2008,*
 8 *and on each October 1 thereafter through October*
 9 *1, 2011, out of any funds in the Treasury not*
 10 *otherwise appropriated, the Secretary of the*
 11 *Treasury shall transfer to the Secretary to carry*
 12 *out this section \$3,000,000, to remain available*
 13 *until expended.*

14 “(B) *RECEIPT AND ACCEPTANCE.—The Sec-*
 15 *retary shall be entitled to receive, shall accept,*
 16 *and shall use to carry out this section the funds*
 17 *transferred under subparagraph (A), without*
 18 *further appropriation.*

19 “(C) *NUTRITIONAL HEALTH OF SCHOOL*
 20 *CHILDREN.—In allocating funds made available*
 21 *under this paragraph, the Secretary shall give*
 22 *priority to carrying out subsections (a) through*
 23 *(g).*

24 “(2) *AUTHORIZATION OF APPROPRIATIONS.—In*
 25 *addition to the amounts made available under para-*

1 *graph (1), there are authorized to be appropriated*
 2 *such sums as are necessary to carry out this section.”.*

3 **SEC. 4906. BUY AMERICAN REQUIREMENTS.**

4 (a) *FINDINGS.*—Congress finds the following:

5 (1) *Federal law requires that commodities and*
 6 *products purchased with Federal funds be, to the ex-*
 7 *tent practicable, of domestic origin.*

8 (2) *Federal Buy American statutory require-*
 9 *ments seek to ensure that purchases made with Fed-*
 10 *eral funds benefit domestic producers.*

11 (3) *The Richard B. Russell National School*
 12 *Lunch Act (42 U.S.C. 1751 et seq.) requires the use*
 13 *of domestic food products for all meals served under*
 14 *the program, including foods products for all meals*
 15 *served under the program, including foods products*
 16 *purchased with local funds.*

17 (b) *BUY AMERICAN STATUTORY REQUIREMENTS.*—The
 18 *Department of Agriculture should undertake training, guid-*
 19 *ance, and enforcement of the various current Buy American*
 20 *statutory requirements and regulations, including those of*
 21 *the Richard B. Russell National School Lunch Act (42*
 22 *U.S.C. 1751 et seq.) and the Department of Defense fresh*
 23 *fruit and vegetable distribution program.*

1 **SEC. 4907. MINIMUM PURCHASES OF FRUITS, VEGETABLES,**
 2 **AND NUTS THROUGH SECTION 32 TO SUP-**
 3 **PORT DOMESTIC NUTRITION ASSISTANCE**
 4 **PROGRAMS.**

5 (a) *MINIMUM FUNDING FOR PURCHASES OF FRUITS,*
 6 *VEGETABLES, AND NUTS.*—*In lieu of the purchases of*
 7 *fruits, vegetables, and nuts required by section 10603 of the*
 8 *Farm Security and Rural Investment Act of 2002 (7 U.S.C.*
 9 *612c–4), the Secretary shall purchase fruits, vegetables, and*
 10 *nuts for the purpose of providing nutritious foods for use*
 11 *in domestic nutrition assistance programs, using, of the*
 12 *funds made available under section 32 of the Act of August*
 13 *24, 1935 (7 U.S.C. 612c), the following amounts:*

- 14 (1) \$390,000,000 for fiscal year 2008.
- 15 (2) \$393,000,000 for fiscal year 2009.
- 16 (3) \$399,000,000 for fiscal year 2010.
- 17 (4) \$403,000,000 for fiscal year 2011.
- 18 (5) \$406,000,000 for fiscal year 2012 and each
- 19 fiscal year thereafter.

20 (b) *FORM OF PURCHASES.*—*Fruits, vegetables, and*
 21 *nuts may be purchased under this section in frozen, canned,*
 22 *dried, or fresh form.*

23 (c) *VALUE-ADDED PRODUCTS.*—*The Secretary may*
 24 *offer value-added products containing fruits, vegetables, or*
 25 *nuts under this section, taking into consideration—*

1 (1) *whether demand exists for the value-added*
 2 *product; and*

3 (2) *the interests of entities that receive fruits,*
 4 *vegetables, and nuts under this section.*

5 **SEC. 4908. AGRICULTURAL POLICY AND PUBLIC HEALTH.**

6 (a) *IN GENERAL.*—*The Comptroller General of the*
 7 *United States shall conduct a study to assess whether the*
 8 *agricultural policies of the United States have an impact*
 9 *on health, nutrition, overweight and obesity, and diet-re-*
 10 *lated chronic disease.*

11 (b) *REQUIREMENTS.*—*In conducting the study under*
 12 *subsection (a), the Comptroller General of the United States*
 13 *shall—*

14 (1) *review, and evaluate the methodological rigor*
 15 *of, existing literature and studies relating to the sub-*
 16 *jects of the study required under subsection (a);*

17 (2) *summarize the existing literature and ex-*
 18 *plain the extent, if any, to which the literature shows*
 19 *a clear association or causal relationship between*
 20 *United States agricultural policy and health, nutri-*
 21 *tion, overweight and obesity, and diet-related chronic*
 22 *diseases; and*

23 (3) *if the existing literature shows that there is*
 24 *a relationship between United States agricultural pol-*
 25 *icy and health, nutrition, overweight and obesity, and*

1 *diet-related chronic diseases, make recommendations*
 2 *to guide or revise Federal agricultural policies to im-*
 3 *prove health and reduce obesity and diet-related*
 4 *chronic disease.*

5 (c) *REPORT.*—*Not later than 18 months after the date*
 6 *of enactment of this section, the Comptroller General of the*
 7 *United States shall submit to the Committee on Agriculture*
 8 *of the House of Representatives and the Committee on Agri-*
 9 *culture, Nutrition, and Forestry of the Senate a report that*
 10 *describes the results of the study conducted under this sec-*
 11 *tion.*

12 **SEC. 4909. CONFORMING AMENDMENTS TO RENAMING OF**
 13 **FOOD STAMP PROGRAM.**

14 (a) *IN GENERAL.*—

15 (1) *Section 4 of the Food and Nutrition Act of*
 16 *2007 (7 U.S.C. 2013) is amended in the section head-*
 17 *ing by striking “FOOD STAMP PROGRAM” and insert-*
 18 *ing “FOOD AND NUTRITION PROGRAM”.*

19 (2) *Section 5(h)(2)(A) of the Food and Nutrition*
 20 *Act of 2007 (7 U.S.C. 2014(h)(2)(A)) is amended by*
 21 *striking “Food Stamp Disaster Task Force” and in-*
 22 *serting “Food and Nutrition Disaster Task Force”.*

23 (3) *Section 6 of the Food and Nutrition Act of*
 24 *2007 (7 U.S.C. 2015) is amended—*

1 (A) in subsection (d)(3), by striking “*eligi-*
2 *ble for food stamps*” and inserting “*eligible to re-*
3 *ceive food and nutrition assistance*”;

4 (B) in subsection (g), by striking “*food*
5 *stamps*” and inserting “*food and nutrition as-*
6 *sistance*”;

7 (C) in subsection (j), in the subsection head-
8 *ing*, by striking “*FOOD STAMP*” and inserting
9 “*FOOD AND NUTRITION*”; and

10 (D) in subsection (o)—

11 (i) in paragraph (2), by striking “*food*
12 *stamp benefits*” and inserting “*food and*
13 *nutrition assistance*”; and

14 (ii) in paragraph (6)—

15 (I) in subparagraph (A)—

16 (aa) in clause (i), by striking
17 “*food stamps*” and inserting “*food*
18 *and nutrition assistance*”; and

19 (bb) in clause (ii)—

20 (AA) in the matter pre-
21 *ceding subclause (I)*, by strik-
22 *ing* “*a food stamp recipient*”
23 and inserting “*a member of*
24 *a household that receives food*

1 *and nutrition assistance”;*
 2 *and*
 3 *(BB) by striking “food*
 4 *stamp benefits” each place it*
 5 *appears and inserting “food*
 6 *and nutrition assistance”;*
 7 *and*

8 *(II) in subparagraphs (D) and*
 9 *(E), by striking “food stamp recipi-*
 10 *ents” each place it appears and insert-*
 11 *ing “members of households that re-*
 12 *ceive food and nutrition assistance”.*

13 *(4) Section 7 of the Food and Nutrition Act of*
 14 *2007 (7 U.S.C. 2016) (as amended by section*
 15 *4202(a)(11)) is amended—*

16 *(A) in subsection (h)—*

17 *(i) in paragraph (3)(B)(ii), by striking*
 18 *“food stamp households” and inserting*
 19 *“households receiving food and nutrition as-*
 20 *sistance”; and*

21 *(ii) in paragraph (7), by striking*
 22 *“food stamp issuance” and inserting “food*
 23 *and nutrition assistance issuance”; and*
 24 *(B) in subsection (j)—*

1 (i) in paragraph (2), by striking “food
2 stamp benefits” and inserting “food and
3 nutrition assistance benefits”; and

4 (ii) in paragraph (3), by striking
5 “food stamp retail” and inserting “food and
6 nutrition assistance retail”.

7 (5) Section 9(b)(1) of that *Food and Nutrition*
8 *Act of 2007* (7 U.S.C. 2018(b)(1)) is amended by
9 striking “food stamp households” and inserting
10 “households that receive food and nutrition assist-
11 ance”.

12 (6) Section 11 of the *Food and Nutrition Act of*
13 *2007* (7 U.S.C. 2020) (as amended by section
14 4202(b)(9)(B)(III)) is amended—

15 (A) in subsection (e)—

16 (i) in paragraph (2)—

17 (I) in subparagraph (A), by strik-
18 ing “food stamp offices” and inserting
19 “food and nutrition assistance offices”;
20 and

21 (II) in subparagraph (B)—

22 (aa) in clause (iii), by strik-
23 ing “food stamp office” and in-
24 serting “food and nutrition assist-
25 ance office”;

1 (bb) in clause (v)(II), by
 2 striking “food stamps” and insert-
 3 ing “food and nutrition assist-
 4 ance”; and

5 (cc) in clause (vii), by strik-
 6 ing “food stamp offices” and in-
 7 serting “food and nutrition assist-
 8 ance offices”;

9 (ii) in paragraph (14), by striking
 10 “food stamps” and inserting “food and nu-
 11 trition assistance”;

12 (iii) in paragraph (15), by striking
 13 “food stamps” and inserting “food and nu-
 14 trition assistance”; and

15 (iv) in paragraph (23)—

16 (I) in the matter preceding sub-
 17 paragraph (A), by striking “Simplified
 18 Food Stamp Program” and inserting
 19 “Simplified Food and Nutrition As-
 20 sistance Program”; and

21 (II) in subparagraph (A), by
 22 striking “food stamp benefits” and in-
 23 serting “food and nutrition assist-
 24 ance”;

1 (B) in subsection (k), by striking “may
2 issue, upon request by the State agency, food
3 stamps” and inserting “may provide, on request
4 by the State agency, food and nutrition assist-
5 ance”;

6 (C) in subsection (l), by striking “food
7 stamp participation” and inserting “food and
8 nutrition program participation”;

9 (D) in subsections (q) and (r), in the sub-
10 section headings, by striking “FOOD STAMPS”
11 each place it appears and inserting “FOOD AND
12 NUTRITION ASSISTANCE”;

13 (E) in subsection (s), by striking “food
14 stamp benefits” each place it appears and insert-
15 ing “food and nutrition assistance”; and

16 (F) in subsection (t)(1)—

17 (i) in subparagraph (A), by striking
18 “food stamp application” and inserting
19 “food and nutrition assistance application”;
20 and

21 (ii) in subparagraph (B), by striking
22 “food stamp benefits” and inserting “food
23 and nutrition assistance”.

24 (7) Section 14(b) of the Food and Nutrition Act
25 of 2007 (7 U.S.C. 2023(b)) is amended by striking

1 *“food stamp allotments” and inserting “food and nu-*
 2 *trition assistance”.*

3 *(8) Section 16 of the Food and Nutrition Act of*
 4 *2007 (7 U.S.C. 2025) is amended—*

5 *(A) in subsection (a)(4), by striking “food*
 6 *stamp informational activities” and inserting*
 7 *“informational activities relating to the food and*
 8 *nutrition program”;*

9 *(B) in subsection (c)(9)(C), by striking*
 10 *“food stamp caseload” and inserting “the case-*
 11 *load under the food and nutrition program”;*
 12 *and*

13 *(C) in subsection (h)(1)(E)(i), by striking*
 14 *“food stamp recipients” and inserting “house-*
 15 *holds receiving food and nutrition assistance”.*

16 *(9) Section 17 of the Food and Nutrition Act of*
 17 *2007 (7 U.S.C. 2026) is amended—*

18 *(A) in subsection (a)(2), by striking “food*
 19 *stamp benefits” each place it appears and insert-*
 20 *ing “food and nutrition assistance benefits”;*

21 *(B) in subsection (b)—*

22 *(i) in paragraph (1)—*

23 *(I) in subparagraph (A), by strik-*
 24 *ing “food stamp benefits” and insert-*

1 *ing “food and nutrition assistance”;*
 2 *and*

3 *(II) in subparagraph (B)—*

4 *(aa) in clause (ii)(II), by*
 5 *striking “food stamp recipients”*
 6 *and inserting “food and nutrition*
 7 *assistance recipients”;*

8 *(bb) in clause (iii)(I), by*
 9 *striking “the State’s food stamp*
 10 *households” and inserting “the*
 11 *number of households in the State*
 12 *receiving food and nutrition as-*
 13 *sistance”;* *and*

14 *(cc) in clause (iv)(IV)(bb), by*
 15 *striking “food stamp deductions”*
 16 *and inserting “food and nutrition*
 17 *assistance deductions”;*

18 *(ii) in paragraph (2), by striking*
 19 *“food stamp benefits” and inserting “food*
 20 *and nutrition assistance”;* *and*

21 *(iii) in paragraph (3)—*

22 *(I) in subparagraph (A), by strik-*
 23 *ing “food stamp employment” and in-*
 24 *serting “food and nutrition program*
 25 *employment”;*

1 (II) in subparagraph (B), by
 2 striking “food stamp recipients” and
 3 inserting “food and nutrition assist-
 4 ance recipients”;

5 (III) in subparagraph (C), by
 6 striking “food stamps” and inserting
 7 “food and nutrition assistance”; and

8 (IV) in subparagraph (D), by
 9 striking “food stamp benefits” and in-
 10 serting “food and nutrition assistance
 11 benefits”;

12 (C) in subsection (c), by striking “food
 13 stamps” and inserting “food and nutrition as-
 14 sistance”;

15 (D) in subsection (d)—

16 (i) in paragraph (1)(B), by striking
 17 “food stamp benefits” and inserting “food
 18 and nutrition assistance”;

19 (ii) in paragraph (2)—

20 (I) in subparagraph (A), by strik-
 21 ing “food stamp allotments” each place
 22 it appears and inserting “food and nu-
 23 trition assistance”; and

24 (II) in subparagraph (C)(ii), by
 25 striking “food stamp benefit” and in-

1 serting “food and nutrition assist-
2 ance”; and

3 (iii) in paragraph (3)(E), by striking
4 “food stamp benefits” and inserting “food
5 and nutrition assistance”;

6 (E) in subsections (e) and (f), by striking
7 “food stamp benefits” each place it appears and
8 inserting “food and nutrition assistance”;

9 (F) in subsection (g), in the first sentence,
10 by striking “receipt of food stamp” and inserting
11 “receipt of food and nutrition assistance”; and

12 (G) in subsection (j), by striking “food
13 stamp agencies” and inserting “food and nutri-
14 tion program agencies”.

15 (10) Section 18(a)(3)(A)(ii) of the Food and Nu-
16 trition Act of 2007 (7 U.S.C. 2027(a)(3)(A)(ii)) is
17 amended by striking “food stamps” and inserting
18 “food and nutrition assistance”.

19 (11) Section 21(d)(3) of the Food and Nutrition
20 Act of 2007 (7 U.S.C. 2030(d)(3)) is amended by
21 striking “food stamp benefits” and inserting “food
22 and nutrition assistance”.

23 (12) Section 22 of the Food and Nutrition Act
24 of 2007 (7 U.S.C. 2031) is amended—

1 (A) *in the section heading, by striking*
 2 “FOOD STAMP PORTION OF MINNESOTA FAMILY
 3 INVESTMENT PLAN” *and inserting “FOOD AND*
 4 *NUTRITION ASSISTANCE PORTION OF MINNESOTA*
 5 *FAMILY INVESTMENT PROJECT”;*

6 (B) *in subsections (b)(12) and (d)(3), by*
 7 *striking “the Food Stamp Act, as amended,”*
 8 *each place it appears and inserting “this Act”;*
 9 *and*

10 (C) *in subsection (g)(1), by striking “the*
 11 *Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.)”*
 12 *and inserting “this Act”.*

13 (13) *Section 26 of the Food and Nutrition Act*
 14 *of 2007 (7 U.S.C. 2035) is amended—*

15 (A) *in the section heading, by striking*
 16 “SIMPLIFIED FOOD STAMP PROGRAM” *and insert-*
 17 *ing “SIMPLIFIED FOOD AND NUTRITION PRO-*
 18 *GRAM”;* *and*

19 (B) *in subsection (b), by striking “sim-*
 20 *plified food stamp program” and inserting “sim-*
 21 *plified food and nutrition program”.*

22 (b) *CONFORMING CROSS-REFERENCES.—*

23 (1) *IN GENERAL.—Each provision of law de-*
 24 *scribed in paragraph (2) is amended (as applica-*
 25 *ble)—*

1 (A) by striking “food stamp program” each
 2 place it appears and inserting “food and nutri-
 3 tion program”;

4 (B) by striking “Food Stamp Act of 1977”
 5 each place it appears and inserting “Food and
 6 Nutrition Act of 2007”;

7 (C) by striking “Food Stamp Act” each
 8 place it appears and inserting “Food and Nutri-
 9 tion Act of 2007”;

10 (D) by striking “food stamp” each place it
 11 appears and inserting “food and nutrition as-
 12 sistance”;

13 (E) by striking “food stamps” each place it
 14 appears and inserting “food and nutrition as-
 15 sistance”;

16 (F) in each applicable title, subtitle, chap-
 17 ter, subchapter, and section heading, by striking
 18 “**FOOD STAMP**” each place it appears and in-
 19 serting “**FOOD AND NUTRITION ASSIST-**
 20 **ANCE**”;

21 (G) in each applicable subsection and ap-
 22 propriations heading, by striking “**FOOD**
 23 **STAMP**” each place it appears and inserting
 24 “**FOOD AND NUTRITION ASSISTANCE**”;

(H) in each applicable heading other than a title, subtitle, chapter, subchapter, section, subsection, or appropriations heading, by striking “FOOD STAMP” each place it appears and inserting “FOOD AND NUTRITION ASSISTANCE”;

(I) in each applicable title, subtitle, chapter, subchapter, and section heading, by striking “**FOOD STAMPS**” each place it appears and inserting “**FOOD AND NUTRITION ASSISTANCE**”;

(J) in each applicable subsection and appropriations heading, by striking “FOOD STAMPS” each place it appears and inserting “FOOD AND NUTRITION ASSISTANCE”; and

(K) in each applicable heading other than a title, subtitle, chapter, subchapter, section, subsection, or appropriations heading, by striking “FOOD STAMPS” each place it appears and inserting “FOOD AND NUTRITION ASSISTANCE”.

(2) PROVISIONS OF LAW.—The provisions of law referred to in paragraph (1) are the following:

(A) The Hunger Prevention Act of 1988 (Public Law 100–435; 102 Stat. 1645).

1 (B) *The Food Stamp Program Improve-*
 2 *ments Act of 1994 (Public Law 103–225; 108*
 3 *Stat. 106).*

4 (C) *Title IV of the Farm Security and*
 5 *Rural Investment Act of 2002 (Public Law 107–*
 6 *171; 116 Stat. 305).*

7 (D) *Section 2 of Public Law 103–205 (7*
 8 *U.S.C. 2012 note).*

9 (E) *Section 807(b) of the Stewart B.*
 10 *McKinney Homeless Assistance Act (7 U.S.C.*
 11 *2014 note; Public Law 100–77).*

12 (F) *The Electronic Benefit Transfer Inter-*
 13 *operability and Portability Act of 2000 (Public*
 14 *Law 106–171; 114 Stat. 3).*

15 (G) *Section 502(b) of the Agricultural Re-*
 16 *search, Extension, and Education Reform Act of*
 17 *1998 (7 U.S.C. 2025 note; Public Law 105–185).*

18 (H) *The National Agricultural Research,*
 19 *Extension, and Teaching Policy Act of 1977 (7*
 20 *U.S.C. 3101 et seq.).*

21 (I) *The Emergency Food Assistance Act of*
 22 *1983 (7 U.S.C. 7501 et seq.).*

23 (J) *The Immigration and Nationality Act*
 24 *(8 U.S.C. 1101 et seq.).*

1 (K) *Section 8119 of the Department of De-*
 2 *fense Appropriations Act, 1999 (10 U.S.C. 113*
 3 *note; Public Law 105–262).*

4 (L) *The Armored Car Industry Reciprocity*
 5 *Act of 1993 (15 U.S.C. 5901 et seq.).*

6 (M) *Title 18, United States Code.*

7 (N) *The Higher Education Act of 1965 (20*
 8 *U.S.C. 1001 et seq.).*

9 (O) *The Internal Revenue Code of 1986.*

10 (P) *Section 650 of the Treasury and Gen-*
 11 *eral Government Appropriations Act, 2000 (26*
 12 *U.S.C. 7801 note; Public Law 106–58).*

13 (Q) *The Wagner-Peysner Act (29 U.S.C. 49*
 14 *et seq.).*

15 (R) *The Workforce Investment Act of 1998*
 16 *(29 U.S.C. 2801 et seq.).*

17 (S) *Title 31, United States Code.*

18 (T) *Title 37, United States Code.*

19 (U) *The Public Health Service Act (42*
 20 *U.S.C. 201 et seq.).*

21 (V) *Titles II through XIX of the Social Se-*
 22 *curity Act (42 U.S.C. 401 et seq.).*

23 (W) *Section 406 of the Family Support Act*
 24 *of 1988 (Public Law 100–485; 102 Stat. 2400).*

1 *(X) Section 232 of the Social Security Act*
2 *Amendments of 1994 (42 U.S.C. 1314a).*

3 *(Y) The United States Housing Act of 1937*
4 *(42 U.S.C. 1437 et seq.).*

5 *(Z) The Richard B. Russell National School*
6 *Lunch Act (42 U.S.C. 1751 et seq.).*

7 *(AA) The Child Nutrition Act of 1966 (42*
8 *U.S.C. 1771 et seq.).*

9 *(BB) The Older Americans Act of 1965 (42*
10 *U.S.C. 3001 et seq.).*

11 *(CC) Section 208 of the Intergovernmental*
12 *Personnel Act of 1970 (42 U.S.C. 4728).*

13 *(DD) The Robert T. Stafford Disaster Relief*
14 *and Emergency Assistance Act (42 U.S.C. 5121*
15 *et seq.).*

16 *(EE) The Low-Income Home Energy Assist-*
17 *ance Act of 1981 (42 U.S.C. 8621 et seq.).*

18 *(FF) Section 658K of the Child Care and*
19 *Development Block Grant Act of 1990 (42 U.S.C.*
20 *9858i).*

21 *(GG) The Alaska Native Claims Settlement*
22 *Act (43 U.S.C. 1601 et seq.).*

23 *(HH) Public Law 95–348 (92 Stat. 487).*

24 *(II) The Agriculture and Food Act of 1981*
25 *(Public Law 97–98; 95 Stat. 1213).*

1 (JJ) *The Disaster Assistance Act of 1988*
 2 (Public Law 100–387; 102 Stat. 924).

3 (KK) *The Food, Agriculture, Conservation,*
 4 *and Trade Act of 1990 (Public Law 101–624;*
 5 *104 Stat. 3359).*

6 (LL) *The Cranston-Gonzalez National Af-*
 7 *fordable Housing Act (Public Law 101–625; 104*
 8 *Stat. 4079).*

9 (MM) *Section 388 of the Persian Gulf Con-*
 10 *flict Supplemental Authorization and Personnel*
 11 *Benefits Act of 1991 (Public Law 102–25; 105*
 12 *Stat. 98).*

13 (NN) *The Food, Agriculture, Conservation,*
 14 *and Trade Act Amendments of 1991 (Public Law*
 15 *102–237; 105 Stat. 1818).*

16 (OO) *The Act of March 26, 1992 (Public*
 17 *Law 102–265; 106 Stat. 90).*

18 (PP) *Public Law 105–379 (112 Stat. 3399).*

19 (QQ) *Section 101(c) of the Emergency Sup-*
 20 *plemental Act, 2000 (Public Law 106–246; 114*
 21 *Stat. 528).*

22 (c) *REFERENCES.—Any reference in any Federal,*
 23 *State, tribal, or local law (including regulations) to the*
 24 *“food stamp program” established under the Food and Nu-*
 25 *trition Act of 2007 (7 U.S.C. 2011 et seq.) shall be consid-*

1 *ered to be a reference to the “food and nutrition program”*
 2 *established under that Act.*

3 **SEC. 4910. EFFECTIVE AND IMPLEMENTATION DATES.**

4 (a) *GENERAL EFFECTIVE DATE.*—*Except as otherwise*
 5 *provided in this title, this title and the amendments made*
 6 *by this title take effect on April 1, 2008.*

7 (b) *IMPLEMENTATION OF IMPROVEMENTS TO PROGRAM*
 8 *BENEFITS.*—

9 (1) *IN GENERAL.*—*A State agency may imple-*
 10 *ment the amendments made by part II of subtitle A*
 11 *beginning on a date (as determined by the State*
 12 *agency) during the period beginning on April 1,*
 13 *2008, and ending on October 1, 2008.*

14 (2) *CERTIFICATION PERIOD.*—*At the option of a*
 15 *State agency, the State agency may implement 1 or*
 16 *more of the amendments made by sections 4103 and*
 17 *4104 for a certification period that begins not earlier*
 18 *than the implementation date determined by the State*
 19 *under paragraph (1).*

20 **SEC. 4911. APPLICATION.**

21 (a) *IN GENERAL.*—*Notwithstanding any other provi-*
 22 *sion of this title or amendments made by this title, the*
 23 *amendments made by the provisions described in subsection*
 24 (b) *shall be in effect during the period beginning on the*
 25 *date of enactment of this Act (or such other effective date*

1 *as is otherwise provided in this title) and ending on Sep-*
 2 *tember 30, 2012.*

3 (b) *PROVISIONS.—The provisions referred to in sub-*
 4 *section (a) are—*

5 (1) *section 4101;*

6 (2) *section 4102;*

7 (3) *section 4103;*

8 (4) *section 4104;*

9 (5) *section 4107;*

10 (6) *section 4108;*

11 (7) *section 4109;*

12 (8) *section 4110(a)(2);*

13 (9) *section 4208;*

14 (10) *section 4701(a)(3);*

15 (11) *section 4801(g); and*

16 (12) *section 4903.*

17 **SEC. 4912. GRAIN PILOT PROGRAM.**

18 (a) *IN GENERAL.—Section 17A of the Richard B. Rus-*
 19 *sell National School Lunch Act (42 U.S.C. 1766a) is*
 20 *amended by adding at the end the following:*

21 “(e) *GRAIN PILOT PROGRAM.—*

22 “(1) *DEFINITION OF ELIGIBLE GRAIN AND GRAIN*
 23 *PRODUCT.—In this subsection, the terms ‘eligible*
 24 *grain’ and ‘grain product’ mean a grain or bread*
 25 *product, including but not limited to, baked products*

1 *and ready-to-eat cereals, having whole grain as the*
 2 *primary ingredient by weight as specified on the label*
 3 *or according to the recipe; except that the Secretary*
 4 *may review and update as necessary the definition es-*
 5 *tablished under this section.”*

6 “(2) *PROGRAM.—*

7 “(A) *IN GENERAL.—For the school year be-*
 8 *ginning July 2008, the Secretary shall carry out*
 9 *a pilot program to provide eligible grain and*
 10 *grain products to—*

11 “(i) *up to 125 elementary or secondary*
 12 *schools operating a program under this sec-*
 13 *tion in each of 6 States; and*

14 “(ii) *elementary or secondary schools*
 15 *operating a program under this section on*
 16 *1 Indian reservation.*

17 “(B) *REQUIREMENT.—A school partici-*
 18 *pating in the program shall provide eligible*
 19 *grain and grain products as one of the meal sup-*
 20 *plement components as described in subsection*
 21 *(d) to students participating in a program au-*
 22 *thorized under this section.*

23 “(C) *FUNDING TO STATES.—The Secretary*
 24 *shall allocate funds to each participating State*

1 *based on the prior year claiming pattern for the*
 2 *after-school snack program in selected schools.*

3 “(3) *SELECTION OF SCHOOLS.—In selecting*
 4 *schools to participate in the program under para-*
 5 *graph (2), the Secretary shall—*

6 “(A) *ensure each school selected is located in*
 7 *a needy area as defined in subsection (c)(1); and*

8 “(B) *solicit applications from interested*
 9 *schools that meet the criteria established in sub-*
 10 *paragraph (A) and include—*

11 “(i) *a certification of support for par-*
 12 *ticipation in the program signed by the*
 13 *school food manager, the school principal,*
 14 *and the district superintendent (or equiva-*
 15 *lent positions, as determined by the school);*
 16 *and*

17 “(ii) *such other information as may be*
 18 *requested by the Secretary.*

19 “(4) *REPORT.—Not later than December 31,*
 20 *2010, the Secretary, acting through the Administrator*
 21 *of the Food and Nutrition Service, shall submit to the*
 22 *Committee on Education and Labor of the House of*
 23 *Representatives and the Committee on Agriculture,*
 24 *Nutrition, and Forestry of the Senate a report that*
 25 *describes the results of the pilot program.*

1 “(5) *FUNDING.*—*The Secretary shall use not*
 2 *more than \$4,000,000 to carry out this subsection*
 3 *(other than paragraph (4)), of which—*

4 “(A) *\$2,000,000 shall be from funds made*
 5 *available to carry out the senior farmers’ market*
 6 *nutrition program under section 4402 of the*
 7 *Farm Security and Rural Investment Act of*
 8 *2002 (7 U.S.C. 3007); and*

9 “(B) *\$2,000,000 shall be from funds made*
 10 *available to carry out assistance for community*
 11 *food projects under section 25 of the Food and*
 12 *Nutrition Act of 2007 (7 U.S.C. 2034).*

13 “(6) *EVALUATION AND ADMINISTRATION.*—*Of the*
 14 *funding made available the Secretary shall use not*
 15 *more than \$3,000,000 to carry out the evaluation re-*
 16 *quired in paragraph (4) and for the administration*
 17 *of the program.”.*

18 “(b) *EFFECTIVE DATE.*—*The amendment made by this*
 19 *section shall take effect on the date of enactment of this Act.*

20 **SEC. 4913. REPORT ON FEDERAL HUNGER PROGRAMS.**

21 *Not later than 2 years after the date of enactment of*
 22 *this Act, the Comptroller General of the United States shall*
 23 *submit to Congress a report that contains—*

24 (1) *a complete list of all Federal programs that*
 25 *seek to alleviate hunger or food insecurity or improve*

1 *nutritional intake, including programs that support*
2 *collaboration, coordination, research, or infrastructure*
3 *related to these issues;*

4 *(2) for each program listed under paragraph*
5 *(1)—*

6 *(A) the total amount of Federal funds used*
7 *to carry out the program in the most recent fis-*
8 *cal year for which comparable data is available;*

9 *(B) a comparison of the amount described*
10 *in subparagraph (A) with the amount used to*
11 *carry out a similar program 10 and 20 years*
12 *previously;*

13 *(C) to the maximum extent practicable, the*
14 *amount of Federal funds used under the program*
15 *to provide direct food aid to individuals (includ-*
16 *ing the amount used for the costs of admin-*
17 *istering the program); and*

18 *(D) a review to determine whether the pro-*
19 *gram has been independently reviewed for effec-*
20 *tiveness with respect to achieving the goals of the*
21 *program, including—*

22 *(i) the findings of the independent re-*
23 *view; and*

24 *(ii) for the 10 highest-cost programs, a*
25 *determination of whether the review was*

1 *conducted in accordance with accepted re-*
 2 *search principles;*

3 *(3) for the 10- and 20-year periods before the*
 4 *date of enactment of this Act, and for the most recent*
 5 *year for which data is available, the estimated num-*
 6 *ber of people in the United States who are hungry (or*
 7 *food insecure) or obese; and*

8 *(4) as of the date of submission of the report—*

9 *(A) the number of employees of the Depart-*
 10 *ment of Agriculture, including contractors and*
 11 *other individuals whose salary is paid in full or*
 12 *part by the Department; and*

13 *(B) the number of farmers and other agri-*
 14 *cultural producers in the United States that re-*
 15 *ceive some form of assistance from the Depart-*
 16 *ment.*

17 **SEC. 4914. FOOD EMPLOYMENT EMPOWERMENT AND DE-**
 18 **VELOPMENT PROGRAM.**

19 *(a) DEFINITIONS.—In this section:*

20 *(1) ELIGIBLE ENTITY.—The term “eligible enti-*
 21 *ty” means an entity that meets the requirements of*
 22 *subsection (b)(2).*

23 *(2) VULNERABLE SUBPOPULATION.—*

24 *(A) IN GENERAL.—The term “vulnerable*
 25 *subpopulation” means low-income individuals,*

1 *unemployed individuals, and other subpopula-*
2 *tions identified by the Secretary as being likely*
3 *to experience special risks from hunger or a spe-*
4 *cial need for job training.*

5 (B) *INCLUSIONS.—The term “vulnerable*
6 *subpopulation” includes—*

7 (i) *addicts (as defined in section 102 of*
8 *the Controlled Substances Act (21 U.S.C.*
9 *802));*

10 (ii) *at-risk youths (as defined in sec-*
11 *tion 1432 of the Elementary and Secondary*
12 *Education Act of 1965 (20 U.S.C. 6472));*

13 (iii) *individuals that are basic skills*
14 *deficient (as defined in section 101 of the*
15 *Workforce Investment Act of 1998 (29*
16 *U.S.C. 2801));*

17 (iv) *homeless individuals (as defined in*
18 *section 17(b) of the Child Nutrition Act of*
19 *1966 (42 U.S.C. 1786(b));*

20 (v) *homeless youths (as defined in sec-*
21 *tion 387 of the Runaway and Homeless*
22 *Youth Act (42 U.S.C. 5732a));*

23 (vi) *individuals with disabilities (as*
24 *defined in section 3 of the Americans with*
25 *Disabilities Act of 1990 (42 U.S.C. 12102));*

(vii) *low-income individuals (as defined in section 101 of the Workforce Investment Act of 1998 (29 U.S.C. 2801)); and*

(viii) *older individuals (as defined in section 102 of the Older Americans Act of 1965 (42 U.S.C. 3002)).*

(b) *FOOD EMPLOYMENT EMPOWERMENT AND DEVELOPMENT PROGRAM.—*

(1) *ESTABLISHMENT.—The Secretary shall establish a food employment empowerment and development program under which the Secretary shall make grants to eligible entities to encourage the effective use of community resources to combat hunger and the root causes of hunger by creating opportunity through food recovery and job training.*

(2) *ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall be a public agency, or private nonprofit institution, that conducts, or will conduct, 2 or more of the following activities as an integral part of the normal operation of the entity:*

(A) *Recovery of donated food from area restaurants, caterers, hotels, cafeterias, farms, or other food service businesses.*

1 (B) *Distribution of meals or recovered food*

2 *to—*

3 (i) *nonprofit organizations described*
4 *in section 501(c)(3) of the Internal Revenue*
5 *Code of 1986;*

6 (ii) *entities that feed vulnerable sub-*
7 *populations; and*

8 (iii) *other agencies considered appro-*
9 *priate by the Secretary.*

10 (C) *Training of unemployed and under-*
11 *employed adults for careers in the food service*
12 *industry.*

13 (D) *Carrying out of a welfare-to-work job*
14 *training program in combination with—*

15 (i) *production of school meals, such as*
16 *school meals served under the Richard B.*
17 *Russell National School Lunch Act (42*
18 *U.S.C. 1751 et seq.) or the Child Nutrition*
19 *Act of 1966 (42 U.S.C. 1771 et seq.); or*

20 (ii) *support for after-school programs,*
21 *such as programs conducted by community*
22 *learning centers (as defined in section*
23 *4201(b) of the Elementary and Secondary*
24 *Education Act of 1965 (20 U.S.C.*
25 *7171(b))).*

1 (3) *USE OF FUNDS.*—*An eligible entity may use*
 2 *a grant awarded under this section for—*

3 (A) *capital investments related to the oper-*
 4 *ation of the eligible entity;*

5 (B) *support services for clients, including*
 6 *staff, of the eligible entity and individuals en-*
 7 *rolled in job training programs;*

8 (C) *purchase of equipment and supplies re-*
 9 *lated to the operation of the eligible entity or*
 10 *that improve or directly affect service delivery;*

11 (D) *building and kitchen renovations that*
 12 *improve or directly affect service delivery;*

13 (E) *educational material and services;*

14 (F) *administrative costs, in accordance with*
 15 *guidelines established by the Secretary; and*

16 (G) *additional activities determined appro-*
 17 *priate by the Secretary.*

18 (4) *PREFERENCES.*—*In awarding grants under*
 19 *this section, the Secretary shall give preference to eli-*
 20 *gible entities that perform, or will perform, any of the*
 21 *following activities:*

22 (A) *Carrying out food recovery programs*
 23 *that are integrated with—*

24 (i) *culinary worker training programs,*
 25 *such as programs conducted by a food serv-*

1 *ice management institute under section 21*
2 *of the Richard B. Russell National School*
3 *Lunch Act (42 U.S.C. 1769b–1);*

4 *(ii) school education programs; or*

5 *(iii) programs of service-learning (as*
6 *defined in section 101 of the National and*
7 *Community Service Act of 1990 (42 U.S.C.*
8 *12511)).*

9 *(B) Providing job skills training, life skills*
10 *training, and case management support to vul-*
11 *nerable subpopulations.*

12 *(C) Integrating recovery and distribution of*
13 *food with a job training program.*

14 *(D) Maximizing the use of an established*
15 *school, community, or private food service facil-*
16 *ity or resource in meal preparation and cul-*
17 *inary skills training.*

18 *(E) Providing job skills training, life skills*
19 *training, and case management support to vul-*
20 *nerable subpopulations.*

21 *(5) ELIGIBILITY FOR JOB TRAINING.—To be eli-*
22 *gible to receive job training assistance from an eligi-*
23 *ble entity using a grant made available under this*
24 *section, an individual shall be a member of a vulner-*
25 *able subpopulation.*

1 (6) *PERFORMANCE INDICATORS.*—*The Secretary*
2 *shall establish, for each year of the program, perform-*
3 *ance indicators and expected levels of performance for*
4 *meal and food distribution and job training for eligi-*
5 *ble entities to continue to receive and use grants*
6 *under this section.*

7 (7) *TECHNICAL ASSISTANCE.*—*The Secretary*
8 *may provide such technical assistance to eligible enti-*
9 *ties as the Secretary considers appropriate to help the*
10 *eligible entities in carrying out this section.*

11 (8) *RELATIONSHIP TO OTHER LAW.*—

12 (A) *BILL EMERSON GOOD SAMARITAN FOOD*
13 *DONATION ACT.*—*An action taken by an eligible*
14 *entity using a grant provided under this section*
15 *shall be covered by the Bill Emerson Good Sa-*
16 *maritan Food Donation Act (42 U.S.C. 1791).*

17 (B) *FOOD HANDLING GUIDELINES.*—*In*
18 *using a grant provided under this section, an el-*
19 *igible entity shall comply with any applicable*
20 *food handling guideline established by a State or*
21 *local authority.*

22 (9) *MAXIMUM AMOUNT OF GRANT.*—*The amount*
23 *of a grant provided to an eligible entity for a fiscal*
24 *year under this section shall not exceed \$200,000.*

25 (c) *AUTHORIZATION OF APPROPRIATIONS.*—

1 (1) *IN GENERAL.*—*There are authorized to be ap-*
 2 *propriated such sums as are necessary to carry out*
 3 *this section for each of fiscal years 2008 through*
 4 *2012.*

5 (2) *TECHNICAL ASSISTANCE.*—*Of the amount of*
 6 *funds that are made available for a fiscal year under*
 7 *paragraph (1), the Secretary shall use to provide tech-*
 8 *nical assistance under subsection (b)(7) not more*
 9 *than the greater of—*

10 (A) *5 percent of the amount of funds that*
 11 *are made available for the fiscal year under*
 12 *paragraph (1); or*

13 (B) *\$1,000,000.*

14 **SEC. 4915. INFRASTRUCTURE AND TRANSPORTATION**
 15 **GRANTS TO SUPPORT RURAL FOOD BANK DE-**
 16 **LIVERY OF HEALTHY PERISHABLE FOODS.**

17 (a) *PURPOSE.*—*The purpose of this section is to pro-*
 18 *vide grants to State and local food banks and other emer-*
 19 *gency feeding organizations (as defined in section 201A of*
 20 *the Emergency Food Assistance Act of 1983 (7 U.S.C.*
 21 *7501))—*

22 (1) *to support and expand the efforts of food*
 23 *banks operating in rural areas to procure and trans-*
 24 *port highly perishable and healthy food;*

1 (2) *to improve identification of potential pro-*
 2 *viders of donated food and to enhance the nonprofit*
 3 *food donation system, particularly in and for rural*
 4 *areas; and*

5 (3) *to support the procurement of locally pro-*
 6 *duced food from small and family farms and ranches*
 7 *for distribution to needy people.*

8 (b) *DEFINITION OF TIME-SENSITIVE FOOD PROD-*
 9 *UCT.—*

10 (1) *IN GENERAL.—In this section, the term*
 11 *“time-sensitive food product” means a fresh, raw, or*
 12 *processed food with a short time limitation for safe*
 13 *and acceptable consumption, as determined by the*
 14 *Secretary.*

15 (2) *INCLUSIONS.—The term “time-sensitive food*
 16 *product” includes—*

- 17 (A) *fruits;*
- 18 (B) *vegetables;*
- 19 (C) *dairy products;*
- 20 (D) *meat;*
- 21 (E) *fish; and*
- 22 (F) *poultry.*

23 (c) *GRANT PROGRAM.—*

24 (1) *IN GENERAL.—The Secretary shall establish*
 25 *a program under which the Secretary shall provide*

1 *grants, on a competitive basis, to expand the capacity*
2 *and infrastructure of food banks, statewide food bank*
3 *associations, and regional food bank collaboratives*
4 *that operate in rural areas to improve the capacity*
5 *of the food banks to receive, store, distribute, track,*
6 *collect, and deliver time-sensitive food products made*
7 *available from national and local food donors.*

8 (2) *MAXIMUM AMOUNT.—The maximum amount*
9 *of a grant provided under this subsection shall be not*
10 *more than \$1,000,000 for a fiscal year.*

11 (3) *USE OF FUNDS.—A food bank may use a*
12 *grant provided under this section for—*

13 (A) *the development and maintenance of a*
14 *computerized system for the tracking of time-sen-*
15 *sitive food products;*

16 (B) *capital, infrastructure, and operating*
17 *costs associated with—*

18 (i) *the collection and transportation of*
19 *time-sensitive food products; or*

20 (ii) *the storage and distribution of*
21 *time-sensitive food products;*

22 (C) *improving the security and diversity of*
23 *the emergency food distribution and recovery sys-*
24 *tems of the United States through the support*
25 *of—*

1 (i) *small, midsize, or family farms and*
2 *ranches;*

3 (ii) *fisheries and aquaculture; and*

4 (iii) *donations from local food pro-*
5 *ducers and manufacturers to persons in*
6 *need;*

7 (D) *providing recovered healthy foods to*
8 *food banks and similar nonprofit emergency food*
9 *providers to reduce hunger in the United States;*
10 *and*

11 (E) *improving the identification of—*

12 (i) *potential providers of donated*
13 *foods;*

14 (ii) *potential nonprofit emergency food*
15 *providers; and*

16 (iii) *persons in need of emergency food*
17 *assistance in rural areas.*

18 (d) *AUDITS.—The Secretary shall establish fair and*
19 *reasonable procedures to audit the use of funds made avail-*
20 *able to carry out this section.*

21 (e) *AUTHORIZATION OF APPROPRIATIONS.—There is*
22 *authorized to be appropriated to carry out this section*
23 *\$10,000,000 for each of fiscal years 2008 through 2012.*

1 **TITLE V—CREDIT**
 2 **Subtitle A—Farm Ownership Loans**

3 **SEC. 5001. DIRECT LOANS.**

4 *Section 302 of the Consolidated Farm and Rural De-*
 5 *velopment Act (7 U.S.C. 1922) is amended—*

6 *(1) by striking the section designation and head-*
 7 *ing and all that follows through “(a) The Secretary*
 8 *is authorized to” and inserting the following:*

9 **“SEC. 302. PERSONS ELIGIBLE FOR REAL ESTATE LOANS.**

10 *“(a) IN GENERAL.—The Secretary may”; and*

11 *(2) in subsection (a)(2), by inserting “, taking*
 12 *into consideration all farming experience of the appli-*
 13 *cant, without regard to any lapse between farming ex-*
 14 *periences” after “farming operations”.*

15 **SEC. 5002. PURPOSES OF LOANS.**

16 *Section 303(a)(1) of the Consolidated Farm and Rural*
 17 *Development Act (7 U.S.C. 1923(a)(1)) is amended—*

18 *(1) in subparagraph (D), by striking “or” at the*
 19 *end;*

20 *(2) in subparagraph (E), by striking the period*
 21 *at the end and inserting “; or”; and*

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

23 *“(F) refinancing guaranteed farm owner-*
 24 *ship loans of qualified beginning farmers and*
 25 *ranchers under this subtitle that were used to*

1 *carry out purposes described in subparagraphs*
 2 *(A) through (E).”.*

3 **SEC. 5003. SOIL AND WATER CONSERVATION AND PROTEC-**
 4 **TION.**

5 *Section 304 of the Consolidated Farm and Rural De-*
 6 *velopment Act (7 U.S.C. 1924) is amended—*

7 *(1) in subsection (a)—*

8 *(A) in paragraph (4), by inserting “or con-*
 9 *version to a certified organic farm in accordance*
 10 *with the Organic Foods Production Act of 1990*
 11 *(7 U.S.C. 6501 et seq.)” after “systems”;*

12 *(B) in paragraph (5), by striking “and” at*
 13 *the end;*

14 *(C) by redesignating paragraph (6) as*
 15 *paragraph (7); and*

16 *(D) by inserting after paragraph (5) the fol-*
 17 *lowing:*

18 *“(6) the implementation of 1 or more practices*
 19 *under the environmental quality section of the com-*
 20 *prehensive stewardship incentives program established*
 21 *under subchapter A of chapter 6 of subtitle D of title*
 22 *XII of the Food Security Act of 1985; and”;* and

23 *(2) by striking subsections (b) and (c) and in-*
 24 *serting the following:*

1 “(b) *PRIORITY.*—In making or guaranteeing loans
2 under this section, the Secretary shall give priority to—

3 “(1) *qualified beginning farmers or ranchers and*
4 *socially disadvantaged farmers or ranchers;*

5 “(2) *owners or tenants who use the loans to con-*
6 *vert to sustainable or organic agricultural production*
7 *systems;*

8 “(3) *producers who use the loans to build con-*
9 *servation structures or establish conservation practices*
10 *to comply with section 1212 of the Food Security Act*
11 *of 1985 (16 U.S.C. 3812); and*

12 “(4) *producers who have a certification from the*
13 *Natural Resources Conservation Service issued pursu-*
14 *ant to section 1240B(d) of the Food Security Act of*
15 *1985.”.*

16 **SEC. 5004. LIMITATIONS ON AMOUNT OF FARM OWNERSHIP**
17 **LOANS.**

18 *Section 305(a)(2) of the Consolidated Farm and Rural*
19 *Development Act (7 U.S.C. 1925(a)(2)) is amended by*
20 *striking “\$200,000” and inserting “\$300,000”.*

21 **SEC. 5005. DOWN PAYMENT LOAN PROGRAM.**

22 *Section 310E of the Consolidated Farm and Rural De-*
23 *velopment Act (7 U.S.C. 1935) is amended—*

1 (1) in subsection (a)(1), by inserting “and so-
 2 cially disadvantaged farmers and ranchers” after
 3 “ranchers”;

4 (2) in subsection (b)—

5 (A) by striking paragraph (1) and inserting
 6 the following:

7 “(1) *PRINCIPAL.*—

8 “(A) *PURCHASE PRICE OF \$500,000 OR*
 9 *LESS.*—Each loan made under this section for a
 10 purchase price that is \$500,000 or less, shall be
 11 in an amount that does not exceed 45 percent of
 12 the lesser of—

13 “(i) the purchase price; or

14 “(ii) the appraised value of the farm or
 15 ranch to be acquired.

16 “(B) *PURCHASE PRICE GREATER THAN*
 17 \$500,000.—Each loan made under this section for
 18 a purchase price that is greater than \$500,000,
 19 shall be in an amount that does not exceed 45
 20 percent of the lesser of—

21 “(i) \$500,000; or

22 “(ii) the appraised value of the farm or
 23 ranch to be acquired.”;

24 (B) by striking paragraph (2) and inserting
 25 the following:

1 “(2) *INTEREST RATE.*—*The interest rate on any*
 2 *loan made by the Secretary under this section shall*
 3 *be a rate equal to the greater of—*

4 “(A) *the difference obtained by subtracting*
 5 *400 basis points from the interest rate for reg-*
 6 *ular farm ownership loans under this subtitle; or*

7 “(B) *2 percent.*”; and

8 “(C) *in paragraph (3), by striking “15” and*
 9 *inserting “20”;*

10 (3) *in subsection (c)—*

11 (A) *in paragraph (1), by striking “10 per-*
 12 *cent” and inserting “5 percent”;*

13 (B) *by striking paragraph (2);*

14 (C) *by redesignating paragraph (3) as*
 15 *paragraph (2); and*

16 (D) *in subparagraph (B) of paragraph (2)*
 17 *(as so redesignated), by striking “15-year” and*
 18 *inserting “20-year”;* and

19 (4) *in subsection (d)—*

20 (A) *in paragraph (3), by striking the “and”*
 21 *at the end;*

22 (B) *in paragraph (4), by striking the period*
 23 *at the end and inserting “; and”;* and

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

1 “(5) establish annual performance goals to pro-
 2 mote the use of the down payment loan program and
 3 other joint financing participation loans as the pre-
 4 ferred choice for direct real estate loans made by any
 5 lender to a qualified beginning farmer or rancher or
 6 socially disadvantaged farmer or rancher.”.

7 **SEC. 5006. BEGINNING FARMER OR RANCHER CONTRACT**
 8 **LAND SALES PROGRAM.**

9 Section 310F of the Consolidated Farm and Rural De-
 10 velopment Act (7 U.S.C. 1936) is amended to read as fol-
 11 lows:

12 **“SEC. 310F. BEGINNING FARMER OR RANCHER CONTRACT**
 13 **LAND SALES PROGRAM.**

14 “(a) *IN GENERAL.*—Subject to subsection (c), the Sec-
 15 retary shall, in accordance with each condition described
 16 in subsection (b), provide a prompt payment guarantee for
 17 any loan made by a private seller of farmland or ranch
 18 land to a qualified beginning farmer or rancher on a con-
 19 tract land sale basis.

20 “(b) *CONDITIONS FOR GUARANTEE.*—To receive a
 21 guarantee for a loan by the Secretary under subsection
 22 (a)—

23 “(1) the qualified beginning farmer or rancher
 24 shall—

1 “(A) on the date on which the contract land
2 sale that is the subject of the loan is complete,
3 own and operate the farmland or ranch land
4 that is the subject of the contract land sale;

5 “(B) on the date on which the contract land
6 sale that is the subject of the loan is
7 commenced—

8 “(i) have a credit history that—

9 “(I) includes a record of satisfac-
10 tory debt repayment, as determined by
11 the Secretary; and

12 “(II) is acceptable to the Sec-
13 retary; and

14 “(ii) demonstrate to the Secretary that
15 the qualified beginning farmer or rancher is
16 unable to obtain sufficient credit without a
17 guarantee to finance any actual need of the
18 qualified beginning farmer or rancher at a
19 reasonable rate or term;

20 “(2) the loan made by the private seller of farm-
21 land or ranch land to the qualified beginning farmer
22 or rancher on a contract land sale basis shall meet
23 applicable underwriting criteria, as determined by
24 the Secretary; and

25 “(3) to carry out the loan—

1 “(A) a commercial lending institution shall
2 agree to serve as an escrow agent; or

3 “(B) the private seller of farmland or ranch
4 land, in cooperation with the qualified beginning
5 farmer or rancher, shall use an appropriate al-
6 ternate arrangement, as determined by the Sec-
7 retary.

8 “(c) LIMITATIONS.—

9 “(1) DOWN PAYMENT.—The Secretary shall not
10 guarantee a loan made by a private seller of farm-
11 land or ranch land to a qualified beginning farmer
12 or rancher under subsection (a) if the contribution of
13 the qualified beginning farmer or rancher to the down
14 payment for the farmland or ranch land that is the
15 subject of the contract land sale would be an amount
16 less than 5 percent of the purchase price of the farm-
17 land or ranch land.

18 “(2) MAXIMUM PURCHASE PRICE.—The Sec-
19 retary shall not guarantee a loan made by a private
20 seller of farmland or ranch land to a qualified begin-
21 ning farmer or rancher under subsection (a) if the
22 purchase price or the appraisal value of the farmland
23 or ranch land that is the subject of the contract land
24 sale is an amount greater than \$500,000.

1 “(d) *PERIOD OF GUARANTEE.*—The Secretary shall
 2 *guarantee a loan made by a private seller of farmland or*
 3 *ranch land to a qualified beginning farmer or rancher*
 4 *under subsection (a) for a 10-year period beginning on the*
 5 *date on which the Secretary guarantees the loan.*

6 “(e) *PROMPT PAYMENT GUARANTEE.*—The Secretary
 7 *shall provide to a private seller of farmland or ranch land*
 8 *who makes a loan to a qualified beginning farmer or ranch-*
 9 *er that is guaranteed by the Secretary, a prompt payment*
 10 *guarantee, which shall cover—*

11 “(1) *3 amortized annual installments; or*

12 “(2) *an amount equal to 3 annual installments*
 13 *(including an amount equal to the total cost of any*
 14 *tax and insurance incurred during the period covered*
 15 *by the annual installments).”.*

16 ***Subtitle B—Operating Loans***

17 ***SEC. 5101. FARMING EXPERIENCE AS ELIGIBILITY REQUIRE-*** 18 ***MENT.***

19 *Section 311 of the Consolidated Farm and Rural De-*
 20 *velopment Act (7 U.S.C. 1941) is amended—*

21 (1) *by striking the section designation and all*
 22 *that follows through “(a) The Secretary is authorized*
 23 *to” and inserting the following:*

24 ***“SEC. 311. PERSONS ELIGIBLE FOR LOANS.***

25 “(a) *IN GENERAL.*—The Secretary may”;

(2) in subsection (a)(2), by inserting “, taking into consideration all farming experience of the applicant, without regard to any lapse between farming experiences” after “farming operations”; and

(3) in subsection (c)(1)(C), by striking “6” and inserting “7”.

**SEC. 5102. LIMITATIONS ON AMOUNT OF OPERATING
LOANS.**

Section 313(a)(1) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1943(a)(1)) is amended by striking “\$200,000” and inserting “\$300,000”.

SEC. 5103. LIMITATION ON PERIOD BORROWERS ARE ELIGIBLE FOR GUARANTEED ASSISTANCE.

Section 319 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1949) is repealed.

**Subtitle C—Administrative
Provisions**

**SEC. 5201. BEGINNING FARMER AND RANCHER INDIVIDUAL
DEVELOPMENT ACCOUNTS PILOT PROGRAM.**

The Consolidated Farm and Rural Development Act is amended by adding after section 333A (7 U.S.C. 1983a) the following:

1 **“SEC. 333B. BEGINNING FARMER AND RANCHER INDIVIDUAL DEVELOPMENT ACCOUNTS PILOT PROGRAM.**
 2
 3

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

5 “(1) *DEMONSTRATION PROGRAM.—The term*
 6 *‘demonstration program’ means a demonstration pro-*
 7 *gram carried out by a qualified entity under the pilot*
 8 *program established in subsection (b)(1).*

9 “(2) *ELIGIBLE PARTICIPANT.—The term ‘eligible*
 10 *participant’ means a qualified beginning farmer or*
 11 *rancher that—*

12 “(A) *lacks significant financial resources or*
 13 *assets; and*

14 “(B) *has an income that is less than—*

15 “(i) *80 percent of the median income*
 16 *of the area in which the eligible participant*
 17 *is located; or*

18 “(ii) *200 percent of the most recent an-*
 19 *nual Federal Poverty Income Guidelines*
 20 *published by the Department of Health and*
 21 *Human Services for that area.*

22 “(3) *INDIVIDUAL DEVELOPMENT ACCOUNT.—The*
 23 *term ‘individual development account’ means a sav-*
 24 *ings account described in subsection (b)(4)(A).*

25 “(4) *QUALIFIED ENTITY.—*

1 “(A) *IN GENERAL.*—*The term ‘qualified en-*
2 *tity’ means—*

3 “(i) *1 or more organizations—*

4 “(I) *described in section 501(c)(3)*
5 *of the Internal Revenue Code of 1986;*
6 *and*

7 “(II) *exempt from taxation under*
8 *section 501(a) of such Code; or*

9 “(ii) *a State, local, or tribal govern-*
10 *ment submitting an application jointly*
11 *with an organization described in clause*
12 *(i).*

13 “(B) *NO PROHIBITION ON COLLABORA-*
14 *TION.*—*An organization described in subpara-*
15 *graph (A)(i) may collaborate with a financial*
16 *institution or for-profit community development*
17 *corporation to carry out the purposes of this sec-*
18 *tion.*

19 “(b) *PILOT PROGRAM.*—

20 “(1) *IN GENERAL.*—*The Secretary shall establish*
21 *a pilot program to be known as the ‘New Farmer In-*
22 *dividual Development Accounts Pilot Program’ under*
23 *which the Secretary shall work through qualified enti-*
24 *ties to establish demonstration programs—*

25 “(A) *of at least 5 years in duration; and*

1 “(B) *in at least 15 States.*

2 “(2) *COORDINATION.—The Secretary shall oper-*
3 *ate the pilot program through, and in coordination*
4 *with the farm loan programs of, the Farm Service*
5 *Agency.*

6 “(3) *RESERVE FUNDS.—*

7 “(A) *IN GENERAL.—Each demonstration*
8 *program shall establish a reserve fund consisting*
9 *of a non-Federal match of 25 percent of the total*
10 *amount of the grant awarded to the demonstra-*
11 *tion program under this section.*

12 “(B) *FEDERAL FUNDS.—After a demonstra-*
13 *tion program has deposited in the reserve fund*
14 *the non-Federal matching funds described in sub-*
15 *paragraph (A), the Secretary shall provide to the*
16 *demonstration program for deposit in the reserve*
17 *fund the total amount of the grant awarded*
18 *under this section.*

19 “(C) *USE OF FUNDS.—Of funds deposited*
20 *in a reserve fund under subparagraphs (A) and*
21 *(B), a demonstration program—*

22 “(i) *may use up to 20 percent for ad-*
23 *ministrative expenses; and*

1 “(ii) shall use the remainder to make
2 matching awards described in paragraph
3 (4)(B)(ii)(I).

4 “(D) *INTEREST.*—Any interest earned on
5 amounts in a reserve fund established under sub-
6 paragraph (A) may be used as additional match-
7 ing funds for, or to administer, the demonstra-
8 tion program.

9 “(E) *GUIDANCE.*—The Secretary shall im-
10 plement guidance regarding the investment re-
11 quirements of reserve funds established under
12 this paragraph.

13 “(4) *INDIVIDUAL DEVELOPMENT ACCOUNTS.*—

14 “(A) *IN GENERAL.*—A qualified entity re-
15 ceiving a grant under this section shall establish
16 and administer an individual development ac-
17 count for each eligible participant.

18 “(B) *CONTRACT REQUIREMENTS.*—To be el-
19 igible to receive funds under this section from a
20 qualified entity, each eligible participant shall
21 enter into a contract with a qualified entity
22 under which—

23 “(i) the eligible participant shall
24 agree—

1 “(I) to deposit a certain amount
2 of funds of the eligible participant in
3 a personal savings account, as pre-
4 scribed by the contractual agreement
5 between the eligible participant and
6 the qualified entity; and

7 “(II) to use the funds described in
8 subclause (I) only for 1 or more eligible
9 expenditures described in paragraph
10 (5)(A); and

11 “(ii) the qualified entity shall agree—

12 “(I) to deposit not later than 1
13 month after a deposit described in
14 clause (i)(I) at least a 100-percent,
15 and up to a 300-percent, match of that
16 amount into the individual develop-
17 ment account established for the eligi-
18 ble participant;

19 “(II) with uses of funds proposed
20 by the eligible participant; and

21 “(III) to complete qualified finan-
22 cial training.

23 “(C) *LIMITATION.*—

24 “(i) *IN GENERAL.*—A qualified entity
25 administering a demonstration program

1 *may provide not more than \$9,000 for each*
2 *fiscal year in matching funds to any eligi-*
3 *ble participant.*

4 “(ii) *TREATMENT OF AMOUNT.*—*An*
5 *amount provided under clause (i) shall not*
6 *be considered to be a gift or loan for mort-*
7 *gage purposes.*

8 “(D) *INTEREST.*—*Any interest earned on*
9 *amounts in an individual development account*
10 *shall be compounded with amounts otherwise de-*
11 *posited in the individual development account.*

12 “(5) *ELIGIBLE EXPENDITURES.*—

13 “(A) *IN GENERAL.*—*An eligible expenditure*
14 *described in this subparagraph is an*
15 *expenditure—*

16 “(i) *to purchase farmland or make a*
17 *down payment on an accepted purchase*
18 *offer for farmland;*

19 “(ii) *to make mortgage payments for*
20 *up to 180 days after the date of purchase of*
21 *farmland;*

22 “(iii) *to purchase farm equipment or*
23 *production, storage, or marketing infra-*
24 *structure or buy into an existing value-*
25 *added business;*

1 “(iv) to purchase breeding stock or
2 fruit or nut trees or trees to harvest for tim-
3 ber;

4 “(v) to pay training or mentorship ex-
5 penses to facilitate specific entrepreneurial
6 agricultural activities; and

7 “(vi) for other similar expenditures, as
8 determined by the Secretary.

9 “(B) *TIMING.*—

10 “(i) *IN GENERAL.*—An eligible expend-
11 iture may be made at any time during the
12 2-year period beginning on the date on
13 which the last matching funds are provided
14 under paragraph (4)(B)(ii)(I).

15 “(ii) *UNEXPENDED FUNDS.*—Funds re-
16 maining in an individual development ac-
17 count after the period described in clause (i)
18 shall revert to the reserve fund of the dem-
19 onstration program.

20 “(C) *PROHIBITION.*—An eligible partici-
21 pant that uses funds in an individual develop-
22 ment account for an eligible expenditure de-
23 scribed in subparagraph (A)(viii) shall not be el-
24 igible to receive funds for a substantially similar
25 purpose (as determined by the Secretary) under

1 *the national organic program established under*
2 *the Organic Foods Production Act of 1990 (7*
3 *U.S.C. 6501 et seq.).*

4 “(c) *APPLICATIONS.—*

5 “(1) *ANNOUNCEMENT OF DEMONSTRATION PRO-*
6 *GRAMS.—Not later than 180 days after the date of en-*
7 *actment of this section, the Secretary shall—*

8 “(A) *publicly announce the availability of*
9 *funding under this section for demonstration*
10 *programs; and*

11 “(B) *ensure that applications to carry out*
12 *demonstration programs are widely available to*
13 *qualified entities.*

14 “(2) *SUBMISSION.—Not later than 270 days*
15 *after the date of enactment of this section, a qualified*
16 *entity may submit to the Secretary an application to*
17 *carry out a demonstration program.*

18 “(3) *CRITERIA.—In considering whether to ap-*
19 *prove an application to carry out a demonstration*
20 *program, the Secretary shall assess—*

21 “(A) *the degree to which the demonstration*
22 *program described in the application is likely to*
23 *aid eligible participants in successfully pursuing*
24 *new farming opportunities;*

1 “(B) the experience and ability of the quali-
2 fied entity to responsibly administer the project;

3 “(C) the experience and ability of the quali-
4 fied entity in recruiting, educating, and assist-
5 ing eligible participants to increase economic
6 independence and pursue or advance farming
7 opportunities;

8 “(D) the aggregate amount of direct funds
9 from non-Federal public sector and private
10 sources that are formally committed to the dem-
11 onstration program as matching contributions;

12 “(E) the adequacy of the plan for providing
13 information relevant to an evaluation of the
14 demonstration program; and

15 “(F) such other factors as the Secretary con-
16 siders to be appropriate.

17 “(4) PREFERENCES.—In considering an applica-
18 tion to conduct a demonstration program under this
19 part, the Secretary shall give preference to an appli-
20 cation from a qualified entity that demonstrates—

21 “(A) a track record of serving clients tar-
22 geted by the program, including, as appropriate,
23 socially disadvantaged farmers and ranchers;
24 and

1 “(B) *expertise in dealing with financial*
2 *management aspects of farming.*

3 “(5) *APPROVAL.—*

4 “(A) *IN GENERAL.—Not later than 1 year*
5 *after the date of enactment of this section, in ac-*
6 *cordance with this section, the Secretary shall,*
7 *on a competitive basis, approve such applica-*
8 *tions to conduct demonstration programs as the*
9 *Secretary considers appropriate.*

10 “(B) *DIVERSITY.—The Secretary shall en-*
11 *sure, to the maximum extent practicable, that*
12 *approved applications involve demonstration*
13 *programs for a range of geographic areas and di-*
14 *verse populations.*

15 “(6) *TERM OF AUTHORITY.—If the Secretary ap-*
16 *proves an application to carry out a demonstration*
17 *program, the Secretary shall authorize the applying*
18 *qualified entity to carry out the project for a period*
19 *of 5 years, plus an additional 2 years for the making*
20 *of eligible expenditures in accordance with subsection*
21 *(b)(5)(B).*

22 “(d) *GRANT AUTHORITY.—*

23 “(1) *IN GENERAL.—For each year during which*
24 *a demonstration program is carried out under this*
25 *section, the Secretary shall make a grant to the quali-*

1 *fied entity authorized to carry out the demonstration*
2 *program.*

3 “(2) *MAXIMUM AMOUNT OF GRANTS.*—*The aggre-*
4 *gate amount of grant funds provided to a demonstra-*
5 *tion program carried out under this section shall not*
6 *exceed \$300,000.*

7 “(e) *REPORTS.*—

8 “(1) *ANNUAL PROGRESS REPORTS.*—

9 “(A) *IN GENERAL.*—*Not later than 60 days*
10 *after the end of the calendar year in which the*
11 *Secretary authorizes a qualified entity to carry*
12 *out a demonstration program, and annually*
13 *thereafter until the conclusion of the demonstra-*
14 *tion program, the qualified entity shall prepare*
15 *an annual report that includes, for the period*
16 *covered by the report—*

17 “(i) *an evaluation of the progress of*
18 *the demonstration program;*

19 “(ii) *information about the demonstra-*
20 *tion program and eligible participants;*

21 “(iii) *the number and characteristics of*
22 *individuals that have made 1 or more de-*
23 *posits into an individual development ac-*
24 *count;*

1 “(iv) the amounts in the reserve fund
2 established with respect to the program;

3 “(v) the amounts deposited in the indi-
4 vidual development accounts;

5 “(vi) the amounts withdrawn from the
6 individual development accounts and the
7 purposes for which the amounts were with-
8 drawn;

9 “(vii) the balances remaining in the
10 individual development accounts;

11 “(viii) such other information as the
12 Secretary may require.

13 “(B) SUBMISSION OF REPORTS.—A quali-
14 fied entity shall submit each report required
15 under subparagraph (A) to the Secretary.

16 “(2) REPORTS BY THE SECRETARY.—Not later
17 than 1 year after the date on which all demonstration
18 programs under this section are concluded, the Sec-
19 retary shall submit to Congress a final report that de-
20 scribes the results and findings of all reports and
21 evaluations carried out under this section.

22 “(f) REGULATIONS.—In carrying out this section, the
23 Secretary may promulgate regulations to ensure that the
24 program includes provisions for—

25 “(1) the termination of demonstration programs;

1 “(2) control of the reserve funds in the case of
2 such a termination;

3 “(3) transfer of demonstration programs to other
4 qualified entities; and

5 “(4) remissions from a reserve fund to the Sec-
6 retary in a case in which a demonstration program
7 is terminated without transfer to a new qualified en-
8 tity.

9 “(g) FUNDING.—

10 “(1) AUTHORIZATION OF APPROPRIATIONS.—
11 There is authorized to be appropriated to carry out
12 this section \$10,000,000 for each of fiscal years 2008
13 through 2012.

14 “(2) ADMINISTRATION AND TRAINING.—Of the
15 total funds made available under paragraph (1) and
16 in addition to any other available funds, not more
17 than 10 percent may be used by the Secretary—

18 “(A) to administer the pilot program; and

19 “(B) to provide training, or hire 1 or more
20 consultants to provide training, to instruct
21 qualified entities in carrying out demonstration
22 programs, including payment of reasonable costs
23 incurred with respect to that training for—

24 “(i) staff or consultant travel;

25 “(ii) lodging;

1 “(iii) meals; and

2 “(iv) materials.”.

3 **SEC. 5202. INVENTORY SALES PREFERENCES; LOAN FUND**

4 **SET-ASIDES.**

5 (a) *INVENTORY SALES PREFERENCES*.—Section 335(c)
6 of the Consolidated Farm and Rural Development Act (7
7 U.S.C. 1985(c)) is amended—

8 (1) in paragraph (1)—

9 (A) in subparagraph (B)—

10 (i) in the subparagraph heading, by
11 inserting “; SOCIALLY DISADVANTAGED
12 FARMER OR RANCHER” after “OR RANCH-
13 ER”;

14 (ii) in clause (i), by inserting “or a
15 socially disadvantaged farmer or rancher”
16 after “or rancher”;

17 (iii) in clause (ii), by inserting “or so-
18 cially disadvantaged farmer or rancher”
19 after “or rancher”;

20 (iv) in clause (iii), by inserting “or a
21 socially disadvantaged farmer or rancher”
22 after “or rancher”; and

23 (v) in clause (iv), by inserting “and
24 socially disadvantaged farmers and ranch-
25 ers” after “and ranchers”; and

(B) in subparagraph (C), by inserting “or a socially disadvantaged farmer or rancher” after “or rancher”;

(2) in paragraph (5)(B)—

(A) in clause (i)—

(i) in the clause heading, by inserting “; SOCIALLY DISADVANTAGED FARMER OR RANCHER” after “OR RANCHER”;

(ii) by inserting “or a socially disadvantaged farmer or rancher” after “a beginning farmer or rancher”; and

(iii) by inserting “or the socially disadvantaged farmer or rancher” after “the beginning farmer or rancher”; and

(B) in clause (ii)—

(i) in the matter preceding subclause (I), by inserting “or a socially disadvantaged farmer or rancher” after “or rancher”; and

(ii) in subclause (II), by inserting “or the socially disadvantaged farmer or rancher” after “or rancher”; and

(3) in paragraph (6)—

1 (A) in subparagraph (A), by inserting “or
2 a socially disadvantaged farmer or rancher”
3 after “or rancher”; and

4 (B) in subparagraph (C)—

5 (i) in clause (i)(I), by inserting “and
6 socially disadvantaged farmers and ranch-
7 ers” after “and ranchers”; and

8 (ii) in clause (ii), by inserting “or so-
9 cially disadvantaged farmers or ranchers”
10 after “or ranchers”.

11 (b) *LOAN FUND SET-ASIDES*.—Section 346(b)(2) of
12 the Consolidated Farm and Rural Development Act (7
13 U.S.C. 1994(b)(2)) is amended—

14 (1) in subparagraph (A)—

15 (A) in clause (i)—

16 (i) in subclause (I), by striking “70
17 percent” and inserting “an amount that is
18 not less than 75 percent of the total
19 amount”; and

20 (ii) in subclause (II)—

21 (I) in the subclause heading, by
22 inserting “; JOINT FINANCING AR-
23 RANGEMENTS” after “PAYMENT
24 LOANS”;

1 (II) by striking “60 percent” and
 2 inserting “an amount not less than $\frac{2}{3}$
 3 of the amount”; and

4 (III) by inserting “and joint fi-
 5 nancing arrangements under section
 6 307(a)(3)(D)” after “section 310E”;
 7 and

8 (B) in clause (ii)(III), by striking “2003
 9 through 2007, 35 percent” and inserting “2008
 10 through 2012, an amount that is not less than
 11 50 percent of the total amount”; and

12 (2) in subparagraph (B)(i), by striking “25 per-
 13 cent” and inserting “an amount that is not less than
 14 40 percent of the total amount”.

15 **SEC. 5203. TRANSITION TO PRIVATE COMMERCIAL OR**
 16 **OTHER SOURCES OF CREDIT.**

17 Subtitle D of the Consolidated Farm and Rural Devel-
 18 opment Act is amended by inserting after section 344 (7
 19 U.S.C. 1992) the following:

20 **“SEC. 345. TRANSITION TO PRIVATE COMMERCIAL OR**
 21 **OTHER SOURCES OF CREDIT.**

22 “(a) *IN GENERAL.*—In making or insuring a farm
 23 loan under subtitle A or B, the Secretary shall establish
 24 a plan and promulgate regulations (including performance
 25 criteria) that promote the goal of transitioning borrowers

1 *to private commercial credit and other sources of credit in*
 2 *the shortest practicable period of time.*

3 “(b) *COORDINATION.—In carrying out this section, the*
 4 *Secretary shall integrate and coordinate the transition pol-*
 5 *icy described in subsection (a) with—*

6 “(1) *the borrower training program established*
 7 *by section 359;*

8 “(2) *the loan assessment process established by*
 9 *section 360;*

10 “(3) *the supervised credit requirement established*
 11 *by section 361;*

12 “(4) *the market placement program established*
 13 *by section 362; and*

14 “(5) *other appropriate programs and authorities,*
 15 *as determined by the Secretary.”.*

16 **SEC. 5204. LOAN AUTHORIZATION LEVELS.**

17 *Section 346(b)(1) of the Consolidated Farm and Rural*
 18 *Development Act (7 U.S.C. 1994(b)(1)) is amended—*

19 (1) *in the matter preceding subparagraph (A),*
 20 *by striking “\$3,796,000,000 for each of fiscal years*
 21 *2003 through 2007” and inserting “\$4,226,000,000*
 22 *for each of fiscal years 2008 through 2012”; and*

23 (2) *in subparagraph (A)—*

1 (A) in the matter preceding clause (i), by
 2 striking “\$770,000,000” and inserting
 3 “\$1,200,000,000”;

4 (B) in clause (i), by striking
 5 “\$205,000,000” and inserting “\$350,000,000”;
 6 and

7 (C) in clause (ii), by striking
 8 “\$565,000,000” and inserting “\$850,000,000”.

9 **SEC. 5205. INTEREST RATE REDUCTION PROGRAM.**

10 Section 351(a) of the Consolidated Farm and Rural
 11 Development Act (7 U.S.C. 1999(a)) is amended—

12 (1) in the subsection heading, by inserting “AND
 13 AVAILABILITY” after “ESTABLISHMENT”;

14 (2) by striking “The Secretary” and inserting
 15 the following:

16 “(1) ESTABLISHMENT.—The Secretary”; and

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

18 “(2) AVAILABILITY.—The program established
 19 under paragraph (1) shall be available with respect to
 20 new guaranteed operating loans or guaranteed oper-
 21 ating loans restructured under this title after the date
 22 of enactment of this paragraph that meet the require-
 23 ments of subsection (b).”.

1 **SEC. 5206. DEFERRAL OF SHARED APPRECIATION RECAP-**
 2 **TURE AMORTIZATION.**

3 *Section 353(e)(7)(D) of the Consolidated Farm and*
 4 *Rural Development Act (7 U.S.C. 2001(e)(7)(D)) is*
 5 *amended—*

6 *(1) in the subparagraph heading, by inserting*
 7 *“AND DEFERRAL” after “REAMORTIZATION”; and*

8 *(2) in clause (ii)—*

9 *(A) by redesignating subclause (II) as sub-*
 10 *clause (III); and*

11 *(B) by inserting after subclause (I) the fol-*
 12 *lowing:*

13 *“(II) TERM OF DEFERRAL.—The*
 14 *term of a deferral under this subpara-*
 15 *graph shall not exceed 1 year.”.*

16 **SEC. 5207. RURAL DEVELOPMENT, HOUSING, AND FARM**
 17 **LOAN PROGRAM ACTIVITIES.**

18 *Subtitle D of the Consolidated Farm and Rural Devel-*
 19 *opment Act is amended by inserting after section 364 (7*
 20 *U.S.C. 2006f) the following:*

21 **“SEC. 365. RURAL DEVELOPMENT, HOUSING, AND FARM**
 22 **LOAN PROGRAM ACTIVITIES.**

23 *“The Secretary may not complete a study of, or enter*
 24 *into a contract with a private party to carry out, without*
 25 *specific authorization in a subsequent Act of Congress, a*
 26 *competitive sourcing activity of the Secretary, including*

1 *support personnel of the Department of Agriculture, relat-*
 2 *ing to rural development, housing, or farm loan pro-*
 3 *grams.”.*

4 ***Subtitle D—Farm Credit***

5 ***SEC. 5301. AUTHORITY TO PASS ALONG COST OF INSUR-*** 6 ***ANCE PREMIUMS.***

7 *(a) IN GENERAL.—Section 1.12(b) of the Farm Credit*
 8 *Act of 1971 (12 U.S.C. 2020(b)) is amended—*

9 *(1) in the first sentence, by striking “Each*
 10 *Farm” and inserting the following;*

11 *“(1) IN GENERAL.—Each Farm”; and*

12 *(2) by striking the second sentence and inserting*
 13 *the following:*

14 *“(2) COMPUTATION.—The assessment on any as-*
 15 *sociation or other financing institution described in*
 16 *paragraph (1) for any period shall be computed in an*
 17 *equitable manner, as determined by the Corpora-*
 18 *tion.”.*

19 *(b) RULES AND REGULATIONS.—Section 5.58(10) of*
 20 *the Farm Credit Act of 1971 (12 U.S.C. 2277a–7(10)) is*
 21 *amended by inserting “and section 1.12(b)” after “part”.*

22 ***SEC. 5302. TECHNICAL CORRECTION.***

23 *Section 3.3(b) of the Farm Credit Act of 1971 (12*
 24 *U.S.C. 2124(b)) is amended in the first sentence by striking*
 25 *“per” and inserting “par”.*

1 **SEC. 5303. CONFIRMATION OF CHAIRMAN.**

2 *Section 5.8(a) of the Farm Credit Act of 1971 (12*
 3 *U.S.C. 2242(a)) is amended in the fifth sentence by insert-*
 4 *ing “by and with the advice and consent of the Senate,”*
 5 *after “designated by the President,”.*

6 **SEC. 5304. PREMIUMS.**

7 *(a) AMOUNT IN FUND NOT EXCEEDING SECURE BASE*
 8 *AMOUNT.—Section 5.55(a) of the Farm Credit Act of 1971*
 9 *(12 U.S.C. 2277a—4(a)) is amended—*

10 *(1) in paragraph (1)—*

11 *(A) in the matter preceding subparagraph*

12 *(A)—*

13 *(i) by striking “paragraph (2)” and*
 14 *inserting “paragraph (3)”;* and

15 *(ii) by striking “annual” ; and*

16 *(B) by striking subparagraphs (A) through*
 17 *(D) and inserting the following:*

18 *“(A) the average outstanding insured obli-*
 19 *gations issued by the bank for the calendar year,*
 20 *after deducting from the obligations the percent-*
 21 *ages of the guaranteed portions of loans and in-*
 22 *vestments described in paragraph (2), multiplied*
 23 *by 0.0020; and*

24 *“(B) the product obtained by multiplying—*

25 *“(i) the sum of—*

1 “(I) the average principal out-
 2 standing for the calendar year on loans
 3 made by the bank that are in non-
 4 accrual status; and

5 “(II) the average amount out-
 6 standing for the calendar year of other-
 7 than-temporarily impaired investments
 8 made by the bank; by

9 “(ii) 0.0010.”;

10 (2) by striking paragraph (4);

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

13 (4) by inserting after paragraph (1) the fol-
 14 lowing:

15 “(2) DEDUCTIONS FROM AVERAGE OUTSTANDING
 16 INSURED OBLIGATIONS.—The average outstanding in-
 17 sured obligations issued by the bank for the calendar
 18 year referred to in paragraph (1)(A) shall be reduced
 19 by deducting from the obligations the sum of (as de-
 20 termined by the Corporation)—

21 “(A) 90 percent of each of—

22 “(i) the average principal outstanding
 23 for the calendar year on the guaranteed por-
 24 tions of Federal government-guaranteed

1 *loans made by the bank that are in accrual*
 2 *status; and*

3 “(ii) *the average amount outstanding*
 4 *for the calendar year of the guaranteed por-*
 5 *tions of Federal government-guaranteed in-*
 6 *vestments made by the bank that are not*
 7 *permanently impaired; and*

8 “(B) *80 percent of each of—*

9 “(i) *the average principal outstanding*
 10 *for the calendar year on the guaranteed por-*
 11 *tions of State government-guaranteed loans*
 12 *made by the bank that are in accrual sta-*
 13 *tus; and*

14 “(ii) *the average amount outstanding*
 15 *for the calendar year of the guaranteed por-*
 16 *tions of State government-guaranteed in-*
 17 *vestments made by the bank that are not*
 18 *permanently impaired.”;*

19 (5) *in paragraph (3) (as redesignated by para-*
 20 *graph (3)), by striking “annual”; and*

21 (6) *in paragraph (4) (as redesignated by para-*
 22 *graph (3))—*

23 (A) *in the paragraph heading, by inserting*

24 “*OR INVESTMENTS*” *after “LOANS”; and*

1 (B) in the matter preceding subparagraph
 2 (A), by striking “As used” and all that follows
 3 through “guaranteed—” and inserting “In this
 4 section, the term “government-guaranteed”, when
 5 applied to a loan or an investment, means a
 6 loan, credit, or investment, or portion of a loan,
 7 credit, or investments, that is guaranteed—”.

8 (b) *AMOUNT IN FUND EXCEEDING SECURE BASE*
 9 *AMOUNT*.—Section 5.55(b) of the Farm Credit Act of 1971
 10 (12 U.S.C. 2277a–4(b)) is amended by striking “annual”.

11 (c) *SECURE BASE AMOUNT*.—Section 5.55(c) of the
 12 Farm Credit Act of 1971 (12 U.S.C. 2277a–4(c)) is
 13 amended—

14 (1) by striking “For purposes” and inserting the
 15 following:

16 “(1) *IN GENERAL*.—For purposes”;

17 (2) by striking “(adjusted downward” and all
 18 that follows through “by the Corporation)” and in-
 19 serting “(as adjusted under paragraph (2))”; and

20 (3) by adding at the end the following:

21 “(2) *ADJUSTMENT*.—The aggregate outstanding
 22 insured obligations of all insured System banks under
 23 paragraph (1) shall be adjusted downward to exclude
 24 an amount equal to the sum of (as determined by the
 25 Corporation)—

1 “(A) 90 percent of each of—

2 “(i) the guaranteed portions of prin-
3 cipal outstanding on Federal government-
4 guaranteed loans in accrual status made by
5 the banks; and

6 “(ii) the guaranteed portions of the
7 amount of Federal government-guaranteed
8 investments made by the banks that are not
9 permanently impaired; and

10 “(B) 80 percent of each of—

11 “(i) the guaranteed portions of prin-
12 cipal outstanding on State government-
13 guaranteed loans in accrual status made by
14 the banks; and

15 “(ii) the guaranteed portions of the
16 amount of State government-guaranteed in-
17 vestments made by the banks that are not
18 permanently impaired.”.

19 (d) DETERMINATION OF LOAN AND INVESTMENT
20 AMOUNTS.—Section 5.55(d) of the Farm Credit Act of 1971
21 (12 U.S.C. 2277a–4(d)) is amended—

22 (1) in the paragraph heading, by striking
23 “PRINCIPAL OUTSTANDING” and inserting “LOAN
24 AND INVESTMENT AMOUNTS”;

1 (2) in the matter preceding paragraph (1), by
 2 striking “For the purpose” and all that follows
 3 through “made—” and inserting “For the purpose of
 4 subsections (a) and (c), the principal outstanding on
 5 all loans made by an insured System bank, and the
 6 amount outstanding on all investments made by an
 7 insured System bank, shall be determined based on—
 8 ”;

9 (3) by inserting “all loans or investments made”
 10 before “by” the first place it appears in each of para-
 11 graph (1), (2), and (3); and

12 (4) in paragraphs (1) and (2), by inserting “or
 13 investments” after “that is able to make such loans”
 14 each place it appears.

15 (e) *ALLOCATION TO SYSTEM INSTITUTIONS OF EXCESS*
 16 *RESERVES.*—Section 5.55(e) of the Farm Credit Act of
 17 1971 (12 U.S.C. 2277a–4(e)) is amended—

18 (1) in paragraph (3), by striking “the average
 19 secure base amount for the calendar year (as cal-
 20 culated on an average daily balance basis)” and in-
 21 serting “the secure base amount”;

22 (2) in paragraph (4), by striking subparagraph
 23 (B) and inserting the following:

24 “(B) there shall be credited to the Allocated
 25 Insurance Reserves Account of each insured Sys-

tem bank an amount that bears the same ratio to the total amount (less any amount credited under subparagraph (A)) as—

“(i) the average principal outstanding for the calendar year on insured obligations issued by the bank (after deducting from the principal the percentages of the guaranteed portions of loans and investments described in subsection (a)(2)); bears to

“(ii) the average principal outstanding for the calendar year on insured obligations issued by all insured System banks (after deducting from the principal the percentages of the guaranteed portions of loans and investments described in subsection (a)(2)).”; and

(3) in paragraph (6)—

(A) in subparagraph (A)—

(i) in the matter preceding clause (i), by striking “beginning more” and all that follows through “January 1, 2005”;

(ii) by striking clause (i) and inserting the following:

“(i) subject to subparagraph (D), pay to each insured System bank, in a manner

determined by the Corporation, an amount equal to the balance in the Allocated Insurance Reserves Account of the System bank; and”;

(iii) in clause (ii)—

(I) by striking “subparagraphs (C), (E), and (F)” and inserting “subparagraphs (C) and (E)”;

(II) by striking “, of the lesser of—” and all that follows through the end of subclause (II) and inserting “at the time of the termination of the Financial Assistance Corporation, of the balance in the Allocated Insurance Reserves Account established under paragraph (1)(B).”;

(B) in subparagraph (C)—

(i) in clause (i), by striking “(in addition to the amounts described in subparagraph (F)(ii))”;

(ii) by striking clause (ii) and inserting the following:

“(iii) *TERMINATION OF ACCOUNT.*—On disbursement of amount equal to \$56,000,000, the Corporation shall—

1 “(I) close the Account established
 2 under paragraph (1)(B); and
 3 “(II) transfer any remaining
 4 funds in the Account to the remaining
 5 Allocated Insurance Reserves Accounts
 6 in accordance with paragraph (4)(B)
 7 for the calendar year in which the
 8 transfer occurs.”.
 9 (C) by striking subparagraph (F).

10 **SEC. 5305. CERTIFICATION OF PREMIUMS.**

11 (a) *FILING CERTIFIED STATEMENT*.—Section 5.56 of
 12 the Farm Credit Act of 1971 (12 U.S.C. 2277a–5) is amend-
 13 ed by striking subsection (a) and inserting the following:

14 “(a) *FILING CERTIFIED STATEMENT*.—On a date to
 15 be determined in the sole discretion of the Board of Direc-
 16 tors of the Corporation, each insured System bank that be-
 17 came insured before the beginning of the period for which
 18 premiums are being assessed (referred to in this section as
 19 the ‘period’) shall file with the Corporation a certified state-
 20 ment showing—

21 “(1) the average outstanding insured obligations
 22 for the period issued by the bank;

23 “(2)(A) the average principal outstanding for the
 24 period on the guaranteed portion of Federal govern-
 25 ment-guaranteed loans that are in accrual status; and

1 “(B) the average amount outstanding for the pe-
 2 riod of Federal government-guaranteed investments
 3 that are not permanently impaired (as defined in sec-
 4 tion 5.55(a)(4));

5 “(3)(A) the average principal outstanding for the
 6 period on State government-guaranteed loans that are
 7 in accrual status; and

8 “(B) the average amount outstanding for the pe-
 9 riod of State government-guaranteed investments that
 10 are not permanently impaired (as defined in section
 11 5.55(a)(4));

12 “(4)(A) the average principal outstanding for the
 13 period on loans that are in nonaccrual status; and

14 “(B) the average amount outstanding for the pe-
 15 riod of other-than-temporarily impaired investments;
 16 and

17 “(5) the amount of the premium due the Cor-
 18 poration from the bank for the period.”.

19 (b) *PREMIUM PAYMENTS.*—Section 5.56 of the *Farm*
 20 *Credit Act of 1971 (12 U.S.C. 2277a–5(c))* is amended by
 21 striking subsection (c) and inserting the following:

22 “(c) *PREMIUM PAYMENTS.*—

23 “(1) *IN GENERAL.*—Except as provided in para-
 24 graph (2), each insured System bank shall pay to the
 25 Corporation the premium payments required under

1 *subsection (a), not more frequently than once in each*
 2 *calendar quarter, in such manner and at such 1 or*
 3 *more times as the Board of Directors shall prescribe.*

4 “(2) *PREMIUM AMOUNT.*—*The amount of the*
 5 *premium shall be established not later than 60 days*
 6 *after filing the certified statement specifying the*
 7 *amount of the premium.”.*

8 (c) *SUBSEQUENT PREMIUM PAYMENTS.*—*Section 5.56*
 9 *of the Farm Credit Act of 1971 (12 U.S.C. 2277a–5) is*
 10 *amended—*

11 (1) *by striking subsection (d); and*

12 (2) *by redesignating subsection (e) as subsection*
 13 *(d).*

14 **SEC. 5306. RURAL UTILITY LOANS.**

15 (a) *DEFINITION OF QUALIFIED LOAN.*—*Section 8.0(9)*
 16 *of the Farm Credit Act of 1971 (12 U.S.C. 2279aa(9)) is*
 17 *amended—*

18 (1) *in subparagraph (A)(iii), by striking “or” at*
 19 *the end;*

20 (2) *in subparagraph (B)(ii), by striking the pe-*
 21 *riod at the end and inserting “; or”; and*

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

23 “(C) *that is a loan, or an interest in a loan,*
 24 *for an electric or telephone facility by a coopera-*
 25 *tive lender to a borrower that has received, or is*

1 *eligible to receive, a loan under the Rural Elec-*
 2 *trification Act of 1936 (7 U.S.C. 901 et seq.).”.*

3 (b) *GUARANTEE OF QUALIFIED LOANS.—Section*
 4 *8.6(a)(1) of the Farm Credit Act of 1971 (12 U.S.C.*
 5 *2279aa–6(a)(1)) is amended by inserting “applicable” be-*
 6 *fore “standards” each place it appears in subparagraphs*
 7 *(A) and (B)(i).*

8 (c) *STANDARDS FOR QUALIFIED LOANS.—Section 8.8*
 9 *of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–8) is*
 10 *amended—*

11 *(1) in subsection (a)—*

12 *(A) by striking the first sentence and insert-*
 13 *ing the following:*

14 *“(1) IN GENERAL.—The Corporation shall estab-*
 15 *lish underwriting, security appraisal, and repayment*
 16 *standards for qualified loans taking into account the*
 17 *nature, risk profile, and other differences between dif-*
 18 *ferent categories of qualified loans.*

19 *“(2) SUPERVISION, EXAMINATION, AND REPORT*
 20 *OF CONDITION.—The standards shall be subject to the*
 21 *authorities of the Farm Credit Administration under*
 22 *section 8.11.”; and*

23 *(B) in the last sentence, by striking “In es-*
 24 *tablishing” and inserting the following:*

25 *“(3) MORTGAGE LOANS.—In establishing”;*

1 (2) *in subsection (b)—*

2 (A) *in the matter preceding paragraph (1),*
 3 *by inserting “with respect to loans secured by*
 4 *agricultural real estate” after “subsection (a)”;*
 5 *and*

6 (B) *in paragraph (5)—*

7 (i) *by striking “borrower” the first*
 8 *place it appears and inserting “farmer or*
 9 *rancher”;* *and*

10 (ii) *by striking “site” and inserting*
 11 *“farm or ranch”;*

12 (3) *in subsection (c)(1), by inserting “secured by*
 13 *agricultural real estate” after “A loan”;*

14 (4) *by striking subsection (d); and*

15 (5) *by redesignating subsection (e) as subsection*
 16 *(d).*

17 (d) *RISK-BASED CAPITAL LEVELS.—Section*
 18 *8.32(a)(1) of the Farm Credit Act of 1971 (12 U.S.C.*
 19 *2279bb–1(a)(1)) is amended—*

20 (1) *by striking “With respect” and inserting the*
 21 *following:*

22 “(A) *IN GENERAL.—With respect”;* *and*

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

24 “(B) *RURAL UTILITY LOANS.—With respect*
 25 *to securities representing an interest in, or obli-*

gation backed by, a pool of qualified loans described in section 8.0(9)(C) owned or guaranteed by the Corporation, losses occur at a rate of default and severity reasonably related to risks in electric and telephone facility loans (as applicable), as determined by the Director.”.

SEC. 5307. EQUALIZATION OF LOAN-MAKING POWERS OF CERTAIN DISTRICT ASSOCIATIONS.

(a) *IN GENERAL.*—The Farm Credit Act of 1971 is amended by inserting after section 7.6 (12 U.S.C. 2279b) the following:

“SEC. 7.7. EQUALIZATION OF LOAN-MAKING POWERS OF CERTAIN DISTRICT ASSOCIATIONS.

“(a) *EQUALIZATION OF LOAN-MAKING POWERS.*—

“(1) *IN GENERAL.*—

“(A) *FEDERAL LAND BANK ASSOCIATIONS.*—Subject to paragraph (2), any association that owns a Federal land bank association authorized as of January 1, 2007, to make long-term loans under title I in its chartered territory within the geographic area described in subsection (b) may make short- and intermediate-term loans and otherwise operate as a production credit association under title II within that same chartered territory.

1 “(B) *PRODUCTION CREDIT ASSOCIATIONS.*—

2 *Subject to paragraph (2), any association that*
 3 *under its charter has title I lending authority*
 4 *and that owns a production credit association*
 5 *authorized as of January 1, 2007, to make short-*
 6 *and intermediate-term loans under title II in the*
 7 *geographic area described in subsection (b) may*
 8 *make long-term loans and otherwise operate, di-*
 9 *rectly or through a subsidiary association, as a*
 10 *Federal land bank association or Federal land*
 11 *credit association under title I in the geographic*
 12 *area.*

13 “(C) *FARM CREDIT BANK.*—*Notwith-*
 14 *standing section 5.17(a), the Farm Credit Bank*
 15 *with which any association had a written fi-*
 16 *nancing agreement as of January 1, 2007, may*
 17 *make loans and extend other similar financial*
 18 *assistance with respect to, and may purchase,*
 19 *any loans made under the new authority pro-*
 20 *vided under subparagraph (A) or (B) by an as-*
 21 *sociation exercising such authority.*

22 “(2) *REQUIRED APPROVALS.*—*An association*
 23 *may exercise the additional authority provided for in*
 24 *paragraph (1) only after the exercise of the authority*
 25 *is approved by—*

1 “(A) the board of directors of the associa-
2 tion; and

3 “(B) a majority of the voting stockholders of
4 the association (or, if the association is a sub-
5 sidiary of another association, the voting stock-
6 holders of the parent association) voting, in per-
7 son or by proxy, at a duly authorized meeting of
8 stockholders in accordance with the process de-
9 scribed in section 7.11.

10 “(b) *APPLICABILITY.*—This section applies only to as-
11 sociations the chartered territory of which was within the
12 geographic area served by the Federal intermediate credit
13 bank immediately prior to its merger with a Farm Credit
14 Bank under section 410(e)(1) of the Agricultural Credit Act
15 of 1987 (12 U.S.C. 2011 note; Public Law 100–233).”.

16 “(c) *CHARTER AMENDMENTS.*—Section 5.17(a) of the
17 Farm Credit Act of 1971 (12 U.S.C. 2252(a)) is amended
18 by adding at the end the following:

19 “(15)(A) Approve amendments to the charters of
20 institutions of the Farm Credit System to implement
21 the equalization of loan-making powers of a Farm
22 Credit System association under section 7.7.

23 “(B) Amendments described in subparagraph (A)
24 to the charters of an association and the related Farm
25 Credit Bank shall be approved by the Farm Credit

Administration, subject to any conditions of approval imposed, by not later than 30 days after the date on which the Farm Credit Administration receives all approvals required by section 7.7 (a)(2).”.

(d) CONFORMING AMENDMENTS.—

(1) Section 5.17(a)(2) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)(2)) is amended—

(A) by striking “(2)(A)” and inserting “(2)”; and

(B) by striking subparagraphs (B) and (C).

(2) SECTION 410 OF THE 1987 ACT.—Section 410(e)(1)(A)(iii) of the Agricultural Credit Act of 1987 (12 U.S.C. 2011 note; Public Law 100–233) is amended by inserting “(except section 7.7 of that Act)” after “(12 U.S.C. 2001 et seq.)”.

(3) SECTION 401 OF THE 1992 ACT.—Section 401(b) of the Farm Credit Banks and Associations Safety and Soundness Act of 1992 (12 U.S.C. 2011 note; Public Law 102–552) is amended—

(A) by inserting “(except section 7.7 of the Farm Credit Act of 1971)” after “provision of law”; and

(B) by striking “, subject to such limitations” and all that follows through the end of the paragraph and inserting a period.

1 (e) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section take effect on January 1, 2010.*

3 ***Subtitle E—Miscellaneous***

4 ***SEC. 5401. LOANS TO PURCHASERS OF HIGHLY***
 5 ***FRACTIONED LAND.***

6 *The first section of Public Law 91–229 (25 U.S.C. 488)*
 7 *is amended—*

8 (1) *by striking “That the Secretary” and insert-*
 9 *ing the following:*

10 ***“SECTION 1. LOANS TO PURCHASERS OF HIGHLY***
 11 ***FRACTIONED LAND.***

12 “(a) *IN GENERAL.*—*The Secretary*”; and

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

14 “(b) *HIGHLY FRACTIONATED LAND.*—

15 “(1) *IN GENERAL.*—*Subject to paragraph (2), the*
 16 *Secretary of Agriculture may make and insure loans*
 17 *in accordance with section 309 of the Consolidated*
 18 *Farm and Rural Development Act (7 U.S.C. 1929) to*
 19 *eligible purchasers of highly fractionated land pursu-*
 20 *ant to section 205(c) of the Indian Land Consolida-*
 21 *tion Act (25 U.S.C. 2204(c)).*

22 “(2) *EXCLUSION.*—*Section 4 shall not apply to*
 23 *trust land, restricted tribal land, or tribal corporation*
 24 *land that is mortgaged in accordance with paragraph*
 25 *(1).”.*

1 **SEC. 5402. DETERMINATION ON MERITS OF PIGFORD**
2 **CLAIMS.**

3 (a) *DEFINITIONS.—In this section:*

4 (1) *CONSENT DECREE.—The term “consent de-*
5 *cree” means the consent decree in the case of Pigford*
6 *v. Glickman, approved by the United States District*
7 *Court for the District of Columbia on April 14, 1999.*

8 (2) *PIGFORD CLAIM.—The term “Pigford claim”*
9 *means a discrimination complaint, as defined by sec-*
10 *tion 1(h) of the consent decree and documented under*
11 *section 5(b) of the consent decree.*

12 (3) *PIGFORD CLAIMANT.—The term “Pigford*
13 *claimant” means an individual who previously sub-*
14 *mitted a late-filing request under section 5(g) of the*
15 *consent decree.*

16 (b) *DETERMINATION ON MERITS.—Any Pigford claim-*
17 *ant who has not previously obtained a determination on*
18 *the merits of a Pigford claim may, in a civil action brought*
19 *in the United States District Court for the District of Co-*
20 *lumbia, obtain that determination.*

21 (c) *LIMITATION.—*

22 (1) *IN GENERAL.—Subject to paragraph (2), all*
23 *payments or debt relief (including any limitation on*
24 *foreclosure under subsection (g)) shall be made exclu-*
25 *sively from funds made available under subsection*
26 *(h).*

1 (2) *MAXIMUM AMOUNT.*—*The total amount of*
 2 *payments and debt relief pursuant to an action com-*
 3 *menced under subsection (b) shall not exceed*
 4 *\$100,000,000.*

5 (d) *INTENT OF CONGRESS AS TO REMEDIAL NATURE*
 6 *OF SECTION.*—*It is the intent of Congress that this section*
 7 *be liberally construed so as to effectuate its remedial pur-*
 8 *pose of giving a full determination on the merits for each*
 9 *Pigford claim denied that determination.*

10 (e) *LOAN DATA.*—

11 (1) *REPORT TO PERSON SUBMITTING PETI-*
 12 *TION.*—*Not later than 60 days after the Secretary re-*
 13 *ceives notice of a complaint filed by a claimant under*
 14 *subsection (b), the Secretary shall provide to the*
 15 *claimant a report on farm credit loans made within*
 16 *the claimant's county or adjacent county by the De-*
 17 *partment during the period beginning on January 1*
 18 *of the year preceding the year or years covered by the*
 19 *complaint and ending on December 31 of year fol-*
 20 *lowing such year or years. Such report shall contain*
 21 *information on all persons whose application for a*
 22 *loan was accepted, including—*

23 (A) *the race of the applicant;*

24 (B) *the date of application;*

25 (C) *the date of the loan decision;*

1 (D) the location of the office making the
2 loan decision; and

3 (E) all data relevant to the process of decid-
4 ing on the loan.

5 (2) NO PERSONALLY IDENTIFIABLE INFORMA-
6 TION.—The reports provided pursuant to paragraph
7 (1) shall not contain any information that would
8 identify any person that applied for a loan from the
9 Department of Agriculture.

10 (f) EXPEDITED RESOLUTIONS AUTHORIZED.—Any
11 person filing a complaint under this Act for discrimination
12 in the application for, or making or servicing of, a farm
13 loan, at his or her discretion, may seek liquidated damages
14 of \$50,000, discharge of the debt that was incurred under,
15 or affected by, the discrimination that is the subject of the
16 person's complaint, and a tax payment in the amount equal
17 to 25 percent of the liquidated damages and loan principal
18 discharged, in which case—

19 (1) if only such damages, debt discharge, and tax
20 payment are sought, the complainant shall be able to
21 prove his or her case by substantial evidence (as de-
22 fined in section 1(l) of the consent decree); and

23 (2) the court shall decide the case based on a re-
24 view of documents submitted by the complainant and

1 *defendant relevant to the issues of liability and dam-*
 2 *ages.*

3 (g) *LIMITATION ON FORECLOSURES.—Notwith-*
 4 *standing any other provision of law, the Secretary may not*
 5 *begin acceleration on or foreclosure of a loan if the borrower*
 6 *is a Pigford claimant and, in an appropriate administra-*
 7 *tive proceeding, makes a prima facie case that the fore-*
 8 *closure is related to a Pigford claim.*

9 (h) *FUNDING.—*

10 (1) *IN GENERAL.—Of the funds of the Com-*
 11 *modity Credit Corporation, the Secretary shall make*
 12 *available for payments and debt relief in satisfaction*
 13 *of claims against the United States under subsection*
 14 *(b) and for any actions under subsection (g)*
 15 *\$100,000,000 for fiscal year 2008, to remain available*
 16 *until expended.*

17 (2) *AUTHORIZATION OF APPROPRIATIONS.—In*
 18 *addition to funds made available under paragraph*
 19 *(1), there are authorized to be appropriated such*
 20 *sums as are necessary to carry out this section.*

21 **SEC. 5403. SENSE OF THE SENATE RELATING TO CLAIMS**
 22 **BROUGHT BY SOCIALLY DISADVANTAGED**
 23 **FARMERS OR RANCHERS.**

24 *It is the sense of the Senate that the Secretary should*
 25 *resolve all claims and class actions brought against the De-*

1 *partment of Agriculture by socially disadvantaged farmers*
 2 *or ranchers (as defined in section 355(e) of the Consolidated*
 3 *Farm and Rural Development Act (7 U.S.C. 2003(e)), in-*
 4 *cluding Native American, Hispanic, and female farmers or*
 5 *ranchers, based on racial, ethnic, or gender discrimination*
 6 *in farm program participation in an expeditious and just*
 7 *manner.*

8 **SEC. 5404. ELIGIBILITY OF EQUINE FARMERS AND RANCH-**
 9 **ERS FOR EMERGENCY LOANS.**

10 *Section 321(a) of the Consolidated Farm and Rural*
 11 *Development Act (7 U.S.C. 1961(a)) is amended—*

12 *(1) in paragraph (1), by striking “farmers,*
 13 *ranchers” and inserting “farmers or ranchers (includ-*
 14 *ing equine farmers or ranchers)”;* and

15 *(2) in paragraph (2)(A), by striking “farming,*
 16 *ranching,” and inserting “farming or ranching (in-*
 17 *cluding equine farming or ranching)”.*

1 ***TITLE VI—RURAL DEVELOPMENT***
 2 ***AND INVESTMENT***
 3 ***Subtitle A—Consolidated Farm and***
 4 ***Rural Development Act***

5 ***SEC. 6001. WATER, WASTE DISPOSAL, AND WASTEWATER FA-***
 6 ***CILITY GRANTS.***

7 *Section 306(a)(2)(B)(vii) of the Consolidated Farm*
 8 *and Rural Development Act (7 U.S.C. 1926(a)(2)(B)(vii))*
 9 *is amended, by striking “2007” and inserting “2012”.*

10 ***SEC. 6002. RURAL BUSINESS OPPORTUNITY GRANTS.***

11 *Section 306(a)(11)(D) of the Consolidated Farm and*
 12 *Rural Development Act (7 U.S.C. 1926(a)(11)(D)) is*
 13 *amended by striking “2007” and inserting “2012”.*

14 ***SEC. 6003. CHILD DAY CARE FACILITY GRANTS, LOANS, AND***
 15 ***LOAN GUARANTEES.***

16 *Section 306(a)(19) of the Consolidated Farm and*
 17 *Rural Development Act (7 U.S.C. 1926(a)(19)) is amended*
 18 *by striking subparagraph (C) and inserting the following:*

19 *“(C) CHILD DAY CARE FACILITIES.—*

20 *“(i) IN GENERAL.—Of the funds of the*
 21 *Commodity Credit Corporation, the Sec-*
 22 *retary shall use for the costs of grants,*
 23 *loans, and loan guarantees to pay the Fed-*
 24 *eral share of the cost of developing and con-*
 25 *structing day care facilities for children in*

1 *rural areas, as determined by the Secretary,*
 2 *\$40,000,000 for fiscal year 2008, to remain*
 3 *available until expended.*

4 *“(ii) RELATIONSHIP TO OTHER FUND-*
 5 *ING AND AUTHORITIES.—The funds and au-*
 6 *thorities made available under this sub-*
 7 *paragraph shall be in addition to other*
 8 *funds and authorities relating to develop-*
 9 *ment and construction of rural day care fa-*
 10 *cilities.”.*

11 **SEC. 6004. RURAL WATER AND WASTEWATER CIRCUIT**
 12 **RIDER PROGRAM.**

13 *Section 306(a)(22) of the Consolidated Farm and*
 14 *Rural Development Act (7 U.S.C. 1926(a)(22)) is*
 15 *amended—*

16 *(1) in subparagraph (B), by striking “2002 (115*
 17 *Stat. 719)” and inserting “2008”; and*

18 *(2) in subparagraph (C), by striking*
 19 *“\$15,000,000 for fiscal year 2003” and inserting*
 20 *“\$20,000,000 for fiscal year 2008”.*

21 **SEC. 6005. MULTIJURISDICTIONAL REGIONAL PLANNING**
 22 **ORGANIZATIONS.**

23 *Section 306(a)(23)(E) of the Consolidated Farm and*
 24 *Rural Development Act (7 U.S.C. 1926(a)(23)(E)) is*
 25 *amended by striking “2007” and inserting “2012”.*

1 **SEC. 6006. RURAL HOSPITAL LOANS AND LOAN GUARAN-**
 2 **TEES.**

3 *Section 306(a)(24) of the Consolidated Farm and*
 4 *Rural Development Act (7 U.S.C. 1926(a)(24)) is amended*
 5 *by adding at the end the following:*

6 “(C) *RURAL HOSPITALS.*—

7 “(i) *IN GENERAL.*—Of the funds of the
 8 *Commodity Credit Corporation, the Sec-*
 9 *retary shall use for the costs of loans and*
 10 *loan guarantees to pay the Federal share of*
 11 *the cost of rehabilitating or improving hos-*
 12 *pitals that have not more than 100 acute*
 13 *beds in rural areas, as determined by the*
 14 *Secretary, \$50,000,000 for fiscal year 2008,*
 15 *to remain available until expended, of*
 16 *which not less than \$25,000,000 shall be for*
 17 *use at hospitals in rural areas with not*
 18 *more than 50 acute beds.*

19 “(ii) *PRIORITY.*—In making loans and
 20 *loan guarantees under this subparagraph,*
 21 *the Secretary shall give priority to hospitals*
 22 *for—*

23 “(I) *the provision of facilities to*
 24 *improve and install patient care,*
 25 *health quality outcomes, and health in-*
 26 *formation technology, including com-*

1 puter hardware and software, equip-
 2 ment for electronic medical records,
 3 handheld computer technology, and
 4 equipment that improves interoper-
 5 ability; or

6 “(II) the acquisition of equipment
 7 and software purchased collectively in
 8 a cost effective manner to address tech-
 9 nology needs.

10 “(iii) *RELATIONSHIP TO OTHER FUND-*
 11 *ING AND AUTHORITIES.*—The funds and au-
 12 thorities made available under this sub-
 13 paragraph shall be in addition to other
 14 funds and authorities relating to rehabilita-
 15 tion and improvement of hospitals described
 16 in clause (i).”.

17 **SEC. 6007. TRIBAL COLLEGE AND UNIVERSITY ESSENTIAL**
 18 **COMMUNITY FACILITIES.**

19 Section 306(a)(25) of the Consolidated Farm and
 20 Rural Development Act (7 U.S.C. 1926(a)(25)) is
 21 amended—

22 (1) in subparagraph (B)(ii), by striking “75 per-
 23 cent” and inserting “95 percent”; and

24 (2) in subparagraph (C), by striking “2007” and
 25 inserting “2012”.

1 **SEC. 6008. COMMUNITY FACILITY LOANS AND GRANTS FOR**
 2 **FREELY ASSOCIATED STATES AND OUTLYING**
 3 **AREAS.**

4 *Section 306(a) of the Consolidated Farm and Rural*
 5 *Development Act (7 U.S.C. 1926(a)) is amended by adding*
 6 *at the end the following:*

7 “(26) **COMMUNITY FACILITY LOANS AND GRANTS**
 8 **FOR FREELY ASSOCIATED STATES AND OUTLYING**
 9 **AREAS.**—

10 “(A) **IN GENERAL.**—*Subject to subpara-*
 11 *graph (B), of the amount that is made available*
 12 *for each fiscal year for each of the community fa-*
 13 *cility loan and grant programs established under*
 14 *paragraphs (1), (19), (20), (21), and (25), the*
 15 *Secretary shall allocate 0.5 percent of the*
 16 *amount for making loans or grants (as applica-*
 17 *ble) under the program to eligible entities that*
 18 *are located in freely associated States or outlying*
 19 *areas (as those terms are defined in section*
 20 *1121(c) of the Elementary and Secondary Edu-*
 21 *cation Act of 1965 (20 U.S.C. 6331(c)) that are*
 22 *subject to the jurisdiction of the United States*
 23 *and are otherwise covered by this Act.*

24 “(B) **REALLOCATION.**—*If the Secretary de-*
 25 *termines that a sufficient number of applications*
 26 *for loans or grants for a program described in*

1 *subparagraph (A) have not been received from el-*
 2 *igible entities for a fiscal year during the 180-*
 3 *day period beginning on October 1 of the fiscal*
 4 *year, the Secretary shall reallocate any unused*
 5 *funds to make loans or grants (as applicable)*
 6 *under the program to eligible entities that are lo-*
 7 *cated in States.”.*

8 **SEC. 6009. PRIORITY FOR COMMUNITY FACILITY LOAN AND**
 9 **GRANT PROJECTS WITH HIGH NON-FEDERAL**
 10 **SHARE.**

11 *Section 306(a) of the Consolidated Farm and Rural*
 12 *Development Act (7 U.S.C. 1926(a)) (as amended by section*
 13 *6008) is amended by adding at the end the following:*

14 *“(27) PRIORITY FOR COMMUNITY FACILITY LOAN*
 15 *AND GRANT PROJECTS WITH HIGH NON-FEDERAL*
 16 *SHARE.—In carrying out the community facility loan*
 17 *and grant programs established under paragraphs*
 18 *(1), (19), (20), (21), and (25), the Secretary shall give*
 19 *priority to projects that will be carried out with a*
 20 *non-Federal share of funds that is substantially great-*
 21 *er than the minimum requirement, as determined by*
 22 *the Secretary by regulation.”.*

1 **SEC. 6010. SEARCH GRANTS.**

2 *Section 306(a) of the Consolidated Farm and Rural*
 3 *Development Act (7 U.S.C. 1926(a)) (as amended by section*
 4 *6009) is amended by adding at the end the following:*

5 “(28) *APPLICATIONS FILED BY ELIGIBLE COMMU-*
 6 *NITIES.—*

7 “(A) *ELIGIBLE COMMUNITY.—In this para-*
 8 *graph, the term ‘eligible community’ means a*
 9 *community that, as determined by the*
 10 *Secretary—*

11 “(i) *has a population of 2,500 or fewer*
 12 *inhabitants; and*

13 “(ii) *is financially distressed.*

14 “(B) *APPLICATIONS.—In the case of water*
 15 *and waste disposal and wastewater facilities*
 16 *grant programs authorized under this title, the*
 17 *Secretary may accept applications from eligible*
 18 *communities for grants for feasibility study, de-*
 19 *sign, and technical assistance.*

20 “(C) *TERMS.—*

21 “(i) *IN GENERAL.—Except as provided*
 22 *in clause (ii), the terms of the grant pro-*
 23 *grams described in subparagraph (B) shall*
 24 *apply to the applications described in that*
 25 *subparagraph.*

“(ii) *EXCEPTIONS.*—Grants made pursuant to applications described in subparagraph (B)—

“(I) shall fund up to 100 percent of eligible project costs; and

“(II) shall be subject to the least documentation requirements practicable.

“(iii) *PROCESSING.*—The Secretary shall process applications received under subparagraph (B) in the same manner as other similar grant applications.

“(D) *FUNDING.*—In addition to any other funds made available for technical assistance, the Secretary may use to carry out this paragraph not more than 4 percent of the total amount of funds made available for a fiscal year for water, waste disposal, and essential community facilities.”.

SEC. 6011. EMERGENCY AND IMMINENT COMMUNITY WATER ASSISTANCE GRANT PROGRAM.

Section 306A(i)(2) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926a(i)(2)) is amended by striking “2007” and inserting “2012”.

1 **SEC. 6012. WATER SYSTEMS FOR RURAL AND NATIVE VIL-**
 2 **LAGES IN ALASKA.**

3 *Section 306D of the Consolidated Farm and Rural De-*
 4 *velopment Act (7 U.S.C. 1926d) is amended—*

5 *(1) in subsection (a)—*

6 *(A) by striking “make grants to the State”*
 7 *and inserting “make grants to—*
 8 *“(1) the State”;*

9 *(B) by striking the period at the end and*
 10 *inserting “; and”; and*

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

12 *“(2) the Denali Commission to improve solid*
 13 *waste disposal sites that are contaminating, or threat-*
 14 *en to contaminate, rural drinking water supplies in*
 15 *the State of Alaska.”;*

16 *(2) in subsection (c)—*

17 *(A) in the subsection heading by striking*
 18 *“WITH THE STATE OF ALASKA”; and*

19 *(B) by striking “the State of Alaska” and*
 20 *inserting “the appropriate grantee under sub-*
 21 *section (a)”;* and

22 *(3) in subsection (d)—*

23 *(A) in paragraph (1), by striking “2007”*
 24 *and inserting “2013”;*

25 *(B) by redesignating paragraph (3) as*
 26 *paragraph (4); and*

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

3 “(3) *DENALI COMMISSION*.—Not more than 5
 4 percent of the amount made available under para-
 5 graph (1) for a fiscal year may be transferred to the
 6 Denali Commission to improve solid waste disposal
 7 sites that are contaminating, or threaten to contami-
 8 nate, rural drinking supplies in the State of Alaska.”.

9 **SEC. 6013. GRANTS TO DEVELOP WELLS IN RURAL AREAS.**

10 (a) *GRANTS TO NONPROFIT ORGANIZATIONS TO FI-*
 11 *NANCE THE CONSTRUCTION, REFURBISHING, AND SERV-*
 12 *ICING OF INDIVIDUALLY-OWNED HOUSEHOLD WATER*
 13 *WELL SYSTEMS IN RURAL AREAS FOR INDIVIDUALS WITH*
 14 *LOW OR MODERATE INCOMES*.—Section 306E(d) of the
 15 *Consolidated Farm and Rural Development Act (7 U.S.C.*
 16 *1926e(d)) is amended by striking “2007” and inserting*
 17 *“2012”.*

18 (b) *GRANTS TO DEVELOP AREA WELLS IN ISOLATED*
 19 *AREAS*.—Subtitle A of the *Consolidated Farm and Rural*
 20 *Development Act is amended by inserting after section*
 21 *306E (7 U.S.C. 1926e) the following:*

22 **“SEC. 306F. GRANTS TO DEVELOP AREA WELLS IN ISO-**
 23 **LATED AREAS.**

24 “(a) *DEFINITION OF ISOLATED AREA*.—In this section,
 25 the term ‘isolated area’ means an area—

1 “(1) *in which the development of a traditional*
2 *water system is not financially practical due to—*

3 “(A) *the distances or geography of the area;*
4 *and*

5 “(B) *the limited number of households*
6 *present to be served; and*

7 “(2) *that is not part of a city of more than 1,000*
8 *inhabitants.*

9 “(b) *GRANTS.—The Secretary may make grants to*
10 *nonprofit organizations to develop and construct household,*
11 *shared, and community water wells in isolated rural areas.*

12 “(c) *PRIORITY IN AWARDING GRANTS.—In awarding*
13 *grants under this section, the Secretary shall give priority*
14 *to applicants that have demonstrated experience in devel-*
15 *oping safe and similar projects including household, shared,*
16 *and community wells in rural areas.*

17 “(d) *REQUIREMENTS.—*

18 “(1) *IN GENERAL.—As a condition on receipt of*
19 *a grant under this section, the water from wells fund-*
20 *ed under this section shall be tested annually for*
21 *water quality, as determined by the Secretary.*

22 “(2) *RESULTS.—The results of tests under para-*
23 *graph (1) shall be made available to—*

24 “(A) *the users of the wells; and*

25 “(B) *the appropriate State agency.*

1 “(e) *LIMITATION.*—*The amount of a grant under this*
 2 *section shall not exceed the lesser of—*

3 “(1) \$50,000; or

4 “(2) *the amount that is 75 percent of the cost of*
 5 *a single well and associated system.*

6 “(f) *PROHIBITION.*—*The Secretary may not award*
 7 *grants under this section in any area in which a majority*
 8 *of the users of a proposed well have a household income that*
 9 *is greater than the nonmetropolitan median household in-*
 10 *come of the State or territory, as determined by the Sec-*
 11 *retary.*

12 “(g) *ADMINISTRATIVE EXPENSES.*—*Not more than 10*
 13 *percent of the amount of a grant made under this section*
 14 *may be used to pay administrative expenses associated with*
 15 *providing project assistance, as determined by the Sec-*
 16 *retary.*

17 “(h) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 18 *authorized to be appropriated to carry out this section*
 19 *\$10,000,000 for each of fiscal years 2008 through 2012.”.*

20 **SEC. 6014. COOPERATIVE EQUITY SECURITY GUARANTEE.**

21 *Section 310B of the Consolidated Farm and Rural De-*
 22 *velopment Act (7 U.S.C. 1932) is amended—*

23 (1) *in the first sentence of subsection (a), by in-*
 24 *serting “and private investment funds that invest pri-*

1 *marily in cooperative organizations” after “or non-*
 2 *profit”; and*

3 *(2) in subsection (g)—*

4 *(A) in paragraph (1), by inserting “, in-*
 5 *cluding guarantees described in paragraph*
 6 *(3)(A)(ii)” before the period at the end;*

7 *(B) in paragraph (3)(A)—*

8 *(i) by striking “(A) IN GENERAL.—The*
 9 *Secretary” and inserting the following:*

10 *“(A) ELIGIBILITY.—*

11 *“(i) IN GENERAL.—The Secretary”;*
 12 *and*

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

14 *“(ii) EQUITY.—The Secretary may*
 15 *guarantee a loan made for the purchase of*
 16 *preferred stock or similar equity issued by*
 17 *a cooperative organization or a fund that*
 18 *invests primarily in cooperative organiza-*
 19 *tions, if the guarantee significantly benefits*
 20 *1 or more entities eligible for assistance*
 21 *under subsection (a)(1), as determined by*
 22 *the Secretary.”; and*

23 *(C) in paragraph (8)(A)(ii), by striking “a*
 24 *project—” and all that follows through the end*
 25 *of subclause (II) and inserting “a project that—*

1 “(I)(aa) is in a rural area; and
 2 “(bb) provides for the value-added
 3 processing of agricultural commodities;
 4 or
 5 “(II) significantly benefits 1 or
 6 more entities eligible for assistance
 7 under subsection (a)(1), as determined
 8 by the Secretary.”.

9 **SEC. 6015. RURAL COOPERATIVE DEVELOPMENT GRANTS.**

10 (a) *ELIGIBILITY*.—Section 310B(e)(5) of the Consoli-
 11 dated Farm and Rural Development Act (7 U.S.C.
 12 1932(e)(5)) is amended—

13 (1) in subparagraph (A), by striking “a nation-
 14 ally coordinated, regionally or State-wide operated
 15 project” and inserting “activities to promote and as-
 16 sist the development of cooperatively- and mutually-
 17 owned businesses”;

18 (2) in subparagraph (B), by inserting “to pro-
 19 mote and assist the development of cooperatively- and
 20 mutually-owned businesses” before the semicolon;

21 (3) by striking subparagraph (D);

22 (4) by redesignating subparagraph (E) as sub-
 23 paragraph (D);

24 (5) in subparagraph (D) (as so redesignated), by
 25 striking “and” at the end;

(6) by inserting after subparagraph (D) (as so redesignated) the following:

“(E) demonstrate a commitment to—

“(i) networking with and sharing the results of the efforts of the center with other cooperative development centers and other organizations involved in rural economic development efforts; and

“(ii) developing multiorganization and multistate approaches to addressing the cooperative and economic development needs of rural areas; and”;

(7) in subparagraph (F), by striking “providing greater than” and inserting “providing”.

(b) *AUTHORITY TO AWARD MULTIYEAR GRANTS.*—

Section 310B(e) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932(e)) is amended by striking paragraph (6) and inserting the following:

“(6) *GRANT PERIOD.*—

“(A) *IN GENERAL.*—A grant awarded to a center that has received no prior funding under this subsection shall be made for a period of 1 year.

“(B) *MULTIYEAR GRANTS.*—If the Secretary determines it to be in the best interest of the pro-

1 *gram, the Secretary shall award grants for a pe-*
 2 *riod of more than 1 year, but not more than 3*
 3 *years, to a center that has successfully met the*
 4 *parameters described in paragraph (5).”.*

5 *(c) AUTHORITY TO EXTEND GRANT PERIOD.—Section*
 6 *310B(e) of the Consolidated Farm and Rural Development*
 7 *Act (7 U.S.C. 1932(e)) is amended—*

8 *(1) by redesignating paragraphs (7), (8), and (9)*
 9 *as paragraphs (8), (9), and (12), respectively; and*

10 *(2) inserting after paragraph (6) the following:*

11 *“(7) AUTHORITY TO EXTEND GRANT PERIOD.—*
 12 *The Secretary may extend for 1 additional 12-month*
 13 *period the period in which a grantee may use a grant*
 14 *made under this subsection.”.*

15 *(d) COOPERATIVE RESEARCH PROGRAM.—Section*
 16 *310B(e) of the Consolidated Farm and Rural Development*
 17 *Act (7 U.S.C. 1932(e)) is amended by inserting after para-*
 18 *graph (9) (as redesignated by subsection (c)(1)) the fol-*
 19 *lowing:*

20 *“(10) COOPERATIVE RESEARCH PROGRAM.—The*
 21 *Secretary shall enter into a cooperative research*
 22 *agreement with 1 or more qualified academic institu-*
 23 *tions in each fiscal year to conduct research on the*
 24 *national economic effects of all types of cooperatives.”.*

1 (e) *ADDRESSING NEEDS OF MINORITY COMMU-*
 2 *NITIES.—Section 310B(e) of the Consolidated Farm and*
 3 *Rural Development Act (7 U.S.C. 1932(e)) is amended by*
 4 *inserting after paragraph (10) (as added by subsection (d))*
 5 *the following:*

6 “(11) *ADDRESSING NEEDS OF MINORITY COMMU-*
 7 *NITIES.—*

8 “(A) *DEFINITION OF SOCIALLY DISADVAN-*
 9 *TAGED.—In this paragraph, the term ‘socially*
 10 *disadvantaged’ has the meaning given the term*
 11 *in section 355(e).*

12 “(B) *RESERVATION OF FUNDS.—*

13 “(i) *IN GENERAL.—If the total amount*
 14 *appropriated under paragraph (12) for a*
 15 *fiscal year exceeds \$7,500,000, the Secretary*
 16 *shall reserve an amount equal to 20 percent*
 17 *of the total amount appropriated for grants*
 18 *for cooperative development centers, indi-*
 19 *vidual cooperatives, or groups of coopera-*
 20 *tives that serve socially disadvantaged com-*
 21 *munities, a majority of the boards of direc-*
 22 *tors or governing boards of which are com-*
 23 *prised of socially disadvantaged individ-*
 24 *uals.*

1 “(ii) *INSUFFICIENT APPLICATIONS.*—
 2 *To the extent that the Secretary determines*
 3 *that funds reserved under clause (i) would*
 4 *not be used for grants described in that*
 5 *clause due to insufficient applications for*
 6 *the grants, the Secretary shall use the funds*
 7 *as otherwise authorized by this subsection.”.*

8 (f) *AUTHORIZATION OF APPROPRIATIONS.*—Paragraph
 9 (12) of section 310B(e) of the Consolidated Farm and Rural
 10 Development Act (7 U.S.C. 1932(e)) (as redesignated by
 11 subsection (c)(1)) is amended by striking “2007” and in-
 12 serting “2012”.

13 **SEC. 6016. GRANTS TO BROADCASTING SYSTEMS.**

14 Section 310B(f)(3) of the Consolidated Farm and
 15 Rural Development Act (7 U.S.C. 1932(f)(3)) is amended
 16 by striking “2007” and inserting “2012”.

17 **SEC. 6017. LOCALLY-PRODUCED AGRICULTURAL FOOD**
 18 **PRODUCTS.**

19 Section 310B(g) of the Consolidated Farm and Rural
 20 Development Act (7 U.S.C. 1932(g)) is amended by adding
 21 at the end the following:

22 “(9) *LOCALLY-PRODUCED AGRICULTURAL FOOD*
 23 *PRODUCTS.*—

24 “(A) *DEFINITIONS.*—In this paragraph:

1 “(i) *LOCALLY-PRODUCED AGRICUL-*
2 *TURAL FOOD PRODUCT.*—*The term ‘locally-*
3 *produced agricultural food product’ means*
4 *any agricultural product raised, produced,*
5 *and distributed in—*

6 “(I) *the locality or region in*
7 *which the final agricultural product is*
8 *marketed, so that the total distance*
9 *that the agricultural product is trans-*
10 *ported is less than 300 miles from the*
11 *origin of the agricultural product; or*

12 “(II) *the State in which the agri-*
13 *cultural product is produced.*

14 “(ii) *UNDERSERVED COMMUNITY.*—*The*
15 *term ‘underserved community’ means a*
16 *community (including an urban or rural*
17 *community and an Indian tribal commu-*
18 *nity) that has, as determined by the*
19 *Secretary—*

20 “(I) *limited access to affordable,*
21 *healthy foods, including fresh fruits*
22 *and vegetables, in grocery retail stores*
23 *or farmer-to-consumer direct markets*
24 *or a high incidence of a diet-related*

1 *disease as compared to the national av-*
 2 *erage, including obesity; and*

3 “(II) *a high rate of hunger or food*
 4 *insecurity or a high poverty rate.*

5 “(B) *LOAN AND LOAN GUARANTEE PRO-*
 6 *GRAM.—*

7 “(i) *IN GENERAL.—The Secretary, act-*
 8 *ing through the Administrator of the Rural*
 9 *Business-Cooperative Service in coordina-*
 10 *tion with the Administration of the Agricul-*
 11 *tural Marketing Service, shall make or*
 12 *guarantee loans to individuals, cooperatives,*
 13 *businesses, and other entities to establish*
 14 *and facilitate enterprises that process, dis-*
 15 *tribute, aggregate, store, and market locally-*
 16 *produced agricultural food products.*

17 “(ii) *REQUIREMENT.—The recipient of*
 18 *a loan or loan guarantee under clause (i)*
 19 *shall agree to make a reasonable effort, as*
 20 *determined by the Secretary, to work with*
 21 *retail and institutional facilities to which*
 22 *the recipient sells locally-produced agricul-*
 23 *tural food products to inform the consumers*
 24 *of the retail or institutional facilities that*

1 *the consumers are purchasing or consuming*
2 *locally-produced agricultural food products.*

3 “(iii) *PRIORITY.—In making or guar-*
4 *anteeing a loan under clause (i), the Sec-*
5 *retary shall give priority to—*

6 *“(I) projects that support commu-*
7 *nity development and farm and ranch*
8 *income by marketing, distributing,*
9 *storing, aggregating, or processing a*
10 *locally-produced agricultural food*
11 *product; and*

12 *“(II) projects that have compo-*
13 *nents benefitting underserved commu-*
14 *nities.*

15 “(iv) *RETAIL OR INSTITUTIONAL FA-*
16 *CILITIES.—The Secretary may allow recipi-*
17 *ents of loans or loan guarantees under*
18 *clause (i) to provide up to \$250,000 in loan*
19 *or loan guarantee funds per retail or insti-*
20 *tutional facility for an underserved commu-*
21 *nity in a rural or nonrural area to help re-*
22 *tail facilities—*

23 *“(I) to modify and update the fa-*
24 *cilities to accommodate locally-pro-*
25 *duced agricultural food products; and*

1 “(II) to provide outreach to con-
 2 sumers about the sale of locally-pro-
 3 duced agricultural food products.

4 “(v) *REPORTS*.—Not later than 1 year
 5 after the date of enactment of this para-
 6 graph and annually thereafter, the Sec-
 7 retary shall submit to the Committee on Ag-
 8 riculture of the House of Representatives
 9 and the Committee on Agriculture, Nutri-
 10 tion, and Forestry of the Senate a report
 11 that describes projects carried out using
 12 loans or loan guarantees made under clause
 13 (i), including—

14 “(I) the characteristics of the com-
 15 munities served by the projects; and

16 “(II) benefits of the projects.

17 “(vi) *RESERVATION OF FUNDS*.—

18 “(I) *IN GENERAL*.—For each of
 19 fiscal years 2008 through 2012, the
 20 Secretary shall reserve not less than 5
 21 percent of the funds made available to
 22 carry out this subsection to carry out
 23 this subparagraph.

24 “(II) *AVAILABILITY OF FUNDS*.—
 25 Funds reserved under subclause (I) for

1 *a fiscal year shall be reserved until*
 2 *April 1 of the fiscal year.”.*

3 **SEC. 6018. APPROPRIATE TECHNOLOGY TRANSFER FOR**
 4 **RURAL AREAS.**

5 *Section 310B of the Consolidated Farm and Rural De-*
 6 *velopment Act (7 U.S.C. 1932) is amended by adding at*
 7 *the end the following:*

8 *“(i) APPROPRIATE TECHNOLOGY TRANSFER FOR*
 9 *RURAL AREAS PROGRAM.—*

10 *“(1) DEFINITION OF NATIONAL NONPROFIT AGRI-*
 11 *CULTURAL ASSISTANCE INSTITUTION.—In this sub-*
 12 *section, the term ‘national nonprofit agricultural as-*
 13 *sistance institution’ means an organization that—*

14 *“(A) is described in section 501(c)(3) of the*
 15 *Internal Revenue Code of 1986 and exempt from*
 16 *taxation under 501(a) of that Code;*

17 *“(B) has staff and offices in multiple re-*
 18 *gions of the United States;*

19 *“(C) has experience and expertise in oper-*
 20 *ating national sustainable agriculture technical*
 21 *assistance programs; and*

22 *“(D) provides the technical assistance*
 23 *through toll-free hotlines, 1 or more websites,*
 24 *publications, and workshops.*

1 “(2) *ESTABLISHMENT.*—*The Secretary shall es-*
 2 *tablish a national appropriate technology transfer for*
 3 *rural areas program to assist agricultural producers*
 4 *that are seeking information to help the agricultural*
 5 *producers—*

6 “(A) *reduce input costs;*

7 “(B) *conserve energy resources;*

8 “(C) *diversify operations through new en-*
 9 *ergy crops and energy generation facilities; and*

10 “(D) *expand markets for the agricultural*
 11 *commodities produced by the producers through*
 12 *use of practices involving sustainable agri-*
 13 *culture.*

14 “(3) *IMPLEMENTATION.*—

15 “(A) *IN GENERAL.*—*The Secretary shall*
 16 *carry out the program under this subsection by*
 17 *making a grant to, or offering to enter into a co-*
 18 *operative agreement with, a national nonprofit*
 19 *agricultural assistance organization.*

20 “(B) *GRANT AMOUNT.*—*A grant made, or*
 21 *cooperative agreement entered into, under sub-*
 22 *paragraph (A) shall provide 100 percent of the*
 23 *cost of providing information described in para-*
 24 *graph (2).*

1 “(4) *AUTHORIZATION OF APPROPRIATIONS.*—

2 *There are authorized to be appropriated to carry out*
 3 *this subsection \$5,000,000 for each of fiscal years*
 4 *2008 through 2012.”.*

5 **SEC. 6019. RURAL ECONOMIC AREA PARTNERSHIP ZONES.**

6 *Section 310B of the Consolidated Farm and Rural De-*
 7 *velopment Act (7 U.S.C. 1932) (as amended by section*
 8 *6019) is amended by adding at the end the following:*

9 “(j) *RURAL ECONOMIC AREA PARTNERSHIP ZONES.*—

10 *For the period beginning on the date of enactment of this*
 11 *subsection and ending on September 30, 2012, the Secretary*
 12 *shall carry out rural economic area partnership zones in*
 13 *the States of New York, North Dakota, and Vermont, in ac-*
 14 *cordance with the terms and conditions contained in the*
 15 *memorandums of agreement entered into by the Secretary*
 16 *for the rural economic area partnership zones, except as oth-*
 17 *erwise provided in this subsection.”.*

18 **SEC. 6020. DEFINITIONS.**

19 (a) *RURAL AREA.*—*Section 343(a) of the Consolidated*
 20 *Farm and Rural Development Act (7 U.S.C. 1991(a)) is*
 21 *amended by striking paragraph (13) and inserting the fol-*
 22 *lowing:*

23 “(13) *RURAL AND RURAL AREA.*—

1 “(A) *IN GENERAL.*—Subject to subpara-
2 graphs (B) and (C), the terms ‘rural’ and ‘rural
3 area’ mean any area other than—

4 “(i) a city or town that has a popu-
5 lation of greater than 50,000 inhabitants,
6 except that, for all activities under pro-
7 grams in the rural development mission
8 area within the areas of the County of Hon-
9 olulu, Hawaii, and the Commonwealth of
10 Puerto Rico, the Secretary may designate
11 any portion of the areas as a rural area or
12 eligible rural community that the Secretary
13 determines is not urban in character, other
14 than any area included in the Honolulu
15 Census Designated Place or the San Juan
16 Census Designated Place;

17 “(ii) any urbanized area (as defined
18 by the Bureau of the Census) contiguous
19 and adjacent to a city or town described in
20 clause (i); and

21 “(iii) any collection of census blocks
22 contiguous to each other (as defined by the
23 Bureau of the Census) that—

1 “(I) is adjacent to a city or town
2 described in clause (i) or an urbanized
3 area described in clause (ii); and

4 “(II) has a housing density that
5 the Secretary estimates is greater than
6 200 housing units per square mile, ex-
7 cept that an applicant may appeal the
8 estimate based on actual data for the
9 area.

10 “(B) WATER AND WASTE DISPOSAL GRANTS
11 AND DIRECT AND GUARANTEED LOANS.—For the
12 purpose of water and waste disposal grants and
13 direct and guaranteed loans provided under
14 paragraphs (1), (2), and (24) of section 306(a),
15 the terms ‘rural’ and ‘rural area’ mean a city,
16 town, or unincorporated area that has a popu-
17 lation of no more than 10,000 inhabitants.

18 “(C) COMMUNITY FACILITY LOANS AND
19 GRANTS.—For the purpose of community facility
20 direct and guaranteed loans and grants under
21 paragraphs (1), (19), (20), (21), and (24) of sec-
22 tion 306(a), the terms ‘rural’ and ‘rural area’
23 mean any area other than—

24 “(i) an area described in clause (i),
25 (ii), or (iii) of subparagraph (A); and

1 “(ii) a city, town, or unincorporated
2 area that has a population of greater than
3 20,000 inhabitants.

4 “(D) AREAS RURAL IN CHARACTER.—

5 “(i) IN GENERAL.—Notwithstanding
6 any other provision of this paragraph, the
7 Under Secretary for Rural Development
8 may determine (pursuant to a petition by
9 a local community or on the initiative of
10 the Under Secretary) that an area described
11 in clause (ii) or (iii) of subparagraph (A)
12 is a rural area for the purposes of this
13 paragraph, if the Under Secretary finds
14 that the area is rural in character, as deter-
15 mined by the Under Secretary.

16 “(ii) ADMINISTRATION.—In carrying
17 out clause (i), the Under Secretary for
18 Rural Development—

19 “(I) shall not delegate the author-
20 ity described in clause (i); but

21 “(II) shall consult with the appli-
22 cable rural development State or re-
23 gional director of the Department of
24 Agriculture.

1 “(E) *EXCLUSIONS.*—Notwithstanding any
 2 other provision of this paragraph, in deter-
 3 mining which census blocks are not in a rural
 4 area (as defined in this paragraph), the Sec-
 5 retary shall exclude any cluster of census blocks
 6 that would otherwise be considered not in a rural
 7 area only because the cluster is adjacent to not
 8 more than 2 census blocks that are otherwise con-
 9 sidered not in a rural area under this para-
 10 graph.”.

11 (b) *ANNUAL REPORTS.*—Not later than 2 years after
 12 the date of enactment of this Act and every 2 years there-
 13 after, the Secretary shall prepare and submit to the Com-
 14 mittee on Agriculture of the House of Representatives and
 15 the Committee on Agriculture, Nutrition, and Forestry of
 16 the Senate a report that—

17 (1) assesses the various definitions of the term
 18 “rural” and “rural area” that are used with respect
 19 to programs administered by the Secretary;

20 (2) describes the effects that the variations in
 21 those definitions have on those programs;

22 (3) make recommendations for ways to better
 23 target funds provided through rural development pro-
 24 grams;

1 (4) *describes the effects the changes to the defini-*
 2 *tions of the terms “rural” and “rural area” in the*
 3 *Farm Security and Rural Investment Act of 2002*
 4 *and this Act had on those programs and eligible*
 5 *areas; and*

6 (5) *determines what effects the changes had on*
 7 *the level of rural development funding and participa-*
 8 *tion in those programs in each State.*

9 (b) *ADDITIONAL TERMS.*—Section 343(a) of the Con-
 10 *solidated Farm and Rural Development Act (7 U.S.C.*
 11 *1991(a)) is amended by adding at the end the following:*

12 “(14) *SUSTAINABLE AGRICULTURE.*—The term
 13 ‘sustainable agriculture’ means an integrated system
 14 of plant and animal production practices having a
 15 site-specific application that will, over the long-
 16 term—

17 “(A) *satisfy human food and fiber needs;*

18 “(B) *enhance environmental quality and*
 19 *the natural resource base upon which the agri-*
 20 *culture economy depends;*

21 “(C) *make the most efficient use of non-*
 22 *renewable resources and on-farm resources and*
 23 *integrate, where appropriate, natural biological*
 24 *cycles and controls;*

1 “(D) sustain the economic viability of farm
2 operations; and

3 “(E) enhance the quality of life for farmers
4 and society as a whole.

5 “(15) *TECHNICAL ASSISTANCE*.—The term ‘tech-
6 nical assistance’ means managerial, financial, oper-
7 ational, and scientific analysis and consultation to
8 assist an individual or entity (including a borrower
9 or potential borrower under this title)—

10 “(A) to identify and evaluate practices, ap-
11 proaches, problems, opportunities, or solutions;
12 and

13 “(B) to assist in the planning, implementa-
14 tion, management, operation, marketing, or
15 maintenance of projects authorized under this
16 title.”.

17 (c) *COMMERCIAL FISHING*.—Section 343 of the Con-
18 solidated Farm and Rural Development Act (7 U.S.C.
19 1991) is amended—

20 (1) in subsection (a), by inserting “and, in the
21 case of subtitle B, commercial fishing” before the pe-
22 riod at the end of each of paragraphs (1) and (2);
23 and

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

1 “(c) *DEFINITION OF FARM.*—In subtitle B, the term
 2 ‘farm’ includes a commercial fishing enterprise the owner
 3 or operator of which is unable to obtain commercial credit
 4 from a bank or other lender, as determined by the Sec-
 5 retary.”.

6 **SEC. 6021. GEOGRAPHICALLY DISADVANTAGED FARMERS**
 7 **AND RANCHERS.**

8 (a) *IN GENERAL.*—The Consolidated Farm and Rural
 9 Development Act is amended by inserting after section 344
 10 (7 U.S.C. 1992) the following:

11 **“SEC. 345. GEOGRAPHICALLY DISADVANTAGED FARMERS**
 12 **AND RANCHERS.**

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

14 “(1) *AGRICULTURAL COMMODITY.*—The term ‘ag-
 15 ricultural commodity’ has the meaning given the term
 16 in section 102 of the Agricultural Trade Act of 1978
 17 (7 U.S.C. 5602).

18 “(2) *GEOGRAPHICALLY DISADVANTAGED FARMER*
 19 *OR RANCHER.*—The term ‘geographically disadvan-
 20 taged farmer or rancher’ has the meaning given the
 21 term in section 10906(a) of the Farm Security and
 22 Rural Investment Act of 2002 (7 U.S.C. 2204 note;
 23 Public Law 107–171).

24 “(b) *AUTHORIZATION.*—

1 “(1) *IN GENERAL.*—Subject to paragraph (2)
 2 and the availability of funds under subsection (d), for
 3 each fiscal year, the Secretary may provide geo-
 4 graphically disadvantaged farmers or ranchers direct
 5 reimbursement payments for activities described in
 6 subsection (c).

7 “(2) *LIMITATION.*—The total amount of direct
 8 reimbursement payments provided by the Secretary
 9 under this section shall not exceed \$15,000,000 for
 10 each fiscal year.

11 “(c) *TRANSPORTATION.*—

12 “(1) *IN GENERAL.*—Subject to paragraphs (2)
 13 and (3), the Secretary may provide direct reimburse-
 14 ment payments to a geographically disadvantaged
 15 farmer or rancher to transport an agricultural com-
 16 modity, or inputs used to produce an agricultural
 17 commodity, during a fiscal year.

18 “(2) *PROOF OF ELIGIBILITY.*—To be eligible to
 19 receive assistance under paragraph (1), farmer or
 20 rancher shall provide to the Secretary proof (as deter-
 21 mined by the Secretary) that transportation or the
 22 agricultural commodity or inputs occurred over a dis-
 23 tance of more than 30 miles.

24 “(3) *AMOUNT.*—The amount of direct reimburse-
 25 ment payments made to a geographically disadvan-

1 *taged farmer or rancher under a subsection for a fis-*
 2 *cal year shall equal the product obtained by*
 3 *multiplying—*

4 *“(A) the amount of costs incurred by the*
 5 *farmer or rancher for transportation of the agri-*
 6 *cultural commodity or inputs during the fiscal*
 7 *year; and*

8 *“(B) the percentage of the allowance for*
 9 *that fiscal year made under section 5941 of title*
 10 *5, United States Code, for Federal employees sta-*
 11 *tioned in Alaska and Hawaii.*

12 *“(d) AUTHORIZATION OF APPROPRIATIONS.—There*
 13 *are authorized to be appropriated such sums as are nec-*
 14 *essary to carry out this section.”.*

15 *(b) EFFECTIVE DATE.—The amendment made by sub-*
 16 *section (a) takes effect on October 1, 2007.*

17 **SEC. 6022. RURAL MICROENTERPRISE ASSISTANCE PRO-**
 18 **GRAM.**

19 *Subtitle D of the Consolidated Farm and Rural Devel-*
 20 *opment Act (as amended by section 5207) is amended by*
 21 *inserting after section 365 the following:*

22 **“SEC. 366. RURAL MICROENTERPRISE ASSISTANCE PRO-**
 23 **GRAM.**

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

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

5 “(2) *LOW- OR MODERATE-INCOME INDIVIDUAL*.—
 6 The term ‘low- or moderate-income individual’ means
 7 an individual with an income (adjusted for family
 8 size) of not more than 80 percent of the national me-
 9 dian income.

10 “(3) *MICROCREDIT*.—The term ‘microcredit’
 11 means a business loan or loan guarantee of not more
 12 than \$50,000 that is provided to a rural microenter-
 13 prise.

14 “(4) *MICROENTERPRISE DEVELOPMENT ORGANI-*
 15 *ZATION*.—The term ‘microenterprise development or-
 16 ganization’ means an organization that—

17 “(A) is—

18 “(i) a nonprofit entity;

19 “(ii) an Indian tribe, the tribal gov-
 20 ernment of which certifies to the Secretary
 21 that no microenterprise development organi-
 22 zation or microenterprise development pro-
 23 gram exists under the jurisdiction of the In-
 24 dian tribe; or

1 “(iii) for the purpose of subsection (b),
2 a public institution of higher education;

3 “(B) provides training and technical assist-
4 ance to rural microenterprises;

5 “(C) facilitates access to capital or another
6 service described in subsection (b) for rural
7 microenterprises; and

8 “(D) has a demonstrated record of deliv-
9 ering services to economically disadvantaged
10 microenterprises, or an effective plan to develop
11 a program to deliver microenterprise services to
12 rural microenterprises effectively, as determined
13 by the Secretary.

14 “(5) *RURAL CAPACITY BUILDING SERVICE*.—The
15 term ‘rural capacity building service’ means a service
16 provided to an organization that—

17 “(A) is, or is in the process of becoming, a
18 microenterprise development organization; and

19 “(B) serves rural areas for the purpose of
20 enhancing the ability of the organization to pro-
21 vide training, technical assistance, and other
22 services relating to rural development.

23 “(6) *RURAL MICROENTERPRISE*.—

24 “(A) *IN GENERAL*.—The term ‘rural micro-
25 enterprise’ means an individual described in

1 *subparagraph (B) who is unable to obtain suffi-*
 2 *cient training, technical assistance, or micro-*
 3 *credit other than under this section, as deter-*
 4 *mined by the Secretary.*

5 “(B) *DESCRIPTION.*—*An individual de-*
 6 *scribed in this subparagraph is—*

7 “(i) *a self-employed individual located*
 8 *in a rural area; or*

9 “(ii) *an owner and operator, or pro-*
 10 *spective owner and operator, of a business*
 11 *entity located in a rural area with not more*
 12 *than 10 full-time-equivalent employees.*

13 “(7) *SECRETARY.*—*The term ‘Secretary’ means*
 14 *the Secretary of Agriculture, acting through the Rural*
 15 *Business-Cooperative Service.*

16 “(b) *RURAL MICROENTERPRISE PROGRAM.*—

17 “(1) *ESTABLISHMENT.*—*The Secretary shall es-*
 18 *tablish a rural microenterprise program.*

19 “(2) *PURPOSE.*—*The purpose of the rural micro-*
 20 *enterprise program shall be to provide low- or mod-*
 21 *erate-income individuals with—*

22 “(A) *the skills necessary to establish new*
 23 *rural microenterprises; and*

1 “(B) continuing technical and financial as-
 2 sistance as individuals and business starting or
 3 operating rural microenterprises.

4 “(3) GRANTS.—

5 “(A) IN GENERAL.—The Secretary may
 6 make a grant under the rural microenterprise
 7 program to microenterprise development
 8 organizations—

9 “(i) to provide training, operational
 10 support, business planning assistance, mar-
 11 ket development assistance, and other re-
 12 lated services to rural microenterprises,
 13 with an emphasis on rural microenterprises
 14 that—

15 “(I) are composed of low- or mod-
 16 erate-income individuals; or

17 “(II) are in areas that have lost
 18 population;

19 “(ii) to assist in researching and devel-
 20 oping the best practices in delivering train-
 21 ing, technical assistance, and microcredit to
 22 rural microenterprises; and

23 “(iii) to carry out such other projects
 24 and activities as the Secretary determines

1 *to be consistent with the purposes of this*
 2 *section.*

3 “(B) *DIVERSITY.*—*In making grants under*
 4 *this paragraph, the Secretary shall ensure, to the*
 5 *maximum extent practicable, that grant recipi-*
 6 *ents include microenterprise development*
 7 *organizations—*

8 *“(i) of varying sizes; and*

9 *“(ii) that serve racially- and eth-*
 10 *nically-diverse populations.*

11 “(C) *COST SHARING.*—

12 *“(i) FEDERAL SHARE.*—*The Federal*
 13 *share of the cost of a project carried out*
 14 *using funds from a grant made under this*
 15 *paragraph shall be 75 percent.*

16 *“(ii) FORM OF NON-FEDERAL*
 17 *SHARE.*—*The non-Federal share of the cost*
 18 *of a project described in clause (i) may be*
 19 *provided—*

20 *“(I) in cash (including through*
 21 *fees, grants (including community de-*
 22 *velopment block grants), and gifts); or*

23 *“(II) as in-kind contributions.*

24 “(4) *RURAL MICROLOAN PROGRAM.*—

1 “(A) *ESTABLISHMENT.*—*In carrying out*
 2 *the rural microenterprise program, the Secretary*
 3 *may carry out a rural microloan program.*

4 “(B) *PURPOSE.*—*The purpose of the rural*
 5 *microloan program shall be to provide technical*
 6 *and financial assistance to rural microenter-*
 7 *prises that—*

8 “(i) *are composed of low- or moderate-*
 9 *income individuals; or*

10 “(ii) *are in areas that have lost popu-*
 11 *lation.*

12 “(C) *AUTHORITY OF SECRETARY.*—*In car-*
 13 *rying out the rural microloan program, the Sec-*
 14 *retary may—*

15 “(i) *make direct loans to microenter-*
 16 *prise development organizations for the pur-*
 17 *pose of making fixed interest rate*
 18 *microloans to startup, newly established,*
 19 *and growing rural microenterprises; and*

20 “(ii) *in conjunction with those loans,*
 21 *provide technical assistance grants in ac-*
 22 *cordance with subparagraph (E) to those*
 23 *microenterprise development organizations.*

24 “(D) *LOAN DURATION; INTEREST RATES;*
 25 *CONDITIONS.—*

1 “(i) *LOAN DURATION.*—A direct loan
2 made by the Secretary under this para-
3 graph shall be for a term not to exceed 20
4 years.

5 “(ii) *APPLICABLE INTEREST RATE.*—A
6 direct loan made by the Secretary under
7 this paragraph shall bear an annual inter-
8 est rate of 1 percent.

9 “(iii) *LOAN LOSS RESERVE FUND.*—
10 The Secretary shall require each microenter-
11 prise development organization that receives
12 a direct loan under this paragraph to—

13 “(I) establish a loan loss reserve
14 fund; and

15 “(II) maintain the reserve fund in
16 an amount equal to at least 5 percent
17 of the outstanding balance of such
18 loans owed by the microenterprise de-
19 velopment organization, until all obli-
20 gations owed to the Secretary under
21 this paragraph are repaid.

22 “(iv) *DEFERRAL OF INTEREST AND*
23 *PRINCIPAL.*—The Secretary shall permit the
24 deferral of payments on principal and in-
25 terest due on a loan made under this para-

graph during the 2-year period beginning
on the date on which the loan is made.

“(E) TECHNICAL ASSISTANCE GRANT
AMOUNTS.—

“(i) IN GENERAL.—Except as otherwise
provided in this section, each microenter-
prise development organization that receives
a direct loan under this paragraph shall be
eligible to receive a technical assistance
grant to provide marketing, management,
and technical assistance to rural micro-
enterprises that are borrowers or potential
borrowers under this subsection.

“(ii) MAXIMUM AMOUNT OF TECHNICAL
ASSISTANCE GRANT FOR MICROENTERPRISE
DEVELOPMENT ORGANIZATIONS.—Each
microenterprise development organization
that receives a direct loan under this para-
graph shall receive an annual technical as-
sistance grant in an amount equal to not
more than 25 percent of the total out-
standing balance of microloans made by the
microenterprise development organization
under this paragraph, as of the date of pro-
vision of the technical assistance grant.

1 “(iii) *MATCHING REQUIREMENT.*—

2 “(I) *IN GENERAL.*—*As a condi-*
 3 *tion of any grant made to a micro-*
 4 *enterprise development organization*
 5 *under this subparagraph, the Secretary*
 6 *shall require the microenterprise devel-*
 7 *opment organization to match not less*
 8 *than 15 percent of the total amount of*
 9 *the grant.*

10 “(II) *FORM OF NON-FEDERAL*
 11 *SHARE.*—*The non-Federal share of the*
 12 *cost of a project described in subclause*
 13 *(I) may be provided—*

14 “(aa) *in cash; or*

15 “(bb) *as indirect costs or in-*
 16 *kind contributions.*

17 “(c) *ADMINISTRATIVE EXPENSES.*—*Not more than 10*
 18 *percent of a grant received by a microenterprise develop-*
 19 *ment organization for a fiscal year under this section may*
 20 *be used to pay administrative expenses.*

21 “(d) *FUNDING.*—

22 “(1) *MANDATORY FUNDING.*—

23 “(A) *IN GENERAL.*—*Of the funds of the*
 24 *Commodity Credit Corporation, the Secretary*
 25 *shall use to carry out this section \$40,000,000*

1 *for fiscal year 2008, to remain available until*
 2 *expended.*

3 “(B) *ALLOCATION OF FUNDS.—Of the*
 4 *amount made available by subparagraph (A) for*
 5 *fiscal year 2008—*

6 *“(i) not less than \$25,000,000 shall be*
 7 *available for use in carrying out subsection*
 8 *(b)(3); and*

9 *“(ii) not less than \$15,000,000 shall be*
 10 *available for use in carrying out subsection*
 11 *(b)(4), of which not more than \$7,000,000*
 12 *shall be used for the cost of direct loans.*

13 “(2) *AUTHORIZATION OF APPROPRIATIONS.—In*
 14 *addition to amounts made available under paragraph*
 15 *(1), there are authorized to be appropriated such*
 16 *sums as are necessary to carry out this section for*
 17 *each of fiscal years 2009 through 2012.”.*

18 **SEC. 6023. ARTISANAL CHEESE CENTERS.**

19 *Subtitle D of the Consolidated Farm and Rural Devel-*
 20 *opment Act is amended by inserting after section 366 (as*
 21 *added by section 6022) the following:*

22 **“SEC. 367. ARTISANAL CHEESE CENTERS.**

23 “(a) *IN GENERAL.—The Secretary shall establish*
 24 *artisanal cheese centers to provide educational and tech-*
 25 *nical assistance relating to the manufacture and marketing*

1 *of artisanal cheese by small- and medium-sized producers*
 2 *and businesses.*

3 “(b) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 4 *authorized to be appropriated such sums as are necessary*
 5 *to carry out this section for each of fiscal years 2008*
 6 *through 2012.”.*

7 **SEC. 6024. NATIONAL RURAL DEVELOPMENT PARTNERSHIP.**

8 *Section 378 of the Consolidated Farm and Rural De-*
 9 *velopment Act (7 U.S.C. 2008m) is amended—*

10 *(1) in subsection (g)(1), by striking “2007” and*
 11 *inserting “2012”; and*

12 *(2) in subsection (h), by striking “the date that*
 13 *is 5 years after the date of enactment of this section”*
 14 *and inserting “September 30, 2012”.*

15 **SEC. 6025. HISTORIC BARN PRESERVATION.**

16 *Section 379A(c) of the Consolidated Farm and Rural*
 17 *Development Act (7 U.S.C. 2008o(c)) is amended—*

18 *(1) by striking paragraph (2) and inserting the*
 19 *following:*

20 “(2) *ELIGIBLE PROJECTS.—*

21 *“(A) IN GENERAL.—A grant under this sub-*
 22 *section may be made to an eligible applicant for*
 23 *a project—*

24 *“(i) to rehabilitate or repair a historic*
 25 *barn;*

1 “(ii) to preserve a historic barn; and
 2 “(iii) to identify, document, survey,
 3 and conduct research on a historic barn or
 4 historic farm structure to develop and
 5 evaluate appropriate techniques or best
 6 practices for protecting historic barns.

7 “(B) *PRIORITY.*—The Secretary shall give
 8 the highest funding priority to grants for projects
 9 described in subparagraph (A)(iii).”; and
 10 (2) in paragraph (4), by striking “2007” and in-
 11 serting “2012”.

12 **SEC. 6026. GRANTS FOR NOAA WEATHER RADIO TRANSMIT-**
 13 **TERS.**

14 Section 379B(d) of the Consolidated Farm and Rural
 15 Development Act (7 U.S.C. 2008p(d)) is amended by strik-
 16 ing “2007” and inserting “2012”.

17 **SEC. 6027. GRANTS TO TRAIN FARM WORKERS IN NEW**
 18 **TECHNOLOGIES AND TO TRAIN FARM WORK-**
 19 **ERS IN SPECIALIZED SKILLS NECESSARY FOR**
 20 **HIGHER VALUE CROPS.**

21 Section 379C(c) of the Consolidated Farm and Rural
 22 Development Act (7 U.S.C. 2008q(c)) is amended by strik-
 23 ing “2007” and inserting “2012”.

1 **SEC. 6028. GRANTS FOR EXPANSION OF EMPLOYMENT OP-**
 2 **PORTUNITIES FOR INDIVIDUALS WITH DIS-**
 3 **ABILITIES IN RURAL AREAS.**

4 *Subtitle D of the Consolidated Farm and Rural Devel-*
 5 *opment Act (7 U.S.C. 1981 et seq.) is amended by adding*
 6 *at the end the following:*

7 **“SEC. 379E. GRANTS FOR EXPANSION OF EMPLOYMENT OP-**
 8 **PORTUNITIES FOR INDIVIDUALS WITH DIS-**
 9 **ABILITIES IN RURAL AREAS.**

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

11 *“(1) INDIVIDUAL WITH A DISABILITY.—The term*
 12 *‘individual with a disability’ means an individual*
 13 *with a disability (as defined in section 3 of the Amer-*
 14 *icans with Disabilities Act of 1990 (42 U.S.C.*
 15 *12102)).*

16 *“(2) INDIVIDUALS WITH DISABILITIES.—The*
 17 *term ‘individuals with disabilities’ means more than*
 18 *1 individual with a disability.*

19 *“(b) GRANTS.—The Secretary shall make grants to*
 20 *nonprofit organizations, or to a consortium of nonprofit or-*
 21 *ganizations, to expand and enhance employment opportuni-*
 22 *ties for individuals with disabilities in rural areas.*

23 *“(c) ELIGIBILITY.—To be eligible to receive a grant*
 24 *under this section, a nonprofit organization or consortium*
 25 *of nonprofit organizations shall have—*

1 “(1) a significant focus on serving the needs of
2 individuals with disabilities;

3 “(2) demonstrated knowledge and expertise in—

4 “(A) employment of individuals with dis-
5 abilities; and

6 “(B) advising private entities on accessi-
7 bility issues involving individuals with disabil-
8 ities;

9 “(3) expertise in removing barriers to employ-
10 ment for individuals with disabilities, including ac-
11 cess to transportation, assistive technology, and other
12 accommodations;

13 “(4) existing relationships with national organi-
14 zations focused primarily on the needs of rural areas;

15 “(5) affiliates in a majority of the States; and

16 “(6) a close working relationship with the De-
17 partment of Agriculture.

18 “(d) *USES*.—A grant received under this section may
19 be used only to expand or enhance—

20 “(1) employment opportunities for individuals
21 with disabilities in rural areas by developing na-
22 tional technical assistance and education resources to
23 assist small businesses in a rural area to recruit, hire,
24 accommodate, and employ individuals with disabil-
25 ities; and

1 “(2) *self-employment and entrepreneurship op-*
 2 *portunities for individuals with disabilities in a*
 3 *rural area.*

4 “(e) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 5 *authorized to be appropriated to carry out this section*
 6 *\$2,000,000 for each of fiscal years 2008 through 2012.”.*

7 **SEC. 6029. DELTA REGIONAL AUTHORITY.**

8 (a) *HEALTH CARE SERVICES.—Section 382C of the*
 9 *Consolidated Farm and Rural Development Act (7 U.S.C.*
 10 *2009aa–2) is amended by adding at the end the following:*

11 “(c) *HEALTH CARE SERVICES.—*

12 “(1) *IN GENERAL.—Subject to the availability of*
 13 *appropriated funds, the Secretary may award a grant*
 14 *to the Delta Health Alliance for the development of*
 15 *health care services, health education programs, and*
 16 *health care job training programs fields, and for the*
 17 *development and expansion of public health-related*
 18 *facilities, in the Mississippi Delta region to address*
 19 *longstanding and unmet health needs in the Mis-*
 20 *issippi Delta region.*

21 “(2) *USE.—As a condition of the receipt of the*
 22 *grant, the Delta Health Alliance shall use the grant*
 23 *to fund projects and activities described in paragraph*
 24 *(1), based on input solicited from local governments,*

1 *public health care providers, and other entities in the*
 2 *Mississippi Delta region.*

3 “(3) *FEDERAL INTEREST IN PROPERTY.*—Not-
 4 *withstanding any other provision of law, with respect*
 5 *to the use of grant funds provided under this sub-*
 6 *section for a project involving the construction or*
 7 *major alteration of property, the Federal interest in*
 8 *the property shall terminate on the earlier of—*

9 “(A) *the date that is 1 year after the date*
 10 *of the completion of the project; or*

11 “(B) *the date on which the Federal Govern-*
 12 *ment is compensated for the proportionate inter-*
 13 *est of the Federal Government in the property, if*
 14 *the use of the property changes or the property*
 15 *is transferred or sold.”.*

16 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
 17 382M(a) of the Consolidated Farm and Rural Development
 18 Act (7 U.S.C. 2009aa–12(a)) is amended by striking
 19 “2007” and inserting “2012”.

20 (c) *TERMINATION OF AUTHORITY.*—Section 382N of
 21 the Consolidated Farm and Rural Development Act (7
 22 U.S.C. 2009aa–13) is amended by striking “2007” and in-
 23 serting “2012”.

24 (d) *DELTA REGION AGRICULTURAL ECONOMIC DEVEL-*
 25 *OPMENT.*—Section 379D(b) of the Consolidated Farm and

1 *Rural Development Act (7 U.S.C. 2008r(b)) is amended by*
 2 *striking “2007” and inserting “2012”.*

3 **SEC. 6030. NORTHERN GREAT PLAINS REGIONAL AUTHOR-**
 4 **ITY.**

5 *(a) ESTABLISHMENT.—Section 383B of the Consoli-*
 6 *dated Farm and Rural Development Act (7 U.S.C. 2009bb–*
 7 *1) is amended—*

8 *(1) in subsection (a), by adding at the end the*
 9 *following:*

10 *“(4) FAILURE TO CONFIRM.—*

11 *“(A) FEDERAL MEMBER.—Notwithstanding*
 12 *any other provision of this section, if a Federal*
 13 *member described in paragraph (2)(A) has not*
 14 *been confirmed by the Senate by not later than*
 15 *180 days after the date of enactment of this*
 16 *paragraph, the Authority may organize and op-*
 17 *erate without the Federal member.*

18 *“(B) INDIAN CHAIRPERSON.—Notwith-*
 19 *standing any other provision of this section, if a*
 20 *chairperson of an Indian Tribe described in*
 21 *paragraph (2)(C) has not been confirmed by the*
 22 *Senate by not later than 180 days after the date*
 23 *of enactment of this paragraph, the leaders of the*
 24 *Indian tribes in the region may select that mem-*
 25 *ber.”;*

1 (2) *in subsection (d)—*

2 (A) *in paragraph (1), by striking “to estab-*
 3 *lish priorities and” and inserting “for multistate*
 4 *cooperation to advance the economic and social*
 5 *well-being of the region and to”*

6 (B) *in paragraph (3), by striking “local de-*
 7 *velopment districts,” and inserting “regional*
 8 *and local development districts or organizations,*
 9 *regional boards established under subtitle I,”;*

10 (C) *in paragraph (4), by striking “coopera-*
 11 *tion,” and inserting “cooperation for—*

12 “(i) *renewable energy development and*
 13 *transmission;*

14 “(ii) *transportation planning and eco-*
 15 *nomics development;*

16 “(iii) *information technology;*

17 “(iv) *movement of freight and individ-*
 18 *uals within the region;*

19 “(v) *federally-funded research at insti-*
 20 *tutions of higher education; and*

21 “(vi) *conservation land management;”;*

22 (D) *by striking paragraph (6) and insert-*
 23 *ing the following:*

24 “(6) *enhance the capacity of, and provide sup-*
 25 *port for, multistate development and research organi-*

1 *zations, local development organizations and districts,*
 2 *and resource conservation districts in the region;”;*
 3 *and*

4 *(E) in paragraph (7), by inserting “renew-*
 5 *able energy,” after “commercial.”.*

6 *(3) in subsection (f)(2), by striking “the Federal*
 7 *cochairperson” and inserting “a cochairperson”;*

8 *(4) in subsection (g)(1), by striking subpara-*
 9 *graphs (A) through (C) and inserting the following:*

10 *“(A) for each of fiscal years 2008 and 2009,*
 11 *100 percent;*

12 *“(B) for fiscal year 2010, 75 percent; and*

13 *“(C) for fiscal year 2011 and each fiscal*
 14 *year thereafter, 50 percent.”.*

15 *(b) INTERSTATE COOPERATION FOR ECONOMIC OP-*
 16 *PORTUNITY AND EFFICIENCY.—*

17 *(1) IN GENERAL.—Subtitle G of the Consolidated*
 18 *Farm and Rural Development Act is amended—*

19 *(A) by redesignating sections 383C through*
 20 *383N (7 U.S.C. 2009bb–2 through 2009bb–13) as*
 21 *sections 383D through 383O, respectively; and*

22 *(B) by inserting after section 383B (7*
 23 *U.S.C. 2009bb–1) the following:*

1 **“SEC. 383C. INTERSTATE COOPERATION FOR ECONOMIC OP-**
 2 **PORTUNITY AND EFFICIENCY.**

3 “(a) *IN GENERAL.*—*The Authority shall provide as-*
 4 *sistance to States in developing regional plans to address*
 5 *multistate economic issues, including plans—*

6 “(1) *to develop a regional transmission system*
 7 *for movement of renewable energy to markets outside*
 8 *the region,*

9 “(2) *to assist in the harmonization of transpor-*
 10 *tation policies and regulations that impact the inter-*
 11 *state movement of goods and individuals, including*
 12 *the establishment of a Northern Great Plains Re-*
 13 *gional Transportation Working Group;*

14 “(3) *to encourage and support interstate collabo-*
 15 *ration on federally-funded research that is in the na-*
 16 *tional interest; and*

17 “(4) *to establish a Regional Working Group on*
 18 *Agriculture Development and Transportation.*

19 “(b) *ECONOMIC ISSUES.*—*The multistate economic*
 20 *issues referred to in subsection (a) shall include—*

21 “(1) *renewable energy development and trans-*
 22 *mission;*

23 “(2) *transportation planning and economic de-*
 24 *velopment;*

25 “(3) *information technology;*

1 “(4) movement of freight and individuals within
2 the region;

3 “(5) federally-funded research at institutions of
4 higher education; and

5 “(6) conservation land management.”.

6 (2) CONFORMING AMENDMENTS.—

7 (A) Section 383B(c)(3)(B) of the Consoli-
8 dated Farm and Rural Development Act (7
9 U.S.C. 2009bb–1(c)(3)(B)) is amended by strik-
10 ing “383I” and inserting “383J”.

11 (B) Section 383D(a) of the Consolidated
12 Farm and Rural Development Act (as redesign-
13 ated by paragraph (1)(A)) is amended by strik-
14 ing “383I” and inserting “383J”.

15 (C) Section 383E of the Consolidated Farm
16 and Rural Development Act (as so redesignated)
17 is amended—

18 (i) in subsection (b)(1), by striking
19 “383F(b)” and inserting “383G(b)”; and

20 (ii) in subsection (c)(2)(A), by striking
21 “383I” and inserting “383J”.

22 (D) Section 383G of the Consolidated Farm
23 and Rural Development Act (as so redesignated)
24 is amended—

25 (i) in subsection (b)—

1 (I) in paragraph (1), by striking
2 “383M” and inserting “383N”; and

3 (II) in paragraph (2), by striking
4 “383D(b)” and inserting “383E(b”;

5 (ii) in subsection (c)(2)(A), by striking
6 “383E(b)” and inserting “383F(b)”;

7 (iii) in subsection (d)—

8 (I) by striking “383M” and in-
9 serting “383N”; and

10 (II) by striking “383C(a)” and
11 inserting “383D(a)”.

12 (E) Section 383J(c)(2) of the Consolidated
13 Farm and Rural Development Act (as so redesign-
14 ated) is amended by striking “383H” and in-
15 serting “383I”.

16 (c) *ECONOMIC AND COMMUNITY DEVELOPMENT*
17 GRANTS.—Section 383D of the Consolidated Farm and
18 Rural Development Act (as redesignated by subsection
19 (b)(1)(A)) is amended—

20 (1) in subsection (a)—

21 (A) in paragraph (1), by striking “trans-
22 portation and telecommunication” and inserting
23 “transportation, renewable energy transmission,
24 and telecommunication”; and

1 (B) by redesignating paragraphs (1) and
 2 (2) as paragraphs (2) and (1), respectively, and
 3 moving those paragraphs so as to appear in nu-
 4 merical order; and

5 (2) in subsection (b)(2), by striking “the activi-
 6 ties in the following order or priority” and inserting
 7 “the following activities”.

8 (d) *SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.*—
 9 Section 383E(a) of the Consolidated Farm and Rural De-
 10 velopment Act (as redesignated by subsection (b)(1)(A)) is
 11 amended by striking “, including local development dis-
 12 tricts,”.

13 (e) *MULTISTATE AND LOCAL DEVELOPMENT DIS-*
 14 *TRICTS AND ORGANIZATIONS AND NORTHERN GREAT*
 15 *PLAINS INC.*—Section 383F of the Consolidated Farm and
 16 Rural Development Act (as redesignated by subsection
 17 (b)(1)(A)) is amended—

18 (1) by striking the section heading and inserting
 19 “**MULTISTATE AND LOCAL DEVELOPMENT DIS-**
 20 **TRICTS AND ORGANIZATIONS AND NORTHERN**
 21 **GREAT PLAINS INC.**”;

22 (2) by striking subsections (a) and (b) and in-
 23 serting the following:

24 “(a) *DEFINITION OF MULTISTATE AND LOCAL DEVEL-*
 25 *OPMENT DISTRICT OR ORGANIZATION.*—In this section, the

1 term ‘multistate and local development district or organiza-
 2 tion’ means an entity—

3 “(1) that—

4 “(A) is a planning district in existence on
 5 the date of enactment of this subtitle that is rec-
 6 ognized by the Economic Development Adminis-
 7 tration of the Department of Commerce; or

8 “(B) is—

9 “(i) organized and operated in a man-
 10 ner that ensures broad-based community
 11 participation and an effective opportunity
 12 for other nonprofit groups to contribute to
 13 the development and implementation of pro-
 14 grams in the region;

15 “(ii) a nonprofit incorporated body or-
 16 ganized or chartered under the law of the
 17 State in which the entity is located;

18 “(iii) a nonprofit agency or instru-
 19 mentality of a State or local government;

20 “(iv) a public organization established
 21 before the date of enactment of this subtitle
 22 under State law for creation of multijuris-
 23 dictional, area-wide planning organiza-
 24 tions;

1 “(v) a nonprofit agency or instrumen-
 2 tality of a State that was established for the
 3 purpose of assisting with multistate co-
 4 operation; or

5 “(vi) a nonprofit association or com-
 6 bination of bodies, agencies, and instrumen-
 7 talities described in clauses (ii) through (v);
 8 and

9 “(2) that has not, as certified by the Federal
 10 cochairperson—

11 “(A) inappropriately used Federal grant
 12 funds from any Federal source; or

13 “(B) appointed an officer who, during the
 14 period in which another entity inappropriately
 15 used Federal grant funds from any Federal
 16 source, was an officer of the other entity.

17 “(b) GRANTS TO MULTISTATE, LOCAL, OR REGIONAL
 18 DEVELOPMENT DISTRICTS AND ORGANIZATIONS.—

19 “(1) IN GENERAL.—The Authority may make
 20 grants for administrative expenses under this section
 21 to multistate, local, and regional development dis-
 22 tricts and organizations.

23 “(2) CONDITIONS FOR GRANTS.—

24 “(A) MAXIMUM AMOUNT.—The amount of
 25 any grant awarded under paragraph (1) shall

1 *not exceed 80 percent of the administrative ex-*
 2 *penses of the regional or local development dis-*
 3 *trict or organization receiving the grant.*

4 “(B) *MAXIMUM PERIOD.*—No grant de-
 5 *scribed in paragraph (1) shall be awarded for a*
 6 *period greater than 3 years.*

7 “(3) *LOCAL SHARE.*—The contributions of a re-
 8 *gional or local development district or organization*
 9 *for administrative expenses may be in cash or in*
 10 *kind, fairly evaluated, including space, equipment,*
 11 *and services.”; and*

12 *(3) in subsection (c)—*

13 *(A) by striking “DUTIES” and inserting*
 14 *“AUTHORITIES”; and*

15 *(B) in the matter preceding paragraph (1),*
 16 *by striking “shall” and inserting “may”.*

17 *(f) DISTRESSED COUNTIES AND AREAS AND NONDIS-*
 18 *TRESSED COUNTIES.*—Section 383G of the Consolidated
 19 *Farm and Rural Development Act (as redesignated by sub-*
 20 *section (b)(1)(A)) is amended—*

21 *(1) in subsection (b)(1), by striking “75” and in-*
 22 *serting “50”;*

23 *(2) by striking subsection (c);*

24 *(3) by redesignating subsection (d) as subsection*
 25 *(c); and*

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

2 (A) *in the subsection heading, by inserting*
 3 “*, RENEWABLE ENERGY,*” *after “TELECOMMUNI-*
 4 *CATION,*”; *and*

5 (B) *by inserting “, renewable energy,” after*
 6 “*telecommunication,*”.

7 (g) *DEVELOPMENT PLANNING PROCESS.*—*Section*
 8 *383H of the Consolidated Farm and Rural Development*
 9 *Act (as redesignated by subsection (b)(1)(A)) is amended—*
 10 (1) *in subsection (c)(1), by striking subpara-*
 11 *graph (A) and inserting the following:*

12 “*(A) multistate, regional, and local develop-*
 13 *ment districts and organizations; and*”; *and*

14 (2) *in subsection (d)(1), by striking “State and*
 15 *local development districts” and inserting*
 16 “*multistate, regional, and local development districts*
 17 *and organizations*”.

18 (h) *PROGRAM DEVELOPMENT CRITERIA.*—*Section*
 19 *383I(a)(1) of the Consolidated Farm and Rural Develop-*
 20 *ment Act (as redesignated by subsection (b)(1)(A)) is*
 21 *amended by inserting “multistate or” before “regional”.*

22 (i) *AUTHORIZATION OF APPROPRIATIONS.*—*Section*
 23 *383N(a) of the Consolidated Farm and Rural Development*
 24 *Act (as redesignated by subsection (b)(1)(A)) is amended*

1 by striking “2002 through 2007” and inserting “2008
2 through 2012”.

3 (j) *TERMINATION OF AUTHORITY.*—Section 383O of
4 the Consolidated Farm and Rural Development Act (as re-
5 designated by subsection (b)(1)(A)) is amended by striking
6 “2007” and inserting “2012”.

7 **SEC. 6031. RURAL BUSINESS INVESTMENT PROGRAM.**

8 (a) *ISSUANCE AND GUARANTEE OF TRUST CERTIFI-*
9 *CATES.*—Section 384F of the Consolidated Farm and Rural
10 Development Act (7 U.S.C. 2009cc–5) is amended—

11 (1) in subsection (a)(1), by inserting “, includ-
12 ing an investment pool created entirely by such bank
13 or savings association” before the period at the end;

14 (2) in subsection (b)(3)(A), by striking “In the
15 event” and inserting the following:

16 “(i) *AUTHORITY TO PREPAY.*—A debenture
17 may be prepaid at any time without
18 penalty.

19 “(ii) *REDUCTION OF GUARANTEE.*—
20 Subject to clause (i), if”; and

21 (3) in subsection (e), by adding at the end the
22 following:

23 “(6) *DISTRIBUTIONS.*—

1 “(A) *IN GENERAL.*—*The Secretary shall au-*
 2 *thorize distributions to investors for unrealized*
 3 *income from a debenture.*

4 “(B) *TREATMENT.*—*Distributions made by*
 5 *a rural business investment company to an in-*
 6 *vestor of private capital in the rural business in-*
 7 *vestment company for the purpose of covering the*
 8 *tax liability of the investor resulting from unre-*
 9 *alized income of the rural business investment*
 10 *company shall not require the repayment of a*
 11 *debenture.”.*

12 (b) *FEEES.*—*Section 384G of the Consolidated Farm*
 13 *and Rural Development Act (7 U.S.C. 2009cc–6) is*
 14 *amended—*

15 (1) *in subsection (a), by striking “such fees as*
 16 *the Secretary considers appropriate” and inserting “a*
 17 *fee that does not exceed \$500”;*

18 (2) *in subsection (b), by striking “approved by*
 19 *the Secretary” and inserting “that does not exceed*
 20 *\$500”; and*

21 (3) *in subsection (c)—*

22 (A) *in paragraph (1), by striking “The”*
 23 *and inserting “Except as provided in paragraph*
 24 *(3), the”;*

25 (B) *in paragraph (2)—*

1 (i) in subparagraph (A), by striking
2 “and” at the end;

3 (ii) in subparagraph (B), by striking
4 the period at the end and inserting “; and”;
5 and

6 (iii) by adding at the end the fol-
7 lowing:

8 “(C) shall not exceed \$500 for any fee col-
9 lected under this subsection.”; and

10 (C) by adding at the end the following:

11 “(3) *PROHIBITION ON COLLECTION OF CERTAIN*
12 *FEES.*—In the case of a license described in para-
13 graph (1) that was approved before July 1, 2007, the
14 Secretary shall not collect any fees due on or after the
15 date of enactment of this paragraph.”.

16 (c) *RURAL BUSINESS INVESTMENT COMPANIES.*—Sec-
17 tion 384I(c) of the Consolidated Farm and Rural Develop-
18 ment Act (7 U.S.C. 2009cc–8(c)) is amended—

19 (1) by redesignating paragraph (3) as para-
20 graph (4); and

21 (2) by inserting after paragraph (2) the fol-
22 lowing:

23 “(3) *TIME FRAME.*—Each rural business invest-
24 ment company shall have a period of 2 years to meet
25 the capital requirements of this subsection.”.

1 (d) *FINANCIAL INSTITUTION INVESTMENTS*.—Section
 2 384J of the Consolidated Farm and Rural Development Act
 3 (7 U.S.C. 2009cc–9) is amended by striking subsection (c).

4 (e) *CONTRACTING OF FUNCTIONS*.—Section 384Q of
 5 the Consolidated Farm and Rural Development Act (7
 6 U.S.C. 2009cc–16) is repealed.

7 (f) *FUNDING*.—The Consolidated Farm and Rural De-
 8 velopment Act is amended by striking section 384S (7
 9 U.S.C. 2009cc–18) and inserting the following:

10 **“SEC. 384S. AUTHORIZATION OF APPROPRIATIONS.**

11 *“There are authorized to be appropriated such sums*
 12 *as are necessary to carry out this subtitle.”.*

13 **SEC. 6032. RURAL COLLABORATIVE INVESTMENT PROGRAM.**

14 *Subtitle I of the Consolidated Farm and Rural Devel-*
 15 *opment Act (7 U.S.C. 2009dd et seq.) is amended to read*
 16 *as follows:*

17 **“Subtitle I—Rural Collaborative**
 18 ***Investment Program***

19 **“SEC. 385A. PURPOSE.**

20 *“The purpose of this subtitle is to establish a regional*
 21 *rural collaborative investment program—*

22 *“(1) to provide rural regions with a flexible in-*
 23 *vestment vehicle, allowing for local control with Fed-*
 24 *eral oversight, assistance, and accountability;*

1 “(2) to provide rural regions with incentives and
 2 resources to develop and implement comprehensive
 3 strategies for achieving regional competitiveness, in-
 4 novation, and prosperity;

5 “(3) to foster multisector community and eco-
 6 nomic development collaborations that will optimize
 7 the asset-based competitive advantages of rural re-
 8 gions with particular emphasis on innovation, entre-
 9 preneurship, and the creation of quality jobs;

10 “(4) to foster collaborations necessary to provide
 11 the professional technical expertise, institutional ca-
 12 pacity, and economies of scale that are essential for
 13 the long-term competitiveness of rural regions; and

14 “(5) to better use Department of Agriculture and
 15 other Federal, State, and local governmental re-
 16 sources, and to leverage those resources with private,
 17 nonprofit, and philanthropic investments, to achieve
 18 measurable community and economic prosperity,
 19 growth, and sustainability.

20 **“SEC. 385B. DEFINITIONS.**

21 *“In this subtitle:*

22 “(1) *BENCHMARK.*—The term ‘benchmark’ means
 23 an annual set of goals and performance measures es-
 24 tablished for the purpose of assessing performance in

1 *meeting a regional investment strategy of a Regional*
 2 *Board.*

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

7 “(3) *NATIONAL BOARD.*—*The term ‘National*
 8 *Board’ means the National Rural Investment Board*
 9 *established under section 385C(c).*

10 “(4) *NATIONAL INSTITUTE.*—*The term ‘National*
 11 *Institute’ means the National Institute on Regional*
 12 *Rural Competitiveness and Entrepreneurship estab-*
 13 *lished under section 385C(b)(2).*

14 “(5) *REGIONAL BOARD.*—*The term ‘Regional*
 15 *Board’ means a Regional Rural Investment Board*
 16 *described in section 385D(a).*

17 “(6) *REGIONAL INNOVATION GRANT.*—*The term*
 18 *‘regional innovation grant’ means a grant made by*
 19 *the Secretary to a certified Regional Board under sec-*
 20 *tion 385F.*

21 “(7) *REGIONAL INVESTMENT STRATEGY*
 22 *GRANT.*—*The term ‘regional investment strategy*
 23 *grant’ means a grant made by the Secretary to a cer-*
 24 *tified Regional Board under section 385E.*

1 **“SEC. 385C. ESTABLISHMENT AND ADMINISTRATION OF**
2 **RURAL COLLABORATIVE INVESTMENT PRO-**
3 **GRAM.**

4 “(a) *ESTABLISHMENT.*—*The Secretary shall establish*
5 *a Rural Collaborative Investment Program to support com-*
6 *prehensive regional investment strategies for achieving*
7 *rural competitiveness.*

8 “(b) *DUTIES OF SECRETARY.*—*In carrying out this*
9 *subtitle, the Secretary shall—*

10 “(1) *appoint and provide administrative and*
11 *program support to the National Board;*

12 “(2) *establish a national institute, to be known*
13 *as the ‘National Institute on Regional Rural Com-*
14 *petitiveness and Entrepreneurship’, to provide tech-*
15 *nical assistance to the Secretary and the National*
16 *Board regarding regional competitiveness and rural*
17 *entrepreneurship, including technical assistance for—*

18 “(A) *the development of rigorous analytic*
19 *programs to assist Regional Boards in deter-*
20 *mining the challenges and opportunities that*
21 *need to be addressed to receive the greatest re-*
22 *gional competitive advantage;*

23 “(B) *the provision of support for best prac-*
24 *tices developed by the Regional Boards;*

25 “(C) *the establishment of programs to sup-*
26 *port the development of appropriate governance*

1 *and leadership skills in the applicable regions;*
2 *and*

3 *“(D) the evaluation of the progress and per-*
4 *formance of the Regional Boards in achieving*
5 *benchmarks established in a regional investment*
6 *strategy;*

7 *“(3) work with the National Board to develop a*
8 *national rural investment plan, which shall—*

9 *“(A) create a framework to encourage and*
10 *support a more collaborative and targeted rural*
11 *investment portfolio in the United States;*

12 *“(B) establish the Rural Philanthropic Ini-*
13 *tiative, to work with rural communities to create*
14 *and enhance the pool of permanent philanthropic*
15 *resources committed to rural community and*
16 *economic development;*

17 *“(C) cooperate with the Regional Boards*
18 *and State and local governments, organizations,*
19 *and entities to ensure investment strategies are*
20 *developed that take into consideration existing*
21 *rural assets; and*

22 *“(D) encourage the organization of Regional*
23 *Boards;*

1 “(4) certify the eligibility of Regional Boards to
2 receive regional investment strategy grants and re-
3 gional innovation grants;

4 “(5) provide grants for Regional Boards to de-
5 velop and implement regional investment strategies;

6 “(6) provide technical assistance to Regional
7 Boards on issues, best practices, and emerging trends
8 relating to rural development, in cooperation with the
9 National Rural Investment Board; and

10 “(7) provide analytic and programmatic support
11 for regional rural competitiveness through the Na-
12 tional Institute, including—

13 “(A) programs to assist Regional Boards in
14 determining the challenges and opportunities
15 that must be addressed to receive the greatest re-
16 gional competitive advantage;

17 “(B) support for best practices development
18 by the regional investment boards;

19 “(C) programs to support the development
20 of appropriate governance and leadership skills
21 in the region; and

22 “(D) a review and annual evaluation of the
23 performance of the Regional Boards (including
24 progress in achieving benchmarks established in

1 *a regional investment strategy) in an annual re-*
 2 *port submitted to—*

3 “(i) *the Committee on Agriculture of*
 4 *the House of Representatives; and*

5 “(ii) *the Committee on Agriculture,*
 6 *Nutrition, and Forestry of the Senate.*

7 “(c) *NATIONAL RURAL INVESTMENT BOARD.—The*
 8 *Secretary shall establish within the Department of Agri-*
 9 *culture a board to be known as the ‘National Rural Invest-*
 10 *ment Board’.*

11 “(d) *DUTIES OF NATIONAL BOARD.—The National*
 12 *Board shall—*

13 “(1) *not later than 180 days after the date of es-*
 14 *tablishment of the National Board, develop rules re-*
 15 *lating to the operation of the National Board;*

16 “(2) *provide advice to the Secretary and subse-*
 17 *quently review the design, development, and execution*
 18 *of the National Rural Investment Plan;*

19 “(3) *provide advice to Regional Boards on*
 20 *issues, best practices, and emerging trends relating to*
 21 *rural development; and*

22 “(4) *provide advice to the Secretary and the Na-*
 23 *tional Institute on the development and execution of*
 24 *the program under this subtitle.*

25 “(e) *MEMBERSHIP.—*

1 “(1) *IN GENERAL.*—*The National Board shall*
2 *consist of 14 members appointed by the Secretary not*
3 *later than 180 days after the date of enactment of the*
4 *Food and Energy Security Act of 2007.*

5 “(2) *SUPERVISION.*—*The National Board shall*
6 *be subject to the general supervision and direction of*
7 *the Secretary.*

8 “(3) *SECTORS REPRESENTED.*—*The National*
9 *Board shall consist of representatives from each of—*

10 “(A) *nationally recognized entrepreneurship*
11 *organizations;*

12 “(B) *regional strategy and development or-*
13 *ganizations;*

14 “(C) *community-based organizations;*

15 “(D) *elected members of county and munic-*
16 *ipal governments;*

17 “(E) *elected members of State legislatures;*

18 “(F) *primary, secondary, and higher edu-*
19 *cation, job skills training, and workforce develop-*
20 *ment institutions;*

21 “(G) *the rural philanthropic community;*

22 “(H) *financial, lending, venture capital, en-*
23 *trepreneurship, and other related institutions;*

1 “(I) *private sector business organizations,*
 2 *including chambers of commerce and other for-*
 3 *profit business interests;*

4 “(J) *Indian tribes; and*

5 “(K) *cooperative organizations.*

6 “(4) *SELECTION OF MEMBERS.—*

7 “(A) *IN GENERAL.—In selecting members of*
 8 *the National Board, the Secretary shall consider*
 9 *recommendations made by—*

10 “(i) *the chairman and ranking mem-*
 11 *ber of each of the Committee on Agriculture*
 12 *of the House of Representatives and the*
 13 *Committee on Agriculture, Nutrition, and*
 14 *Forestry of the Senate;*

15 “(ii) *the Majority Leader and Minor-*
 16 *ity Leader of the Senate; and*

17 “(iii) *the Speaker and Minority Lead-*
 18 *er of the House of Representatives.*

19 “(B) *EX-OFFICIO MEMBERS.—In consulta-*
 20 *tion with the chairman and ranking member of*
 21 *each of the Committee on Agriculture of the*
 22 *House of Representatives and the Committee on*
 23 *Agriculture, Nutrition, and Forestry of the Sen-*
 24 *ate, the Secretary may appoint not more than 3*
 25 *other officers or employees of the Executive*

1 *Branch to serve as ex-officio, non-voting mem-*
 2 *bers of the National Board.*

3 “(5) *TERM OF OFFICE.*—

4 “(A) *IN GENERAL.*—Subject to subpara-
 5 *graph (B), the term of office of a member of the*
 6 *National Board appointed under paragraph*
 7 *(1)(A) shall be for a period of not more than 4*
 8 *years.*

9 “(B) *STAGGERED TERMS.*—The members of
 10 *the National Board shall be appointed to serve*
 11 *staggered terms.*

12 “(6) *INITIAL APPOINTMENTS.*—Not later than
 13 *120 days after the date of enactment of the Food and*
 14 *Energy Security Act of 2007, the Secretary shall ap-*
 15 *point the initial members of the National Board.*

16 “(7) *VACANCIES.*—A vacancy on the National
 17 *Board shall be filled in the same manner as the origi-*
 18 *nal appointment.*

19 “(8) *COMPENSATION.*—A member of the National
 20 *Board shall receive no compensation for service on the*
 21 *National Board, but shall be reimbursed for related*
 22 *travel and other expenses incurred in carrying out the*
 23 *duties of the member of the National Board in accord-*
 24 *ance with section 5702 and 5703 of title 5, United*
 25 *States Code.*

1 “(9) *CHAIRPERSON.*—*The National Board shall*
 2 *select a chairperson from among the members of the*
 3 *National Board.*

4 “(10) *FEDERAL STATUS.*—*For purposes of Fed-*
 5 *eral law, a member of the National Board shall be*
 6 *considered a special Government employee (as defined*
 7 *in section 202(a) of title 18, United States Code).*

8 “(f) *ADMINISTRATIVE SUPPORT.*—*The Secretary, on a*
 9 *reimbursable basis from funds made available under section*
 10 *385H(b)(3), may provide such administrative support to*
 11 *the National Board as the Secretary determines is necessary*
 12 *to carry out the duties of the National Board.*

13 **“SEC. 385D. REGIONAL RURAL INVESTMENT BOARDS.**

14 “(a) *IN GENERAL.*—*A Regional Rural Investment*
 15 *Board shall be a multijurisdictional and multisectoral*
 16 *group that—*

17 “(1) *represents the long-term economic, commu-*
 18 *nity, and cultural interests of a region;*

19 “(2) *is certified by the Secretary to establish a*
 20 *rural investment strategy and compete for regional*
 21 *innovation grants;*

22 “(3) *is composed of residents of a region that are*
 23 *broadly representative of diverse public, nonprofit,*
 24 *and private sector interests in investment in the re-*

1 *gion, including (to the maximum extent practicable)*
2 *representatives of—*

3 *“(A) units of local government (including*
4 *multijurisdictional units of local government);*

5 *“(B) nonprofit community-based develop-*
6 *ment organizations, including community devel-*
7 *opment financial institutions and community*
8 *development corporations;*

9 *“(C) agricultural, natural resource, and*
10 *other asset-based related industries;*

11 *“(D) in the case of regions with federally*
12 *recognized Indian tribes, Indian tribes;*

13 *“(E) regional development organizations;*

14 *“(F) private business organizations, includ-*
15 *ing chambers of commerce;*

16 *“(G)(i) institutions of higher education (as*
17 *defined in section 101(a) of the Higher Edu-*
18 *cation Act of 1965 (20 U.S.C. 1001(a));*

19 *“(ii) tribally controlled colleges or univer-*
20 *sities (as defined in section 2(a) of Tribally Con-*
21 *trolled College or University Assistance Act of*
22 *1978 (25 U.S.C. 1801(a)); and*

23 *“(iii) tribal technical institutions;*

24 *“(H) workforce and job training organiza-*
25 *tions;*

1 “(I) other entities and organizations, as de-
2 termined by the Regional Board;

3 “(J) cooperatives; and

4 “(K) consortia of entities and organizations
5 described in subparagraphs (A) through (J);

6 “(4) represents a region inhabited by—

7 “(A) more than 25,000 individuals, as de-
8 termined in the latest available decennial census
9 conducted under section 141(a) of title 13,
10 United States Code; or

11 “(B) in the case of a region with a popu-
12 lation density of less than 2 individuals per
13 square mile, at least 10,000 individuals, as de-
14 termined in that latest available decennial cen-
15 sus;

16 “(5) has a membership of which not less than 25
17 percent, nor more than 40 percent, represents—

18 “(A) units of local government and Indian
19 tribes described in subparagraphs (A) and (D) of
20 paragraph (3);

21 “(B) nonprofit community and economic
22 development organizations and institutions of
23 higher education described in subparagraphs (B)
24 and (G) of paragraph (3); or

1 “(C) private business (including chambers
2 of commerce and cooperatives) and agricultural,
3 natural resource, and other asset-based related
4 industries described in subparagraphs (C) and
5 (F) of paragraph (3);

6 “(6) has a membership that may include an offi-
7 cer or employee of a Federal or State agency, serving
8 as an *ex-officio*, nonvoting member of the Regional
9 Board to represent the agency; and

10 “(7) has organizational documents that dem-
11 onstrate that the Regional Board shall—

12 “(A) create a collaborative, inclusive public-
13 private strategy process;

14 “(B) develop, and submit to the Secretary
15 for approval, a regional investment strategy that
16 meets the requirements of section 385E, with
17 benchmarks—

18 “(i) to promote investment in rural
19 areas through the use of grants made avail-
20 able under this subtitle; and

21 “(ii) to provide financial and technical
22 assistance to promote a broad-based re-
23 gional development program aimed at in-
24 creasing and diversifying economic growth,

1 *improved community facilities, and im-*
2 *proved quality of life;*

3 “(C) *implement the approved regional in-*
4 *vestment strategy;*

5 “(D) *provide annual reports to the Sec-*
6 *retary and the National Board on progress made*
7 *in achieving the benchmarks of the regional in-*
8 *vestment strategy, including an annual financial*
9 *statement; and*

10 “(E) *select a non-Federal organization*
11 *(such as a regional development organization) in*
12 *the local area served by the Regional Board that*
13 *has previous experience in the management of*
14 *Federal funds to serve as fiscal manager of any*
15 *funds of the Regional Board.*

16 “(b) *URBAN AREAS.—A resident of an urban area*
17 *may serve as an ex-officio member of a Regional Board.*

18 “(c) *DUTIES.—A Regional Board shall—*

19 “(1) *create a collaborative and inclusive plan-*
20 *ning process for public-private investment within a*
21 *region;*

22 “(2) *develop, and submit to the Secretary for ap-*
23 *proval, a regional investment strategy;*

1 “(3) develop approaches that will create perma-
 2 nent resources for philanthropic giving in the region,
 3 to the maximum extent practicable;

4 “(4) implement an approved strategy; and

5 “(5) provide annual reports to the Secretary and
 6 the National Board on progress made in achieving the
 7 strategy, including an annual financial statement.

8 **“SEC. 385E. REGIONAL INVESTMENT STRATEGY GRANTS.**

9 “(a) *IN GENERAL.*—The Secretary shall make regional
 10 investment strategy grants available to Regional Boards for
 11 use in developing, implementing, and maintaining regional
 12 investment strategies.

13 “(b) *REGIONAL INVESTMENT STRATEGY.*—A regional
 14 investment strategy shall provide—

15 “(1) an assessment of the competitive advantage
 16 of a region, including—

17 “(A) an analysis of the economic conditions
 18 of the region;

19 “(B) an assessment of the current economic
 20 performance of the region;

21 “(C) a background overview of the popu-
 22 lation, geography, workforce, transportation sys-
 23 tem, resources, environment, and infrastructure
 24 needs of the region; and

1 “(D) such other pertinent information as
2 the Secretary may request;

3 “(2) an analysis of regional economic and com-
4 munity development challenges and opportunities,
5 including—

6 “(A) incorporation of relevant material
7 from other government-sponsored or supported
8 plans and consistency with applicable State, re-
9 gional, and local workforce investment strategies
10 or comprehensive economic development plans;
11 and

12 “(B) an identification of past, present, and
13 projected Federal and State economic and com-
14 munity development investments in the region;

15 “(3) a section describing goals and objectives
16 necessary to solve regional competitiveness challenges
17 and meet the potential of the region;

18 “(4) an overview of resources available in the re-
19 gion for use in—

20 “(A) establishing regional goals and objec-
21 tives;

22 “(B) developing and implementing a re-
23 gional action strategy;

24 “(C) identifying investment priorities and
25 funding sources; and

1 “(D) identifying lead organizations to exe-
2 cute portions of the strategy;

3 “(5) an analysis of the current state of collabo-
4 rative public, private, and nonprofit participation
5 and investment, and of the strategic roles of public,
6 private, and nonprofit entities in the development
7 and implementation of the regional investment strat-
8 egy;

9 “(6) a section identifying and prioritizing vital
10 projects, programs, and activities for consideration by
11 the Secretary, including—

12 “(A) other potential funding sources; and

13 “(B) recommendations for leveraging past
14 and potential investments;

15 “(7) a plan of action to implement the goals and
16 objectives of the regional investment strategy;

17 “(8) a list of performance measures to be used to
18 evaluate the implementation of the regional invest-
19 ment strategy, including—

20 “(A) the number and quality of jobs, includ-
21 ing self-employment, created during implementa-
22 tion of the regional rural investment strategy;

23 “(B) the number and types of investments
24 made in the region;

1 “(C) the growth in public, private, and
 2 nonprofit investment in the human, community,
 3 and economic assets of the region;

4 “(D) changes in per capita income and the
 5 rate of unemployment; and

6 “(E) other changes in the economic environ-
 7 ment of the region;

8 “(9) a section outlining the methodology for use
 9 in integrating the regional investment strategy with
 10 the economic priorities of the State; and

11 “(10) such other information as the Secretary de-
 12 termines to be appropriate.

13 “(c) *MAXIMUM AMOUNT OF GRANT.*—A regional in-
 14 vestment strategy grant shall not exceed \$150,000.

15 “(d) *COST SHARING.*—

16 “(1) *IN GENERAL.*—Subject to paragraph (2), of
 17 the share of the costs of developing, maintaining, eval-
 18 uating, implementing, and reporting with respect to
 19 a regional investment strategy funded by a grant
 20 under this section—

21 “(A) not more than 40 percent may be paid
 22 using funds from the grant; and

23 “(B) the remaining share shall be provided
 24 by the applicable Regional Board or other eligi-
 25 ble grantee.

1 “(2) *FORM.*—A Regional Board or other eligible
 2 grantee shall pay the share described in paragraph
 3 (1)(B) in the form of cash, services, materials, or
 4 other in-kind contributions, on the condition that not
 5 more than 50 percent of that share is provided in the
 6 form of services, materials, and other in-kind con-
 7 tributions.

8 **“SEC. 385F. REGIONAL INNOVATION GRANTS PROGRAM.**

9 “(a) *GRANTS.*—

10 “(1) *IN GENERAL.*—The Secretary shall provide,
 11 on a competitive basis, regional innovation grants to
 12 Regional Boards for use in implementing projects and
 13 initiatives that are identified in a regional rural in-
 14 vestment strategy approved under section 385E.

15 “(2) *TIMING.*—After October 1, 2008, the Sec-
 16 retary shall provide awards under this section on a
 17 quarterly funding cycle.

18 “(b) *ELIGIBILITY.*—For a Regional Board to receive
 19 a regional innovation grant, the Secretary shall determine
 20 that—

21 “(1) the regional rural investment strategy of a
 22 Regional Board has been reviewed by the National
 23 Board prior to approval by the Secretary;

24 “(2) the management and organizational struc-
 25 ture of the Regional Board is sufficient to oversee

1 *grant projects, including management of Federal*
 2 *funds; and*

3 *“(3) the Regional Board has a plan to achieve,*
 4 *to the maximum extent practicable, the performance-*
 5 *based benchmarks of the project in the regional rural*
 6 *investment strategy of the Regional Board.*

7 *“(c) LIMITATIONS.—*

8 *“(1) AMOUNT RECEIVED.—A Regional Board*
 9 *may not receive more than \$6,000,000 in regional in-*
 10 *novation grants under this section during any 5-year*
 11 *period.*

12 *“(2) DETERMINATION OF AMOUNT.—The Sec-*
 13 *retary shall determine the amount of a regional inno-*
 14 *vation grant based on—*

15 *“(A) the needs of the region being addressed*
 16 *by the applicable regional rural investment*
 17 *strategy consistent with the purposes described in*
 18 *subsection (f)(2); and*

19 *“(B) the size of the geographical area of the*
 20 *region.*

21 *“(3) GEOGRAPHIC DIVERSITY.—The Secretary*
 22 *shall ensure that not more than 10 percent of funding*
 23 *made available under this section is provided to Re-*
 24 *gional Boards in any State.*

25 *“(d) COST-SHARING.—*

1 “(1) *LIMITATION.*—Subject to paragraph (2), the
2 amount of a grant made under this section shall not
3 exceed 50 percent of the cost of the project.

4 “(2) *WAIVER OF GRANTEE SHARE.*—The Sec-
5 retary may waive the limitation in paragraph (1)
6 under special circumstances, as determined by the
7 Secretary, including—

8 “(A) a sudden or severe economic disloca-
9 tion;

10 “(B) significant chronic unemployment or
11 poverty;

12 “(C) a natural disaster; or

13 “(D) other severe economic, social, or cul-
14 tural duress.

15 “(3) *OTHER FEDERAL ASSISTANCE.*—For the
16 purpose of determining cost-share limitations for any
17 other Federal program, funds provided under this sec-
18 tion shall be considered to be non-Federal funds.

19 “(e) *PREFERENCES.*—In providing regional innova-
20 tion grants under this section, the Secretary shall give—

21 “(1) a high priority to strategies that dem-
22 onstrate significant leverage of capital and quality
23 job creation; and

24 “(2) a preference to an application proposing
25 projects and initiatives that would—

1 “(A) advance the overall regional competi-
2 tiveness of a region;

3 “(B) address the priorities of a regional
4 rural investment strategy, including priorities
5 that—

6 “(i) promote cross-sector collaboration,
7 public-private partnerships, or the provi-
8 sion of collaborative gap financing or seed
9 capital for program implementation;

10 “(ii) exhibit collaborative innovation
11 and entrepreneurship, particularly within a
12 public-private partnership; and

13 “(iii) represent a broad coalition of in-
14 terests described in section 385D(a);

15 “(C) include a strategy to leverage public
16 non-Federal and private funds and existing as-
17 sets, including agricultural assets, natural assets,
18 and public infrastructure, with substantial em-
19 phasis placed on the existence of real financial
20 commitments to leverage the available funds;

21 “(D) create quality jobs;

22 “(E) enhance the role, relevance, and
23 leveraging potential of community and regional
24 foundations in support of regional investment
25 strategies;

1 “(F) demonstrate a history, or involve orga-
 2 nizations with a history, of successful leveraging
 3 of capital for economic development and public
 4 purposes;

5 “(G) address gaps in existing basic services,
 6 including technology, within a region;

7 “(H) address economic diversification, in-
 8 cluding agricultural and non-agriculturally
 9 based economies, within a regional framework;

10 “(I) improve the overall quality of life in
 11 the region (including with respect to education,
 12 health care, housing, recreation, and arts and
 13 culture);

14 “(J) enhance the potential to expand eco-
 15 nomic development successes across diverse stake-
 16 holder groups within the region;

17 “(K) include an effective working relation-
 18 ship with 1 or more institutions of higher edu-
 19 cation, tribally controlled colleges or universities,
 20 or tribal technical institutions; or

21 “(L) help to meet the other regional com-
 22 petitiveness needs identified by a Regional
 23 Board.

24 “(f) USES.—

1 “(1) *LEVERAGE.*—A *Regional Board* shall
 2 *prioritize projects and initiatives carried out using*
 3 *funds from a regional innovation grant provided*
 4 *under this section, based in part on the degree to*
 5 *which members of the Regional Board are able to le-*
 6 *verage additional funds for the implementation of the*
 7 *projects.*

8 “(2) *PURPOSES.*—A *Regional Board* may use a
 9 *regional innovation grant—*

10 “(A) *to support the development of critical*
 11 *infrastructure (including technology deployment*
 12 *and services) necessary to facilitate the competi-*
 13 *tiveness of a region;*

14 “(B) *to provide assistance to entities within*
 15 *the region that provide essential public and com-*
 16 *munity services;*

17 “(C) *to enhance the value-added production,*
 18 *marketing, and use of agricultural and natural*
 19 *resources within the region, including activities*
 20 *relating to renewable and alternative energy pro-*
 21 *duction and usage;*

22 “(D) *to assist with entrepreneurship, job*
 23 *training, workforce development, housing, edu-*
 24 *cational, or other quality of life services or needs,*

1 *relating to the development and maintenance of*
 2 *strong local and regional economies;*

3 *“(E) to assist in the development of unique*
 4 *new collaborations that link public, private, and*
 5 *philanthropic resources, including community*
 6 *foundations;*

7 *“(F) to provide support for business and en-*
 8 *trepreneurial investment, strategy, expansion,*
 9 *and development, including feasibility strategies,*
 10 *technical assistance, peer networks, and business*
 11 *development funds;*

12 *“(G) to carry out other broad activities re-*
 13 *lating to strengthening the economic competitive-*
 14 *ness of the region; and*

15 *“(H) to provide matching funds to enable*
 16 *community foundations located within the region*
 17 *to build endowments which provide permanent*
 18 *philanthropic resources to implement a regional*
 19 *investment strategy.*

20 *“(3) AVAILABILITY OF FUNDS.—The funds made*
 21 *available to a Regional Board or any other eligible*
 22 *grantee through a regional innovation grant shall re-*
 23 *main available for the 7-year period beginning on the*
 24 *date on which the award is provided, on the condition*
 25 *that the Regional Board or other grantee continues to*

1 *be certified by the Secretary as making adequate*
 2 *progress toward achieving established benchmarks.*

3 “(g) *COST SHARING.*—

4 “(1) *WAIVER OF GRANTEE SHARE.*—*The Sec-*
 5 *retary may waive the share of a grantee of the costs*
 6 *of a project funded by a regional innovation grant*
 7 *under this section if the Secretary determines that*
 8 *such a waiver is appropriate, including with respect*
 9 *to special circumstances within tribal regions, in the*
 10 *event an area experiences—*

11 “(A) *a sudden or severe economic disloca-*
 12 *tion;*

13 “(B) *significant chronic unemployment or*
 14 *poverty;*

15 “(C) *a natural disaster; or*

16 “(D) *other severe economic, social, or cul-*
 17 *tural duress.*

18 “(2) *OTHER FEDERAL PROGRAMS.*—*For the pur-*
 19 *pose of determining cost-sharing requirements for any*
 20 *other Federal program, funds provided as a regional*
 21 *innovation grant under this section shall be consid-*
 22 *ered to be non-Federal funds.*

23 “(h) *NONCOMPLIANCE.*—*If a Regional Board or other*
 24 *eligible grantee fails to comply with any requirement relat-*

1 *ing to the use of funds provided under this section, the Sec-*
 2 *retary may—*

3 “(1) *take such actions as are necessary to obtain*
 4 *reimbursement of unused grant funds; and*

5 “(2) *reprogram the recaptured funds for pur-*
 6 *poses relating to implementation of this subtitle.*

7 “(i) *PRIORITY TO AREAS WITH AWARDS AND AP-*
 8 *PROVED STRATEGIES.—*

9 “(1) *IN GENERAL.—Subject to paragraph (3), in*
 10 *providing rural development assistance under other*
 11 *programs, the Secretary shall give a high priority to*
 12 *areas that receive innovation grants under this sec-*
 13 *tion.*

14 “(2) *CONSULTATION.—The Secretary shall con-*
 15 *sult with the heads of other Federal agencies to pro-*
 16 *mote the development of priorities similar to those de-*
 17 *scribed in paragraph (1).*

18 “(3) *EXCLUSION OF CERTAIN PROGRAMS.—Para-*
 19 *graph (1) shall not apply to the provision of rural de-*
 20 *velopment assistance under any program relating to*
 21 *basic health, safety, or infrastructure, including*
 22 *broadband deployment or minimum environmental*
 23 *needs.*

1 **“SEC. 385G. RURAL ENDOWMENT LOANS PROGRAM.**

2 “(a) *IN GENERAL.*—*The Secretary may provide long-*
 3 *term loans to eligible community foundations to assist in*
 4 *the implementation of regional investment strategies.*

5 “(b) *ELIGIBLE COMMUNITY FOUNDATIONS.*—*To be eli-*
 6 *gible to receive a loan under this section, a community*
 7 *foundation shall—*

8 “(1) *be located in an area that is covered by a*
 9 *regional investment strategy;*

10 “(2) *match the amount of the loan with an*
 11 *amount that is at least 250 percent of the amount of*
 12 *the loan; and*

13 “(3) *use the loan and the matching amount to*
 14 *carry out the regional investment strategy targeted to*
 15 *community and economic development, including*
 16 *through the development of community foundation en-*
 17 *dowments.*

18 “(c) *TERMS.*—*A loan made under this section shall—*

19 “(1) *have a term of not less than 10, nor more*
 20 *than 20, years;*

21 “(2) *bear an interest rate of 1 percent per*
 22 *annum; and*

23 “(3) *be subject to such other terms and condi-*
 24 *tions as are determined appropriate by the Secretary.*

1 **“SEC. 385H. FUNDING.**

2 “(a) *IN GENERAL.*—Of the funds of the Commodity
3 Credit Corporation, the Secretary shall use \$135,000,000 to
4 carry out this subtitle, to remain available until expended.

5 “(b) *USE BY SECRETARY.*—Of the amounts made
6 available to the Secretary under subsection (a), the Sec-
7 retary shall use—

8 “(1) \$15,000,000 to be provided for regional in-
9 vestment strategy grants to Regional Boards under
10 section 385E;

11 “(2) \$110,000,000 to provide innovation grants
12 to Regional Boards under section 385F and for the
13 cost of rural endowment loans under section 385G;

14 “(3) \$5,000,000 for fiscal year 2008 to admin-
15 ister the duties of the National Board, to remain
16 available until expended; and

17 “(4) \$5,000,000 for fiscal year 2008 to admin-
18 ister the National Institute, to remain available until
19 expended.

20 “(c) *AUTHORIZATION OF APPROPRIATIONS.*—In addi-
21 tion to funds otherwise made available to carry out this
22 subtitle, there are authorized to be appropriated to the Sec-
23 retary such sums as are necessary to carry out this sub-
24 title.”.

1 **SEC. 6033. FUNDING OF PENDING RURAL DEVELOPMENT**
 2 **LOAN AND GRANT APPLICATIONS.**

3 (a) *DEFINITION OF APPLICATION.*—*In this section, the*
 4 *term “application” does not include an application for a*
 5 *loan or grant that, as of the date of enactment of this Act,*
 6 *is in the preapplication phase of consideration under regu-*
 7 *lations of the Secretary in effect on the date of enactment*
 8 *of this Act.*

9 (b) *USE OF FUNDS.*—*Subject to subsection (c), the Sec-*
 10 *retary shall use funds made available under subsection (d)*
 11 *to provide funds for applications that are pending on the*
 12 *date of enactment of this Act for—*

13 (1) *water or waste disposal grants or direct*
 14 *loans under paragraph (1) or (2) of section 306(a) of*
 15 *the Consolidated Farm and Rural Development Act*
 16 *(7 U.S.C. 1926(a)); and*

17 (2) *emergency community water assistance*
 18 *grants under section 306A of that Act (7 U.S.C.*
 19 *1926a).*

20 (c) *LIMITATIONS.*—

21 (1) *APPROPRIATED AMOUNTS.*—*Funds made*
 22 *available under this section shall be available to the*
 23 *Secretary to provide funds for applications for loans*
 24 *and grants described in subsection (b) that are pend-*
 25 *ing on the date of enactment of this Act only to the*
 26 *extent that funds for the loans and grants appro-*

1 *priated in the annual appropriations Act for fiscal*
 2 *year 2007 have been exhausted.*

3 (2) *PROGRAM REQUIREMENTS.—The Secretary*
 4 *may use funds made available under this section to*
 5 *provide funds for a pending application for a loan or*
 6 *grant described in subsection (b) only if the Secretary*
 7 *processes, reviews, and approves the application in*
 8 *accordance with regulations in effect on the date of*
 9 *enactment of this Act.*

10 (3) *PRIORITY.—In providing funding under this*
 11 *section for pending applications for loans or grants*
 12 *described in subsection (b), the Secretary shall provide*
 13 *funding in the following order of priority (until funds*
 14 *made available under this section are exhausted):*

15 (A) *Pending applications for water systems.*

16 (B) *Pending applications for waste disposal*
 17 *systems.*

18 (4) *INDIVIDUAL STATES.—In allocating funds*
 19 *made available under subsection (d), the Secretary*
 20 *shall use not more 5 percent of the funds for pending*
 21 *applications for loans or grants described in sub-*
 22 *section (b) that are made in any individual State.*

23 (d) *FUNDING.—Notwithstanding any other provision*
 24 *of law, of the funds of the Commodity Credit Corporation,*

1 *the Secretary shall use to carry out this section*
 2 *\$135,000,000, to remain available until expended.*

3 **SEC. 6034. NORTHERN BORDER ECONOMIC DEVELOPMENT**
 4 **COMMISSION.**

5 *The Consolidated Farm and Rural Development Act*
 6 *(7 U.S.C. 1921 et seq.) is amended by adding at the end*
 7 *the following:*

8 **“Subtitle J—Northern Border**
 9 **Economic Development Commission**

10 **“SEC. 386A. DEFINITIONS.**

11 *“In this subtitle:*

12 *“(1) COMMISSION.—The term ‘Commission’*
 13 *means the Northern Border Economic Development*
 14 *Commission established by section 386B.*

15 *“(2) FEDERAL GRANT PROGRAM.—The term*
 16 *‘Federal grant program’ means a Federal grant pro-*
 17 *gram to provide assistance in carrying out economic*
 18 *and community development activities and conserva-*
 19 *tion activities that are consistent with economic de-*
 20 *velopment.*

21 *“(3) NON-PROFIT ENTITY.—The term ‘non-profit*
 22 *entity’ means any entity with tax-exempt or non-*
 23 *profit status, as defined by the Internal Revenue*
 24 *Service.*

1 “(4) *REGION*.—*The term ‘region’ means the area*
 2 *covered by the Commission (as described in section*
 3 *386N).*

4 **“SEC. 386B. NORTHERN BORDER ECONOMIC DEVELOPMENT**
 5 **COMMISSION.**

6 “(a) *ESTABLISHMENT*.—

7 “(1) *IN GENERAL*.—*There is established the*
 8 *Northern Border Economic Development Commission.*

9 “(2) *COMPOSITION*.—*The Commission shall be*
 10 *composed of—*

11 “(A) *a Federal member, to be appointed by*
 12 *the President, with the advice and consent of the*
 13 *Senate; and*

14 “(B) *the Governor of each State in the re-*
 15 *gion that elects to participate in the Commis-*
 16 *sion.*

17 “(3) *COCHAIRPERSONS*.—*The Commission shall*
 18 *be headed by—*

19 “(A) *the Federal member, who shall serve—*

20 “(i) *as the Federal cochairperson; and*

21 “(ii) *as a liaison between the Federal*
 22 *Government and the Commission; and*

23 “(B) *a State cochairperson, who—*

24 “(i) *shall be a Governor of a partici-*
 25 *pating State in the region; and*

1 “(ii) *shall be elected by the State mem-*
 2 *bers for a term of not less than 1 year.*

3 “(b) *ALTERNATE MEMBERS.—*

4 “(1) *STATE ALTERNATES.—*

5 “(A) *APPOINTMENT.—The State member of*
 6 *a participating State may have a single alter-*
 7 *nate, who shall be appointed by the Governor of*
 8 *the State from among the Governor’s cabinet or*
 9 *personal staff.*

10 “(B) *VOTING.—An alternate shall vote in*
 11 *the event of the absence, death, disability, re-*
 12 *moval, or resignation of the member for whom*
 13 *the individual is an alternate.*

14 “(2) *ALTERNATE FEDERAL COCHAIRPERSON.—*
 15 *The President shall appoint an alternate Federal co-*
 16 *chairperson.*

17 “(3) *QUORUM.—*

18 “(A) *IN GENERAL.—Subject to the require-*
 19 *ments of this paragraph, the Commission shall*
 20 *determine what constitutes a quorum of the Com-*
 21 *mission.*

22 “(B) *FEDERAL COCHAIRPERSON.—The Fed-*
 23 *eral cochairperson or the Federal cochairperson’s*
 24 *designee must be present for the establishment of*
 25 *a quorum of the Commission.*

1 “(C) *STATE ALTERNATES.*—A *State alter-*
 2 *nate shall not be counted toward the establish-*
 3 *ment of a quorum of the Commission.*

4 “(4) *DELEGATION OF POWER.*—No power or re-
 5 *sponsibility of the Commission specified in para-*
 6 *graphs (3) and (4) of subsection (c), and no voting*
 7 *right of any Commission member, shall be delegated*
 8 *to any person—*

9 “(A) *who is not a Commission member; or*

10 “(B) *who is not entitled to vote in Commis-*
 11 *sion meetings.*

12 “(c) *DECISIONS.*—

13 “(1) *REQUIREMENTS FOR APPROVAL.*—*Except as*
 14 *provided in subsection (g), decisions by the Commis-*
 15 *sion shall require the affirmative vote of the Federal*
 16 *cochairperson and of a majority of the State members,*
 17 *exclusive of members representing States delinquent*
 18 *under subsection (g)(2)(C).*

19 “(2) *CONSULTATION.*—*In matters coming before*
 20 *the Commission, the Federal cochairperson, to the ex-*
 21 *tent practicable, shall consult with the Federal de-*
 22 *partments and agencies having an interest in the sub-*
 23 *ject matter.*

1 “(3) *DECISIONS REQUIRING QUORUM OF STATE*
 2 *MEMBERS.*—*The following decisions may not be made*
 3 *without a quorum of State members:*

4 “(A) *A decision involving Commission pol-*
 5 *icy.*

6 “(B) *Approval of State, regional, or sub-*
 7 *regional development plans or strategy state-*
 8 *ments.*

9 “(C) *Modification or revision of the Com-*
 10 *mission’s code.*

11 “(D) *Allocation of amounts among the*
 12 *States.*

13 “(4) *PROJECT AND GRANT PROPOSALS.*—*The ap-*
 14 *proval of project and grant proposals is a responsi-*
 15 *bility of the Commission and shall be carried out in*
 16 *accordance with section 386H.*

17 “(d) *DUTIES.*—*The Commission shall—*

18 “(1) *develop, on a continuing basis, comprehen-*
 19 *sive and coordinated plans and programs to establish*
 20 *priorities and approve grants for the economic devel-*
 21 *opment of the region, giving due consideration to*
 22 *other Federal, State, and local planning and develop-*
 23 *ment activities in the region;*

24 “(2) *not later than 365 days after the date of en-*
 25 *actment of this Act, establish priorities in a develop-*

1 *ment plan for the region (including 5-year regional*
 2 *outcome targets);*

3 *“(3) assess the needs and capital assets of the re-*
 4 *gion based on available research, demonstration*
 5 *projects, assessments, and evaluations of the region*
 6 *prepared by Federal, State, or local agencies, local de-*
 7 *velopment districts, and any other relevant source;*

8 *“(4)(A) enhance the capacity of, and provide*
 9 *support for, local development districts in the region;*
 10 *or*

11 *“(B) if no local development district exists in an*
 12 *area in a participating State in the region, foster the*
 13 *creation of a local development district;*

14 *“(5) actively solicit the participation of rep-*
 15 *resentatives of local development districts, industry*
 16 *groups, and other appropriate organizations as ap-*
 17 *proved by the Commission, in all public proceedings*
 18 *of the Commission conducted under subsection (e)(1),*
 19 *either in-person or through interactive telecommuni-*
 20 *cations; and*

21 *“(6) encourage private investment in industrial,*
 22 *commercial, and other economic development projects*
 23 *in the region.*

24 *“(e) ADMINISTRATION.—In carrying out subsection*
 25 *(d), the Commission may—*

1 “(1) hold such hearings, sit and act at such
2 times and places, take such testimony, receive such
3 evidence, and print or otherwise reproduce and dis-
4 tribute a description of the proceedings and reports
5 on actions by the Commission as the Commission con-
6 siderers appropriate;

7 “(2) authorize, through the Federal or State co-
8 chairperson or any other member of the Commission
9 designated by the Commission, the administration of
10 oaths if the Commission determines that testimony
11 should be taken or evidence received under oath;

12 “(3) request from any Federal, State, or local de-
13 partment or agency such information as may be
14 available to or procurable by the department or agen-
15 cy that may be of use to the Commission in carrying
16 out duties of the Commission;

17 “(4) adopt, amend, and repeal bylaws and rules
18 governing the conduct of Commission business and the
19 performance of Commission duties;

20 “(5) request the head of any Federal department
21 or agency to detail to the Commission such personnel
22 as the Commission requires to carry out duties of the
23 Commission, each such detail to be without loss of se-
24 niority, pay, or other employee status;

1 “(6) request the head of any State department or
2 agency or local government to detail to the Commis-
3 sion such personnel as the Commission requires to
4 carry out duties of the Commission, each such detail
5 to be without loss of seniority, pay, or other employee
6 status;

7 “(7) provide for coverage of Commission employ-
8 ees in a suitable retirement and employee benefit sys-
9 tem by—

10 “(A) making arrangements or entering into
11 contracts with any participating State govern-
12 ment; or

13 “(B) otherwise providing retirement and
14 other employee benefit coverage;

15 “(8) accept, use, and dispose of gifts or donations
16 of services or real, personal, tangible, or intangible
17 property;

18 “(9) enter into and perform such contracts or
19 other transactions as are necessary to carry out Com-
20 mission duties;

21 “(10) establish and maintain a central office lo-
22 cated within the Northern Border Economic Develop-
23 ment Commission region and field offices at such lo-
24 cations as the Commission may select; and

1 “(11) provide for an appropriate level of rep-
2 resentation in Washington, DC.

3 “(f) *FEDERAL AGENCY COOPERATION.*—A Federal
4 agency shall—

5 “(1) cooperate with the Commission; and

6 “(2) provide, on request of the Federal cochair-
7 person, appropriate assistance in carrying out this
8 subtitle, in accordance with applicable Federal laws
9 (including regulations).

10 “(g) *ADMINISTRATIVE EXPENSES.*—

11 “(1) *IN GENERAL.*—Administrative expenses of
12 the Commission (except for the expenses of the Federal
13 cochairperson, including expenses of the alternate and
14 staff of the Federal cochairperson, which shall be paid
15 solely by the Federal Government) shall be paid—

16 “(A) by the Federal Government, in an
17 amount equal to 50 percent of the administrative
18 expenses; and

19 “(B) by the States in the region partici-
20 pating in the Commission, in an amount equal
21 to 50 percent of the administrative expenses.

22 “(2) *STATE SHARE.*—

23 “(A) *IN GENERAL.*—The share of adminis-
24 trative expenses of the Commission to be paid by

1 *each State shall be determined by the Commis-*
 2 *sion.*

3 “(B) *NO FEDERAL PARTICIPATION.*—*The*
 4 *Federal cochairperson shall not participate or*
 5 *vote in any decision under subparagraph (A).*

6 “(C) *DELINQUENT STATES.*—*If a State is*
 7 *delinquent in payment of the State’s share of ad-*
 8 *ministrative expenses of the Commission under*
 9 *this subsection—*

10 “(i) *no assistance under this subtitle*
 11 *shall be furnished to the State (including*
 12 *assistance to a political subdivision or a*
 13 *resident of the State); and*

14 “(ii) *no member of the Commission*
 15 *from the State shall participate or vote in*
 16 *any action by the Commission.*

17 “(h) *COMPENSATION.*—

18 “(1) *FEDERAL COCHAIRPERSON.*—*The Federal*
 19 *cochairperson shall be compensated by the Federal*
 20 *Government at level III of the Executive Schedule in*
 21 *subchapter II of chapter 53 of title V, United States*
 22 *Code.*

23 “(2) *ALTERNATE FEDERAL COCHAIRPERSON.*—
 24 *The alternate Federal cochairperson—*

1 “(A) shall be compensated by the Federal
2 Government at level V of the Executive Schedule
3 described in paragraph (1); and

4 “(B) when not actively serving as an alter-
5 nate for the Federal cochairperson, shall perform
6 such functions and duties as are delegated by the
7 Federal cochairperson.

8 “(3) STATE MEMBERS AND ALTERNATES.—

9 “(A) IN GENERAL.—A State shall com-
10 pensate each member and alternate representing
11 the State on the Commission at the rate estab-
12 lished by law of the State.

13 “(B) NO ADDITIONAL COMPENSATION.—No
14 State member or alternate member shall receive
15 any salary, or any contribution to or sup-
16 plementation of salary from any source other
17 than the State for services provided by the mem-
18 ber or alternate to the Commission.

19 “(4) DETAILED EMPLOYEES.—

20 “(A) IN GENERAL.—No person detailed to
21 serve the Commission under paragraph (5) or
22 (6) of subsection (e) shall receive any salary or
23 any contribution to or supplementation of salary
24 for services provided to the Commission from—

1 “(i) *any source other than the Federal,*
 2 *State, local, or intergovernmental depart-*
 3 *ment or agency from which the person was*
 4 *detailed; or*

5 “(ii) *the Commission.*

6 “(B) *VIOLATION.—Any person that violates*
 7 *this paragraph shall be fined not more than*
 8 *\$5,000, imprisoned not more than 1 year, or*
 9 *both.*

10 “(C) *APPLICABLE LAW.—The Federal co-*
 11 *chairperson, the alternate Federal cochairperson,*
 12 *and any Federal officer or employee detailed to*
 13 *duty on the Commission under subsection (e)(5)*
 14 *shall not be subject to subparagraph (A), but*
 15 *shall remain subject to sections 202 through 209*
 16 *of title 18, United States Code.*

17 “(5) *ADDITIONAL PERSONNEL.—*

18 “(A) *COMPENSATION.—*

19 “(i) *IN GENERAL.—The Commission*
 20 *may appoint and fix the compensation of*
 21 *an executive director and such other per-*
 22 *sonnel as are necessary to enable the Com-*
 23 *mission to carry out the duties of the Com-*
 24 *mission.*

1 “(ii) *EXCEPTION.—Compensation*
 2 *under clause (i) shall not exceed the max-*
 3 *imum rate for the Senior Executive Service*
 4 *under section 5382 of title 5, United States*
 5 *Code, including any applicable locality-*
 6 *based comparability payment that may be*
 7 *authorized under section 5304(h)(2)(C) of*
 8 *that title.*

9 “(B) *EXECUTIVE DIRECTOR.—The executive*
 10 *director shall be responsible for—*

11 “(i) *the carrying out of the adminis-*
 12 *trative duties of the Commission;*

13 “(ii) *direction of the Commission staff;*
 14 *and*

15 “(iii) *such other duties as the Commis-*
 16 *sion may assign.*

17 “(C) *NO FEDERAL EMPLOYEE STATUS.—No*
 18 *member, alternate, officer, or employee of the*
 19 *Commission (except the Federal cochairperson of*
 20 *the Commission, the alternate and staff for the*
 21 *Federal cochairperson, and any Federal em-*
 22 *ployee detailed to the Commission under sub-*
 23 *section (e)(5)) shall be considered to be a Federal*
 24 *employee for any purpose.*

25 “(i) *CONFLICTS OF INTEREST.—*

1 “(1) *IN GENERAL.*—*Except as provided under*
2 *paragraph (2), no State member, alternate, officer, or*
3 *employee of the Commission shall participate person-*
4 *ally and substantially as a member, alternate, officer,*
5 *or employee of the Commission, through decision, ap-*
6 *proval, disapproval, recommendation, the rendering*
7 *of advice, investigation, or otherwise, in any pro-*
8 *ceeding, application, request for a ruling or other de-*
9 *termination, contract, claim, controversy, or other*
10 *matter in which, to knowledge of the member, alter-*
11 *nate, officer, or employee any of the following persons*
12 *has a financial interest:*

13 “(A) *The member, alternate, officer, or em-*
14 *ployee.*

15 “(B) *The spouse, minor child, partner, or*
16 *organization (other than a State or political sub-*
17 *division of the State) of the member, alternate,*
18 *officer, or employee, in which the member, alter-*
19 *nate, officer, or employee is serving as officer, di-*
20 *rector, trustee, partner, or employee.*

21 “(C) *Any person or organization with*
22 *whom the member, alternate, officer, or employee*
23 *is negotiating or has any arrangement con-*
24 *cerning prospective employment.*

1 “(2) *DISCLOSURE.—Paragraph (1) shall not*
2 *apply if the State member, alternate, officer, or*
3 *employee—*

4 “(A) *immediately advises the Commission*
5 *of the nature and circumstances of the pro-*
6 *ceeding, application, request for a ruling or other*
7 *determination, contract, claim, controversy, or*
8 *other particular matter presenting a potential*
9 *conflict of interest;*

10 “(B) *makes full disclosure of the financial*
11 *interest; and*

12 “(C) *before the proceeding concerning the*
13 *matter presenting the conflict of interest, receives*
14 *a written determination by the Commission that*
15 *the interest is not so substantial as to be likely*
16 *to affect the integrity of the services that the*
17 *Commission may expect from the State member,*
18 *alternate, officer, or employee.*

19 “(3) *VIOLATION.—Any person that violates this*
20 *subsection shall be fined not more than \$10,000, im-*
21 *prisoned not more than 2 years, or both.*

22 “(j) *VALIDITY OF CONTRACTS, LOANS, AND GRANTS.—*
23 *The Commission may declare void any contract, loan, or*
24 *grant of or by the Commission in relation to which the*
25 *Commission determines that there has been a violation of*

1 *any provision under subsection (h)(4), subsection (i), or sec-*
 2 *tions 202 through 209 of title 18, United States Code.*

3 **“SEC. 386C. ECONOMIC AND COMMUNITY DEVELOPMENT**
 4 **GRANTS.**

5 “(a) *IN GENERAL.—The Commission may approve*
 6 *grants to States, local development districts (as defined in*
 7 *section 386E(a)), and public and nonprofit entities for*
 8 *projects, approved in accordance with section 386H—*

9 “(1) *to develop the infrastructure of the region*
 10 *for the purpose of facilitating economic development*
 11 *in the region (except that grants for this purpose may*
 12 *only be made to a State or local government);*

13 “(2) *to assist the region in obtaining job train-*
 14 *ing, employment-related education, business develop-*
 15 *ment, and small business development and entrepre-*
 16 *neurship;*

17 “(3) *to assist the region in community and eco-*
 18 *nomic development;*

19 “(4) *to support the development of severely dis-*
 20 *tressed and underdeveloped areas;*

21 “(5) *to promote resource conservation, forest*
 22 *management, tourism, recreation, and preservation of*
 23 *open space in a manner consistent with economic de-*
 24 *velopment goals;*

1 “(6) to promote the development of renewable
2 and alternative energy sources; and

3 “(7) to achieve the purposes of this subtitle.

4 “(b) *FUNDING*.—

5 “(1) *IN GENERAL*.—Funds for grants under sub-
6 section (a) may be provided—

7 “(A) entirely from appropriations to carry
8 out this section;

9 “(B) in combination with funds available
10 under another State or Federal grant program;
11 or

12 “(C) from any other source.

13 “(2) *ELIGIBLE PROJECTS*.—The Commission
14 may provide assistance, make grants, enter into con-
15 tracts, and otherwise provide funds to eligible entities
16 in the region for projects that promote—

17 “(A) business development;

18 “(B) job training or employment-related
19 education;

20 “(C) small businesses and entrepreneurship,
21 including—

22 “(i) training and education to aspir-
23 ing entrepreneurs, small businesses, and
24 students;

1 “(ii) access to capital and facilitating
2 the establishment of small business venture
3 capital funds;

4 “(iii) existing entrepreneur and small
5 business development programs and
6 projects; and

7 “(iv) projects promoting small business
8 innovation and research;

9 “(D) local planning and leadership develop-
10 ment;

11 “(E) basic public infrastructure, including
12 high-tech infrastructure and productive natural
13 resource conservation;

14 “(F) information and technical assistance
15 for the modernization and diversification of the
16 forest products industry to support value-added
17 forest products enterprises;

18 “(G) forest-related cultural, nature-based,
19 and heritage tourism;

20 “(H) energy conservation and efficiency in
21 the region to enhance its economic competitive-
22 ness;

23 “(I) the use of renewable energy sources in
24 the region to produce alternative transportation
25 fuels, electricity and heat; and

1 “(J) any other activity facilitating eco-
2 nomic development in the region.

3 “(3) *FEDERAL SHARE*.—Notwithstanding any
4 provision of law limiting the Federal share in any
5 grant program, funds appropriated or otherwise made
6 available to carry out this section may be used to in-
7 crease a Federal share in a grant program, as the
8 Commission determines appropriate.

9 **“SEC. 386D. SUPPLEMENTS TO FEDERAL GRANT PROGRAMS.**

10 “(a) *FEDERAL GRANT PROGRAM FUNDING*.—In ac-
11 cordance with subsection (b), the Federal cochairperson
12 may use amounts made available to carry out this subtitle,
13 without regard to any limitations on areas eligible for as-
14 sistance or authorizations for appropriation under any
15 other Act, to fund all or any portion of the basic Federal
16 contribution to a project or activity under a Federal grant
17 program in the region in an amount that is above the fixed
18 maximum portion of the cost of the project otherwise au-
19 thorized by applicable law, but not to exceed 80 percent of
20 the costs of the project.

21 “(b) *CERTIFICATION*.—

22 “(1) *IN GENERAL*.—In the case of any program
23 or project for which all or any portion of the basic
24 Federal contribution to the project under a Federal
25 grant program is proposed to be made under this sec-

tion, no Federal contribution shall be made until the Federal official administering the Federal law authorizing the contribution certifies that the program or project—

“(A) meets the applicable requirements of the applicable Federal grant law; and

“(B) could be approved for Federal contribution under the law if funds were available under the law for the program or project.

“(2) CERTIFICATION BY COMMISSION.—

“(A) IN GENERAL.—The certifications and determinations required to be made by the Commission for approval of projects under this subtitle in accordance with section 386H—

“(i) shall be controlling; and

“(ii) shall be accepted by the Federal agencies.

“(B) ACCEPTANCE BY FEDERAL COCHAIRPERSON.—Any finding, report, certification, or documentation required to be submitted to the head of the department, agency, or instrumentality of the Federal Government responsible for the administration of any Federal grant program shall be accepted by the Federal cochair-

1 *person with respect to a supplemental grant for*
 2 *any project under the program.*

3 **“SEC. 386E. LOCAL DEVELOPMENT DISTRICTS; CERTIFI-**
 4 **CATION AND ADMINISTRATIVE EXPENSES.**

5 “(a) *DEFINITION OF LOCAL DEVELOPMENT DIS-*
 6 *TRICT.—In this section, the term ‘local development district’*
 7 *means an entity designated by the State that—*

8 “(1) *is—*

9 “(A)(i) *a planning district in existence on*
 10 *the date of enactment of this Act that is recog-*
 11 *nized by the Economic Development Administra-*
 12 *tion of the Department of Commerce; or*

13 “(ii) *a development district recognized by*
 14 *the State; or*

15 “(B) *if an entity described in subparagraph*
 16 *(A)(i) or (A)(ii) does not exist, an entity des-*
 17 *ignated by the Commission that satisfies the cri-*
 18 *teria developed by the Economic Development*
 19 *Administration for a local development district;*
 20 *and*

21 “(2) *has not, as certified by the Federal*
 22 *cochairperson—*

23 “(A) *inappropriately used Federal grant*
 24 *funds from any Federal source; or*

1 “(B) appointed an officer who, during the
 2 period in which another entity inappropriately
 3 used Federal grant funds from any Federal
 4 source, was an officer of the other entity.

5 “(b) GRANTS TO LOCAL DEVELOPMENT DISTRICTS.—

6 “(1) IN GENERAL.—The Commission may make
 7 grants for administrative expenses under this section.

8 “(2) CONDITIONS FOR GRANTS.—

9 “(A) MAXIMUM AMOUNT.—The amount of
 10 any grant awarded under paragraph (1) shall
 11 not exceed 80 percent of the administrative ex-
 12 penses of the local development district receiving
 13 the grant.

14 “(B) LOCAL SHARE.—The contributions of
 15 a local development district for administrative
 16 expenses may be in cash or in kind, fairly evalu-
 17 ated, including space, equipment, and services.

18 “(c) DUTIES OF LOCAL DEVELOPMENT DISTRICTS.—

19 A local development district shall—

20 “(1) operate as a lead organization serving
 21 multicounty areas in the region at the local level; and

22 “(2) serve as a liaison between State and local
 23 governments, nonprofit organizations (including com-
 24 munity-based groups and educational institutions),
 25 the business community, and citizens that—

1 “(A) are involved in multijurisdictional
2 planning;

3 “(B) provide technical assistance to local
4 jurisdictions and potential grantees; and

5 “(C) provide leadership and civic develop-
6 ment assistance.

7 **“SEC. 386F. DEVELOPMENT PLANNING PROCESS.**

8 “(a) *STATE DEVELOPMENT PLAN.*—In accordance
9 with policies established by the Commission, each State
10 member shall submit a development plan for the area of
11 the region represented by the State member.

12 “(b) *CONTENT OF PLAN.*—A State development plan
13 submitted under subsection (a) shall reflect the goals, objec-
14 tives, and priorities identified in the regional development
15 plan developed under section 386B(d)(2).

16 “(c) *CONSULTATION.*—In carrying out the development
17 planning process, a State shall—

18 “(1) consult with—

19 “(A) local development districts;

20 “(B) local units of government;

21 “(C) institutions of higher learning; and

22 “(D) stakeholders; and

23 “(2) take into consideration the goals, objectives,
24 priorities, and recommendations of the entities de-
25 scribed in paragraph (1).

1 “(d) *PUBLIC PARTICIPATION.*—*The Commission and*
 2 *applicable State and local development districts shall en-*
 3 *courage and assist, to the maximum extent practicable, pub-*
 4 *lic participation in the development, revision, and imple-*
 5 *mentation of all plans and programs under this subtitle.*

6 **“SEC. 386G. PROGRAM DEVELOPMENT CRITERIA.**

7 “(a) *IN GENERAL.*—*In considering programs and*
 8 *projects to be provided assistance under this subtitle, and*
 9 *in establishing a priority ranking of the requests for assist-*
 10 *ance provided by the Commission, the Commission shall fol-*
 11 *low procedures that ensure, to the maximum extent prac-*
 12 *ticable, consideration of—*

13 “(1) *the relationship of the project to overall re-*
 14 *gional development;*

15 “(2) *the economic distress of an area, including*
 16 *the per capita income, outmigration, poverty and un-*
 17 *employment rates, and other socioeconomic indicators*
 18 *for the area;*

19 “(3) *the financial resources available to the ap-*
 20 *plicants for assistance seeking to carry out the*
 21 *project, with emphasis on ensuring that projects are*
 22 *adequately financed to maximize the probability of*
 23 *successful economic development;*

1 “(4) the importance of the project in relation to
2 other projects that may be in competition for the same
3 funds;

4 “(5) the prospects that the project for which as-
5 sistance is sought will improve, on a continuing rath-
6 er than a temporary basis, the opportunities for em-
7 ployment, the average level of income, or the economic
8 development of the area served by the project;

9 “(6) the extent to which the project design pro-
10 vides for detailed outcome measurements by which
11 grant expenditures and the results of the expenditures
12 may be evaluated; and

13 “(7) the preservation of multiple uses, including
14 conservation, of natural resources.

15 “(b) *NO RELOCATION ASSISTANCE*.—No financial as-
16 sistance authorized by this subtitle shall be used to assist
17 an establishment in relocating from 1 area to another.

18 “(c) *REDUCTION OF FUNDS*.—Funds may be provided
19 for a program or project in a State under this subtitle only
20 if the Commission determines that the level of Federal or
21 State financial assistance provided under a law other than
22 this subtitle, for the same type of program or project in
23 the same area of the State within the region, will not be
24 reduced as a result of funds made available by this subtitle.

1 **“SEC. 386H. APPROVAL OF DEVELOPMENT PLANS AND**
 2 **PROJECTS.**

3 “(a) *IN GENERAL.*—A State or regional development
 4 plan or any multistate subregional plan that is proposed
 5 for development under this subtitle shall be reviewed by the
 6 Commission.

7 “(b) *EVALUATION BY STATE MEMBER.*—An applica-
 8 tion for a grant or any other assistance for a project under
 9 this subtitle shall be made through and evaluated for ap-
 10 proval by the State member of the Commission representing
 11 the applicant.

12 “(c) *CERTIFICATION.*—An application for a grant or
 13 other assistance for a project shall be approved only on cer-
 14 tification by the State member and Federal cochairperson
 15 that the application for the project—

16 “(1) describes ways in which the project complies
 17 with any applicable State development plan;

18 “(2) meets applicable criteria under section
 19 386G;

20 “(3) provides adequate assurance that the pro-
 21 posed project will be properly administered, operated,
 22 and maintained; and

23 “(4) otherwise meets the requirements of this sub-
 24 title.

25 “(d) *VOTES FOR DECISIONS.*—Upon certification of an
 26 application for a grant or other assistance for a specific

1 *project under this section, an affirmative vote of the Com-*
 2 *mission under section 386B(c) shall be required for ap-*
 3 *proval of the application.*

4 **“SEC. 386I. CONSENT OF STATES.**

5 *“Nothing in this subtitle requires any State to engage*
 6 *in or accept any program under this subtitle without the*
 7 *consent of the State.*

8 **“SEC. 386J. RECORDS.**

9 *“(a) RECORDS OF THE COMMISSION.—*

10 *“(1) IN GENERAL.—The Commission shall main-*
 11 *tain accurate and complete records of all transactions*
 12 *and activities of the Commission.*

13 *“(2) AVAILABILITY.—All records required under*
 14 *paragraph (1) shall be available for audit by the*
 15 *Comptroller General of the United States and the*
 16 *Commission (including authorized representatives of*
 17 *the Comptroller General and the Commission).*

18 *“(b) RECORDS OF RECIPIENTS OF FEDERAL ASSIST-*
 19 *ANCE.—*

20 *“(1) IN GENERAL.—A recipient of Federal funds*
 21 *under this subtitle shall, as required by the Commis-*
 22 *sion, maintain accurate and complete records of*
 23 *transactions and activities financed with Federal*
 24 *funds and report on the transactions and activities to*
 25 *the Commission.*

1 “(2) *AVAILABILITY.*—All records required under
2 *paragraph (1) shall be available for audit by the*
3 *Comptroller General of the United States and the*
4 *Commission (including authorized representatives of*
5 *the Comptroller General and the Commission).*

6 **“SEC. 386K. ANNUAL REPORT.**

7 *“Not later than 180 days after the end of each fiscal*
8 *year, the Commission shall submit to the President and to*
9 *Congress a report describing the activities carried out under*
10 *this subtitle.*

11 **“SEC. 386L. AUTHORIZATION OF APPROPRIATIONS.**

12 *“(a) IN GENERAL.—There is authorized to be appro-*
13 *priated to the Commission to carry out this subtitle*
14 *\$40,000,000 for each of fiscal years 2008 through 2012, to*
15 *remain available until expended.*

16 *“(b) ADMINISTRATIVE EXPENSES.—Not more than 5*
17 *percent of the amount appropriated under subsection (a)*
18 *for a fiscal year shall be used for administrative expenses*
19 *of the Commission.*

20 **“SEC. 386M. TERMINATION OF COMMISSION.**

21 *“This subtitle shall have no force or effect on or after*
22 *October 1, 2012.*

1 **“SEC. 386N. REGION OF NORTHERN BORDER ECONOMIC DE-**
 2 **VELOPMENT COMMISSION.**

3 “(a) *GOAL.—It shall be the goal of the Commission*
 4 *to address economic distress along the northern border of*
 5 *the United States east of, and including, Cayuga County,*
 6 *New York, especially in rural areas.*

7 “(b) *COUNTIES INCLUDED IN NORTHERN BORDER RE-*
 8 *GION.—Consistent with the goal described in subsection (a),*
 9 *the region of Commission shall include the following coun-*
 10 *ties:*

11 “(1) *In Maine, the counties of Aroostook, Frank-*
 12 *lin, Oxford, Somerset, and Washington.*

13 “(2) *In New Hampshire, the county of Coos.*

14 “(3) *In New York, the counties of Cayuga, Clin-*
 15 *ton, Franklin, Jefferson, Oswego, and St. Lawrence.*

16 “(4) *In Vermont, the counties of Essex, Franklin,*
 17 *Grand Isle, and Orleans.*

18 “(c) *CONTIGUOUS COUNTIES.—*

19 “(1) *IN GENERAL.—Subject to paragraph (2), in*
 20 *addition to the counties listed in subsection (b), the*
 21 *region of Commission shall include the following*
 22 *counties:*

23 “(A) *In Maine, the counties of*
 24 *Androscoggin, Kennebec, Penobscot, Piscataquis,*
 25 *and Waldo.*

1 “(B) *In New York, the counties of Essex,*
 2 *Hamilton, Herkimer, Lewis, Oneida, and Sen-*
 3 *eca.*

4 “(C) *In Vermont, the county of Caledonia.*

5 “(2) *RECOMMENDATIONS TO CONGRESS.—As*
 6 *part of an annual report submitted under section*
 7 *386K, the Commission may recommend to Congress*
 8 *removal of a county listed in paragraph (1) from the*
 9 *region on the basis that the county no longer exhibits*
 10 *2 or more of the following economic distress factors:*
 11 *population loss, poverty, income levels, and unem-*
 12 *ployment.*

13 “(d) *EXAMINATION OF ADDITIONAL COUNTIES AND*
 14 *AREAS FOR INCLUSION IN THE REGION.—*

15 “(1) *IN GENERAL.—Not later than one year after*
 16 *the date of enactment of this Act, the Commission—*

17 “(A) *shall examine all counties that border*
 18 *the region of the Commission specified in sub-*
 19 *section (a), including the political subdivisions*
 20 *and census tracts within such counties; and*

21 “(B) *may add a county or any portion of*
 22 *a county examined under subparagraph (A) to*
 23 *the region, if the Commission determines that the*
 24 *county or portion—*

1 “(i) is predominantly rural in nature;
2 and

3 “(ii) exhibits significant economic dis-
4 tress in terms of population loss, poverty,
5 income levels, unemployment, or other eco-
6 nomic indicator that the Commission con-
7 siders appropriate.

8 “(2) *PRIORITY*.—In carrying out paragraph
9 (1)(A), the Commission shall first examine the fol-
10 lowing counties:

11 “(A) In Maine, the counties of Hancock and
12 Knox.

13 “(B) In New Hampshire, the counties of
14 Grafton, Carroll, and Sullivan.

15 “(C) In New York, the counties of Fulton,
16 Madison, Warren, Saratoga, and Washington.

17 “(D) In Vermont, the county of Lamoille.

18 “(e) *ADDITION OF COUNTIES AND OTHER AREAS*.—

19 “(1) *RECOMMENDATIONS*.—Following the one-
20 year period beginning on the date of enactment of this
21 Act, as part of an annual report submitted under sec-
22 tion 386K, the Commission may recommend to Con-
23 gress additional counties or portions of counties for
24 inclusion in the region.

1 “(2) *AREAS OF ECONOMIC DISTRESS.*—*The Com-*
 2 *mission may recommend that an entire county be in-*
 3 *cluded in the region on the basis of one or more dis-*
 4 *tressed areas within the county.*

5 “(3) *ASSESSMENTS OF ECONOMIC CONDITIONS.*—
 6 *The Commission may provide technical and financial*
 7 *assistance to a county that is not included in the re-*
 8 *gion for the purpose of conducting an economic as-*
 9 *essment of the county. The results of such an assess-*
 10 *ment may be used by the Commission in making rec-*
 11 *ommendations under paragraph (1).*

12 “(f) *LIMITATION.*—*A county eligible for assistance*
 13 *from the Appalachian Regional Commission under subtitle*
 14 *IV of title 40, United States Code, shall not be eligible for*
 15 *assistance from the Northern Border Economic Develop-*
 16 *ment Commission.”.*

17 ***Subtitle B—Rural Electrification***
 18 ***Act of 1936***

19 ***SEC. 6101. ENERGY EFFICIENCY PROGRAMS.***

20 *Sections 2(a) and 4 of the Rural Electrification Act*
 21 *of 1936 (7 U.S.C. 902(a), 904) are amended by inserting*
 22 *“efficiency and” before “conservation” each place it ap-*
 23 *pears.*

1 **SEC. 6102. LOANS AND GRANTS FOR ELECTRIC GENERA-**
 2 **TION AND TRANSMISSION.**

3 (a) *IN GENERAL.*—Section 4 of the Rural Electrifica-
 4 tion Act of 1936 (7 U.S.C. 904) is amended in the first
 5 sentence by striking “authorized and empowered, from the
 6 sums hereinbefore authorized, to” and inserting “shall”.

7 (b) *RURAL COMMUNITIES WITH EXTREMELY HIGH*
 8 *ENERGY COSTS.*—Section 19(a) of the Rural Electrification
 9 Act of 1936 (7 U.S.C. 918a(a)) is amended in the matter
 10 preceding paragraph (1) by striking “may” and inserting
 11 “shall”.

12 **SEC. 6103. FEES FOR ELECTRIFICATION BASELOAD GEN-**
 13 **ERATION LOAN GUARANTEES.**

14 The Rural Electrification Act of 1936 is amended by
 15 inserting after section 4 (7 U.S.C. 904) the following:

16 **“SEC. 5. FEES FOR ELECTRIFICATION BASELOAD GENERA-**
 17 **TION LOAN GUARANTEES.**

18 “(a) *IN GENERAL.*—For electrification baseload gen-
 19 eration loan guarantees, the Secretary shall, at the request
 20 of the borrower, charge an upfront fee to cover the costs of
 21 the loan guarantee.

22 “(b) *FEE.*—

23 “(1) *IN GENERAL.*—The fee described in sub-
 24 section (a) for a loan guarantee shall be at least equal
 25 to the costs of the loan guarantee (within the meaning

1 of section 502(5)(C) of the Federal Credit Reform Act
2 of 1990 (2 U.S.C. 661a(5)(C)).

3 “(2) *SEPARATE FEE.*—The Secretary may estab-
4 lish a separate fee for each loan.

5 “(c) *ELIGIBILITY.*—To be eligible for an electrification
6 baseload generation loan guarantee under this section, a
7 borrower shall—

8 “(1) provide a rating of the loan, exclusive of the
9 Federal guarantee, by an organization identified by
10 the Securities and Exchange Commission as a nation-
11 ally recognized statistical rating organization that de-
12 termines that the loan has at least a AA rating, or
13 equivalent rating, as determined by the Secretary; or

14 “(2) obtain insurance or a guarantee for the full
15 and timely repayment of principal and interest on
16 the loan from an entity that has at least an AA or
17 equivalent rating by a nationally recognized statis-
18 tical rating organization.

19 “(d) *LIMITATION.*—Funds received from a borrower to
20 pay for the fees described in this section shall not be derived
21 from a loan or other debt obligation that is made or guaran-
22 teed by the Federal Government.”.

1 **SEC. 6104. DEFERMENT OF PAYMENTS TO ALLOWS LOANS**
 2 **FOR IMPROVED ENERGY EFFICIENCY AND DE-**
 3 **MAND REDUCTION.**

4 *Section 12 of the Rural Electrification Act of 1936 (7*
 5 *U.S.C. 912) is amended by adding at the end the following:*

6 *“(c) DEFERMENT OF PAYMENTS TO ALLOW LOANS*
 7 *FOR IMPROVED ENERGY EFFICIENCY AND DEMAND REDUC-*
 8 *TION.—*

9 *“(1) IN GENERAL.—The Secretary shall allow*
 10 *borrowers to defer payment of principal and interest*
 11 *on any direct loan made under this Act to enable the*
 12 *borrower to make loans to residential, commercial,*
 13 *and industrial consumers to install energy efficient*
 14 *measures or devices that reduce the demand on elec-*
 15 *tric systems.*

16 *“(2) AMOUNT.—The total amount of a deferment*
 17 *under this subsection shall not exceed the sum of the*
 18 *principal and interest on the loans made to a cus-*
 19 *tomers of the borrower, as determined by the Secretary.*

20 *“(3) TERM.—The term of a deferment under this*
 21 *subsection shall not exceed 60 months.”.*

22 **SEC. 6105. RURAL ELECTRIFICATION ASSISTANCE.**

23 *Section 13 of the Rural Electrification Act of 1936 (7*
 24 *U.S.C. 913) is amended to read as follows:*

25 **“SEC. 13. DEFINITIONS.**

26 *“In this Act:*

1 “(1) *FARM*.—The term ‘farm’ means a farm, as
2 defined by the Bureau of the Census.

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

7 “(3) *RURAL AREA*.—

8 “(A) *IN GENERAL*.—Except as provided oth-
9 erwise in this Act, the term ‘rural area’ means
10 the farm and nonfarm population of—

11 “(i) any area described in section
12 343(a)(13)(A) of the Consolidated Farm
13 and Rural Development Act (7 U.S.C.
14 1991(a)(13)(A)); and

15 “(ii) any area within a service area of
16 a borrower for which a borrower has an
17 outstanding loan made under titles I
18 through V as of the date of enactment of this
19 paragraph.

20 “(B) *RURAL BROADBAND ACCESS*.—For the
21 purpose of loans and loan guarantees made
22 under section 601, the term ‘rural area’ has the
23 meaning given the term in section 343(a)(13)(C)
24 of the Consolidated Farm and Rural Develop-
25 ment Act (7 U.S.C. 1991(a)(13)(C)).

1 “(4) *TERRITORY.*—*The term ‘territory’ includes*
2 *any insular possession of the United States.*

3 “(5) *SECRETARY.*—*The term ‘Secretary’ means*
4 *the Secretary of Agriculture.’.*”

5 **SEC. 6106. GUARANTEES FOR BONDS AND NOTES ISSUED**
6 **FOR ELECTRIFICATION OR TELEPHONE PUR-**
7 **POSES.**

8 *Section 313A of the Rural Electrification Act of 1936*
9 *(7 U.S.C. 940c-1) is amended—*

10 *(1) in subsection (b)—*

11 *(A) in paragraph (1), by striking “for elec-*
12 *trification” and all that follows through the end*
13 *and inserting “for eligible electrification or tele-*
14 *phone purposes consistent with this Act.”; and*

15 *(B) by striking paragraph (4) and inserting*
16 *the following:*

17 “(4) *ANNUAL AMOUNT.*—*The total amount of*
18 *guarantees provided by the Secretary under this sec-*
19 *tion during a fiscal year shall not exceed*
20 *\$1,000,000,000, subject to the availability of funds*
21 *under subsection (e).”;*

22 *(2) in subsection (c), by striking paragraphs (2)*
23 *and (3) and inserting the following:*

24 “(2) *AMOUNT.*—

1 “(A) *IN GENERAL.*—*The amount of the an-*
 2 *nual fee paid for the guarantee of a bond or note*
 3 *under this section shall be equal to 30 basis*
 4 *points of the amount of the unpaid principal of*
 5 *the bond or note guaranteed under this section.*

6 “(B) *PROHIBITION.*—*Except as otherwise*
 7 *provided in this subsection and subsection (e)(2),*
 8 *no other fees shall be assessed.*

9 “(3) *PAYMENT.*—

10 “(A) *IN GENERAL.*—*A lender shall pay the*
 11 *fees required under this subsection on a semi-*
 12 *annual basis.*

13 “(B) *STRUCTURED SCHEDULE.*—*The Sec-*
 14 *retary shall, with the consent of the lender, struc-*
 15 *ture the schedule for payment of the fee to ensure*
 16 *that sufficient funds are available to pay the*
 17 *subsidy costs for note or bond guarantees as pro-*
 18 *vided for in subsection (e)(2).”; and*

19 (3) *in subsection (f), by striking “2007” and in-*
 20 *serting “2012”.*

21 **SEC. 6107. EXPANSION OF 911 ACCESS.**

22 *Section 315 of the Rural Electrification Act of 1936*
 23 *(7 U.S.C. 940e) is amended to read as follows:*

1 **“SEC. 315. EXPANSION OF 911 ACCESS.**

2 “(a) *IN GENERAL.*—Subject to such terms and condi-
 3 tions as the Secretary may prescribe, the Secretary may
 4 make loans under this title to entities eligible to borrow
 5 from the Rural Utilities Service, emergency communica-
 6 tions equipment providers, State or local governments, In-
 7 dian tribes (as defined in section 4 of the Indian Self-Deter-
 8 mination and Education Assistance Act (25 U.S.C. 450b)),
 9 or other public entities for facilities and equipment to ex-
 10 pand or improve—

11 “(1) 911 access;

12 “(2) integrated interoperable emergency commu-
 13 nications, including multiuse networks that—

14 “(A) serve rural areas; and

15 “(B) provide commercial services or trans-
 16 portation information services in addition to
 17 emergency communications services;

18 “(3) homeland security communications;

19 “(4) transportation safety communications; or

20 “(5) location technologies used outside an urban-
 21 ized area.

22 “(b) *LOAN SECURITY.*—Government-imposed fees re-
 23 lated to emergency communications (including State or
 24 local 911 fees) may be considered to be security for a loan
 25 under this section.

26 “(c) *REGULATIONS.*—The Secretary shall—

1 “(1) not later than 90 days after the date of en-
 2 actment of this subsection, promulgate proposed regu-
 3 lations to carry out this section; and

4 “(2) not later than 90 days after the publication
 5 of proposed rules to carry out this section, adopt final
 6 rules.

7 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—The Sec-
 8 retary shall use to make loans under this section any funds
 9 otherwise made available for telephone or broadband loans
 10 for each of fiscal years 2007 through 2012.”.

11 **SEC. 6108. ELECTRIC LOANS TO RURAL ELECTRIC CO-**
 12 **OPERATIVES.**

13 *Title III of the Rural Electrification Act of 1936 is*
 14 *amended by inserting after section 316 (7 U.S.C. 940f) the*
 15 *following:*

16 **“SEC. 317. ELECTRIC LOANS TO RURAL ELECTRIC CO-**
 17 **OPERATIVES.**

18 “(a) *DEFINITION OF RENEWABLE ENERGY SOURCE.*—
 19 *In this section, the term ‘renewable energy source’ has the*
 20 *meaning given the term ‘qualified energy resources’ in sec-*
 21 *tion 45(c)(1) of the Internal Revenue Code of 1986.*

22 “(b) *LOANS.*—*In addition to any other funds or au-*
 23 *thorities otherwise made available under this Act, the Sec-*
 24 *retary may make electric loans under this title for—*

1 “(1) electric generation from renewable energy
2 resources for resale to rural and nonrural residents;
3 and

4 “(2) transmission lines principally for the pur-
5 pose of wheeling power from 1 or more renewable en-
6 ergy sources.

7 “(c) *RATE*.—The rate of a loan under this section shall
8 be equal to the average tax-exempt municipal bond rate of
9 similar maturities.”.

10 **SEC. 6109. AGENCY PROCEDURES.**

11 Title III of the Rural Electrification Act of 1936 is
12 amended by inserting after section 317 (as added by section
13 6108) the following:

14 **“SEC. 318. AGENCY PROCEDURES.**

15 “(a) *CUSTOMER SERVICE*.—The Secretary shall ensure
16 that loan applicants under this Act are contacted at least
17 once each month by the Rural Utilities Service regarding
18 the status of any pending loan applications.

19 “(b) *FINANCIAL NEED*.—The Secretary shall ensure
20 that—

21 “(1) an applicant for any grant program ad-
22 ministered by the Rural Utilities Service has an op-
23 portunity to present special economic circumstances
24 in support of the grant, such as the high cost of liv-

1 *ing, out migration, low levels of employment, weather*
 2 *damage, or environmental loss; and*

3 *“(2) the special economic circumstances pre-*
 4 *sented by the applicant are considered in determining*
 5 *the financial need of the applicant.*

6 *“(c) MOBILE DIGITAL WIRELESS.—To facilitate the*
 7 *transition from analog wireless service to digital mobile*
 8 *wireless service, the Secretary may adjust population limi-*
 9 *tations under this Act related to digital mobile wireless*
 10 *service up to the level permitted under section 601.*

11 *“(d) BONDING REQUIREMENTS.—The Secretary shall*
 12 *review the bonding requirements for all programs adminis-*
 13 *tered by the Rural Utilities Service under this Act to ensure*
 14 *that bonds are not required if—*

15 *“(1) the interests of the Secretary are adequately*
 16 *protected by product warranties; or*

17 *“(2) the costs or conditions associated with a*
 18 *bond exceed the benefit of the bond to the Secretary.”.*

19 **SEC. 6110. ACCESS TO BROADBAND TELECOMMUNICATIONS**
 20 **SERVICES IN RURAL AREAS.**

21 *(a) IN GENERAL.—Section 601 of the Rural Elec-*
 22 *trification Act of 1936 (7 U.S.C. 950bb) is amended to read*
 23 *as follows:*

1 **“SEC. 601. ACCESS TO BROADBAND TELECOMMUNICATIONS**
 2 **SERVICES IN RURAL AREAS.**

3 “(a) *PURPOSE.*—*The purpose of this section is to pro-*
 4 *vide loans and loan guarantees to provide funds for the costs*
 5 *of the construction, improvement, and acquisition of facili-*
 6 *ties and equipment for broadband service in rural areas.*

7 “(b) *DEFINITION OF BROADBAND SERVICE.*—*In this*
 8 *section:*

9 “(1) *IN GENERAL.*—*The term ‘broadband service’*
 10 *means any technology identified by the Secretary as*
 11 *having the capacity to transmit data to enable a sub-*
 12 *scriber to the service to originate and receive high-*
 13 *quality voice, data, graphics, and video.*

14 “(2) *MOBILE BROADBAND.*—*The term*
 15 *‘broadband service’ includes any service described in*
 16 *paragraph (1) that is provided over a licensed spec-*
 17 *trum through the use of a mobile station or receiver*
 18 *communicating with a land station or other mobile*
 19 *stations communicating among themselves.*

20 “(c) *LOANS AND LOAN GUARANTEES.*—

21 “(1) *IN GENERAL.*—*The Secretary shall make or*
 22 *guarantee loans to eligible entities described in sub-*
 23 *section (d) to provide funds for the construction, im-*
 24 *provement, or acquisition of facilities and equipment*
 25 *for the provision of broadband service in rural areas.*

1 “(2) *PRIORITY.*—*In making or guaranteeing*
 2 *loans under paragraph (1), the Secretary shall give*
 3 *the highest priority to applicants that offer to provide*
 4 *broadband service to the greatest proportion of house-*
 5 *holds that, prior to the provision of the service, had*
 6 *no terrestrial broadband service provider.*

7 “(3) *OFFER OF SERVICE.*—*For purposes of this*
 8 *section, a provider shall be considered to offer*
 9 *broadband service in a rural area if the provider*
 10 *makes the broadband service available to households*
 11 *in the rural area at not more than average prices as*
 12 *compared to the prices at which similar services are*
 13 *made available in the nearest urban area, as deter-*
 14 *mined by the Secretary.*

15 “(d) *ELIGIBLE ENTITIES.*—

16 “(1) *REQUIREMENTS.*—

17 “(A) *IN GENERAL.*—*To be eligible to obtain*
 18 *a loan or loan guarantee under this section, an*
 19 *entity shall—*

20 “(i) *have the ability to furnish, im-*
 21 *prove, or extend a broadband service to a*
 22 *rural area;*

23 “(ii) *submit to the Secretary a pro-*
 24 *posal that meets the requirements of this*
 25 *section for a project to offer to provide serv-*

1 ice to at least 25 percent of households in a
 2 specified rural area that, as of the date on
 3 which the proposal is submitted, are not of-
 4 fered broadband service by a terrestrial
 5 broadband service provider; and

6 “(iii) agree to complete buildout of the
 7 broadband service described in the proposal
 8 not later than 3 years after the date on
 9 which a loan or loan guarantee under this
 10 section is received.

11 “(B) *PROHIBITION.*—In carrying out this
 12 section, the Secretary may not make a loan or
 13 loan guarantee for a project in any specific area
 14 in which broadband service is offered by 3 or
 15 more terrestrial service providers that offer serv-
 16 ices that are comparable to the services proposed
 17 by the applicant.

18 “(C) *EQUITY AND MARKET SURVEY RE-*
 19 *QUIREMENTS.*—

20 “(i) *IN GENERAL.*—The Secretary may
 21 require an entity to provide a cost share in
 22 an amount not to exceed 10 percent of the
 23 amount of the loan or loan guarantee re-
 24 quested in the application of the entity.

1 “(ii) *CREDIT.*—*Recurring revenues of*
 2 *an entity, including broadband service cli-*
 3 *ent revenues, may be credited toward the*
 4 *cost share required under clause (i).*

5 “(iii) *MARKET SURVEY.*—

6 “(I) *IN GENERAL.*—*The Secretary*
 7 *may require an entity that proposes to*
 8 *have a subscriber projection of more*
 9 *than 20 percent of the broadband serv-*
 10 *ice market in a rural area to submit to*
 11 *the Secretary a market survey.*

12 “(II) *LESS THAN 20 PERCENT.*—
 13 *The Secretary may not require an en-*
 14 *tity that proposes to have a subscriber*
 15 *projection of less than 20 percent of the*
 16 *broadband service market in a rural*
 17 *area to submit to the Secretary a mar-*
 18 *ket survey.*

19 “(2) *STATE AND LOCAL GOVERNMENTS AND IN-*
 20 *DIAN TRIBES.*—*Subject to paragraph (1), a State or*
 21 *local government (including any agency, subdivision,*
 22 *or instrumentality thereof (including consortia there-*
 23 *of)) and an Indian tribe shall be eligible for a loan*
 24 *or loan guarantee under this section to provide*
 25 *broadband services to a rural area.*

1 “(3) *ADEQUACY OF SECURITY.*—*The Secretary*
 2 *shall ensure that the type, amount, and method of se-*
 3 *curity used to secure any loan or loan guarantee pro-*
 4 *vided under this section is commensurate to the risk*
 5 *involved with the loan or loan guarantee, particularly*
 6 *if the loan or loan guarantee is issued to a finan-*
 7 *cially-healthy, strong, and stable entity.*

8 “(4) *LIMITATION.*—*No entity (including subsidi-*
 9 *aries of an entity) may acquire more than 20 percent*
 10 *of the resources of the program under this section in*
 11 *any fiscal year, as determined by the Secretary.*

12 “(5) *NOTICE REQUIREMENT.*—*The Secretary*
 13 *shall include a notice of applications under this sec-*
 14 *tion on the website of the Secretary for a period of*
 15 *not less than 90 days.*

16 “(6) *PROPOSAL INFORMATION.*—

17 “(A) *PUBLIC ACCESS.*—*The Secretary shall*
 18 *make available on the website of the Secretary*
 19 *during the consideration of a loan by the*
 20 *Secretary—*

21 “(i) *the name of the applicant;*

22 “(ii) *a description and geographical*
 23 *representation of the proposed area of*
 24 *broadband service;*

1 “(iii) a geographical representation
 2 and numerical estimate of the households
 3 that have no terrestrial broadband service
 4 offered in the proposed service area of the
 5 project; and

6 “(iv) such other relevant information
 7 that the Secretary determines to be appro-
 8 priate.

9 “(B) *PROPRIETARY INFORMATION.*—In
 10 making information available relating to a loan
 11 proposal as described in subparagraph (A), the
 12 Secretary shall not make available information
 13 that is proprietary (within the meaning of sec-
 14 tion 552(b)(4) of title 5, United States Code) to
 15 the business interests of the loan applicant.

16 “(7) *TIMELINE.*—The Secretary shall establish a
 17 timeline on the website for the Secretary for tracking
 18 applications received under this section.

19 “(8) *ADDITIONAL INFORMATION AND DETERMINA-*
 20 *TION.*—

21 “(A) *PROMPT PROCESSING OF APPLICA-*
 22 *TIONS.*—

23 “(i) *IN GENERAL.*—The Secretary shall
 24 establish, by regulation, procedures to en-

1 *sure prompt processing of loan and loan*
2 *guarantee applications under this section.*

3 “(ii) *TIME LIMITS.*—*Subject to clause*
4 *(iii), the regulations shall establish general*
5 *time limits for action by the Secretary and*
6 *applicant response.*

7 “(iii) *EXTENSIONS.*—*The Secretary*
8 *may grant an extension for a time limit es-*
9 *tablished under clause (ii).*

10 “(iv) *ANNUAL REPORTS.*—*The Sec-*
11 *retary shall publish an annual report*
12 *that—*

13 “(I) *describes processing times for*
14 *loan and loan guarantee applications*
15 *under this section; and*

16 “(II) *provides an explanation for*
17 *any processing time extensions re-*
18 *quired by the Secretary.*

19 “(B) *ADDITIONAL INFORMATION.*—*Not later*
20 *than 60 days after the date on which an appli-*
21 *cant submits an application, the Secretary shall*
22 *request any additional information required for*
23 *the application to be complete.*

24 “(C) *DETERMINATION.*—*Not later than 180*
25 *days after the date on which an applicant sub-*

1 mits a completed application, the Secretary shall
 2 make a determination of whether to approve the
 3 application.

4 “(9) *LOAN CLOSING.*—Not later than 45 days
 5 after the date on which the Secretary approves an ap-
 6 plication, documents necessary for the closing of the
 7 loan or loan guarantee shall be provided to applicant.

8 “(10) *FUND DISBURSEMENT.*—Not later than 10
 9 business days after the date of the receipt of valid doc-
 10 umentation requesting disbursement of the approved,
 11 closed loan, the disbursement of loan funds shall
 12 occur.

13 “(11) *PREAPPLICATION PROCESS.*—The Sec-
 14 retary shall establish an optional preapplication
 15 process under which an applicant may apply to the
 16 Rural Utilities Service for a binding determination of
 17 area eligibility prior to preparing a full loan appli-
 18 cation.

19 “(12) *PENDING APPLICATIONS.*—An application
 20 for a loan or loan guarantee under this section, or a
 21 petition for reconsideration of a decision on such an
 22 application, that is pending on the date of enactment
 23 of this paragraph shall be considered under eligibility
 24 and feasibility criteria that are no less favorable to

1 *the applicant than the criteria in effect on the origi-*
 2 *nal date of submission of the application.*

3 “(e) *BROADBAND SERVICE.*—

4 “(1) *IN GENERAL.*—*The Secretary shall, from*
 5 *time to time as advances in technology warrant, re-*
 6 *view and recommend modifications of rate-of-data*
 7 *transmission criteria for purposes of the identifica-*
 8 *tion of broadband service technologies under sub-*
 9 *section (b).*

10 “(2) *PROHIBITION.*—*The Secretary shall not es-*
 11 *tablish requirements for bandwidth or speed that have*
 12 *the effect of precluding the use of evolving technologies*
 13 *appropriate for rural areas outside rural commu-*
 14 *nities.*

15 “(f) *TECHNOLOGICAL NEUTRALITY.*—*For purposes of*
 16 *determining whether to make a loan or loan guarantee for*
 17 *a project under this section, the Secretary shall use criteria*
 18 *that are technologically neutral.*

19 “(g) *TERMS AND CONDITIONS FOR LOANS AND LOAN*
 20 *GUARANTEES.*—

21 “(1) *IN GENERAL.*—*Notwithstanding any other*
 22 *provision of law, a loan or loan guarantee under sub-*
 23 *section (c) shall—*

24 “(A) *bear interest at an annual rate of, as*
 25 *determined by the Secretary—*

1 “(i) in the case of a direct loan, the
2 lower of—

3 “(I) the cost of borrowing to the
4 Department of the Treasury for obliga-
5 tions of comparable maturity; or

6 “(II) 4 percent; and

7 “(ii) in the case of a guaranteed loan,
8 the current applicable market rate for a
9 loan of comparable maturity; and

10 “(B) except as provided in paragraph (2),
11 have a term not to exceed the useful life of the
12 assets constructed, improved, or acquired with
13 the proceeds of the loan or extension of credit.

14 “(2) *TERM OF LOAN EXCEPTION.*—A loan or
15 loan guarantee under subsection (c) may have a term
16 not to exceed 30 years if the Secretary determines that
17 the loan security is sufficient.

18 “(3) *RECURRING REVENUE.*—The Secretary shall
19 consider the recurring revenues of the entity at the
20 time of application in determining an adequate level
21 of credit support.

22 “(h) *USE OF LOAN PROCEEDS TO REFINANCE LOANS*
23 *FOR DEPLOYMENT OF BROADBAND SERVICE.*—Notwith-
24 standing any other provision of this Act, the proceeds of
25 any loan made or guaranteed by the Secretary under this

1 *Act may be used by the recipient of the loan for the purpose*
 2 *of refinancing an outstanding obligation of the recipient on*
 3 *another telecommunications-related loan made under this*
 4 *Act if the use of the proceeds for that purpose will further*
 5 *the construction, improvement, or acquisition of facilities*
 6 *and equipment for the provision of broadband service in*
 7 *rural areas.*

8 “(i) *REPORTS.*—*Not later than 1 year after the date*
 9 *of enactment of the Food and Energy Security Act of 2007,*
 10 *and biennially thereafter, the Administrator shall submit*
 11 *to Congress a report that—*

12 “(1) *describes the ways in which the Adminis-*
 13 *trator determines under subsection (b)(1) that a serv-*
 14 *ice enables a subscriber to originate and receive high-*
 15 *quality voice, data, graphics, and video; and*

16 “(2) *provides a detailed list of services that have*
 17 *been granted assistance under this section.*

18 “(j) *FUNDING.*—

19 “(1) *AUTHORIZATION OF APPROPRIATIONS.*—
 20 *There is authorized to be appropriated to the Sec-*
 21 *retary to carry out this section \$25,000,000 for each*
 22 *of fiscal years 2008 through 2012.*

23 “(2) *ALLOCATION OF FUNDS.*—

1 “(A) *IN GENERAL.*—*From amounts made*
 2 *available for each fiscal year under this sub-*
 3 *section, the Secretary shall—*

4 “(i) *establish a national reserve for*
 5 *loans and loan guarantees to eligible enti-*
 6 *ties in States under this section; and*

7 “(ii) *allocate amounts in the reserve to*
 8 *each State for each fiscal year for loans and*
 9 *loan guarantees to eligible entities in the*
 10 *State.*

11 “(B) *AMOUNT.*—*Based on information*
 12 *available from the most recent decennial census,*
 13 *the amount of an allocation made to a State for*
 14 *a fiscal year under subparagraph (A) shall bear*
 15 *the same ratio to the amount of allocations made*
 16 *for all States for the fiscal year as—*

17 “(i) *the number of communities with a*
 18 *population of 2,500 inhabitants or less in*
 19 *the State; bears to*

20 “(ii) *the number of communities with*
 21 *a population of 2,500 inhabitants or less in*
 22 *all States.*

23 “(C) *UNOBLIGATED AMOUNTS.*—*Any*
 24 *amounts in the reserve established for a State for*
 25 *a fiscal year under subparagraph (B) that are*

1 *not obligated by April 1 of the fiscal year shall*
 2 *be available to the Secretary to make loans and*
 3 *loan guarantees under this section to eligible en-*
 4 *tities in any State, as determined by the Sec-*
 5 *retary.*

6 “(k) *TERMINATION OF AUTHORITY.*—No loan or loan
 7 *guarantee may be made under this section after September*
 8 *30, 2012.”.*

9 (b) *NATIONAL CENTER FOR RURAL TELECOMMUNI-*
 10 *CATIONS ASSESSMENT.*—Title VI of Rural Electrification
 11 *Act of 1936 (7 U.S.C. 950bb et seq.) is amended by adding*
 12 *at the end the following:*

13 **“SEC. 602. NATIONAL CENTER FOR RURAL TELECOMMUNI-**
 14 **CATIONS ASSESSMENT.**

15 “(a) *ESTABLISHMENT OF CENTER.*—The Secretary
 16 *shall designate a National Center for Rural Telecommuni-*
 17 *cations Assessment (referred to in this section as the ‘Cen-*
 18 *ter’).*

19 “(b) *CRITERIA.*—In designating the Center, the Sec-
 20 *retary shall ensure that—*

21 “(1) *the Center is an entity with a focus on*
 22 *rural policy research and a minimum of 5 years ex-*
 23 *perience in rural telecommunications research and as-*
 24 *essment;*

1 “(2) *the Center is capable of assessing broadband*
 2 *services in rural areas; and*

3 “(3) *the Center has significant experience with*
 4 *other rural economic development centers and organi-*
 5 *zations in the assessment of rural policies and formu-*
 6 *lation of policy solutions at the local, State, and Fed-*
 7 *eral levels.*

8 “(c) *DUTIES.—The Center shall—*

9 “(1) *assess the effectiveness of programs under*
 10 *this section in increasing broadband availability and*
 11 *use in rural areas, especially in those rural commu-*
 12 *nities identified by the Secretary as having no service*
 13 *before award of a broadband loan or loan guarantee*
 14 *under section 601(c);*

15 “(2) *develop assessments of broadband avail-*
 16 *ability in rural areas, working with existing rural de-*
 17 *velopment centers selected by the Center;*

18 “(3) *identify policies and initiatives at the local,*
 19 *State, and Federal level that have increased*
 20 *broadband availability and use in rural areas;*

21 “(4) *conduct national studies of rural households*
 22 *and businesses focusing on the adoption of, barriers*
 23 *to, and use of broadband services, with specific atten-*
 24 *tion addressing the economic, social and educational*

1 *consequences of inaccessibility to affordable broadband*
 2 *services;*

3 “(5) *provide reports to the public on the activi-*
 4 *ties carried out and funded under this section; and*

5 “(6) *conduct studies and provide recommenda-*
 6 *tions to local, State, and Federal policymakers on ef-*
 7 *fective strategies to bring affordable broadband serv-*
 8 *ices to rural citizens residing outside of the municipal*
 9 *boundaries of rural cities and towns.*

10 “(d) *REPORTING REQUIREMENTS.—Not later than De-*
 11 *cember 1, 2008, and each year thereafter through December*
 12 *1, 2012, the Center shall submit to the Secretary a report*
 13 *that—*

14 “(1) *describes the activities of the Center, the re-*
 15 *sults of research carried out by the Center, and any*
 16 *additional information for the preceding fiscal year*
 17 *that the Secretary may request; and*

18 “(2) *includes—*

19 “(A) *assessments of the programs carried*
 20 *out under this section and section 601;*

21 “(B) *annual assessments on the effects of the*
 22 *policy initiatives identified under subsection*
 23 *(c)(3); and*

1 “(C) results from the national studies of
 2 rural households and businesses conducted under
 3 subsection (c)(4).

4 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—There is
 5 authorized to be appropriated to the Secretary to carry out
 6 this section \$1,000,000 for each of fiscal years 2008 through
 7 2012.”.

8 (c) *REGULATIONS.*—The Secretary may promulgate
 9 such regulations as are necessary to implement the amend-
 10 ments made by this section.

11 **SEC. 6111. COMPREHENSIVE RURAL BROADBAND.**

12 (a) *COMPREHENSIVE RURAL BROADBAND STRAT-*
 13 *EGY.*—

14 (1) *IN GENERAL.*—Not later than 1 year after
 15 the date of enactment of this Act, and annually there-
 16 after, the Chairman of the Federal Communications
 17 Commission, in coordination with the Secretary, shall
 18 submit to the Committees on Energy and Commerce
 19 and Agriculture of the House of Representatives and
 20 the Committees on Commerce, Science, and Transpor-
 21 tation and Agriculture, Nutrition, and Forestry of the
 22 Senate a report describing a comprehensive rural
 23 broadband strategy that includes—

24 (A) recommendations—

1 (i) to promote interagency coordina-
2 tion of Federal agencies in regards to poli-
3 cies, procedures, and targeted resources, and
4 to improve and streamline the polices, pro-
5 grams, and services;

6 (ii) to coordinate among Federal agen-
7 cies regarding existing rural broadband or
8 rural initiatives that could be of value to
9 rural broadband development;

10 (iii) to address both short- and long-
11 term solutions and needs assessments for a
12 rapid build-out of rural broadband solu-
13 tions and applications for Federal, State,
14 regional, and local government policy mak-
15 ers; and

16 (iv) to identify how specific Federal
17 agency programs and resources can best re-
18 spond to rural broadband requirements and
19 overcome obstacles that currently impede
20 rural broadband deployment; and

21 (B) a description of goals and timeframes to
22 achieve the strategic plans and visions identified
23 in the report.

24 (2) *UPDATES.*—The Chairman of the Federal
25 Communications Commission, in coordination with

1 *the Secretary shall update and evaluate the report de-*
 2 *scribed in paragraph (1) on an annual basis.*

3 *(b) RURAL BROADBAND.—Section 306(a)(20)(E) of the*
 4 *Consolidated Rural Development Act (7 U.S.C.*
 5 *1926(a)(20)(E)) is amended by striking “dial-up Internet*
 6 *access or”.*

7 **SEC. 6112. SUBSTANTIALLY UNDERSERVED TRUST AREAS.**

8 *The Rural Electrification Act of 1936 is amended by*
 9 *inserting after section 306E (7 U.S.C. 936e) the following:*
 10 **“SEC. 306F. SUBSTANTIALLY UNDERSERVED TRUST AREAS.**

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

12 *“(1) SUBSTANTIALLY UNDERSERVED TRUST*
 13 *AREA.—The term ‘substantially underserved trust*
 14 *area’ means a community in ‘trust land’ (as defined*
 15 *in section 3765 of title 38, United States Code) in*
 16 *which more than 20 percent of the beneficiaries do not*
 17 *have modern, affordable, or reliable utility services, as*
 18 *determined by the Secretary.*

19 *“(2) UTILITY SERVICE.—The term ‘utility serv-*
 20 *ice’ means electric, telecommunications, broadband, or*
 21 *water service.*

22 *“(b) INITIATIVE.—The Secretary, in consultation with*
 23 *local governments and Federal agencies, may implement an*
 24 *initiative to identify and improve the availability and*

1 *quality of utility services in communities in substantially*
2 *underserved trust areas.*

3 “(c) *AUTHORITY OF SECRETARY.*—*In carrying out*
4 *subsection (b), the Secretary—*

5 “(1) *may make available from loan or loan*
6 *guarantee programs administered by the Rural Utili-*
7 *ties Service to qualified utilities or applicants financ-*
8 *ing with an interest rate as low as 2 percent, and ex-*
9 *tended repayment terms, for use in facilitating im-*
10 *proved utility service in substantially underserved*
11 *trust areas;*

12 “(2) *may waive nonduplication restrictions,*
13 *matching fund requirements, credit support require-*
14 *ments, or other regulations from any loan or grant*
15 *program administered by the Rural Utilities Service*
16 *to facilitate the construction, acquisition, or improve-*
17 *ment of infrastructure used to deliver affordable util-*
18 *ity services to substantially underserved trust areas;*

19 “(3) *may assign the highest funding priority to*
20 *projects in substantially underserved trust areas;*

21 “(4) *shall make any loan or loan guarantee*
22 *found to be financially feasible to provide service to*
23 *substantially underserved trust areas; and*

24 “(5) *may conduct research and participate in*
25 *regulatory proceedings to recommend policy changes*

1 to enhance utility service in substantially underserved
2 trust areas.

3 “(d) *REPORT*.—Not later than 1 year after the date
4 of enactment of this section and annually thereafter, the
5 Secretary shall submit to Congress a report that describes—

6 “(1) the progress of the initiative implemented
7 under subsection (b); and

8 “(2) recommendations for any regulatory or leg-
9 islative changes that would be appropriate to improve
10 services to substantially underserved trust areas.”.

11 **SEC. 6113. STUDY OF FEDERAL ASSISTANCE FOR**
12 **BROADBAND INFRASTRUCTURE.**

13 (a) *IN GENERAL*.—The Comptroller General of the
14 United States shall conduct a study of—

15 (1) how the Rural Utilities Service takes into ac-
16 count economic factors in the decisionmaking process
17 of the Service in allocating Federal broadband bene-
18 fits;

19 (2) what other considerations the Rural Utilities
20 Service takes into account in making benefit awards;

21 (3) what economic forces prompt Rural Utilities
22 Service broadband loan applicants to seek Federal
23 funding rather than relying on the private market
24 alone;

1 (4) *how awards made by the Rural Utilities*
 2 *Service of Federal benefits impact the expansion of*
 3 *broadband infrastructure by the private sector; and*

4 (5) *what changes to Federal policy are needed to*
 5 *further encourage technology expansion by private*
 6 *broadband service providers.*

7 (b) *REPORT.*—*Not later than 30 months after the date*
 8 *of enactment of this Act, the Comptroller General of the*
 9 *United States shall submit to the Committee on Agriculture*
 10 *of the House of Representatives and the Committee on Agri-*
 11 *culture, Nutrition, and Forestry of the Senate a report that*
 12 *describes the results of the study conducted under subsection*
 13 *(a), including any findings and recommendations.*

14 ***Subtitle C—Connect the Nation Act***

15 ***SEC. 6201. SHORT TITLE.***

16 *This subtitle may be cited as the “Connect the Nation*
 17 *Act”.*

18 ***SEC. 6202. GRANTS TO ENCOURAGE STATE INITIATIVES TO*** 19 ***IMPROVE BROADBAND SERVICE.***

20 (a) *DEFINITIONS.*—*In this section:*

21 (1) *BROADBAND SERVICE.*—*The term*
 22 *“broadband service” means any service that connects*
 23 *the public to the Internet with a data transmission-*
 24 *rate equivalent that is at least 200 kilobits per second*
 25 *or 200,000 bits per second, or any successor trans-*

1 *mission-rate established by the Federal Communica-*
 2 *tions Commission for broadband, in at least 1 direc-*
 3 *tion.*

4 (2) *ELIGIBLE ENTITY.*—*The term “eligible enti-*
 5 *ty” means a nonprofit organization that, in conjunc-*
 6 *tion with State agencies and private sector partners,*
 7 *carries out an initiative under the section to identify*
 8 *and track the availability and adoption of broadband*
 9 *services within States.*

10 (3) *NONPROFIT ORGANIZATION.*—*The term “non-*
 11 *profit organization” means an organization that—*

12 (A) *is described in section 501(c)(3) of the*
 13 *Internal Revenue Code of 1986 and exempt from*
 14 *tax under section 501(a) of that Code;*

15 (B) *has net earnings that do not inure to*
 16 *the benefit of any member, founder, contributor,*
 17 *or individual associated with the organization;*

18 (C) *has an established record of competence*
 19 *and working with public and private sectors to*
 20 *accomplish widescale deployment and adoption*
 21 *of broadband services and information tech-*
 22 *nology; and*

23 (D) *has a board of directors that does not*
 24 *have a majority of individuals who are employed*

1 *by, or otherwise associated with, any Federal,*
2 *State, or local government or agency.*

3 (4) *SECRETARY.*—*The term “Secretary” means*
4 *the Secretary of Commerce.*

5 (b) *PROGRAM.*—*The Secretary shall award grants to*
6 *eligible entities to pay the Federal share of the cost of the*
7 *development and implementation of statewide initiatives to*
8 *identify and track the availability and adoption of*
9 *broadband services within States.*

10 (c) *PURPOSES.*—*The purpose of a grant made this sec-*
11 *tion shall be—*

12 (1) *to ensure, to the maximum extent prac-*
13 *ticable, that all citizens and businesses in States have*
14 *access to affordable and reliable broadband service;*

15 (2) *to promote improved technology literacy, in-*
16 *creased computer ownership, and home broadband use*
17 *among those citizens and businesses;*

18 (3) *to establish and empower local grassroots*
19 *technology teams in States to plan for improved tech-*
20 *nology use across multiple community sectors; and*

21 (4) *to establish and sustain an environment that*
22 *supports broadband services and information tech-*
23 *nology investment.*

24 (d) *ELIGIBILITY.*—*To be eligible to receive a grant for*
25 *an initiative under this section, an eligible entity shall—*

1 (1) *submit an application to the Secretary at*
2 *such time, in such manner, and containing such in-*
3 *formation as the Secretary may require; and*

4 (2) *provide matching non-Federal funds in an*
5 *amount that is equal to not less than 20 percent of*
6 *the total cost of the initiative.*

7 (e) *COMPETITIVE BASIS.*—*Grants under this section*
8 *shall be awarded on a competitive basis.*

9 (f) *PEER REVIEW.*—

10 (1) *IN GENERAL.*—*The Secretary shall require*
11 *technical and scientific peer review of applications for*
12 *grants under this section.*

13 (2) *REVIEW PROCEDURES.*—*The Secretary shall*
14 *require that any technical and scientific peer review*
15 *group—*

16 (A) *be provided a written description of the*
17 *grant to be reviewed;*

18 (B) *provide the results of any review by the*
19 *group to the Secretary; and*

20 (C) *certify that the group will enter into*
21 *such voluntary nondisclosure agreements as are*
22 *necessary to prevent the unauthorized disclosure*
23 *of confidential and propriety information pro-*
24 *vided by broadband service providers in connec-*

1 *tion with projects funded by a grant under this*
 2 *section.*

3 *(g) USE OF FUNDS.—A grant awarded to an eligible*
 4 *entity under this section shall be used—*

5 *(1) to provide a baseline assessment of*
 6 *broadband service deployment in 1 or more partici-*
 7 *pating States;*

8 *(2) to identify and track—*

9 *(A) areas in the participating States that*
 10 *have low levels of broadband service deployment;*

11 *(B) the rate at which individuals and busi-*
 12 *nesses adopt broadband service and other related*
 13 *information technology services; and*

14 *(C) possible suppliers of the services;*

15 *(3) to identify barriers to the adoption by indi-*
 16 *viduals and businesses of broadband service and re-*
 17 *lated information technology services, including*
 18 *whether—*

19 *(A) the demand for the services is absent;*

20 *and*

21 *(B) the supply for the services is capable of*
 22 *meeting the demand for the services;*

23 *(4) to create and facilitate in each county or des-*
 24 *ignated region in the participating States a local*
 25 *technology planning team—*

1 (A) with members representing a cross sec-
2 tion of communities, including representatives of
3 business, telecommunications labor organiza-
4 tions, K–12 education, health care, libraries,
5 higher education, community-based organiza-
6 tions, local government, tourism, parks and
7 recreation, and agriculture; and

8 (B) that shall—

9 (i) benchmark technology use across
10 relevant community sectors;

11 (ii) set goals for improved technology
12 use within each sector; and

13 (iii) develop a tactical business plan
14 for achieving the goals of the team, with
15 specific recommendations for online appli-
16 cation development and demand creation;

17 (5) to work collaboratively with broadband serv-
18 ice providers and information technology companies
19 to encourage deployment and use, especially in
20 unserved, underserved, and rural areas, through the
21 use of local demand aggregation, mapping analysis,
22 and the creation of market intelligence to improve the
23 business case for providers to deploy;

1 (6) to establish programs to improve computer
2 ownership and Internet access for unserved, under-
3 served, and rural populations;

4 (7) to collect and analyze detailed market data
5 concerning the use and demand for broadband service
6 and related information technology services;

7 (8) to facilitate information exchange regarding
8 the use and demand for broadband services between
9 public and private sectors; and

10 (9) to create within the participating States a
11 geographic inventory map of broadband service that
12 shall—

13 (A) identify gaps in the service through a
14 method of geographic information system map-
15 ping of service availability at the census block
16 level; and

17 (B) provide a baseline assessment of state-
18 wide broadband deployment in terms of house-
19 holds with high-speed availability.

20 (h) *PARTICIPATION LIMITATION.*—For each partici-
21 pating State, an eligible entity may not receive a new grant
22 under this section to carry out the activities described in
23 subsection (g) within the participating State if the eligible
24 entity obtained prior grant awards under this section to

1 *carry out the same activities in the participating State for*
 2 *each of the previous 4 fiscal years.*

3 (i) *REPORT.—Each recipient of a grant under this sec-*
 4 *tion shall submit to the Secretary a report describing the*
 5 *use of the funds provided by the grant.*

6 (j) *NO REGULATORY AUTHORITY.—Nothing in this*
 7 *section provides any public or private entity with any regu-*
 8 *latory jurisdiction or oversight authority over providers of*
 9 *broadband services or information technology.*

10 (k) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 11 *authorized to be appropriated to carry out this section*
 12 *\$40,000,000 for each of fiscal years 2008 through 2012.*

13 ***Subtitle D—Food, Agriculture, Con-***
 14 ***servation, and Trade Act of 1990***

15 ***SEC. 6301. RURAL ELECTRONIC COMMERCE EXTENSION***
 16 ***PROGRAM.***

17 *Section 1670(e) of the Food, Agriculture, Conservation,*
 18 *and Trade Act of 1990 (7 U.S.C. 5923(e)) is amended by*
 19 *striking “2007” and inserting “2012”.*

20 ***SEC. 6302. TELEMEDICINE, LIBRARY CONNECTIVITY, PUB-***
 21 ***LIC TELEVISION, AND DISTANCE LEARNING***
 22 ***SERVICES IN RURAL AREAS.***

23 (a) *IN GENERAL.—Chapter 1 of subtitle D of title*
 24 *XXII of the Food, Agriculture, Conservation, and Trade Act*
 25 *of 1990 (7 U.S.C. 950aaa et seq.) is amended in the chapter*

1 heading by striking “**AND DISTANCE LEARNING**”
 2 and inserting “, **LIBRARY CONNECTIVITY, PUB-**
 3 **LIC TELEVISION, AND DISTANCE LEARN-**
 4 **ING**”.

5 (b) *PURPOSE.*—Section 2331 of the Food, Agriculture,
 6 Conservation, and Trade Act of 1990 (7 U.S.C. 950aaa)
 7 is amended by striking “telemedicine services and distance
 8 learning” and inserting “telemedicine services, library
 9 connectivity, and distance learning”.

10 (c) *DEFINITIONS.*—Section 2332 of the Food, Agri-
 11 culture, Conservation, and Trade Act of 1990 (7 U.S.C.
 12 950aaa–1) is amended—

13 (1) by redesignating paragraphs (1) through (3)
 14 as paragraphs (2) through (4), respectively; and

15 (2) by inserting before paragraph (2) (as so re-
 16 designated) the following:

17 “(1) *CONNECTIVITY.*—The term ‘connectivity’
 18 means the ability to use a range of high-speed digital
 19 services or networks.”.

20 (d) *TELEMEDICINE, LIBRARY CONNECTIVITY, AND DIS-*
 21 *TANCE LEARNING SERVICES IN RURAL AREAS.*—Section
 22 2333 of the Food, Agriculture, Conservation, and Trade Act
 23 of 1990 (7 U.S.C. 950aaa–2) is amended—

24 (1) in the section heading, by striking “**AND**
 25 **DISTANCE LEARNING**” and inserting “, **LIBRARY**

1 **CONNECTIVITY, PUBLIC TELEVISION, AND DIS-**
 2 **TANCE LEARNING”;**

3 (2) *in subsection (a), by striking “construction of*
 4 *facilities and systems to provide telemedicine services*
 5 *and distance learning services” and inserting “con-*
 6 *struction and use of facilities and systems to provide*
 7 *telemedicine services, library connectivity, distance*
 8 *learning services, and public television station digital*
 9 *conversion”;*

10 (3) *in subsection (b), by striking paragraph (2)*
 11 *and inserting the following:*

12 “(2) *FORM.—The Secretary shall establish by no-*
 13 *tice the amount of the financial assistance available*
 14 *to applicants in the form of grants, costs of money*
 15 *loans, combinations of grants and loans, or other fi-*
 16 *nancial assistance so as to—*

17 “(A)(i) *further the purposes of this chapter;*
 18 *and*

19 “(ii) *in the case of loans, result in the max-*
 20 *imum feasible repayment to the Federal Govern-*
 21 *ment of the loan; and*

22 “(B) *to ensure that funds made available to*
 23 *carry out this chapter are used to the maximum*
 24 *extent practicable to assist useful and needed*
 25 *projects.”;*

1 (4) *in subsection (c)—*

2 (A) *in paragraph (1)—*

3 (i) *in the matter preceding subpara-*
 4 *graph (A), by striking “financial assist-*
 5 *ance” and inserting “assistance in the form*
 6 *of grants”;*

7 (ii) *in subparagraph (A), by striking*
 8 *“and” at the end;*

9 (iii) *in subparagraph (B)—*

10 (I) *by striking “service or dis-*
 11 *tance” and inserting “services, library*
 12 *connectivity services, public television*
 13 *station digital conversion, or distance”;*

14 (II) *by striking the period at the*
 15 *end and inserting a semicolon; and*

16 (III) *by adding at the end the fol-*
 17 *lowing:*

18 “(C) *libraries or library support organiza-*
 19 *tions;*

20 “(D) *public television stations and the par-*
 21 *ent organizations of public television stations;*
 22 *and*

23 “(E) *schools, libraries, and other facilities*
 24 *operated by the Bureau of Indian Affairs or the*
 25 *Indian Health Service.”;*

1 (B) in paragraph (4), by striking “services
2 or distance” and inserting “service, library
3 connectivity, public television station digital
4 conversion, or distance”; and

5 (C) by adding at the end the following:

6 “(5) *PUBLIC TELEVISION GRANTS.*—The Sec-
7 retary shall establish a separate competitive process to
8 determine the allocation of grants under this chapter
9 to public television stations.”;

10 (5) in subsection (d)—

11 (A) in the matter preceding paragraph (1),
12 by inserting “1 or more of” after “considering”;

13 (B) in paragraph (12), by striking “and”
14 at the end;

15 (C) by redesignating paragraph (13) as
16 paragraph (14); and

17 (D) by inserting after paragraph (12) the
18 following:

19 “(13) the cost and availability of high-speed net-
20 work access; and”;

21 (6) by striking subsection (f) and inserting the
22 following:

23 “(f) *USE OF FUNDS.*—Financial assistance provided
24 under this chapter shall be used for—

1 “(1) the development, acquisition, and digital
2 distribution of instructional programming to rural
3 users;

4 “(2) the development and acquisition, through
5 lease or purchase, of computer hardware and soft-
6 ware, audio and visual equipment, computer network
7 components, telecommunications terminal equipment,
8 telecommunications transmission facilities, data ter-
9 minal equipment, or interactive video equipment,
10 teleconferencing equipment, or other facilities that
11 would further telemedicine services, library
12 connectivity, or distance learning services;

13 “(3) the provision of technical assistance and in-
14 struction for the development or use of the program-
15 ming, equipment, or facilities referred to in para-
16 graphs (1) and (2);

17 “(4) the acquisition of high-speed network trans-
18 mission equipment or services that would not other-
19 wise be available or affordable to the applicant;

20 “(5) costs relating to the coordination and col-
21 laboration among and between libraries on
22 connectivity and universal service initiatives, or the
23 development of multi-library connectivity plans that
24 benefit rural users;

1 “(6) competitive grants, for public television sta-
 2 tions or a consortium of public television stations, to
 3 provide education, outreach, and assistance, in co-
 4 operation with community groups, to rural commu-
 5 nities and vulnerable populations with respect to the
 6 digital television transition, and particularly the ac-
 7 quisition, delivery, and installation of the digital-to-
 8 analog converter boxes described in section 3005 of the
 9 Digital Television Transition and Public Safety Act
 10 of 2005 (47 U.S.C. 309 note); or

11 “(7) other uses that are consistent with this
 12 chapter, as determined by the Secretary.”; and

13 (7) in subsection (i)—

14 (A) in paragraph (1), by striking “telemedi-
 15 cine or distance” and inserting “telemedicine, li-
 16 brary connectivity, public television station dig-
 17 ital conversion, or distance”; and

18 (B) in paragraph (2)—

19 (i) in subparagraph (A), by striking
 20 “telemedicine or distance” and inserting
 21 “telemedicine, library connectivity, or dis-
 22 tance”; and

23 (ii) in subparagraph (B), by inserting
 24 “nonproprietary information contained in”
 25 before “the applications”.

1 (e) *ADMINISTRATION*.—Section 2334 of the Food, Agri-
 2 culture, Conservation, and Trade Act of 1990 (7 U.S.C.
 3 950aaa–3) is amended—

4 (1) in subsection (a), by striking “services or dis-
 5 tance” and inserting “services, library connectivity,
 6 or distance”; and

7 (2) in subsection (d), by striking “or distance
 8 learning” and all that follows through the end of the
 9 subsection and inserting “, library connectivity, or
 10 distance learning services through telecommunications
 11 in rural areas.”.

12 (f) *AUTHORIZATION OF APPROPRIATIONS*.—Section
 13 2335A of the Food, Agriculture, Conservation, and Trade
 14 Act of 1990 (7 U.S.C. 950aaa–5) is amended by striking
 15 “2007” and inserting “2012”.

16 (g) *CONFORMING AMENDMENT*.—Section 1(b) of Public
 17 Law 102–551 (7 U.S.C. 950aaa note; Public Law 102–551)
 18 is amended by striking “2007” and inserting “2012”.

19 ***Subtitle E—Miscellaneous***

20 ***SEC. 6401. VALUE-ADDED AGRICULTURAL PRODUCT MAR-*** 21 ***KET DEVELOPMENT GRANTS.***

22 (a) *DEFINITIONS*.—Section 231 of the Agricultural
 23 Risk Protection Act of 2000 (7 U.S.C. 1621 note; Public
 24 Law 106–224) is amended by striking subsection (a) and
 25 inserting the following:

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

2 “(1) *ASSISTING ORGANIZATION.—The term ‘as-*
 3 *sisting organization’ means a nonprofit organization,*
 4 *institution of higher education, or units of govern-*
 5 *ment with expertise, as determined by the Secretary,*
 6 *to assist eligible producers and entities described in*
 7 *subsection (b)(1) through—*

8 “(A) *the provision of market research,*
 9 *training, or technical assistance; or*

10 “(B) *the development of supply networks for*
 11 *value-added products that strengthen the profit-*
 12 *ability of small and mid-sized family farms.*

13 “(2) *TECHNICAL ASSISTANCE.—The term ‘tech-*
 14 *nical assistance’ means managerial, financial, oper-*
 15 *ational, and scientific analysis and consultation to*
 16 *assist an individual or entity (including a recipient*
 17 *or potential recipient of a grant under this section)—*

18 “(A) *to identify and evaluate practices, ap-*
 19 *proaches, problems, opportunities, or solutions;*
 20 *and*

21 “(B) *to assist in the planning, implementa-*
 22 *tion, management, operation, marketing, or*
 23 *maintenance of projects authorized under this*
 24 *section.*

25 “(3) *VALUE-ADDED AGRICULTURAL PRODUCT.—*

1 “(A) *IN GENERAL.*—*The term ‘value-added*
2 *agricultural product’ means any agricultural*
3 *commodity or product that—*

4 “(i)(I) *has undergone a change in*
5 *physical state;*

6 “(II) *was produced in a manner that*
7 *enhances the value of the agricultural com-*
8 *modity or product, as demonstrated through*
9 *a business plan that shows the enhanced*
10 *value, as determined by the Secretary; or*

11 “(III) *is physically segregated in a*
12 *manner that results in the enhancement of*
13 *the value of the agricultural commodity or*
14 *product; and*

15 “(ii) *as a result of the change in phys-*
16 *ical state or the manner in which the agri-*
17 *cultural commodity or product was pro-*
18 *duced, marketed, or segregated—*

19 “(I) *the customer base for the ag-*
20 *ricultural commodity or product has*
21 *been expanded; and*

22 “(II) *a greater portion of the rev-*
23 *enue derived from the marketing, proc-*
24 *essing, or physical segregation of the*
25 *agricultural commodity or product is*

1 *available to the producer of the com-*
 2 *modity or product.*

3 “(B) *INCLUSION.*—*The term ‘value-added*
 4 *agricultural products’ includes—*

5 “(i) *farm- or ranch-based renewable*
 6 *energy, including the sale of E–85 fuel; and*

7 “(ii) *the aggregation and marketing of*
 8 *locally-produced agricultural food prod-*
 9 *ucts.”.*

10 (b) *GRANT PROGRAM.*—*Section 231(b) of the Agricul-*
 11 *tural Risk Protection Act of 2000 (7 U.S.C. 1621 note; Pub-*
 12 *lic Law 106–224) is amended—*

13 (1) *in paragraph (2)—*

14 (A) *in subparagraph (A), by striking “ex-*
 15 *ceed \$500,000” and inserting “exceed—*

16 “(i) *\$300,000 in the case of grants in-*
 17 *cluding working capital; and*

18 “(ii) *\$100,000 in the case of all other*
 19 *grants.”; and*

20 (B) *by adding at the end the following:*

21 “(C) *RESEARCH, TRAINING, TECHNICAL AS-*
 22 *SISTANCE, AND OUTREACH.*—*The amount of*
 23 *grant funds provided to an assisting organiza-*
 24 *tion for a fiscal year may not exceed 10 percent*
 25 *of the total amount of funds that are used to*

1 *make grants for the fiscal year under this sub-*
 2 *section.”;*

3 *(2) in paragraph (3)—*

4 *(A) in subparagraph (A), by striking “or”*
 5 *at the end;*

6 *(B) in subparagraph (B), by striking the*
 7 *period at the end and inserting “; or”; and*

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

9 *“(C) to conduct market research, provide*
 10 *training and technical assistance, develop supply*
 11 *networks, or provide program outreach.”; and*

12 *(3) by striking paragraph (4) and inserting the*
 13 *following:*

14 *“(4) TERM.—A grant under this section shall*
 15 *have a term that does not exceed 3 years.*

16 *“(5) SIMPLIFIED APPLICATION.—The Secretary*
 17 *shall offer a simplified application form and process*
 18 *for project proposals requesting less than \$50,000.*

19 *“(6) PRIORITY.—*

20 *“(A) IN GENERAL.—In awarding grants,*
 21 *the Secretary shall give the priority to projects*
 22 *that—*

23 *“(i) contribute to increasing opportu-*
 24 *nities for beginning farmers or ranchers, so-*
 25 *cially disadvantaged farmers or ranchers,*

1 *and operators of small- and medium-sized*
 2 *farms and ranches that are not larger than*
 3 *family farms; and*

4 “(ii) support new ventures that do not
 5 have well-established markets or product de-
 6 velopment staffs and budgets, including the
 7 development of local food systems and the
 8 development of infrastructure to support
 9 local food systems.

10 “(B) *PARTICIPATION.*—*To the maximum*
 11 *extent practicable, the Secretary shall provide*
 12 *grants to projects that provide training and out-*
 13 *reach activities in areas that have, as determined*
 14 *by the Secretary, received relatively fewer grants*
 15 *than other areas.*

16 “(7) *AUTHORIZATION OF APPROPRIATIONS.*—
 17 *There are authorized to be appropriated such sums as*
 18 *are necessary to carry out this subsection for each of*
 19 *fiscal years 2008 through 2012.”.*

20 **SEC. 6402. INSURANCE OF LOANS FOR HOUSING AND RE-**
 21 **LATED FACILITIES FOR DOMESTIC FARM**
 22 **LABOR.**

23 *Section 514(f)(3) of the Housing Act of 1949 (42*
 24 *U.S.C. 1484(f)(3)) is amended by striking “or the handling*
 25 *of such commodities in the unprocessed stage” and inserting*

1 “, the handling of agricultural or aquacultural commodities
 2 in the unprocessed stage, or the processing of agricultural
 3 or aquacultural commodities”.

4 ***Subtitle F—Housing Assistance***
 5 ***Council***

6 ***SEC. 6501. SHORT TITLE.***

7 *This title may be cited as the “Housing Assistance*
 8 *Council Authorization Act of 2007”.*

9 ***SEC. 6502. ASSISTANCE TO HOUSING ASSISTANCE COUNCIL.***

10 *(a) USE.—The Secretary of Housing and Urban De-*
 11 *velopment may provide financial assistance to the Housing*
 12 *Assistance Council for use by such Council to develop the*
 13 *ability and capacity of community-based housing develop-*
 14 *ment organizations to undertake community development*
 15 *and affordable housing projects and programs in rural*
 16 *areas. Assistance provided by the Secretary under this sec-*
 17 *tion may be used by the Housing Assistance Council for—*

18 *(1) technical assistance, training, support, and*
 19 *advice to develop the business and administrative ca-*
 20 *pabilities of rural community-based housing develop-*
 21 *ment organizations;*

22 *(2) loans, grants, or other financial assistance to*
 23 *rural community-based housing development organi-*
 24 *zations to carry out community development and af-*

1 *fordable housing activities for low- and moderate-in-*
 2 *come families; and*

3 *(3) such other activities as may be determined by*
 4 *the Housing Assistance Council.*

5 **(b) AUTHORIZATION OF APPROPRIATIONS.**—*There is*
 6 *authorized to be appropriated for financial assistance under*
 7 *this section for the Housing Assistance Council—*

8 *(1) \$10,000,000 for fiscal year 2008; and*

9 *(2) \$15,000,000 for each of fiscal years 2009 and*
 10 *2010.*

11 **SEC. 6503. AUDITS AND REPORTS.**

12 **(a) AUDIT.**—*In any year in which the Housing Assist-*
 13 *ance Council receives funds under this title, the Comptroller*
 14 *General of the United States shall—*

15 *(1) audit the financial transactions and activi-*
 16 *ties of such Council only with respect to such funds*
 17 *so received; and*

18 *(2) submit a report detailing such audit to the*
 19 *Committee on Banking, Housing, and Urban Affairs*
 20 *of the Senate and the Committee on Financial Serv-*
 21 *ices of the House of Representatives.*

22 **(b) GAO REPORT.**—*The Comptroller General of the*
 23 *United States shall conduct a study and submit a report*
 24 *to the Committee on Banking, Housing, and Urban Affairs*
 25 *of the Senate and the Committee on Financial Services of*

1 *the House of Representative on the use of any funds appro-*
 2 *priated to the Housing Assistance Council over the past 10*
 3 *years.*

4 **SEC. 6504. PERSONS NOT LAWFULLY PRESENT IN THE**
 5 **UNITED STATES.**

6 *None of the funds made available under this title may*
 7 *be used to provide direct housing assistance to any person*
 8 *not lawfully present in the United States.*

9 **SEC. 6505. LIMITATION ON USE OF AUTHORIZED AMOUNTS.**

10 *None of the amounts authorized by this title may be*
 11 *used to lobby or retain a lobbyist for the purpose of influ-*
 12 *encing a Federal, State, or local governmental entity or offi-*
 13 *cer.*

14 **TITLE VII—RESEARCH AND**
 15 **RELATED MATTERS**
 16 **Subtitle A—National Agricultural**
 17 **Research, Extension, and Teach-**
 18 **ing Policy Act of 1977**

19 **SEC. 7001. DEFINITIONS.**

20 *Section 1404 of the National Agricultural Research,*
 21 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 22 *3103) is amended—*

23 *(1) in paragraph (4)—*

1 (A) by redesignating subparagraphs (A)
2 through (E) as clauses (i) through (v), respec-
3 tively;

4 (B) by striking “(4) The terms” and insert-
5 ing the following:

6 “(4) COLLEGE AND UNIVERSITY.—

7 “(A) IN GENERAL.—The terms”; and

8 (C) by adding at the end the following:

9 “(B) INCLUSIONS.—The terms ‘college’ and
10 ‘university’ include a research foundation main-
11 tained by a college or university described in
12 subparagraph (A).”;

13 (2) by redesignating paragraphs (6) through (8),
14 (9) through (14), (15), and (16) as paragraphs (7)
15 through (9), (11) through (16), (19), and (6), respec-
16 tively, and moving the paragraphs so as to appear in
17 alphabetical order;

18 (3) by inserting after paragraph (9) (as redesign-
19 ated by paragraph (2)) the following:

20 “(10) HISPANIC-SERVING AGRICULTURAL COL-
21 LEGES AND UNIVERSITIES.—The term ‘Hispanic-serv-
22 ing agricultural colleges and universities’ means a
23 college or university that—

24 “(A) qualifies as a Hispanic-serving insti-
25 tution; and

1 “(B) offers associate, bachelor’s, or other ac-
 2 credited degree programs in agriculture-related
 3 fields.”; and

4 (4) by striking paragraph (11) (as so redesign-
 5 ated) and inserting the following:

6 “(11) *HISPANIC-SERVING INSTITUTION.*—The
 7 term ‘Hispanic-serving institution’ has the meaning
 8 given the term in section 502(a) of the Higher Edu-
 9 cation Act of 1965 (20 U.S.C. 1101a(a)).”.

10 **SEC. 7002. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**
 11 **SION, EDUCATION, AND ECONOMICS ADVI-**
 12 **SORY BOARD.**

13 Section 1408 of the National Agricultural Re-
 14 search, Extension, and Teaching Policy Act of 1977
 15 (7 U.S.C. 3123) is amended—

16 (A) in subsection (g)(1), by striking
 17 “\$350,000” and inserting “\$500,000”; and

18 (B) in subsection (h), by striking “2007”
 19 and inserting “2012”.

20 **SEC. 7003. VETERINARY MEDICINE LOAN REPAYMENT.**

21 Section 1415A of the National Agricultural Research,
 22 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
 23 3151a) is amended—

24 (1) by redesignating subsection (d) as subsection
 25 (g); and

1 (2) *by inserting after subsection (c) the fol-*
 2 *lowing:*

3 “(d) *INITIAL IMPLEMENTATION.—To address the ur-*
 4 *gent security concerns of the United States with respect to*
 5 *public health, bioterrorism preparedness, and food supply*
 6 *security, in implementing the first phase of the veterinary*
 7 *medicine loan repayment program, the Secretary shall give*
 8 *priority to large and mixed animal practitioner shortages*
 9 *in rural communities.*

10 “(e) *USE OF FUNDS.—None of the funds appropriated*
 11 *to the Secretary under subsection (g) may be used to carry*
 12 *out section 5379 of title 5, United States Code.*

13 “(f) *REGULATIONS.—Notwithstanding subchapter II of*
 14 *chapter 5 of title 5, United States Code, not later than 270*
 15 *days after the date of enactment of this subsection, the Sec-*
 16 *retary shall promulgate regulations to carry out this sec-*
 17 *tion.”.*

18 **SEC. 7004. ELIGIBILITY OF UNIVERSITY OF THE DISTRICT**
 19 **OF COLUMBIA FOR GRANTS AND FELLOW-**
 20 **SHIPS FOR FOOD AND AGRICULTURAL**
 21 **SCIENCES EDUCATION.**

22 *Section 1417 of the National Agricultural Research,*
 23 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 24 *3152) is amended—*

(1) in the matter preceding paragraph (1) of subsection (b), by inserting “(including the University of the District of Columbia)” after “land-grant colleges and universities”; and

(2) in subsection (d)(2), by inserting “(including the University of the District of Columbia)” after “universities”.

SEC. 7005. GRANTS TO 1890 INSTITUTIONS TO EXPAND EXTENSION CAPACITY.

Section 1417(b)(4) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(b)(4)) is amended by striking “teaching and research” and inserting “teaching, research, and extension”.

SEC. 7006. EXPANSION OF FOOD AND AGRICULTURAL SCIENCES AWARDS.

Section 1417(i) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(i)) is amended—

(1) in the subsection heading, by striking “TEACHING AWARDS ” and “TEACHING, EXTENSION, AND RESEARCH AWARDS”; and

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

“(1) ESTABLISHMENT.—

“(A) *IN GENERAL.*—*The Secretary shall establish a National Food and Agricultural Sciences Teaching, Extension, and Research Awards program to recognize and promote excellence in teaching, extension, and research in the food and agricultural sciences at a college or university.*

“(B) *MINIMUM REQUIREMENT.*—*The Secretary shall make at least 1 cash award in each fiscal year to a nominee selected by the Secretary for excellence in each of the areas of teaching, extension, and research of food and agricultural science at a college or university.*”.

SEC. 7007. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION.

(a) *EDUCATION TEACHING PROGRAMS.*—*Section 1417(j) of the National Agricultural Research, Extension and Teaching Policy Act of 1977 (7 U.S.C. 3152(j)) is amended—*

(1) *in the subsection heading, by striking “AND 2-YEAR POSTSECONDARY EDUCATION TEACHING PROGRAMS” and inserting “, 2-YEAR POSTSECONDARY EDUCATION, AND AGRICULTURE IN THE K–12 CLASSROOM”; and*

(2) *in paragraph (3)—*

1 (A) in the matter preceding subparagraph
 2 (A), by striking “and institutions of higher edu-
 3 cation that award an associate’s degree” and in-
 4 serting “, institutions of higher education that
 5 award an associate’s degree, other institutions of
 6 higher education, and nonprofit organizations”;

7 (B) in subparagraph (E), by striking “and”
 8 at the end;

9 (C) in subparagraph (F), by striking the
 10 period at the end and inserting “; and”; and

11 (D) by adding at the end the following:

12 “(G) to support current agriculture in the
 13 classroom programs for grades K–12.”.

14 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
 15 1417(l) of the National Agricultural Research, Extension,
 16 and Teaching Policy Act of 1977 (7 U.S.C. 3152(l)) is
 17 amended by striking “2007” and inserting “2012”.

18 (c) *REPORT.*—Section 1417 of the National Agricul-
 19 tural Research, Extension and Teaching Policy Act of 1977
 20 (7 U.S.C. 3152) is amended—

21 (1) by redesignating subsection (l) as subsection
 22 (m); and

23 (2) by inserting after subsection (k) the fol-
 24 lowing:

1 “(l) *REPORT.*—*The Secretary shall submit an annual*
 2 *report to the Committee on Agriculture of the House of Rep-*
 3 *resentatives and the Committee on Agriculture, Nutrition,*
 4 *and Forestry of the Senate describing the distribution of*
 5 *funds used to implement teaching programs under sub-*
 6 *section (j).*”.

7 **SEC. 7008. GRANTS FOR RESEARCH ON PRODUCTION AND**
 8 **MARKETING OF ALCOHOLS AND INDUSTRIAL**
 9 **HYDROCARBONS FROM AGRICULTURAL COM-**
 10 **MODITIES AND FOREST PRODUCTS.**

11 *Section 1419(d) of the National Agricultural Research,*
 12 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 13 *3154(d)) is amended by striking “2007” and inserting*
 14 *“2012”.*

15 **SEC. 7009. POLICY RESEARCH CENTERS.**

16 *Section 1419A of the National Agricultural Research,*
 17 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 18 *3155) is amended—*

19 (1) *in subsection (b), by inserting “(including*
 20 *the Food Agricultural Policy Research Institute, the*
 21 *Agricultural and Food Policy Center, the Rural Pol-*
 22 *icy Research Institute, and the Community Vitality*
 23 *Center)” after “research institutions and organiza-*
 24 *tions”; and*

1 (2) in subsection (d), by striking “2007” and in-
 2 serting “2012”.

3 **SEC. 7010. HUMAN NUTRITION INTERVENTION AND HEALTH**
 4 **PROMOTION RESEARCH PROGRAM.**

5 Section 1424(d) of the National Agricultural Research,
 6 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
 7 3174(d)) is amended by striking “2007” and inserting
 8 “2012”.

9 **SEC. 7011. PILOT RESEARCH PROGRAM TO COMBINE MED-**
 10 **ICAL AND AGRICULTURAL RESEARCH.**

11 Section 1424A(d) of the National Agricultural Re-
 12 search, Extension, and Teaching Policy Act of 1977 (7
 13 U.S.C. 3174a(d)) is amended by striking “2007” and in-
 14 serting “2012”.

15 **SEC. 7012. NUTRITION EDUCATION PROGRAM.**

16 (a) *DEFINITIONS.*—Section 1425 of the National Agri-
 17 cultural Research, Extension, and Teaching Policy Act of
 18 1977 (7 U.S.C. 3175) is amended—

19 (1) by redesignating subsections (a) through (c)
 20 as subsections (b) through (d), respectively;

21 (2) by striking the section heading and “SEC.
 22 1425.” and inserting the following:

23 **“SEC. 1425. NUTRITION EDUCATION PROGRAM.**

24 “(a) *DEFINITIONS.*—In this section, the terms ‘1862
 25 Institution’ and ‘1890 Institution’ have the meaning given

1 *those terms in section 2 of the Agricultural Research, Extension,*
 2 *sion, and Education Reform Act of 1998 (7 U.S.C. 7601).”;*

3 *(3) in subsection (b) (as redesignated by para-*
 4 *graph (1)), by striking “The Secretary” and inserting*
 5 *the following:*

6 *“(b) ESTABLISHMENT.—The Secretary”; and*

7 *(4) in subsection (c) (as so redesignated), by*
 8 *striking “In order to enable” and inserting the fol-*
 9 *lowing:*

10 *“(c) EMPLOYMENT AND TRAINING.—To enable”.*

11 *(b) FUNDING TO 1862, 1890, AND INSULAR AREA IN-*
 12 *STITUTIONS.—Subsection (d) of section 1425 of the Na-*
 13 *tional Agricultural Research, Extension, and Teaching Pol-*
 14 *icy Act of 1977 (7 U.S.C. 3175) (as redesignated by sub-*
 15 *section (a)(1)) is amended—*

16 *(1) in the matter preceding paragraph (1), by*
 17 *striking “Beginning” and inserting the following:*

18 *“(d) ALLOCATION OF FUNDING.—Beginning”; and*

19 *(2) in paragraph (2), by striking subparagraph*
 20 *(B) and inserting the following:*

21 *“(B) Notwithstanding section 3(d)(2) of the*
 22 *Act of May 8, 1914 (7 U.S.C. 343(d)(2)), the re-*
 23 *mainder shall be allocated among the States as*
 24 *follows:*

1 “(i) \$100,000 shall be distributed to
2 each 1862 and 1890 land-grant college and
3 university.

4 “(ii)(I) Subject to subclause (II), of the
5 remainder, 10 percent for fiscal year 2008,
6 11 percent for fiscal year 2009, 12 percent
7 for fiscal year 2010, 13 percent for fiscal
8 year 2011, 14 percent for fiscal year 2012,
9 and 15 percent for each fiscal year there-
10 after, shall be distributed among the 1890
11 Institutions, to be allocated to each 1890 In-
12 stitution in an amount that bears the same
13 ratio to the total amount to be allocated
14 under this clause as—

15 “(aa) the population living at or
16 below 125 percent of the income pov-
17 erty guidelines (as prescribed by the
18 Office of Management and Budget and
19 as adjusted pursuant to section 673(2)
20 of the Community Services Block
21 Grant Act (42 U.S.C. 9902(2))) in the
22 State in which the 1890 Institution is
23 located; bears to

24 “(bb) the total population living
25 at or below 125 percent of the income

1 *poverty guidelines in all States that*
2 *have 1890 Institutions, as determined*
3 *by the last preceding decennial census*
4 *at the time each such additional*
5 *amount is first appropriated.*

6 *“(II) The total amount allocated under*
7 *this clause shall not exceed the amount of*
8 *the funds appropriated for the conduct of*
9 *the expanded food and nutrition education*
10 *program for the fiscal year that are in ex-*
11 *cess of the amount appropriated for the con-*
12 *duct of the program for fiscal year 2007.*

13 *“(iii)(I) Subject to subclauses (II) and*
14 *(III), the remainder shall be allocated to the*
15 *1860 institution in each State (including*
16 *the appropriate insular area institution*
17 *and the University of the District of Colum-*
18 *bia) in an amount that bears the same ratio*
19 *to the total amount to be allocated under*
20 *this subparagraph as—*

21 *“(aa) the population of the State*
22 *living at or below 125 percent of the*
23 *income poverty guidelines prescribed*
24 *by the Office of Management and*
25 *Budget (adjusted pursuant to section*

1 673(2) of the Omnibus Budget Rec-
 2 conciliation Act of 1981 (42 U.S.C.
 3 9902(2)); bears to

4 “(bb) the total population of all
 5 the States living at or below 125 per-
 6 cent of the income poverty guidelines,
 7 as determined by the last preceding de-
 8 cennial census at the time each such
 9 additional amount is first appro-
 10 priated.

11 “(II) The total amount allocated under
 12 this clause to the University of the District
 13 of Columbia shall not exceed the amount de-
 14 scribed in clause (ii)(II), reduced by the
 15 amount allocated to the University of the
 16 District of Columbia under clause (ii).

17 “(III) Nothing in this clause precludes
 18 the Secretary from developing educational
 19 materials and programs for persons in in-
 20 come ranges above the level designated in
 21 this clause.”.

22 (c) *AUTHORIZATION OF APPROPRIATIONS.*—Subsection
 23 (d)(3) of section 1425 of the National Agricultural Re-
 24 search, Extension, and Teaching Policy Act of 1977 (7

1 U.S.C. 3175) (as redesignated by subsection (a)(1)) is
 2 amended—

3 (1) by striking “There is” and inserting the fol-
 4 lowing:

5 “(3) AUTHORIZATION OF APPROPRIATIONS.—
 6 There is”; and

7 (2) by striking “\$83,000,000 for each of fiscal
 8 years 1996 through 2007” and inserting “\$90,000,000
 9 for each of fiscal years 2008 through 2012”.

10 (d) CONFORMING AMENDMENT.—Section 1588(b) of
 11 the Food Security Act of 1985 (7 U.S.C. 3175e(b)) is
 12 amended by striking “section 1425(c)(2)” and inserting
 13 “section 1425(d)(2)”.

14 (e) EFFECTIVE DATE.—The amendments made by this
 15 section take effect on October 1, 2007.

16 **SEC. 7013. PURPOSES AND FINDINGS RELATING TO ANIMAL**
 17 **HEALTH AND DISEASE RESEARCH.**

18 Section 1429 of the National Agricultural Research,
 19 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
 20 3191) is amended—

21 (1) in paragraph (8), by striking “and” at the
 22 end;

23 (2) in paragraph (9), by striking the period at
 24 the end and inserting “; and”; and

25 (3) by adding at the end the following:

1 “(10) support work with agricultural colleges
2 and universities to develop methods and practices of
3 animal husbandry that ensure the judicious use of
4 antibiotics.”.

5 **SEC. 7014. CONTINUING ANIMAL HEALTH AND DISEASE RE-**
6 **SEARCH PROGRAMS.**

7 Section 1433(a) of the National Agricultural Research,
8 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
9 3195(a)) is amended in the first sentence by striking
10 “2007” and inserting “2012”.

11 **SEC. 7015. APPROPRIATIONS FOR RESEARCH ON NATIONAL**
12 **OR REGIONAL PROBLEMS.**

13 Section 1434(a) of the National Agricultural Research,
14 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
15 3196(a)) is amended by striking “2007” and inserting
16 “2012”.

17 **SEC. 7016. ANIMAL HEALTH AND DISEASE RESEARCH PRO-**
18 **GRAM.**

19 Section 1434(b) of the National Agricultural Research,
20 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
21 3196(b)) is amended by inserting after “universities” the
22 following: “(including 1890 Institutions (as defined in sec-
23 tion 2 of the Agricultural Research, Extension, and Edu-
24 cation Reform Act of 1998 (7 U.S.C. 7601)))”.

1 **SEC. 7017. AUTHORIZATION LEVEL FOR EXTENSION AT 1890**

2 **LAND-GRANT COLLEGES.**

3 *Section 1444(a)(2) of the National Agricultural Re-*
 4 *search, Extension, and Teaching Policy Act of 1977 (7*
 5 *U.S.C. 3221(a)(2)) is amended by striking “15 percent”*
 6 *and inserting “20 percent”.*

7 **SEC. 7018. AUTHORIZATION LEVEL FOR AGRICULTURAL RE-**

8 **SEARCH AT 1890 LAND-GRANT COLLEGES.**

9 *Section 1445(a)(2) of the National Agricultural Re-*
 10 *search, Extension, and Teaching Policy Act of 1977 (7*
 11 *U.S.C. 3222(a)(2)) is amended by striking “25 percent”*
 12 *and inserting “30 percent”.*

13 **SEC. 7019. GRANTS TO UPGRADE AGRICULTURAL AND FOOD**

14 **SCIENCES FACILITIES AT 1890 LAND-GRANT**
 15 **COLLEGES, INCLUDING TUSKEGEE UNIVER-**
 16 **SITY.**

17 *Section 1447(b) of the National Agricultural Research,*
 18 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 19 *3222b(b)) is amended by striking “2007” and inserting*
 20 *“2012”.*

21 **SEC. 7020. GRANTS TO UPGRADE AGRICULTURE AND FOOD**

22 **SCIENCES FACILITIES AT THE DISTRICT OF**
 23 **COLUMBIA LAND GRANT UNIVERSITY.**

24 *The National Agricultural Research, Extension, and*
 25 *Teaching Policy Act of 1977 is amended by inserting after*
 26 *section 1447 (7 U.S.C. 3222b) the following:*

1 **“SEC. 1447A. GRANTS TO UPGRADE AGRICULTURE AND**
 2 **FOOD SCIENCES FACILITIES AT THE DIS-**
 3 **TRICT OF COLUMBIA LAND GRANT UNIVER-**
 4 **SITY.**

5 “(a) *PURPOSE.*—*It is the intent of Congress to assist*
 6 *the land grant university in the District of Columbia estab-*
 7 *lished under section 208 of the District of Columbia Public*
 8 *Postsecondary Education Reorganization Act (Public Law*
 9 *93–471; 88 Stat. 1428) in efforts to acquire, alter, or repair*
 10 *facilities or relevant equipment necessary for conducting*
 11 *agricultural research.*

12 “(b) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
 13 *are authorized to be appropriated to carry out this section*
 14 *\$750,000 for each of fiscal years 2008 through 2012.”.*

15 **SEC. 7021. NATIONAL RESEARCH AND TRAINING VIRTUAL**
 16 **CENTERS.**

17 *Section 1448 of the National Agricultural Research,*
 18 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 19 *3222c) is amended by striking “2007” each place it appears*
 20 *in subsections (a)(1) and (f) and inserting “2012”.*

21 **SEC. 7022. MATCHING FUNDS REQUIREMENT FOR RE-**
 22 **SEARCH AND EXTENSION ACTIVITIES OF 1890**
 23 **INSTITUTIONS.**

24 *Section 1449(c) of the National Agricultural Research,*
 25 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*

1 3222d(c)) is amended in the first sentence by striking
2 “2007” and inserting “2012.”.

3 **SEC. 7023. HISPANIC-SERVING INSTITUTIONS.**

4 Section 1455 of the National Agricultural Research,
5 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
6 3241) is amended—

7 (1) in subsection (a) by striking “(or grants
8 without regard to any requirement for competition)”;

9 (2) in subsection (b)—

10 (A) in paragraph (1), by striking “of con-
11 sortia”;

12 (B) in paragraph (3), by striking “, begin-
13 ning with the mentoring of students” and all
14 that follows through “doctoral degree”; and

15 (C) in paragraph (4)—

16 (i) by striking “2 or more”; and

17 (ii) by striking “, or between His-
18 panic-serving” and all that follows through
19 “the private sector,”; and

20 (3) in subsection (c)—

21 (A) by striking “\$20,000,000” and inserting
22 “\$40,000,000”; and

23 (B) by striking “2007” and inserting
24 “2012”.

1 **SEC. 7024. HISPANIC-SERVING AGRICULTURAL COLLEGES**
 2 **AND UNIVERSITIES.**

3 (a) *IN GENERAL.*—*The National Agricultural Re-*
 4 *search, Extension and Teaching Policy Act of 1977 is*
 5 *amended by inserting after section 1455 (7 U.S.C. 3241)*
 6 *the following:*

7 **“SEC. 1456. HISPANIC-SERVING AGRICULTURAL COLLEGES**
 8 **AND UNIVERSITIES.**

9 “(a) *DEFINITION OF ENDOWMENT FUND.*—*In this sec-*
 10 *tion, the term ‘endowment fund’ means the Hispanic-Serv-*
 11 *ing Agricultural Colleges and Universities Fund established*
 12 *under subsection (b).*

13 “(b) *ENDOWMENT.*—

14 “(1) *IN GENERAL.*—*The Secretary of the Treas-*
 15 *ury shall establish in accordance with this subsection*
 16 *a Hispanic-Serving Agricultural Colleges and Univer-*
 17 *sities Fund.*

18 “(2) *AGREEMENTS.*—*The Secretary of the Treas-*
 19 *ury may enter into such agreements as are necessary*
 20 *to carry out this subsection.*

21 “(3) *DEPOSIT TO THE ENDOWMENT FUND.*—*The*
 22 *Secretary of the Treasury shall deposit in the endow-*
 23 *ment fund any—*

24 “(A) *amounts made available through Acts*
 25 *of appropriations, which shall be the endowment*
 26 *fund corpus; and*

1 “(B) *interest earned on the endowment fund*
2 *corpus.*

3 “(4) *INVESTMENTS.—The Secretary of the Treas-*
4 *ury shall invest the endowment fund corpus and in-*
5 *come in interest-bearing obligations of the United*
6 *States.*

7 “(5) *WITHDRAWALS AND EXPENDITURES.—*

8 “(A) *CORPUS.—The Secretary of the Treas-*
9 *ury may not make a withdrawal or expenditure*
10 *from the endowment fund corpus.*

11 “(B) *WITHDRAWALS.—On September 30,*
12 *2008, and each September 30 thereafter, the Sec-*
13 *retary of the Treasury shall withdraw the*
14 *amount of the income from the endowment fund*
15 *for the fiscal year and warrant the funds to the*
16 *Secretary of Agriculture who, after making ad-*
17 *justments for the cost of administering the en-*
18 *dowment fund, shall distribute the adjusted in-*
19 *come as follows:*

20 “(i) *60 percent shall be distributed*
21 *among the Hispanic-serving agricultural*
22 *colleges and universities on a pro rata basis*
23 *based on the Hispanic enrollment count of*
24 *each institution.*

1 “(ii) 40 percent shall be distributed in
2 equal shares to the Hispanic-serving agri-
3 cultural colleges and universities.

4 “(6) *ENDOWMENTS.*—Amounts made available
5 under this subsection shall be held and considered to
6 be granted to Hispanic-serving agricultural colleges
7 and universities to establish an endowment in accord-
8 ance with this subsection.

9 “(7) *AUTHORIZATION OF APPROPRIATIONS.*—
10 There are authorized to be appropriated to the Sec-
11 retary such sums as are necessary to carry out this
12 subsection for fiscal year 2008 and each fiscal year
13 thereafter.

14 “(c) *AUTHORIZATION FOR ANNUAL PAYMENTS.*—

15 “(1) *IN GENERAL.*—For fiscal year 2008 and
16 each fiscal year thereafter, there are authorized to be
17 appropriated to the Department of Agriculture to
18 carry out this subsection an amount equal to the
19 product obtained by multiplying—

20 “(A) \$80,000; by

21 “(B) the number of Hispanic-serving agri-
22 cultural colleges and universities.

23 “(2) *PAYMENTS.*—For fiscal year 2008 and each
24 fiscal year thereafter, the Secretary of the Treasury
25 shall pay to the treasurer of each Hispanic-Serving

1 *agricultural college and university an amount equal*
 2 *to—*

3 *“(A) the total amount made available by*
 4 *appropriations under subparagraph (A); divided*
 5 *by*

6 *“(B) the number of Hispanic-serving agri-*
 7 *cultural colleges and universities.*

8 *“(3) USE OF FUNDS.—*

9 *“(A) IN GENERAL.—Amounts authorized to*
 10 *be appropriated under this subsection shall be*
 11 *used in the same manner as is prescribed for col-*
 12 *leges under the Act of August 30, 1890 (com-*
 13 *monly known as the ‘Second Morrill Act’) (7*
 14 *U.S.C. 321 et seq.).*

15 *“(B) RELATIONSHIP TO OTHER LAW.—Ex-*
 16 *cept as otherwise provided in this subsection, the*
 17 *requirements of that Act shall apply to His-*
 18 *panic-serving agricultural colleges and univer-*
 19 *sities under this section.*

20 *“(d) INSTITUTIONAL CAPACITY-BUILDING GRANTS.—*

21 *“(1) IN GENERAL.—For fiscal year 2008 and*
 22 *each fiscal year thereafter, the Secretary shall make*
 23 *grants to assist Hispanic-serving agricultural colleges*
 24 *and universities in institutional capacity building*

1 *(not including alteration, repair, renovation, or con-*
 2 *struction of buildings).*

3 “(2) *CRITERIA FOR INSTITUTIONAL CAPACITY-*
 4 *BUILDING GRANTS.*—

5 “(A) *REQUIREMENTS FOR GRANTS.*—*The*
 6 *Secretary shall make grants under this sub-*
 7 *section on the basis of a competitive application*
 8 *process under which Hispanic-serving agricul-*
 9 *tural colleges and universities may submit appli-*
 10 *cations to the Secretary at such time, in such*
 11 *manner, and containing such information as the*
 12 *Secretary may require.*

13 “(B) *DEMONSTRATION OF NEED.*—

14 “(i) *IN GENERAL.*—*As part of an ap-*
 15 *plication for a grant under this subsection,*
 16 *the Secretary shall require the applicant to*
 17 *demonstrate need for the grant, as deter-*
 18 *mined by the Secretary.*

19 “(ii) *OTHER SOURCES OF FUNDING.*—
 20 *The Secretary may award a grant under*
 21 *this subsection only to an applicant that*
 22 *demonstrates a failure to obtain funding for*
 23 *a project after making a reasonable effort to*
 24 *otherwise obtain the funding.*

1 “(C) *PAYMENT OF NON-FEDERAL SHARE.*—

2 *A grant awarded under this subsection shall be*
 3 *made only if the recipient of the grant pays a*
 4 *non-Federal share in an amount that is specified*
 5 *by the Secretary and based on assessed institu-*
 6 *tional needs.*

7 “(3) *AUTHORIZATION OF APPROPRIATIONS.*—

8 *There are authorized to be appropriated to the Sec-*
 9 *retary such sums as are necessary to carry out this*
 10 *subsection for fiscal year 2008 and each fiscal year*
 11 *thereafter.*

12 “(e) *COMPETITIVE GRANTS PROGRAM.*—

13 “(1) *IN GENERAL.*—*The Secretary shall establish*
 14 *a competitive grants program to fund fundamental*
 15 *and applied research at Hispanic-serving agricultural*
 16 *colleges and universities in agriculture, human nutri-*
 17 *tion, food science, bioenergy, and environmental*
 18 *science.*

19 “(2) *AUTHORIZATION OF APPROPRIATIONS.*—

20 *There are authorized to be appropriated to the Sec-*
 21 *retary such sums as are necessary to carry out this*
 22 *subsection for fiscal year 2008 and each fiscal year*
 23 *thereafter.”.*

24 “(b) *EXTENSION.*—*Section 3 of the Smith-Lever Act (7*
 25 *U.S.C. 343) is amended—*

1 (1) *in subsection (b), by adding at the end the*
 2 *following:*

3 “(4) *ANNUAL APPROPRIATION FOR HISPANIC-*
 4 *SERVING AGRICULTURAL COLLEGES AND UNIVER-*
 5 *SITIES.—*

6 “(A) *AUTHORIZATION OF APPROPRIA-*
 7 *TIONS.—There are authorized to be appropriated*
 8 *to the Secretary such sums as are necessary to*
 9 *carry out this paragraph for fiscal year 2008*
 10 *and each fiscal year thereafter.*

11 “(B) *ADDITIONAL AMOUNT.—Amounts made*
 12 *available under this paragraph shall be in addi-*
 13 *tion to any other amounts made available under*
 14 *this section to States, the Commonwealth of*
 15 *Puerto Rico, or any other territory or possession*
 16 *of the United States.*

17 “(C) *ADMINISTRATION.—Amounts made*
 18 *available under this paragraph shall be—*

19 “(i) *distributed on the basis of a com-*
 20 *petitive application process to be developed*
 21 *and implemented by the Secretary and paid*
 22 *by the Secretary to the State institutions es-*
 23 *tablished in accordance with the Act of July*
 24 *2, 1862 (commonly known as the ‘First*
 25 *Morrill Act’)* (7 U.S.C. 301 *et seq.*); and

“(ii) administered by State institutions through cooperative agreements with the Hispanic-serving agricultural colleges and universities (as defined in section 1456 of the National Agricultural Research, Extension and Teaching Policy Act of 1977) in the State in accordance with regulations promulgated by the Secretary.”; and
 (2) in subsection (f)—

(A) in the subsection heading, by inserting “AND HISPANIC-SERVING AGRICULTURAL COLLEGES AND UNIVERSITIES” after “1994 INSTITUTIONS”; and

(B) by striking “pursuant to subsection (b)(3)” and inserting “or Hispanic-serving agricultural colleges and universities in accordance with paragraphs (3) and (4) of subsection (b)”.

SEC. 7025. INTERNATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND EDUCATION.

Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended—

(1) in paragraph (1)—

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

1 (B) in subparagraph (B), by adding “and”
 2 at the end; and

3 (C) by adding at the end the following:

4 “(C) giving priority to those institutions
 5 with existing memoranda of understanding,
 6 agreements, or other formal ties to United States
 7 institutions, or Federal or State agencies;”;

8 (2) in paragraph (3), by inserting “Hispanic-
 9 serving agricultural colleges and universities,” after
 10 “universities,”;

11 (3) in paragraph (7)(A), by striking “and land-
 12 grant colleges and universities” and inserting “, land-
 13 grant colleges and universities, and Hispanic-serving
 14 agricultural colleges and universities”;

15 (4) in paragraph (9)—

16 (A) in subparagraph (A), by striking “or
 17 other colleges and universities” and inserting “,
 18 Hispanic-serving agricultural colleges and uni-
 19 versities, or other colleges and universities”; and

20 (B) in subparagraph (D), by striking “and”
 21 at the end;

22 (5) in paragraph (10), by striking the period at
 23 the end and inserting “; and”; and

24 (6) by adding at the end the following:

1 “(11) establish a program for the purpose of pro-
 2 viding fellowships to United States or foreign students
 3 to study at foreign agricultural colleges and univer-
 4 sities working under agreements provided for under
 5 paragraph (3).”.

6 **SEC. 7026. COMPETITIVE GRANTS FOR INTERNATIONAL AG-**
 7 **RICULTURAL SCIENCE AND EDUCATION PRO-**
 8 **GRAMS.**

9 Section 1459A(c) of the National Agricultural Re-
 10 search, Extension, and Teaching Policy Act of 1977 (7
 11 U.S.C. 3292b(c)) is amended by striking “2007” and insert-
 12 ing “2012”.

13 **SEC. 7027. INDIRECT COSTS.**

14 Section 1462(a) of the National Agricultural Research,
 15 Extension, and Teaching Policy Act of 1977 (7 U.S.C.
 16 3310(a)) is amended by striking “shall not exceed 19 per-
 17 cent” and inserting “shall be the negotiated indirect rate
 18 of cost established for an institution by the appropriate
 19 Federal audit agency for the institution, not to exceed 30
 20 percent”.

21 **SEC. 7028. RESEARCH EQUIPMENT GRANTS.**

22 Section 1462A(e) of the National Agricultural Re-
 23 search, Extension, and Teaching Policy Act of 1977 (7
 24 U.S.C. 3310a(e)) is amended by striking “2007” and insert-
 25 ing “2012”.

1 **SEC. 7029. UNIVERSITY RESEARCH.**

2 *Section 1463 of the National Agricultural Research,*
 3 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 4 *3311) is amended by striking “2007” each place it appears*
 5 *in subsections (a) and (b) and inserting “2012”.*

6 **SEC. 7030. EXTENSION SERVICE.**

7 *Section 1464 of the National Agricultural Research,*
 8 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 9 *3312) is amended by striking “2007” and inserting “2012”.*

10 **SEC. 7031. INDIRECT COST RECOVERY.**

11 *Section 1473A of the National Agricultural Research,*
 12 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 13 *3319a) is amended in the second sentence by striking “not*
 14 *exceeding 10 percent of the direct cost” and inserting “and*
 15 *shall be the negotiated indirect rate of cost for an institution*
 16 *by the appropriate Federal audit agency for the institution,*
 17 *not to exceed 30 percent.”*

18 **SEC. 7032. SUPPLEMENTAL AND ALTERNATIVE CROPS.**

19 *Section 1473D(a) of the National Agricultural Re-*
 20 *search, Extension, and Teaching Policy Act of 1977 (7*
 21 *U.S.C. 3319d(a)) is amended by striking “2007” and in-*
 22 *serting “2012”.*

23 **SEC. 7033. AQUACULTURE RESEARCH FACILITIES.**

24 *(a) FISH DISEASE PROGRAM.—Section 1475(f) of the*
 25 *National Agricultural Research, Extension, and Teaching*
 26 *Policy Act of 1977 (7 U.S.C. 3322(f)) is amended—*

1 (1) *by striking “The Secretary” and inserting*
2 *the following:*

3 “(1) *IN GENERAL.—The Secretary*”; and

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

5 “(2) *VIRAL HEMORRHAGIC SEPTICEMIA.—*

6 “(A) *IN GENERAL.—The study of viral hem-*
7 *orrhagic septicemia (referred to in this para-*
8 *graph as ‘VHS’) and VHS management shall be*
9 *considered an area of priority research under*
10 *this subsection.*

11 “(B) *CONSULTATION.—*

12 “(i) *IN GENERAL.—The Secretary shall*
13 *consult with appropriate directors of State*
14 *and tribal natural resource management*
15 *and agriculture agencies in areas that are*
16 *VHS positive as of the date of enactment of*
17 *this paragraph to develop and implement a*
18 *comprehensive set of priorities for man-*
19 *aging VHS, including providing funds for*
20 *research into the spread and control of the*
21 *disease, surveillance, monitoring, risk eval-*
22 *uation, enforcement, screening, education*
23 *and outreach, and management.*

24 “(ii) *CONSIDERATION.—The Secretary*
25 *shall provide special consideration to the*

1 *recommendations of the directors described*
 2 *in clause (i) in the development of the VHS*
 3 *priorities.”.*

4 (b) *AUTHORIZATION OF APPROPRIATIONS.—Section*
 5 *1477 of the National Agricultural Research, Extension, and*
 6 *Teaching Policy Act of 1977 (7 U.S.C. 3324) is amended*
 7 *by striking “2007” and inserting “2012”.*

8 **SEC. 7034. RANGELAND RESEARCH.**

9 (a) *GRANTS.—Section 1480(a) of the National Agri-*
 10 *cultural Research, Extension, and Teaching Policy Act of*
 11 *1977 (7 U.S.C. 3333(a)) is amended—*

12 (1) *in paragraph (1), by striking “; and” and*
 13 *inserting a semicolon;*

14 (2) *in paragraph (2), by striking the period at*
 15 *the end and inserting “; and”; and*

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

17 “(3) *pilot programs to coordinate and conduct*
 18 *collaborative projects to address natural resources*
 19 *management issues and facilitate the collection of in-*
 20 *formation and analysis to provide Federal and State*
 21 *agencies, private landowners, and the public with in-*
 22 *formation to allow for improved management of pub-*
 23 *lic and private rangeland.”.*

24 (b) *MATCHING REQUIREMENTS.—Section 1480(b)(2)*
 25 *of the National Agricultural Research, Extension, and*

1 *Teaching Policy Act of 1977 (7 U.S.C. 3333(b)(2)) is*
 2 *amended by striking “subsection (a)(2)” and inserting*
 3 *“paragraph (2) or (3) of subsection (a)”.*

4 (c) *AUTHORIZATION OF APPROPRIATIONS.—Section*
 5 *1483(a) of the National Agricultural Research, Extension,*
 6 *and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is*
 7 *amended by striking “2007” and inserting “2012”.*

8 **SEC. 7035. SPECIAL AUTHORIZATION FOR BIOSECURITY**
 9 **PLANNING AND RESPONSE.**

10 *Section 1484(a) of the National Agricultural Research,*
 11 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*
 12 *3351(a)) is amended by striking “2007” and inserting*
 13 *“2012”.*

14 **SEC. 7036. RESIDENT INSTRUCTION AND DISTANCE EDU-**
 15 **CATION GRANTS PROGRAM FOR INSULAR**
 16 **AREA INSTITUTIONS OF HIGHER EDUCATION.**

17 (a) *DISTANCE EDUCATION GRANTS FOR INSULAR*
 18 *AREAS.—Section 1490(f) of the National Agricultural Re-*
 19 *search, Extension, and Teaching Policy Act of 1977 (7*
 20 *U.S.C. 3362(f)) is amended by striking “2007” and insert-*
 21 *ing “2012”.*

22 (b) *RESIDENT INSTRUCTION GRANTS FOR INSULAR*
 23 *AREAS.—Section 1491 of the National Agricultural Re-*
 24 *search, Extension, and Teaching Policy Act of 1977 (7*
 25 *U.S.C. 3363) is amended—*

1 (1) by redesignating subsection (e) as subsection
2 (c); and

3 (2) in subsection (c) (as so redesignated), by
4 striking “2007” and inserting “2012”.

5 **SEC. 7037. FARM MANAGEMENT TRAINING AND PUBLIC**
6 **FARM BENCHMARKING DATABASE.**

7 *Subtitle K of the National Agricultural Research, Ex-*
8 *tension, and Teaching Policy Act of 1977 is amended by*
9 *inserting after section 1467 (7 U.S.C. 3313) the following:*

10 **“SEC. 1468. FARM MANAGEMENT TRAINING AND PUBLIC**
11 **FARM BENCHMARKING DATABASE.**

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

13 “(1) *BENCHMARK, BENCHMARKING.—The term*
14 *‘benchmark’ or ‘benchmarking’ means the process of*
15 *comparing the performance of an agricultural enter-*
16 *prise against the performance of other similar enter-*
17 *prises, through the use of comparable and reliable*
18 *data, in order to identify business management*
19 *strengths, weaknesses, and steps necessary to improve*
20 *management performance and business profitability.*

21 “(2) *FARM MANAGEMENT ASSOCIATION.—The*
22 *term ‘farm management association’ means a public*
23 *or nonprofit organization or educational program—*

24 “(A) *the purpose of which is to assist farm-*
25 *ers, ranchers, and other agricultural operators to*

1 *improve financial management and business*
2 *profitability by providing training on farm fi-*
3 *nancial planning and analysis, record keeping,*
4 *and other farm management topics; and*

5 *“(B) that is affiliated with a land-grant*
6 *college or university, other institution of higher*
7 *education, or nonprofit entity.*

8 *“(3) NATIONAL FARM MANAGEMENT CENTER.—*
9 *The term ‘National Farm Management Center’ means*
10 *a land-grant college or university that, as determined*
11 *by the Secretary—*

12 *“(A) has collaborative partnerships with*
13 *more than 5 farm management associations that*
14 *are representative of agricultural diversity in*
15 *multiple regions of the United States;*

16 *“(B) has maintained and continues to*
17 *maintain farm financial analysis software ap-*
18 *plicable to the production and management of a*
19 *wide range of crop and livestock agricultural*
20 *commodities (including some organic commod-*
21 *ities);*

22 *“(C) has established procedures that enable*
23 *producers—*

24 *“(i) to benchmark the farms of the pro-*
25 *ducers against peer groups; and*

1 “(ii) to query the benchmarking data-
 2 base by location, farm type, farm size, and
 3 commodity at the overall business and indi-
 4 vidual enterprise levels; and

5 “(D) has provided and continues to provide
 6 public online access to farm and ranch financial
 7 benchmarking databases.

8 “(b) *ESTABLISHMENT.*—

9 “(1) *IN GENERAL.*—The Secretary shall establish
 10 a National Farm Management Center to improve the
 11 farm management knowledge and skills of individuals
 12 directly involved in production agriculture through—

13 “(A) participation in a farm management
 14 education and training program; and

15 “(B) direct access to a public farm
 16 benchmarking database.

17 “(2) *PROPOSALS.*—The Secretary shall request
 18 proposals from appropriate land-grant colleges and
 19 universities for the establishment of a National Farm
 20 Management Center in accordance with this section.

21 “(3) *REQUIREMENTS.*—The National Farm
 22 Management Center established under paragraph (1)
 23 shall—

24 “(A) coordinate standardized financial
 25 analysis methodologies for use by farmers, ranch-

ers, other agricultural operators, and farm management associations;

“(B) provide the software tools necessary for farm management associations, farmers, ranchers, and other agricultural operators to perform the necessary financial analyses, including the benchmarking of individual enterprises; and

“(C) develop and maintain a national farm financial database to facilitate those financial analyses and benchmarking that is available online to farmers, ranchers, other agricultural operators, farm management associations, and the public.

“(c) ASSOCIATION DESIGNATION.—

“(1) IN GENERAL.—The Secretary shall designate collaborating farm management associations to collaborate with the National Farm Management Center established under this section.

“(2) SELECTION.—

“(A) IN GENERAL.—The Secretary shall request proposals from farm management associations and make selections in consultation with the National Farm Management Center.

“(B) NATIONAL SCOPE.—The National Farm Management Center and the Secretary

1 *shall encourage the establishment, nomination,*
 2 *and designation of qualified farm management*
 3 *associations to provide farmers, ranchers, and*
 4 *other agricultural operators in each State with*
 5 *access to the training and benchmarking tools*
 6 *described in this section.*

7 “(3) *SELECTION AND DESIGNATION CRITERIA.*—

8 *The designation of each collaborating farm manage-*
 9 *ment association shall be based upon—*

10 “(A) *in the case of an established farm*
 11 *management association in a State or geo-*
 12 *graphic region—*

13 “(i) *working with farmers, ranchers,*
 14 *and other agricultural operators to improve*
 15 *their financial management and business*
 16 *profitability; and*

17 “(ii) *contributing farm, ranch, and*
 18 *other agricultural operation financial anal-*
 19 *ysis data to a publicly available online*
 20 *benchmarking database; and*

21 “(B) *in the case in which there is no estab-*
 22 *lished farm management association in a par-*
 23 *ticular State or geographic region, a farm man-*
 24 *agement association may be designated as a col-*
 25 *laborating farm management association if the*

1 *National Farm Management Center and the Sec-*
 2 *retary determine that there is a strong likelihood*
 3 *that the association will meet the ongoing re-*
 4 *quirements described in subsection (d).*

5 “(d) *ASSOCIATION REQUIREMENTS.—Each collabo-*
 6 *rating farm management association designated under sub-*
 7 *section (c) and receiving funds under this section shall—*

8 “(1) *maintain a farm management education*
 9 *and training program that is open to all agricultural*
 10 *producers;*

11 “(2) *provide individualized education to farmers,*
 12 *ranchers, and other agricultural operators on ac-*
 13 *counting, financial planning, and business manage-*
 14 *ment;*

15 “(3) *provide an annual farm financial analysis*
 16 *to each participating farmer, rancher, or other agri-*
 17 *cultural operator;*

18 “(4) *use standardized farm business analysis*
 19 *procedures as specified by the National Farm Man-*
 20 *agement Center;*

21 “(5) *contribute farm and ranch financial anal-*
 22 *ysis data to the public online benchmarking database*
 23 *in a form and manner determined by the National*
 24 *Farm Management Center; and*

1 “(6) *facilitate and encourage producers’ sign-up*
2 *for ongoing multi-year participation in the training*
3 *and benchmarking programs.*

4 “(e) *LIMITATION ON INDIRECT COSTS.—Indirect costs*
5 *charged against funds provided under this section shall not*
6 *be charged at a rate in excess of the rate at which the appli-*
7 *cable institution charged, or could have charged, indirect*
8 *costs during fiscal year 2007 against funds received as de-*
9 *scribed in section 1462 of the National Agricultural Re-*
10 *search, Extension, and Teaching Policy Act of 1977 (7*
11 *U.S.C. 3310).*

12 “(f) *ADMINISTRATIVE EXPENSES.—Not more than 8*
13 *percent of the funds made available to carry out this section*
14 *may be used for the payment of administrative expenses*
15 *of the Department of Agriculture in carrying out this sec-*
16 *tion.*

17 “(g) *FUNDING.—The Secretary shall make available*
18 *each fiscal year not less than 25 percent of funds appro-*
19 *priated under subsection (h) to the National Farm Manage-*
20 *ment Center designated under subsection (b).*

21 “(h) *AUTHORIZATION OF APPROPRIATIONS.—There*
22 *are authorized to be appropriated such sums as are nec-*
23 *essary to carry out this section.”.*

1 **SEC. 7038. TROPICAL AND SUBTROPICAL AGRICULTURAL**
 2 **RESEARCH.**

3 *Subtitle K of the National Agricultural Research, Ex-*
 4 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 5 *et seq.) is amended by adding at the end the following:*

6 **“SEC. 1473E. TROPICAL AND SUBTROPICAL AGRICULTURAL**
 7 **RESEARCH.**

8 *“(a) DEFINITION OF CARIBBEAN AND PACIFIC BA-*
 9 *SINS.—In this section, the term ‘Caribbean and Pacific ba-*
 10 *sins’, means—*

- 11 *“(1) the States of Florida and Hawaii;*
- 12 *“(2) the Commonwealth of Puerto Rico;*
- 13 *“(3) the United States Virgin Islands;*
- 14 *“(4) Guam;*
- 15 *“(5) American Samoa;*
- 16 *“(6) the Commonwealth of the Northern Mariana*
 17 *Islands;*
- 18 *“(7) the Federated States of Micronesia;*
- 19 *“(8) the Republic of the Marshall Islands; and*
- 20 *“(9) the Republic of Palau.*

21 *“(b) ESTABLISHMENT.—The Secretary shall establish*
 22 *a program, to be known as the ‘Tropical and Subtropical*
 23 *Agricultural Research Program’, to sustain the agriculture*
 24 *and environment of the Caribbean and Pacific basins, by*
 25 *supporting the full range of research relating to food and*

1 *agricultural sciences in the Caribbean and Pacific basins,*
 2 *with an emphasis on—*

3 “(1) *pest management;*

4 “(2) *detering introduction and establishment of*
 5 *invasive species;*

6 “(3) *enhancing existing and developing new*
 7 *tropical and subtropical agricultural products; and*

8 “(4) *expanding value-added agriculture in trop-*
 9 *ical and subtropical ecosystems.*

10 “(c) *GRANTS.—*

11 “(1) *IN GENERAL.—In carrying out this section,*
 12 *the Secretary shall provide grants to be awarded com-*
 13 *petitively to support tropical and subtropical agricul-*
 14 *tural research in the Caribbean and Pacific basins.*

15 “(2) *ELIGIBLE ENTITIES.—To be eligible to re-*
 16 *ceive a grant, an entity shall be a land-grant college*
 17 *or university, or affiliated with a land-grant college*
 18 *or university, that is located in any region of the*
 19 *Caribbean and Pacific basin.*

20 “(3) *REQUIREMENTS.—*

21 “(A) *EQUAL AMOUNTS.—The total amount*
 22 *of grants provided under this subsection shall be*
 23 *equally divided between the Caribbean and Pa-*
 24 *cific basins, as determined by the Secretary.*

1 “(B) *RESEARCH INFRASTRUCTURE AND CA-*
 2 *PABILITY PRIORITY.*—*In providing grants under*
 3 *this subsection, the Secretary shall give priority*
 4 *to projects of eligible entities that—*

5 “(i) *expand the infrastructure and ca-*
 6 *pability of the region of the eligible entity;*

7 “(ii) *scientifically and culturally ad-*
 8 *dress regional agricultural and environ-*
 9 *mental challenges; and*

10 “(iii) *sustain agriculture in the region*
 11 *of the eligible entity.*

12 “(C) *TERM.*—*The term of a grant provided*
 13 *under this subsection shall not exceed 5 years.*

14 “(D) *PROHIBITIONS.*—*A grant provided*
 15 *under this subsection shall not be used for the*
 16 *planning, repair, rehabilitation, acquisition, or*
 17 *construction of any building or facility.*

18 “(d) *FUNDING.*—

19 “(1) *SET-ASIDE.*—*Not less than 25 percent of the*
 20 *funds made available to carry out this section during*
 21 *a fiscal year shall be used to support programs and*
 22 *services that—*

23 “(A) *address the pest management needs of*
 24 *a region in the Caribbean and Pacific basins; or*

1 “(B) *minimize the impact to a region in*
 2 *the Caribbean and Pacific basins of invasive spe-*
 3 *cies.*

4 “(2) *ADMINISTRATIVE COSTS.—The Secretary*
 5 *shall use not more than 4 percent of the funds made*
 6 *available under subsection (e) for administrative costs*
 7 *incurred by the Secretary in carrying out this section.*

8 “(e) *AUTHORIZATION OF APPROPRIATIONS.—There are*
 9 *authorized to be appropriated to the Secretary to carry out*
 10 *this section such sums as are necessary for each of fiscal*
 11 *years 2008 through 2012.”.*

12 **SEC. 7039. REGIONAL CENTERS OF EXCELLENCE.**

13 *Subtitle K of the National Agricultural Research, Ex-*
 14 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 15 *et seq.) (as amended by section 7036) is amended by adding*
 16 *at the end the following:*

17 **“SEC. 1473F. REGIONAL CENTERS OF EXCELLENCE.**

18 “(a) *PURPOSES.—The purposes of this section are—*

19 “(1) *to authorize regional centers of excellence for*
 20 *specific agricultural commodities; and*

21 “(2) *to develop a national, coordinated program*
 22 *of research, teaching, and extension for commodities*
 23 *that will—*

1 “(A) be cost effective by reducing duplica-
 2 tive efforts regarding research, teaching, and ex-
 3 tension;

4 “(B) leverage available resources by using
 5 public/private partnerships among industry
 6 groups, institutions of higher education, and the
 7 Federal Government;

8 “(C) increase the economic returns to agri-
 9 cultural commodity industries by identifying, at-
 10 tracting, and directing funds to high-priority in-
 11 dustry issues; and

12 “(D) more effectively disseminate industry
 13 issue solutions to target audiences through web-
 14 based extension information, instructional
 15 courses, and educational or training modules.

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

17 “(1) *AGRICULTURAL COMMODITY.*—*The term ‘ag-*
 18 *ricultural commodity’ has the meaning given the term*
 19 *in section 513 of the Commodity Promotion, Re-*
 20 *search, and Information Act of 1996 (7 U.S.C. 7412).*

21 “(2) *LAND-GRANT COLLEGES AND UNIVER-*
 22 *SITIES.*—*The term ‘land-grant colleges and univer-*
 23 *sities’ means—*

24 “(A) *1862 Institutions (as defined in sec-*
 25 *tion 2 of the Agricultural Research, Extension,*

1 *and Education Reform Act of 1998 (7 U.S.C.*
 2 *7601));*

3 *“(B) 1890 Institutions (as defined in sec-*
 4 *tion 2 of that Act); and*

5 *“(C) 1994 Institutions (as defined in sec-*
 6 *tion 2 of that Act).*

7 *“(c) ESTABLISHMENT.—*

8 *“(1) ORIGINAL COMPOSITION.—The Secretary*
 9 *shall establish regional centers of excellence for spe-*
 10 *cific agricultural commodities that are each com-*
 11 *prised of—*

12 *“(A) a lead land-grant college or university;*
 13 *and*

14 *“(B) 1 or more member land-grant colleges*
 15 *and universities that provide financial support*
 16 *to the regional center of excellence.*

17 *“(2) BOARD OF DIRECTORS.—Each regional cen-*
 18 *ter of excellence shall be administered by a board of*
 19 *directors consisting of 15 members, as determined by*
 20 *the lead and member land-grant colleges and univer-*
 21 *sities of the center.*

22 *“(3) ADDITIONAL DIRECTORS AND INSTITU-*
 23 *TIONS.—Each board of directors of a regional center*
 24 *of excellence may—*

1 “(A) designate additional land-grant col-
 2 leges and universities as members of the center;
 3 and

4 “(B) designate representatives of the addi-
 5 tional land-grant colleges and universities and
 6 agriculture industry groups to be additional
 7 members of the board of directors.

8 “(d) *PROGRAMS.*—Each regional center of excellence
 9 shall achieve the purposes of this section through—

10 “(1) research initiatives focused on issues per-
 11 taining to the specific agricultural commodity;

12 “(2) teaching initiatives at lead and member
 13 land-grant colleges and universities to provide inten-
 14 sive education relating to the specific agricultural
 15 commodity; and

16 “(3) extension initiatives focusing on an inter-
 17 net-based information gateway to provide for relevant
 18 information development, warehousing, and delivery.

19 “(e) *FUNDING.*—

20 “(1) *IN GENERAL.*—Each regional center of ex-
 21 cellence shall be funded through the use of—

22 “(A) grants made by the Secretary; and

23 “(B) matching funds provided by land-
 24 grant colleges and universities and agriculture
 25 industry groups.

1 “(2) *PROCESS.*—*The board of directors of each*
 2 *regional center of excellence shall have the responsi-*
 3 *bility for submitting grant proposals to the Secretary*
 4 *to carry out the research, education, and extension*
 5 *program activities described in subsection (d).*

6 “(3) *TERM OF GRANT.*—*The term of a grant*
 7 *under this subsection may not exceed 5 years.*

8 “(f) *POULTRY SUSTAINABILITY CENTER OF EXCEL-*
 9 *LENCE.*—

10 “(1) *IN GENERAL.*—*The Secretary shall establish*
 11 *a poultry sustainability center of excellence—*

12 “(A) *to identify challenges and develop solu-*
 13 *tions to enhance the economic and environmental*
 14 *sustainability of the poultry industry in the*
 15 *southwest region of the United States;*

16 “(B) *to research, develop, and implement*
 17 *programs—*

18 “(i) *to recover energy and other useful*
 19 *products from poultry waste;*

20 “(ii) *to identify new technologies for*
 21 *the storage, treatment, and use of animal*
 22 *waste; and*

23 “(iii) *to assist the poultry industry in*
 24 *ensuring that emissions of animal waste*
 25 *and discharges of the industry are main-*

1 *tained at levels at or below applicable regu-*
2 *latory standards;*

3 *“(C) to provide technical assistance, train-*
4 *ing, applied research, and monitoring to eligible*
5 *applicants;*

6 *“(D) to develop environmentally effective*
7 *programs in the poultry industry; and*

8 *“(E) to collaborate with eligible applicants*
9 *to work with the Federal Government (including*
10 *Federal agencies) in the development of conserva-*
11 *tion and watershed programs to help private*
12 *landowners and agricultural producers meet ap-*
13 *plicable water quality standards.*

14 *“(2) REPORTS.—Not later than 2 years after the*
15 *date of enactment of this section, and for each fiscal*
16 *year thereafter, the Secretary shall submit to Congress*
17 *a report describing—*

18 *“(A) each project for which funds are pro-*
19 *vided under this subsection; and*

20 *“(B) any advances in technology resulting*
21 *from the implementation of this subsection.*

22 *“(g) AUTHORIZATION OF APPROPRIATIONS.—There*
23 *are authorized to be appropriated to carry out this section*
24 *such sums as are necessary for each of fiscal years 2008*
25 *through 2012.”.*

1 **SEC. 7040. NATIONAL DROUGHT MITIGATION CENTER.**

2 *Subtitle K of the National Agricultural Research, Ex-*
 3 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 4 *et seq.) (as amended by section 7037) is amended by adding*
 5 *at the end the following:*

6 **“SEC. 1473G. NATIONAL DROUGHT MITIGATION CENTER.**

7 *“(a) IN GENERAL.—The Secretary shall offer to enter*
 8 *into an agreement with the National Drought Mitigation*
 9 *Center, under which the Center shall—*

10 *“(1) continue to produce the United States*
 11 *Drought Monitor;*

12 *“(2) maintain a clearinghouse and internet por-*
 13 *tal on drought; and*

14 *“(3) develop new drought mitigation and pre-*
 15 *paredness strategies, responses, models, and meth-*
 16 *odologies for the agricultural community.*

17 *“(b) AUTHORIZATION OF APPROPRIATIONS.—There is*
 18 *authorized to be appropriated to carry out this section*
 19 *\$5,000,000 for each fiscal year.”.*

20 **SEC. 7041. AGRICULTURAL DEVELOPMENT IN THE AMER-**
 21 **ICAN-PACIFIC REGION.**

22 *Subtitle K of the National Agricultural Research, Ex-*
 23 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 24 *et seq.) (as amended by section 7038) is amended by adding*
 25 *at the end the following:*

1 **“SEC. 1473H. AGRICULTURAL DEVELOPMENT IN THE AMER-**
 2 **ICAN-PACIFIC REGION.**

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

4 “(1) *AMERICAN-PACIFIC REGION.—The term*
 5 *‘American-Pacific region’ means the region*
 6 *encompassing—*

7 “(A) *American Samoa;*

8 “(B) *Guam;*

9 “(C) *the Commonwealth of the Northern*
 10 *Mariana Islands;*

11 “(D) *the Federated States of Micronesia;*

12 “(E) *the Republic of the Marshall Islands;*

13 “(F) *the Republic of Palau;*

14 “(G) *the State of Hawaii; and*

15 “(H) *the State of Alaska.*

16 “(2) *CONSORTIUM.—The term ‘consortium’*
 17 *means a collaborative group that—*

18 “(A) *is composed of each eligible institution;*

19 *and*

20 “(B) *submits to the Secretary an applica-*
 21 *tion for a grant under subsection (b)(2).*

22 “(3) *ELIGIBLE INSTITUTION.—The term ‘eligible*
 23 *institution’ means a land-grant college or university*
 24 *that is located in the American-Pacific region.*

25 “(b) *AGRICULTURAL DEVELOPMENT IN THE AMERICAN*
 26 *PACIFIC GRANTS.—*

1 “(1) *IN GENERAL.*—*The Secretary may make*
 2 *grants to a consortium of eligible institutions to carry*
 3 *out integrated research, extension, and instruction*
 4 *programs in support of food and agricultural*
 5 *sciences.*

6 “(2) *APPLICATION.*—*To receive a grant under*
 7 *paragraph (1), a consortium of eligible institutions*
 8 *shall submit to the Secretary an application that*
 9 *includes—*

10 “(A) *for each eligible institution, a descrip-*
 11 *tion of each objective, procedure, and proposed*
 12 *use of funds relating to any funds provided by*
 13 *the Secretary to the consortium under paragraph*
 14 *(1); and*

15 “(B) *the method of allocation proposed by*
 16 *the consortium to distribute to each eligible insti-*
 17 *tution any funds provided by the Secretary to*
 18 *the consortium under paragraph (1).*

19 “(3) *USE OF FUNDS.*—

20 “(A) *IN GENERAL.*—*An eligible institution*
 21 *that receives funds through a grant under para-*
 22 *graph (1) shall use the funds—*

23 “(i) *to acquire the equipment, instru-*
 24 *mentation, networking capability, hardware*
 25 *and software, digital network technology,*

1 *and infrastructure required to integrate re-*
2 *search, extension, and instruction programs*
3 *in the American-Pacific region;*

4 “(ii) to develop and provide support
5 *for conducting research, extension, and in-*
6 *struction programs in support of food and*
7 *agricultural sciences relevant to the Amer-*
8 *ican-Pacific region, with special emphasis*
9 *on—*

10 “(I) the management of pests; and

11 “(II) the control of the spread of
12 *invasive alien species; and*

13 “(iii) to provide leadership develop-
14 *ment to administrators, faculty, and staff of*
15 *the eligible institution with responsibility*
16 *for programs relating to agricultural re-*
17 *search, extension, and instruction.*

18 “(B) *PROHIBITED USES.—An eligible insti-*
19 *tution that receives funds through a grant under*
20 *paragraph (1) may not use the funds for any*
21 *cost relating to the planning, acquisition, con-*
22 *struction, rehabilitation, or repair of any build-*
23 *ing or facility of the eligible institution.*

24 “(4) *GRANT TERM.—A grant under paragraph*
25 *(1) shall have a term of not more than 5 years.*

1 “(5) *ADMINISTRATION.*—

2 “(A) *AUTHORITY OF SECRETARY.*—*The Sec-*
3 *retary may carry out this section in a manner*
4 *that recognizes the different needs of, and oppor-*
5 *tunities for, each eligible institution.*

6 “(B) *ADMINISTRATIVE COSTS.*—*The Sec-*
7 *retary shall use not more than 4 percent of the*
8 *amount appropriated under subsection (d) for a*
9 *fiscal year to pay administrative costs incurred*
10 *in carrying out this section.*

11 “(c) *NO EFFECT ON DISTRIBUTION OF FUNDS.*—*Noth-*
12 *ing in this section affects any basis for distribution of funds*
13 *by a formula in existence on the date of enactment of this*
14 *section relating to—*

15 “(1) *the Federated States of Micronesia;*

16 “(2) *the Republic of the Marshall Islands; or*

17 “(3) *the Republic of Palau.*

18 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
19 *are authorized to be appropriated such sums as are nec-*
20 *essary to carry out this section for each of fiscal years 2008*
21 *through 2012.”.*

1 **SEC. 7042. BORLAUG INTERNATIONAL AGRICULTURAL**
 2 **SCIENCE AND TECHNOLOGY FELLOWSHIP**
 3 **PROGRAM.**

4 *Subtitle K of the National Agricultural Research, Ex-*
 5 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 6 *et seq.) (as amended by section 7039) is amended by adding*
 7 *at the end the following:*

8 **“SEC. 1473I. BORLAUG INTERNATIONAL AGRICULTURAL**
 9 **SCIENCE AND TECHNOLOGY FELLOWSHIP**
 10 **PROGRAM.**

11 *“(a) FELLOWSHIP PROGRAM.—*

12 *“(1) IN GENERAL.—The Secretary shall establish*
 13 *a fellowship program, to be known as the ‘Borlaug*
 14 *International Agricultural Science and Technology*
 15 *Fellowship Program,’ to provide fellowships for sci-*
 16 *entific training and study in the United States to in-*
 17 *dividuals from eligible countries (as described in sub-*
 18 *section (b)) who specialize in agricultural education,*
 19 *research, and extension.*

20 *“(2) PROGRAMS.—The Secretary shall carry out*
 21 *the fellowship program by implementing 3 programs*
 22 *designed to assist individual fellowship recipients,*
 23 *including—*

24 *“(A) a graduate studies program in agri-*
 25 *culture to assist individuals who participate in*

1 graduate agricultural degree training at a
2 United States institution;

3 “(B) an individual career improvement
4 program to assist agricultural scientists from de-
5 veloping countries in upgrading skills and un-
6 derstanding in agricultural science and tech-
7 nology; and

8 “(C) a Borlaug agricultural policy executive
9 leadership course to assist senior agricultural
10 policy makers from eligible countries, with an
11 initial focus on individuals from sub-Saharan
12 Africa and the newly independent states of the
13 former Soviet Union.

14 “(b) *ELIGIBLE COUNTRIES*.—An eligible country is a
15 developing country, as determined by the Secretary using
16 a gross national income per capita test selected by the Sec-
17 retary.

18 “(c) *PURPOSE OF FELLOWSHIPS*.—A fellowship pro-
19 vided under this section shall—

20 “(1) promote food security and economic growth
21 in eligible countries by—

22 “(A) educating a new generation of agricul-
23 tural scientists;

1 “(B) increasing scientific knowledge and
2 collaborative research to improve agricultural
3 productivity; and

4 “(C) extending that knowledge to users and
5 intermediaries in the marketplace; and

6 “(2) shall support—

7 “(A) training and collaborative research op-
8 portunities through exchanges for entry level
9 international agricultural research scientists,
10 faculty, and policymakers from eligible countries;

11 “(B) collaborative research to improve agri-
12 cultural productivity;

13 “(C) the transfer of new science and agri-
14 cultural technologies to strengthen agricultural
15 practice; and

16 “(D) the reduction of barriers to technology
17 adoption.

18 “(d) *FELLOWSHIP RECIPIENTS.*—

19 “(1) *ELIGIBLE CANDIDATES.*—The Secretary
20 may provide fellowships under this section to individ-
21 uals from eligible countries who specialize in or have
22 experience in agricultural education, research, exten-
23 sion, or related fields, including—

24 “(A) individuals from the public and pri-
25 vate sectors; and

1 “(B) private agricultural producers.

2 “(2) CANDIDATE IDENTIFICATION.—The Sec-
3 retary shall use the expertise of United States land
4 grant colleges and universities and similar univer-
5 sities, international organizations working in agricul-
6 tural research and outreach, and national agricul-
7 tural research organizations to help identify program
8 candidates for fellowships under this section from the
9 public and private sectors of eligible countries.

10 “(e) USE OF FELLOWSHIPS.—A fellowship provided
11 under this section shall be used—

12 “(1) to promote collaborative programs among
13 agricultural professionals of eligible countries, agri-
14 cultural professionals of the United States, the inter-
15 national agricultural research system, and, as appro-
16 priate, United States entities conducting research;
17 and

18 “(2) to support fellowship recipients through
19 programs described in subsection (a)(2).

20 “(f) PROGRAM IMPLEMENTATION.—The Secretary
21 shall provide for the management, coordination, evaluation,
22 and monitoring of the overall Borlaug International Agri-
23 cultural Science and Technology Fellowship Program and
24 for the individual programs described in subsection (a)(2),
25 except that the Secretary may contract out to 1 or more

1 *collaborating universities the management of 1 or more of*
 2 *the fellowship programs.*

3 “(g) *AUTHORIZATION OF APPROPRIATIONS.—There*
 4 *are authorized to be appropriated such sums as are nec-*
 5 *essary to carry out this section, to remain available until*
 6 *expended.”.*

7 **SEC. 7043. NEW ERA RURAL TECHNOLOGY PROGRAM.**

8 *Subtitle K of the National Agricultural Research, Ex-*
 9 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 10 *et seq.) (as amended by section 7040) is amended by adding*
 11 *at the end the following:*

12 **“SEC. 1473J. NEW ERA RURAL TECHNOLOGY PROGRAM.**

13 “(a) *DEFINITION OF RURAL COMMUNITY COLLEGE.—*
 14 *In this section, the term ‘rural community college’ means*
 15 *an institution of higher education that—*

16 “(1) *admits as regular students individuals*
 17 *who—*

18 “(A) *are beyond the age of compulsory*
 19 *school attendance in the State in which the insti-*
 20 *tution is located; and*

21 “(B) *have the ability to benefit from the*
 22 *training offered by the institution, in accordance*
 23 *with criteria established by the Secretary;*

1 “(2) does not provide an educational program
2 for which it awards a bachelor’s degree or an equiva-
3 lent degree;

4 “(3)(A) provides an educational program of not
5 less than 2 years that is acceptable for full credit to-
6 ward such a degree; or

7 “(B) offers a 2-year program in engineering,
8 technology, mathematics, or the physical, chemical or
9 biological sciences that is designed to prepare a stu-
10 dent to work as a technician or at the
11 semiprofessional level in engineering, scientific, or
12 other technological fields requiring the understanding
13 and application of basic engineering, scientific, or
14 mathematical principles of knowledge; and

15 “(4) is located in a rural area (as defined in sec-
16 tion 343(a) of the Consolidated Farm and Rural De-
17 velopment Act (7 U.S.C. 1991(a)).

18 “(b) PROGRAM.—

19 “(1) IN GENERAL.—The Secretary shall establish
20 a program, to be known as the ‘New Era Rural Tech-
21 nology Program’, under which the Secretary shall
22 make grants available for technology development, ap-
23 plied research, and training to aid in the development
24 of an agriculture-based renewable energy workforce.

1 “(2) *FIELDS*.—*In making grants under the pro-*
2 *gram, the Secretary shall support the fields of—*

3 “(A) *bioenergy;*

4 “(B) *pulp and paper manufacturing; and*

5 “(C) *agriculture-based renewable energy re-*
6 *sources.*

7 “(c) *ELIGIBILITY*.—*To be eligible to receive a grant*
8 *under this section, an entity shall—*

9 “(1) *be a rural community college or advanced*
10 *technological center (as determined by the Secretary),*
11 *in existence on the date of the enactment of this sec-*
12 *tion, that participates in agricultural or bioenergy re-*
13 *search and applied research;*

14 “(2) *have a proven record of development and*
15 *implementation of programs to meet the needs of stu-*
16 *dents, educators, business, and industry to supply the*
17 *agriculture-based, renewable energy, or pulp and*
18 *paper manufacturing fields with certified technicians,*
19 *as determined by the Secretary; and*

20 “(3) *have the ability to leverage existing partner-*
21 *ships and occupational outreach and training pro-*
22 *grams for secondary schools, 4-year institutions, and*
23 *relevant nonprofit organizations.*

1 “(d) *GRANT PRIORITY.*—*In making grants under this*
 2 *section, the Secretary shall give preference to rural commu-*
 3 *nity colleges working in partnership—*

4 “(1) *to improve information sharing capacity;*
 5 *and*

6 “(2) *to maximize the ability of eligible recipients*
 7 *to meet the purposes of this section.*

8 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
 9 *authorized to be appropriated such sums as are necessary*
 10 *to carry out this section for each of fiscal years 2008*
 11 *through 2012.”.*

12 **SEC. 7044. FARM AND RANCH STRESS ASSISTANCE NET-**
 13 **WORK.**

14 *Subtitle K of the National Agricultural Research, Ex-*
 15 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 16 *et seq.) (as amended by section 7041) is amended by adding*
 17 *at the end the following:*

18 **“SEC. 1473K. FARM AND RANCH STRESS ASSISTANCE NET-**
 19 **WORK.**

20 “(a) *IN GENERAL.*—*The Secretary, in cooperation*
 21 *with the Secretary of Health and Human Services, shall*
 22 *establish a network, to be known as the ‘Farm and Ranch*
 23 *Stress Assistance Network’ (referred to in this section as the*
 24 *‘Network’).*

1 “(b) *PURPOSE.*—*The purpose the network shall be to*
 2 *provide behavioral health programs to participants in the*
 3 *agricultural sector in the United States.*

4 “(c) *GRANTS.*—*The Secretary, in collaboration with*
 5 *the extension service at the National Institute of Food and*
 6 *Agriculture, shall provide grants on a competitive basis to*
 7 *States and nonprofit organizations for use in carrying out*
 8 *pilot projects to achieve the purpose of the Network.*

9 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
 10 *are authorized to be appropriated such sums as are nec-*
 11 *essary to carry out this section for each of fiscal years 2008*
 12 *through 2012.”.*

13 **SEC. 7045. RURAL ENTREPRENEURSHIP AND ENTERPRISE**
 14 **FACILITATION PROGRAM.**

15 *Subtitle K of the National Agricultural Research, Ex-*
 16 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 17 *et seq.) (as amended by section 7042) is amended by adding*
 18 *at the end the following:*

19 **“SEC. 1473L. RURAL ENTREPRENEURSHIP AND ENTERPRISE**
 20 **FACILITATION PROGRAM.**

21 “(a) *DEFINITION OF REGIONAL RURAL DEVELOPMENT*
 22 *CENTER.*—*In this section, the term ‘regional rural develop-*
 23 *ment center’ means—*

24 “(1) *the North Central Regional Center for*
 25 *Rural Development (or a designee);*

1 “(2) *the Northeast Regional Center for Rural De-*
2 *velopment (or a designee);*

3 “(3) *the Southern Rural Development Center (or*
4 *a designee); and*

5 “(4) *the Western Rural Development Center (or*
6 *a designee).*

7 “(b) *PROJECTS.—The Secretary shall carry out re-*
8 *search, extension, and education projects to obtain data,*
9 *convey knowledge, and develop skills through projects that—*

10 “(1) *transfer practical, reliable, and timely in-*
11 *formation to rural entrepreneurs and rural entrepre-*
12 *neurial development organizations concerning busi-*
13 *ness management, business planning, microenterprise,*
14 *marketing, entrepreneurial education and training,*
15 *and the development of local and regional entrepre-*
16 *neurial systems in rural areas and rural commu-*
17 *nities;*

18 “(2) *provide education, training, and technical*
19 *assistance to newly-operational and growing rural*
20 *businesses;*

21 “(3) *improve access to diverse sources of capital,*
22 *such as microenterprise loans and venture capital;*

23 “(4) *determine the best methods to train entre-*
24 *preneurs with respect to preparing business plans,*

1 *recordkeeping, tax rules, financial management, and*
2 *general business practices;*

3 *“(5) promote entrepreneurship among—*

4 *“(A) rural youth, minority, and immigrant*
5 *populations;*

6 *“(B) women; and*

7 *“(C) low- and moderate-income rural resi-*
8 *dents;*

9 *“(6) create networks of entrepreneurial support*
10 *through partnerships among rural entrepreneurs,*
11 *local business communities, all levels of government,*
12 *nonprofit organizations, colleges and universities, and*
13 *other sectors;*

14 *“(7) study and facilitate entrepreneurial develop-*
15 *ment systems that best align with the unique needs*
16 *and strengths of particular rural areas and commu-*
17 *nities; and*

18 *“(8) explore promising strategies for building an*
19 *integrated system of program delivery to rural entre-*
20 *preneurs.*

21 *“(c) AGREEMENTS.—To carry out projects under sub-*
22 *section (b), the Secretary shall provide grants to—*

23 *“(1) land-grant colleges and universities, includ-*
24 *ing cooperative extension services, agricultural experi-*

1 *ment stations, and regional rural development cen-*
 2 *ters;*

3 “(2) *other colleges and universities;*

4 “(3) *community, junior, technical, and voca-*
 5 *tional colleges and other 2-year institutions of higher*
 6 *education, and post-secondary business and commerce*
 7 *schools;*

8 “(4) *elementary schools and secondary schools;*

9 “(5) *nonprofit organizations; and*

10 “(6) *Federal, State, local, and tribal govern-*
 11 *mental entities.*

12 “(d) *SELECTION AND PRIORITY OF PROJECTS.—*

13 “(1) *IN GENERAL.—In selecting projects to be*
 14 *carried out under this section, the Secretary shall take*
 15 *into consideration—*

16 “(A) *the relevance of the project to the pur-*
 17 *poses of this section;*

18 “(B) *the appropriateness of the design of the*
 19 *project;*

20 “(C) *the likelihood of achieving the objec-*
 21 *tives of the project; and*

22 “(D) *the national or regional applicability*
 23 *of the findings and outcomes of the project.*

1 “(2) *PRIORITY.*—*In carrying out projects under*
2 *this section, the Secretary shall give priority to*
3 *projects that—*

4 “(A) *enhance widespread access to entrepre-*
5 *neurial education, including access to such edu-*
6 *cation in community-based settings for low- and*
7 *moderate-income entrepreneurs and potential en-*
8 *trepreneurs;*

9 “(B) *closely coordinate research and edu-*
10 *cation activities, including outreach education*
11 *efforts;*

12 “(C) *indicate the manner in which the find-*
13 *ings of the project will be made readily usable to*
14 *rural entrepreneurs and to rural community*
15 *leaders;*

16 “(D) *maximize the involvement and co-*
17 *operation of rural entrepreneurs; and*

18 “(E) *involve cooperation and partnerships*
19 *between rural entrepreneurs, nonprofit organiza-*
20 *tions, entrepreneurial development organizations,*
21 *educational institutions at all levels, and govern-*
22 *ment agencies at all levels.*

23 “(e) *COMPETITIVE BASIS.*—*Grants under this section*
24 *shall be awarded on a competitive basis, in accordance with*

1 *such criteria as the national administrative council estab-*
 2 *lished under subsection (j)(1) may establish.*

3 “(f) *TERM.*—*The term of a grant provided under this*
 4 *section shall be not more than 5 years.*

5 “(g) *LIMITATION.*—*Not more than 20 percent of the*
 6 *total amount of grants provided under this section shall be*
 7 *provided to projects in which cooperative extension services*
 8 *are involved as the sole or lead entity of the project.*

9 “(h) *DIVERSIFICATION OF RESEARCH, EXTENSION,*
 10 *AND EDUCATION PROJECTS.*—*The Secretary shall carry out*
 11 *projects under this section in areas that the Secretary deter-*
 12 *mines to be broadly representative of the diversity of the*
 13 *rural areas of the United States, and of rural entrepreneur-*
 14 *ship in the United States, including entrepreneurship in-*
 15 *volving youth, minority populations, microenterprise, and*
 16 *women, with a focus on nonagricultural businesses or food*
 17 *and agriculturally-based businesses, but not direct agri-*
 18 *culture production.*

19 “(i) *ADMINISTRATION.*—*The Secretary shall admin-*
 20 *ister projects carried out under this section acting through*
 21 *the Administrator of the National Institute of Food and Ag-*
 22 *riculture.*

23 “(j) *NATIONAL ADMINISTRATIVE COUNCIL.*—

24 “(1) *ESTABLISHMENT.*—*The Secretary shall es-*
 25 *tablish, in accordance with this subsection, a national*

1 *administrative council to assist the Secretary in car-*
 2 *rying out this section.*

3 “(2) *MEMBERSHIP.*—*The membership of the na-*
 4 *tional administrative council shall include—*

5 “(A) *qualified representatives of entities*
 6 *with demonstrable expertise relating to rural en-*
 7 *trepreneurship, including representatives of—*

8 “(i) *the Cooperative State Research,*
 9 *Education, and Extension Service;*

10 “(ii) *the Rural Business-Cooperative*
 11 *Service;*

12 “(iii) *the Small Business Administra-*
 13 *tion;*

14 “(iv) *regional rural development cen-*
 15 *ters;*

16 “(v) *nonprofit organizations;*

17 “(vi) *regional and State agencies;*

18 “(vii) *cooperative extension services;*

19 “(viii) *colleges and universities;*

20 “(ix) *philanthropic organizations; and*

21 “(x) *Indian tribal governments;*

22 “(B) *self-employed rural entrepreneurs and*
 23 *owners of rural small businesses;*

1 “(C) elementary and secondary educators
2 that demonstrate experience in rural entrepre-
3 neurship; and

4 “(D) other persons with experience relating
5 to rural entrepreneurship and the impact of
6 rural entrepreneurship on rural communities.

7 “(3) RESPONSIBILITIES.—In collaboration with
8 the Secretary, the national administrative council es-
9 tablished under this subsection shall—

10 “(A) promote the projects carried out under
11 this section;

12 “(B) establish goals and criteria for the se-
13 lection of projects under this section;

14 “(C)(i) appoint a technical committee to
15 evaluate project proposals to be considered by the
16 council; and

17 “(ii) make recommendations of the technical
18 committee to the Secretary; and

19 “(D) prepare and make publicly available
20 an annual report relating to each applicable
21 project carried out under this section, including
22 a review of projects carried out during the pre-
23 ceding year.

24 “(4) CONFLICT OF INTEREST.—A member of the
25 national administrative council or a technical com-

1 *mittee shall not participate in any determination re-*
 2 *lating to, or recommendation of, a project proposed to*
 3 *be carried out under this section if the member has*
 4 *had any business interest (including the provision of*
 5 *consulting services) in the project or the organization*
 6 *submitting the application.*

7 “(k) *AUTHORIZATION FOR APPROPRIATIONS.*—*There*
 8 *are authorized to be appropriated such sums as are nec-*
 9 *essary to carry out this section for each of the fiscal years*
 10 *2008 through 2012.”.*

11 **SEC. 7046. SEED DISTRIBUTION.**

12 *Subtitle K of the National Agricultural Research, Ex-*
 13 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 14 *et seq.) (as amended by section 7043) is amended by adding*
 15 *at the end the following:*

16 **“SEC. 1473M. SEED DISTRIBUTION.**

17 *“(a) ESTABLISHMENT.—The Secretary shall establish*
 18 *a program, to be known as the ‘seed distribution program’,*
 19 *under which the Secretary shall provide a grant to a non-*
 20 *profit organization selected under subsection (c) to carry*
 21 *out a seed distribution program to administer and main-*
 22 *tain the distribution of vegetable seeds donated by commer-*
 23 *cial seed companies.*

1 “(b) *PURPOSE.*—*The purpose of the seed distribution*
 2 *program under this section shall be to distribute vegetable*
 3 *seeds donated by commercial seed companies.*

4 “(c) *SELECTION OF NONPROFIT ORGANIZATIONS.*—

5 “(1) *IN GENERAL.*—*The nonprofit organization*
 6 *selected to receive a grant under subsection (a) shall*
 7 *demonstrate to the satisfaction of the Secretary that*
 8 *the organization—*

9 “(A) *has expertise regarding distribution of*
 10 *vegetable seeds donated by commercial seed com-*
 11 *panies; and*

12 “(B) *has the ability to achieve the purpose*
 13 *of the seed distribution program.*

14 “(2) *PRIORITY.*—*In selecting a nonprofit organi-*
 15 *zation for purposes of this section, the Secretary shall*
 16 *give priority to a nonprofit organization that, as of*
 17 *the date of selection, carries out an activity to benefit*
 18 *underserved communities, such as communities that*
 19 *experience—*

20 “(A) *limited access to affordable fresh vege-*
 21 *tables;*

22 “(B) *a high rate of hunger or food insecu-*
 23 *rity; or*

24 “(C) *severe or persistent poverty.*

1 “(d) *REQUIREMENT.*—*The nonprofit organization se-*
 2 *lected under this section shall ensure that seeds donated by*
 3 *commercial seed companies are distributed free-of-charge to*
 4 *appropriate—*

5 “(1) *individuals;*

6 “(2) *groups;*

7 “(3) *institutions;*

8 “(4) *governmental and nongovernmental organi-*
 9 *zations; and*

10 “(5) *such other entities as the Secretary may*
 11 *designate.*

12 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
 13 *authorized to be appropriated such sums as are necessary*
 14 *to carry out this section for each of fiscal years 2008*
 15 *through 2012.”.*

16 **SEC. 7047. FARM AND RANCH SAFETY.**

17 *Subtitle K of the National Agricultural Research, Ex-*
 18 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 19 *et seq.) (as amended by section 7044) is amended by adding*
 20 *at the end the following:*

21 **“SEC. 1473N. FARM AND RANCH SAFETY.**

22 “(a) *IN GENERAL.*—*The Secretary shall establish a*
 23 *program, to be known as the ‘agricultural safety program’,*
 24 *under which the Secretary shall provide grants to eligible*

1 *entities to carry out projects to decrease the incidence of*
 2 *injury and death on farms and ranches.*

3 “(b) *ELIGIBLE ENTITIES.—To be eligible to receive a*
 4 *grant under this section, an entity shall be—*

5 “(1) *a nonprofit organization;*

6 “(2) *a land-grant college or university (includ-*
 7 *ing a cooperative extension service);*

8 “(3) *a minority-serving institution;*

9 “(4) *a 2-year or 4-year institution of higher edu-*
 10 *cation; or*

11 “(5) *such other entity as the Secretary may des-*
 12 *ignate.*

13 “(c) *ELIGIBLE PROJECTS.—An eligible entity shall use*
 14 *a grant received under this section only to carry out—*

15 “(1) *a project at least 1 component of which*
 16 *emphasizes—*

17 “(A) *preventative service through on-site*
 18 *farm or ranch safety reviews;*

19 “(B) *outreach and dissemination of farm*
 20 *safety research and interventions to agricultural*
 21 *employers, employees, youth, farm and ranch*
 22 *families, seasonal workers, or other individuals;*

23 *or*

24 “(C) *agricultural safety education and*
 25 *training; and*

1 “(2) other appropriate activities, as determined
2 by the Secretary;

3 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—There
4 are authorized to be appropriated such sums as are nec-
5 essary to carry out this section for each of fiscal years 2008
6 through 2012.”.

7 **SEC. 7048. WOMEN AND MINORITIES IN STEM FIELDS.**

8 *Subtitle K of the National Agricultural Research, Ex-*
9 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
10 *et seq.) (as amended by section 7045) is amended by adding*
11 *at the end the following:*

12 **“SEC. 14730. WOMEN AND MINORITIES IN STEM FIELDS.**

13 “(a) *ESTABLISHMENT.*—The Secretary shall establish
14 a program under which the Secretary, in coordination with
15 applicable Federal, State, and local programs, shall provide
16 grants to eligible institutions to increase, to the maximum
17 extent practicable, participation by women and underrep-
18 resented minorities from rural areas (as defined in section
19 343(a) of the Consolidated Farm and Rural Development
20 Act (7 U.S.C. 1991(a))), in science, technology, engineering,
21 and mathematics fields (referred to in this section as
22 ‘STEM fields’).

23 “(b) *ACTIVITIES.*—In carrying out the program estab-
24 lished under subsection (a), the Secretary shall—

1 “(1) *implement multitrack technology career ad-*
2 *vancement training programs and provide related*
3 *services to engage, and encourage participation by,*
4 *women and underrepresented minorities in STEM*
5 *fields;*

6 “(2) *develop and administer training programs*
7 *for educators, career counselors, and industry rep-*
8 *resentatives in recruitment and retention strategies to*
9 *increase and retain women and underrepresented mi-*
10 *nority students and job entrants into STEM fields;*
11 *and*

12 “(3) *support education-to-workforce programs for*
13 *women and underrepresented minorities to provide*
14 *counseling, job shadowing, mentoring, and internship*
15 *opportunities to guide participants in the academic,*
16 *training, and work experience needed for STEM ca-*
17 *reers.*

18 “(c) *INSTITUTIONS.—*

19 “(1) *GRANTS.—The Secretary shall carry out the*
20 *program under this section at such institutions as the*
21 *Secretary determines to be appropriate by providing*
22 *grants, on a competitive basis, to the institutions.*

23 “(2) *PRIORITY.—In providing grants under*
24 *paragraph (1), the Secretary shall give priority, to*
25 *the maximum extent practicable, to institutions car-*

1 *rying out continuing programs funded by the Sec-*
 2 *retary.*

3 “(d) *AUTHORIZATION OF APPROPRIATIONS.—There*
 4 *are authorized to be appropriated such sums as are nec-*
 5 *essary to carry out this section for each of fiscal years 2008*
 6 *through 2012.”.*

7 **SEC. 7049. NATURAL PRODUCTS RESEARCH PROGRAM.**

8 *Subtitle K of the National Agricultural Research, Ex-*
 9 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 10 *et seq.) (as amended by section 7046) is amended by adding*
 11 *at the end the following:*

12 **“SEC. 1473P. NATURAL PRODUCTS RESEARCH PROGRAM.**

13 “(a) *IN GENERAL.—The Secretary shall establish a*
 14 *natural products research program.*

15 “(b) *DUTIES.—In carrying out the program estab-*
 16 *lished under subsection (a), the Secretary shall coordinate*
 17 *research relating to natural products, including—*

18 “(1) *research to improve human health and agri-*
 19 *cultural productivity through the discovery, develop-*
 20 *ment, and commercialization of pharmaceuticals and*
 21 *agrichemicals from bioactive natural products, in-*
 22 *cluding products from plant, marine, and microbial*
 23 *sources;*

24 “(2) *research to characterize the botanical*
 25 *sources, production, chemistry, and biological prop-*

1 *erties of plant-derived natural products important for*
 2 *agriculture and medicine; and*

3 *“(3) other research priorities identified by the*
 4 *Secretary.*

5 *“(c) AUTHORIZATION OF APPROPRIATIONS.—There are*
 6 *authorized to be appropriated to carry out this section such*
 7 *sums as are necessary for each of fiscal years 2008 through*
 8 *2012.”.*

9 **SEC. 7050. INTERNATIONAL ANTI-HUNGER AND NUTRITION**
 10 **PROGRAM.**

11 *Subtitle K of the National Agricultural Research, Ex-*
 12 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 13 *et seq.) (as amended by section 7047) is amended by adding*
 14 *at the end the following:*

15 **“SEC. 1473Q. INTERNATIONAL ANTI-HUNGER AND NUTRI-**
 16 **TION.**

17 *“(a) IN GENERAL.—The Secretary shall provide sup-*
 18 *port to established nonprofit organizations that focus on*
 19 *promoting research concerning—*

20 *“(1) anti-hunger and improved nutrition efforts*
 21 *internationally; and*

22 *“(2) increased quantity, quality, and avail-*
 23 *ability of food.*

1 “(b) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 2 *authorized to be appropriated to carry out this section*
 3 *\$1,000,000 for each of fiscal years 2008 through 2012.*”.

4 **SEC. 7051. CONSORTIUM FOR AGRICULTURAL AND RURAL**
 5 **TRANSPORTATION RESEARCH AND EDU-**
 6 **CATION.**

7 *Subtitle K of the National Agricultural Research, Ex-*
 8 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 9 *et seq.) (as amended by section 7048) is amended by adding*
 10 *at the end the following:*

11 **“SEC. 1473R. CONSORTIUM FOR AGRICULTURAL AND RURAL**
 12 **TRANSPORTATION RESEARCH AND EDU-**
 13 **CATION.**

14 “(a) *IN GENERAL.*—*Subject to the availability of ap-*
 15 *propriations to carry out this section, the Secretary, acting*
 16 *through the Agricultural Marketing Service, shall award*
 17 *grants to the Consortium for Agricultural and Rural Trans-*
 18 *portation Research and Education for the purpose of fund-*
 19 *ing prospective, independent research, education, and tech-*
 20 *nology transfer activities.*

21 “(b) *ACTIVITIES.*—*Activities funded with grants made*
 22 *under subsection (a) shall focus on critical rural and agri-*
 23 *cultural transportation and logistics issues facing agricul-*
 24 *tural producers and other rural businesses, including—*

1 “(1) issues relating to the relationship between
2 renewable fuels and transportation;

3 “(2) export promotion issues based on transpor-
4 tation strategies for rural areas;

5 “(3) transportation and rural business facility
6 planning and location issues;

7 “(4) transportation management and supply
8 chain management support issues;

9 “(5) rural road planning and finance issues;

10 “(6) advanced transportation technology appli-
11 cations in a rural area; and

12 “(7) creation of a national agricultural mar-
13 keting and rural business transportation database.

14 “(c) *REPORT*.—Not later than September 30, 2011, the
15 Secretary shall submit to the Committee on Agriculture of
16 the House of Representatives and the Committee on Agri-
17 culture, Nutrition, and Forestry of the Senate a report
18 that—

19 “(1) describes the activities of Consortium for
20 Agricultural and Rural Transportation Research and
21 Education that have been funded through grants
22 made under this section; and

23 “(2) contains recommendations about the grant
24 program.

25 “(d) *AUTHORIZATION OF APPROPRIATIONS*.—

1 “(1) *IN GENERAL.*—*There is authorized to be ap-*
 2 *propriated to carry out this section \$19,000,000 for*
 3 *each of fiscal years 2008 through 2012.*

4 “(2) *ADMINISTRATIVE EXPENSES.*—*Of the total*
 5 *amount made available under paragraph (1), not*
 6 *more than \$1,000,000 may be used by the Agricul-*
 7 *tural Marketing Service for administrative expenses*
 8 *incurred in carrying out this section.”.*

9 **SEC. 7052. REGIONAL CENTERS OF EXCELLENCE IN FOOD**
 10 **SYSTEMS VETERINARY MEDICINE.**

11 *Subtitle K of the National Agricultural Research, Ex-*
 12 *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3310*
 13 *et seq.) (as amended by section 7049) is amended by adding*
 14 *at the end the following:*

15 **“SEC. 1473S. REGIONAL CENTERS OF EXCELLENCE IN FOOD**
 16 **SYSTEMS VETERINARY MEDICINE.**

17 “(a) *DEFINITION OF ELIGIBLE SCHOOL OF VETERI-*
 18 *NARY MEDICINE.*—*In this section, the term ‘eligible school*
 19 *of veterinary medicine’ means a school of veterinary medi-*
 20 *cine that is—*

21 “(1) *a public or other nonprofit entity; and*

22 “(2) *accredited by an entity that is approved for*
 23 *such purpose by the Department of Education.*

24 “(b) *GRANT PROGRAM.*—*The Secretary shall make*
 25 *grants to eligible schools of veterinary medicine to assist*

1 *the eligible schools of veterinary medicine in supporting*
 2 *centers of emphasis in food systems veterinary medicine.*

3 “(c) *APPLICATION PROCESS.*—

4 “(1) *APPLICATION REQUIREMENT.*—*To be eligible*
 5 *to receive a grant from the Secretary under subsection*
 6 *(b), an eligible school of veterinary medicine shall*
 7 *submit to the Secretary an application at such time,*
 8 *in such manner, and containing such information as*
 9 *the Secretary may require.*

10 “(2) *CONSIDERATION OF APPLICATIONS.*—*The*
 11 *Secretary shall establish procedures to ensure that—*

12 “(A) *each application submitted under*
 13 *paragraph (1) is rigorously reviewed; and*

14 “(B) *grants are competitively awarded*
 15 *based on—*

16 “(i) *the ability of the eligible school of*
 17 *veterinary medicine to provide a com-*
 18 *prehensive educational experience for stu-*
 19 *dents with particular emphasis on the spe-*
 20 *cies of food animal for which the eligible*
 21 *school of veterinary medicine is applying*
 22 *that is used for food production (including*
 23 *food animal veterinary medicine, food sup-*
 24 *ply bioterrorism prevention and surveil-*

1 lance, food-safety, and the improvement of
2 the quality of the environment);

3 “(ii) the ability of the eligible school of
4 veterinary medicine to increase capacity
5 with respect to research on the species of
6 food animal for which the eligible school of
7 veterinary medicine is applying that is
8 used for food production; and

9 “(iii) any other consideration that the
10 Secretary determines to be appropriate.

11 “(3) *PREFERENCE FOR CONSORTIUM.*—In mak-
12 ing grants under subsection (b), the Secretary shall
13 give preference to eligible schools of veterinary medi-
14 cine that participate in interinstitutional agreements
15 that—

16 “(A) cover issues relating to residency, tui-
17 tion, or fees; and

18 “(B) consist of more than 1 other—

19 “(i) school of veterinary medicine;

20 “(ii) school of public health;

21 “(iii) school of agriculture; or

22 “(iv) appropriate entity that carries
23 out education and research activities with
24 respect to food production systems, as deter-
25 mined by the Secretary.

1 “(d) *REQUIRED USE OF FUNDS.*—*The Secretary may*
 2 *not make a grant to an eligible school of veterinary medi-*
 3 *cine under subsection (b) unless the eligible school of veteri-*
 4 *nary medicine agrees to use the grant funds—*

5 “(1) *to develop a competitive student applicant*
 6 *pool through linkages with other appropriate schools*
 7 *of veterinary medicine, as determined by the Sec-*
 8 *retary;*

9 “(2) *to improve the capacity of the eligible school*
 10 *of veterinary medicine—*

11 “(A) *to train, recruit, and retain faculty;*

12 “(B) *to pay such stipends and fellowships*
 13 *as the Secretary determines to be appropriate in*
 14 *areas of research relating to—*

15 “(i) *food animal medicine; and*

16 “(ii) *food-safety and defense; and*

17 “(C) *to enhance the quality of the environ-*
 18 *ment;*

19 “(3) *to carry out activities to improve the infor-*
 20 *mation resources, curriculum, and clinical education*
 21 *of students of the eligible school of veterinary medi-*
 22 *cine with respect to—*

23 “(A) *food animal veterinary medicine; and*

24 “(B) *food-safety;*

1 “(4) to facilitate faculty and student research on
2 health issues that—

3 “(A) affect—

4 “(i) food-producing animals; and

5 “(ii) food-safety; and

6 “(B) enhance the environment;

7 “(5) to provide stipends for students to offset
8 costs relating to travel, tuition, and other expenses as-
9 sociated with attending the eligible school of veteri-
10 nary medicine; and

11 “(6) for any other purpose that the Secretary de-
12 termines to be appropriate.

13 “(e) PERIOD OF GRANTS.—

14 “(1) IN GENERAL.—Subject to paragraph (2), an
15 eligible school of veterinary medicine that receives
16 funds through a grant under subsection (b) shall re-
17 ceive funds under the grant for not more than 5 years
18 after the date on which the grant was first provided.

19 “(2) CONDITIONS RELATING TO GRANT FUNDS.—
20 Funds provided to an eligible school of veterinary
21 medicine through a grant under subsection (b) shall
22 be subject to—

23 “(A) the annual approval of the Secretary;

24 and

25 “(B) the availability of appropriations.

1 “(f) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
 2 *authorized to be appropriated such sums as are necessary*
 3 *to carry out this section for each of fiscal years 2008*
 4 *through 2012.*”.

5 ***Subtitle B—Food, Agriculture, Con-***
 6 ***servation, and Trade Act of 1990***

7 ***SEC. 7101. NATIONAL GENETIC RESOURCES PROGRAM.***

8 (a) *IN GENERAL.*—*Section 1632 of the Food, Agri-*
 9 *culture, Conservation, and Trade Act of 1990 (7 U.S.C.*
 10 *5841) is amended—*

11 (1) *by striking subsection (b) and inserting the*
 12 *following:*

13 “(b) *PURPOSE.*—*The program is established for the*
 14 *purpose of—*

15 “(1) *maintaining and enhancing a program pro-*
 16 *viding for the collection, preservation, and dissemina-*
 17 *tion of plant, animal, and microbial genetic material*
 18 *of importance to food and agriculture production in*
 19 *the United States; and*

20 “(2) *undertaking long-term research on plant*
 21 *and animal breeding and disease resistance.*”; and

22 (2) *in subsection (d)—*

23 (A) *in paragraph (5), by striking “and” at*
 24 *the end;*

1 (B) by redesignating paragraph (6) as
2 paragraph (7); and

3 (C) by inserting after paragraph (5) the fol-
4 lowing:

5 “(6) in conjunction with national programs for
6 plant and animal genetic resources, undertake long-
7 term research on plant and animal breeding, includ-
8 ing the development of varieties adapted to sustain-
9 able and organic farming systems, and disease resist-
10 ance; and”.

11 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
12 1635(b) of the Food, Agriculture, Conservation, and Trade
13 Act of 1990 (7 U.S.C. 5844(b)) is amended by striking
14 “2007” and inserting “2012”.

15 **SEC. 7102. HIGH-PRIORITY RESEARCH AND EXTENSION INI-**
16 **TIATIVES.**

17 Section 1672 of the Food, Agriculture, Conservation,
18 and Trade Act of 1990 (7 U.S.C. 5925) is amended—

19 (1) in subsection (e), by adding at the end the
20 following:

21 “(46) *COLONY COLLAPSE DISORDER AND POLLI-*
22 *NATOR RESEARCH PROGRAM.*—Research and extension
23 grants may be made to—

24 “(A) survey and collect data on bee colony
25 production and health;

1 “(B) investigate pollinator biology, immu-
2 nology, ecology, genomics, and bioinformatics;

3 “(C) conduct research on various factors
4 that may be contributing to or associated with
5 colony collapse disorder, and other serious
6 threats to the health of honey bees and other pol-
7 linators, including—

8 “(i) parasites and pathogens of polli-
9 nators; and

10 “(ii) the sublethal effects of insecticides,
11 herbicides, and fungicides on honey bees
12 and native and managed pollinators;

13 “(D) develop mitigative and preventative
14 measures to improve native and managed polli-
15 nator health; and

16 “(E) promote the health of honey bees and
17 native pollinators through habitat conservation
18 and best management practices.

19 “(47) MARINE SHRIMP FARMING PROGRAM.—Re-
20 search and extension grants may be made to establish
21 a research program to advance and maintain a do-
22 mestic shrimp farming industry in the United States.

23 “(48) CRANBERRY RESEARCH PROGRAM.—Re-
24 search and extension grants may be made to study
25 new technologies to assist cranberry growers in com-

1 *plying with Federal and State environmental regula-*
2 *tions, increase cranberry production, develop new*
3 *growing techniques, establish more efficient growing*
4 *methodologies, and educate farmers about sustainable*
5 *growth practices.*

6 “(49) *TURFGRASS RESEARCH INITIATIVE.*—*Re-*
7 *search and extension grants may be made to study the*
8 *production of turfgrass (including the use of water,*
9 *fertilizer, pesticides, fossil fuels, and machinery for*
10 *turf establishment and maintenance) and environ-*
11 *mental protection and enhancement relating to*
12 *turfgrass production.*

13 “(50) *PESTICIDE SAFETY RESEARCH INITIA-*
14 *TIVE.*—*Research grants may be made to study pes-*
15 *ticide safety for migrant and seasonal agricultural*
16 *workers, including research on increased risks of can-*
17 *cer or birth defects among migrant or seasonal farm-*
18 *workers and their children, identification of objective*
19 *biological indicators, and development of inexpensive*
20 *clinical tests to enable clinicians to diagnose over-*
21 *exposure to pesticides, and development of field-level*
22 *tests to determine when pesticide-treated fields are*
23 *safe to reenter to perform hand labor activities.*

1 “(51) *SWINE GENOME PROJECT.*—*Research*
 2 *grants may be made under this section to conduct*
 3 *swine genome research and to map the swine genome.*

4 “(52) *HIGH PLAINS AQUIFER REGION.*—*Research*
 5 *and extension grants may be made to carry out inter-*
 6 *disciplinary research relating to diminishing water*
 7 *levels and increased demand for water in the High*
 8 *Plains aquifer region encompassing the States of Col-*
 9 *orado, Kansas, Nebraska, New Mexico, Oklahoma,*
 10 *South Dakota, Texas, and Wyoming.*

11 “(53) *CELLULOSIC FEEDSTOCK TRANSPORTATION*
 12 *AND DELIVERY INITIATIVE.*—*Research and extension*
 13 *grants may be made to study new technologies for the*
 14 *economic post-harvest densification, handling, trans-*
 15 *portation, and delivery of cellulosic feedstocks for bio-*
 16 *energy conversion.*

17 “(54) *DEER INITIATIVE.*—*Research and exten-*
 18 *sion grants may be made to support collaborative re-*
 19 *search focusing on the development of viable strategies*
 20 *for the prevention, diagnosis, and treatment of infec-*
 21 *tious, parasitic, and toxic diseases of farmed deer and*
 22 *the mapping of the deer genome.*

23 “(55) *PASTURE-BASED BEEF SYSTEMS FOR AP-*
 24 *PALACHIA RESEARCH INITIATIVE.*—*Research and ex-*

1 *tension grants may be made to land-grant*
 2 *institutions—*

3 *“(A) to study the development of forage se-*
 4 *quences and combinations for cow-calf, heifer de-*
 5 *velopment, stocker, and finishing systems;*

6 *“(B) to deliver optimal nutritive value for*
 7 *efficient production of cattle for pasture fin-*
 8 *ishing;*

9 *“(C) to optimize forage systems to produce*
 10 *pasture finished beef that is acceptable to con-*
 11 *sumers;*

12 *“(D) to develop a 12-month production and*
 13 *marketing model cycle for forage-fed beef; and*

14 *“(E) to assess the effect of forage quality on*
 15 *reproductive fitness and related measures.*

16 *“(56) SUSTAINABLE AGRICULTURAL PRODUCTION*
 17 *FOR THE ENVIRONMENT.—Research and extension*
 18 *grants may be made to—*

19 *“(A) field and laboratory studies that exam-*
 20 *ine the ecosystem from gross to minute scales;*

21 *“(B) conduct projects that explore the future*
 22 *environmental ramifications of sustainable agri-*
 23 *cultural practices; and*

24 *“(C) to assess the effect of forage quality on*
 25 *reproductive fitness and related measures.*

1 “(57) *BIOMASS-DERIVED ENERGY RESOURCES.*—

2 *Research and extension grants may be made to—*

3 “(A) *study plant cell wall structure and*
4 *function and the use of plant biotechnology to*
5 *produce industrial enzymes; and*

6 “(B) *conduct projects that develop renew-*
7 *able, plant biomass-derived energy resources*
8 *using the technology described in subparagraph*
9 *(A).*

10 “(58) *BRUCELLOSIS CONTROL AND ERADICATION;*
11 *BIGHORN AND DOMESTIC SHEEP DISEASE MECHA-*
12 *NISMS.*—*Research and extension grants may be made*
13 *available—*

14 “(A) *for the conduct of research relating to*
15 *the development of vaccines and vaccine delivery*
16 *systems to effectively control and eliminate bru-*
17 *cellosis in wildlife;*

18 “(B) *to assist with the controlling of the*
19 *spread of brucellosis from wildlife to domestic*
20 *animals in the greater Yellowstone area; and*

21 “(C) *to conduct research relating to the*
22 *health status (including the presence of infectious*
23 *diseases) of bighorn and domestic sheep under*
24 *range conditions.”; and*

1 (2) in subsection (h), by striking “2007” and in-
 2 serting “2012, of which \$20,000,000 shall be used for
 3 each fiscal year to make grants described in sub-
 4 section (e)(46)”.

5 **SEC. 7103. NUTRIENT MANAGEMENT RESEARCH AND EX-**
 6 **TENSION INITIATIVE.**

7 Section 1672A of the Food, Agriculture, Conservation,
 8 and Trade Act of 1990 (7 U.S.C. 5925a) is amended—

9 (1) by redesignating subsection (g) as subsection
 10 (f); and

11 (2) in subsection (f) (as so redesignated), by
 12 striking “2007” and inserting “2012”.

13 **SEC. 7104. ORGANIC AGRICULTURE RESEARCH AND EXTEN-**
 14 **SION INITIATIVE.**

15 Section 1672B of the Food, Agriculture, Conservation,
 16 and Trade Act of 1990 (7 U.S.C. 5925b) is amended by
 17 striking subsection (e) and inserting the following:

18 “(e) *FUNDING.*—Of the funds of the Commodity Credit
 19 Corporation, the Secretary shall use to carry out this sec-
 20 tion \$16,000,000 for each of fiscal years 2008 through 2012,
 21 to remain available until expended.”.

1 **SEC. 7105. AGRICULTURAL TELECOMMUNICATIONS PRO-**
 2 **GRAM.**

3 *Section 1673(h) of the Food, Agriculture, Conserva-*
 4 *tion, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended*
 5 *by striking “2007” and inserting “2012”.*

6 **SEC. 7106. ASSISTIVE TECHNOLOGY PROGRAM FOR FARM-**
 7 **ERS WITH DISABILITIES.**

8 *Section 1680(c)(1) of the Food, Agriculture, Conserva-*
 9 *tion, and Trade Act of 1990 (7 U.S.C. 5933(c)(1)) is*
 10 *amended by striking “2007” and inserting “2012”.*

11 **SEC. 7107. NATIONAL RURAL INFORMATION CENTER**
 12 **CLEARINGHOUSE.**

13 *Section 2381(e) of the Food, Agriculture, Conservation,*
 14 *and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by*
 15 *striking “2007” and inserting “2012”.*

16 ***Subtitle C—Agricultural Research,***
 17 ***Extension, and Education Re-***
 18 ***form Act of 1998***

19 **SEC. 7201. INITIATIVE FOR FUTURE AGRICULTURE AND**
 20 **FOOD SYSTEMS.**

21 *(a) FUNDING.—Section 401(b) of the Agricultural Re-*
 22 *search, Extension, and Education Reform Act of 1998 (7*
 23 *U.S.C. 7621(b)) is amended—*

24 *(1) by striking paragraph (1) and inserting the*
 25 *following:*

1 “(1) *IN GENERAL.*—Not later than 30 days after
 2 the date of enactment of the Food and Energy Secu-
 3 rity Act of 2007, the Secretary of the Treasury shall
 4 transfer \$45,000,000 to the Account.”; and

5 (2) *by striking paragraph (3) and inserting the*
 6 *following:*

7 “(3) *OTHER FUNDING.*—

8 “(A) *AUTHORIZATION OF APPROPRIA-*
 9 *TIONS.*—There is authorized to be appropriated
 10 to carry out this section \$200,000,000 for each of
 11 fiscal years 2008 through 2012.

12 “(B) *SHORTAGE OF FUNDS.*—Notwith-
 13 standing any other provision of law, during any
 14 year for which funds are not made available
 15 under this subsection, the Secretary shall use not
 16 less than 80 percent of the funds made available
 17 for competitive mission-linked systems research
 18 grants under section 2(b)(10)(B) of the Competi-
 19 tive, Special, and Facilities Research Grant Act
 20 (7 U.S.C. 450i(b)(10)(B)) to carry out a com-
 21 petitive grant program under the same terms
 22 and conditions as are provided under this sec-
 23 tion.”.

1 (b) *PURPOSES.*—Section 401(c) of the Agricultural Re-
 2 search, Extension, and Education Reform Act of 1998 (7
 3 U.S.C. 7621(c)) is amended—

4 (1) in paragraph (1)(D), by striking “policy”;
 5 and

6 (2) in paragraph (2)—

7 (A) by striking subparagraphs (A) and (D);

8 (B) by redesignating subparagraphs (B),

9 (C), (E), and (F) as subparagraphs (A), (B),
 10 (F), and (G), respectively;

11 (C) by inserting after subparagraph (B) the
 12 following:

13 “(C) sustainable and renewable agriculture-
 14 based energy production options and policies;

15 “(D) environmental services and outcome-
 16 based conservation programs and markets;

17 “(E) agricultural and rural entrepreneur-
 18 ship and business and community development,
 19 including farming and ranching opportunities
 20 for beginning farmers or ranchers;”; and

21 (D) in subparagraph (F) (as redesignated
 22 by subparagraph (B))—

23 (i) by inserting “and environmental”

24 after “natural resource”; and

1 (ii) by inserting “agro-ecosystems and”
 2 after “including”; and
 3 (E) in subparagraph (G) (as redesignated
 4 by subparagraph (B))—

5 (i) by striking “including the viabil-
 6 ity” and inserting the following:
 7 “including—

8 “(i) the viability”; and

9 (ii) by striking “operations.” and in-
 10 serting the following: “operations;

11 “(ii) farm transition options for retir-
 12 ing farmers or ranchers; and

13 “(iii) farm transfer and entry alter-
 14 natives for beginning or socially-disadvan-
 15 taged farmers or ranchers.”.

16 **SEC. 7202. PARTNERSHIPS FOR HIGH-VALUE AGRICUL-**
 17 **TURAL PRODUCT QUALITY RESEARCH.**

18 Section 402(g) of the Agricultural Research, Exten-
 19 sion, and Education Reform Act of 1998 (7 U.S.C. 7622(g))
 20 is amended by striking “2007” and inserting “2012”.

21 **SEC. 7203. PRECISION AGRICULTURE.**

22 Section 403(i)(1) of the Agricultural Research, Exten-
 23 sion, and Education Reform Act of 1998 (7 U.S.C.
 24 7623(i)(1)) is amended by striking “2007” and inserting
 25 “2012”.

1 **SEC. 7204. BIOBASED PRODUCTS.**

2 (a) *PILOT PROJECT*.—Section 404(e)(2) of the *Agricul-*
 3 *tural Research, Extension, and Education Reform Act of*
 4 *1998 (7 U.S.C. 7624(e)(2)) is amended by striking “2007”*
 5 *and inserting “2012”.*

6 (b) *AUTHORIZATION OF APPROPRIATIONS*.—Section
 7 *404(h) of the Agricultural Research, Extension, and Edu-*
 8 *cation Reform Act of 1998 (7 U.S.C. 7624(h)) is amended*
 9 *by striking “2007” and inserting “2012”.*

10 **SEC. 7205. THOMAS JEFFERSON INITIATIVE FOR CROP DI-**
 11 **VERSIFICATION.**

12 Section 405(h) of the *Agricultural Research, Exten-*
 13 *sion, and Education Reform Act of 1998 (7 U.S.C. 7625(h))*
 14 *is amended by striking “2007” and inserting “2012”.*

15 **SEC. 7206. INTEGRATED RESEARCH, EDUCATION, AND EX-**
 16 **TENSION COMPETITIVE GRANTS PROGRAM.**

17 Section 406(f) of the *Agricultural Research, Extension,*
 18 *and Education Reform Act of 1998 (7 U.S.C. 7626(f)) is*
 19 *amended by striking “2007” and inserting “2012”.*

20 **SEC. 7207. SUPPORT FOR RESEARCH REGARDING DISEASES**
 21 **OF WHEAT, TRITICALE, AND BARLEY CAUSED**
 22 **BY FUSARIUM GRAMINEARUM OR BY**
 23 **TILLETIA INDICA.**

24 Section 408(e) of the *Agricultural Research, Extension,*
 25 *and Education Reform Act of 1998 (7 U.S.C. 7628(e)) is*
 26 *amended by striking “2007” and inserting “2012”.*

1 **SEC. 7208. BOVINE JOHNE’S DISEASE CONTROL PROGRAM.**

2 *Section 409(b) of the Agricultural Research, Extension,*
 3 *sion, and Education Reform Act of 1998 (7 U.S.C. 7629(b))*
 4 *is amended by striking “2007” and inserting “2012”.*

5 **SEC. 7209. GRANTS FOR YOUTH ORGANIZATIONS.**

6 *Section 410(c) of the Agricultural Research, Extension,*
 7 *and Education Reform Act of 1998 (7 U.S.C. 7630(c)) is*
 8 *amended by striking “2007” and inserting “2012”.*

9 **SEC. 7210. AGRICULTURAL BIOTECHNOLOGY RESEARCH**
 10 **AND DEVELOPMENT FOR DEVELOPING COUN-**
 11 **TRIES.**

12 *Section 411(c) of the Agricultural Research, Extension,*
 13 *and Education Reform Act of 1998 (7 U.S.C. 7631(c)) is*
 14 *amended by striking “2007” and inserting “2012”.*

15 **SEC. 7211. SPECIALTY CROP RESEARCH INITIATIVE.**

16 *Title IV of the Agricultural Research, Extension, and*
 17 *Education Reform Act of 1998 (7 U.S.C. 7621 et seq.) is*
 18 *amended by adding at the end the following:*

19 **“SEC. 412. SPECIALTY CROP RESEARCH INITIATIVE.**

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

21 “(1) *INITIATIVE.—The term ‘Initiative’ means*
 22 *the specialty crop research initiative established by*
 23 *subsection (b).*

24 “(2) *SPECIALTY CROP.—The term ‘specialty*
 25 *crop’ has the meaning given the term in section 3 of*

1 *the Specialty Crops Competitiveness Act of 2004 (7*
2 *U.S.C. 1621 note; Public Law 108–465).*

3 “(b) *ESTABLISHMENT.—There is established within*
4 *the Department a specialty crop research initiative.*

5 “(c) *PURPOSE.—The purpose of the Initiative shall be*
6 *to address the critical needs of the specialty crop industry*
7 *by providing science-based tools to address needs of specific*
8 *crops and regions, including—*

9 “(1) *fundamental and applied work in plant*
10 *breeding, genetics, and genomics to improve crop*
11 *characteristics, such as—*

12 “(A) *product appearance, quality, taste,*
13 *yield, and shelf life;*

14 “(B) *environmental responses and toler-*
15 *ances;*

16 “(C) *plant-nutrient uptake efficiency result-*
17 *ing in improved nutrient management;*

18 “(D) *pest and disease management, includ-*
19 *ing resilience to pests and diseases resulting in*
20 *reduced application management strategies; and*

21 “(E) *enhanced phytonutrient content;*

22 “(2) *efforts to prevent, identify, control, or eradi-*
23 *cate invasive species;*

24 “(3) *methods of improving agricultural produc-*
25 *tion by developing more technologically-efficient and*

1 *effective applications of water, nutrients, and pes-*
 2 *ticides to reduce energy use;*

3 *“(4) new innovations and technology to enhance*
 4 *mechanization and reduce reliance on labor;*

5 *“(5) methods of improving production efficiency,*
 6 *productivity, sustainability, and profitability over the*
 7 *long term;*

8 *“(6) methods to prevent, control, and respond to*
 9 *human pathogen contamination of specialty crops, in-*
 10 *cluding fresh-cut produce;*

11 *“(7) methods of improving the supply and effec-*
 12 *tiveness of pollination for specialty crop production;*
 13 *and*

14 *“(8) efforts relating to optimizing the production*
 15 *of organic specialty crops.*

16 *“(d) ELIGIBLE ENTITIES.—The Secretary may carry*
 17 *out the Initiative through—*

18 *“(1) Federal agencies;*

19 *“(2) national laboratories;*

20 *“(3) institutions of higher education;*

21 *“(4) research institutions and organizations;*

22 *“(5) private organizations and corporations;*

23 *“(6) State agricultural experiment stations; and*

24 *“(7) individuals.*

1 “(e) *RESEARCH PROJECTS*.—In carrying out this sec-
2 tion, the Secretary may—

3 “(1) carry out research; and

4 “(2) award grants on a competitive basis.

5 “(f) *PRIORITIES*.—In making grants under this sec-
6 tion, the Secretary shall provide a higher priority to
7 projects that—

8 “(1) are multistate, multi-institutional, or mul-
9 tidisciplinary; and

10 “(2) include explicit mechanisms to commu-
11 nicate usable results to producers and the public.

12 “(g) *FUNDING*.—Of the funds of the Commodity Credit
13 Corporation, the Secretary shall use to carry out this sec-
14 tion \$16,000,000 for each of fiscal years 2008 through 2012,
15 to remain available until expended.”.

16 **SEC. 7212. OFFICE OF PEST MANAGEMENT POLICY.**

17 (a) *IN GENERAL*.—Section 614(b) of the Agricultural
18 Research, Extension, and Education Reform Act of 1998
19 (7 U.S.C. 7653(b)) is amended—

20 (1) in the matter preceding paragraph (1), by
21 striking “Department” and inserting “Office of the
22 Chief Economist”;

23 (2) in paragraph (1), by striking “the develop-
24 ment and coordination” and inserting “the develop-
25 ment, coordination, and representation”; and

1 (3) in paragraph (3), by striking “assisting
2 other agencies of the Department in fulfilling their”
3 and inserting “enabling the Secretary to fulfill the
4 statutory”.

5 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
6 614(f) of the Agricultural Research, Extension, and Edu-
7 cation Reform Act of 1998 (7 U.S.C. 7653(f)) is amended
8 by striking “2007” and inserting “2012”.

9 **SEC. 7213. FOOD ANIMAL RESIDUE AVOIDANCE DATABASE**
10 **PROGRAM.**

11 Section 604 of the Agricultural Research, Extension,
12 and Education Reform Act of 1998 (7 U.S.C. 7642) is
13 amended by adding at the end the following:

14 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—There is
15 authorized to be appropriated to carry out this section
16 \$2,500,000 for each of fiscal years 2008 through 2012.”.

17 **Subtitle D—Other Laws**

18 **SEC. 7301. CRITICAL AGRICULTURAL MATERIALS ACT.**

19 Section 16(a) of the Critical Agricultural Materials
20 Act (7 U.S.C. 178n(a)) is amended by striking “2007” and
21 inserting “2012”.

22 **SEC. 7302. EQUITY IN EDUCATIONAL LAND-GRANT STATUS**
23 **ACT OF 1994.**

24 (a) *DEFINITION OF 1994 INSTITUTIONS.*—Section 532
25 of the Equity in Educational Land-Grant Status Act of

1 1994 (7 U.S.C. 301 note; Public Law 103–382) is amended
 2 by adding at the end the following:

3 “(34) *Ilisagvik College*.”.

4 (b) *ENDOWMENT FOR 1994 INSTITUTIONS*.—Section
 5 533(b) of the *Equity in Educational Land-Grant Status*
 6 *Act of 1994* (7 U.S.C. 301 note; Public Law 103–382) is
 7 amended in the first sentence by striking “2007” and in-
 8 serting “2012”.

9 (c) *INSTITUTIONAL CAPACITY BUILDING GRANTS*.—
 10 Section 535 of the *Equity in Educational Land-Grant Sta-*
 11 *tus Act of 1994* (7 U.S.C. 301 note; Public Law 103–382)
 12 is amended by striking “2007” each place it appears and
 13 inserting “2012”.

14 (d) *RESEARCH GRANTS*.—Section 536(c) of the *Equity*
 15 *in Educational Land-Grant Status Act of 1994* (7 U.S.C.
 16 301 note; Public Law 103–382) is amended in the first sen-
 17 tence by striking “2007” and inserting “2012”.

18 **SEC. 7303. SMITH-LEVER ACT.**

19 (a) *CHILDREN, YOUTH, AND FAMILIES EDUCATION*
 20 *AND RESEARCH NETWORK PROGRAM*.—Section 3 of the
 21 *Smith-Lever Act of 1914* (7 U.S.C. 343) is amended by adding at
 22 the end the following:

23 “(k) *CHILDREN, YOUTH, AND FAMILIES EDUCATION*
 24 *AND RESEARCH NETWORK PROGRAM*.—Notwithstanding
 25 section 3(d)(2) of the *Act of May 8, 1914* (7 U.S.C.

1 343(d)(2)), in carrying out the children, youth, and fami-
 2 lies education and research network program using
 3 amounts made available under subsection (d), the Secretary
 4 shall include 1890 Institutions (as defined in section 2 of
 5 the Agricultural Research, Extension, and Education Re-
 6 form Act of 1998 (7 U.S.C. 7601)) as eligible program ap-
 7 plicants and participants.”.

8 (b) *ELIMINATION OF THE GOVERNOR’S REPORT RE-*
 9 *QUIREMENT FOR EXTENSION ACTIVITIES.*—Section 5 of the
 10 *Smith-Lever Act* (7 U.S.C. 345) is amended by striking the
 11 *third sentence.*

12 **SEC. 7304. HATCH ACT OF 1887.**

13 (a) *DISTRICT OF COLUMBIA.*—Section 3(d)(4) of the
 14 *Hatch Act of 1887* (7 U.S.C. 361c(d)(4)) is amended—

15 (1) in the paragraph heading, by inserting “AND
 16 THE DISTRICT OF COLUMBIA” after “AREAS”;

17 (2) in subparagraph (A)—

18 (A) by inserting “and the District of Co-
 19 lumbia” after “United States”; and

20 (B) by inserting “and the District of Co-
 21 lumbia” after “respectively”; and

22 (3) in subparagraph (B), by inserting “or the
 23 District of Columbia” after “area”.

24 (b) *ELIMINATION OF PENALTY MAIL AUTHORITIES.*—

1 (1) *IN GENERAL.*—Section 6 of the Hatch Act of
 2 1887 (7 U.S.C. 361f) is amended in the first sentence
 3 by striking “under penalty indicia:” and all that fol-
 4 lows through the end of the sentence and inserting a
 5 period.

6 (2) *CONFORMING AMENDMENTS IN OTHER*
 7 *LAWS.*—

8 (A) *NATIONAL AGRICULTURAL RESEARCH,*
 9 *EXTENSION, AND TEACHING POLICY ACT OF*
 10 1977.—

11 (i) Section 1444(f) of the National Ag-
 12 ricultural Research, Extension, and Teach-
 13 ing Policy Act of 1977 (7 U.S.C. 3221(f)) is
 14 amended by striking “under penalty indi-
 15 cia:” and all that follows through the end of
 16 the sentence and inserting a period.

17 (ii) Section 1445(e) of the National
 18 Agricultural Research, Extension, and
 19 Teaching Policy Act of 1977 (7 U.S.C.
 20 3222(e)) is amended by striking “under
 21 penalty indicia:” and all that follows
 22 through the end of the sentence and insert-
 23 ing a period.

24 (B) *OTHER PROVISIONS.*—Section 3202(a)
 25 of title 39, United States Code, is amended—

1 (i) in paragraph (1)—

2 (I) in subparagraph (D), by add-
3 ing “and” at the end;

4 (II) in subparagraph (E), by
5 striking “sections; and” and inserting
6 “sections.”; and

7 (III) by striking subparagraph
8 (F);

9 (ii) in paragraph (2), by adding
10 “and” at the end;

11 (iii) in paragraph (3) by striking
12 “thereof; and” and inserting “thereof.”; and

13 (iv) by striking paragraph (4).

14 **SEC. 7305. RESEARCH FACILITIES ACT.**

15 Section 6(a) of the Research Facilities Act (7 U.S.C.
16 390d(a)) is amended by striking “2007” and inserting
17 “2012”.

18 **SEC. 7306. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**
19 **SION, AND TEACHING POLICY ACT AMEND-**
20 **MENTS OF 1985.**

21 Section 1431 of the National Agricultural Research,
22 Extension, and Teaching Policy Act Amendments of 1985
23 (Public Law 99–198; 99 Stat. 1556) is amended by striking
24 “2007” and inserting “2012”.

1 **SEC. 7307. COMPETITIVE, SPECIAL, AND FACILITIES RE-**
 2 **SEARCH GRANT ACT.**

3 (a) *COMPETITIVE GRANTS.*—*The Competitive, Special,*
 4 *and Facilities Research Grant Act (7 U.S.C. 450i) is*
 5 *amended in subsection (b)—*

6 (1) *in paragraph (2)—*

7 (A) *in the matter preceding subparagraph*

8 *(A)—*

9 (i) *by striking “in the areas” and all*
 10 *that follows through “needs shall be” and*
 11 *inserting “, as”; and*

12 (ii) *by striking “year.” and inserting*
 13 *“year, relating to—”;*

14 (B) *in subparagraph (B), by striking “pro-*
 15 *duction efficiency and animal well-being” and*
 16 *inserting “production efficiency, animal well-*
 17 *being, and the judicious use of antibiotics”;*

18 (C) *in subparagraph (D), by striking “sur-*
 19 *face water and ground water quality” and in-*
 20 *serting “surface water quality and ground water*
 21 *quality, including the reduction of antibiotics or*
 22 *antibiotic-resistant bacteria”;*

23 (D) *in subparagraph (E), by striking “and”*
 24 *at the end and inserting “; agricultural genomics*
 25 *and biotechnology, including the application of*
 26 *genomics and bioinformatics tools to develop*

1 *traits in plants and animals (translational*
 2 *genomics);”;*

3 *(E) in subparagraph (F), by striking the*
 4 *period at the end and inserting “, including*
 5 *areas of concern to beginning farmers or ranch-*
 6 *ers; and”;* *and*

7 *(F) by adding at the end the following:*

8 *“(G) classical plant and animal breeding,*
 9 *including cultivar and breed development, selec-*
 10 *tion theory, applied quantitative genetics, breed-*
 11 *ing for organic and sustainable systems, breeding*
 12 *for improved nutritional and eating quality,*
 13 *breeding for improved local adaptation to biotic*
 14 *stress, abiotic stress, and climate change, and*
 15 *participatory breeding with farmers and end*
 16 *users.”;*

17 *(2) in paragraph (4)—*

18 *(A) by striking “The” and inserting the fol-*
 19 *lowing:*

20 *“(A) IN GENERAL.—Subject to subpara-*
 21 *graph (B), the”;* *and*

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

23 *“(B) CLASSICAL PLANT AND ANIMAL*
 24 *BREEDING.—*

1 “(i) *TERM.*—*The term of a competitive*
 2 *grant relating to classical plant and animal*
 3 *breeding under paragraph (2)(G) shall not*
 4 *exceed 10 years.*

5 “(ii) *AVAILABILITY.*—*Funds made*
 6 *available for a fiscal year for a competitive*
 7 *grant relating to classical plant and animal*
 8 *breeding under paragraph (2)(G) shall re-*
 9 *main available until expended to pay for*
 10 *obligations incurred in that fiscal year.”;*
 11 *and*

12 *(3) in paragraph (10), by striking “2007” and*
 13 *inserting “2012”.*

14 “(b) *NATIONAL RESEARCH SUPPORT PROJECT-7.*—*The*
 15 *Competitive, Special, and Facilities Research Grant Act (7*
 16 *U.S.C. 450i) is amended by adding at the end the following:*

17 “(l) *NATIONAL RESEARCH SUPPORT PROJECT-7.*—

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

19 “(A) *PROJECT.*—*The term ‘project’ means*
 20 *the project established by the Secretary under*
 21 *paragraph (2).*

22 “(B) *SECRETARY.*—*The term ‘Secretary’*
 23 *means the Secretary of Agriculture.*

24 “(2) *ESTABLISHMENT.*—*The Secretary shall es-*
 25 *tablish the National Research Support Project-7—*

1 “(A) to identify the animal drug needs
2 for—

3 “(i) minor species; and

4 “(ii) minor uses in major species;

5 “(B) to generate and disseminate data to
6 ensure the safe, effective, and lawful use of drugs
7 to be used primarily for the therapy or reproduc-
8 tive management of minor animal species; and

9 “(C) to facilitate the development and ap-
10 proval of drugs for minor species, and minor
11 uses in major species, by the Center for Veteri-
12 nary Medicine of the Food and Drug Adminis-
13 tration.

14 “(3) ADMINISTRATION OF PROJECT.—

15 “(A) NATIONAL RESEARCH SUPPORT
16 PROJECT-7.—The Secretary shall carry out the
17 project in accordance with each purpose and
18 principle of the National Research Support
19 Project-7 carried out by the Administrator of the
20 Cooperative State Research, Education, and Ex-
21 tension Service as of the day before the date of
22 enactment of this subsection.

23 “(B) CONSULTATION WITH OTHER ENTI-
24 TIES.—The Secretary shall carry out the project
25 in consultation with—

- 1 “(i) *the Commissioner of Food and*
 2 *Drugs;*
 3 “(ii) *State agricultural experiment sta-*
 4 *tions;*
 5 “(iii) *institutions of higher education;*
 6 “(iv) *private entities; and*
 7 “(v) *any other interested individual or*
 8 *entity.*

9 “(4) *AUTHORIZATION OF APPROPRIATIONS.—*
 10 *There are authorized to be appropriated such sums as*
 11 *are necessary to carry out this subsection.”.*

12 **SEC. 7308. EDUCATION GRANTS TO ALASKA NATIVE SERV-**
 13 **ING INSTITUTIONS AND NATIVE HAWAIIAN**
 14 **SERVING INSTITUTIONS.**

15 *Section 759 of the Agriculture, Rural Development,*
 16 *Food and Drug Administration, and Related Agencies Ap-*
 17 *propriations Act, 2000 (7 U.S.C. 3242) is amended—*

18 (1) *in subsection (a)(3), by striking “2006” and*
 19 *inserting “2012”; and*

20 (2) *in subsection (b)—*

21 (A) *in paragraph (2)(A), by inserting before*
 22 *the semicolon at the end the following: “, includ-*
 23 *ing permitting consortia to designate fiscal*
 24 *agents for the members of the consortia and to*

1 *allocate among the members funds made avail-*
 2 *able under this section”; and*

3 *(B) in paragraph (3), by striking “2006”*
 4 *and inserting “2012”.*

5 **SEC. 7309. BEGINNING FARMER AND RANCHER DEVELOP-**
 6 **MENT PROGRAM.**

7 *(a) GRANTS.—Section 7405(c) of the Farm Security*
 8 *and Rural Investment Act of 2002 (7 U.S.C. 3319f(c)) is*
 9 *amended—*

10 *(1) in paragraph (1)—*

11 *(A) in subparagraph (I), by inserting “, in-*
 12 *cluding energy conservation and efficiency” after*
 13 *“assistance”; and*

14 *(B) in subparagraph (K), by inserting “,*
 15 *including transition to organic and other source-*
 16 *verified and value-added alternative production*
 17 *and marketing systems” after “strategies”;*

18 *(2) by striking paragraph (3) and inserting the*
 19 *following:*

20 *“(3) MAXIMUM TERM AND SIZE OF GRANT.—*

21 *“(A) IN GENERAL.—A grant under this sub-*
 22 *section shall—*

23 *“(i) have a term that is not more than*
 24 *3 years; and*

1 “(ii) be in an amount that is not more
2 than \$250,000 a year.

3 “(B) CONSECUTIVE GRANTS.—An eligible
4 recipient may receive consecutive grants under
5 this subsection.”;

6 (3) by redesignating paragraphs (5) through (7)
7 as paragraphs (9) through (11), respectively;

8 (4) by inserting after paragraph (4) the fol-
9 lowing:

10 “(5) EVALUATION CRITERIA.—In making grants
11 under this subsection, the Secretary shall evaluate—

12 “(A) relevancy;

13 “(B) technical merit;

14 “(C) achievability;

15 “(D) the expertise and track record of 1 or
16 more applicants;

17 “(E) the adequacy of plans for the
18 participatory evaluation process, outcome-based
19 reporting, and the communication of findings
20 and results beyond the immediate target audi-
21 ence; and

22 “(F) other appropriate factors, as deter-
23 mined by the Secretary.

1 “(6) *REGIONAL BALANCE.*—*In making grants*
 2 *under this subsection, the Secretary shall, to the max-*
 3 *imum extent practicable, ensure geographic diversity.*

4 “(7) *ORGANIC CONVERSION.*—*The Secretary may*
 5 *make grants under this subsection to support projects*
 6 *that provide comprehensive technical assistance to be-*
 7 *ginning farmers or ranchers who are in the process*
 8 *of converting to certified organic production.*

9 “(8) *PRIORITY.*—*In making grants under this*
 10 *subsection, the Secretary shall give priority to part-*
 11 *nerships and collaborations that are led by or include*
 12 *non-governmental and community-based organiza-*
 13 *tions with expertise in new farmer training and out-*
 14 *reach.”; and*

15 *(5) in paragraph (9) (as redesignated by para-*
 16 *graph (3))—*

17 *(A) in subparagraph (B), by striking “and”*
 18 *at the end;*

19 *(B) in subparagraph (C), by striking the*
 20 *period and adding “; and”; and*

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

22 *“(D) refugee or immigrant beginning farm-*
 23 *ers or ranchers”.*

24 *(b) EDUCATION TEAMS.*—*Section 7405(d)(2) of the*
 25 *Farm Security and Rural Investment Act of 2002 (7 U.S.C.*

1 3319f(d)(2)) is amended by inserting “, including sustain-
 2 able and organic farming production and marketing meth-
 3 ods” before the period at the end.

4 (c) *STAKEHOLDER INPUT*.—Section 7405(f) of the
 5 *Farm Security and Rural Investment Act of 2002* (7 U.S.C.
 6 3319f(f)) is amended—

7 (1) by redesignating paragraphs (1) through (3)
 8 as subparagraphs (A) through (C), respectively, and
 9 indenting appropriately;

10 (2) by striking “In carrying out” and inserting
 11 the following:

12 “(1) *IN GENERAL*.—In carrying out”; and

13 (3) by adding at the end the following:

14 “(2) *REVIEW PANELS*.—In forming review pan-
 15 els to evaluate proposals submitted under this section,
 16 the Secretary shall include individuals from the cat-
 17 egories described in paragraph (1).”.

18 (d) *FUNDING*.—Section 7405 of the *Farm Security and*
 19 *Rural Investment Act of 2002* (7 U.S.C. 3319f) is amended
 20 by striking subsection (h) and inserting the following:

21 “(h) *AUTHORIZATION OF APPROPRIATIONS*.—There is
 22 authorized to be appropriated to carry out this section
 23 \$30,000,000 for each of fiscal years 2002 through 2012.”.

1 **SEC. 7310. MCINTIRE-STENNIS COOPERATIVE FORESTRY**
 2 **ACT.**

3 *Section 2 of Public Law 87–788 (commonly known as*
 4 *the “McIntire-Stennis Cooperative Forestry Act”) (16*
 5 *U.S.C. 582a–1) is amended by inserting “and 1890 Institu-*
 6 *tions (as defined in section 2 of the Agricultural Research,*
 7 *Extension, and Education Reform Act of 1998 (7 U.S.C.*
 8 *7601)),” before “and (b)”.*

9 **SEC. 7311. NATIONAL AQUACULTURE ACT OF 1980.**

10 *Section 10 of the National Aquaculture Act of 1980*
 11 *(16 U.S.C. 2809) is amended by striking “2007” each place*
 12 *it appears and inserting “2012”.*

13 **SEC. 7312. NATIONAL ARBORETUM.**

14 *The Act of March 4, 1927 (20 U.S.C. 191 et seq.), is*
 15 *amended by adding at the end the following:*

16 **“SEC. 7. CONSTRUCTION OF A CHINESE GARDEN AT NA-**
 17 **TIONAL ARBORETUM.**

18 *“(a) IN GENERAL.—A Chinese Garden may be con-*
 19 *structed at the National Arboretum established under this*
 20 *Act with—*

21 *“(1) funds accepted under section 5; and*

22 *“(2) authorities provided to the Secretary of Ag-*
 23 *riculture under section 6.*

24 *“(b) REPORT.—Each year the Secretary of Agriculture*
 25 *shall submit to Congress, and post on the public website*

1 *of the National Arboretum, an itemized budget that shall*
 2 *describe, for the preceding year—*

3 “(1) *the total costs of the National Arboretum;*

4 “(2) *the costs of—*

5 “(A) *operation and maintenance;*

6 “(B) *horticulture and grounds;*

7 “(C) *visitor services; and*

8 “(D) *supplies and materials;*

9 “(3) *indirect costs of the Agricultural Research*
 10 *Service relating to the National Arboretum; and*

11 “(4) *the total number of visitors to the National*
 12 *Arboretum.*

13 “(c) *LIMITATION.—No Federal funds shall be used for*
 14 *the construction of the Chinese Garden authorized under*
 15 *subsection (a).”.*

16 **SEC. 7313. ELIGIBILITY OF UNIVERSITY OF THE DISTRICT**
 17 **OF COLUMBIA FOR CERTAIN LAND-GRANT**
 18 **UNIVERSITY ASSISTANCE.**

19 *Section 208 of the District of Columbia Public Postsec-*
 20 *ondary Education Reorganization Act (Public Law 93–471;*
 21 *88 Stat. 1428) is amended—*

22 (1) *in subsection (b)(2), by striking “, except”*
 23 *and all that follows through the period and inserting*
 24 *a period; and*

25 (2) *in subsection (c)—*

1 (A) by striking “section 3” each place it ap-
 2 pears and inserting “section 3(c)”; and

3 (B) by striking “Such sums may be used to
 4 pay” and all that follows through “work.”.

5 **SEC. 7314. EXCHANGE OR SALE AUTHORITY.**

6 *Title III of the Department of Agriculture Reorganiza-*
 7 *tion Act of 1994 is amended by adding after section 307*
 8 *(7 U.S.C. 2204 note; Public Law 103–354) (as amended*
 9 *by section 2602) the following:*

10 **“SEC. 308. EXCHANGE OR SALE AUTHORITY.**

11 “(a) *DEFINITION OF QUALIFIED ITEMS OF PERSONAL*
 12 *PROPERTY.—In this section, the term ‘qualified items of*
 13 *personal property’ means—*

14 “(1) *animals;*

15 “(2) *animal products;*

16 “(3) *plants; and*

17 “(4) *plant products.*

18 “(b) *GENERAL AUTHORITY.—Except as provided in*
 19 *subsection (c), notwithstanding chapter 5 of subtitle I of*
 20 *title 40, United States Code, the Secretary of Agriculture,*
 21 *acting through the Under Secretary for Research, Edu-*
 22 *cation, and Economics, in managing personal property for*
 23 *the purpose of carrying out the research functions of the*
 24 *Department of Agriculture, may exchange, sell, or otherwise*
 25 *dispose of any qualified items of personal property, includ-*

1 *ing by way of public auction, and may retain and apply*
 2 *the sale or other proceeds, without further appropriation,*
 3 *in whole or in partial payment—*

4 “(1) *to acquire any qualified items of personal*
 5 *property; or*

6 “(2) *to offset costs related to the maintenance,*
 7 *care, or feeding of any qualified items of personal*
 8 *property.*

9 “(c) *EXCEPTION.—Subsection (b) does not apply to the*
 10 *free dissemination of new varieties of seeds and germ plasm*
 11 *in accordance with section 520 of the Revised Statutes*
 12 *(commonly known as the ‘Department of Agriculture Or-*
 13 *ganic Act of 1862’)* (7 U.S.C. 2201).”.

14 **SEC. 7315. CARBON CYCLE RESEARCH.**

15 (a) *IN GENERAL.—To the extent funds are made avail-*
 16 *able, the Secretary shall provide a grant to the Consortium*
 17 *for Agricultural Soils Mitigation of Greenhouse Gases, act-*
 18 *ing through Kansas State University, to develop, analyze,*
 19 *and implement, through the land grant universities de-*
 20 *scribed in subsection (b), carbon cycle and greenhouse gas*
 21 *management research at the national, regional, and local*
 22 *levels.*

23 (b) *LAND GRANT UNIVERSITIES.—The land grant uni-*
 24 *versities referred to in subsection (a) are—*

25 (1) *Colorado State University;*

- 1 (2) *Iowa State University*;
- 2 (3) *Kansas State University*;
- 3 (4) *Michigan State University*;
- 4 (5) *Montana State University*;
- 5 (6) *Purdue University*;
- 6 (7) *Ohio State University*;
- 7 (8) *Texas A&M University*; and
- 8 (9) *University of Nebraska*.

9 (c) *USE.—Land grant universities described in sub-*
 10 *section (b) shall use funds made available under this*
 11 *section—*

12 (1) *to conduct research to improve the scientific*
 13 *basis of using land management practices to increase*
 14 *soil carbon sequestration, including research on the*
 15 *use of new technologies to increase carbon cycle effec-*
 16 *tiveness, such as biotechnology and nanotechnology;*

17 (2) *to conduct research on management of other*
 18 *greenhouse gases in the agricultural sector;*

19 (3) *to enter into partnerships to identify, de-*
 20 *velop, and evaluate agricultural best practices, in-*
 21 *cluding partnerships between—*

22 (A) *Federal, State, or private entities; and*

23 (B) *the Department of Agriculture;*

24 (4) *to develop necessary computer models to pre-*
 25 *dict and assess the carbon cycle;*

1 (5) *to estimate and develop mechanisms to meas-*
 2 *ure carbon levels made available as a result of—*

3 (A) *voluntary Federal conservation pro-*
 4 *grams;*

5 (B) *private and Federal forests; and*

6 (C) *other land uses;*

7 (6) *to develop outreach programs, in coordina-*
 8 *tion with Extension Services, to share information on*
 9 *carbon cycle and agricultural best practices that is*
 10 *useful to agricultural producers; and*

11 (7) *to collaborate with the Great Plains Regional*
 12 *Earth Science Application Center to develop a space-*
 13 *based carbon cycle remote sensing technology*
 14 *program—*

15 (A) *to provide, on a near-continual basis, a*
 16 *real-time and comprehensive view of vegetation*
 17 *conditions;*

18 (B) *to assess and model agricultural carbon*
 19 *sequestration; and*

20 (C) *to develop commercial products.*

21 (d) *COOPERATIVE RESEARCH.—*

22 (1) *IN GENERAL.—Subject to the availability of*
 23 *appropriations, the Secretary, in cooperation with de-*
 24 *partments and agencies participating in the U.S.*
 25 *Global Change Research Program and eligible enti-*

1 *ties, may carry out research to promote under-*
 2 *standing of—*

3 *(A) the flux of carbon in soils and plants*
 4 *(including trees); and*

5 *(B) the exchange of other greenhouse gases*
 6 *from agriculture.*

7 *(2) ELIGIBLE ENTITIES.—Research under this*
 8 *subsection may be carried out through the competitive*
 9 *awarding of grants and cooperative agreements to col-*
 10 *leges and universities (as defined in section 1404 of*
 11 *the National Agricultural Research, Extension, and*
 12 *Teaching Policy Act of 1977 (7 U.S.C. 3103)).*

13 *(3) COOPERATIVE RESEARCH PURPOSES.—Re-*
 14 *search conducted under this subsection shall encourage*
 15 *collaboration among scientists with expertise in the*
 16 *areas of soil science, agronomy, agricultural econom-*
 17 *ics, forestry, and other agricultural sciences to focus*
 18 *on—*

19 *(A) developing data addressing carbon*
 20 *losses and gains in soils and plants (including*
 21 *trees) and the exchange of methane and nitrous*
 22 *oxide from agriculture;*

23 *(B) understanding how agricultural and*
 24 *forestry practices affect the sequestration of car-*
 25 *bon in soils and plants (including trees) and the*

1 *exchange of other greenhouse gases, including the*
 2 *effects of new technologies such as biotechnology*
 3 *and nanotechnology;*

4 *(C) developing cost-effective means of meas-*
 5 *uring and monitoring changes in carbon pools in*
 6 *soils and plants (including trees), including*
 7 *computer models;*

8 *(D) evaluating the linkage between Federal*
 9 *conservation programs and carbon sequestration;*

10 *(E) developing methods, including remote*
 11 *sensing, to measure the exchange of carbon and*
 12 *other greenhouse gases sequestered, and to evalu-*
 13 *ate leakage, performance, and permanence issues;*
 14 *and*

15 *(F) assessing the applicability of the results*
 16 *of research conducted under this subsection for*
 17 *developing methods to account for the impact of*
 18 *agricultural activities (including forestry) on the*
 19 *exchange of greenhouse gases.*

20 *(e) EXTENSION PROJECTS.—*

21 *(1) IN GENERAL.—The Secretary, in cooperation*
 22 *with departments and agencies participating in the*
 23 *U.S. Global Change Research Program and local ex-*
 24 *tension agents, experts from institutions of higher*
 25 *education that offer a curriculum in agricultural and*

1 *biological sciences, and other local agricultural or*
 2 *conservation organizations, may implement extension*
 3 *projects (including on-farm projects with direct in-*
 4 *volvement of agricultural producers) that combine*
 5 *measurement tools and modeling techniques into inte-*
 6 *grated packages to monitor the carbon sequestering*
 7 *benefits of conservation practices and the exchange of*
 8 *greenhouse gas emissions from agriculture that dem-*
 9 *onstrate the feasibility of methods of measuring and*
 10 *monitoring—*

11 *(A) changes in carbon content and other*
 12 *carbon pools in soils and plants (including*
 13 *trees); and*

14 *(B) the exchange of other greenhouse gases.*

15 *(2) EDUCATION AND OUTREACH.—The Secretary*
 16 *shall make available to agricultural producers, pri-*
 17 *ivate forest landowners, and appropriate State agen-*
 18 *cies in each State information concerning—*

19 *(A) the results of projects under this sub-*
 20 *section;*

21 *(B) the manner in which the methods used*
 22 *in the projects might be applicable to the oper-*
 23 *ations of the agricultural producers, private for-*
 24 *est landowners, and State agencies; and*

1 (C) information on how agricultural pro-
 2 ducers and private forest landowners can par-
 3 ticipate in carbon credit and greenhouse gas
 4 trading system.

5 (f) *REPEAL.*—Section 221 of the Agricultural Risk
 6 Protection Act of 2000 (7 U.S.C. 6711) is repealed.

7 (g) *AUTHORIZATION OF APPROPRIATIONS.*—There is
 8 authorized to be appropriated to carry out this section
 9 \$15,000,000 for each of fiscal years 2008 through 2012.

10 **SEC. 7316. ENHANCED USE LEASE AUTHORITY PILOT PRO-**
 11 **GRAM.**

12 Title III of the Department of Agriculture Reorganiza-
 13 tion Act of 1994 is amended by adding after section 309
 14 (as added by section 7402) the following:

15 **“SEC. 310. ENHANCED USE LEASE AUTHORITY PILOT PRO-**
 16 **GRAM.**

17 “(a) *ESTABLISHMENT.*—To enhance the use of real
 18 property administered by agencies of the Department, the
 19 Secretary may establish a pilot program, in accordance
 20 with this section, at the Henry A. Wallace Beltsville Agri-
 21 cultural Research Center of the Agricultural Research Serv-
 22 ice and the National Agricultural Library to lease property
 23 of the Center or the Library to any individual or entity,
 24 including agencies or instrumentalities of State or local
 25 governments.

1 “(b) *REQUIREMENTS.*—

2 “(1) *IN GENERAL.*—Notwithstanding chapter 5
3 of subtitle I of title 40, United States Code, the Sec-
4 retary may lease real property at the Beltsville Agri-
5 cultural Research Center or the National Agricultural
6 Library in accordance with such terms and condi-
7 tions as the Secretary may prescribe, if the Secretary
8 determines that the lease—

9 “(A) is consistent with, and will not ad-
10 versely affect, the mission of the Department
11 agency administering the property;

12 “(B) will enhance the use of the property;

13 “(C) will not permit any portion of Depart-
14 ment agency property or any facility of the De-
15 partment to be used for retail, wholesale, com-
16 mercial, or residential development;

17 “(D) will not provide authority for the de-
18 velopment or improvement of any new property
19 or facility by any Department agency; and

20 “(E) will not include any property or facil-
21 ity required for any Department agency purpose
22 without prior written authority.

23 “(2) *TERM.*—The term of the lease under this
24 section shall not exceed 50 years.

25 “(3) *CONSIDERATION.*—

1 “(A) *IN GENERAL.*—*Consideration provided*
2 *for a lease under this section shall be—*

3 “(i) *in an amount equal to fair market*
4 *value, as determined by the Secretary; and*

5 “(ii) *in the form of cash.*

6 “(B) *USE OF FUNDS.*—

7 “(i) *IN GENERAL.*—*Consideration pro-*
8 *vided for a lease under this section shall*
9 *be—*

10 “(I) *deposited in a capital asset*
11 *account to be established by the Sec-*
12 *retary; and*

13 “(II) *available until expended,*
14 *without further appropriation, for*
15 *maintenance, capital revitalization,*
16 *and improvements of the Department*
17 *properties and facilities covered by the*
18 *lease.*

19 “(ii) *BUDGETARY TREATMENT.*—*For*
20 *purposes of the budget, the amounts de-*
21 *scribed in clause (i) shall not be treated as*
22 *a receipt of any Department agency or any*
23 *other agency leasing property under this*
24 *section.*

1 “(4) *COSTS.*—*The lessee shall cover all costs asso-*
 2 *ciated with a lease under this section, including the*
 3 *cost of—*

4 “(A) *the project to be carried out on prop-*
 5 *erty or at a facility covered by the lease;*

6 “(B) *provision and administration of the*
 7 *lease;*

8 “(C) *construction of any applicable real*
 9 *property;*

10 “(D) *provision of applicable utilities; and*

11 “(E) *any other facility cost normally asso-*
 12 *ciated with the operation of a leased facility.*

13 “(5) *PROHIBITION OF USE OF APPROPRIA-*
 14 *TIONS.*—*The Secretary shall not use any funds made*
 15 *available to the Secretary in an appropriations Act*
 16 *for the construction or operating costs of any property*
 17 *or facility covered by a lease under this section.*

18 “(c) *EFFECT OF OTHER LAWS.*—

19 “(1) *UTILIZATION.*—*Property that is leased pur-*
 20 *suant to this section shall not be considered to be un-*
 21 *utilized or underutilized for purposes of section 501*
 22 *of the Stewart B. McKinney Homeless Assistance Act*
 23 *(42 U.S.C. 11411).*

24 “(2) *DISPOSAL.*—*Property at the Beltsville Agri-*
 25 *cultural Research Center or the National Agricultural*

1 *Library that is leased pursuant to this section shall*
 2 *not be considered to be disposed of by sale, lease, rent-*
 3 *al, excessing, or surplusing for purposes of section 523*
 4 *of Public Law 100–202 (101 Stat. 1329–417).*

5 “(d) *REPORTS.*—

6 “(1) *FISCAL YEARS 2008 THROUGH 2013.*—*For*
 7 *each of fiscal years 2008 through 2013, the Secretary*
 8 *shall submit to the Committee on Agriculture of the*
 9 *House of Representatives and the Committee on Agri-*
 10 *culture, Nutrition, and Forestry of the Senate an an-*
 11 *nuual report describing the implementation of the pilot*
 12 *program under this section during the preceding fis-*
 13 *cal year, including—*

14 “(A) *a copy of each lease entered into pur-*
 15 *suant to this section;*

16 “(B) *an assessment by the Secretary of the*
 17 *success of the pilot program in promoting the*
 18 *mission of the Beltsville Agricultural Research*
 19 *Center and the National Agricultural Library;*
 20 *and*

21 “(C) *recommendations regarding whether*
 22 *the pilot program should be expanded or im-*
 23 *proved with respect to other Department activi-*
 24 *ties.*

1 “(2) *FISCAL YEAR 2014 AND THEREAFTER.*—*For*
 2 *fiscal year 2014 and every 5 fiscal years thereafter,*
 3 *the Secretary shall submit to the Committee on Agri-*
 4 *culture of the House of Representatives and the Com-*
 5 *mittee on Agriculture, Nutrition, and Forestry of the*
 6 *Senate a report described in paragraph (1) relating*
 7 *to the preceding 5-fiscal-year period.*”.

8 **SEC. 7317. RESEARCH AND EDUCATION GRANTS FOR THE**
 9 **STUDY OF ANTIBIOTIC-RESISTANT BACTERIA**
 10 **IN LIVESTOCK.**

11 (a) *IN GENERAL.*—*The Secretary shall provide re-*
 12 *search and education grants, on a competitive basis—*

13 (1) *to study the development of antibiotic-resist-*
 14 *ant bacteria in livestock; and*

15 (2) *to study and ensure the judicious use of anti-*
 16 *biotics in livestock production to protect animal*
 17 *health without negatively impacting human public*
 18 *health.*

19 (b) *USE OF FUNDS.*—*An entity shall use a grant pro-*
 20 *vided under this section to conduct research relating to—*

21 (1) *methods and practices of animal husbandry*
 22 *that ensure the judicious use of antibiotics;*

23 (2) *movement and prevention of movement of*
 24 *antibiotics and antibiotic resistance traits from ani-*
 25 *mals into ground and surface water;*

1 (3) *safe and effective alternatives to antibiotics;*

2 (4) *the effect on antibiotic resistance from var-*
3 *ious drug use regimens;*

4 (5) *the development of better veterinary*
5 *diagnostics to improve decisionmaking on proper an-*
6 *tibiotic use;*

7 (6) *the identification of conditions or factors that*
8 *affect antibiotic use on farms; and*

9 (7) *the development of procedures to monitor an-*
10 *tibiotic use at the farm level to relate findings to on-*
11 *farm management practices and develop intervention*
12 *strategies when appropriate.*

13 ***Subtitle E—National Institute of***
14 ***Food and Agriculture***

15 ***SEC. 7401. NATIONAL INSTITUTE OF FOOD AND AGRI-***
16 ***CULTURE.***

17 (a) *IN GENERAL.*—*Subtitle F of the Department of Ag-*
18 *riculture Reorganization Act of 1994 is amended by adding*
19 *after section 252 (7 U.S.C. 6972) the following:*

20 ***“SEC. 253. NATIONAL INSTITUTE OF FOOD AND AGRI-***
21 ***CULTURE.***

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

23 “(1) *ADVISORY BOARD.*—*The term ‘Advisory*
24 *Board’ means the National Agricultural Research,*
25 *Extension, Education, and Economics Advisory*

1 *Board established under section 1408 of the National*
 2 *Agricultural Research, Extension, and Teaching Pol-*
 3 *icy Act of 1977 (7 U.S.C. 3123).*

4 “(2) *COMPETITIVE PROGRAM.*—*The term ‘com-*
 5 *petitive program’ means each of the following agricul-*
 6 *tural research, extension, education, and related pro-*
 7 *grams for which the Secretary has administrative or*
 8 *other authority as of the day before the date of enact-*
 9 *ment of this section:*

10 “(A) *The competitive grant program estab-*
 11 *lished under section 2(b) of the Competitive, Spe-*
 12 *cial, and Facilities Research Grant Act (7*
 13 *U.S.C. 450i(b)), commonly known as the ‘Na-*
 14 *tional Research Initiative Competitive Grants*
 15 *Program’.*

16 “(B) *The program providing competitive*
 17 *grants for risk management education estab-*
 18 *lished under section 524(a)(3) of the Federal*
 19 *Crop Insurance Act (7 U.S.C. 1524(a)(3)).*

20 “(C) *The program providing community*
 21 *food project competitive grants established under*
 22 *section 25 of the Food Stamp Act of 1977 (7*
 23 *U.S.C. 2034).*

24 “(D) *Each grant program established under*
 25 *section 2501 of the Food, Agriculture, Conserva-*

tion, and Trade Act of 1990 (7 U.S.C. 2279)
 providing outreach and assistance for socially
 disadvantaged farmers and ranchers.

“(E) The program providing grants under
 section 1417(b)(1) of the National Agricultural
 Research, Extension, and Teaching Policy Act of
 1977 (7 U.S.C. 3152(b)(1)), commonly known as
 ‘Higher Education Challenge Grants’.

“(F) The program providing grants and re-
 lated assistance established under section
 1417(b)(5) of the National Agricultural Re-
 search, Extension, and Teaching Policy Act of
 1977 (7 U.S.C. 3152(b)(5)) commonly known as
 the ‘Higher Education Multicultural Scholars
 Program’.

“(G) The program providing food and agri-
 cultural sciences national needs graduate and
 postgraduate fellowship grants established under
 section 1417(b)(6) of the National Agricultural
 Research, Extension, and Teaching Policy Act of
 1977 (7 U.S.C. 3152(b)(6)).

“(H) The program providing grants under
 section 1417(j) of the National Agricultural Re-
 search, Extension, and Teaching Policy Act of

1 1977 (7 U.S.C. 3152(j)), commonly known as
2 ‘Institution Challenge Grants’.

3 “(I) The program providing grants for His-
4 panic-serving institutions established under sec-
5 tion 1455 of the National Agricultural Research,
6 Extension, and Teaching Policy Act of 1977 (7
7 U.S.C. 3241).

8 “(J) The program providing competitive
9 grants for international agricultural science and
10 education programs under section 1459A of the
11 National Agricultural Research, Extension, and
12 Teaching Policy Act of 1977 (7 U.S.C. 3292b).

13 “(K) The program of agricultural develop-
14 ment in the American-Pacific region established
15 under section 1473H of the National Agricul-
16 tural Research, Extension, and Teaching Policy
17 Act of 1977.

18 “(L) The research and extension projects
19 carried out under section 1621 of the Food, Agri-
20 culture, Conservation, and Trade Act of 1990 (7
21 U.S.C. 5811), commonly known as the ‘Sustain-
22 able Agriculture Research and Education pro-
23 gram’.

24 “(M) The biotechnology risk assessment re-
25 search program established under section 1668 of

1 *the Food, Agriculture, Conservation, and Trade*
2 *Act of 1990 (7 U.S.C. 5921).*

3 “(N) *The organic agriculture research and*
4 *extension initiative established under section*
5 *1672B of the Food, Agriculture, Conservation,*
6 *and Trade Act of 1990 (7 U.S.C. 5925b).*

7 “(O) *The Initiative for Future Agriculture*
8 *and Food Systems established under section 401*
9 *of the Agricultural Research, Extension, and*
10 *Education Reform Act of 1998 (7 U.S.C. 7621).*

11 “(P) *The integrated research, education,*
12 *and extension competitive grants program estab-*
13 *lished under section 406 of the Agricultural Re-*
14 *search, Extension, and Education Reform Act of*
15 *1998 (7 U.S.C. 7626).*

16 “(Q) *The Small Business Innovation Re-*
17 *search Program established under section 9 of the*
18 *Small Business Act (15 U.S.C. 638).*

19 “(R) *The specialty crop research initiative*
20 *under section 412 of the Agricultural Research,*
21 *Extension, and Education Reform Act of 1998.*

22 “(S) *The administration and management*
23 *of the regional bioenergy crop research program*
24 *carried out under section 9012 of the Farm Se-*
25 *curity and Rural Investment Act of 2002.*

1 “(T) *The research, extension, and education*
 2 *programs authorized by section 407 of the Agri-*
 3 *cultural Research, Extension, and Education Re-*
 4 *form Act of 1998 (7 U.S.C. 7627) relating to the*
 5 *viability and competitiveness of small- and me-*
 6 *dium-sized dairy, livestock, crop, and other com-*
 7 *modity operations.*

8 “(U) *Other programs, including any pro-*
 9 *grams added by amendments made by title VII*
 10 *of the Food and Energy Security Act of 2007*
 11 *that are competitive programs, as determined by*
 12 *the Secretary.*

13 “(3) *DIRECTOR.*—*The term ‘Director’ means the*
 14 *Director of the Institute.*

15 “(4) *INFRASTRUCTURE PROGRAM.*—*The term ‘in-*
 16 *frastructure program’ means each of the following ag-*
 17 *ricultural research, extension, education, and related*
 18 *programs for which the Secretary has administrative*
 19 *or other authority as of the day before the date of en-*
 20 *actment of this section:*

21 “(A) *Each program providing funding to*
 22 *any of the 1994 Institutions under sections 533,*
 23 *534(a), and 535 of the Equity in Educational*
 24 *Land-Grant Status Act of 1994 (7 U.S.C. 301*
 25 *note; Public Law 103–382) (commonly known as*

1 *financial assistance, technical assistance, and*
 2 *endowments to tribal colleges and Navajo Com-*
 3 *munity College’).*

4 “(B) *The program established under section*
 5 *536 of the Equity in Educational Land-Grant*
 6 *Status Act of 1994 (7 U.S.C. 301 note; Public*
 7 *Law 103–382) providing research grants for*
 8 *1994 institutions.*

9 “(C) *Each program established under sub-*
 10 *sections (b), (c), and (d) of section 3 of the*
 11 *Smith-Lever Act (7 U.S.C. 343).*

12 “(D) *Each program established under the*
 13 *Hatch Act of 1887 (7 U.S.C. 361a et seq.).*

14 “(E) *Each program established under sec-*
 15 *tion 1417(b)(4) of the National Agricultural Re-*
 16 *search, Extension, and Teaching Policy Act of*
 17 *1977 (7 U.S.C. 3152(b)(4)), including grant pro-*
 18 *grams under that section (commonly known as*
 19 *the ‘1890 Institution Teaching and Research Ca-*
 20 *capacity Building Grants Program’).*

21 “(F) *The animal health and disease re-*
 22 *search program established under subtitle E of*
 23 *the National Agricultural Research, Extension,*
 24 *and Teaching Policy Act of 1977 (7 U.S.C. 3191*
 25 *et seq.).*

1 “(G) *Each extension program available to*
2 *1890 Institutions established under sections 1444*
3 *and 1464 of the National Agricultural Research,*
4 *Extension, and Teaching Policy Act of 1977 (7*
5 *U.S.C. 3221, 3312).*

6 “(H) *The program established under section*
7 *1445 of the National Agricultural Research, Ex-*
8 *tension, and Teaching Policy Act of 1977 (7*
9 *U.S.C. 3222) (commonly known as the ‘Evans-*
10 *Allen Program’).*

11 “(I) *The program providing grants to up-*
12 *grade agricultural and food sciences facilities at*
13 *1890 Institutions established under section 1447*
14 *of the National Agricultural Research, Exten-*
15 *sion, and Teaching Policy Act of 1977 (7 U.S.C.*
16 *3222b).*

17 “(J) *The program providing distance edu-*
18 *cation grants for insular areas established under*
19 *section 1490 of the National Agricultural Re-*
20 *search, Extension, and Teaching Policy Act of*
21 *1977 (7 U.S.C. 3362).*

22 “(K) *The program providing resident in-*
23 *struction grants for insular areas established*
24 *under section 1491 of the National Agricultural*

1 *Research, Extension, and Teaching Policy Act of*
2 *1977 (7 U.S.C. 3363).*

3 “(L) *Each program available to 1890 Insti-*
4 *tutions established under section 406 of the Agri-*
5 *cultural Research, Extension, and Education Re-*
6 *form Act of 1998 (7 U.S.C. 7626).*

7 “(M) *The program providing competitive*
8 *extension grants to eligible 1994 Institutions*
9 *under section 1464 of National Agricultural Re-*
10 *search, Extension, and Teaching Policy Act of*
11 *1977 (7 U.S.C. 3312) and the Equity in Edu-*
12 *cational Land-Grant Status Act of 1994 (Public*
13 *Law 103–382; 7 U.S.C. 301 note) established*
14 *under section 406 of the Agricultural Research,*
15 *Extension, and Education Reform Act of 1998 (7*
16 *U.S.C. 7626).*

17 “(N) *Each research and development and*
18 *related program established under Public Law*
19 *87–788 (commonly known as the ‘McIntire-Sten-*
20 *nis Cooperative Forestry Act’)* (16 U.S.C. 582a
21 *et seq.).*

22 “(O) *Each program established under the*
23 *Renewable Resources Extension Act of 1978 (16*
24 *U.S.C. 1671 et seq.).*

1 “(P) *Each program providing funding to*
 2 *Hispanic-serving agricultural colleges under sec-*
 3 *tion 1456 of the National Agricultural Research,*
 4 *Extension and Teaching Policy Act of 1977.*

5 “(Q) *The administration and management*
 6 *of the farm energy education and technical as-*
 7 *sistance program carried out under section 9005*
 8 *of the Farm Security and Rural Investment Act*
 9 *of 2002.*

10 “(R) *Other programs, including any pro-*
 11 *grams added by amendments made by title VII*
 12 *of the Food and Energy Security Act of 2007*
 13 *that are infrastructure programs, as determined*
 14 *by the Secretary.*

15 “(5) *INSTITUTE.—The term ‘Institute’ means the*
 16 *National Institute of Food and Agriculture established*
 17 *by subsection (b)(1)(A).*

18 “(b) *ESTABLISHMENT OF NATIONAL INSTITUTE FOR*
 19 *FOOD AND AGRICULTURE.—*

20 “(1) *ESTABLISHMENT.—*

21 “(A) *IN GENERAL.—There is established*
 22 *within the Department an agency to be known*
 23 *as the ‘National Institute of Food and Agri-*
 24 *culture’.*

1 “(B) *LOCATION*.—*The location of the Insti-*
 2 *tute shall be in Washington, District of Colum-*
 3 *bia, as determined by the Secretary.*

4 “(C) *MEMBERS*.—*The Institute shall consist*
 5 *of—*

6 “(i) *the Director;*

7 “(ii) *the individual offices established*
 8 *under subsection (e); and*

9 “(iii) *the staff and employees of Na-*
 10 *tional Institute for Food and Agriculture.*

11 “(2) *TRANSFER OF AUTHORITIES*.—*There are*
 12 *transferred to the Institute the authorities (including*
 13 *all budget authorities and personnel), duties, obliga-*
 14 *tions, and related legal and administrative functions*
 15 *prescribed by law or otherwise granted to the Sec-*
 16 *retary, the Department, or any other agency or offi-*
 17 *cial of the Department under—*

18 “(A) *the infrastructure programs;*

19 “(B) *the competitive programs;*

20 “(C) *the research, education, economic, co-*
 21 *operative State research programs, cooperative*
 22 *extension and education programs, international*
 23 *programs, and other functions and authorities*
 24 *delegated by the Secretary to the Administrator*
 25 *of the Cooperative State Research, Education,*

1 *and Extension Service pursuant to section 2.66*
 2 *of title 7, Code of Federal Regulations (or suc-*
 3 *cessor regulations); and*

4 *“(D) any and all other authorities adminis-*
 5 *tered by the Administrator of the Cooperative*
 6 *State Research, Education, and Extension Serv-*
 7 *ice.*

8 *“(3) CONSOLIDATION OF AUTHORITIES.—To*
 9 *carry out this Act, in accordance with the transfer*
 10 *and continuation of the authorities, budgetary func-*
 11 *tions, and personnel resources under this subsection,*
 12 *the administrative entity within the Department*
 13 *known as the Cooperative State Research, Education,*
 14 *and Extension Service shall terminate on the earlier*
 15 *of—*

16 *“(A) October 1, 2008; or*

17 *“(B) such earlier date as the Director deter-*
 18 *mines to be appropriate.*

19 *“(c) DIRECTOR.—*

20 *“(1) IN GENERAL.—The Institute shall be headed*
 21 *by a Director, who shall be an individual who is—*

22 *“(A) a distinguished scientist; and*

23 *“(B) appointed by the President (after tak-*
 24 *ing into consideration recommendations made by*

1 *the National Academy of Sciences), by and with*
 2 *the advice and consent of the Senate.*

3 “(2) *TERM.—The Director shall serve for a sin-*
 4 *gle, 6-year term.*

5 “(3) *SUPERVISION.—The Director shall report*
 6 *directly to the Secretary.*

7 “(4) *COMPENSATION.—The Director shall receive*
 8 *basic pay at the rate provided for level II of the Exec-*
 9 *utive Schedule under section 5513 of title 5, United*
 10 *States Code.*

11 “(5) *AUTHORITY AND RESPONSIBILITIES OF DI-*
 12 *RECTOR.—*

13 “(A) *IN GENERAL.—Except as otherwise*
 14 *specifically provided in this section, the Director*
 15 *shall—*

16 “(i) *exercise all of the authority pro-*
 17 *vided to the Institute by this section;*

18 “(ii) *formulate programs in accordance*
 19 *with policies adopted by the Institute;*

20 “(iii) *establish offices within the Insti-*
 21 *tute;*

22 “(iv) *establish procedures for the peer*
 23 *review of research funded by the Institute;*

1 “(v) *establish procedures for the provi-*
 2 *sion and administration of grants by the*
 3 *Institute in accordance with this section;*

4 “(vi) *assess the personnel needs of agri-*
 5 *cultural research in the areas supported by*
 6 *the Institute, and, if determined to be ap-*
 7 *propriate by the Director, for other areas of*
 8 *food and agricultural research;*

9 “(vii) *plan programs that will help*
 10 *meet agricultural personnel needs in the fu-*
 11 *ture, including portable fellowship and*
 12 *training programs in fundamental agricul-*
 13 *tural research and fundamental science; and*

14 “(viii) *consult regularly with the Na-*
 15 *tional Agricultural Research, Extension,*
 16 *Education, and Economics Advisory Board.*

17 “(B) *FINALITY OF ACTIONS.—An action*
 18 *taken by the Director in accordance with this*
 19 *section shall be final and binding upon the Insti-*
 20 *tute.*

21 “(C) *DELEGATION AND REDELEGATION OF*
 22 *FUNCTIONS.—*

23 “(i) *IN GENERAL.—Except as provided*
 24 *in clause (ii), the Director may, from time*
 25 *to time and as the Director considers to be*

1 *appropriate, authorize the performance by*
2 *any other officer, agency, or employee of the*
3 *Institute of any of the functions of the Di-*
4 *rector under this section.*

5 “(ii) *CONTRACTS, GRANTS, AND OTHER*
6 *ARRANGEMENTS.—The Director may enter*
7 *into contracts and other arrangements, and*
8 *provide grants, in accordance with this sec-*
9 *tion.*

10 “(iii) *FORMULATION OF PROGRAMS.—*
11 *The formulation of programs in accordance*
12 *with the policies of the Institute shall be*
13 *carried out by the Director.*

14 “(6) *STAFF.—The Director shall recruit and hire*
15 *such senior staff and other personnel as are necessary*
16 *to assist the Director in carrying out this section.*

17 “(7) *REPORTING AND CONSULTATION.—The Di-*
18 *rector shall—*

19 “(A) *periodically report to the Secretary*
20 *with respect to activities carried out by the Insti-*
21 *tute; and*

22 “(B) *consult regularly with the Secretary to*
23 *ensure, to the maximum extent practicable,*
24 *that—*

1 “(i) *research of the Institute is relevant*
 2 *to agriculture in the United States and oth-*
 3 *erwise serves the national interest; and*

4 “(ii) *the research of the Institute sup-*
 5 *plements and enhances, and does not re-*
 6 *place, research conducted or funded by—*

7 “(I) *other agencies of the Depart-*
 8 *ment;*

9 “(II) *the National Science Foun-*
 10 *dation; or*

11 “(III) *the National Institutes of*
 12 *Health.*

13 “(d) *POWERS.—*

14 “(1) *IN GENERAL.—The Institute shall have such*
 15 *authority as is necessary to carry out this section, in-*
 16 *cluding the authority—*

17 “(A) *to promulgate such regulations as the*
 18 *Institute considers to be necessary for governance*
 19 *of operations, organization, and personnel;*

20 “(B) *to make such expenditures as are nec-*
 21 *essary to carry out this section;*

22 “(C) *to enter into contracts or other ar-*
 23 *rangements, or modifications of contracts or*
 24 *other arrangements—*

1 “(i) to provide for the conduct, by or-
2 ganizations or individuals in the United
3 States (including other agencies of the De-
4 partment, Federal agencies, and agencies of
5 foreign countries), of such agricultural re-
6 search or related activities as the Institute
7 considers to be necessary to carry out this
8 section; and

9 “(ii) for the conduct of such specific
10 agricultural research as is in the national
11 interest or is otherwise of critical impor-
12 tance, as determined by the Secretary, with
13 the concurrence of the Institute;

14 “(D) to make advance, progress, and other
15 payments relating to research and scientific ac-
16 tivities without regard to subsections (a) and (b)
17 of section 3324 of title 31, United States Code;

18 “(E) to receive and use donated funds, if the
19 funds are donated without restriction other than
20 that the funds be used in furtherance of 1 or
21 more of the purposes of the Institute;

22 “(F) to publish or arrange for the publica-
23 tion of research and scientific information to
24 further the full dissemination of information of
25 scientific value consistent with the national in-

1 *terest, without regard to section 501 of title 44,*
2 *United States Code;*

3 *“(G)(i) to accept and use the services of vol-*
4 *untary and uncompensated personnel; and*

5 *“(ii) to provide such transportation and*
6 *subsistence as are authorized by section 5703 of*
7 *title 5, United States Code, for individuals serv-*
8 *ing without compensation;*

9 *“(H) to prescribe, with the approval of the*
10 *Comptroller General of the United States, the ex-*
11 *tent to which vouchers for funds expended under*
12 *contracts for scientific or engineering research*
13 *shall be subject to itemization or substantiation*
14 *prior to payment, without regard to the limita-*
15 *tions of other laws relating to the expenditure*
16 *and accounting of public funds;*

17 *“(I) to reimburse the Secretary, and the*
18 *heads of other Federal agencies, for the perform-*
19 *ance of any activity that the Institute is author-*
20 *ized to conduct; and*

21 *“(J) to enter into contracts, at the request*
22 *of the Secretary, for the carrying out of such spe-*
23 *cific agricultural research as is in the national*
24 *interest or otherwise of critical importance, as*

1 *determined by the Secretary, with the consent of*
 2 *the Institute.*

3 “(2) *TRANSFER OF RESEARCH FUNDS OF OTHER*
 4 *DEPARTMENTS OR AGENCIES.—Funds available to the*
 5 *Secretary, or any other department or agency of the*
 6 *Federal Government, for agricultural or scientific re-*
 7 *search shall be—*

8 “(A) *available for transfer, with the ap-*
 9 *proval of the Secretary or the head of the other*
 10 *appropriate department or agency involved, in*
 11 *whole or in part, to the Institute for use in pro-*
 12 *viding grants in accordance with the purposes*
 13 *for which the funds were made available; and*

14 “(B) *if so transferred, expendable by the In-*
 15 *stitute for those purposes.*

16 “(e) *OFFICES.—*

17 “(1) *ESTABLISHMENT OF OFFICES.—*

18 “(A) *OFFICE OF THE AGRICULTURAL RE-*
 19 *SEARCH, EXTENSION, AND EDUCATION NET-*
 20 *WORK.—*

21 “(i) *ESTABLISHMENT.—The Director*
 22 *shall establish within the Institute an Office*
 23 *of the Agricultural Research, Extension,*
 24 *and Education Network (referred to in this*
 25 *subparagraph as the ‘Office’).*

1 “(ii) *DUTIES.*—*At the discretion of the*
 2 *Director, the Office shall have responsibility*
 3 *for all infrastructure programs.*

4 “(B) *OFFICE OF COMPETITIVE PROGRAMS*
 5 *FOR FUNDAMENTAL RESEARCH.*—

6 “(i) *DEFINITION OF FUNDAMENTAL RE-*
 7 *SEARCH.*—*In this subparagraph, the term*
 8 *‘fundamental research’ means research*
 9 *that—*

10 “(I) *is directed toward greater*
 11 *knowledge or understanding of the fun-*
 12 *damental aspects of phenomena and*
 13 *has the potential for broad, rather than*
 14 *specific, application; and*

15 “(II) *has an effect on agriculture,*
 16 *food, nutrition, human health, or an-*
 17 *other purpose of this section.*

18 “(ii) *ESTABLISHMENT.*—*The Director*
 19 *shall establish within the Institute an Office*
 20 *of Competitive Programs for Fundamental*
 21 *Research (referred to in this subparagraph*
 22 *as the ‘Office’).*

23 “(iii) *DUTIES.*—*At the discretion of*
 24 *the Director, the Office shall have responsi-*

1 *bility for all competitive programs relating*
 2 *to fundamental research.*

3 “(C) OFFICE OF COMPETITIVE PROGRAMS
 4 FOR APPLIED RESEARCH.—

5 “(i) DEFINITION OF APPLIED RE-
 6 SEARCH.—*In this subparagraph, the term*
 7 *‘applied research’ means research that ex-*
 8 *pands on the findings of fundamental re-*
 9 *search to uncover practical ways in which*
 10 *new knowledge can be advanced to benefit*
 11 *individuals and society.*

12 “(ii) ESTABLISHMENT.—*The Director*
 13 *shall establish within the Institute an Office*
 14 *of Competitive Programs for Applied Re-*
 15 *search (referred to in this subparagraph as*
 16 *the ‘Office’).*

17 “(iii) DUTIES.—*At the discretion of*
 18 *the Director, the Office shall have responsi-*
 19 *bility for all competitive programs relating*
 20 *to applied research.*

21 “(D) OFFICE OF COMPETITIVE PROGRAMS
 22 FOR EDUCATION AND OTHER PURPOSES.—

23 “(i) ESTABLISHMENT.—*The Director*
 24 *shall establish within the Institute an Office*
 25 *of Competitive Programs for Education and*

1 *Other Purposes (referred to in this subpara-*
 2 *graph as the ‘Office’).*

3 “(ii) *DUTIES.—At the discretion of the*
 4 *Director, the Office shall have responsibility*
 5 *for all competitive programs that provide*
 6 *education fellowships and other education-*
 7 *related grants.*

8 “(2) *COMPETITIVE PROGRAMS FOR FUNDA-*
 9 *MENTAL AND APPLIED RESEARCH.—*

10 “(A) *DEFINITION OF A COMPETITIVE PRO-*
 11 *GRAM FOR FUNDAMENTAL AND APPLIED RE-*
 12 *SEARCH.—In this paragraph, the term ‘competi-*
 13 *tive program for fundamental and applied re-*
 14 *search’ means—*

15 “(i) *the competitive grant program es-*
 16 *tablished under section 2 of the Competitive,*
 17 *Special, and Facilities Research Grant Act*
 18 *(7 U.S.C. 450i), commonly known as the*
 19 *‘National Research Initiative Competitive*
 20 *Grants Program’; and*

21 “(ii) *any other competitive program*
 22 *within the Institute that funds both funda-*
 23 *mental and applied research, as determined*
 24 *by the Director.*

1 “(B) *PROGRAM ALLOCATIONS.*—For pur-
 2 poses of determining which Office established
 3 under paragraph (1) should have primary re-
 4 sponsibility for administering grants under a
 5 competitive program for fundamental and ap-
 6 plied research, the Director shall—

7 “(i) determine whether the grant under
 8 the competitive program for fundamental
 9 and applied research is principally related
 10 to fundamental or applied research; and

11 “(ii) assign the grant to the appro-
 12 priate Office.

13 “(3) *RESPONSIBILITY OF THE DIRECTOR.*—The
 14 Director shall ensure that the Offices established
 15 under paragraph (1) coordinate with each other Of-
 16 fice for maximum efficiency.

17 “(f) *REPORTING.*—The Director shall submit to the
 18 Secretary, the Committee on Agriculture and the Committee
 19 on Appropriations of the House of Representatives, and the
 20 Committee on Agriculture, Nutrition, and Forestry and the
 21 Committee on Appropriations of the Senate—

22 “(1) not later than 1 year after the date of estab-
 23 lishment of the Institute, and biennially thereafter, a
 24 comprehensive report that—

1 “(A) describes the research funded and other
2 activities carried out by the Institute during the
3 period covered by the report; and

4 “(B) describes each contract or other ar-
5 rangement that the Institute has entered into,
6 each grant awarded to the Institute, and each
7 other action of the Director taken, under sub-
8 section (c)(5)(C)(ii); and

9 “(2) not later than 1 year after the date of estab-
10 lishment of the Institute, and annually thereafter, a
11 report that describes the allocation and use of funds
12 under subsection (g)(2) of section 401 of the Agricul-
13 tural Research, Extension, and Education Reform Act
14 of 1998 (7 U.S.C. 7621).

15 “(g) FUNDING.—

16 “(1) IN GENERAL.—In addition to funds other-
17 wise appropriated to carry out each program admin-
18 istered by the Institute, there are authorized to be ap-
19 propriated such sums as are necessary to carry out
20 this section for each fiscal year.

21 “(2) ALLOCATION.—Funding made available
22 under paragraph (1) shall be allocated according to
23 recommendations contained in the roadmap described
24 in section 309(c)(1)(A).”.

1 (b) *NATIONAL AGRICULTURAL RESEARCH, EXTEN-*
 2 *SION, AND TEACHING POLICY ACT OF 1977.*—Section
 3 *1408(b) of the National Agricultural Research, Extension,*
 4 *and Teaching Policy Act of 1977 (7 U.S.C. 3123(b)) is*
 5 *amended—*

6 (1) *in paragraph (1), by striking “31 members”*
 7 *and inserting “24 members”;*

8 (2) *by striking paragraph (3) and inserting the*
 9 *following:*

10 “(3) *MEMBERSHIP CATEGORIES.*—*The Advisory*
 11 *Board shall consist of members from each of the fol-*
 12 *lowing categories:*

13 “(A) *1 member representing a national*
 14 *farm organization.*

15 “(B) *1 member representing farm coopera-*
 16 *tives.*

17 “(C) *1 member actively engaged in the pro-*
 18 *duction of a food animal commodity.*

19 “(D) *1 member actively engaged in the pro-*
 20 *duction of a plant commodity.*

21 “(E) *1 member actively engaged in aqua-*
 22 *culture.*

23 “(F) *1 member representing a national food*
 24 *animal science society.*

1 “(G) 1 member representing a national
2 crop, soil, agronomy, horticulture, plant pathol-
3 ogy, or weed science society.

4 “(H) 1 member representing a national food
5 science organization.

6 “(I) 1 member representing a national
7 human health association.

8 “(J) 1 member representing a national nu-
9 tritional science society.

10 “(K) 1 member representing the land-grant
11 colleges and universities eligible to receive funds
12 under the Act of July 2, 1862 (7 U.S.C. 301 et
13 seq.).

14 “(L) 1 member representing the land-grant
15 colleges and universities eligible to receive funds
16 under the Act of August 30, 1890 (7 U.S.C. 321
17 et seq.), including Tuskegee University.

18 “(M) 1 member representing the 1994 Insti-
19 tutions (as defined in section 532 of the Equity
20 in Educational Land-Grant Status Act of 1994
21 (Public Law 103–382; 7 U.S.C. 301 note)).

22 “(N) 1 member representing Hispanic-serv-
23 ing institutions.

24 “(O) 1 member representing the American
25 Colleges of Veterinary Medicine.

1 “(P) 1 member engaged in the transpor-
 2 tation of food and agricultural products to do-
 3 mestic and foreign markets.

4 “(Q) 1 member representing food retailing
 5 and marketing interests.

6 “(R) 1 member representing food and fiber
 7 processors.

8 “(S) 1 member actively engaged in rural
 9 economic development.

10 “(T) 1 member representing a national con-
 11 sumer interest group.

12 “(U) 1 member representing a national for-
 13 estry group.

14 “(V) 1 member representing a national con-
 15 servation or natural resource group.

16 “(W) 1 member representing private sector
 17 organizations involved in international develop-
 18 ment.

19 “(X) 1 member representing a national so-
 20 cial science association.”; and

21 (3) in paragraph (4), by striking “the Adminis-
 22 trator of the Cooperative State Research, Education,
 23 and Extension Service” and inserting “the Director of
 24 the National Institute of Food and Agriculture”.

25 (c) CONFORMING AMENDMENTS.—

1 (1) *Section 296(b) of the Department of Agri-*
 2 *culture Reorganization Act of 1994 (7 U.S.C.*
 3 *7014(b)) is amended—*

4 (A) *in paragraph (4), by striking “or” at*
 5 *the end;*

6 (B) *in paragraph (5), by striking the period*
 7 *at the end and inserting a semicolon; and*

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

9 “(6) *the authority of the Secretary relating to the*
 10 *National Institute of Food and Agriculture under sec-*
 11 *tion 253; or”.*

12 (2) *The National Agricultural Research, Exten-*
 13 *sion, and Teaching Policy Act of 1977 is amended—*

14 (A) *in section 1424A(b) (7 U.S.C.*
 15 *3174a(b)), by striking “the Cooperative State Re-*
 16 *search, Education, and Extension Service” and*
 17 *inserting “the National Institute of Food and*
 18 *Agriculture”; and*

19 (B) *in section 1458(a)(10) (7 U.S.C.*
 20 *3291(a)(10)), by striking “the Cooperative State*
 21 *Research, Education, and Extension Service”*
 22 *and inserting “the National Institute of Food*
 23 *and Agriculture”.*

24 (3) *Section 522(d)(2) of the Federal Crop Insur-*
 25 *ance Act (7 U.S.C. 1522(d)(2)) is amended by strik-*

ing “the Cooperative State Research, Education, and Extension Service” and inserting “the National Institute of Food and Agriculture”.

(4) Section 524(a) of the Federal Crop Insurance Act (7 U.S.C. 1524(a)) is amended in each of paragraphs (1)(B) and (3)(A) by striking “the Cooperative State Research, Education, and Extension Service” each place it appears and inserting “the National Institute of Food and Agriculture”.

(5) Section 306(a)(11)(C) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)(11)(C)) is amended by striking “the Cooperative State Research, Education, and Extension Service” and inserting “the National Institute of Food and Agriculture”.

(6) Section 704 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2006 (7 U.S.C. 2209b), is amended by striking “Cooperative State Research, Education, and Extension Service” and inserting “the National Institute of Food and Agriculture”.

(7) Section 7404(b)(1)(B) of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 3101 note; Public Law 107–171) is amended by striking clause (vi) and inserting the following:

1 “(vi) *the National Institute of Food*
2 *and Agriculture.*”.

3 (8) *Section 1499(c) of the Food, Agriculture,*
4 *Conservation, and Trade Act of 1990 (7 U.S.C.*
5 *5506(c)) is amended by striking “the Cooperative*
6 *State Research Service” and inserting “the National*
7 *Institute of Food and Agriculture”.*

8 (9) *Section 1622 of the Food, Agriculture, Con-*
9 *servation, and Trade Act of 1990 (7 U.S.C. 5812) is*
10 *amended—*

11 (A) *in subsection (a)(1), by striking “the*
12 *Cooperative State Research Service” and insert-*
13 *ing “the National Institute of Food and Agri-*
14 *culture”; and*

15 (B) *in subsection (b)(1), by striking sub-*
16 *paragraph (B) and inserting the following:*

17 *“(B) the National Institute of Food and Ag-*
18 *riculture;”.*

19 (10) *Section 1668(b) of the Food, Agriculture,*
20 *Conservation, and Trade Act of 1990 (7 U.S.C.*
21 *5921(b)) is amended by striking “Cooperative State*
22 *Research, Education, and Extension Service and the*
23 *Agricultural Research Service” and inserting “the*
24 *National Institute of Food and Agriculture”.*

(11) *Section 1670(a)(4) of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5923(a)(4)) is amended by striking “the Administrator of the Cooperative State Research, Education, and Extension Service” and inserting “the Director of the National Institute of Food and Agriculture”.*

(12) *Section 537 of the Federal Agriculture Improvement and Reform Act of 1996 (7 U.S.C. 7446) is amended in each of subsections (a)(2) and (b)(3)(B)(i) by striking “Cooperative State Research, Education, and Extension Service” and inserting “the National Institute of Food and Agriculture”.*

(13) *Section 103(a) of the Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7613(a)) is amended—*

(A) in the subsection heading, by striking “COOPERATIVE STATE RESEARCH, EDUCATION, AND EXTENSION SERVICE” and inserting “NATIONAL INSTITUTE OF FOOD AND AGRICULTURE”; and

(B) in each of paragraphs (1) and (2)(A), by striking “the Cooperative State Research, Education, and Extension Service” and inserting “the National Institute of Food and Agriculture”.

1 (14) Section 401(f)(5) of the Agricultural Re-
2 search, Extension, and Education Reform Act of 1998
3 (7 U.S.C. 7621(f)(5)) is amended by striking “the Co-
4 operative State Research, Education, and Extension
5 Service” and inserting “the National Institute of
6 Food and Agriculture”.

7 (15) Section 407(c) of the Agricultural Research,
8 Extension, and Education Reform Act of 1998 (7
9 U.S.C. 7627(c)) is amended by striking “the Coopera-
10 tive State Research, Education, and Extension Serv-
11 ice” and inserting “the National Institute of Food
12 and Agriculture”.

13 (16) Section 410(a) of the Agricultural Research,
14 Extension, and Education Reform Act of 1998 (7
15 U.S.C. 7630(a)) is amended by striking “the Admin-
16 istrator of the Cooperative State Research, Education,
17 and Extension Service” and inserting “the Director of
18 the National Institute of Food and Agriculture”.

19 (17) Section 307(g)(5) of the Agricultural Risk
20 Protection Act of 2000 (7 U.S.C. 8606(g)(5)) is
21 amended by striking “Administrator of the Coopera-
22 tive State Research, Education, and Extension Serv-
23 ice” and inserting “the Director of the National Insti-
24 tute of Food and Agriculture”.

1 (18) *Section 6(b) of the Cooperative Forestry As-*
 2 *istance Act of 1978 (16 U.S.C. 2103b(b)) is amended*
 3 *by striking “the Cooperative State Research, Edu-*
 4 *cation, and Extension Service, may provide technical,*
 5 *financial, and related assistance to State foresters,*
 6 *equivalent State officials, or Cooperative Extension*
 7 *officials” and inserting “the National Institute of*
 8 *Food and Agriculture, may provide technical, finan-*
 9 *cial and related assistance to State foresters, equiva-*
 10 *lent State officials, and Institute officials”.*

11 (19) *Section 19 of the Cooperative Forestry As-*
 12 *istance Act of 1978 (16 U.S.C. 2113) is amended in*
 13 *subsections (a)(2) and (b)(1)(B)(i), by striking “Ex-*
 14 *tension Service,” each place it appears and inserting*
 15 *“National Institute of Food and Agriculture,”.*

16 (20) *Section 105(a) of the Africa: Seeds of Hope*
 17 *Act of 1998 (22 U.S.C. 2293 note; Public Law 105–*
 18 *385) is amended by striking “the Cooperative State*
 19 *Research, Education, and Extension Service*
 20 *(CSREES)” and inserting “the National Institute of*
 21 *Food and Agriculture”.*

22 (21) *Section 307(a)(4) of the National Aero-*
 23 *nautic and Space Administration Authorization Act*
 24 *of 2005 (42 U.S.C. 16657(a)(4)) is amended by strik-*
 25 *ing subparagraph (B) and inserting the following:*

1 “(B) the program and structure of, peer re-
 2 view process of, management of conflicts of inter-
 3 est by, compensation of reviewers of, and the ef-
 4 fects of compensation on reviewer efficiency and
 5 quality within, the National Institute of Food
 6 and Agriculture of the Department of Agri-
 7 culture;”.

8 **SEC. 7402. COORDINATION OF AGRICULTURAL RESEARCH**

9 **SERVICE AND NATIONAL INSTITUTE OF FOOD**

10 **AND AGRICULTURE.**

11 *Title III of the Department of Agriculture Reorganiza-*
 12 *tion Act of 1994 is amended by adding after section 308*
 13 *(as added by section 7314) the following:*

14 **“SEC. 309. COORDINATION OF AGRICULTURAL RESEARCH**

15 **SERVICE AND NATIONAL INSTITUTE OF FOOD**

16 **AND AGRICULTURE.**

17 “(a) *IN GENERAL.*—The Undersecretary for Research,
 18 Education, and Economics shall coordinate the programs
 19 under the authority of the Administrator of the Agricultural
 20 Research Service and the Director of the National Institute
 21 of Food and Agriculture, and the staff of the Administrator
 22 and the Director, including national program leaders, shall
 23 meet on a regular basis to—

24 “(1) increase coordination and integration of re-
 25 search programs at the Agricultural Research Service

1 *and the research, extension, and education programs*
2 *of the National Institute of Food and Agriculture;*

3 “(2) *coordinate responses to emerging issues;*

4 “(3) *minimize duplication of work and resources*
5 *at the staff level of each agency;*

6 “(4) *use the extension and education program to*
7 *deliver knowledge to stakeholders;*

8 “(5) *address critical needs facing agriculture;*
9 *and*

10 “(6) *focus the research, extension, and education*
11 *funding strategy of the Department.*

12 “(b) *REPORTS.*—*Not later than 270 days after the date*
13 *of enactment of this section, and annually thereafter, the*
14 *Secretary shall submit to the Committee on Agriculture of*
15 *the House of Representatives and the Committee on Agri-*
16 *culture, Nutrition, and Forestry of the Senate a report de-*
17 *scribing efforts to increase coordination between the Agri-*
18 *cultural Research Service and the National Institute for*
19 *Food and Agriculture.*

20 “(c) *ROADMAP.*—

21 “(1) *IN GENERAL.*—*Not later than 180 days*
22 *after the date of enactment of this section, the Sec-*
23 *retary, acting through the Under Secretary for Re-*
24 *search, Education, and Economics shall—*

1 “(A) prepare a roadmap for agricultural re-
2 search, extension, and education that—

3 “(i) identifies major opportunities and
4 gaps in agricultural research, extension,
5 and education that no single entity in the
6 Department would be able to carry out in-
7 dividually, but that is necessary to carry
8 out agricultural research;

9 “(ii) involves—

10 “(I) stakeholders from across the
11 Federal Government;

12 “(II) stakeholders from across the
13 full array of nongovernmental entities;
14 and

15 “(III) the National Agricultural
16 Research, Extension, Education, and
17 Economics Advisory Board established
18 under section 1408 of the National Ag-
19 ricultural Research, Extension, and
20 Teaching Policy Act of 1977 (7 U.S.C.
21 3123);

22 “(iii) incorporates roadmaps for agri-
23 cultural research made publicly available by
24 other Federal entities, agencies, or offices;
25 and

1 “(iv) describes recommended funding
2 levels for areas of agricultural research, ex-
3 tension, and education, including—

4 “(I) competitive programs; and

5 “(II) infrastructure programs,
6 with attention to the future growth
7 needs of small 1862 Institutions, 1890
8 Institutions, and 1994 Institutions (as
9 those terms are defined in section 2 of
10 the Agricultural Research, Extension,
11 and Education Reform Act of 1998 (7
12 U.S.C. 7601)), Hispanic-serving agri-
13 cultural colleges (as defined in section
14 1456(a) of the National Agricultural
15 Research, Extension and Teaching Pol-
16 icy Act of 1977), and any other public
17 college or university that is not such
18 an institution or college but that offers
19 a baccalaureate or higher degree in the
20 study of agriculture;

21 “(B) use the roadmap to set the research,
22 extension, and education agenda of the Depart-
23 ment; and

24 “(C) submit a description of the roadmap to
25 the Committee on Agriculture of the House of

1 *Representatives and the Committee on Agri-*
 2 *culture, Nutrition, and Forestry of the Senate.*

3 “(2) *IMPLEMENTATION.*—*The Secretary, acting*
 4 *through the Under Secretary, shall implement, to the*
 5 *maximum extent practicable, the roadmap.*

6 “(3) *FUNDING.*—*There are authorized to be ap-*
 7 *propriated such sums as are necessary to carry out*
 8 *this subsection.*”.

9 ***Subtitle F—Miscellaneous***

10 ***SEC. 7501. JOINT NUTRITION MONITORING AND RELATED***
 11 ***RESEARCH ACTIVITIES.***

12 *The Secretary and the Secretary of Health and*
 13 *Human Services shall continue to provide jointly for na-*
 14 *tional nutrition monitoring and related research activities*
 15 *carried out as of the date of enactment of this Act—*

16 (1) *to collect continuous data relating to diet,*
 17 *health, physical activity, and knowledge about diet*
 18 *and health, using a nationally-representative sample;*

19 (2) *to periodically collect data described in para-*
 20 *graph (1) on special at-risk populations, as identified*
 21 *by the Secretaries;*

22 (3) *to distribute information on health, nutri-*
 23 *tion, the environment, and physical activity to the*
 24 *public in a timely manner;*

1 (4) to analyze new data as the data becomes
2 available;

3 (5) to continuously update food composition ta-
4 bles; and

5 (6) to research and develop data collection meth-
6 ods and standards.

7 **SEC. 7502. DEMONSTRATION PROJECT AUTHORITY FOR**
8 **TEMPORARY POSITIONS.**

9 Notwithstanding section 4703(d)(1) of title 5, United
10 States Code, the amendment to the personnel management
11 demonstration project established in the Department of Ag-
12 riculture (67 Fed. Reg. 70776 (2002)), shall become effective
13 upon the date of enactment of this Act and shall remain
14 in effect unless modified by law.

15 **SEC. 7503. REVIEW OF PLAN OF WORK REQUIREMENTS.**

16 (a) *REVIEW.*—The Secretary of Agriculture (referred
17 to in this section as the “Secretary”) shall work with uni-
18 versity partners in extension and research to review and
19 identify measures to streamline the submission, reporting
20 under, and implementation of plan of work requirements
21 including requirements under—

22 (1) sections 1444(d) and 1445(c) of the National
23 Agricultural Research, Extension, and Teaching Pol-
24 icy Act of 1977 (7 U.S.C. 3221(d), 3222(c));

1 (2) *section 7 of the Hatch Act of 1887 (7 U.S.C.*
2 *361g); and*

3 (3) *section 4 of the Smith-Lever Act (7 U.S.C.*
4 *344).*

5 (b) *REPORT.—*

6 (1) *IN GENERAL.—Not later than 180 days after*
7 *the date of enactment of this Act, the Secretary shall*
8 *submit to the Committee on Agriculture of the House*
9 *of Representatives and the Committee on Agriculture,*
10 *Nutrition, and Forestry of the Senate a report de-*
11 *scribing the results of the review conducted under sub-*
12 *section (a).*

13 (2) *INCLUSIONS.—The report shall include*
14 *recommendations—*

15 (A) *to reduce the administrative burden and*
16 *workload on institutions associated with plan of*
17 *work compliance while meeting the reporting*
18 *needs of the Department of Agriculture for input,*
19 *output, and outcome indicators;*

20 (B) *to streamline the submission and re-*
21 *porting requirements of the plan of work so that*
22 *the plan of work is of practical utility to both*
23 *the Department of Agriculture and the institu-*
24 *tions; and*

1 (C) for any legislative changes necessary to
2 carry out the plan of work improvements.

3 (c) CONSULTATION.—In carrying out this section, the
4 Secretary shall consult with land-grant colleges and univer-
5 sities (as defined in section 1404 of the National Agricul-
6 tural Research, Extension, and Teaching Policy Act of 1977
7 (7 U.S.C. 3103)).

8 **SEC. 7504. STUDY AND REPORT ON ACCESS TO NUTRITIOUS**
9 **FOODS.**

10 (a) IN GENERAL.—The Secretary shall carry out a
11 study of, and prepare a report on, areas in the United
12 States with limited access to affordable and nutritious food,
13 with a particular focus on predominantly lower-income
14 neighborhoods and communities.

15 (b) CONTENTS.—The study and report shall—

16 (1) assess the incidence and prevalence of areas
17 with limited access to affordable and nutritious food
18 in the United States;

19 (2) identify—

20 (A) characteristics and factors causing and
21 influencing those areas; and

22 (B) the effect on local populations of limited
23 access to affordable and nutritious food; and

1 (3) *develop recommendations for addressing the*
 2 *causes and influences of those areas through measures*
 3 *including—*

4 (A) *community and economic development*
 5 *initiatives;*

6 (B) *incentives for retail food market devel-*
 7 *opment, including supermarkets, small grocery*
 8 *stores, and farmers' markets; and*

9 (C) *improvements to Federal food assistance*
 10 *and nutrition education programs.*

11 (c) *COORDINATION WITH OTHER AGENCIES AND OR-*
 12 *GANIZATIONS.—The Secretary shall conduct the study*
 13 *under this section in coordination and consultation with—*

14 (1) *the Secretary of Health and Human Serv-*
 15 *ices;*

16 (2) *the Administrator of the Small Business Ad-*
 17 *ministration;*

18 (3) *the Institute of Medicine; and*

19 (4) *representatives of appropriate businesses,*
 20 *academic institutions, and nonprofit and faith-based*
 21 *organizations.*

22 (d) *REPORT TO CONGRESS.—Not later than 1 year*
 23 *after the date of enactment of this Act, the Secretary shall*
 24 *submit the report prepared under this section, including the*

1 *findings and recommendations described in subsection (b),*
2 *to—*

3 *(1) the Committee on Agriculture of the House of*
4 *Representatives; and*

5 *(2) the Committee on Agriculture, Nutrition, and*
6 *Forestry of the Senate.*

7 **SEC. 7505. SENSE OF SENATE REGARDING ORGANIC RE-**
8 **SEARCH.**

9 *It is the sense of the Senate that—*

10 *(1) the Secretary should recognize that sales of*
11 *certified organic products have been expanding by 17*
12 *to 20 percent per year for more than a decade, but*
13 *research and outreach activities relating specifically*
14 *to certified organic production growth and processing*
15 *of agricultural products (as defined in section 2103 of*
16 *the Organic Foods Production Act of 1990 (7 U.S.C.*
17 *6502)) has not kept pace with this expansion;*

18 *(2) research conducted specifically on organic*
19 *methods and production systems benefits organic and*
20 *conventional producers and contributes to the stra-*
21 *tegic goals of the Department of Agriculture, resulting*
22 *in benefits for trade, human health, the environment,*
23 *and overall agricultural productivity;*

24 *(3) in order to meet the needs of the growing or-*
25 *ganic sector, the Secretary should use a portion of the*

1 *total annual funds of the Agricultural Research Serv-*
 2 *ice for research specific to organic food and agricul-*
 3 *tural systems that is at least commensurate with the*
 4 *market share of the organic sector of the domestic food*
 5 *retail market; and*

6 *(4) the increase in funding described in para-*
 7 *graph (3) should include funding for efforts—*

8 *(A) to establish long-term core capacities for*
 9 *organic research;*

10 *(B) to assist organic farmers and farmers*
 11 *intending to transition to organic production*
 12 *systems; and*

13 *(C) to disseminate research results through*
 14 *the Alternative Farming Systems Information*
 15 *Center of the National Agriculture Library.*

16 **SEC. 7506. MODIFICATIONS TO INFORMATION TECHNOLOGY**
 17 **SERVICE.**

18 *(a) IN GENERAL.—The Secretary shall not implement*
 19 *any modification that reduces the availability or provision*
 20 *of information technology service, or administrative man-*
 21 *agement control of that service, including data or center*
 22 *service agency, functions, and personnel at the National Fi-*
 23 *nance Center and the National Information Technology*
 24 *Center service locations, until the date that is 60 days after*
 25 *the date on which the Committee on Agriculture of the*

1 *House of Representatives and the Committee on Agri-*
2 *culture, Nutrition, and Forestry of the Senate receive a*
3 *written determination and report from the Chief Financial*
4 *Officer or Chief Information Officer of the Department of*
5 *Agriculture and the Secretary that states that the imple-*
6 *mentation of the modification is in the best interests of the*
7 *Department of Agriculture.*

8 (b) *REPORT ON PROPOSED MODIFICATIONS.—Not*
9 *later than 180 days after the date of enactment of this Act,*
10 *the Secretary shall submit to the Committee on Agriculture*
11 *of the House of Representatives, the Committee on Agri-*
12 *culture, Nutrition, and Forestry of the Senate, and the*
13 *Comptroller General a report on any proposed modification*
14 *to reduce the availability or provision of any information*
15 *technology service, or administrative management control*
16 *of such a service, including data or center service agency,*
17 *functions, and personnel at the National Finance Center*
18 *and National Technology Center service locations, that*
19 *includes—*

20 (1) *a business case analysis (including of the*
21 *near- and long-term costs and benefits to the Depart-*
22 *ment of Agriculture and all other Federal agencies*
23 *and departments that benefit from services provided*
24 *by the National Finance Center and the National In-*
25 *formation Technology Center service locations) of the*

1 *proposed modifications, as compared with maintain-*
 2 *ing administrative management control or informa-*
 3 *tion technology service functions and personnel in the*
 4 *existing structure and at present locations; and*

5 *(2) an analysis of the impact of any changes in*
 6 *that administrative management control or informa-*
 7 *tion technology service (including data or center serv-*
 8 *ice agency, functions, and personnel) on the ability of*
 9 *the National Finance Center and National Informa-*
 10 *tion Technology Center service locations to provide, in*
 11 *the near- and long-term, to all Federal agencies and*
 12 *departments, cost-effective, secure, efficient, and*
 13 *interoperable—*

14 *(A) information technology services;*

15 *(B) cross-servicing;*

16 *(C) e-payroll services; and*

17 *(D) human resource line-of-business serv-*
 18 *ices.*

19 *(c) ASSESSMENT.—Not later than 90 days after the*
 20 *date on which the Comptroller General receives the report*
 21 *submitted under subsection (b), the Comptroller General*
 22 *shall submit to the Committee on Agriculture of the House*
 23 *of Representatives and the Committee on Agriculture, Nu-*
 24 *trition, and Forestry of the Senate a detailed written assess-*
 25 *ment of the report that includes an analysis (including of*

1 *near- and long-term cost benefits and impacts) of the alter-*
 2 *natives available to all Federal agencies and departments*
 3 *to acquire cost-effective, secure, efficient, and interoperable*
 4 *information technology, cross-servicing, e-payroll, and*
 5 *human resource line-of-business services.*

6 *(d) OPERATING RESERVE.—*

7 *(1) IN GENERAL.—Of annual income amounts in*
 8 *the working capital fund of the Department of Agri-*
 9 *culture allocated for the National Finance Center, the*
 10 *Secretary may reserve not more than 4 percent—*

11 *(A) for the replacement or acquisition of*
 12 *capital equipment, including equipment for—*

13 *(i) the improvement and implementa-*
 14 *tion of a financial management plan;*

15 *(ii) information technology; and*

16 *(iii) other systems of the National Fi-*
 17 *nance Center; or*

18 *(B) to pay any unforeseen, extraordinary*
 19 *costs of the National Finance Center.*

20 *(2) AVAILABILITY FOR OBLIGATION.—*

21 *(A) IN GENERAL.—Except as provided in*
 22 *subparagraph (B), none of the amounts reserved*
 23 *under paragraph (1) shall be available for obli-*
 24 *gation unless the Secretary submits notification*
 25 *of the obligation to—*

1 (i) *the Committees on Appropriations*
 2 *and Agriculture of the House of Representa-*
 3 *tives; and*

4 (ii) *the Committees on Appropriations*
 5 *and Agriculture, Nutrition, and Forestry of*
 6 *the Senate.*

7 (B) *EXCEPTION.—The limitation described*
 8 *in subparagraph (A) shall not apply to any obli-*
 9 *gation that, as determined by the Secretary, is*
 10 *necessary—*

11 (i) *to respond to a declared state of*
 12 *emergency that significantly impacts the*
 13 *operations of the National Finance Center;*
 14 *or*

15 (ii) *to evacuate employees of the Na-*
 16 *tional Finance Center to a safe haven to*
 17 *continue operations of the National Finance*
 18 *Center.*

19 **SEC. 7507. STUDIES AND REPORTS BY THE DEPARTMENT OF**
 20 **AGRICULTURE, THE DEPARTMENT OF**
 21 **HEALTH AND HUMAN SERVICES, AND THE NA-**
 22 **TIONAL ACADEMY OF SCIENCES ON FOOD**
 23 **PRODUCTS FROM CLONED ANIMALS.**

24 (a) *STUDY BY THE DEPARTMENT OF AGRICULTURE.—*

1 (1) *IN GENERAL.*—*The Secretary of Agriculture,*
2 *in coordination with the Economic Research Service,*
3 *and after consultation with the Secretary of Health*
4 *and Human Services, shall conduct a study and re-*
5 *port to Congress on the state of domestic and inter-*
6 *national markets for products from cloned animals,*
7 *including consumer acceptance. Such report shall be*
8 *submitted to Congress no later than 180 days after*
9 *the date of enactment of this Act.*

10 (2) *CONTENT.*—*The study and report under*
11 *paragraph (1) shall include a description of how*
12 *countries regulate the importation of food and agri-*
13 *cultural products (including dairy products), the*
14 *basis for such regulations, and potential obstacles to*
15 *trade.*

16 (b) *STUDY WITH THE NATIONAL ACADEMY OF*
17 *SCIENCES.*—

18 (1) *IN GENERAL.*—*The Secretary of Health and*
19 *Human Services shall contract with the National*
20 *Academy of Sciences to conduct a study and report*
21 *to Congress regarding the safety of food products de-*
22 *rived from cloned animals and the health effects and*
23 *costs attributable to milk from cloned animals in the*
24 *food supply. Such report shall be submitted to Con-*

1 *gress no later than 1 year after the date of enactment*
2 *of this Act.*

3 (2) *CONTENT.—The study and report under*
4 *paragraph (1) shall include—*

5 (A) *a review and an assessment of whether*
6 *the studies (including peer review studies), data,*
7 *and analysis used in the draft risk assessment*
8 *issued by the Food and Drug Administration en-*
9 *titled Animal Cloning: A Draft Risk Assessment*
10 *(issued on December 28, 2006) supported the*
11 *conclusions drawn by such draft risk assessment*
12 *and—*

13 (i) *whether there were a sufficient*
14 *number of studies to support such conclu-*
15 *sions; and*

16 (ii) *whether additional pertinent stud-*
17 *ies and data exist which were not consid-*
18 *ered in the draft risk assessment and how*
19 *this additional information affects the con-*
20 *clusions drawn in such draft risk assess-*
21 *ment; and*

22 (B) *an evaluation and measurement of the*
23 *potential public health effects and associated*
24 *health care costs, including any consumer behav-*
25 *ior changes and negative impacts on nutrition,*

1 *health, and chronic diseases that may result from*
2 *any decrease in dairy consumption, attributable*
3 *to the commercialization of milk from cloned*
4 *animals and their progeny.*

5 (c) *RULE OF CONSTRUCTION.*—*Nothing in this section*
6 *shall be construed to impede ongoing scientific research in*
7 *artificial reproductive health technologies.*

8 (d) *TIMEFRAME OF FINAL RISK ASSESSMENT.*—*Not-*
9 *withstanding any other provision of law, the Secretary of*
10 *Health and Human Services (acting through the Commis-*
11 *sioner of Food and Drugs) shall not issue the final risk as-*
12 *essment on the safety of cloned animals and food products*
13 *derived from cloned animals until the date that the Sec-*
14 *retary of Agriculture and the Secretary of Health and*
15 *Human Services complete the studies required under this*
16 *section.*

17 (e) *CONTINUANCE OF MORATORIUM.*—*Any voluntary*
18 *moratorium on introducing food from cloned animals or*
19 *their progeny into the food supply shall remain in effect*
20 *at least until the date that the Secretary of Health and*
21 *Human Services (acting through the Commissioner of Food*
22 *and Drugs) issues the final risk assessment described in sub-*
23 *section (d).*

1 **SEC. 7508. ANIMAL BIOSCIENCE FACILITY, BOZEMAN, MON-**
 2 **TANA.**

3 *There is authorized to be appropriated to the Secretary*
 4 *for the period of fiscal years 2008 through 2012*
 5 *\$16,000,000, to remain available until expended, for the*
 6 *construction in Bozeman, Montana, of an animal bioscience*
 7 *facility within the Agricultural Research Service.*

8 **TITLE VIII—FORESTRY**
 9 **Subtitle A—Cooperative Forestry**
 10 **Assistance Act of 1978**

11 **SEC. 8001. NATIONAL PRIORITIES FOR PRIVATE FOREST**
 12 **CONSERVATION.**

13 *Section 2 of the Cooperative Forestry Assistance Act*
 14 *of 1978 (16 U.S.C. 2101) is amended—*

15 *(1) by redesignating subsections (c) and (d) as*
 16 *subsections (e) and (f), respectively; and*

17 *(2) by inserting after subsection (b) the fol-*
 18 *lowing:*

19 *“(c) PRIORITIES.—In allocating funds appropriated*
 20 *or otherwise made available under this Act, the Secretary*
 21 *shall focus on the following national private forest conserva-*
 22 *tion priorities:*

23 *“(1) Conserving and managing working forest*
 24 *landscapes for multiple values and uses.*

25 *“(2) Protecting forests from threats to forest and*
 26 *forest health, including unnaturally large wildfires,*

1 *hurricanes, tornadoes, windstorms, snow or ice*
 2 *storms, flooding, drought, invasive species, insect or*
 3 *disease outbreak, or development, and restoring ap-*
 4 *propriate forest structures and ecological processes in*
 5 *response to such threats.*

6 “(3) *Enhancing public benefits from private for-*
 7 *ests, including air and water quality, forest products,*
 8 *forestry-related jobs, production of renewable energy,*
 9 *wildlife, enhanced biodiversity, the establishment or*
 10 *maintenance of wildlife corridors and wildlife habi-*
 11 *tat, and recreation.*

12 “(d) *REPORTING REQUIREMENT.*—*Not later than Sep-*
 13 *tember 30, 2011, the Secretary shall submit to Congress a*
 14 *report describing how funding was used under this Act to*
 15 *address the national priorities specified in subsection (c)*
 16 *and the outcomes achieved in meeting the national prior-*
 17 *ities.”.*

18 **SEC. 8002. COMMUNITY FOREST AND OPEN SPACE CON-**
 19 **SERVATION PROGRAM.**

20 (a) *FINDINGS.*—*Congress finds that—*

21 (1) *the Forest Service projects that, by calendar*
 22 *year 2030, approximately 44,000,000 acres of pri-*
 23 *vately-owned forest land will be developed throughout*
 24 *the United States;*

1 (2) *public access to parcels of privately-owned*
2 *forest land for outdoor recreational activities, includ-*
3 *ing hunting, fishing, and trapping, has declined and,*
4 *as a result, participation in those activities has also*
5 *declined in cases in which public access is not se-*
6 *cured;*

7 (3) *rising rates of obesity and other public health*
8 *problems relating to the inactivity of the citizens of*
9 *the United States have been shown to be ameliorated*
10 *by improving public access to safe and attractive*
11 *areas for outdoor recreation;*

12 (4) *in rapidly-growing communities of all sizes*
13 *throughout the United States, remaining parcels of*
14 *forest land play an essential role in protecting public*
15 *water supplies;*

16 (5) *forest parcels owned by local governmental*
17 *entities and nonprofit organizations are providing*
18 *important demonstration sites for private landowners*
19 *to learn forest management techniques;*

20 (6) *throughout the United States, communities of*
21 *diverse types and sizes are deriving significant finan-*
22 *cial and community benefits from managing forest*
23 *land owned by local governmental entities for timber*
24 *and other forest products; and*

1 (7) *there is an urgent need for local govern-*
 2 *mental entities to be able to leverage financial re-*
 3 *sources in order to purchase important parcels of pri-*
 4 *vately-owned forest land as the parcels are offered for*
 5 *sale.*

6 (b) *COMMUNITY FOREST AND OPEN SPACE CONSERVA-*
 7 *TION PROGRAM.—The Cooperative Forestry Assistance Act*
 8 *of 1978 is amended by inserting after section 7 (16 U.S.C.*
 9 *2103c) the following:*

10 **“SEC. 7A. COMMUNITY FOREST AND OPEN SPACE CON-**
 11 **SERVATION PROGRAM.**

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

13 “(1) *ELIGIBLE ENTITY.—The term ‘eligible enti-*
 14 *ty’ means a local governmental entity, Indian tribe,*
 15 *or nonprofit organization that owns or acquires a*
 16 *parcel under the program.*

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

21 “(3) *LOCAL GOVERNMENTAL ENTITY.—The term*
 22 *‘local governmental entity’ includes any municipal*
 23 *government, county government, or other local govern-*
 24 *ment body with jurisdiction over local land use deci-*
 25 *sions.*

1 “(4) *NONPROFIT ORGANIZATION.*—*The term*
 2 *‘nonprofit organization’ means any organization*
 3 *that—*

4 “(A) *is described in section 170(h)(3) of the*
 5 *Internal Revenue Code of 1986; and*

6 “(B) *operates in accordance with 1 or more*
 7 *of the purposes specified in section 170(h)(4)(A)*
 8 *of that Code.*

9 “(5) *PROGRAM.*—*The term ‘Program’ means the*
 10 *community forest and open space conservation pro-*
 11 *gram established under subsection (b).*

12 “(6) *SECRETARY.*—*The term ‘Secretary’ means*
 13 *the Secretary of Agriculture, acting through the Chief*
 14 *of the Forest Service.*

15 “(b) *ESTABLISHMENT.*—*The Secretary shall establish*
 16 *a program, to be known as the ‘community forest and open*
 17 *space conservation program’.*

18 “(c) *GRANT PROGRAM.*—

19 “(1) *IN GENERAL.*—*The Secretary may award*
 20 *grants to eligible entities to acquire private forest*
 21 *land, to be owned in fee simple, that—*

22 “(A) *are threatened by conversion to non-*
 23 *forest uses; and*

24 “(B) *provide public benefits to communities,*
 25 *including—*

1 “(i) *economic benefits through sustain-*
2 *able forest management;*

3 “(ii) *environmental benefits, including*
4 *clean water and wildlife habitat;*

5 “(iii) *benefits from forest-based edu-*
6 *cational programs, including vocational*
7 *education programs in forestry;*

8 “(iv) *benefits from serving as models of*
9 *effectively-managed effective forest steward-*
10 *ship for private landowners; and*

11 “(v) *recreational benefits, including*
12 *hunting and fishing.*

13 “(2) *FEDERAL COST SHARE.—An eligible entity*
14 *may receive a grant under the Program in an*
15 *amount equal to not more than 50 percent of the cost*
16 *of acquiring 1 or more parcels, as determined by the*
17 *Secretary.*

18 “(3) *NON-FEDERAL SHARE.—As a condition of*
19 *receipt of the grant, an eligible entity that receives a*
20 *grant under the Program shall provide, in cash, do-*
21 *nation, or in kind, a non-Federal matching share in*
22 *an amount that is at least equal to the amount of the*
23 *grant received.*

24 “(4) *APPRAISAL OF PARCELS.—To determine the*
25 *non-Federal share of the cost of a parcel of privately-*

1 *owned forest land under paragraph (2), an eligible*
 2 *entity shall require appraisals of the land that com-*
 3 *ply with the Uniform Appraisal Standards for Fed-*
 4 *eral Land Acquisitions developed by the Interagency*
 5 *Land Acquisition Conference.*

6 “(5) *APPLICATION.—An eligible entity that seeks*
 7 *to receive a grant under the Program shall submit to*
 8 *the State forester or equivalent official (or in the case*
 9 *of an eligible entity that is an Indian tribe, an equiv-*
 10 *alent official of the Indian tribe) an application that*
 11 *includes—*

12 “(A) *a description of the land to be ac-*
 13 *quired;*

14 “(B) *a forest plan that provides—*

15 “(i) *a description of community bene-*
 16 *fits to be achieved from the acquisition of*
 17 *the private forest land; and*

18 “(ii) *an explanation of the manner in*
 19 *which any private forest land to be acquired*
 20 *using funds from the grant will be man-*
 21 *aged; and*

22 “(C) *such other relevant information as the*
 23 *Secretary may require.*

24 “(6) *EFFECT ON TRUST LAND.—*

1 “(A) *INELIGIBILITY.*—*The Secretary shall*
 2 *not provide a grant under the Program for any*
 3 *project on land held in trust by the United*
 4 *States (including Indian reservations and allot-*
 5 *ment land).*

6 “(B) *ACQUIRED LAND.*—*No land acquired*
 7 *using a grant provided under the Program shall*
 8 *be converted to land held in trust by the United*
 9 *States on behalf of any Indian tribe.*

10 “(7) *APPLICATIONS TO SECRETARY.*—*The State*
 11 *forester or equivalent official (or in the case of an eli-*
 12 *gible entity that is an Indian tribe, an equivalent of-*
 13 *ficial of the Indian tribe) shall submit to the Sec-*
 14 *retary a list that includes a description of each*
 15 *project submitted by an eligible entity at such times*
 16 *and in such form as the Secretary shall prescribe.*

17 “(d) *DUTIES OF ELIGIBLE ENTITY.*—*An eligible*
 18 *entity—*

19 “(1) *shall provide public access to, and manage,*
 20 *forest land acquired with a grant under this section*
 21 *in a manner that is consistent with the purposes for*
 22 *which the land was acquired under the Program; and*

23 “(2) *shall not convert the property to other uses.*

24 “(e) *PROHIBITED USES.*—

1 “(1) *IN GENERAL.*—Subject to paragraphs (2)
2 and (3), an eligible entity that acquires a parcel
3 under the Program shall not sell the parcel or convert
4 the parcel to nonforest use.

5 “(2) *REIMBURSEMENT OF FUNDS.*—An eligible
6 entity that sells or converts to nonforest use a parcel
7 acquired under the Program shall pay to the Federal
8 Government an amount equal to the greater of the
9 current sale price, or current appraised value, of the
10 parcel.

11 “(3) *LOSS OF ELIGIBILITY.*—An eligible entity
12 that sells or converts a parcel acquired under the Pro-
13 gram shall not be eligible for additional grants under
14 the Program.

15 “(f) *STATE ADMINISTRATION AND TECHNICAL ASSIST-*
16 *ANCE.*—To assist model stewardship of parcels acquired
17 under the Program, the Secretary may allocate not more
18 than 10 percent of all funds made available to carry out
19 the Program for each fiscal year to State foresters or equiva-
20 lent officials (including an equivalent official of an Indian
21 tribe) for Program administration and technical assistance.

22 “(g) *AUTHORIZATION OF APPROPRIATIONS.*—There
23 are authorized to be appropriated such sums as are nec-
24 essary to carry out this section.”.

1 **SEC. 8003. FEDERAL, STATE, AND LOCAL COORDINATION**
 2 **AND COOPERATION.**

3 *Section 19(b)(2)(D) of the Cooperative Forestry Assist-*
 4 *ance Act of 1978 (16 U.S.C. 2113(b)(2)(D)) is amended by*
 5 *inserting “except for projects submitted by an Indian*
 6 *tribe,” before “make recommendations”.*

7 **SEC. 8004. COMPREHENSIVE STATEWIDE FOREST PLAN-**
 8 **NING.**

9 *The Cooperative Forestry Assistance Act of 1978 is*
 10 *amended—*

11 *(1) by redesignating section 20 (16 U.S.C. 2114)*
 12 *as section 22; and*

13 *(2) by inserting after section 19 (16 U.S.C.*
 14 *2113) the following:*

15 **“SEC. 20. COMPREHENSIVE STATEWIDE FOREST PLANNING.**

16 *“(a) ESTABLISHMENT.—The Secretary shall establish*
 17 *a comprehensive statewide forest planning program under*
 18 *which the Secretary shall provide financial and technical*
 19 *assistance to States for use in the development and imple-*
 20 *mentation of statewide forest resource assessments and*
 21 *plans.*

22 *“(b) STATEWIDE FOREST RESOURCE ASSESSMENT*
 23 *AND PLAN.—For a State to be eligible to receive funds*
 24 *under this Act, not later than 2 years after the date of en-*
 25 *actment of the Food and Energy Security Act of 2007, the*
 26 *State Forester of the State, or an equivalent State official,*

1 *shall develop a statewide forest resource assessment and*
2 *plan that, at a minimum—*

3 “(1) *identifies each critical forest resource area*
4 *in the State described in section 2(c);*

5 “(2) *to the maximum extent practicable—*

6 “(A) *incorporates any forest management*
7 *plan of the State in existence on the date of en-*
8 *actment of this section (including community*
9 *wildfire protection plans);*

10 “(B) *addresses the needs of the region, with-*
11 *out regard to the borders of each State of the re-*
12 *gion (or the political subdivisions of each State*
13 *of the region);*

14 “(C) *provides a comprehensive statewide*
15 *plan (including the opportunity for public par-*
16 *ticipation in the development of the statewide*
17 *plan) for—*

18 “(i) *managing the forest land in the*
19 *State;*

20 “(ii) *achieving the national priorities*
21 *specified in section 2(c)(2);*

22 “(iii) *monitoring the forest land in the*
23 *State; and*

24 “(iv) *administering any forestry-re-*
25 *lated Federal, State, or private grants*

1 *awarded to the State under this section or*
 2 *any other provisions of law; and*

3 “(D) *includes a multiyear, integrated forest*
 4 *management strategy that provides a manage-*
 5 *ment framework for—*

6 “(i) *the administration of each appli-*
 7 *cable program of the State; and*

8 “(ii) *the use of any funds made avail-*
 9 *able for the management of the forest land*
 10 *in the State; and*

11 “(3) *is determined by the Secretary to be suffi-*
 12 *cient to satisfy all relevant State planning and as-*
 13 *essment requirements under this Act.*

14 “(c) *COORDINATION.—In developing the statewide as-*
 15 *essment and plan under subsection (b), the State Forester*
 16 *or equivalent State official shall—*

17 “(1) *coordinate with—*

18 “(A) *the State Forest Stewardship Coordi-*
 19 *nation Committee established for the State under*
 20 *section 19(b);*

21 “(B) *the State wildlife agency, with respect*
 22 *to strategies contained in the State wildlife ac-*
 23 *tion plans;*

24 “(C) *the State Technical Committee; and*

1 “(D) applicable Federal land management
2 agencies; and

3 “(2) for purposes of the Forest Legacy Program
4 under section 7, work cooperatively with the State
5 lead agency designated by the Governor.

6 “(d) AUTHORIZATION OF APPROPRIATIONS.—There is
7 authorized to be appropriated to carry out this section
8 \$10,000,000 for each fiscal year.”.

9 **SEC. 8005. ASSISTANCE TO THE FEDERATED STATES OF MI-**
10 **CRONESIA, THE REPUBLIC OF THE MARSHALL**
11 **ISLANDS, AND THE REPUBLIC OF PALAU.**

12 Section 13(d)(1) of the Cooperative Forestry Assistance
13 Act of 1978 (16 U.S.C. 2109(d)(1)) is amended by striking
14 “the Trust Territory of the Pacific Islands,” and inserting
15 “the Federated States of Micronesia, the Republic of the
16 Marshall Islands, the Republic of Palau,”.

17 **Subtitle B—Tribal-Forest Service**
18 **Cooperative Relations**

19 **SEC. 8101. DEFINITIONS.**

20 In this subtitle:

21 (1) INDIAN.—The term “Indian” means an indi-
22 vidual who is a member of an Indian tribe.

23 (2) INDIAN TRIBE.—The term “Indian tribe”—

24 (A) for purposes of title I, has the meaning
25 given the term in section 4 of the Indian Self-

1 *Determination and Education Assistance Act (25*
 2 *U.S.C. 450b); and*

3 *(B) for purposes of title II, means any In-*
 4 *dian or Alaska Native tribe, band, nation, pueb-*
 5 *lo, village, or other community the name of*
 6 *which is included on a list published by the Sec-*
 7 *retary of the Interior pursuant to section 104 of*
 8 *the Federally Recognized Indian Tribe List Act*
 9 *of 1994 (25 U.S.C. 479a–1).*

10 (3) *NATIONAL FOREST SYSTEM.*—*The term “Na-*
 11 *tional Forest System” has the meaning given the term*
 12 *in section 11(a) of the Forest and Rangeland Renew-*
 13 *able Resources Planning Act of 1974 (16 U.S.C.*
 14 *1609(a)).*

15 **PART I—COLLABORATION BETWEEN INDIAN**
 16 **TRIBES AND FOREST SERVICE**

17 **SEC. 8111. FOREST LEGACY PROGRAM.**

18 (a) *PARTICIPATION BY INDIAN TRIBES.*—*Section 7 of*
 19 *the Cooperative Forestry Assistance Act of 1978 (16 U.S.C.*
 20 *2103c) is amended—*

21 (1) *in subsection (a), in the first sentence, by in-*
 22 *serting “, including Indian tribes,” after “govern-*
 23 *ment”;*

24 (2) *in subsection (b), by inserting “or programs*
 25 *of Indian tribes” after “regional programs”;*

1 (3) in subsection (f), in the second sentence, by
 2 striking “other appropriate State or regional natural
 3 resource management agency” and inserting “other
 4 appropriate natural resource management agency of
 5 a State, region, or Indian tribe”;

6 (4) in subsection (h)(2), by inserting “, includ-
 7 ing an Indian tribe” before the period at the end; and

8 (5) in subsection (j)(2), in the first sentence, by
 9 inserting “including Indian tribes,” after “govern-
 10 mental units,”.

11 (b) *OPTIONAL STATE AND TRIBAL GRANTS.*—Section
 12 7(l) of the Cooperative Forestry Assistance Act of 1978 (16
 13 U.S.C. 2103c(l)) is amended—

14 (1) in the subsection heading, by inserting “AND
 15 TRIBAL” after “STATE”;

16 (2) by redesignating paragraph (3) as para-
 17 graph (4); and

18 (3) by striking paragraphs (1) and (2) and in-
 19 serting the following:

20 “(1) *DEFINITION OF INDIAN TRIBE.*—In this sub-
 21 section, the term ‘Indian tribe’ has the meaning given
 22 the term in section 4 of the Indian Self-Determina-
 23 tion and Education Assistance Act (25 U.S.C. 450b).

24 “(2) *GRANTS.*—On request of a participating
 25 State or Indian tribe, the Secretary shall provide a

1 *grant to the State or Indian tribe to carry out the*
 2 *Forest Legacy Program in the State or with the In-*
 3 *dian tribe.*

4 “(3) *ADMINISTRATION.*—*If a State or Indian*
 5 *tribe elects to receive a grant under this subsection—*

6 “(A) *the Secretary shall use a portion of the*
 7 *funds made available under subsection (m), as*
 8 *determined by the Secretary, to provide a grant*
 9 *to the State or Indian tribe; and*

10 “(B) *the State or Indian tribe shall use the*
 11 *grant to carry out the Forest Legacy Program in*
 12 *the State or with the Indian tribe, including*
 13 *through acquisition by the State or Indian tribe*
 14 *of land and interests in land.*

15 “(4) *EFFECT ON TRUST LAND.*—

16 “(A) *INELIGIBILITY.*—*The Secretary shall*
 17 *not provide a grant under this subsection for*
 18 *any project on land held in trust by the United*
 19 *States (including Indian reservations and allot-*
 20 *ment land).*

21 “(B) *ACQUIRED LAND.*—*No land acquired*
 22 *using a grant provided under this subsection*
 23 *shall be converted to land held in trust by the*
 24 *United States on behalf of any Indian tribe.”.*

1 (c) *CONFORMING AMENDMENTS.*—Section 7(j)(1) of the
 2 *Cooperative Forestry Assistance Act of 1978 (16 U.S.C.*
 3 *2103c(j)(1)) is amended by striking the first sentence and*
 4 *inserting the following: “Fair market value shall be paid*
 5 *for any property interest acquired (other than by donation)*
 6 *under this section.”.*

7 **SEC. 8112. FORESTRY AND RESOURCE MANAGEMENT AS-**
 8 **SISTANCE FOR INDIAN TRIBES.**

9 (a) *DEFINITION OF ELIGIBLE INDIAN LAND.*—In this
 10 section, the term “eligible Indian land” means, with respect
 11 to each participating Indian tribe—

12 (1) *trust land located within the boundaries of*
 13 *the reservation of the Indian tribe;*

14 (2) *land owned in fee by the Indian tribe; and*

15 (3) *trust land located outside the boundaries of*
 16 *the reservation of the Indian tribe that is eligible for*
 17 *use for land programs of the Indian tribe.*

18 (b) *AUTHORITY TO PROVIDE ASSISTANCE.*—The Sec-
 19 retary may provide financial, technical, educational, and
 20 related assistance to any Indian tribe for—

21 (1) *tribal consultation and coordination with the*
 22 *Forest Service on issues relating to—*

23 (A) *access and use by members of the In-*
 24 *dian tribe to National Forest System land and*

1 resources for traditional, religious, and cultural
2 purposes;

3 (B) coordinated or cooperative management
4 of resources shared by the Forest Service and the
5 Indian tribe; or

6 (C) the provision of tribal traditional, cul-
7 tural, or other expertise or knowledge;

8 (2) projects and activities for conservation edu-
9 cation and awareness with respect to forest land or
10 grassland that is eligible Indian land; and

11 (3) technical assistance for forest resources plan-
12 ning, management, and conservation on eligible In-
13 dian land.

14 (c) *REQUIREMENTS.*—

15 (1) *IN GENERAL.*—During any fiscal year, an
16 Indian tribe may participate in only 1 approved ac-
17 tivity that receives assistance under—

18 (A) subsection (b)(3); or

19 (B) the forest stewardship program under
20 section 5 of the Cooperative Forestry Assistance
21 Act of 1978 (16 U.S.C. 2103a).

22 (d) *IMPLEMENTATION.*—

23 (1) *IN GENERAL.*—Not later than 18 months
24 after the date of enactment of this Act, the Secretary
25 shall promulgate regulations to implement subsection

1 (b), including rules for determining the distribution
2 of assistance under that subsection.

3 (2) *CONSULTATION.*—In developing regulations
4 pursuant to paragraph (1), the Secretary shall con-
5 duct full, open, and substantive consultation with In-
6 dian tribal governments and other representatives of
7 Indian tribes.

8 (e) *COORDINATION WITH SECRETARY OF INTERIOR.*—
9 In carrying out this section, the Secretary shall coordinate
10 with the Secretary of the Interior to ensure that activities
11 under subsection (b)—

12 (1) do not conflict with Indian tribal programs
13 provided by the Department of the Interior; and

14 (2) achieve the goals established by the affected
15 Indian tribes.

16 (f) *AUTHORIZATION OF APPROPRIATIONS.*—There are
17 authorized to be appropriated such sums as are necessary
18 to carry out this section.

19 **PART II—CULTURAL AND HERITAGE**

20 **COOPERATION AUTHORITY**

21 **SEC. 8121. PURPOSES.**

22 *The purposes of this part are—*

23 (1) to authorize the reburial of human remains
24 and cultural items, including human remains and
25 cultural items repatriated under the Native American

1 *Graves Protection and Repatriation Act (25 U.S.C.*
2 *3001 et seq.), on National Forest System land;*

3 *(2) to prevent the unauthorized disclosure of in-*
4 *formation regarding reburial sites, including—*

5 *(A) the quantity and identity of human re-*
6 *mains and cultural items on the sites; and*

7 *(B) the location of the sites;*

8 *(3) to authorize the Secretary to ensure access to*
9 *National Forest System land, to the maximum extent*
10 *practicable, by Indians and Indian tribes for tradi-*
11 *tional and cultural purposes;*

12 *(4) to authorize the Secretary to provide forest*
13 *products free of charge to Indian tribes for traditional*
14 *and cultural purposes;*

15 *(5) to authorize the Secretary to protect the con-*
16 *fidentiality of certain information, including infor-*
17 *mation that is culturally sensitive to Indian tribes;*

18 *(6) to increase the availability of Forest Service*
19 *programs and resources to Indian tribes in support of*
20 *the policy of the United States to promote tribal sov-*
21 *ereignty and self-determination; and*

22 *(7) to strengthen support for the policy of the*
23 *United States of protecting and preserving the tradi-*
24 *tional, cultural, and ceremonial rites and practices of*
25 *Indian tribes, in accordance with Public Law 95–341*

1 (*commonly known as the “American Indian Religious*
 2 *Freedom Act”*) (42 U.S.C. 1996).

3 **SEC. 8122. DEFINITIONS.**

4 *In this part:*

5 (1) *ADJACENT SITE*.—*The term “adjacent site”*
 6 *means a site that borders a boundary line of National*
 7 *Forest system land.*

8 (2) *CULTURAL ITEMS*.—

9 (A) *IN GENERAL*.—*The term “cultural*
 10 *items” has the meaning given the term in section*
 11 *2 of the Native American Graves Protection and*
 12 *Repatriation Act (25 U.S.C. 3001).*

13 (B) *EXCEPTION*.—*The term “cultural*
 14 *items” does not include human remains.*

15 (3) *HUMAN REMAINS*.—*The term “human re-*
 16 *mains” means the physical remains of the body of a*
 17 *person of Indian ancestry.*

18 (4) *LINEAL DESCENDANT*.—*The term “lineal de-*
 19 *scendant” means an individual that can trace, di-*
 20 *rectly and without interruption, the ancestry of the*
 21 *individual through the traditional kinship system of*
 22 *an Indian tribe, or through the common law system*
 23 *of descent, to a known Indian, the human remains,*
 24 *funerary objects, or other sacred objects of whom are*
 25 *claimed by the individual.*

1 (5) *REBURIAL SITE*.—*The term “reburial site”*
 2 *means a discrete physical location at which cultural*
 3 *items or human remains are reburied.*

4 (6) *TRADITIONAL AND CULTURAL PURPOSE*.—
 5 *The term “traditional and cultural purpose”, with re-*
 6 *spect to a definable use, area, or practice, means that*
 7 *the use, area, or practice is identified by an Indian*
 8 *tribe as traditional or cultural because of the long-es-*
 9 *tablished significance or ceremonial nature of the use,*
 10 *area, or practice to the Indian tribe.*

11 **SEC. 8123. REBURIAL OF HUMAN REMAINS AND CULTURAL**
 12 **ITEMS.**

13 (a) *REBURIAL SITES*.—*In consultation with an af-*
 14 *ected Indian tribe or lineal descendant, the Secretary may*
 15 *authorize the use of National Forest System land by the*
 16 *Indian tribe or lineal descendant for the reburial of human*
 17 *remains or cultural items in the possession of the Indian*
 18 *tribe or lineal descendant that have been disinterred from*
 19 *National Forest System land or an adjacent site.*

20 (b) *REBURIAL*.—*With the consent of the affected In-*
 21 *dian tribe or lineal descendent, the Secretary may recover*
 22 *and rebury, at Federal expense or using other available*
 23 *funds, human remains and cultural items described in sub-*
 24 *section (a) at the National Forest System land identified*
 25 *under that subsection.*

1 (c) *AUTHORIZATION OF USE.*—

2 (1) *IN GENERAL.*—Subject to paragraph (2), the
3 Secretary may authorize such uses on reburial sites or
4 adjacent sites as the Secretary determines to be nec-
5 essary for management of the National Forest System.

6 (2) *AVOIDANCE OF ADVERSE IMPACTS.*—In car-
7 rying out paragraph (1), the Secretary shall avoid
8 adverse impacts to cultural items and human re-
9 mains, to the maximum extent practicable.

10 **SEC. 8124. TEMPORARY CLOSURE FOR TRADITIONAL AND**
11 **CULTURAL PURPOSES.**

12 (a) *RECOGNITION OF HISTORIC USE.*—The Secretary
13 shall, to the maximum extent practicable, ensure access to
14 National Forest System land by Indians for traditional and
15 cultural purposes, in accordance with subsection (b), in rec-
16 ognition of the historic use by Indians of National Forest
17 System land.

18 (b) *CLOSING LAND FROM PUBLIC ACCESS.*—

19 (1) *IN GENERAL.*—On receipt of a request from
20 an Indian tribe, the Secretary may temporarily close
21 from public access specifically designated National
22 Forest System land to protect the privacy of tribal ac-
23 tivities for traditional and cultural purposes.

24 (2) *LIMITATION.*—A closure of National Forest
25 System land under paragraph (1) shall affect the

1 *smallest practicable area for the minimum period*
 2 *necessary for activities of the applicable Indian tribe.*

3 (3) *CONSISTENCY.—Access by Indian tribes to*
 4 *National Forest System land under this subsection*
 5 *shall be consistent with the purposes of Public Law*
 6 *95–341 (commonly known as the “American Indian*
 7 *Religious Freedom Act”)* (42 U.S.C. 1996).

8 **SEC. 8125. FOREST PRODUCTS FOR TRADITIONAL AND CUL-**
 9 **TURAL PURPOSES.**

10 (a) *IN GENERAL.—Notwithstanding section 14 of the*
 11 *National Forest Management Act of 1976 (16 U.S.C. 472a),*
 12 *the Secretary may provide free of charge to Indian tribes*
 13 *any trees, portions of trees, or forest products from National*
 14 *Forest System land for traditional and cultural purposes.*

15 (b) *PROHIBITION.—Trees, portions of trees, or forest*
 16 *products provided under subsection (a) may not be used for*
 17 *commercial purposes.*

18 **SEC. 8126. PROHIBITION ON DISCLOSURE.**

19 (a) *NONDISCLOSURE OF INFORMATION.—*

20 (1) *IN GENERAL.—The Secretary shall not dis-*
 21 *close under section 552 of title 5, United States Code*
 22 *(commonly known as the “Freedom of Information*
 23 *Act”), any information relating to—*

1 (A) *subject to subsection (b)(1), human re-*
 2 *mains or cultural items reburied on National*
 3 *Forest System land under section 8123; or*

4 (B) *subject to subsection (b)(2), resources,*
 5 *cultural items, uses, or activities that—*

6 (i) *have a traditional and cultural*
 7 *purpose; and*

8 (ii) *are provided to the Secretary by*
 9 *an Indian or Indian tribe under an express*
 10 *expectation of confidentiality in the context*
 11 *of forest and rangeland research activities*
 12 *carried out under the authority of the For-*
 13 *est Service.*

14 (2) *LIMITATIONS ON DISCLOSURE.—Subject to*
 15 *subsection (b)(2), the Secretary shall not be required*
 16 *to disclose information under section 552 of title 5,*
 17 *United States Code (commonly known as the “Free-*
 18 *dom of Information Act”), concerning the identity,*
 19 *use, or specific location in the National Forest System*
 20 *of—*

21 (A) *a site or resource used for traditional*
 22 *and cultural purposes by an Indian tribe; or*

23 (B) *any cultural items not covered under*
 24 *section 8123.*

25 (b) *LIMITED RELEASE OF INFORMATION.—*

1 (1) *REBURIAL.*—*The Secretary may disclose in-*
 2 *formation described in subsection (a)(l)(A) if, before*
 3 *the disclosure, the Secretary—*

4 (A) *consults with an affected Indian tribe*
 5 *or lineal descendent;*

6 (B) *determines that disclosure of the*
 7 *information—*

8 (i) *would advance the purposes of this*
 9 *part; and*

10 (ii) *is necessary to protect the human*
 11 *remains or cultural items from harm, theft,*
 12 *or destruction; and*

13 (C) *attempts to mitigate any adverse im-*
 14 *pacts identified by an Indian tribe or lineal de-*
 15 *scendant that reasonably could be expected to re-*
 16 *sult from disclosure of the information.*

17 (2) *OTHER INFORMATION.*—*The Secretary may*
 18 *disclose information described under paragraph*
 19 *(1)(B) or (2) of subsection if the Secretary determines*
 20 *that disclosure of the information to the public—*

21 (A) *would advance the purposes of this*
 22 *part;*

23 (B) *would not create an unreasonable risk*
 24 *of harm, theft, or destruction of the resource, site,*

1 *or object, including individual organic or inor-*
 2 *ganic specimens; and*

3 *(C) would be consistent with other applica-*
 4 *ble laws.*

5 **SEC. 8127. SEVERABILITY AND SAVINGS PROVISIONS.**

6 *(a) SEVERABILITY.—If any provision of this part, or*
 7 *the application of any provision of this part to any person*
 8 *or circumstance, is held invalid, the application of such*
 9 *provision or circumstance and the remainder of this part*
 10 *shall not be affected thereby.*

11 *(b) SAVINGS.—Nothing in this part—*

12 *(1) diminishes or expands the trust responsi-*
 13 *bility of the United States to Indian tribes, or any*
 14 *legal obligation or remedy resulting from that respon-*
 15 *sibility;*

16 *(2) alters, abridges, repeals, or affects any valid*
 17 *agreement between the Forest Service and an Indian*
 18 *tribe;*

19 *(3) alters, abridges, diminishes, repeals, or af-*
 20 *fects any reserved or other right of an Indian tribe;*
 21 *or*

22 *(4) alters, abridges, diminishes, repeals, or af-*
 23 *fects any other valid existing right relating to Na-*
 24 *tional Forest System land or other public land.*

1 ***Subtitle C—Amendments to Other***
 2 ***Laws***

3 **SEC. 8201. RENEWABLE RESOURCES EXTENSION ACTIVI-**
 4 **TIES.**

5 (a) *AUTHORIZATION OF APPROPRIATIONS.*—Section 6
 6 of the *Renewable Resources Extension Act of 1978* (16
 7 U.S.C. 1675) is amended in the first sentence by striking
 8 “2007” and inserting “2012”.

9 (b) *TERMINATION DATE.*—Section 8 of the *Renewable*
 10 *Resources Extension Act of 1978* (16 U.S.C. 1671 note; Pub-
 11 lic Law 95–306) is amended by striking “2007” and insert-
 12 ing “2012”.

13 **SEC. 8202. OFFICE OF INTERNATIONAL FORESTRY.**

14 Section 2405(d) of the *Global Climate Change Preven-*
 15 *tion Act of 1990* (7 U.S.C. 6704(d)) is amended by striking
 16 “2007” and inserting “2012”.

17 **SEC. 8203. GREEN MOUNTAIN NATIONAL FOREST BOUND-**
 18 **ARY ADJUSTMENT.**

19 (a) *IN GENERAL.*—The boundary of the *Green Moun-*
 20 *tain National Forest* is modified to include the 12 des-
 21 ignated expansion units as generally depicted on the forest
 22 maps entitled “*Green Mountain Expansion Area Map I*”
 23 and “*Green Mountain Expansion Area Map II*” and dated
 24 February 20, 2002 (copies of which shall be on file and
 25 available for public inspection in the Office of the Chief of

1 *the Forest Service, Washington, District of Columbia), and*
 2 *more particularly described according to the site specific*
 3 *maps and legal descriptions on file in the office of the Forest*
 4 *Supervisor, Green Mountain National Forest.*

5 (b) *MANAGEMENT.*—*Federally owned land delineated*
 6 *on the maps acquired for National Forest purposes shall*
 7 *continue to be managed in accordance with the laws (in-*
 8 *cluding regulations) applicable to the National Forest Sys-*
 9 *tem.*

10 (c) *LAND AND WATER CONSERVATION FUND.*—*For the*
 11 *purposes of section 7 of the Land and Water Conservation*
 12 *Fund Act of 1965 (16 U.S.C. 460 l–9), the boundaries of*
 13 *the Green Mountain National Forest, as adjusted by this*
 14 *section, shall be considered to be the boundaries of the na-*
 15 *tional forest as of January 1, 1965.*

16 **SEC. 8204. PREVENTION OF ILLEGAL LOGGING PRACTICES.**

17 (a) *IN GENERAL.*—*The Lacey Act Amendments of*
 18 *1981 are amended—*

19 (1) *in section 2 (16 U.S.C. 3371)—*

20 (A) *by striking subsection (f) and inserting*
 21 *the following:*

22 “(f) *PLANT.*—

23 “(1) *IN GENERAL.*—*The term ‘plant’ means any*
 24 *wild member of the plant kingdom, including roots,*
 25 *seeds, parts, and products thereof.*

1 “(2) *EXCLUSIONS.*—

2 “(A) *IN GENERAL.*—Subject to subpara-
3 graph (B), the term ‘plant’ excludes—

4 “(i) any cultivar or common food crop;
5 or

6 “(ii) a plant intended to remain plant-
7 ed, to be planted, or replanted (including
8 roots, seeds, and germplasm) that is—

9 “(I)(aa) imported into the United
10 States accompanied by a
11 phytosanitary certificate issued by the
12 national plant protection organization
13 of the country of origin or trans-
14 shipment country; or

15 “(bb) precleared for entry by the
16 Secretary; or

17 “(II) a domestically produced
18 plant, or derived from a domestically
19 produced plant, that is—

20 “(aa) moving in interstate
21 commerce; and

22 “(bb) not listed pursuant to
23 any State law that provides for
24 the conservation of species threat-
25 ened with extinction.

“(B) *LIMITATION.*—*The exclusions in subparagraph (A) do not apply to a plant listed—*

“(i) *on an appendix to the Convention on International Trade in Endangered Species of Wild Fauna and Flora, done at Washington on March 3, 1973 (27 UST 1087; TIAS 8249); or*

“(ii) *as an endangered or threatened species under the Endangered Species Act of 1973 (16 U.S.C. 1531 et seq.).*”.

(B) *in subsection (h), by inserting “also” after “plants the term”; and*

(C) *by striking subsection (j) and inserting the following:*

“(j) *TAKEN AND TAKING.*—

“(1) *TAKEN.*—*The term ‘taken’ means captured, killed, or collected and, with respect to a plant, also means harvested, cut, logged, or removed.*

“(2) *TAKING.*—*The term ‘taking’ means the act by which fish, wildlife, or plants are taken.*”;

(2) *in section 3 (16 U.S.C. 3372)—*

(A) *in subsection (a)—*

(i) *in paragraph (2), by striking subparagraph (B) and inserting the following:*

“(B) *any plant—*

1 “(i) taken, possessed, transported, or
2 sold, in violation of any law or regulation
3 of any State, or any foreign law, that pro-
4 tects plants or that regulates—

5 “(I) the theft of plants;

6 “(II) the taking of plants from a
7 park, forest reserve, or other officially
8 protected area;

9 “(III) the taking of plants from
10 an officially designated area; or

11 “(IV) the taking of plants with-
12 out, or contrary to, required authoriza-
13 tion;

14 “(ii) taken, possessed, transported, or
15 sold, without the payment of royalties,
16 taxes, or stumpage fees required for the
17 plant by any law or regulation of any State
18 or any foreign law; or

19 “(iii) taken, possessed, transported, or
20 sold, in violation of any limitation under
21 any law or regulation of any State or under
22 any foreign law; or”; and

23 (ii) in paragraph (3), by striking sub-
24 paragraph (B) and inserting the following:

25 “(B) to possess any plant—

1 “(i) taken, possessed, transported, or
 2 sold, in violation of any law or regulation
 3 of any State, or any foreign law, that pro-
 4 tects plants or that regulates—

5 “(I) the theft of plants;

6 “(II) the taking of plants from a
 7 park, forest reserve, or other officially
 8 protected area;

9 “(III) the taking of plants from
 10 an officially designated area; or

11 “(IV) the taking of plants with-
 12 out, or contrary to, required authoriza-
 13 tion;

14 “(ii) taken, possessed, transported, or
 15 sold, without the payment of royalties,
 16 taxes, or stumpage fees required for the
 17 plant by any law or regulation of any State
 18 or any foreign law; or

19 “(iii) taken, possessed, transported, or
 20 sold, in violation of any limitation under
 21 any law or regulation of any State or under
 22 any foreign law; governing the export or
 23 transshipment of plants; or”; and

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

25 “(f) *PLANT DECLARATIONS.*—

1 “(1) *IN GENERAL*.—Effective 180 days from the
 2 date of enactment of this subsection and except as
 3 provided in paragraph (3), it shall be unlawful for
 4 any person to import any plant unless the person
 5 files upon importation where clearance is requested a
 6 declaration that contains—

7 “(A) the scientific name of any plant (in-
 8 cluding the genus and species of the plant) con-
 9 tained in the importation;

10 “(B) a description of—

11 “(i) the value of the importation; and

12 “(ii) the quantity, including the unit
 13 of measure, of the plant; and

14 “(C) the name of the country from which
 15 the plant was taken.

16 “(2) *DECLARATION RELATING TO PLANT PROD-*
 17 *UCTS*.—Until the date on which the Secretary pro-
 18 mulgates a regulation under paragraph (6), a dec-
 19 laration relating to a plant product shall—

20 “(A) in the case in which the species of
 21 plant used to produce the plant product that is
 22 the subject of the importation varies, and the
 23 species used to produce the plant product is un-
 24 known, contain the name of each species of plant

1 *that may have been used to produce the plant*
2 *product; and*

3 “(B) *in the case in which the species of*
4 *plant used to produce the plant product that is*
5 *the subject of the importation is commonly taken*
6 *from more than 1 country, and the country from*
7 *which the plant was taken and used to produce*
8 *the plant product is unknown, contain the name*
9 *of each country from which the plant may have*
10 *been taken.*

11 “(3) *EXCLUSIONS.—Paragraphs (1) and (2)*
12 *shall not apply to plants used exclusively as pack-*
13 *aging materials to support, protect, or carry another*
14 *item, unless the packaging materials are the items*
15 *being imported.*

16 “(4) *REVIEW.—*

17 “(A) *IN GENERAL.—Not later than 2 years*
18 *after the date of enactment of this subsection, the*
19 *Secretary shall review the implementation of*
20 *each requirement described in paragraphs (1)*
21 *and (2).*

22 “(B) *REVIEW OF EXCLUDED WOOD AND*
23 *PAPER PACKAGING MATERIALS.—The*
24 *Secretary—*

1 “(i) shall, in conducting the review
 2 under subparagraph (A), consider the effect
 3 of excluding the materials described in
 4 paragraph (3); and

5 “(ii) may limit the scope of the exclu-
 6 sions under paragraph (3) if the Secretary
 7 determines, based on the review, that the
 8 limitations in scope are warranted.

9 “(5) *REPORT*.—

10 “(A) *IN GENERAL*.—Not later than 180
 11 days after the date on which the Secretary com-
 12 pletes the review under paragraph (4), the Sec-
 13 retary shall submit to the appropriate commit-
 14 tees of Congress a report containing—

15 “(i) an evaluation of—

16 “(I) the effectiveness of each type
 17 of information required under para-
 18 graphs (1) and (2) in assisting enforce-
 19 ment of section 3; and

20 “(II) the potential to harmonize
 21 each requirement described in para-
 22 graphs (1) and (2) with other applica-
 23 ble import regulations in existence as
 24 of the date of the report;

1 “(ii) *recommendations for such legisla-*
 2 *tion as the Secretary determines to be ap-*
 3 *propriate to assist in the identification of*
 4 *plants that are imported into the United*
 5 *States in violation of section 3; and*

6 “(iii) *an analysis of the effect of the*
 7 *provisions of subsection (a) and (f) on—*

8 *“(I) the cost of legal plant im-*
 9 *ports; and*

10 *“(II) the extent and methodology*
 11 *of illegal logging practices and traf-*
 12 *ficking.*

13 “(B) *PUBLIC PARTICIPATION.—In con-*
 14 *ducting the review under paragraph (4), the Sec-*
 15 *retary shall provide public notice and an oppor-*
 16 *tunity for comment.*

17 “(6) *PROMULGATION OF REGULATIONS.—Not*
 18 *later than 180 days after the date on which the Sec-*
 19 *retary completes the review under paragraph (4), the*
 20 *Secretary may promulgate regulations—*

21 *“(A) to limit the applicability of any re-*
 22 *quirement described in paragraph (2) to specific*
 23 *plant products;*

24 *“(B) to make any other necessary modifica-*
 25 *tion to any requirement described in paragraph*

1 (2), as determined by the Secretary based on the
2 review under paragraph (4); and

3 “(C) to limit the scope of the exclusions
4 under paragraph (3) if the Secretary determines,
5 based on the review under paragraph (4), that
6 the limitations in scope are warranted.”;

7 (3) in section 4 (16 U.S.C. 3373)—

8 (A) by striking “subsections (b) and (d)”
9 each place it appears and inserting “subsections
10 (b), (d), and (f)”;

11 (B) by striking “section 3(d)” each place it
12 appears and inserting “subsection (d) or (f) of
13 section 3”; and

14 (C) in subsection (a)(2), by striking “sub-
15 section 3(b)” and inserting “subsection (b) or
16 subsection (f) of section 3, except as provided in
17 paragraph (1),”;

18 (4) by adding at the end of section 5 (16 U.S.C.
19 3374) the following:

20 “(d) CIVIL FORFEITURES.—Civil forfeitures under this
21 section shall be governed by the provisions of chapter 46
22 of title 18, United States Code.”; and

23 (5) in section 7(a)(1) (16 U.S.C. 3376(a)(1)), by
24 striking “section 4” and inserting “section 3(f), sec-
25 tion 4,”.

1 (b) *TECHNICAL CORRECTION.*—

2 (1) *IN GENERAL.*—Section 102(c) of Public Law
3 100–653 (102 Stat. 3825) is amended by striking
4 “(other than section 3(b))” and inserting “(other than
5 subsection 3(b))”.

6 (2) *EFFECTIVE DATE.*—The amendment made by
7 paragraph (1) takes effect on November 14, 1988.

8 (c) *EXCLUSIONS.*—

9 (A) *The term plant excludes—*

10 (i) *any cultivar or common food crop; or*

11 (ii) *plants intended to remain planted, to*
12 *be planted or replanted (including roots, seeds,*
13 *and germplasm) that are—*

14 (I) *imported into the United States ac-*
15 *companied by a phytosanitary certificate*
16 *issued by the national plant protection or-*
17 *ganization of the country of origin or trans-*
18 *shipment country, or that have been*
19 *precleared for entry by the Secretary; or*

20 (II) *domestically produced, or derived*
21 *from domestically produced plants, moving*
22 *in interstate commerce; or*

23 (iii) *non-woody plant material, from plants*
24 *lacking a well-defined stem or stems and a more*

1 *or less definite crown including roots, seeds, and*
 2 *germplasm, intended for research;*

3 *(B) The exclusions in paragraph (A) do not*
 4 *apply to plants listed—*

5 *(i) on an appendix to the Convention on*
 6 *International Trade in Endangered Species of*
 7 *Wild Fauna and Flora (27 UST 1087; TIAS*
 8 *8249);*

9 *(ii) as an endangered or threatened species*
 10 *under the Endangered Species Act of 1973 (16*
 11 *U.S.C. 1531 et seq.); or*

12 *(iii) pursuant to any State law that pro-*
 13 *vides for the conservation of species threatened*
 14 *with extinction.*

15 **SEC. 8205. SALE AND EXCHANGE OF NATIONAL FOREST SYS-**
 16 **TEM LAND, VERMONT.**

17 *(a) DEFINITIONS.—In this section:*

18 *(1) BROMLEY.—The term “Bromley” means*
 19 *Bromley Mountain Ski Resort, Inc.*

20 *(2) MAP.—The term “map” means the map enti-*
 21 *tled “Proposed Bromley Land Sale or Exchange” and*
 22 *dated April 7, 2004.*

23 *(3) STATE.—The term “State” means the State*
 24 *of Vermont.*

1 (b) *SALE OR EXCHANGE OF GREEN MOUNTAIN NA-*
 2 *TIONAL FOREST LAND.*—

3 (1) *IN GENERAL.*—*The Secretary may, under*
 4 *any terms and conditions that the Secretary may pre-*
 5 *scribe, sell or exchange any right, title, and interest*
 6 *of the United States in and to the parcels of National*
 7 *Forest System land described in paragraph (2).*

8 (2) *DESCRIPTION OF LAND.*—*The parcels of Na-*
 9 *tional Forest System land referred to in paragraph*
 10 *(1) are the 5 parcels of land in Bennington County*
 11 *in the State, as generally depicted on the map.*

12 (3) *MAP AND LEGAL DESCRIPTIONS.*—

13 (A) *IN GENERAL.*—*The map shall be on file*
 14 *and available for public inspection in—*

15 (i) *the office of the Chief of the Forest*
 16 *Service; and*

17 (ii) *the office of the Supervisor of the*
 18 *Green Mountain National Forest.*

19 (B) *MODIFICATIONS.*—*The Secretary may*
 20 *modify the map and legal descriptions to—*

21 (i) *correct technical errors; or*

22 (ii) *facilitate the conveyance under*
 23 *paragraph (1).*

24 (4) *CONSIDERATION.*—*Consideration for the sale*
 25 *or exchange of land described in paragraph (2)—*

1 (A) shall be equal to an amount that is not
 2 less than the fair market value of the land sold
 3 or exchanged; and

4 (B) may be in the form of cash, land, or a
 5 combination of cash and land.

6 (5) APPRAISALS.—Any appraisal carried out to
 7 facilitate the sale or exchange of land under para-
 8 graph (1) shall conform with the Uniform Appraisal
 9 Standards for Federal Land Acquisitions.

10 (6) METHODS OF SALE.—

11 (A) CONVEYANCE TO BROMLEY.—

12 (i) IN GENERAL.—Before soliciting of-
 13 fers under subparagraph (B), the Secretary
 14 shall offer to convey to Bromley the land de-
 15 scribed in paragraph (2).

16 (ii) CONTRACT DEADLINE.—If Bromley
 17 accepts the offer under clause (i), the Sec-
 18 retary and Bromley shall have not more
 19 than 180 days after the date on which any
 20 environmental analyses with respect to the
 21 land are completed to enter into a contract
 22 for the sale or exchange of the land.

23 (B) PUBLIC OR PRIVATE SALE.—If the Sec-
 24 retary and Bromley do not enter into a contract
 25 for the sale or exchange of the land by the date

1 *specified in subparagraph (A)(ii), the Secretary*
 2 *may sell or exchange the land at public or pri-*
 3 *vate sale (including auction), in accordance with*
 4 *such terms, conditions, and procedures as the*
 5 *Secretary determines to be in the public interest.*

6 *(C) REJECTION OF OFFERS.—The Secretary*
 7 *may reject any offer received under this para-*
 8 *graph if the Secretary determines that the offer*
 9 *is not adequate or is not in the public interest.*

10 *(D) BROKERS.—In any sale or exchange of*
 11 *land under this subsection, the Secretary may—*

12 *(i) use a real estate broker or other*
 13 *third party; and*

14 *(ii) pay the real estate broker or third*
 15 *party a commission in an amount com-*
 16 *parable to the amounts of commission gen-*
 17 *erally paid for real estate transactions in*
 18 *the area.*

19 *(7) CASH EQUALIZATION.—Notwithstanding sec-*
 20 *tion 206(b) of the Federal Land Policy and Manage-*
 21 *ment Act of 1976 (43 U.S.C. 1716(b)), the Secretary*
 22 *may accept a cash equalization payment in excess of*
 23 *25 percent of the value of any Federal land exchanged*
 24 *under this section.*

25 *(c) DISPOSITION OF PROCEEDS.—*

1 (1) *IN GENERAL.*—*The Secretary shall deposit*
2 *the net proceeds from a sale or exchange under this*
3 *section in the fund established under Public Law 90–*
4 *171 (16 U.S.C. 484a) (commonly known as the “Sisk*
5 *Act”).*

6 (2) *USE.*—*Amounts deposited under paragraph*
7 *(1) shall be available to the Secretary until expended,*
8 *without further appropriation, for—*

9 (A) *the location and relocation of the Appa-*
10 *lachian National Scenic Trail and the Long Na-*
11 *tional Recreation Trail in the State;*

12 (B) *the acquisition of land and interests in*
13 *land by the Secretary for National Forest Sys-*
14 *tem purposes within the boundary of the Green*
15 *Mountain National Forest, including land for*
16 *and adjacent to the Appalachian National Sce-*
17 *nic Trail and the Long National Recreation*
18 *Trail;*

19 (C) *the acquisition of wetland or an interest*
20 *in wetland within the boundary of the Green*
21 *Mountain National Forest to offset the loss of*
22 *wetland from the parcels sold or exchanged; and*

23 (D) *the payment of direct administrative*
24 *costs incurred in carrying out this section.*

1 (3) *LIMITATION.*—Amounts deposited under
2 *paragraph (1) shall not—*

3 (A) *be paid or distributed to the State or*
4 *counties or towns in the State under any provi-*
5 *sion of law; or*

6 (B) *be considered to be money received from*
7 *units of the National Forest System for purposes*
8 *of—*

9 (i) *the Act of May 23, 1908 (16 U.S.C.*
10 *500); or*

11 (ii) *the Act of March 4, 1913 (16*
12 *U.S.C. 501).*

13 (4) *PROHIBITION OF TRANSFER OR REPROGRAM-*
14 *MING.*—Amounts deposited under paragraph (1) shall
15 *not be subject to transfer or reprogramming for wild-*
16 *fire management or any other emergency purposes.*

17 (d) *ACQUISITION OF LAND.*—The Secretary may ac-
18 *quire, using funds made available under subsection (c) or*
19 *otherwise made available for acquisition, land or an inter-*
20 *est in land for National Forest System purposes within the*
21 *boundary of the Green Mountain National Forest.*

22 (e) *EXEMPTION FROM CERTAIN LAWS.*—Subtitle I of
23 *title 40, United States Code, shall not apply to any sale*
24 *or exchange of National Forest System land under this sec-*
25 *tion.*

***Subtitle D—Qualifying Timber
Contract Options***

SEC. 8301. QUALIFYING TIMBER CONTRACT OPTIONS.

(a) *DEFINITIONS.*—

(1) *AUTHORIZED PRODUCER PRICE INDEX.*—The term “authorized Producer Price Index” includes—

(A) the softwood commodity index (code number 0811);

(B) the hardwood commodity index (code number 0812);

(C) the wood chip index (code number PCU 3211332135); and

(D) any other subsequent comparable index, as established by the Bureau of Labor Statistics of the Department of Labor.

(2) *QUALIFYING CONTRACT.*—The term “qualifying contract” means a contract for the sale of timber on National Forest System land—

(A) that was awarded during the period beginning on July 1, 2004, and ending on December 31, 2006;

(B) for which there is unharvested volume remaining on the parcel of land that is the subject of the contract;

1 (C) for which, not later than 90 days after
 2 the date of enactment of this Act, the timber pur-
 3 chaser makes a written request to the Secretary
 4 for any option described in subsection (b);

5 (D) that is not a salvage sale; and

6 (E) that is not in breach or in default.

7 (3) SECRETARY.—The term “Secretary” means
 8 the Secretary of Agriculture (acting through the Chief
 9 of the Forest Service).

10 (b) OPTIONS FOR QUALIFYING CONTRACTS.—

11 (1) CANCELLATION; RATE REDETERMINATION.—
 12 Notwithstanding any other provision of law, if the
 13 rate at which a qualifying contract would be adver-
 14 tised as of the date of enactment of this Act is at least
 15 50 percent less than the sum of the original purchase
 16 rates for all of the species of timber that are the sub-
 17 ject of the qualifying contract, the Secretary may, at
 18 the sole discretion of the Secretary—

19 (A) cancel the qualifying contract if the
 20 timber purchaser—

21 (i) pays 30 percent of the total value
 22 of the qualifying contract based on current
 23 contract rates;

24 (ii) completes each contractual obliga-
 25 tion of the timber purchaser with respect to

1 each unit on which harvest has begun, (in-
 2 cluding the removal of downed timber, the
 3 completion of road work, and the comple-
 4 tion of erosion control work) to a logical
 5 stopping point, as determined by the Sec-
 6 retary, in consultation with the timber pur-
 7 chaser; and

8 (iii) terminates the rights of the timber
 9 purchaser under the qualifying contract; or

10 (B) redetermine the rate of the qualifying
 11 contract to equal the sum obtained by adding—

12 (i) 25 percent of the bid premium on
 13 the qualifying contract; and

14 (ii) the rate at which the qualifying
 15 contract would be advertised as of the date
 16 of enactment of this Act.

17 (2) *SUBSTITUTION OF INDEX.*—

18 (A) *IN GENERAL.*—Notwithstanding any
 19 other provision of law, the Secretary may, at the
 20 sole discretion of the Secretary, substitute the
 21 Producer Price Index in provision A20 of a
 22 qualifying contract if the timber purchaser of the
 23 qualifying contract identifies—

24 (i) each product that the timber pur-
 25 chaser intends to produce from the timber

1 *harvested from each unit of land that is the*
 2 *subject of the qualifying contract; and*

3 *(ii) a substitute index that contains*
 4 *products similar to each product identified*
 5 *in clause (i) from an authorized Producer*
 6 *Price Index.*

7 *(B) AUTHORITY OF SECRETARY TO MODIFY*
 8 *QUALIFYING CONTRACT.—If the Secretary sub-*
 9 *stitutes the Producer Price Index of a qualifying*
 10 *contract under subparagraph (A), the Secretary*
 11 *may modify the qualifying contract as the Sec-*
 12 *retary determines to be necessary to provide for*
 13 *an emergency rate redetermination.*

14 *(c) EXTENSION OF QUALIFYING CONTRACTS.—With re-*
 15 *spect to a qualifying contract for which the current contract*
 16 *rate is redetermined by the Secretary under subsection*
 17 *(b)(1)(B), or for which the Producer Price Index is sub-*
 18 *stituted by the Secretary under subsection (b)(2), the Sec-*
 19 *retary may—*

20 *(1) extend the contract term for a 1-year period*
 21 *beginning on the contract termination date; and*

22 *(2) adjust the periodic payments required under*
 23 *the contract in accordance with applicable law (in-*
 24 *cluding regulations) and policies.*

25 *(d) EFFECT OF OPTIONS.—*

1 (1) *IN GENERAL.*—*This section shall not have the*
2 *effect of surrendering any claim by the United States*
3 *against any timber purchaser that arose under a*
4 *qualifying contract before the date on which the Sec-*
5 *retary conducts a cancellation, rate redetermination,*
6 *or index substitution under subsection (b).*

7 (2) *RELEASE OF LIABILITY.*—*The United States*
8 *shall be released from all liability, including further*
9 *consideration or compensation, resulting from—*

10 (A) *a cancellation, rate redetermination, or*
11 *index substitution conducted by the Secretary*
12 *under subsection (b); or*

13 (B) *a determination made by the Secretary*
14 *not to cancel, redetermine any rate, or substitute*
15 *any index under subsection (b).*

16 (3) *LIMITATION.*—*A cancellation, rate redeter-*
17 *mination, or index substitution conducted by the Sec-*
18 *retary under subsection (b) shall release the timber*
19 *purchaser from liability for any damages resulting*
20 *from the cancellation, rate redetermination, or index*
21 *substitution.*

1 ***TITLE IX—ENERGY***

2 ***SEC. 9001. ENERGY.***

3 *Title IX of the Farm Security and Rural Investment*
 4 *Act of 2002 (7 U.S.C. 8101 et seq.) is amended to read as*
 5 *follows:*

6 ***“TITLE IX—ENERGY***

7 ***“SEC. 9001. DEFINITIONS.***

8 *“Except as otherwise provided, in this title:*

9 “(1) *ADMINISTRATOR.—The term ‘Adminis-*
 10 *trator’ means the Administrator of the Environ-*
 11 *mental Protection Agency.*

12 “(2) *ADVISORY COMMITTEE.—The term ‘Advi-*
 13 *sory Committee’ means the Biomass Research and De-*
 14 *velopment Technical Advisory Committee established*
 15 *by section 9008(d)(1).*

16 “(3) *ADVANCED BIOFUEL.—*

17 “(A) *IN GENERAL.—The term ‘advanced*
 18 *biofuel’ means fuel derived from renewable bio-*
 19 *mass other than corn starch.*

20 “(B) *INCLUSIONS.—The term ‘advanced*
 21 *biofuel’ includes—*

22 “(i) *biofuel derived from cellulose,*
 23 *hemicellulose, or lignin;*

1 “(ii) biofuel derived from sugar and
2 starch (other than ethanol derived from corn
3 starch);

4 “(iii) biofuel derived from waste mate-
5 rial, including crop residue, other vegetative
6 waste material, animal waste and byprod-
7 ucts (including fats, oils, greases, and ma-
8 nure), food waste, and yard waste;

9 “(iv) diesel-equivalent fuel derived
10 from renewable biomass, including vegetable
11 oil and animal fat;

12 “(v) biogas (including landfill gas and
13 sewage waste treatment gas) produced
14 through the conversion of organic matter
15 from renewable biomass;

16 “(vi) butanol or other alcohols pro-
17 duced through the conversion of organic
18 matter from renewable biomass; and

19 “(vii) other fuel derived from cellulosic
20 biomass.

21 “(4) *BIOBASED PRODUCT*.—The term ‘biobased
22 product’ means a product determined by the Sec-
23 retary to be a commercial or industrial product (other
24 than food or feed) that is—

1 “(A) *composed, in whole or in significant*
 2 *part, of biological products, including renewable*
 3 *domestic agricultural materials and forestry ma-*
 4 *terials; or*

5 “(B) *an intermediate ingredient or feed-*
 6 *stock.*

7 “(5) *BIOFUEL.—The term ‘biofuel’ means a fuel*
 8 *derived from renewable biomass.*

9 “(6) *BIOMASS CONVERSION FACILITY.—The term*
 10 *‘biomass conversion facility’ means a facility that*
 11 *converts or proposes to convert renewable biomass*
 12 *into—*

13 “(A) *heat;*

14 “(B) *power;*

15 “(C) *biobased products; or*

16 “(D) *advanced biofuels.*

17 “(7) *BIOREFINERY.—The term ‘biorefinery’*
 18 *means equipment and processes that—*

19 “(A) *convert renewable biomass into biofuels*
 20 *and biobased products; and*

21 “(B) *may produce electricity.*

22 “(8) *BOARD.—The term ‘Board’ means the Bio-*
 23 *mass Research and Development Board established by*
 24 *section 9008(c).*

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

5 “(10) *INSTITUTION OF HIGHER EDUCATION*.—
 6 The term ‘institution of higher education’ has the
 7 meaning given the term in section 102(a) of the High-
 8 er Education Act of 1965 (20 U.S.C. 1002(a)).

9 “(11) *INTERMEDIATE INGREDIENT OR FEED-*
 10 *STOCK*.—The term ‘intermediate ingredient or feed-
 11 stock’ means a material or compound made in whole
 12 or in significant part from biological products, in-
 13 cluding renewable agricultural materials (including
 14 plant, animal, and marine materials) or forestry ma-
 15 terials, that are subsequently used to make a more
 16 complex compound or product.

17 “(12) *RENEWABLE BIOMASS*.—The term ‘renew-
 18 able biomass’ means—

19 “(A) materials, pre-commercial thinnings,
 20 or removed exotic species that—

21 “(i) are byproducts of preventive treat-
 22 ments (such as trees, wood, brush,
 23 thinnings, chips, and slash), that are
 24 removed—

25 “(I) to reduce hazardous fuels;

1 “(II) to reduce or contain disease
2 or insect infestation; or

3 “(III) to restore ecosystem health;

4 “(ii) would not otherwise be used for
5 higher-value products; and

6 “(iii) are harvested from National For-
7 est System land or public lands (as defined
8 in section 103 of the Federal Land Policy
9 and Management Act of 1976 (43 U.S.C.
10 1702)), in accordance with—

11 “(I) Federal and State law;

12 “(II) applicable land management
13 plans; and

14 “(III) the requirements for old-
15 growth maintenance, restoration, and
16 management direction of paragraphs
17 (2), (3), and (4) of subsection (e) of
18 section 102 of the Healthy Forests Res-
19 toration Act of 2003 (16 U.S.C. 6512)
20 and the requirements for large-tree re-
21 tention of subsection (f) of that section;
22 or

23 “(B) any organic matter that is available
24 on a renewable or recurring basis from non-Fed-
25 eral land or land belonging to an Indian or In-

1 *dian tribe that is held in trust by the United*
 2 *States or subject to a restriction against alien-*
 3 *ation imposed by the United States, including—*

4 *“(i) renewable plant material,*
 5 *including—*

6 *“(I) feed grains;*

7 *“(II) other agricultural commod-*
 8 *ities;*

9 *“(III) other plants and trees; and*

10 *“(IV) algae; and*

11 *“(ii) waste material, including—*

12 *“(I) crop residue;*

13 *“(II) other vegetative waste mate-*
 14 *rial (including wood waste and wood*
 15 *residues);*

16 *“(III) animal waste and byprod-*
 17 *ucts (including fats, oils, greases, and*
 18 *manure);*

19 *“(IV) construction waste; and*

20 *“(V) food waste and yard waste.*

21 *“(13) RENEWABLE ENERGY.—The term ‘renew-*
 22 *able energy’ means energy derived from—*

23 *“(A) a wind, solar, renewable biomass,*
 24 *ocean (including tidal, wave, current, and ther-*
 25 *mal), geothermal, or hydroelectric source; or*

1 “(B) *hydrogen derived from renewable bio-*
 2 *mass or water using an energy source described*
 3 *in subparagraph (A).*

4 “(14) *RURAL AREA.*—*Except as otherwise pro-*
 5 *vided in this title, the term ‘rural area’ has the mean-*
 6 *ing given the term in section 343(a)(13)(A) of the*
 7 *Consolidated Farm and Rural Development Act (7*
 8 *U.S.C. 1991(a)(13)(A)).*

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

11 **“SEC. 9002. BIOBASED MARKETS PROGRAM.**

12 “(a) *FEDERAL PROCUREMENT OF BIOBASED PROD-*
 13 *UCTS.*—

14 “(1) *DEFINITION OF PROCURING AGENCY.*—*In*
 15 *this subsection, the term ‘procuring agency’ means—*

16 “(A) *any Federal agency that is using Fed-*
 17 *eral funds for procurement; or*

18 “(B) *a person that is a party to a contract*
 19 *with any Federal agency, with respect to work*
 20 *performed under such a contract.*

21 “(2) *APPLICATION OF SECTION.*—*Except as pro-*
 22 *vided in paragraph (3), each procuring agency shall*
 23 *comply with this subsection (including any regula-*
 24 *tions issued under this subsection), with respect to*

1 *any purchase or acquisition of a procurement item*
 2 *for which—*

3 *“(A) the purchase price of the item exceeds*
 4 *\$10,000; or*

5 *“(B) the quantity of the items or of func-*
 6 *tionally-equivalent items purchased or acquired*
 7 *during the preceding fiscal year was at least*
 8 *\$10,000.*

9 *“(3) PROCUREMENT PREFERENCE.—*

10 *“(A) IN GENERAL.—Except as provided in*
 11 *subparagraph (B), after the date specified in ap-*
 12 *plicable guidelines prepared pursuant to para-*
 13 *graph (5), each procuring agency that procures*
 14 *any items designated in the guidelines and items*
 15 *containing designated biobased intermediate in-*
 16 *gredients and feedstocks shall, in making pro-*
 17 *curement decisions (consistent with maintaining*
 18 *a satisfactory level of competition, considering*
 19 *the guidelines), give preference to items that—*

20 *“(i) are composed of the highest per-*
 21 *centage of biobased products practicable;*

22 *“(ii) are composed of at least 5 percent*
 23 *of intermediate ingredients and feedstocks*
 24 *(or a lesser percentage that the Secretary*

determines to be appropriate) as designated
by the Secretary; or

“(iii) comply with the regulations
issued under section 103 of Public Law
100–556 (42 U.S.C. 6914b–1).

“(B) *FLEXIBILITY*.—Notwithstanding sub-
paragraph (A), a procuring agency may decide
not to procure items described in that subpara-
graph if the procuring agency determines that
the items—

“(i) are not reasonably available with-
in a reasonable period of time;

“(ii) fail to meet—

“(I) the performance standards set
forth in the applicable specifications;
or

“(II) the reasonable performance
standards of the procuring agencies; or
“(iii) are available only at an unrea-
sonable price.

“(C) *CERTIFICATION*.—After the date speci-
fied in any applicable guidelines prepared pur-
suant to paragraph (5), contracting offices shall
require that, with respect to biobased products,
vendors certify that the biobased products to be

1 *used in the performance of the contract will com-*
2 *ply with the applicable specifications or other*
3 *contractual requirements.*

4 “(4) *SPECIFICATIONS.—Each Federal agency*
5 *that has the responsibility for drafting or reviewing*
6 *procurement specifications shall, not later than 1*
7 *year after the date of publication of applicable guide-*
8 *lines under paragraph (5), or as otherwise specified*
9 *in the guidelines, ensure that the specifications re-*
10 *quire the use of biobased products consistent with this*
11 *subsection.*

12 “(5) *GUIDELINES.—*

13 “(A) *IN GENERAL.—The Secretary, after*
14 *consultation with the Administrator, the Admin-*
15 *istrator of General Services, and the Secretary of*
16 *Commerce (acting through the Director of the*
17 *National Institute of Standards and Tech-*
18 *nology), shall prepare, and from time to time re-*
19 *vis, guidelines for the use of procuring agencies*
20 *in complying with the requirements of this sub-*
21 *section.*

22 “(B) *REQUIREMENTS.—The guidelines*
23 *under this paragraph shall—*

24 “(i) *designate those items that are or*
25 *can be produced with biobased products (in-*

cluding biobased products for which there is only a single product or manufacturer in the category) and the procurement of which by procuring agencies will carry out the objectives of this subsection;

“(ii) designate those intermediate ingredients and feedstocks and finished products that contain significant portions of biobased materials or components the procurement of which by procuring agencies will carry out the objectives of this subsection;

“(iii) set forth recommended practices with respect to the procurement of biobased products and items containing such materials and with respect to certification by vendors of the percentage of biobased products used;

“(iv) provide information as to the availability, relative price, performance, and environmental and public health benefits, of such materials and items; and

“(v) automatically designate those items that are composed of materials and items designated pursuant to paragraph

1 (3), if the content of the final product ex-
2 ceeds 50 percent (unless the Secretary deter-
3 mines a different composition percentage).

4 “(C) *INFORMATION PROVIDED.*—*Informa-*
5 *tion provided pursuant to subparagraph (B)(iv)*
6 *with respect to a material or item shall be con-*
7 *sidered to be provided for another item made*
8 *with the same material or item.*

9 “(D) *PROHIBITION.*—*Guidelines issued*
10 *under this paragraph may not require a manu-*
11 *facturer or vendor of biobased products, as a con-*
12 *dition of the purchase of biobased products from*
13 *the manufacturer or vendor, to provide to pro-*
14 *curing agencies more data than would be re-*
15 *quired to be provided by other manufacturers or*
16 *vendors offering products for sale to a procuring*
17 *agency, other than data confirming the biobased*
18 *content of a product.*

19 “(E) *STATE PROCUREMENT.*—*Not later*
20 *than 180 days after the date of enactment of this*
21 *section, the Secretary shall offer procurement*
22 *system models that States may use for the pro-*
23 *curement of biobased products by the States.*

24 “(6) *ADMINISTRATION.*—

1 “(A) *OFFICE OF FEDERAL PROCUREMENT*
2 *POLICY.—The Office of Federal Procurement Pol-*
3 *icy, in cooperation with the Secretary, shall—*

4 “(i) *coordinate the implementation of*
5 *this subsection with other policies for Fed-*
6 *eral procurement;*

7 “(ii) *annually collect the information*
8 *required to be reported under subparagraph*
9 *(B) and make the information publicly*
10 *available;*

11 “(iii) *take a leading role in conducting*
12 *proactive research to inform and promote*
13 *the adoption of and compliance with pro-*
14 *curement requirements for biobased products*
15 *by Federal agencies; and*

16 “(iv) *not less than once every 2 years,*
17 *submit to Congress a report that—*

18 “(I) *describes the progress made*
19 *in carrying out this subsection, includ-*
20 *ing agency compliance with paragraph*
21 *(4); and*

22 “(II) *contains a summary of the*
23 *information reported pursuant to sub-*
24 *paragraph (B).*

1 “(B) *OTHER AGENCIES.*—*To assist the Of-*
2 *fice of Federal Procurement Policy in carrying*
3 *out subparagraph (A)—*

4 “(i) *each procuring agency shall sub-*
5 *mit each year to the Office of Federal Pro-*
6 *curement Policy, to the maximum extent*
7 *practicable, information concerning—*

8 “(I) *actions taken to implement*
9 *paragraphs (3), (4), and (7);*

10 “(II) *the results of the annual re-*
11 *view and monitoring program estab-*
12 *lished under paragraph (7)(B)(iii);*

13 “(III) *the number and dollar*
14 *value of contracts entered into during*
15 *the year that include the direct pro-*
16 *curement of biobased products;*

17 “(IV) *the number of service and*
18 *construction (including renovations*
19 *and modernizations) contracts entered*
20 *into during the year that include lan-*
21 *guage on the use of biobased products;*
22 *and*

23 “(V) *the types and dollar value of*
24 *biobased products actually used by con-*
25 *tractors in carrying out service and*

1 *construction (including renovations*
 2 *and modernizations) contracts during*
 3 *the previous year; and*

4 “(ii) the General Services Administra-
 5 tion and the Defense Logistics Agency shall
 6 submit each year to the Office of Federal
 7 Procurement Policy, to the maximum extent
 8 practicable, information concerning the
 9 types and dollar value of biobased products
 10 purchased by procuring agencies through
 11 GSA Advantage!, the Federal Supply
 12 Schedule, and the Defense Logistic Agency
 13 (including the DoD EMall).

14 “(7) *PROCUREMENT PROGRAM.*—

15 “(A) *IN GENERAL.*—Not later than 1 year
 16 after the date of publication of applicable guide-
 17 lines under paragraph (5), each Federal agency
 18 shall develop a procurement program that—

19 “(i) will ensure that items composed of
 20 biobased products will be purchased to the
 21 maximum extent practicable; and

22 “(ii) is consistent with applicable pro-
 23 visions of Federal procurement law.

1 “(B) *MINIMUM REQUIREMENTS.*—*Each pro-*
 2 *curement program required under this para-*
 3 *graph shall, at a minimum, contain—*

4 “(i) *a biobased products preference*
 5 *program;*

6 “(ii) *an agency promotion program to*
 7 *promote the preference program adopted*
 8 *under clause (i); and*

9 “(iii) *annual review and monitoring of*
 10 *the effectiveness of the procurement program*
 11 *of the agency.*

12 “(C) *CONSIDERATION.*—

13 “(i) *IN GENERAL.*—*In developing a*
 14 *preference program, an agency shall—*

15 “(I) *consider the options described*
 16 *in clauses (ii) and (iii); and*

17 “(II) *adopt 1 of the options, or a*
 18 *substantially equivalent alternative, for*
 19 *inclusion in the procurement program.*

20 “(ii) *CASE-BY-CASE POLICY DEVELOP-*
 21 *MENT.*—

22 “(I) *IN GENERAL.*—*Subject to*
 23 *paragraph (3)(B), except as provided*
 24 *in subclause (II), in developing a pref-*
 25 *erence program, an agency shall con-*

1 *sider a policy of awarding contracts to*
 2 *the vendor offering an item composed*
 3 *of the highest percentage of biobased*
 4 *products practicable.*

5 “(II) CERTAIN CONTRACTS AL-
 6 LOWED.—Subject to paragraph (3)(B),
 7 an agency may make an award to a
 8 vendor offering items with less than the
 9 maximum biobased products content.

10 “(iii) MINIMUM CONTENT STAND-
 11 ARDS.—In developing a preference program,
 12 an agency shall consider minimum biobased
 13 products content specifications that are es-
 14 tablished in a manner that ensures that the
 15 biobased products content required is con-
 16 sistent with this subsection, without vio-
 17 lating paragraph (3)(B).

18 “(b) LABELING.—

19 “(1) IN GENERAL.—The Secretary, in consulta-
 20 tion with the Administrator, shall establish a vol-
 21 untary program under which the Secretary authorizes
 22 producers of biobased products to use the label ‘USDA
 23 Certified Biobased Product’.

24 “(2) ELIGIBILITY CRITERIA.—

25 “(A) CRITERIA.—

1 “(i) *IN GENERAL.*—Not later than 90
 2 days after the date of the enactment of this
 3 section, except as provided in clause (ii), the
 4 Secretary, in consultation with the Admin-
 5 istrator and representatives from small and
 6 large businesses, academia, other Federal
 7 agencies, and such other persons as the Sec-
 8 retary considers appropriate, shall issue cri-
 9 teria (as of the date of enactment of this sec-
 10 tion) for determining which products may
 11 qualify to receive the label under paragraph
 12 (1).

13 “(ii) *EXCEPTION.*—Clause (i) shall not
 14 apply to final criteria that have been issued
 15 (as of the date of enactment of this section)
 16 by the Secretary.

17 “(B) *REQUIREMENTS.*—Criteria issued
 18 under subparagraph (A)—

19 “(i) shall encourage the purchase of
 20 products with the maximum biobased con-
 21 tent;

22 “(ii) shall provide that the Secretary
 23 may designate as biobased for the purposes
 24 of the voluntary program established under
 25 this subsection finished products that con-

1 tain significant portions of biobased mate-
2 rials or components; and

3 “(iii) to the maximum extent prac-
4 ticable, should be consistent with the guide-
5 lines issued under subsection (a)(5).

6 “(3) *USE OF LABEL.*—The Secretary shall ensure
7 that the label referred to in paragraph (1) is used
8 only on products that meet the criteria issued pursu-
9 ant to paragraph (2).

10 “(4) *RECOGNITION.*—The Secretary shall—

11 “(A) establish a voluntary program to rec-
12 ognize Federal agencies and private entities that
13 use a substantial amount of biobased products;
14 and

15 “(B) encourage Federal agencies to establish
16 incentives programs to recognize Federal employ-
17 ees or contractors that make exceptional con-
18 tributions to the expanded use of biobased prod-
19 ucts.

20 “(c) *LIMITATION.*—Nothing in this section (other than
21 subsections (f), (g), and (h)) shall apply to the procurement
22 of motor vehicle fuels, heating oil, or electricity.

23 “(d) *INCLUSION.*—

24 “(1) *IN GENERAL.*—Not later than 90 days after
25 the date of enactment of the Food and Energy Secu-

1 *city Act of 2007, the Architect of the Capitol, the Ser-*
 2 *geant at Arms of the Senate, and the Chief Adminis-*
 3 *trative Officer of the House of Representatives shall*
 4 *establish procedures that apply the requirements of*
 5 *this section to procurement for the Capitol Complex.*

6 “(2) *ANNUAL SHOWCASE.*—*Beginning in cal-*
 7 *endar year 2008, the Secretary shall sponsor or other-*
 8 *wise support, consistent with applicable Federal laws*
 9 *(including regulations), an annual exposition at*
 10 *which entities may display and demonstrate biobased*
 11 *products.*

12 “(e) *TESTING OF BIOBASED PRODUCTS.*—

13 “(1) *IN GENERAL.*—*The Secretary may establish*
 14 *1 or more national testing centers for biobased prod-*
 15 *ucts to verify performance standards, biobased con-*
 16 *tents, and other product characteristics.*

17 “(2) *REQUIREMENT.*—*In establishing 1 or more*
 18 *national testing centers under paragraph (1), the Sec-*
 19 *retary shall give preference to entities that have estab-*
 20 *lished capabilities and experience in the testing of*
 21 *biobased materials and products.*

22 “(f) *BIOENERGY AND OTHER BIOBASED PRODUCTS*
 23 *EDUCATION AND AWARENESS CAMPAIGN.*—

24 “(1) *IN GENERAL.*—*The Secretary in consulta-*
 25 *tion with the Secretary of Energy, shall establish a*

1 *program to make competitive grants to eligible enti-*
2 *ties to carry out broad-based education and public*
3 *awareness campaigns relating to bioenergy (including*
4 *biofuels but excluding biodiesel) and other biobased*
5 *products.*

6 “(2) *ELIGIBLE ENTITIES.*—*An entity eligible to*
7 *receive a grant described in paragraph (1) is an enti-*
8 *ty that has demonstrated a knowledge of bioenergy*
9 *(including biofuels but excluding biodiesel) and other*
10 *biobased products and is—*

11 “(A) *a State energy or agricultural office;*

12 “(B) *a regional, State-based, or tribal en-*
13 *ergy organization;*

14 “(C) *a land-grant college or university (as*
15 *defined in section 1404 of the National Agricul-*
16 *tural Research, Extension, and Teaching Policy*
17 *Act of 1977 (7 U.S.C. 3103)) or other institution*
18 *of higher education;*

19 “(D) *a rural electric cooperative or utility;*

20 “(E) *a nonprofit organization, including an*
21 *agricultural trade association, resource conserva-*
22 *tion and development district, and energy service*
23 *provider;*

24 “(F) *a State environmental quality office;*

25 *or*

1 “(G) *any other similar entity, other than a*
 2 *Federal agency or for-profit entity, as deter-*
 3 *mined by the Secretary.*

4 “(g) *REPORTS.—*

5 “(1) *IN GENERAL.—Not later than 180 days*
 6 *after the date of enactment of this section and each*
 7 *year thereafter, the Secretary shall submit to Congress*
 8 *a report on the implementation of this section.*

9 “(2) *CONTENTS.—The report shall include—*

10 “(A) *a comprehensive management plan*
 11 *that establishes tasks, milestones, and timelines,*
 12 *organizational roles and responsibilities, and*
 13 *funding allocations for fully implementing this*
 14 *section; and*

15 “(B) *information on the status of imple-*
 16 *mentation of—*

17 “(i) *item designations (including des-*
 18 *ignation of intermediate ingredients and*
 19 *feedstocks); and*

20 “(ii) *the voluntary labeling program*
 21 *established under subsection (b).*

22 “(h) *FUNDING.—*

23 “(1) *IN GENERAL.—Of the funds of the Com-*
 24 *modity Credit Corporation, the Secretary shall use, to*

1 *the maximum extent practicable, \$3,000,000 for each*
 2 *of fiscal years 2008 through 2012—*

3 *“(A) to continue mandatory funding for*
 4 *biobased products testing as required to carry*
 5 *out this section; and*

6 *“(B) to carry out the bioenergy education*
 7 *and awareness campaign under subsection (f).*

8 *“(2) AUTHORIZATION OF APPROPRIATIONS.—In*
 9 *addition to any other funds made available to carry*
 10 *out this section, there are authorized to be appro-*
 11 *priated to carry out this section such sums as are*
 12 *necessary for each of fiscal years 2008 through 2012.*

13 *“(3) PRIORITY.—At the discretion of the Sec-*
 14 *retary, the Secretary may give priority to the testing*
 15 *of products for which private sector firms provide cost*
 16 *sharing for the testing.*

17 **“SEC. 9003. BIODIESEL FUEL EDUCATION.**

18 *“(a) PURPOSE.—The purpose of this section is to edu-*
 19 *cate potential users about the proper use and benefits of*
 20 *biodiesel.*

21 *“(b) ESTABLISHMENT.—The Secretary shall, under*
 22 *such terms and conditions as are appropriate, make grants*
 23 *to eligible entities to educate governmental and private enti-*
 24 *ties that operate vehicle fleets, oil refiners, automotive com-*
 25 *panies, owners and operators of watercraft fleets, other in-*

1 *interested entities (as determined by the Secretary), and the*
 2 *public about the benefits of biodiesel fuel use.*

3 “(c) *ELIGIBLE ENTITIES.—To receive a grant under*
 4 *subsection (b), an entity shall—*

5 “(1) *be a nonprofit organization or institution of*
 6 *higher education (as defined in section 101 of the*
 7 *Higher Education Act of 1965 (20 U.S.C. 1001));*

8 “(2) *have demonstrated knowledge of biodiesel*
 9 *fuel production, use, or distribution; and*

10 “(3) *have demonstrated the ability to conduct*
 11 *educational and technical support programs.*

12 “(d) *CONSULTATION.—In carrying out this section, the*
 13 *Secretary shall consult with the Secretary of Energy.*

14 “(e) *FUNDING.—Of the funds of the Commodity Credit*
 15 *Corporation, the Secretary shall use to carry out this sec-*
 16 *tion, to the maximum extent practicable, \$2,000,000 for*
 17 *each of fiscal years 2008 through 2012.*

18 **“SEC. 9004. BIOMASS CROP TRANSITION.**

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

20 “(1) *ELIGIBLE CROP.—*

21 “(A) *IN GENERAL.—The term ‘eligible crop’*
 22 *means a crop of renewable biomass.*

23 “(B) *EXCLUSIONS.—The term ‘eligible crop’*
 24 *does not include any plant that—*

1 “(i) the Secretary determines to be
2 invasive or noxious on a regional basis
3 under the Plant Protection Act (7 U.S.C.
4 7701 et seq.); or

5 “(ii) has the potential to become
6 invasive or noxious on a regional basis, as
7 determined by the Secretary, in consulta-
8 tion with other appropriate Federal or
9 State departments and agencies.

10 “(2) *ELIGIBLE LAND*.—The term ‘eligible land’
11 means private agricultural or forest land that the
12 Secretary determines was planted or considered to be
13 planted for at least 4 of the 6 years preceding the date
14 of enactment of the Food and Energy Security Act of
15 2007.

16 “(3) *ELIGIBLE PARTICIPANT*.—The term ‘eligible
17 participant’ means an agricultural producer, forest
18 land owner, or other individual holding the right to
19 collect or harvest renewable biomass—

20 “(A) that is establishing 1 or more eligible
21 crops on eligible land to be used in the produc-
22 tion of advanced biofuels, other biobased prod-
23 ucts, heat, or power from a biomass conversion
24 facility;

1 “(B) that is collecting or harvesting renew-
2 able biomass to be used in the production of ad-
3 vanced biofuels, other biobased products, heat, or
4 power from a biomass conversion facility;

5 “(C) that has a letter of intent or proof of
6 financial commitment from a biomass conversion
7 facility, including a proposed biomass conversion
8 facility that is economically viable, as deter-
9 mined by the Secretary, to purchase the eligible
10 crops; and

11 “(D) the production operation of which is
12 in such proximity to the biomass conversion fa-
13 cility described in subparagraph (C) as to make
14 delivery of the eligible crops to that location eco-
15 nomically practicable.

16 “(b) *BIOMASS CROP TRANSITION ASSISTANCE.*—

17 “(1) *ESTABLISHMENT OF PROGRAM.*—The Sec-
18 retary shall establish a program to provide transi-
19 tional assistance, including planning grants, for the
20 establishment and production of eligible crops to be
21 used in the production of advanced biofuels, other
22 biobased products, heat, or power from a biomass con-
23 version facility.

1 “(2) *EXCLUSION.*—An agricultural producer
2 shall not be eligible for assistance under paragraph
3 (1) for the establishment and production of—

4 “(A) any crop that is eligible for benefits
5 under title I of the Food and Energy Security
6 Act of 2007; or

7 “(B) an annual crop.

8 “(3) *CONTRACTS.*—

9 “(A) *IN GENERAL.*—The Secretary shall
10 enter into contracts with eligible participants
11 and entities described in subparagraph (B) to
12 provide transitional assistance payments to eli-
13 gible participants.

14 “(B) *CONTRACTS WITH MEMBER ENTI-*
15 *TIES.*—The Secretary may enter into 1 or more
16 contracts with farmer-owned cooperatives, agri-
17 cultural trade associations, or other similar enti-
18 ties on behalf of producer members that meet the
19 requirements of, and elect to be treated as, eligi-
20 ble participants if the contract would offer great-
21 er efficiency in administration of the program.

22 “(C) *REQUIREMENTS.*—Under a contract
23 described in subparagraph (A), an eligible par-
24 ticipant shall be required, as determined by the
25 Secretary—

1 “(i) to produce 1 or more eligible
2 crops;

3 “(ii) to develop and actively apply a
4 conservation plan that meets the require-
5 ments for highly erodible land conservation
6 and wetlands conservation as established
7 under subtitles B and C of title XII of the
8 Food Security Act of 1985 (16 U.S.C. 3811
9 et seq.); and

10 “(iii) to agree to implement a con-
11 servation plan approved by the local soil
12 conservation district, in consultation with
13 the local committees established under sec-
14 tion 8(b)(5) of the Soil Conservation and
15 Domestic Allotment Act (16 U.S.C.
16 590h(B)(5)) and the Secretary, or by the
17 Secretary to use such conservation practices
18 as are necessary, where appropriate—

19 “(I) to advance the goals and ob-
20 jectives of State, regional, and national
21 fish and wildlife conservation plans
22 and initiatives; and

23 “(II) to comply with mandatory
24 environmental requirements for a pro-

1 *ducer under Federal, State, and local*
2 *law.*

3 “(4) *PAYMENTS.*—

4 “(A) *FIRST YEAR.*—*During the first year of*
5 *the contract, the Secretary shall make a payment*
6 *to an eligible participant in an amount that cov-*
7 *ers the cost of establishing 1 or more eligible*
8 *crops.*

9 “(B) *SUBSEQUENT YEARS.*—*During any*
10 *subsequent year of the contract, the Secretary*
11 *shall make incentive payments to an eligible*
12 *participant in an amount determined by the*
13 *Secretary to encourage the eligible participant to*
14 *produce renewable biomass.*

15 “(5) *APPLICATIONS.*—*An application to the Sec-*
16 *retary for assistance shall include—*

17 “(A) *identification of the proposed biomass*
18 *conversion facility for which the crop is in-*
19 *tended;*

20 “(B) *letters of intent or proof of financial*
21 *commitment from the biomass conversion facility*
22 *to purchase the crop; and*

23 “(C) *documentation from each eligible par-*
24 *ticipant that describes—*

1 “(i) *the variety and acreage of the eli-*
 2 *gible crop the eligible participants have*
 3 *committed to producing; and*

4 “(ii) *the variety and acreage of crops*
 5 *that the eligible participants would have*
 6 *grown if the eligible participants had not*
 7 *committed to producing the eligible crop.*

8 “(6) *SELECTION CRITERIA.—In selecting from*
 9 *applications submitted under this subsection, the Sec-*
 10 *retary shall consider—*

11 “(A) *the likelihood that the proposed estab-*
 12 *lishment of the eligible crop will be viable within*
 13 *the proposed locale;*

14 “(B) *the impact of the proposed eligible*
 15 *crop and conversion system on wildlife, air, soil,*
 16 *and water quality and availability; and*

17 “(C) *local and regional economic impacts*
 18 *and benefits, including participation of begin-*
 19 *ning farmers or ranchers and socially disadvan-*
 20 *tagged farmers or ranchers.*

21 “(7) *ELIGIBLE CROP TRANSITION PLANNING*
 22 *GRANTS.—*

23 “(A) *IN GENERAL.—An eligible participant*
 24 *or member entity (as described in paragraph*
 25 *(3)(B)) may apply for a project planning grant*

1 *in an amount of not more than \$50,000 to assist*
 2 *in assessing the viability for, or assembling of, a*
 3 *regional supply of 1 or more eligible crops for*
 4 *use by a bioenergy conversion facility.*

5 *“(B) MATCHING REQUIREMENT.—To receive*
 6 *a planning grant under subparagraph (A), an*
 7 *eligible participant or member entity shall pro-*
 8 *vide matching funding in an amount equal to*
 9 *100 percent of the amount of the grant.*

10 *“(c) ASSISTANCE FOR PRODUCTION OF ANNUAL CROP*
 11 *OF RENEWABLE BIOMASS.—*

12 *“(1) IN GENERAL.—The Secretary may provide*
 13 *assistance to eligible participants to plant an annual*
 14 *crop of renewable biomass for use in a biomass con-*
 15 *version facility in the form of—*

16 *“(A) technical assistance; and*

17 *“(B) cost-share assistance for the cost of es-*
 18 *tablishing an annual crop of renewable biomass.*

19 *“(2) EXCLUSION.—An agricultural producer*
 20 *shall not be eligible for assistance under paragraph*
 21 *(1) for the establishment of any crop that is eligible*
 22 *for benefits under title I of the Food and Energy Se-*
 23 *curity Act of 2007.*

24 *“(3) COMPLIANCE.—Eligible participants receiv-*
 25 *ing assistance under paragraph (1)(B) shall develop*

1 *and actively apply a conservation plan that meets the*
 2 *requirements for highly erodible land conservation*
 3 *and wetlands conservation as established under sub-*
 4 *titles B and C of title XII of the Food Security Act*
 5 *of 1985 (16 U.S.C. 3811 et seq.).*

6 “(d) *ASSISTANCE FOR COLLECTION, HARVEST, STOR-*
 7 *AGE, AND TRANSPORT OF RENEWABLE BIOMASS.—*

8 “(1) *ESTABLISHMENT OF PROGRAM.—The Sec-*
 9 *retary shall establish a program to provide assistance*
 10 *to eligible participants for collecting, harvesting, stor-*
 11 *ing, and transporting renewable biomass to be used in*
 12 *the production of advanced biofuels, biobased prod-*
 13 *ucts, heat, or power from a biomass conversion facil-*
 14 *ity.*

15 “(2) *PAYMENTS.—*

16 “(A) *IN GENERAL.—An eligible participant*
 17 *shall receive payments under this subsection for*
 18 *each ton of renewable biomass delivered to a bio-*
 19 *mass conversion facility, based on a fixed rate to*
 20 *be established by the Secretary in accordance*
 21 *with subparagraph (B).*

22 “(B) *FIXED RATE.—The Secretary shall es-*
 23 *tablish a fixed payment rate for purposes of sub-*
 24 *paragraph (A) to reflect—*

1 “(i) *the estimated cost of collecting,*
 2 *harvesting, storing, and transporting the re-*
 3 *newable biomass; and*

4 “(ii) *such other factors as the Secretary*
 5 *determines to be appropriate.*

6 “(e) *ASSISTANCE FOR FOREST BIOMASS PLANNING.—*

7 “(1) *IN GENERAL.—The Secretary shall provide*
 8 *assistance to eligible participants to develop forest*
 9 *stewardship plans that involve management of forest*
 10 *biomass for delivery to a biomass conversion facility*
 11 *through—*

12 “(A) *a State forestry agency; or*

13 “(B) *a contract or agreement with a third-*
 14 *party provider in accordance with section 1242*
 15 *of the Food Security Act of 1985 (16 U.S.C.*
 16 *3842).*

17 “(2) *MANAGEMENT PRACTICES.—The Secretary*
 18 *shall ensure that any plan developed using assistance*
 19 *provided under paragraph (1) includes management*
 20 *practices that will protect soil, water, and wildlife*
 21 *habitat resources on the land covered by the plan.*

22 “(f) *BEST PRACTICES.—*

23 “(1) *RECORDKEEPING.—Each eligible partici-*
 24 *part, and each biomass conversion facility con-*
 25 *tracting with the eligible participant, shall maintain*

1 *and make available to the Secretary, at such times as*
 2 *the Secretary may request, appropriate records of*
 3 *methods used for activities for which payment is re-*
 4 *ceived under this section.*

5 “(2) *INFORMATION SHARING.—From the records*
 6 *maintained under subparagraph (A), the Secretary*
 7 *shall maintain, and make available to the public, in-*
 8 *formation regarding—*

9 “(A) *the production potential (including*
 10 *evaluation of the environmental benefits) of a va-*
 11 *riety of eligible crops; and*

12 “(B) *best practices for producing, collecting,*
 13 *harvesting, storing, and transporting eligible*
 14 *crops to be used in the production of advanced*
 15 *biofuels.*

16 “(g) *FUNDING.—*

17 “(1) *BIOMASS CROP TRANSITION ASSISTANCE.—*
 18 *Of the funds of the Commodity Credit Corporation,*
 19 *the Secretary shall use to carry out subsections (b)*
 20 *and (c) \$130,000,000 for fiscal year 2008, to remain*
 21 *available until expended, of which not more than*
 22 *\$5,000,000 may be used to carry out subsection*
 23 *(b)(7).*

24 “(2) *ASSISTANCE FOR COLLECTION, HARVEST,*
 25 *STORAGE, AND TRANSPORT OF RENEWABLE BIO-*

1 *MASS.—Of the funds of the Commodity Credit Cor-*
 2 *poration, the Secretary shall make available to carry*
 3 *out subsection (d) \$10,000,000 for each of fiscal years*
 4 *2009 through 2011, to remain available until ex-*
 5 *pended.*

6 “(3) *ASSISTANCE FOR FOREST BIOMASS PLAN-*
 7 *NING.—Of the funds made available under paragraph*
 8 *(1), the Secretary shall use not more than 5 percent*
 9 *to carry out subsection (e).*

10 **“SEC. 9005. BIOREFINERY AND REPOWERING ASSISTANCE.**

11 “(a) *PURPOSE.—The purpose of this section is to assist*
 12 *in the development of new or emerging technologies for the*
 13 *use of renewable biomass or other sources of renewable*
 14 *energy—*

15 “(1) *to develop advanced biofuels;*

16 “(2) *to increase the energy independence of the*
 17 *United States by promoting the replacement of energy*
 18 *generated from fossil fuels with energy generated from*
 19 *a renewable energy source;*

20 “(3) *to promote resource conservation, public*
 21 *health, and the environment;*

22 “(4) *to diversify markets for raw agricultural*
 23 *and forestry products, and agriculture waste mate-*
 24 *rial; and*

1 “(5) to create jobs and enhance the economic de-
2 velopment of the rural economy.

3 “(b) *DEFINITION OF REPOWER.*—In this section, the
4 term ‘repower’ means to substitute the production of heat
5 or power from a fossil fuel source with heat or power from
6 sources of renewable energy.

7 “(c) *ASSISTANCE.*—

8 “(1) *IN GENERAL.*—The Secretary shall make
9 available to eligible entities described in subsection
10 (d)—

11 “(A) grants to assist in paying the costs
12 of—

13 “(i) development and construction of
14 pilot- and demonstration-scale biorefineries
15 intended to demonstrate the commercial via-
16 bility of 1 or more processes for converting
17 renewable biomass to advanced biofuels;

18 “(ii) repowering a biomass conversion
19 facility, power plant, or manufacturing fa-
20 cility, in whole or in part; or

21 “(iii) conducting a study to determine
22 the feasibility of repowering a biomass con-
23 version facility, power plant, or manufac-
24 turing facility, in whole or in part; and

25 “(B) guarantees for loans made to fund—

1 “(i) the development and construction
2 of commercial-scale biorefineries; or

3 “(ii) the repowering of a biomass con-
4 version facility, power plant, or manufac-
5 turing facility, in whole or in part.

6 “(2) *PREFERENCE*.—In selecting projects to re-
7 ceive grants and loan guarantees under this section,
8 the Secretary shall give preference to projects that re-
9 ceive or will receive financial support from the State
10 in which the project is carried out.

11 “(d) *ELIGIBLE ENTITIES*.—An eligible entity under
12 this section is—

13 “(1) an individual;

14 “(2) a corporation;

15 “(3) a farm cooperative;

16 “(4) a rural electric cooperative or public power
17 entity;

18 “(5) an association of agricultural producers;

19 “(6) a State or local energy agency or office;

20 “(7) an Indian tribe;

21 “(8) a consortium comprised of any individuals
22 or entities described in any of paragraphs (1) through
23 (7); or

24 “(9) any other similar entity, as determined by
25 the Secretary.

1 “(e) *GRANTS*.—

2 “(1) *IN GENERAL*.—*The Secretary shall award*
 3 *grants under subsection (c)(1)(A) on a competitive*
 4 *basis.*

5 “(2) *SELECTION CRITERIA*.—

6 “(A) *GRANTS FOR DEVELOPMENT AND CON-*
 7 *STRUCTION OF PILOT AND DEMONSTRATION*
 8 *SCALE BIOREFINERIES*.—

9 “(i) *IN GENERAL*.—*In awarding*
 10 *grants for development and construction of*
 11 *pilot and demonstration scale biorefineries*
 12 *under subsection (c)(1)(A)(i), the Secretary*
 13 *shall select projects based on the likelihood*
 14 *that the projects will demonstrate the com-*
 15 *mercial viability of a new or emerging*
 16 *process for converting renewable biomass*
 17 *into advanced biofuels.*

18 “(ii) *FACTORS*.—*The factors to be con-*
 19 *sidered under clause (i) may include—*

20 “(I) *the potential market for 1 or*
 21 *more products;*

22 “(II) *the level of financial partici-*
 23 *pation by the applicants;*

24 “(III) *the availability of adequate*
 25 *funding from other sources;*

1 “(IV) the participation of pro-
2 ducer associations and cooperatives;

3 “(V) the beneficial impact on re-
4 source conservation, public health, and
5 the environment;

6 “(VI) the timeframe in which the
7 project will be operational;

8 “(VII) the potential for rural eco-
9 nomic development;

10 “(VIII) the participation of mul-
11 tiple eligible entities;

12 “(IX) the potential for developing
13 advance industrial biotechnology ap-
14 proaches; and

15 “(X) whether the distribution of
16 funds would have minimal impact on
17 existing manufacturing and other fa-
18 cilities that use similar feedstocks.

19 “(B) GRANTS FOR REPOWERING.—In select-
20 ing projects to receive grants for repowering
21 under clauses (ii) and (iii) of subsection
22 (c)(1)(A), the Secretary shall consider—

23 “(i) the change in energy efficiency
24 that would result from the proposed
25 repowering of the eligible entity;

1 “(ii) *the reduction in fossil fuel use*
 2 *that would result from the proposed*
 3 *repowering; and*

4 “(iii) *the volume of renewable biomass*
 5 *located in such proximity to the eligible en-*
 6 *tity as to make local sourcing of feedstock*
 7 *economically practicable.*

8 “(3) *COST SHARING.—*

9 “(A) *LIMITS.—*

10 “(i) *DEVELOPMENT AND CONSTRU-*
 11 *CTION OF PILOT AND DEMONSTRATION SCALE*
 12 *BIOREFINERIES.—The amount of a grant*
 13 *awarded for development and construction*
 14 *of a biorefinery under subsection*
 15 *(c)(1)(A)(i) shall not exceed 50 percent of*
 16 *the cost of the project.*

17 “(ii) *REPOWERING.—The amount of a*
 18 *grant awarded for repowering under sub-*
 19 *section (c)(1)(A)(ii) shall not exceed 20 per-*
 20 *cent of the cost of the project.*

21 “(iii) *FEASIBILITY STUDY FOR*
 22 *REPOWERING.—The amount of a grant*
 23 *awarded for a feasibility study for*
 24 *repowering under subsection (c)(1)(A)(iii)*

1 *shall not exceed an amount equal to the less-*
 2 *er of—*

3 *“(I) an amount equal to 50 per-*
 4 *cent of the total cost of conducting the*
 5 *feasibility study; and*

6 *“(II) \$150,000.*

7 *“(B) FORM OF GRANTEE SHARE.—*

8 *“(i) IN GENERAL.—The grantee share*
 9 *of the cost of a project may be made in the*
 10 *form of cash or the provision of services,*
 11 *material, or other in-kind contributions.*

12 *“(ii) LIMITATION.—The amount of the*
 13 *grantee share of the cost of a project that is*
 14 *made in the form of the provision of serv-*
 15 *ices, material, or other in-kind contribu-*
 16 *tions shall not exceed 15 percent of the*
 17 *amount of the grantee share determined*
 18 *under subparagraph (A).*

19 *“(f) LOAN GUARANTEES.—*

20 *“(1) CONDITIONS.—As a condition of making a*
 21 *loan guarantee under subsection (c)(1)(B), the Sec-*
 22 *retary shall require—*

23 *“(A) demonstration of binding commit-*
 24 *ments to cover, from sources other than Federal*

1 *funds, at least 20 percent of the total cost of the*
 2 *project described in the application;*

3 *“(B) in the case of a new or emerging tech-*
 4 *nology, demonstration that the project design has*
 5 *been validated through a technical review and*
 6 *subsequent operation of a pilot or demonstration*
 7 *scale facility that can be scaled up to commercial*
 8 *size; and*

9 *“(C) demonstration that the applicant pro-*
 10 *vided opportunities to local investors (as deter-*
 11 *mined by the Secretary) to participate in the fi-*
 12 *nancing or ownership of the biorefinery.*

13 *“(2) LOCAL OWNERSHIP.—The Secretary shall*
 14 *give preference under subsection (c)(1)(B) to applica-*
 15 *tions for projects with significant local ownership.*

16 *“(3) APPROVAL.—Not later than 90 days after*
 17 *the Secretary receives an application for a loan guar-*
 18 *antee under subsection (c)(1)(B), the Secretary shall*
 19 *approve or disapprove the application.*

20 *“(4) LIMITATIONS.—*

21 *“(A) MAXIMUM AMOUNT OF LOAN GUARAN-*
 22 *TEED.—*

23 *“(i) COMMERCIAL-SCALE BIOREFIN-*
 24 *ERIES.—Subject to clause (iii), the prin-*
 25 *cipal amount of a loan guaranteed under*

1 *subsection (c)(1)(B)(i) may not exceed*
2 *\$250,000,000.*

3 *“(ii) REPOWERING.—Subject to clause*
4 *(iii), the principal amount of a loan guar-*
5 *anteed under subsection (c)(1)(B)(ii) may*
6 *not exceed \$70,000,000.*

7 *“(iii) RELATIONSHIP TO OTHER FED-*
8 *ERAL FUNDING.—The amount of a loan*
9 *guaranteed under subsection (c)(1)(B) shall*
10 *be reduced by the amount of other Federal*
11 *funding that the entity receives for the same*
12 *project.*

13 *“(B) MAXIMUM PERCENTAGE OF LOAN*
14 *GUARANTEED.—A loan guaranteed under sub-*
15 *section (c)(1)(B) shall be in an amount not to*
16 *exceed 80 percent of the project costs, as deter-*
17 *mined by the Secretary.*

18 *“(C) AUTHORITY TO GUARANTEE ENTIRE*
19 *AMOUNT OF THE LOAN.—The Secretary may*
20 *guarantee up to 100 percent of the principal and*
21 *interest due on a loan guaranteed under sub-*
22 *section (c)(1)(B).*

23 *“(g) CONSULTATION.—In carrying out this section, the*
24 *Secretary shall consult with the Secretary of Energy.*

1 “(h) *FUNDING.*—Of the funds of the Commodity Credit
 2 Corporation, the Secretary shall use for the cost of grants
 3 and loan guarantees to carry out this section \$300,000,000
 4 for fiscal year 2008, to remain available until expended.

5 **“SEC. 9006. BIOENERGY PROGRAM FOR ADVANCED**
 6 **BIOFUELS.**

7 “(a) *DEFINITION OF ELIGIBLE PRODUCER.*—In this
 8 section, the term ‘eligible producer’ means a producer of ad-
 9 vanced biofuels.

10 “(b) *PAYMENTS.*—The Secretary shall make payments
 11 to eligible producers to encourage increased purchases of re-
 12 newable biomass for the purpose of expanding production
 13 of, and supporting new production capacity for, advanced
 14 biofuels.

15 “(c) *CONTRACTS.*—To receive a payment, an eligible
 16 producer shall—

17 “(1) enter into a contract with the Secretary to
 18 increase production of advanced biofuels for 1 or more
 19 fiscal years; and

20 “(2) submit to the Secretary such records as the
 21 Secretary may require as evidence of increased pur-
 22 chase and use of renewable biomass for the production
 23 of advanced biofuels.

1 “(d) *BASIS FOR PAYMENTS.*—*The Secretary shall*
2 *make payments under this section to eligible producers*
3 *based on—*

4 “(1) *the level of production by the eligible pro-*
5 *ducer of an advanced biofuel;*

6 “(2) *the price of each renewable biomass feed-*
7 *stock used for production of the advanced biofuel;*

8 “(3) *the net nonrenewable energy content of the*
9 *advanced biofuel, if sufficient data is available, as de-*
10 *termined by the Secretary; and*

11 “(4) *other appropriate factors, as determined by*
12 *the Secretary.*

13 “(e) *OVERPAYMENTS.*—*If the total amount of pay-*
14 *ments that an eligible producer receives for a fiscal year*
15 *under this section exceeds the amount that the eligible pro-*
16 *ducer should have received, the eligible producer shall repay*
17 *the amount of the overpayment to the Secretary, with inter-*
18 *est (as determined by the Secretary).*

19 “(f) *LIMITATIONS.*—

20 “(1) *EQUITABLE DISTRIBUTION.*—*The Secretary*
21 *may limit the amount of payments that may be re-*
22 *ceived by a single eligible producer under this section*
23 *in order to distribute the total amount of funding*
24 *available in an equitable manner.*

1 “(2) *INELIGIBILITY.*—An eligible producer that
 2 claims a credit allowed under section 40(a)(3),
 3 40(a)(4), or 40A(a)(3) of the Internal Revenue Code
 4 of 1986 shall not be eligible to receive payments under
 5 subsection (d).

6 “(3) *REFINING CAPACITY.*—An eligible producer
 7 may not use any funds received under this section for
 8 an advanced biofuel production facility or other fuel
 9 refinery the total refining capacity of which is more
 10 than 150,000,000 gallons per year.

11 “(g) *OTHER REQUIREMENTS.*—To receive a payment
 12 under this section, an eligible producer shall meet any other
 13 requirements of Federal and State law (including regula-
 14 tions) applicable to the production of advanced biofuels.

15 “(h) *FUNDING.*—Of the funds of the Commodity Credit
 16 Corporation, the Secretary shall use to carry out this sec-
 17 tion \$245,000,000 for the period of fiscal years 2008
 18 through 2012, to remain available until expended.

19 **“SEC. 9007. RURAL ENERGY FOR AMERICA PROGRAM.**

20 “(a) *ESTABLISHMENT.*—The Secretary, in consulta-
 21 tion with the Secretary of Energy, shall establish a Rural
 22 Energy for America Program to promote energy efficiency
 23 and renewable energy development for agricultural pro-
 24 ducers, cooperatives, rural small businesses, and other simi-
 25 lar entities through—

1 “(1) *grants for energy audits and renewable en-*
2 *ergy development assistance;*

3 “(2) *financial assistance for energy efficiency*
4 *improvements and renewable energy systems; and*

5 “(3) *financial assistance for facilities to convert*
6 *animal manure to energy.*

7 “(b) *ENERGY AUDITS AND RENEWABLE ENERGY DE-*
8 *VELOPMENT ASSISTANCE.—*

9 “(1) *IN GENERAL.—The Secretary shall make*
10 *competitive grants to eligible entities to provide as-*
11 *sistance to agricultural producers and rural small*
12 *businesses—*

13 “(A) *to become more energy efficient; and*

14 “(B) *to use renewable energy technology and*
15 *resources.*

16 “(2) *ELIGIBLE ENTITIES.—An eligible entity*
17 *under this subsection is—*

18 “(A) *a State agency;*

19 “(B) *a regional, State-based, or tribal en-*
20 *ergy organization;*

21 “(C) *a land-grant college or university or*
22 *other institution of higher education;*

23 “(D) *a rural electric cooperative or public*
24 *power entity;*

25 “(E) *a nonprofit organization; and*

1 “(F) any other similar entity, as deter-
2 mined by the Secretary.

3 “(3) MERIT REVIEW.—

4 “(A) MERIT REVIEW PROCESS.—The Sec-
5 retary shall establish a merit review process to
6 review applications for grants under paragraph
7 (1) that uses the expertise of other Federal agen-
8 cies, industry, and nongovernmental organiza-
9 tions.

10 “(B) SELECTION CRITERIA.—In reviewing
11 applications of eligible entities to receive grants
12 under paragraph (1), the Secretary shall
13 consider—

14 “(i) the ability and expertise of the eli-
15 gible entity in providing professional energy
16 audits and renewable energy assessments;

17 “(ii) the geographic scope of the pro-
18 gram proposed by the eligible entity in rela-
19 tion to the identified need;

20 “(iii) the number of agricultural pro-
21 ducers and rural small businesses to be as-
22 sisted by the program;

23 “(iv) the potential for energy savings
24 and environmental and public health bene-
25 fits resulting from the program; and

1 “(v) the plan of the eligible entity for
2 providing information to agricultural pro-
3 ducers and rural small businesses on the
4 benefits of energy efficiency and renewable
5 energy development.

6 “(4) *USE OF GRANT FUNDS.*—

7 “(A) *REQUIRED USES.*—A recipient of a
8 grant under paragraph (1) shall use the grant
9 funds to conduct and promote energy audits for
10 agricultural producers and rural small busi-
11 nesses to provide recommendations on how to im-
12 prove energy efficiency and use renewable energy
13 technology and resources.

14 “(B) *PERMITTED USES.*—In addition to the
15 uses described in subparagraph (A), a recipient
16 of a grant may use the grant funds to make ag-
17 ricultural producers and rural small businesses
18 aware of—

19 “(i) financial assistance under sub-
20 section (c); and

21 “(ii) other Federal, State, and local fi-
22 nancial assistance programs for which the
23 agricultural producers and rural small
24 businesses may be eligible.

1 “(5) *COST SHARING.*—A recipient of a grant
 2 under paragraph (1) that conducts an energy audit
 3 for an agricultural producer or rural small business
 4 under paragraph (4)(A) shall require that, as a con-
 5 dition of the energy audit, the agricultural producer
 6 or rural small business pay at least 25 percent of the
 7 cost of the energy audit, which shall be retained by
 8 the eligible entity for the cost of the energy audit.

9 “(c) *FINANCIAL ASSISTANCE FOR ENERGY EFFICIENCY*
 10 *IMPROVEMENTS AND RENEWABLE ENERGY SYSTEMS.*—

11 “(1) *IN GENERAL.*—In addition to any similar
 12 authority, the Secretary shall provide loan guaran-
 13 tees, grants, and production-based incentives to agri-
 14 cultural producers and rural small businesses—

15 “(A) to purchase renewable energy systems,
 16 including systems that may be used to produce
 17 and sell electricity; and

18 “(B) to make energy efficiency improve-
 19 ments.

20 “(2) *AWARD CONSIDERATIONS.*—In determining
 21 the amount of a grant, loan guarantee, or production-
 22 based incentive provided under this section, the Sec-
 23 retary shall take into consideration, as applicable—

24 “(A) the type of renewable energy system to
 25 be purchased;

1 “(B) *the estimated quantity of energy to be*
 2 *generated by the renewable energy system;*

3 “(C) *the expected environmental benefits of*
 4 *the renewable energy system;*

5 “(D) *the quantity of energy savings ex-*
 6 *pected to be derived from the activity, as dem-*
 7 *onstrated by an energy audit comparable to an*
 8 *energy audit under subsection (b);*

9 “(E) *the estimated period of time for the en-*
 10 *ergy savings generated by the activity to equal*
 11 *the cost of the activity;*

12 “(F) *the expected energy efficiency of the re-*
 13 *newable energy system; and*

14 “(G) *other appropriate factors.*

15 “(3) *FEASIBILITY STUDIES.—*

16 “(A) *IN GENERAL.—The Secretary may*
 17 *provide assistance in the form of grants to an*
 18 *agricultural producer or rural small business to*
 19 *conduct a feasibility study for a project for*
 20 *which assistance may be provided under this*
 21 *subsection.*

22 “(B) *LIMITATION.—The Secretary shall use*
 23 *not more than 10 percent of the funds made*
 24 *available to carry out this subsection to provide*
 25 *assistance described in subparagraph (A).*

1 “(C) *AVOIDANCE OF DUPLICATIVE ASSIST-*
 2 *ANCE.—An entity shall be ineligible to receive*
 3 *assistance to carry out a feasibility study for a*
 4 *project under this paragraph if the entity has re-*
 5 *ceived Federal or State assistance for a feasi-*
 6 *bility study for the project.*

7 “(4) *LIMITS.—*

8 “(A) *GRANTS.—The amount of a grant*
 9 *under this subsection shall not exceed 25 percent*
 10 *of the cost of the activity carried out using funds*
 11 *from the grant.*

12 “(B) *LOAN GUARANTEES.—*

13 “(i) *MAXIMUM AMOUNT.—The amount*
 14 *of a loan guaranteed under this subsection*
 15 *shall not exceed \$25,000,000.*

16 “(ii) *MAXIMUM PERCENTAGE.—A loan*
 17 *guaranteed under this subsection shall not*
 18 *exceed 75 percent of the cost of the activity*
 19 *carried out using funds from the loan.*

20 “(5) *PRODUCTION-BASED INCENTIVE PAYMENTS*
 21 *IN LIEU OF GRANTS.—*

22 “(A) *IN GENERAL.—In addition to the au-*
 23 *thority under subsection (b), to encourage the*
 24 *production of electricity from renewable energy*
 25 *systems, the Secretary, on receipt of a request of*

1 *an eligible applicant under this section, shall*
 2 *make production-based incentive payments to the*
 3 *applicant in lieu of a grant.*

4 “(B) *CONTINGENCY.*—A payment under
 5 *subparagraph (A) shall be contingent on docu-*
 6 *mented energy production and sales by the re-*
 7 *newable energy system of the eligible applicant*
 8 *to a third party.*

9 “(C) *LIMITATION.*—The total net present
 10 *value of a production-based incentive payment*
 11 *under this paragraph shall not exceed the lesser*
 12 *of—*

13 “(i) *an amount equal to 25 percent of*
 14 *the eligible project costs, as determined by*
 15 *the Secretary; and*

16 “(ii) *such other limit as the Secretary*
 17 *may establish, by rule or guidance.*

18 “(d) *FINANCIAL ASSISTANCE FOR FACILITIES TO CON-*
 19 *VERT ANIMAL MANURE TO ENERGY.*—

20 “(1) *DEFINITION OF ANIMAL MANURE.*—In this
 21 *subsection, the term ‘animal manure’ means agricul-*
 22 *tural livestock excrement, including litter, wood*
 23 *shavings, straw, rice hulls, bedding material, and*
 24 *other materials incidentally collected with the ma-*
 25 *nure.*

1 “(2) *GRANTS AND LOAN GUARANTEES.*—*The Sec-*
 2 *retary shall make grants and loan guarantees to eligi-*
 3 *ble entities on a competitive basis for the installation,*
 4 *operation, and evaluation of facilities described in*
 5 *paragraph (4).*

6 “(3) *ELIGIBLE ENTITIES.*—*To be eligible to re-*
 7 *ceive a grant or loan guarantee under this subsection,*
 8 *an entity shall be—*

9 “(A) *an agricultural producer;*

10 “(B) *a rural small business;*

11 “(C) *a rural cooperative; or*

12 “(D) *any other similar entity, as deter-*
 13 *mined by the Secretary.*

14 “(4) *ELIGIBLE FACILITIES.*—

15 “(A) *IN GENERAL.*—*Subject to subpara-*
 16 *graphs (B) through (E), an eligible entity may*
 17 *receive a grant or loan guarantee under this sub-*
 18 *section for the installation, first-year operation,*
 19 *and evaluation of an on-farm or community fa-*
 20 *cility (such as a digester or power generator*
 21 *using manure for fuel) the primary function of*
 22 *which is to convert animal manure into a useful*
 23 *form of energy (including gaseous or liquid fuel*
 24 *or electricity).*

1 “(B) *SUBSYSTEMS INCLUDED.*—Funds from
2 a grant and loan guarantee under subparagraph
3 (A) may be used for systems that support an on-
4 farm or community facility described in that
5 subparagraph, which may include feedstock gath-
6 ering systems and gas piping systems.

7 “(C) *CONVERSION OF RENEWABLE BIO-*
8 *MASS.*—An eligible entity may use a grant or
9 loan guarantee provided under this subsection to
10 convert renewable biomass other than animal
11 manure (such as waste materials from food proc-
12 essing facilities and other green wastes) into en-
13 ergy at a facility if the majority of materials
14 converted into energy at the facility is animal
15 manure.

16 “(D) *DEVELOPMENT AND DEMONSTRATION*
17 *OF NEW TECHNOLOGIES.*—An eligible entity may
18 use a grant or loan guarantee provided under
19 this subsection for the installation, demonstra-
20 tion, and first 2 years of operation of an on-
21 farm or community facility that uses manure-to-
22 energy technologies—

23 “(i) that are not in commercial use, as
24 determined by the Secretary; and

1 “(ii) for which sufficient research has
2 been conducted for the Secretary to deter-
3 mine that the technology is commercially
4 viable.

5 “(5) *SELECTION OF ELIGIBLE ENTITIES.*—In se-
6 lecting applications for grants and loan guarantees
7 under this subsection, the Secretary shall consider—

8 “(A) the quality of energy produced; and

9 “(B) the projected net energy conversion ef-
10 ficiency, which shall be equal to the quotient ob-
11 tained by dividing—

12 “(i) the energy output of the eligible fa-
13 cility; by

14 “(ii) the sum of—

15 “(I) the energy content of animal
16 manure at the point of collection; and

17 “(II) the energy consumed in fa-
18 cility operations, including feedstock
19 transportation;

20 “(C) environmental issues, including poten-
21 tial positive and negative impacts on water
22 quality, air quality, odor emissions, pathogens,
23 and soil quality resulting from—

24 “(i) the use and conversion of animal
25 manure into energy;

1 “(ii) the installation and operation of
2 the facility; and

3 “(iii) the disposal of any waste prod-
4 ucts (including effluent) from the facility;

5 “(D) the net impact of the facility and any
6 waste from the facility on greenhouse gas emis-
7 sions, based on the estimated emissions from ma-
8 nure storage systems in use before the installa-
9 tion of the manure-to-energy facility;

10 “(E) diversity factors, including diversity
11 of—

12 “(i) sizes of projects supported; and

13 “(ii) geographic locations; and

14 “(F) the proposed project costs and levels of
15 grants or loan guarantees requested.

16 “(6) AMOUNT.—

17 “(A) GRANTS.—

18 “(i) SMALLER PROJECTS.—In the case
19 of a project with a total eligible cost (as de-
20 scribed in paragraph (4)) of not more than
21 \$500,000, the amount of a grant made
22 under this subsection shall not exceed 50
23 percent of the total eligible cost.

24 “(ii) LARGER PROJECTS.—In the case
25 of a project with a total eligible cost (as de-

1 scribed in paragraph (4)) of more than
2 \$500,000, the amount of a grant made
3 under this subsection shall not exceed the
4 greater of—

5 “(I) \$250,000; or

6 “(II) 25 percent of the total eligi-
7 ble cost.

8 “(iii) *MAXIMUM.*—In no case shall the
9 amount of a grant made under this section
10 exceed \$2,000,000.

11 “(B) *LOAN GUARANTEES.*—The principal
12 amount and interest of a loan guaranteed under
13 this subsection may not exceed the lesser of—

14 “(i) 80 percent of the difference
15 between—

16 “(I) the total cost to install and
17 operate the eligible facility for the first
18 year, as determined by the Secretary;
19 and

20 “(II) the amount of any Federal,
21 State, and local funds received to sup-
22 port the eligible facility; and

23 “(ii) \$25,000,000.

24 “(7) *PROHIBITION.*—A grant or loan guarantee
25 may not be provided for a project under this sub-

1 *section that also receives assistance under subsection*
 2 *(b) or (c).*

3 “(e) *ROLE OF STATE RURAL DEVELOPMENT DIREC-*
 4 *TOR.—*

5 “(1) *OUTREACH AND AVAILABILITY OF INFORMA-*
 6 *TION.—*

7 “(A) *OUTREACH.—A State rural develop-*
 8 *ment director, acting through local rural devel-*
 9 *opment offices, shall provide outreach regarding*
 10 *the availability of financial assistance under this*
 11 *section.*

12 “(B) *AVAILABILITY OF INFORMATION.—A*
 13 *State rural development director shall make*
 14 *available information relating to the availability*
 15 *of financial assistance under this section at all*
 16 *local rural development, Farm Service Agency,*
 17 *and Natural Resources Conservation Service of-*
 18 *fices.*

19 “(2) *APPLICATION REVIEW.—Applications for as-*
 20 *sistance under this section shall be reviewed by the*
 21 *appropriate State rural development director.*

22 “(f) *SMALL PROJECTS.—*

23 “(1) *APPLICATION AND REVIEW PROCESS.—The*
 24 *Secretary shall develop a streamlined application and*

1 *expedited review process for project applicants seeking*
2 *less than \$20,000 under this section.*

3 “(2) *PERCENTAGE OF FUNDS.*—*Not less than 20*
4 *percent of the funds made available under subsection*
5 *(k)(1) shall be made available to make grants under*
6 *this section in an amount of less than \$20,000.*

7 “(g) *PREFERENCE.*—*In selecting projects to receive*
8 *grants under this section, the Secretary shall give preference*
9 *to projects that receive or will receive financial support*
10 *from the State in which the project is carried out.*

11 “(h) *RURAL ENERGY STAR.*—*The Secretary, in coordi-*
12 *nation with the Administrator and the Secretary of Energy,*
13 *shall extend the Energy Star program established by section*
14 *324A of the Energy Policy and Conservation Act (42 U.S.C.*
15 *6294a) to include a Rural Energy Star component to pro-*
16 *mote the development and use of energy-efficient equipment*
17 *and facilities in the agricultural sector.*

18 “(i) *REPORTS.*—*Not later than 4 years after the date*
19 *of enactment of the Food and Energy Security Act of 2007,*
20 *the Secretary shall submit to Congress a report on the im-*
21 *plementation of this section, including the outcomes*
22 *achieved by projects funded under this section.*

23 “(j) *FUNDING.*—

24 “(1) *COMMODITY CREDIT CORPORATION.*—*Of the*
25 *funds of the Commodity Credit Corporation, the Sec-*

1 *retary shall make available \$230,000,000 to carry out*
 2 *subsections (b), (c), and (d) for fiscal year 2008, to*
 3 *remain available until expended, of which—*

4 *“(A) not less than 5 percent shall be used to*
 5 *carry out subsection (b); and*

6 *“(B) not less than 15 percent shall be used*
 7 *to carry out subsection (d).*

8 *“(2) AUTHORIZATION OF APPROPRIATIONS.—In*
 9 *addition to any other funds made available to carry*
 10 *out this section, there are authorized to be appro-*
 11 *priated such sums as are necessary to carry out this*
 12 *section for each of fiscal years 2008 through 2012.*

13 **“SEC. 9008. BIOMASS RESEARCH AND DEVELOPMENT ACT**
 14 **OF 2000.**

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

16 *“(1) BIOBASED PRODUCT.—The term ‘biobased*
 17 *product’ means—*

18 *“(A) an industrial product (including*
 19 *chemicals, materials, and polymers) produced*
 20 *from biomass; and*

21 *“(B) a commercial or industrial product*
 22 *(including animal feed and electric power) de-*
 23 *rived in connection with the conversion of bio-*
 24 *mass to fuel.*

1 “(2) *DEMONSTRATION.*—*The term ‘demonstra-*
 2 *tion’ means demonstration of technology in a pilot*
 3 *plant or semi-works scale facility, including a plant*
 4 *or facility located on a farm.*

5 “(3) *INITIATIVE.*—*The term ‘Initiative’ means*
 6 *the Biomass Research and Development Initiative es-*
 7 *tablished under subsection (e).*

8 “(4) *NATIONAL LABORATORY.*—*The term ‘Na-*
 9 *tional Laboratory’ has the meaning given that term*
 10 *in section 2 of the Energy Policy Act of 2005 (42*
 11 *U.S.C. 15801).*

12 “(5) *POINT OF CONTACT.*—*The term ‘point of*
 13 *contact’ means a point of contact designated under*
 14 *this section.*

15 “(b) *COOPERATION AND COORDINATION IN BIOMASS*
 16 *RESEARCH AND DEVELOPMENT.*—

17 “(1) *IN GENERAL.*—*The Secretary of Agriculture*
 18 *and the Secretary of Energy shall cooperate with re-*
 19 *spect to, and coordinate, policies and procedures that*
 20 *promote research and development leading to the pro-*
 21 *duction of biofuels and biobased products.*

22 “(2) *POINTS OF CONTACT.*—

23 “(A) *IN GENERAL.*—*To coordinate research*
 24 *and development programs and activities relat-*

1 *ing to biofuels and biobased products that are*
2 *carried out by their respective departments—*

3 *“(i) the Secretary of Agriculture shall*
4 *designate, as the point of contact for the De-*
5 *partment of Agriculture, an officer of the*
6 *Department of Agriculture appointed by the*
7 *President to a position in the Department*
8 *before the date of the designation, by and*
9 *with the advice and consent of the Senate;*
10 *and*

11 *“(ii) the Secretary of Energy shall des-*
12 *ignate, as the point of contact for the De-*
13 *partment of Energy, an officer of the De-*
14 *partment of Energy appointed by the Presi-*
15 *dent to a position in the Department before*
16 *the date of the designation, by and with the*
17 *advice and consent of the Senate.*

18 *“(B) DUTIES.—The points of contact shall*
19 *jointly—*

20 *“(i) assist in arranging interlabora-*
21 *tory and site-specific supplemental agree-*
22 *ments for research and development projects*
23 *relating to biofuels and biobased products;*

24 *“(ii) serve as cochairpersons of the*
25 *Board;*

1 “(iii) administer the Initiative; and
 2 “(iv) respond in writing to each rec-
 3 ommendation of the Advisory Committee
 4 made under subsection (d).

5 “(c) *BIOMASS RESEARCH AND DEVELOPMENT*
 6 *BOARD.*—

7 “(1) *ESTABLISHMENT.*—*There is established the*
 8 *Biomass Research and Development Board, which*
 9 *shall supersede the Interagency Council on Biobased*
 10 *Products and Bioenergy established by Executive*
 11 *Order No. 13134 (7 U.S.C. 8101 note), to coordinate*
 12 *programs within and among departments and agen-*
 13 *cies of the Federal Government for the purpose of pro-*
 14 *moting the use of biofuels and biobased products by—*

15 “(A) *maximizing the benefits deriving from*
 16 *Federal grants and assistance; and*

17 “(B) *bringing coherence to Federal strategic*
 18 *planning.*

19 “(2) *MEMBERSHIP.*—*The Board shall consist*
 20 *of—*

21 “(A) *the point of contact of the Department*
 22 *of Energy designated under subsection*
 23 *(b)(2)(A)(ii), who shall serve as cochairperson of*
 24 *the Board;*

1 “(B) the point of contact of the Department
2 of Agriculture designated under subsection
3 (b)(2)(A)(i), who shall serve as cochairperson of
4 the Board;

5 “(C) a senior officer of each of the Depart-
6 ment of the Interior, the Environmental Protec-
7 tion Agency, the National Science Foundation,
8 and the Office of Science and Technology Policy,
9 each of whom shall—

10 “(i) be appointed by the head of the re-
11 spective agency; and

12 “(ii) have a rank that is equivalent to
13 the rank of the points of contact; and

14 “(D) at the option of the Secretary of Agri-
15 culture and the Secretary of Energy, other mem-
16 bers appointed by the Secretaries (after consulta-
17 tion with the members described in subpara-
18 graphs (A) through (C)).

19 “(3) DUTIES.—The Board shall—

20 “(A) coordinate research and development
21 activities relating to biofuels and biobased
22 products—

23 “(i) between the Department of Agri-
24 culture and the Department of Energy; and

1 “(ii) *with other departments and agen-*
 2 *cies of the Federal Government;*

3 “(B) *provide recommendations to the points*
 4 *of contact concerning administration of this title;*

5 “(C) *ensure that—*

6 “(i) *solicitations are open and com-*
 7 *petitive with awards made annually; and*

8 “(ii) *objectives and evaluation criteria*
 9 *of the solicitations are clearly stated and*
 10 *minimally prescriptive, with no areas of*
 11 *special interest; and*

12 “(D) *ensure that the panel of scientific and*
 13 *technical peers assembled under subsection (e) to*
 14 *review proposals is composed predominantly of*
 15 *independent experts selected from outside the De-*
 16 *partments of Agriculture and Energy.*

17 “(4) *FUNDING.—Each agency represented on the*
 18 *Board is encouraged to provide funds for any purpose*
 19 *under this section.*

20 “(5) *MEETINGS.—The Board shall meet at least*
 21 *quarterly to enable the Board to carry out the duties*
 22 *of the Board under paragraph (3).*

23 “(d) *BIOMASS RESEARCH AND DEVELOPMENT TECH-*
 24 *NICAL ADVISORY COMMITTEE.—*

1 “(1) *ESTABLISHMENT.*—*There is established the*
2 *Biomass Research and Development Technical Advi-*
3 *sory Committee, which shall supersede the Advisory*
4 *Committee on Biobased Products and Bioenergy es-*
5 *tablished by Executive Order No. 13134 (7 U.S.C.*
6 *8101 note)*—

7 “(A) *to advise the Secretary of Energy, the*
8 *Secretary of Agriculture, and the points of con-*
9 *tact concerning*—

10 “(i) *the distribution of funding;*

11 “(ii) *the technical focus and direction*
12 *of requests for proposals issued under the*
13 *Initiative; and*

14 “(iii) *procedures for reviewing and*
15 *evaluating the proposals;*

16 “(B) *to facilitate consultations and partner-*
17 *ships among Federal and State agencies, agricul-*
18 *tural producers, industry, consumers, the re-*
19 *search community, and other interested groups*
20 *to carry out program activities relating to the*
21 *Initiative; and*

22 “(C) *to evaluate and perform strategic*
23 *planning on program activities relating to the*
24 *Initiative.*

25 “(2) *MEMBERSHIP.*—

1 “(A) *IN GENERAL.*—*The Advisory Com-*
2 *mittee shall consist of—*

3 “(i) *an individual affiliated with the*
4 *biofuels industry;*

5 “(ii) *an individual affiliated with the*
6 *biobased industrial and commercial prod-*
7 *ucts industry;*

8 “(iii) *an individual affiliated with an*
9 *institution of higher education who has ex-*
10 *pertise in biofuels and biobased products;*

11 “(iv) *2 prominent engineers or sci-*
12 *entists from government or academia who*
13 *have expertise in biofuels and biobased*
14 *products;*

15 “(v) *an individual affiliated with a*
16 *commodity trade association;*

17 “(vi) *2 individuals affiliated with an*
18 *environmental or conservation organization;*

19 “(vii) *an individual associated with*
20 *State government who has expertise in*
21 *biofuels and biobased products;*

22 “(viii) *an individual with expertise in*
23 *energy and environmental analysis;*

1 “(ix) an individual with expertise in
2 the economics of biofuels and biobased prod-
3 ucts;

4 “(x) an individual with expertise in
5 agricultural economics;

6 “(xi) an individual with expertise in
7 plant biology and biomass feedstock develop-
8 ment;

9 “(xii) an individual with expertise in
10 agronomy, crop science, or soil science; and

11 “(xiii) at the option of the points of
12 contact, other members.

13 “(B) APPOINTMENT.—The members of the
14 Advisory Committee shall be appointed by the
15 points of contact.

16 “(3) DUTIES.—The Advisory Committee shall—

17 “(A) advise the points of contact with re-
18 spect to the Initiative; and

19 “(B) evaluate whether, and make rec-
20 ommendations in writing to the Board to ensure
21 that—

22 “(i) funds authorized for the Initiative
23 are distributed and used in a manner that
24 is consistent with the objectives, purposes,
25 and considerations of the Initiative;

1 “(ii) solicitations are open and com-
2 petitive with awards made annually and
3 that objectives and evaluation criteria of the
4 solicitations are clearly stated and mini-
5 mally prescriptive, with no areas of special
6 interest;

7 “(iii) the points of contact are funding
8 proposals under this title that are selected
9 on the basis of merit, as determined by an
10 independent panel of scientific and tech-
11 nical peers predominantly from outside the
12 Departments of Agriculture and Energy;
13 and

14 “(iv) activities under this section are
15 carried out in accordance with this section.

16 “(4) COORDINATION.—To avoid duplication of
17 effort, the Advisory Committee shall coordinate the ac-
18 tivities of the Advisory Committee with activities of
19 other Federal advisory committees working in related
20 areas.

21 “(5) MEETINGS.—The Advisory Committee shall
22 meet at least quarterly to enable the Advisory Com-
23 mittee to carry out the duties of the Advisory Com-
24 mittee.

1 “(6) *TERMS.*—*Members of the Advisory Com-*
 2 *mittee shall be appointed for a term of 3 years.*

3 “(e) *BIOMASS RESEARCH AND DEVELOPMENT INITIA-*
 4 *TIVE.*—

5 “(1) *IN GENERAL.*—*The Secretary of Agriculture*
 6 *and the Secretary of Energy, acting through their re-*
 7 *spective points of contact and in consultation with*
 8 *the Board, shall establish and carry out a Biomass*
 9 *Research and Development Initiative under which*
 10 *competitively awarded grants, contracts, and finan-*
 11 *cial assistance are provided to, or entered into with,*
 12 *eligible entities to carry out research on, and develop-*
 13 *ment and demonstration of, biofuels and biobased*
 14 *products, and the methods, practices, and tech-*
 15 *nologies, for the production of the fuels and product.*

16 “(2) *OBJECTIVES.*—*The objectives of the Initia-*
 17 *tive are to develop—*

18 “(A) *technologies and processes necessary*
 19 *for abundant commercial production of biofuels*
 20 *at prices competitive with fossil fuels;*

21 “(B) *high-value biobased products—*

22 “(i) *to enhance the economic viability*
 23 *of biofuels and bioenergy;*

24 “(ii) *as substitutes for petroleum-based*
 25 *feedstocks and products; and*

1 “(iii) to enhance the value of coprod-
 2 ucts produced using the technologies and
 3 processes; and

4 “(C) a diversity of sustainable domestic
 5 sources of renewable biomass for conversion to
 6 biofuels, bioenergy, and biobased products.

7 “(3) PURPOSES.—The purposes of the Initiative
 8 are—

9 “(A) to increase the energy security of the
 10 United States;

11 “(B) to create jobs and enhance the eco-
 12 nomic development of the rural economy;

13 “(C) to enhance the environment and public
 14 health; and

15 “(D) to diversify markets for raw agricul-
 16 tural and forestry products.

17 “(4) TECHNICAL AREAS.—To advance the objec-
 18 tives and purposes of the Initiative, the Secretary of
 19 Agriculture and the Secretary of Energy, in consulta-
 20 tion with the Administrator of the Environmental
 21 Protection Agency and heads of other appropriate de-
 22 partments and agencies (referred to in this subsection
 23 as the ‘Secretaries’), shall direct research, develop-
 24 ment, and demonstration toward—

1 “(A) *feedstocks and feedstock systems rel-*
2 *evant to production of raw materials for conver-*
3 *sion to biofuels and biobased products,*
4 *including—*

5 “(i) *development of advanced and dedi-*
6 *cated crops with desired features, including*
7 *enhanced productivity, broader site range,*
8 *low requirements for chemical inputs, and*
9 *enhanced processing;*

10 “(ii) *advanced crop production meth-*
11 *ods to achieve the features described in*
12 *clause (i) and suitable assay techniques for*
13 *those features;*

14 “(iii) *feedstock harvest, handling,*
15 *transport, and storage;*

16 “(iv) *strategies for integrating feed-*
17 *stock production into existing managed*
18 *land; and*

19 “(v) *improving the value and quality*
20 *of coproducts, including material used for*
21 *animal feeding;*

22 “(B) *development of cost-effective tech-*
23 *nologies for the use of cellulosic biomass in the*
24 *production of biofuels and biobased products,*
25 *including—*

1 “(i) pretreatment in combination with
2 enzymatic or microbial hydrolysis;

3 “(ii) thermochemical approaches, in-
4 cluding gasification and pyrolysis; and

5 “(iii) self-processing crops that express
6 enzymes capable of degrading cellulosic bio-
7 mass;

8 “(C) product diversification through tech-
9 nologies relevant to production of a range of
10 biobased products (including chemicals, animal
11 feeds, and cogenerated power) that eventually
12 can increase the feasibility of fuel production in
13 a biorefinery, including—

14 “(i) catalytic processing, including
15 thermochemical fuel production;

16 “(ii) metabolic engineering, enzyme en-
17 gineering, and fermentation systems for bio-
18 logical production of desired products, co-
19 products, or cogeneration of power;

20 “(iii) product recovery;

21 “(iv) power production technologies,
22 including distributed generation;

23 “(v) integration into existing renew-
24 able biomass processing facilities, including
25 starch ethanol plants, sugar processing or

1 refining plants, paper mills, and power
2 plants;

3 “(vi) enhancement of products and co-
4 products, including dried distillers grains;
5 and

6 “(vii) technologies that allow for cost-
7 effective harvest, handling, transport, and
8 storage; and

9 “(D) analysis that provides strategic guid-
10 ance for the application of renewable biomass
11 technologies in accordance with realization of
12 improved sustainability and environmental
13 quality, cost effectiveness, security, and rural
14 economic development, usually featuring system-
15 wide approaches, including the harvest, han-
16 dling, transport, and storage of renewable bio-
17 mass.

18 “(5) *ADDITIONAL CONSIDERATIONS.*—Within the
19 technical areas described in paragraph (4), and in
20 addition to advancing the purposes described in para-
21 graph (3) and the objectives described in paragraph
22 (2), the Secretaries shall support research and
23 development—

24 “(A) to create continuously expanding op-
25 portunities for participants in existing biofuels

1 *production by seeking synergies and continuity*
2 *with current technologies and practices, such as*
3 *improvements in dried distillers grains and*
4 *other biofuel production coproducts for use as*
5 *bridge feedstocks;*

6 *“(B) to maximize the environmental, eco-*
7 *nomie, and social benefits of production of*
8 *biofuels and biobased products on a large scale*
9 *through life-cycle economic and environmental*
10 *analysis and other means; and*

11 *“(C) to assess the potential of Federal land*
12 *and land management programs as feedstock re-*
13 *sources for biofuels and biobased products, con-*
14 *sistent with the integrity of soil and water re-*
15 *sources and with other environmental consider-*
16 *ations.*

17 *“(6) ELIGIBLE ENTITIES.—To be eligible for a*
18 *grant, contract, or assistance under this subsection,*
19 *an applicant shall be—*

20 *“(A) an institution of higher education;*

21 *“(B) a National Laboratory;*

22 *“(C) a Federal research agency;*

23 *“(D) a State research agency;*

24 *“(E) a private sector entity;*

25 *“(F) a nonprofit organization; or*

1 “(G) a consortium of 2 or more entities de-
2 scribed in subparagraphs (A) through (F).

3 “(7) ADMINISTRATION.—

4 “(A) IN GENERAL.—After consultation with
5 the Board, the points of contact shall—

6 “(i) publish annually 1 or more joint
7 requests for proposals for grants, contracts,
8 and assistance under this subsection;

9 “(ii) require that grants, contracts,
10 and assistance under this section be award-
11 ed competitively, on the basis of merit, after
12 the establishment of procedures that provide
13 for scientific peer review by an independent
14 panel of scientific and technical peers;

15 “(iii) give partial preference to appli-
16 cations that—

17 “(I) involve a consortia of experts
18 from multiple institutions;

19 “(II) encourage the integration of
20 disciplines and application of the best
21 technical resources; and

22 “(III) increase the geographic di-
23 versity of demonstration projects; and

24 “(iv) require that not less than 15 per-
25 cent of funds made available to carry out

1 *this section is used for research and develop-*
 2 *ment relating to each of the technical areas*
 3 *described in paragraph (4).*

4 “(B) *MATCHING FUNDS.—*

5 “(i) *IN GENERAL.—The non-Federal*
 6 *share of the cost of a demonstration project*
 7 *under this section shall be not less than 20*
 8 *percent.*

9 “(ii) *COMMERCIAL APPLICATIONS.—*
 10 *The non-Federal share of the cost of a com-*
 11 *mercial application project under this sec-*
 12 *tion shall be not less than 50 percent.*

13 “(C) *TECHNOLOGY AND INFORMATION*
 14 *TRANSFER TO AGRICULTURAL USERS.—The Ad-*
 15 *ministrator of the National Institute of Food*
 16 *and Agriculture and the Chief of the Natural Re-*
 17 *sources Conservation Service shall ensure that*
 18 *applicable research results and technologies from*
 19 *the Initiative are—*

20 “(i) *adapted, made available, and dis-*
 21 *seminated through those services, as appro-*
 22 *priate; and*

23 “(ii) *included in the best practices*
 24 *database established under section 220 of*

1 *the Department of Agriculture Reorganiza-*
2 *tion Act of 1994 (7 U.S.C. 6920).*

3 “(f) *ADMINISTRATIVE SUPPORT AND FUNDS.*—

4 “(1) *IN GENERAL.*—*To the extent administrative*
5 *support and funds are not provided by other agencies*
6 *under paragraph (2), the Secretary of Energy and the*
7 *Secretary of Agriculture may provide such adminis-*
8 *trative support and funds of the Department of En-*
9 *ergy and the Department of Agriculture to the Board*
10 *and the Advisory Committee as are necessary to en-*
11 *able the Board and the Advisory Committee to carry*
12 *out their duties under this section.*

13 “(2) *OTHER AGENCIES.*—*The heads of the agen-*
14 *cies referred to in subsection (c)(2)(C), and the other*
15 *members of the Board appointed under subsection*
16 *(c)(2)(D), may, and are encouraged to, provide ad-*
17 *ministrative support and funds of their respective*
18 *agencies to the Board and the Advisory Committee.*

19 “(3) *LIMITATION.*—*Not more than 4 percent of*
20 *the amount made available for each fiscal year under*
21 *subsection (h) may be used to pay the administrative*
22 *costs of carrying out this section.*

23 “(g) *REPORTS.*—

24 “(1) *ANNUAL REPORTS.*—*For each fiscal year for*
25 *which funds are made available to carry out this sec-*

1 *tion, the Secretary of Energy and the Secretary of*
2 *Agriculture shall jointly submit to Congress a detailed*
3 *report on—*

4 *“(A) the status and progress of the Initia-*
5 *tive, including a report from the Advisory Com-*
6 *mittee on whether funds appropriated for the*
7 *Initiative have been distributed and used in a*
8 *manner that—*

9 *“(i) is consistent with the objectives,*
10 *purposes, and additional considerations de-*
11 *scribed in paragraphs (2) through (5) of*
12 *subsection (e);*

13 *“(ii) uses the set of criteria established*
14 *in the initial report submitted under title*
15 *III of the Agricultural Risk Protection Act*
16 *of 2000 (7 U.S.C. 7624 note; Public Law*
17 *106–224) (as in effect on the date before the*
18 *date of enactment of the Food and Energy*
19 *Security Act of 2007); and*

20 *“(iii) takes into account any rec-*
21 *ommendations that have been made by the*
22 *Advisory Committee;*

23 *“(B) the general status of cooperation and*
24 *research and development efforts carried out at*
25 *each agency with respect to biofuels and biobased*

1 *products, including a report from the Advisory*
 2 *Committee on whether the points of contact are*
 3 *funding proposals that are selected under sub-*
 4 *section (d)(3)(B)(iii); and*

5 *“(C) the plans of the Secretary of Energy*
 6 *and the Secretary of Agriculture for addressing*
 7 *concerns raised in the report, including concerns*
 8 *raised by the Advisory Committee.*

9 *“(2) UPDATES.—The Secretary of Agriculture*
 10 *and the Secretary of Energy shall update the Vision*
 11 *and Roadmap documents prepared for Federal bio-*
 12 *mass research and development activities.*

13 *“(h) FUNDING.—*

14 *“(1) COMMODITY CREDIT CORPORATION*
 15 *FUNDS.—Of the funds of the Commodity Credit Cor-*
 16 *poration, the Secretary of Agriculture, to the max-*
 17 *imum extent practicable, shall use to carry out this*
 18 *section, to remain available until expended—*

19 *“(A) \$15,000,000 for fiscal year 2008;*

20 *“(B) \$25,000,000 for fiscal year 2009; and*

21 *“(C) \$35,000,000 for fiscal year 2010.*

22 *“(2) ADDITIONAL FUNDING.—In addition to*
 23 *amounts described in paragraph (1), there is author-*
 24 *ized to be appropriated to carry out this section*

1 \$85,000,000 for each of fiscal years 2008 through
2 2012.

3 **“SEC. 9009. SUN GRANT PROGRAM.**

4 “(a) *PURPOSES.*—The purposes of the programs estab-
5 lished under this section are—

6 “(1) to enhance national energy security through
7 the development, distribution, and implementation of
8 biobased energy technologies;

9 “(2) to promote diversification in, and the envi-
10 ronmental sustainability of, agricultural production
11 in the United States through biobased energy and
12 product technologies;

13 “(3) to promote economic diversification in rural
14 areas of the United States through biobased energy
15 and product technologies; and

16 “(4) to enhance the efficiency of bioenergy and
17 biomass research and development programs through
18 improved coordination and collaboration between the
19 Department of Agriculture, the Department of En-
20 ergy, and the land-grant colleges and universities.

21 “(b) *DEFINITION OF LAND-GRANT COLLEGES AND*
22 *UNIVERSITIES.*—The term ‘land-grant colleges and univer-
23 sities’ means—

1 “(1) 1862 Institutions (as defined in section 2 of
2 *the Agricultural Research, Extension, and Education*
3 *Reform Act of 1998 (7 U.S.C. 7601));*

4 “(2) 1890 Institutions (as defined in section 2 of
5 *that Act) and West Virginia State College; and*

6 “(3) 1994 Institutions (as defined in section 2 of
7 *that Act).*

8 “(c) *ESTABLISHMENT.—To carry out the purposes de-*
9 *scribed in subsection (a), the Secretary shall provide grants*
10 *to sun grant centers specified in subsection (d).*

11 “(d) *GRANTS TO CENTERS.—The Secretary shall use*
12 *amounts made available for a fiscal year under subsection*
13 *(j) to provide a grants in equal amounts to each of the fol-*
14 *lowing sun grant centers:*

15 “(1) *NORTH-CENTRAL CENTER.—A north-central*
16 *sun grant center at South Dakota State University*
17 *for the region composed of the States of Illinois, Indi-*
18 *ana, Iowa, Minnesota, Montana, Nebraska, North Da-*
19 *kota, South Dakota, Wisconsin, and Wyoming.*

20 “(2) *SOUTHEASTERN CENTER.—A southeastern*
21 *sun grant center at the University of Tennessee at*
22 *Knoxville for the region composed of—*

23 “(A) *the States of Alabama, Florida, Geor-*
24 *gia, Kentucky, Mississippi, North Carolina,*
25 *South Carolina, Tennessee, and Virginia;*

1 “(B) *the Commonwealth of Puerto Rico;*
2 *and*

3 “(C) *the United States Virgin Islands.*

4 “(3) *SOUTH-CENTRAL CENTER.—A south-central*
5 *sun grant center at Oklahoma State University for*
6 *the region composed of the States of Arkansas, Colo-*
7 *rado, Kansas, Louisiana, Missouri, New Mexico,*
8 *Oklahoma, and Texas.*

9 “(4) *WESTERN CENTER.—A western sun grant*
10 *center at Oregon State University for the region com-*
11 *posed of—*

12 “(A) *the States of Alaska, Arizona, Cali-*
13 *fornia, Hawaii, Idaho, Nevada, Oregon, Utah,*
14 *and Washington; and*

15 “(B) *territories and possessions of the*
16 *United States (other than the territories referred*
17 *to in subparagraphs (B) and (C) of paragraph*
18 *(2)).*

19 “(5) *NORTHEASTERN CENTER.—A northeastern*
20 *sun grant center at Cornell University for the region*
21 *composed of the States of Connecticut, Delaware, Mas-*
22 *sachusetts, Maryland, Maine, Michigan, New Hamp-*
23 *shire, New Jersey, New York, Ohio, Pennsylvania,*
24 *Rhode Island, Vermont, and West Virginia.*

1 “(6) *WESTERN INSULAR PACIFIC SUBCENTER.*—
 2 *A western insular Pacific subcenter at the University*
 3 *of Hawaii for the region composed of the State of*
 4 *Alaska, the State of Hawaii, Guam, American*
 5 *Samoa, the Commonwealth of the Northern Mariana*
 6 *Islands, the Federated States of Micronesia, the Re-*
 7 *public of the Marshall Islands, and the Republic of*
 8 *Palau.*

9 “(e) *USE OF FUNDS.*—

10 “(1) *CENTERS OF EXCELLENCE.*—*Of the amount*
 11 *of funds that are made available for a fiscal year to*
 12 *a sun grant center under subsection (d), the center*
 13 *shall use not more than 25 percent of the amount to*
 14 *support excellence in science, engineering, and eco-*
 15 *nomics at the center to promote the purposes described*
 16 *in subsection (a) through the State agricultural exper-*
 17 *iment station, cooperative extension services, and rel-*
 18 *evant educational programs of the university.*

19 “(2) *GRANTS TO LAND-GRANT COLLEGES AND*
 20 *UNIVERSITIES.*—

21 “(A) *IN GENERAL.*—*The sun grant center*
 22 *established for a region shall use the funds that*
 23 *remain available for a fiscal year after expendi-*
 24 *tures made under paragraph (1) to provide com-*
 25 *petitive grants to land-grant colleges and univer-*

1 *sities in the region of the sun grant center to*
 2 *conduct, consistent with the purposes described*
 3 *in subsection (a), multi-institutional and*
 4 *multistate—*

5 *“(i) research, extension, and edu-*
 6 *cational programs on technology develop-*
 7 *ment; and*

8 *“(ii) integrated research, extension,*
 9 *and educational programs on technology*
 10 *implementation.*

11 *“(B) PROGRAMS.—Of the amount of funds*
 12 *that are used to provide grants for a fiscal year*
 13 *under subparagraph (A), the center shall use—*

14 *“(i) not less than 30 percent of the*
 15 *funds to carry out programs described in*
 16 *subparagraph (A)(i); and*

17 *“(ii) not less than 30 percent of the*
 18 *funds to carry out programs described in*
 19 *subparagraph (A)(ii).*

20 *“(3) INDIRECT COSTS.—A sun grant center may*
 21 *not recover the indirect costs of making grants under*
 22 *paragraph (2) to other land-grant colleges and uni-*
 23 *versities.*

24 *“(f) PLAN.—*

1 “(1) *IN GENERAL*.—Subject to the availability of
 2 funds under subsection (j), in cooperation with other
 3 land-grant colleges and universities and private in-
 4 dustry in accordance with paragraph (2), the sun
 5 grant centers shall jointly develop and submit to the
 6 Secretary, for approval, a plan for addressing at the
 7 State and regional levels the bioenergy, biomass, and
 8 gasification research priorities of the Department of
 9 Agriculture and the Department of Energy for the
 10 making of grants under paragraphs (1) and (2) of
 11 subsection (e).

12 “(2) *GASIFICATION COORDINATION*.—

13 “(A) *IN GENERAL*.—In developing the plan
 14 under paragraph (1) with respect to gasification
 15 research, the sun grant centers identified in
 16 paragraphs (1) and (2) of subsection (d) shall
 17 coordinate with land grant colleges and univer-
 18 sities in their respective regions that have ongo-
 19 ing research activities with respect to the re-
 20 search.

21 “(B) *FUNDING*.—Funds made available
 22 under subsection (d) to the sun grant center
 23 identified in subsection (e)(2) shall be available
 24 to carry out planning coordination under para-
 25 graph (1) of this subsection.

1 “(g) *GRANTS TO OTHER LAND-GRANT COLLEGES AND*
 2 *UNIVERSITIES.*—

3 “(1) *PRIORITY FOR GRANTS.*—*In making grants*
 4 *under subsection (e)(2), a sun grant center shall give*
 5 *a higher priority to programs that are consistent with*
 6 *the plan approved by the Secretary under subsection*
 7 *(f).*

8 “(2) *TERM OF GRANTS.*—*The term of a grant*
 9 *provided by a sun grant center under subsection*
 10 *(e)(2) shall not exceed 5 years.*

11 “(h) *GRANT INFORMATION ANALYSIS CENTER.*—*The*
 12 *sun grant centers shall maintain a Sun Grant Information*
 13 *Analysis Center at the sun grant center specified in sub-*
 14 *section (d)(1) to provide sun grant centers analysis and*
 15 *data management support.*

16 “(i) *ANNUAL REPORTS.*—*Not later than 90 days after*
 17 *the end of a year for which a sun grant center receives a*
 18 *grant under subsection (d), the sun grant center shall sub-*
 19 *mit to the Secretary a report that describes the policies, pri-*
 20 *orities, and operations of the program carried out by the*
 21 *center during the year, including a description of progress*
 22 *made in facilitating the priorities described in subsection*
 23 *(f).*

24 “(j) *FUNDING.*—

1 “(1) *COMMODITY CREDIT CORPORATION.*—*Of the*
 2 *funds of the Commodity Credit Corporation, the Sec-*
 3 *retary shall use to carry out this section, to remain*
 4 *available until expended—*

5 “(A) \$5,000,000 for fiscal year 2008;

6 “(B) \$10,000,000 for fiscal year 2009; and

7 “(C) \$10,000,000 for fiscal year 2010.

8 “(2) *AUTHORIZATION OF APPROPRIATIONS.*—

9 “(A) *IN GENERAL.*—*In addition to any*
 10 *other funds made available to carry out this sec-*
 11 *tion, there is authorized to be appropriated to*
 12 *carry out this section \$70,000,000 for each of fis-*
 13 *cal years 2008 through 2012.*

14 “(B) *GRANT INFORMATION ANALYSIS CEN-*
 15 *TER.*—*Of amounts made available under sub-*
 16 *paragraph (A), not more than \$4,000,000 for*
 17 *each fiscal year shall be made available to carry*
 18 *out subsection (h).*

19 **“SEC. 9010. REGIONAL BIOMASS CROP EXPERIMENTS.**

20 “(a) *PURPOSE.*—*The purpose of this section is to ini-*
 21 *tiate multi-region side-by-side crop experiments to provide*
 22 *a sound knowledge base on all aspects of the production of*
 23 *biomass energy crops, including crop species, nutrient re-*
 24 *quirements, management practices, environmental impacts,*
 25 *greenhouse gas implications, and economics.*

1 “(b) *CROP EXPERIMENTS.*—

2 “(1) *IN GENERAL.*—*The Secretary, in consulta-*
 3 *tion with the Board, based on the recommendations of*
 4 *the Advisory Committee, shall award 10 competitive*
 5 *grants to land-grant colleges and universities (as de-*
 6 *finied in section 1404 of the National Agricultural Re-*
 7 *search, Extension, and Teaching Policy Act of 1977*
 8 *(7 U.S.C. 3103)) to establish regional biomass crop*
 9 *research experiments (including experiments involv-*
 10 *ing annuals, perennials, and woody biomass species).*

11 “(2) *SELECTION OF GRANT RECIPIENTS.*—*Grant*
 12 *recipients shall be selected on the basis of applications*
 13 *submitted in accordance with guidelines issued by the*
 14 *Secretary.*

15 “(3) *SELECTION CRITERIA.*—*In selecting grant*
 16 *recipients, the Secretary shall consider—*

17 “(A) *the capabilities and experience of the*
 18 *applicant, including—*

19 “(i) *in conducting side-by-side crop ex-*
 20 *periments;*

21 “(ii) *engineering and research knowl-*
 22 *edge and experience relating to biofuels or*
 23 *the production of inputs for biofuel produc-*
 24 *tion; and*

1 “(iii) demonstrated willingness to con-
2 tribute significant in-kind resources;

3 “(B) the range of species types and crop-
4 ping practices proposed for study;

5 “(C) the quality of the proposed crop experi-
6 ment plan;

7 “(D) the commitment of the applicant of
8 adequate acreage and necessary resources for,
9 and continued participation in, the crop experi-
10 ments;

11 “(E) the need for regional diversity among
12 the 10 institutions selected; and

13 “(F) such other factors as the Secretary
14 may determine.

15 “(c) GRANTS.—The Secretary shall make a grant to
16 each land-grant college or university selected under sub-
17 section (b) in the amount of—

18 “(1) \$1,000,000 for fiscal year 2008;

19 “(2) \$2,000,000 for fiscal year 2009; and

20 “(3) \$1,000,000 for fiscal year 2010.

21 “(d) COORDINATION.—The Secretary shall coordinate
22 with participants under this section—

23 “(1) to provide coordination regarding biomass
24 crop research approaches; and

1 “(2) *to ensure coordination between biomass crop*
 2 *research activities carried out by land-grant colleges*
 3 *and universities under this section and by sun grant*
 4 *centers under section 9009.*

5 “(e) *FUNDING.*—

6 “(1) *COMMODITY CREDIT CORPORATION.*—*Of the*
 7 *funds of the Commodity Credit Corporation, the Sec-*
 8 *retary shall use to carry out this section, to remain*
 9 *available until expended—*

10 “(A) *\$10,000,000 for fiscal year 2008;*

11 “(B) *\$20,000,000 for fiscal year 2009; and*

12 “(C) *\$10,000,000 for fiscal year 2010.*

13 “(2) *AUTHORIZATION OF APPROPRIATIONS.*—*In*
 14 *addition to any other funds made available to carry*
 15 *out this section, there are authorized to be appro-*
 16 *priated such sums are necessary to carry out this sec-*
 17 *tion for each of fiscal years 2008 through 2012.*

18 **“SEC. 9011. NEW CENTURY FARM PROJECT.**

19 *“There is authorized to be appropriated to the Sec-*
 20 *retary to support the development and operation of an inte-*
 21 *grated and sustainable biomass, feedstock, and biofuels pro-*
 22 *duction system to serve as a model for a new century farm*
 23 *\$15,000,000 for the period of fiscal years 2008 through*
 24 *2012, to remain available until expended.*

1 **“SEC. 9012. BIOCHAR RESEARCH, DEVELOPMENT, AND DEM-**
 2 **ONSTRATION.**

3 “(a) *PURPOSE.*—*The purpose of this section is to sup-*
 4 *port research, development, and demonstration of biochar*
 5 *as a coproduct of bioenergy production, as a soil enhance-*
 6 *ment practice, and as a carbon management strategy.*

7 “(b) *DEFINITION OF BIOCHAR.*—*In this section, the*
 8 *term ‘biochar’ means charcoal or biomass-derived black car-*
 9 *bon that is added to soil to improve soil fertility, nutrient*
 10 *retention, and carbon content.*

11 “(c) *GRANTS.*—*The Secretary shall award competitive*
 12 *grants to eligible entities to support biochar research, devel-*
 13 *opment, and demonstration projects on multiple scales, in-*
 14 *cluding laboratory biochar research and field trials, and*
 15 *biochar systems on a single farm scale, local community*
 16 *scale, and agricultural cooperative scale.*

17 “(d) *ELIGIBLE ENTITIES.*—*To be eligible to receive a*
 18 *grant under this section, an entity shall be an eligible entity*
 19 *described in section 9005(d).*

20 “(e) *AREAS OF BIOCHAR RESEARCH, DEVELOPMENT,*
 21 *AND DEMONSTRATION.*—*In carrying out this section, the*
 22 *Secretary shall solicit proposals for activities that*
 23 *include—*

24 “(1) *the installation and use of biochar produc-*
 25 *tion systems, including pyrolysis and*
 26 *thermocombustion systems, and the integration of*

1 *biochar production with bioenergy and bioproducts*
 2 *production;*

3 “(2) *the study of agronomic effects of biochar*
 4 *usage in soils, including plant growth and yield ef-*
 5 *fects for different application rates and soil types,*
 6 *and implications for water and fertilizer needs;*

7 “(3) *biochar characterization, including analysis*
 8 *of physical properties, chemical structure, product*
 9 *consistency and quality, and the impacts of those*
 10 *properties on the soil-conditioning effects of biochar*
 11 *in different soil types;*

12 “(4) *the study of effects of the use of biochar on*
 13 *the carbon content of soils, with an emphasis on the*
 14 *potential for biochar applications to sequester carbon;*

15 “(5) *the study of effects of biochar on greenhouse*
 16 *gas emissions relating to crop production, including*
 17 *nitrous oxide and carbon dioxide emissions from*
 18 *cropland;*

19 “(6) *the study of the integration of renewable en-*
 20 *ergy and bioenergy production with biochar produc-*
 21 *tion;*

22 “(7) *the study of the economics of biochar pro-*
 23 *duction and use, including considerations of feedstock*
 24 *competition, synergies of coproduction with bioenergy,*

1 *the value of soil enhancements, and the value of soil*
 2 *carbon sequestration; and*

3 “(8) *such other topics as are identified by the*
 4 *Secretary.*

5 “(f) *FUNDING.—There is authorized to be appropriated*
 6 *to carry out this section \$3,000,000 for each of fiscal years*
 7 *2008 through 2012.*

8 **“SEC. 9013. RENEWABLE WOODY BIOMASS FOR ENERGY.**

9 “(a) *IN GENERAL.—The Secretary, acting through the*
 10 *Chief of the Forest Service (referred to in this section as*
 11 *the ‘Secretary’), shall conduct a competitive research, tech-*
 12 *nology development, and technology application program to*
 13 *encourage the use of renewable woody biomass for energy.*

14 “(b) *ELIGIBLE ENTITIES.—Entities eligible to compete*
 15 *under the program shall include—*

16 “(1) *the Forest Service (through Research and*
 17 *Development);*

18 “(2) *other Federal agencies;*

19 “(3) *State and local governments;*

20 “(4) *federally recognized Indian tribes;*

21 “(5) *colleges and universities; and*

22 “(6) *private entities.*

23 “(c) *PRIORITY FOR PROJECT SELECTION.—The Sec-*
 24 *retary shall give priority under the program to projects*
 25 *that—*

1 “(1) *develop technology and techniques to use*
 2 *low-value woody biomass sources, such as byproducts*
 3 *of forest health treatments and hazardous fuels reduc-*
 4 *tion, for the production of energy;*

5 “(2) *develop processes that integrate production*
 6 *of energy from woody biomass into biorefineries or*
 7 *other existing manufacturing streams;*

8 “(3) *develop new transportation fuels from*
 9 *woody biomass; and*

10 “(4) *improve the growth and yield of trees in-*
 11 *tended for renewable energy production.*

12 “(d) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 13 *authorized to be appropriated to carry out this section*
 14 *\$5,000,000 for each of fiscal years 2008 through 2012.*

15 **“SEC. 9014. COMMUNITY WOOD ENERGY PROGRAM.**

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

17 “(1) *COMMUNITY WOOD ENERGY PLAN.—The*
 18 *term ‘community wood energy plan’ means a plan*
 19 *that identifies how local forests can be accessed in a*
 20 *sustainable manner to help meet the wood supply*
 21 *needs of a community wood energy system.*

22 “(2) *COMMUNITY WOOD ENERGY SYSTEM.—*

23 “(A) *IN GENERAL.—The term ‘community*
 24 *wood energy system’ means an energy system*
 25 *that—*

1 “(i) *services schools, town halls, libraries,*
2 *and other public buildings; and*

3 “(ii) *uses woody biomass as the pri-*
4 *mary fuel.*

5 “(B) *INCLUSIONS.—The term ‘community*
6 *wood energy system’ includes single facility cen-*
7 *tral heating, district heating, combined heat and*
8 *energy systems, and other related biomass energy*
9 *systems.*

10 “(b) *GRANT PROGRAM.—*

11 “(1) *IN GENERAL.—The Secretary, acting*
12 *through the Chief of the Forest Service, shall establish*
13 *a program to be known as the ‘Community Wood En-*
14 *ergy Program’ to provide—*

15 “(A) *grants of up to \$50,000 to State and*
16 *local governments (or designees)—*

17 “(i) *to conduct feasibility studies re-*
18 *lated to community wood energy plans; and*

19 “(ii) *to develop community wood en-*
20 *ergy plans; and*

21 “(B) *competitive grants to State and local*
22 *governments—*

23 “(i) *to acquire or upgrade community*
24 *wood energy systems for public buildings;*
25 *and*

1 “(ii) to implement a community wood
2 energy plan.

3 “(2) *CONSIDERATIONS.*—In selecting applicants
4 for grants under paragraph (1)(B), the Secretary
5 shall consider—

6 “(A) the energy efficiency of the proposed
7 system; and

8 “(B) other conservation and environmental
9 criteria that the Secretary considers appropriate.

10 “(c) *COMMUNITY WOOD ENERGY PLAN.*—

11 “(1) *IN GENERAL.*—A State or local government
12 that receives a grant under subsection (b)(1)(A), shall
13 use the grant, and the technical assistance of the State
14 forester, to create a community wood energy plan to
15 meet the wood supply needs of the community wood
16 energy system, in a sustainable manner, that the
17 State or local government proposes to purchase under
18 this section.

19 “(2) *USE OF PLAN.*—A State or local government
20 applying to receive a competitive grant described in
21 subsection (b)(1)(B) shall submit to the Secretary as
22 part of the grant application the applicable commu-
23 nity wood energy plan described in paragraph (1).

1 “(3) *REQUIREMENT.*—*To be included in a com-*
 2 *munity wood energy plan, property shall be subject to*
 3 *a forest management plan.*

4 “(d) *USE IN PUBLIC BUILDINGS.*—*A State or local*
 5 *government that receives a grant under subsection (b)(1)(B)*
 6 *shall use a community wood energy system acquired, in*
 7 *whole or in part, with the use of the grant funds for pri-*
 8 *mary use in a public facility owned by the State or local*
 9 *government.*

10 “(e) *LIMITATION.*—*A community wood energy system*
 11 *acquired with grant funds provided under subsection*
 12 *(b)(1)(B) shall not exceed an output of—*

13 “(1) *50,000,000 Btu per hour for heating; and*

14 “(2) *2 megawatts for electric power production.*

15 “(f) *MATCHING FUNDS.*—*A State or local government*
 16 *that receives a grant under subsection (b) shall contribute*
 17 *an amount of non-Federal funds towards the feasibility*
 18 *study, development of the community wood energy plan, or*
 19 *acquisition of the community wood energy systems that is*
 20 *at least equal to the amount of grant funds received by the*
 21 *State or local government under that subsection.*

22 “(g) *AUTHORIZATION OF APPROPRIATIONS.*—*There is*
 23 *authorized to be appropriated to carry out this section*
 24 *\$5,000,000 for each of fiscal years 2008 through 2012.*

1 **“SEC. 9015. RURAL ENERGY SYSTEMS RENEWAL.**

2 “(a) *PURPOSE.*—*The purpose of this section is to es-*
3 *tablish a Federal program—*

4 “(1) *to encourage communities in rural areas of*
5 *the United States to establish energy systems renewal*
6 *strategies for their communities;*

7 “(2) *to provide the information, analysis assist-*
8 *ance, and guidance that the communities need; and*

9 “(3) *to provide financial resources to partially*
10 *fund the costs of carrying out community energy sys-*
11 *tems renewal projects.*

12 “(b) *PROGRAM AUTHORITY.*—*The Secretary shall es-*
13 *tablish and carry out a program of competitive grants to*
14 *support communities in rural areas in carrying out rural*
15 *energy systems renewal projects.*

16 “(c) *USE OF GRANTS.*—*A community may use a grant*
17 *provided under this section to carry out a project—*

18 “(1) *to conduct an energy assessment that as-*
19 *sesses total energy usage by all members and activities*
20 *of the community, including an assessment of—*

21 “(A) *energy used in community facilities,*
22 *including energy for heating, cooling, lighting,*
23 *and all other building and facility uses;*

24 “(B) *energy used in transportation by com-*
25 *munity members;*

1 “(C) current sources and types of energy
2 used;

3 “(D) energy embedded in other materials
4 and products;

5 “(E) the major impacts of the energy usage
6 (including the impact on the quantity of oil im-
7 ported, total costs, the environment, and green-
8 house gas emissions); and

9 “(F) such other activities as are determined
10 appropriate by the community, consistent with
11 the purposes described in subsection (a);

12 “(2) to formulate and analyze ideas for reducing
13 conventional energy usage and greenhouse gas emis-
14 sions by the community, including reduction of en-
15 ergy usage through—

16 “(A) housing insulation, automatic controls
17 on lighting and electronics, zone energy usage,
18 and home energy conservation practices;

19 “(B) transportation alternatives, vehicle op-
20 tions, transit options, transportation conserva-
21 tion, and walk- and bike-to-school programs;

22 “(C) community configuration alternatives
23 to provide pedestrian access to regular services;
24 and

1 “(D) *community options for alternative en-*
 2 *ergy systems (including alternative fuels, photo-*
 3 *voltaic electricity, wind energy, geothermal heat*
 4 *pump systems, and combined heat and power);*

5 “(3) *to formulate and implement community*
 6 *strategies for reducing conventional energy usage and*
 7 *greenhouse gas emissions by the community;*

8 “(4) *to conduct assessments and to track and*
 9 *record the results of energy system changes; and*

10 “(5) *to train rural community energy profes-*
 11 *sionals to provide expert support to community en-*
 12 *ergy systems renewal projects.*

13 “(d) *FEDERAL SHARE.—The Federal cost of carrying*
 14 *out a project under this section shall be 50 percent of the*
 15 *total cost of the project.*

16 “(e) *ADMINISTRATION.—The Secretary shall—*

17 “(1) *issue, on an annual basis, requests for pro-*
 18 *posals from communities in rural areas for energy*
 19 *systems renewal projects; and*

20 “(2) *in consultation with the Secretary of En-*
 21 *ergy and the Secretary of Transportation, as appro-*
 22 *priate, establish criteria for program participation*
 23 *and evaluation of projects carried out under this sec-*
 24 *tion, including criteria based on—*

1 “(A) the quality of the renewal projects pro-
2 posed;

3 “(B) the probability of success of the com-
4 munity in meeting the energy systems renewal
5 goals of the community;

6 “(C) the projected energy savings (including
7 oil savings) resulting from the proposed projects;
8 and

9 “(D) projected greenhouse gas emission re-
10 ductions resulting from the proposed projects.

11 “(f) *TECHNICAL ASSISTANCE*.—The Secretary, in con-
12 sultation with the Secretary of Energy and the Secretary
13 of Transportation, shall—

14 “(1) develop, and provide through the National
15 Institute of Food and Agriculture or State Energy Of-
16 fices, information and tools that communities in
17 rural areas can use—

18 “(A) to assess the current energy systems of
19 the communities, including sources, uses, and
20 impacts;

21 “(B) to identify and evaluate options for
22 changes;

23 “(C) to develop strategies and plans for
24 changes; and

1 “(D) to implement changes and assess the
2 impact of the changes; and

3 “(2) provide technical assistance and support to
4 communities in rural areas that receive grants under
5 this section to assist the communities in carrying out
6 projects under this section.

7 “(g) *REPORT*.—Not later than December 31, 2011, and
8 biennially thereafter, the Secretary shall submit to the Com-
9 mittee on Agriculture of the House of Representatives and
10 the Committee on Agriculture, Nutrition, and Forestry, the
11 Committee on Commerce, Science, and Transportation, and
12 the Committee on Energy and Natural Resources of the Sen-
13 ate a report that documents the best practices and ap-
14 proaches used by communities in rural areas that receive
15 funds under this section.

16 “(h) *AUTHORIZATION OF APPROPRIATIONS*.—There is
17 authorized to be appropriated to the Secretary to make
18 grants under this section \$5,000,000 for each of fiscal years
19 2008 through 2012.

20 **“SEC. 9016. VOLUNTARY RENEWABLE BIOMASS CERTIFI-**
21 **CATION PROGRAM.**

22 “(a) *ESTABLISHMENT*.—The Secretary, in consulta-
23 tion with Administrator, shall establish a voluntary pro-
24 gram to certify renewable biomass that meets sustainable
25 growing standards designed—

1 “(1) *to reduce greenhouse gases and improve soil*
2 *carbon content;*

3 “(2) *to protect wildlife habitat, and*

4 “(3) *to protect air, soil, and water quality.*

5 “(b) *VOLUNTARY CERTIFICATION REQUIREMENTS.—*

6 *To qualify for certification under the program established*
7 *under subsection (a), a biomass crop shall be inspected and*
8 *certified as meeting the standards adopted under subsection*
9 *(c) by an inspector designated under subsection (d).*

10 “(c) *PRODUCTION STANDARDS.—*

11 “(1) *IN GENERAL.—The Secretary shall adopt*
12 *standards for the certification of renewable biomass*
13 *under subsection (b) that will apply to those pro-*
14 *ducers who elect to participate in the voluntary cer-*
15 *tification program.*

16 “(2) *REQUIREMENT.—The standards under*
17 *paragraph (1) shall provide measurement of a numer-*
18 *ical reduction in greenhouse gases, improvement to*
19 *soil carbon content, and reduction in soil and water*
20 *pollutants, based on the recommendations of an advi-*
21 *sory committee jointly established by the Secretary*
22 *and the Administrator.*

23 “(d) *INSPECTORS.—The Secretary shall designate in-*
24 *spectors that the Secretary determines are qualified to carry*

1 *out inspections and certifications under subsection (b) in*
 2 *order to certify renewable biomass under this section.*

3 “(e) *DESIGNATION.*—*A product produced from renew-*
 4 *able biomass that is certified under this section may be des-*
 5 *ignated as having been produced from certified renewable*
 6 *biomass if—*

7 “(1) *the producer of the product verifies that the*
 8 *product was produced from renewable biomass; and*

9 “(2) *the verification includes a copy of the cer-*
 10 *tification obtained in accordance with subsection (b).*

11 **“SEC. 9017. ADMINISTRATION.**

12 “*The Secretary shall designate an entity within the*
 13 *Department of Agriculture to—*

14 “(1) *provide oversight and coordination of all*
 15 *activities relating to renewable energy and biobased*
 16 *product development within the Department;*

17 “(2) *act as a liaison between the Department*
 18 *and other Federal, State, and local agencies to ensure*
 19 *coordination among activities relating to renewable*
 20 *energy and biobased product development;*

21 “(3) *assist agriculture researchers by evaluating*
 22 *the market potential of new biobased products in the*
 23 *initial phase of development;*

24 “(4) *collect and disseminate information relating*
 25 *to renewable energy and biobased product develop-*

1 *ment programs, including research, within the Fed-*
 2 *eral Government; and*

3 *“(5) establish and maintain a public database of*
 4 *best practices to facilitate information sharing relat-*
 5 *ing to—*

6 *“(A) renewable energy and biobased product*
 7 *development from programs under this title and*
 8 *other programs; and*

9 *“(B) best practices for producing, collecting,*
 10 *harvesting, storing, and transporting crops of re-*
 11 *newable biomass, as described under section*
 12 *9004(d)(3)(B) of the Farm Security and Rural*
 13 *Investment Act of 2002.*

14 **“SEC. 9018. BIOFUELS INFRASTRUCTURE STUDY.**

15 *“(a) IN GENERAL.—The Secretary, in collaboration*
 16 *with the Secretary of Energy, the Administrator, and the*
 17 *Secretary of Transportation, shall—*

18 *“(1) conduct an assessment of the infrastructure*
 19 *needs for expanding the domestic production, trans-*
 20 *port, and marketing of biofuels and bioenergy;*

21 *“(2) formulate recommendations for infrastruc-*
 22 *ture development needs and approaches; and*

23 *“(3) submit a report describing the assessment*
 24 *and recommendations to—*

1 “(A) *the Committee on Agriculture, Nutri-*
2 *tion, and Forestry of the Senate;*

3 “(B) *the Committee on Commerce, Science,*
4 *and Transportation of the Senate;*

5 “(C) *the Committee on Energy and Natural*
6 *Resources of the Senate; and*

7 “(D) *the Committee on Environment and*
8 *Public Works of the Senate.*

9 “(b) *INFRASTRUCTURE AREAS.—In carrying out sub-*
10 *section (a), the Secretary shall consider—*

11 “(1) *biofuel transport and delivery infrastructure*
12 *issues, including shipment by rail, truck, pipeline, or*
13 *barge;*

14 “(2) *biofuel storage needs;*

15 “(3) *biomass feedstock delivery needs, including*
16 *adequacy of rural roads;*

17 “(4) *biomass feedstock storage needs;*

18 “(5) *water resource needs, including water re-*
19 *quirements for biorefineries;*

20 “(6) *education and outreach for agricultural*
21 *producers transitioning to cellulosic feedstocks; and*

22 “(7) *such other infrastructure issues as the Sec-*
23 *retary may determine.*

24 “(c) *CONSIDERATIONS.—In carrying out subsection*
25 *(a), the Secretary shall consider—*

1 “(1) *estimated future biofuels production levels*
2 *of—*

3 “(A) *20,000,000,000 gallons per year to*
4 *40,000,000,000 gallons per year by 2020; and*

5 “(B) *50,000,000,000 gallons per year to*
6 *75,000,000,000 gallons per year by 2030;*

7 “(2) *the feasibility of shipping biofuels through*
8 *existing pipelines;*

9 “(3) *the development of new biofuels pipelines,*
10 *including siting, financing, timing, and other eco-*
11 *nom ic issues;*

12 “(4) *the environmental implications of alter-*
13 *native approaches to infrastructure development;*

14 “(5) *the resource use and conservation character-*
15 *istics of alternative approaches to infrastructure de-*
16 *velopment;*

17 “(6) *the impact on the development of renewable*
18 *energy when public and private utilities do not pay*
19 *competitive rates for wind, solar, and biogas energy*
20 *from agricultural sources; and*

21 “(7) *the environmental benefits of planting pe-*
22 *rennial grasses for the production of cellulosic eth-*
23 *anol.*

24 “(d) *IMPLEMENTATION.—In carrying out this section,*
25 *the Secretary—*

1 “(1) shall consult with individuals and entities
2 with interest or expertise in the areas described in
3 subsections (b) and (c); and

4 “(2) may issue a solicitation for a competition
5 to select a contractor to support the Secretary.

6 “(e) *AUTHORIZATION OF APPROPRIATIONS.*—There is
7 authorized to be appropriated to carry out this section
8 \$1,000,000 for each of fiscal years 2008 and 2009.

9 **“SEC. 9019. RURAL NITROGEN FERTILIZER STUDY.**

10 “(a) *PURPOSES.*—The purposes of this section are—

11 “(1) to assess the feasibility of producing nitro-
12 gen fertilizer from renewable energy resources in rural
13 areas; and

14 “(2) to formulate recommendations for a pro-
15 gram to promote rural nitrogen fertilizer production
16 from renewable energy resources in the future.

17 “(b) *STUDY.*—The Secretary shall—

18 “(1) conduct a study to assess and summarize
19 the current state of knowledge regarding the potential
20 for the production of nitrogen fertilizer from renew-
21 able energy sources in rural areas;

22 “(2) identify the critical challenges to commer-
23 cialization of rural production of nitrogen fertilizer
24 from renewables; and

1 “(3) not later than 270 days after the date of en-
 2 actment of this section, submit to the Committee on
 3 Agriculture of the House of Representatives and the
 4 Committee on Agriculture, Nutrition, and Forestry
 5 and the Committee on Commerce, Science, and Trans-
 6 portation of the Senate a report that summarizes the
 7 results of the activities described in paragraphs (1)
 8 and (2).

9 “(c) *NEEDS*.—

10 “(1) *IN GENERAL*.—Based on the results of the
 11 study described in subsection (b), the Secretary shall
 12 identify the critical needs to commercializing the
 13 rural production of nitrogen fertilizer from renew-
 14 ables, including—

15 “(A) identifying alternative processes for re-
 16 newables-to-nitrogen fertilizer production;

17 “(B) identifying efficiency improvements
 18 that are necessary for each component of renew-
 19 ables-to-nitrogen fertilizer production processes to
 20 produce cost-competitive nitrogen fertilizer;

21 “(C) identifying research and technology
 22 priorities for the most promising technologies;

23 “(D) identifying economic analyses needed
 24 to better understand the commercial potential of
 25 rural nitrogen production from renewables;

1 “(E) identifying additional challenges im-
 2 peding commercialization, including—

3 “(i) cost competition from nitrogen fer-
 4 tilizer produced using natural gas and coal;

5 “(ii) modifications or expansion need-
 6 ed to the currently-installed nitrogen fer-
 7 tilizer (anhydrous ammonia) pipeline and
 8 storage tank system to enable interconnec-
 9 tion of on-farm or rural renewables-to-ni-
 10 trogen fertilizer systems;

11 “(iii) impact on nitrogen fertilizer
 12 (anhydrous ammonia) transportation infra-
 13 structure, safety, and security;

14 “(iv) supply of competitively-priced re-
 15 newable electricity; and

16 “(v) impacts on domestic water sup-
 17 plies; and

18 “(F) determining greenhouse gas reduction
 19 benefits of producing nitrogen fertilizer from re-
 20 newable energy.

21 “(d) *PROGRAM RECOMMENDATIONS*.—As part of the
 22 report described in subsection (b)(3) and based on the needs
 23 identified in subsection (c), the Secretary shall provide rec-
 24 ommendations on—

1 “(1) *the establishment of a research, development,*
 2 *and demonstration program to support commer-*
 3 *cialization of rural nitrogen production using renew-*
 4 *ables;*

5 “(2) *the appropriate contents of the program;*

6 “(3) *the appropriate approach to implementing*
 7 *the program, including participants and funding*
 8 *plans; and*

9 “(4) *legislation to support commercialization of*
 10 *rural nitrogen production using renewables.*

11 “(e) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 12 *authorized to be appropriated to carry out this section*
 13 *\$1,000,000 for fiscal year 2008.*

14 **“SEC. 9020. STUDY OF LIFE-CYCLE ANALYSIS OF BIOFUELS.**

15 “(a) *IN GENERAL.—The Secretary, in consultation*
 16 *with the Secretary of Energy and the Administrator, shall*
 17 *conduct a study of—*

18 “(1) *published methods for evaluating the*
 19 *lifecycle greenhouse gas emissions of conventional*
 20 *fuels and biofuels; and*

21 “(2) *methods for performing simplified, stream-*
 22 *lined lifecycle analyses of the greenhouse gas emis-*
 23 *sions of conventional fuels and biofuels.*

24 “(b) *REPORT.—Not later than 1 year after the date*
 25 *of enactment of this section, the Secretary shall submit to*

1 *the Committee on Agriculture of the House of Representa-*
2 *tives and the Committee on Agriculture, Nutrition, and*
3 *Forestry of the Senate a report that describes the results*
4 *of the study conducted under subsection (a), including rec-*
5 *ommendations for a method for performing a simplified,*
6 *streamlined lifecycle analysis of the greenhouse gas emis-*
7 *sions of biofuels and fossil fuels that includes—*

8 “(1) *greenhouse gas emissions relating to the*
9 *production, extraction, transportation, storage, and*
10 *waste disposal of the fuels and the feedstocks of the*
11 *fuels, including the greenhouse gases associated with*
12 *electrical and thermal energy inputs;*

13 “(2) *greenhouse gas emissions relating to the dis-*
14 *tribution, marketing, and use of the fuels; and*

15 “(3) *to the maximum extent practicable, direct*
16 *and indirect greenhouse gas emissions from changes*
17 *in land use and land cover that occur domestically or*
18 *internationally as a result of biofuel feedstock produc-*
19 *tion.*

20 “(c) *UPDATE.—Not later than 2 years after the date*
21 *on which the Secretary submits the report under subsection*
22 *(b), the Secretary shall submit to the Committee on Agri-*
23 *culture of the House of Representatives and the Committee*
24 *on Agriculture, Nutrition, and Forestry of the Senate an*
25 *update containing recommendations for an improved meth-*

1 *od for conducting lifecycle analysis of the greenhouse gas*
 2 *emissions of biofuels and fossil fuels that takes into account*
 3 *advances in the understanding of the emissions.*

4 **“SEC. 9021. E-85 FUEL PROGRAM.**

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

6 “(1) *E-85 FUEL.—The term ‘E-85 fuel’ means*
 7 *a blend of gasoline at least 85 percent (or any other*
 8 *percentage, but not less than 70 percent, as deter-*
 9 *mined by the Secretary, by rule, to provide for re-*
 10 *quirements relating to cold start, safety, or vehicle*
 11 *functions) of the content of which is derived from eth-*
 12 *anol.*

13 “(2) *ELIGIBLE FACILITY.—The term ‘eligible fa-*
 14 *cility’ means an ethanol production facility, the ma-*
 15 *jority ownership of which is comprised of agricultural*
 16 *producers.*

17 “(b) *PROGRAM.—The Secretary shall make grants*
 18 *under this section to eligible facilities—*

19 “(1) *to install E-85 fuel infrastructure, includ-*
 20 *ing infrastructure necessary—*

21 “(A) *for the direct retail sale of E-85 fuel,*
 22 *including E-85 fuel pumps and storage tanks;*
 23 *and*

24 “(B) *to directly market E-85 fuel to gas re-*
 25 *tailers, including in-line blending equipment,*

1 pumps, storage tanks, and load-out equipment;
2 and

3 “(2) to provide subgrants to direct retailers of
4 E-85 fuel that are located in a rural area (as defined
5 in section 343(a) of the Consolidated Farm and Rural
6 Development Act (7 U.S.C. 1991(a))) for the purpose
7 of installing E-85 fuel infrastructure for the direct
8 retail sale of E-85 fuel, including E-85 fuel pumps
9 and storage tanks.

10 “(c) *COST SHARING.*—

11 “(1) *GRANTS.*—The amount of a grant under
12 this section shall be equal to 20 percent of the total
13 costs of the installation of the E-85 fuel infrastruc-
14 ture, as determined by the Secretary.

15 “(2) *RELATIONSHIP TO OTHER FEDERAL FUND-*
16 *ING.*—The amount of a grant that an eligible facility
17 receives under this section shall be reduced by the
18 amount of other Federal funding that the eligible fa-
19 cility receives for the same purpose, as determined by
20 the Secretary.

21 “(3) *LIMITATION.*—Not more than 70 percent of
22 the total costs of E-85 fuel infrastructure provided as-
23 sistance under this section shall be provided by the
24 Federal Government and State and local govern-
25 ments.

1 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—Subject
 2 to the availability of appropriations, there is authorized to
 3 be appropriated to carry out this section \$20,000,000 for
 4 the period of fiscal years 2008 through 2012, to remain
 5 available until expended.

6 **“SEC. 9022. RESEARCH AND DEVELOPMENT OF RENEWABLE**
 7 **ENERGY.**

8 “(a) *IN GENERAL.*—The Secretary, in conjunction
 9 with the Colorado Renewable Energy Collaboratory, shall
 10 carry out a research and development program relating to
 11 renewable energy—

12 “(1) to conduct research on and develop high-
 13 quality energy crops that—

14 “(A) have high energy production values;

15 “(B) are cost efficient for producers and re-
 16 finers;

17 “(C) are well suited to high yields with
 18 minimal inputs in arid and semiarid regions;
 19 and

20 “(D) are regionally appropriate;

21 “(2) to conduct research on and develop bio-
 22 refining and biofuels through multidisciplinary re-
 23 search, including research relating to—

24 “(A) biochemical engineering;

25 “(B) process engineering;

1 “(C) thermochemical engineering;

2 “(D) product engineering; and

3 “(E) systems engineering;

4 “(3) to develop cost-effective methods for the har-
5 vesting, handling, transport, and storage of cellulosic
6 biomass feedstocks;

7 “(4) to conduct research on and develop fer-
8 tilizers from biobased sources other than hydrocarbon
9 fuels;

10 “(5) to develop energy- and water-efficient irri-
11 gation systems;

12 “(6) to research and develop water-efficient
13 biofuel production technologies;

14 “(7) to research and develop additional biobased
15 products;

16 “(8) in cooperation with the Department of En-
17 ergy and the Department of Defense, to develop stor-
18 age and conversion technologies for wind- and solar-
19 generated power for small-scale and utility-scale gen-
20 eration facilities; and

21 “(9) in cooperation with the Department of En-
22 ergy, to research fuel cell technologies for use in farm,
23 ranch, and rural applications.

24 “(b) AUTHORIZATION OF APPROPRIATIONS.—

1 “(1) *IN GENERAL.*—*There is authorized to be ap-*
 2 *propriated to carry out this section \$5,000,000 for*
 3 *each of fiscal years 2008 through 2012, to remain*
 4 *available until expended.*

5 “(2) *ADDITIONAL FUNDS.*—*In addition to funds*
 6 *made available under paragraph (1), there are au-*
 7 *thorized to be appropriated—*

8 “(A) *\$110,000,000 to the Under Secretary*
 9 *for Research, Education, and Economics, acting*
 10 *through the Agricultural Research Service, for*
 11 *cellulosic biofuel research for each of fiscal years*
 12 *2008 through 2012; and*

13 “(B) *\$110,000,000 to the Secretary and the*
 14 *Secretary of Energy for the development of*
 15 *smaller-scale biorefineries and biofuel plants for*
 16 *each of fiscal years 2008 through 2012.*

17 **“SEC. 9023. NORTHEAST DAIRY NUTRIENT MANAGEMENT**
 18 **AND ENERGY DEVELOPMENT PROGRAM.**

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

20 “(1) *CONSORTIUM.*—*The term ‘consortium’*
 21 *means a collaboration of land-grant colleges or uni-*
 22 *versities in the Northeast region that have programs*
 23 *devoted to dairy manure nutrient management and*
 24 *energy conversion from dairy manure.*

1 “(2) *LAND-GRANT COLLEGES AND UNIVER-*
 2 *SITIES.*—*The term ‘land-grant colleges and univer-*
 3 *sities’ has the meaning given the term in section 1404*
 4 *of the National Agricultural Research, Extension, and*
 5 *Teaching Policy Act of 1977 (7 U.S.C. 3103)).*

6 “(3) *NORTHEAST REGION.*—*The term ‘Northeast*
 7 *region’ means the States of Connecticut, Delaware,*
 8 *Massachusetts, Maryland, Maine, New Hampshire,*
 9 *New Jersey, New York, Pennsylvania, Rhode Island,*
 10 *Vermont, and West Virginia.*

11 “(4) *PROGRAM.*—*The term ‘program’ means the*
 12 *dairy nutrient management and energy development*
 13 *program established under subsection (b).*

14 “(b) *ESTABLISHMENT.*—*The Secretary shall establish*
 15 *a dairy nutrient management and energy development pro-*
 16 *gram under which the Secretary shall provide funds to the*
 17 *consortium to carry out multistate, integrated research, ex-*
 18 *tension, and demonstration projects for nutrient manage-*
 19 *ment and energy development in the Northeast Region.*

20 “(c) *STEERING COMMITTEE.*—

21 “(1) *IN GENERAL.*—*The consortium shall estab-*
 22 *lish a steering committee to administer the program.*

23 “(2) *CHAIRPERSON.*—*For each calendar year, or*
 24 *for such other period as the consortium determines to*
 25 *be appropriate, the consortium shall select a chair-*

1 *person of the steering committee in a manner that en-*
 2 *sures that each member of the consortium is rep-*
 3 *resented by a chairperson on a rotating basis.*

4 “(3) *BOARD.*—

5 “(A) *IN GENERAL.*—*The steering committee*
 6 *shall establish a board of directors to assist in*
 7 *the administration of the program.*

8 “(B) *COMPOSITION.*—*The board shall con-*
 9 *sist of representatives of—*

10 “(i) *dairy cooperatives and other pro-*
 11 *ducer groups;*

12 “(ii) *State departments of agriculture;*

13 “(iii) *conservation organizations; and*

14 “(iv) *other appropriate Federal and*
 15 *State agencies.*

16 “(d) *USE OF FUNDS.*—

17 “(1) *ADMINISTRATIVE COSTS.*—*The consortium*
 18 *may use not more than 10 percent of the total amount*
 19 *of funds provided to the consortium under this section*
 20 *to pay the administrative costs of the program.*

21 “(2) *GRANT PROGRAM.*—

22 “(A) *IN GENERAL.*—*The consortium shall*
 23 *use the amounts provided under this section to*
 24 *provide grants to applicants, including dairy co-*
 25 *operatives, producers and producer groups, State*

1 *departments of agriculture and other appro-*
 2 *priate State agencies, and institutions of higher*
 3 *education, to carry out integrated research, ex-*
 4 *tension, and demonstration projects in the*
 5 *Northeast region to address manure nutrient*
 6 *management and energy development.*

7 “(B) *APPLICATIONS.*—*The steering com-*
 8 *mittee established under subsection (c)(1), in co-*
 9 *ordination with the board established by the*
 10 *steering committee, shall annually publish 1 or*
 11 *more requests to receive applications for grants*
 12 *under this paragraph.*

13 “(C) *SELECTION.*—

14 “(i) *IN GENERAL.*—*The board of the*
 15 *steering committee shall select applications*
 16 *submitted under subparagraph (B) for*
 17 *grants under this paragraph—*

18 “(I) *on a competitive basis;*

19 “(II) *in accordance with such pri-*
 20 *ority technical areas and distribution*
 21 *requirements as the steering committee*
 22 *may establish; and*

23 “(III) *in a manner that ensures,*
 24 *to the maximum extent practicable,*
 25 *that an equal quantity of resources is*

1 *provided to each member of the consor-*
2 *tium.*

3 “(ii) *REVIEW.*—*Before selecting any*
4 *application under clause (i), the board shall*
5 *ensure that the program proposed in the ap-*
6 *plication is subject to a merit review by an*
7 *independent panel of scientific experts with*
8 *experience relating to the program.*

9 “(iii) *PRIORITY.*—*In selecting applica-*
10 *tions under clause (i), the board shall give*
11 *priority to applications for programs*
12 *that—*

13 “(I) *include multiorganizational*
14 *partnerships, especially partnerships*
15 *that include producers; and*

16 “(II) *attract the most current and*
17 *applicable science for nutrient manage-*
18 *ment and energy development that can*
19 *be applied in the Northeast region.*

20 “(D) *COST SHARING.*—*An applicant that*
21 *receives a grant under this paragraph shall pro-*
22 *vide not less than 20 percent of the cost of the*
23 *project carried out by the applicant.*

1 “(e) *AVAILABILITY OF RESULTS.*—*The consortium*
 2 *shall ensure that the results of each project carried out pur-*
 3 *suant to the program are made publicly available.*

4 “(f) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
 5 *authorized to be appropriated such sums as are necessary*
 6 *to carry out this section.*

7 **“SEC. 9024. REPORT ON THE GROWTH POTENTIAL FOR CEL-**
 8 **LULOSIC MATERIAL.**

9 *“Not later than 18 months after the date of enactment*
 10 *of this Act, the Secretary shall submit to the Committee on*
 11 *Agriculture of the House of Representatives and the Com-*
 12 *mittee on Agriculture, Nutrition, and Forestry of the Senate*
 13 *a comprehensive report that, on a State-by-State basis—*

14 “(1) *identifies the range of cellulosic feedstock*
 15 *materials that can be grown and are viable can-*
 16 *didates for renewable fuel production;*

17 “(2) *estimates the acreage available for growing*
 18 *the cellulosic feedstock materials identified under*
 19 *paragraph (1);*

20 “(3) *estimates the quantity of available energy*
 21 *per acre for each cellulosic feedstock material identi-*
 22 *fied under paragraph (1);*

23 “(4) *calculates the development potential for*
 24 *growing cellulosic feedstock materials, based on—*

1 “(A) *the range of cellulosic materials avail-*
2 *able for growth;*

3 “(B) *soil quality;*

4 “(C) *climate variables;*

5 “(D) *the quality and availability of water;*

6 “(E) *agriculture systems that are in place*
7 *as of the date of enactment of this Act;*

8 “(F) *available acreage; and*

9 “(G) *other relevant factors identified by the*
10 *Secretary; and*

11 “(5) *rates the development potential for growing*
12 *cellulosic feedstock material, with the ratings dis-*
13 *played on maps of the United States that indicate the*
14 *development potential of each State, as calculated by*
15 *the Secretary under paragraph (4).*

16 **“SEC. 9025. FUTURE FARMSTEADS PROGRAM.**

17 “(a) *ESTABLISHMENT.—The Secretary shall establish*
18 *a program to equip, in each of 5 regions of the United*
19 *States chosen to represent different farming practices, a*
20 *farm house and its surrounding fields, facilities, and for-*
21 *ested areas with technologies to—*

22 “(1) *improve farm energy production and energy*
23 *use efficiencies;*

24 “(2) *provide working examples to farmers; and*

1 “(3) serve as an education, demonstration, and
 2 research facility that will teach graduate students
 3 whose focus of research is related to either renewable
 4 energy or energy conservation technologies.

5 “(b) GOALS.—The goals of the program established
 6 under subsection (a) shall be to—

7 “(1) advance farm energy use efficiencies and the
 8 on-farm production of renewable energies, along with
 9 advanced communication and control technologies
 10 with the latest in energy capture and conversion tech-
 11 niques, thereby enhancing rural energy independence
 12 and creating new revenues for rural economies;

13 “(2) accelerate private sector and university re-
 14 search into the efficient on-farm production of renew-
 15 able fuels and help educate the farming industry, stu-
 16 dents, and the general public; and

17 “(3) accelerate energy independence, including
 18 the production and the conservation of renewable en-
 19 ergies on farms.

20 “(c) COLLABORATION PARTNERS.—The program
 21 under this section shall be carried out in partnership with
 22 regional land grant institutions, agricultural commodity
 23 commissions, biofuels companies, sensor and controls com-
 24 panies, and internet technology companies.

1 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
 2 *are authorized to be appropriated such sums as are nec-*
 3 *essary to carry out this section.*”.

4 **SEC. 9002. SENSE OF THE SENATE CONCERNING HIGHER**
 5 **LEVELS OF ETHANOL BLENDED GASOLINE.**

6 (a) *FINDINGS.*—*The Senate finds that, as of the date*
 7 *of enactment of this Act—*

8 (1) *annual ethanol production capacity totals*
 9 *6,800,000,000 gallons;*

10 (2) *current and planned construction of ethanol*
 11 *refineries will likely increase annual ethanol produc-*
 12 *tion capacity to 12,000,000,000 to 13,000,000,000*
 13 *gallons by December 31, 2009;*

14 (3) *under existing regulations, only gasoline*
 15 *blended with up to 10 percent ethanol (commonly*
 16 *known as “E–10”) may be consumed by nonflexible*
 17 *fuel vehicles;*

18 (4) *the total market demand for E–10—*

19 (A) *is limited to 10 percent of domestic*
 20 *motor fuel consumption; and*

21 (B) *is further constrained by State-admin-*
 22 *istered reformulated gasoline regulations and re-*
 23 *gional infrastructure constraints;*

24 (5) *beyond the market demand for E–10, insuffi-*
 25 *cient E–85 infrastructure exists to absorb the in-*

1 *creased ethanol production beyond 12,000,000,000 to*
 2 *13,000,000,000 gallons in the short term;*

3 *(6) the approval of intermediate blends of eth-*
 4 *anol-blended gasoline, such as E-13, E-15, E-20,*
 5 *and higher blends, is critical to the uninterrupted*
 6 *growth of the United States biofuels industry; and*

7 *(7) maintaining the growth of the United States*
 8 *biofuels industry is a matter of national security and*
 9 *sustainable economic growth.*

10 *(b) SENSE OF THE SENATE.—It is the sense of the Sen-*
 11 *ate that the Secretary should—*

12 *(1) collaborate with the Secretary of Energy, the*
 13 *Secretary of Transportation, and the Administrator*
 14 *of the Environmental Protection Agency in con-*
 15 *ducting a study of the economic and environmental*
 16 *effects of intermediate blends of ethanol in United*
 17 *States fuel supply;*

18 *(2) ensure that the approval of intermediate*
 19 *blends of ethanol occurs after the appropriate tests*
 20 *have successfully concluded proving the drivability,*
 21 *compatibility, emissions, durability, and health effects*
 22 *of higher blends of ethanol-blended gasoline; and*

23 *(3) ensure that the approval of intermediate*
 24 *blends of ethanol-blended gasoline occurs by not later*
 25 *than 1 year after the date of enactment of this Act.*

1 **SEC. 9003. CONFORMING AMENDMENTS.**

2 (a) *BIOMASS RESEARCH AND DEVELOPMENT ACT OF*
 3 *2000.*—*Title III of the Agricultural Risk Protection Act of*
 4 *2000 (7 U.S.C. 7624 note; Public Law 106–224) is repealed.*

5 (b) *MARKETING PROGRAM FOR BIOBASED PROD-*
 6 *UCTS.*—

7 (1) *IMPLEMENTATION.*—

8 (A) *IN GENERAL.*—*The Secretary shall con-*
 9 *tinue to carry out the designation and labeling*
 10 *of biobased products in accordance with section*
 11 *9002 of the Farm Security and Rural Invest-*
 12 *ment Act of 2002 (7 U.S.C. 8102) as in effect on*
 13 *the day before the date of enactment of this Act*
 14 *until the date on which the Secretary is able to*
 15 *begin carrying out section 9002(a) of that Act*
 16 *(as amended by section 9001), which shall begin*
 17 *not later than 90 days after the date of enact-*
 18 *ment of this Act.*

19 (B) *EXISTING LISTINGS.*—*Biobased prod-*
 20 *ucts designated and labeled under section 9002 of*
 21 *the Farm Security and Rural Investment Act of*
 22 *2002 (7 U.S.C. 8102) as in effect on the day be-*
 23 *fore the date of enactment of this Act shall con-*
 24 *tinue to be considered designated and labeled*
 25 *biobased products after the date of enactment of*
 26 *this Act.*

(C) *PROPOSED ITEM DESIGNATIONS.*—Notwithstanding any other provision of this Act or an amendment made by this Act, the Secretary shall have the authority to finalize the listings of any item proposed (prior to the date of enactment of this Act) to be designated in accordance with section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) as in effect on the day before the date of enactment of this Act.

(2) *BIOENERGY EDUCATION AND AWARENESS CAMPAIGN.*—Section 947 of the Energy Policy Act of 2005 (42 U.S.C. 16256) is repealed.

SEC. 9004. SENSE OF CONGRESS REGARDING COOPERATIVE REGIONAL RESEARCH, EXTENSION, AND EDUCATION PROGRAMS ON BIOFUELS AND BIO-PRODUCTS.

It is the sense of Congress that the Secretary shall continue to allow and support efforts of regional consortiums of public institutions, including land grant universities and State departments of agriculture, to jointly support the bioeconomy through research, extension, and education activities, including—

(1) *expanding the use of biomass;*

(2) *improving the efficiency and sustainability of bioenergy;*

(3) *supporting local ownership in the bioeconomy;*

(4) *communicating about the bioeconomy;*

(5) *facilitating information sharing; and*

(6) *assisting to coordinate regional approaches.*

TITLE X—LIVESTOCK MARKETING, REGULATORY, AND RELATED PROGRAMS

Subtitle A—Marketing

SEC. 10001. LIVESTOCK MANDATORY REPORTING.

(a) *MANDATORY REPORTING FOR SWINE.*—Section 232(c)(3) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635j(c)(3)) is amended—

(1) *in subparagraph (A), by striking “2:00 p.m.” and inserting “3:00 p.m.”; and*

(2) *in subparagraph (B), by striking “3:00 p.m.” and inserting “4:00 p.m.”.*

(b) *MANDATORY PACKER REPORTING OF PORK PRODUCTS SALES.*—

(1) *IN GENERAL.*—Section 232 of the Agricultural Marketing Act of 1946 (7 U.S.C. 1635j) is amended by adding at the end the following:

1 “(f) *MANDATORY PACKER REPORTING OF PORK PROD-*
 2 *UCTS SALES.*—

3 “(1) *IN GENERAL.*—*Beginning not earlier than*
 4 *the date on which the report under section*
 5 *10001(b)(2)(C) of the Food and Energy Security Act*
 6 *of 2007 is submitted, the Secretary may require the*
 7 *corporate officers or officially designated representa-*
 8 *tive of each packer processing plant to report to the*
 9 *Secretary at least twice each reporting day (not less*
 10 *than once before, and once after, 12:00 noon Central*
 11 *Time) information on total pork products sales, in-*
 12 *cluding price and volume information as specified by*
 13 *the Secretary.*

14 “(2) *PUBLICATION.*—*The Secretary shall make*
 15 *available to the public any information required to be*
 16 *reported under subparagraph (A) (including informa-*
 17 *tion on pork cuts and retail-ready pork products) not*
 18 *less than twice each reporting day.”.*

19 “(2) *STUDY AND REPORT.*—

20 “(A) *STUDY.*—*The Secretary shall conduct a*
 21 *study on the effects of requiring packer proc-*
 22 *essing plants to report to the Secretary informa-*
 23 *tion on total pork products sales (including price*
 24 *and volume information), including—*

1 (i) *the positive or negative economic ef-*
 2 *fects on producers and consumers; and*

3 (ii) *the effects of a confidentiality re-*
 4 *quirement on mandatory reporting.*

5 (B) *INFORMATION.*—*The Secretary may col-*
 6 *lect such information as is necessary to enable*
 7 *the Secretary to conduct the study required*
 8 *under subparagraph (A).*

9 (C) *REPORT.*—*Not later than 180 days*
 10 *after the date of enactment of this Act, the Sec-*
 11 *retary shall submit to the Committee on Agri-*
 12 *culture of the House of Representatives and the*
 13 *Committee on Agriculture, Nutrition, and For-*
 14 *estry of the Senate a report on the results of the*
 15 *study conducted under subparagraph (A).*

16 (c) *PUBLICATION OF INFORMATION ON RETAIL PUR-*
 17 *CHASE PRICES FOR REPRESENTATIVE MEAT PRODUCTS.*—
 18 *Section 257(a) of the Agricultural Marketing Act of 1946*
 19 *(7 U.S.C. 1636f(a)) is amended by inserting “and con-*
 20 *tinuing not less than each month thereafter” after “this sub-*
 21 *title”.*

22 **SEC. 10002. GRADING AND INSPECTION.**

23 (a) *GRADING.*—*Section 203 of the Agricultural Mar-*
 24 *keting Act of 1946 (7 U.S.C. 1622) is amended—*

1 (1) by redesignating subsection (n) as subsection
2 (o); and

3 (2) by inserting after subsection (m) the fol-
4 lowing:

5 “(n) *GRADING PROGRAM*.—To establish, within the
6 Agricultural Marketing Service, a voluntary grading pro-
7 gram for farm-raised animals described in section
8 10806(a)(1) of the *Farm Security and Rural Investment*
9 *Act of 2002* (21 U.S.C. 321d(a)(1)).”.

10 (b) *AMENABLE SPECIES*.—Section 1(w) of the *Federal*
11 *Meat Inspection Act* (21 U.S.C. 601(w)) is amended—

12 (1) in paragraph (1), by striking “and” at the
13 end;

14 (2) by redesignating paragraph (2) as para-
15 graph (3); and

16 (3) by inserting after paragraph (1) the fol-
17 lowing:

18 “(2) farm-raised animals described in section
19 10806(a)(1) of the *Farm Security and Rural Invest-*
20 *ment Act of 2002* (21 U.S.C. 321d(a)(1)); and”.

21 (c) *EXISTING ACTIVITIES*.—The Secretary shall ensure
22 that nothing in an amendment made by this section dupli-
23 cates, impedes, or undermines any of the food safety or
24 product grading activities conducted by the Department of
25 Commerce or the Food and Drug Administration, and shall

1 *consult with the Secretary of Commerce before imple-*
 2 *menting any new food safety or grading activity authorized*
 3 *under this section.*

4 **SEC. 10003. COUNTRY OF ORIGIN LABELING.**

5 *Subtitle D of the Agricultural Marketing Act of 1946*
 6 *(7 U.S.C. 1638 et seq.) is amended—*

7 *(1) in section 281(2)(A)—*

8 *(A) in clause (v), by striking “and”;*

9 *(B) in clause (vi), by striking the period at*
 10 *the end and inserting “; and”; and*

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

12 *“(vii) meat produced from goats;*

13 *“(viii) chicken, in whole and in part;*

14 *and*

15 *“(ix) macadamia nuts.”;*

16 *(2) in section 282—*

17 *(A) in subsection (a), by striking para-*
 18 *graphs (2) and (3) and inserting the following:*

19 *“(2) DESIGNATION OF COUNTRY OF ORIGIN FOR*
 20 *BEEF, LAMB, PORK, CHICKEN, AND GOAT MEAT.—*

21 *“(A) UNITED STATES COUNTRY OF ORI-*
 22 *GIN.—A retailer of a covered commodity that is*
 23 *beef, lamb, pork, chicken, or goat meat may des-*
 24 *ignate the covered commodity as exclusively hav-*
 25 *ing a United States country of origin only if the*

1 *covered commodity is derived from an animal*
2 *that was—*

3 “(i) *exclusively born, raised, and*
4 *slaughtered in the United States;*

5 “(ii) *born and raised in Alaska or Ha-*
6 *waii and transported for a period of not*
7 *more than 60 days through Canada to the*
8 *United States and slaughtered in the*
9 *United States; or*

10 “(iii) *present in the United States on*
11 *or before January 1, 2008, and once present*
12 *in the United States, remained continuously*
13 *in the United States.*

14 “(B) *MULTIPLE COUNTRIES OF ORIGIN.—*

15 “(i) *IN GENERAL.—A retailer of a cov-*
16 *ered commodity that is beef, lamb, pork,*
17 *chicken, or goat meat that is derived from*
18 *an animal that is—*

19 “(I) *not exclusively born, raised,*
20 *and slaughtered in the United States,*

21 “(II) *born, raised, or slaughtered*
22 *in the United States, and*

23 “(III) *not imported into the*
24 *United States for immediate slaughter,*

1 *may designate the country of origin of such*
 2 *covered commodity as all of the countries in*
 3 *which the animal may have been born,*
 4 *raised, or slaughtered.*

5 “(ii) *RELATION TO GENERAL REQUIRE-*
 6 *MENT.—Nothing in this subparagraph al-*
 7 *ters the mandatory requirement to inform*
 8 *consumers of the country of origin of cov-*
 9 *ered commodities under paragraph (1).*

10 “(C) *IMPORTED FOR IMMEDIATE SLAUGH-*
 11 *TER.—A retailer of a covered commodity that is*
 12 *beef, lamb, pork, chicken, or goat meat that is de-*
 13 *derived from an animal that is imported into the*
 14 *United States for immediate slaughter shall des-*
 15 *ignate the origin of such covered commodity as—*

16 “(i) *the country from which the animal*
 17 *was imported; and*

18 “(ii) *the United States.*

19 “(D) *FOREIGN COUNTRY OF ORIGIN.—A re-*
 20 *tailer of a covered commodity that is beef, lamb,*
 21 *pork, chicken, or goat meat that is derived from*
 22 *an animal that is not born, raised, or slaugh-*
 23 *tered in the United States shall designate a*
 24 *country other than the United States as the*
 25 *country of origin of such commodity.*

1 “(E) *GROUND BEEF, PORK, LAMB, CHICKEN,*
 2 *AND GOAT.—The notice of country of origin for*
 3 *ground beef, ground pork, ground lamb, ground*
 4 *chicken, or ground goat shall include—*

5 “(i) *a list of all countries of origin of*
 6 *such ground beef, ground pork, ground*
 7 *lamb, ground chicken, or ground goat; or*

8 “(ii) *a list of all reasonably possible*
 9 *countries of origin of such ground beef,*
 10 *ground pork, ground lamb, ground chicken,*
 11 *or ground goat.*

12 “(3) *DESIGNATION OF COUNTRY OF ORIGIN FOR*
 13 *FISH.—*

14 “(A) *IN GENERAL.—A retailer of a covered*
 15 *commodity that is farm-raised fish or wild fish*
 16 *may designate the covered commodity as having*
 17 *a United States country of origin only if the cov-*
 18 *ered commodity—*

19 “(i) *in the case of farm-raised fish, is*
 20 *hatched, raised, harvested, and processed in*
 21 *the United States; and*

22 “(ii) *in the case of wild fish, is—*

23 “(I) *harvested in the United*
 24 *States, a territory of the United States,*
 25 *or a State, or by a vessel that is docu-*

1 *mented under chapter 121 of title 46,*
 2 *United States Code, or registered in the*
 3 *United States; and*

4 “(II) *processed in the United*
 5 *States, a territory of the United States,*
 6 *or a State, including the waters there-*
 7 *of.*

8 “(B) *DESIGNATION OF WILD FISH AND*
 9 *FARM-RAISED FISH.—The notice of country of*
 10 *origin for wild fish and farm-raised fish shall*
 11 *distinguish between wild fish and farm-raised*
 12 *fish.*

13 “(4) *DESIGNATION OF COUNTRY OF ORIGIN FOR*
 14 *PERISHABLE AGRICULTURAL COMMODITIES, PEANUTS,*
 15 *AND MACADAMIA NUTS.—*

16 “(A) *IN GENERAL.—A retailer of a covered*
 17 *commodity that is a perishable agricultural com-*
 18 *modity, peanut, or macadamia nut may des-*
 19 *ignate the covered commodity as having a*
 20 *United States country of origin only if the cov-*
 21 *ered commodity is exclusively produced in the*
 22 *United States.*

23 “(B) *STATE, REGION, LOCALITY OF THE*
 24 *UNITED STATES.—With respect to a covered com-*
 25 *modity that is a perishable agricultural com-*

1 *modity produced exclusively in the United*
 2 *States, designation by a retailer of the State, re-*
 3 *gion, or locality of the United States where such*
 4 *commodity was produced shall be sufficient to*
 5 *identify the United States as the country of ori-*
 6 *gin.”; and*

7 *(B) by striking subsection (d) and inserting*
 8 *the following:*

9 *“(d) AUDIT VERIFICATION SYSTEM.—*

10 *“(1) IN GENERAL.—The Secretary may conduct*
 11 *an audit of any person that prepares, stores, handles,*
 12 *or distributes a covered commodity for retail sale to*
 13 *verify compliance with this subtitle (including the*
 14 *regulations promulgated under section 284(b)).*

15 *“(2) RECORD REQUIREMENTS.—*

16 *“(A) IN GENERAL.—A person subject to an*
 17 *audit under paragraph (1) shall provide the Sec-*
 18 *retary with verification of the country of origin*
 19 *of covered commodities. Records maintained in*
 20 *the course of the normal conduct of the business*
 21 *of such person, including animal health papers,*
 22 *import or customs documents, or producer affi-*
 23 *davits, may serve as such verification.*

24 *“(B) PROHIBITION ON REQUIREMENT OF*
 25 *ADDITIONAL RECORDS.—The Secretary may not*

1 *require a person that prepares, stores, handles,*
 2 *or distributes a covered commodity to maintain*
 3 *a record of the country of origin of a covered*
 4 *commodity other than those maintained in the*
 5 *course of the normal conduct of the business of*
 6 *such person.”;*

7 *(3) in section 283—*

8 *(A) by striking subsections (a) and (c);*

9 *(B) by redesignating subsection (b) as sub-*
 10 *section (a);*

11 *(C) in subsection (a) (as so redesignated),*
 12 *by striking “retailer” and inserting “retailer or*
 13 *person engaged in the business of supplying a*
 14 *covered commodity to a retailer”;* and

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

17 *“(b) FINES.—If, on completion of the 30-day period*
 18 *described in subsection (a)(2), the Secretary determines that*
 19 *the retailer or person engaged in the business of supplying*
 20 *a covered commodity to a retailer has—*

21 *“(1) not made a good faith effort to comply with*
 22 *section 282, and*

23 *“(2) continues to willfully violate section 282*
 24 *with respect to the violation about which the retailer*

1 or person received notification under subsection
 2 (a)(1),
 3 after providing notice and an opportunity for a hearing
 4 before the Secretary with respect to the violation, the Sec-
 5 retary may fine the retailer or person in an amount of not
 6 more than \$1,000 for each violation.”.

7 **SEC. 10004. DISCLOSURE OF COUNTRY OF HARVEST FOR**
 8 **GINSENG.**

9 (a) *IN GENERAL.*—*The Agricultural Marketing Act of*
 10 1946 (7 U.S.C. 1621 *et seq.*) *is amended by adding at the*
 11 *end the following:*

12 **“Subtitle E—Ginseng**

13 **“SEC. 291. DISCLOSURE OF COUNTRY OF HARVEST.**

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

15 “(1) *GINSENG.*—*The term ‘ginseng’ means a*
 16 *plant classified within the genus Panax.*

17 “(2) *RAW AGRICULTURAL COMMODITY.*—*The*
 18 *term ‘raw agricultural commodity’ has the meaning*
 19 *given the term in section 201 of the Federal Food,*
 20 *Drug, and Cosmetic Act (21 U.S.C. 321).*

21 “(3) *SECRETARY.*—*The term ‘Secretary’ means*
 22 *the Secretary of Agriculture.*

23 “(b) *DISCLOSURE.*—

24 “(1) *IN GENERAL.*—*A person that offers ginseng*
 25 *for sale as a raw agricultural commodity or dehy-*

1 *drated whole root shall disclose to a potential pur-*
 2 *chaser the country of harvest of the ginseng.*

3 “(2) *IMPORTATION.*—*A person that imports gin-*
 4 *seng as a raw agricultural commodity or dehydrated*
 5 *whole root into the United States shall disclose at the*
 6 *point of entry into the United States, in accordance*
 7 *with section 304 of the Tariff Act of 1930 (19 U.S.C.*
 8 *1304), the country in which the ginseng was har-*
 9 *vested.*

10 “(c) *MANNER OF DISCLOSURE.*—

11 “(1) *IN GENERAL.*—*The disclosure required by*
 12 *subsection (b) shall be provided to a potential pur-*
 13 *chaser by means of a label, stamp, mark, placard, or*
 14 *other easily legible and visible sign on the ginseng or*
 15 *on the package, display, holding unit, or bin con-*
 16 *taining the ginseng.*

17 “(2) *RETAILERS.*—*A retailer of ginseng as a raw*
 18 *agricultural commodity shall—*

19 “(A) *retain the means of disclosure provided*
 20 *under subsection (b); and*

21 “(B) *provide the received means of disclo-*
 22 *sure to a consumer of ginseng.*

23 “(3) *REGULATIONS.*—*The Secretary shall by reg-*
 24 *ulation prescribe with specificity the manner in*
 25 *which disclosure shall be made in a transaction at the*

1 *wholesale or retail level (including a transaction by*
 2 *mail, telephone, internet, or in retail stores).*

3 “(d) *FINES.—The Secretary may, after providing no-*
 4 *tice and an opportunity for a hearing before the Secretary,*
 5 *fine a person subject to subsection (b), or a person sup-*
 6 *plying ginseng to such a person, in an amount of not more*
 7 *than \$1,000 for each violation if the Secretary determines*
 8 *that the person—*

9 *“(1) has not made a good faith effort to comply*
 10 *with subsection (b); and*

11 *“(2) continues to willfully violate subsection (b).*

12 “(e) *INFORMATION.—The Secretary shall make infor-*
 13 *mation available to wholesalers, importers, retailers, trade*
 14 *associations, and other interested persons concerning the re-*
 15 *quirements of this section (including regulations promul-*
 16 *gated to carry out this section).”.*

17 (b) *EFFECTIVE DATE.—This section and the amend-*
 18 *ments made by this section take effect on the date that is*
 19 *180 days after the date of enactment of this Act.*

20 ***Subtitle B—Agricultural Fair*** 21 ***Practices***

22 ***SEC. 10101. DEFINITIONS.***

23 *Section 3 of the Agricultural Fair Practices Act of*
 24 *1967 (7 U.S.C. 2302) is amended—*

(1) by striking “When used in this Act—” and inserting “In this Act.”;

(2) in subsection (a)—

(A) by redesignating paragraphs (1) through (4) as clauses (i) through (iv), respectively; and

(B) in clause (iv) (as so redesignated), by striking “clause (1), (2), or (3) of this paragraph” and inserting “clause (i), (ii), or (iii)”;

(3) by striking subsection (d);

(4) by redesignating subsections (a), (b), (c), and (e) as paragraphs (3), (4), (2), (1), respectively, indenting appropriately, and moving those paragraphs so as to appear in numerical order;

(5) in each paragraph (as so redesignated) that does not have a heading, by inserting a heading, in the same style as the heading in the amendment made by paragraph (6), the text of which is comprised of the term defined in the paragraph;

(6) in paragraph (2) (as so redesignated)—

(A) by striking “The term ‘association of producers’ means” and inserting the following:

“(2) ASSOCIATION OF PRODUCERS.—

“(A) IN GENERAL.—The term ‘association of producers’ means”; and

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

2 “(B) *INCLUSION.*—The term ‘association of
3 producers’ includes an organization of agricul-
4 tural producers dedicated to promoting the com-
5 mon interest and general welfare of producers of
6 agricultural products.”;

7 (7) in paragraph (3) (as so redesignated)—

8 (A) by striking “The term” and inserting
9 the following:

10 “(3) *HANDLER.*—

11 “(A) *IN GENERAL.*—The term”; and

12 (B) by inserting after clause (iv) of sub-
13 paragraph (A) (as redesignated by subparagraph
14 (A) and paragraph (2)) the following:

15 “(B) *EXCLUSION.*—The term ‘handler’ does
16 not include—

17 “(i) a producer; or

18 “(ii) a person, other than a packer (as
19 defined in section 201 of the Packers and
20 Stockyards Act, 1921 (7 U.S.C. 191)), that
21 provides custom feeding services for a pro-
22 ducer.”; and

23 (8) by adding at the end the following:

24 “(5) *SECRETARY.*—The term ‘Secretary’ means
25 the Secretary of Agriculture.”.

1 **SEC. 10102. PROHIBITED PRACTICES.**

2 *Section 4 of the Agricultural Fair Practices of 1967*
 3 *(7 U.S.C. 2303) is amended—*

4 *(1) by redesignating subsections (a), (b), (c), (d),*
 5 *(e), and (f) as paragraphs (1), (2), (3), (4), (5), and*
 6 *(7), respectively, and indenting appropriately;*

7 *(2) in paragraph (1) (as so redesignated)—*

8 *(A) by striking “join and belong” each place*
 9 *it appears and inserting “form, join, and be-*
 10 *long”; and*

11 *(B) by striking “joining or belonging” and*
 12 *inserting “forming, joining, or belonging”; and*

13 *(3) by inserting after paragraph (5) (as so redес-*
 14 *ignated) the following:*

15 *“(6) To fail to bargain in good faith with an as-*
 16 *sociation of producers; or”.*

17 **SEC. 10103. ENFORCEMENT.**

18 *The Agricultural Fair Practices Act of 1967 is*
 19 *amended—*

20 *(1) by striking sections 5 and 6 (7 U.S.C. 2304,*
 21 *2305); and*

22 *(2) by inserting after section 4 the following:*

23 **“SEC. 5. ENFORCEMENT.**

24 *“(a) CIVIL ACTIONS BY THE SECRETARY AGAINST*
 25 *HANDLERS.—In any case in which the Secretary has rea-*
 26 *sonable cause to believe that a handler or group of handlers*

1 *has engaged in any act or practice that violates this Act,*
2 *the Secretary may bring a civil action in United States*
3 *district court by filing a complaint requesting preventive*
4 *relief, including an application for a permanent or tem-*
5 *porary injunction, restraining order, or other order, against*
6 *the handler.*

7 “(b) *CIVIL ACTIONS AGAINST HANDLERS.*—

8 “(1) *PREVENTIVE RELIEF.*—

9 “(A) *IN GENERAL.*—*In any case in which*
10 *any handler has engaged, or there are reasonable*
11 *grounds to believe that any handler is about to*
12 *engage, in any act or practice prohibited by this*
13 *Act, a civil action for preventive relief, including*
14 *an application for a permanent or temporary*
15 *injunction, restraining order, or other order,*
16 *may be instituted by the person aggrieved in*
17 *United States district court.*

18 “(B) *SECURITY.*—*The court may provide*
19 *that no restraining order or preliminary injunc-*
20 *tion shall issue unless security is provided by the*
21 *applicant, in such sum as the court determines*
22 *to be appropriate, for the payment of such costs*
23 *and damages as may be incurred or suffered by*
24 *any party that is found to have been wrongfully*
25 *enjoined or restrained.*

1 “(2) *DAMAGES.*—

2 “(A) *IN GENERAL.*—Any person injured in
3 the business or property of the person by reason
4 of any violation of, or combination or conspiracy
5 to violate, this Act may bring a civil action in
6 United States district court to recover—

7 “(i) damages sustained by the person
8 as a result of the violation; and

9 “(ii) any additional penalty that the
10 court may allow, but not more than \$1,000
11 per violation.

12 “(B) *LIMITATION ON ACTIONS.*—A civil ac-
13 tion under subparagraph (A) shall be barred un-
14 less commenced within 4 years after the cause of
15 action accrues.

16 “(3) *ATTORNEYS’ FEES.*—In any action com-
17 menced under paragraph (1) or (2), any person that
18 has violated this Act shall be liable to any person in-
19 jured as a result of the violation for the full amount
20 of the damages sustained as a result of the violation,
21 including costs of the litigation and reasonable attor-
22 neys’ fees.

23 “(c) *JURISDICTION OF DISTRICT COURTS.*—The dis-
24 trict courts of the United States shall—

1 “(1) have jurisdiction of proceedings instituted
2 pursuant to this section; and

3 “(2) exercise that jurisdiction without regard to
4 whether the aggrieved party shall have exhausted any
5 administrative or other remedies that may be pro-
6 vided by law.

7 “(d) *LIABILITY FOR ACTS OF AGENTS.*—In the con-
8 struction and enforcement of this Act, the act, omission, or
9 failure of any officer, agent, or person acting for or em-
10 ployed by any other person within the scope of the employ-
11 ment or office of the officer, agent, or person, shall be consid-
12 ered to be the act, omission, or failure of the other person.

13 “(e) *RELATIONSHIP TO STATE LAW.*—Nothing in this
14 Act—

15 “(1) changes or modifies State law in effect on
16 the date of enactment of this subsection; or

17 “(2) deprives a State court of jurisdiction.”.

18 **SEC. 10104. RULES AND REGULATIONS.**

19 *The Agricultural Fair Practices Act of 1967 is amend-*
20 *ed by inserting after section 5 (as added by section 10103)*
21 *the following:*

22 **“SEC. 6. RULES AND REGULATIONS.**

23 *“The Secretary may promulgate such rules and regula-*
24 *tions as are necessary to carry out this Act, including rules*
25 *or regulations necessary to clarify what constitutes fair and*

1 *normal dealing for purposes of the selection of customers*
 2 *by handlers.”.*

3 ***Subtitle C—Packers and***
 4 ***Stockyards***

5 ***SEC. 10201. SPECIAL COUNSEL FOR AGRICULTURAL COM-***
 6 ***PETITION.***

7 (a) *IN GENERAL.*—*The Packers and Stockyards Act,*
 8 *1921 (7 U.S.C. 181 et seq.) is amended—*

9 (1) *by striking the title I heading and all that*
 10 *follows through “This Act” and inserting the fol-*
 11 *lowing:*

12 ***“TITLE I—GENERAL PROVISIONS***
 13 ***“Subtitle A—Definitions***

14 ***“SEC. 1. SHORT TITLE.***

15 *“This Act”;* and

16 (2) *by inserting after section 2 (7 U.S.C. 183)*
 17 *the following:*

18 ***“Subtitle B—Special Counsel for***
 19 ***Agricultural Competition***

20 ***“SEC. 11. SPECIAL COUNSEL FOR AGRICULTURAL COMPETI-***
 21 ***TION.***

22 *“(a) ESTABLISHMENT.—*

23 *“(1) IN GENERAL.—There is established within*
 24 *the Department of Agriculture an office to be known*
 25 *as the ‘Office of Special Counsel for Agricultural*

1 *Competition’ (referred to in this section as the ‘Of-*
 2 *fice’).*

3 “(2) *DUTIES.—The Office shall—*

4 “(A) *have responsibility for all duties and*
 5 *functions of the Packers and Stockyards pro-*
 6 *grams of the Department of Agriculture;*

7 “(B) *investigate and prosecute violations of*
 8 *this Act and the Agricultural Fair Practices Act*
 9 *of 1967 (7 U.S.C. 2301 et seq.);*

10 “(C) *serve as a liaison between, and act in*
 11 *consultation with, the Department of Agri-*
 12 *culture, the Department of Justice, and the Fed-*
 13 *eral Trade Commission with respect to competi-*
 14 *tion and trade practices in the food and agricul-*
 15 *tural sector; and*

16 “(D) *maintain a staff of attorneys and*
 17 *other professionals with the appropriate exper-*
 18 *tise.*

19 “(b) *SPECIAL COUNSEL FOR AGRICULTURAL COMPETI-*
 20 *TION.—*

21 “(1) *IN GENERAL.—The Office shall be headed by*
 22 *the Special Counsel for Agricultural Competition (re-*
 23 *ferred to in this section as the ‘Special Counsel’), who*
 24 *shall be appointed by the President, by and with the*
 25 *advice and consent of the Senate.*

1 “(2) *INDEPENDENCE OF SPECIAL AUTHORITY.*—

2 “(A) *IN GENERAL.*—*The Special Counsel*
3 *shall report to and be under the general super-*
4 *vision of the Secretary.*

5 “(B) *DIRECTION, CONTROL, AND SUP-*
6 *PORT.*—*The Special Counsel shall be free from*
7 *the direction and control of any person in the*
8 *Department of Agriculture other than the Sec-*
9 *retary.*

10 “(C) *PROHIBITION ON DELEGATION.*—*The*
11 *Secretary may not delegate any duty described*
12 *in subsection (a)(2) to any other officer or em-*
13 *ployee of the Department other than the Special*
14 *Counsel.*

15 “(D) *REPORTING REQUIREMENT.*—

16 “(i) *IN GENERAL.*—*Twice each year,*
17 *the Special Counsel shall submit to the*
18 *Committee on Agriculture of the House of*
19 *Representatives and the Committee on Agri-*
20 *culture, Nutrition, and Forestry of the Sen-*
21 *ate a report that shall include, for the rel-*
22 *evant reporting period, a description of—*

23 “(I) *the number of complaints*
24 *that the Special Counsel has received*
25 *and closed;*

1 “(II)(aa) the number of investiga-
2 tions and civil and administrative ac-
3 tions that the Special Counsel has ini-
4 tiated, carried out, and completed, in-
5 cluding the number of notices given to
6 regulated entities for violations of this
7 Act or the Agricultural Fair Practices
8 Act of 1967 (7 U.S.C. 2301 et seq.);

9 “(bb) the number and types of de-
10 cisions agreed to; and

11 “(cc) the number of stipulation
12 agreements; and

13 “(III) the number of investiga-
14 tions and civil and administrative ac-
15 tions that the Secretary objected to or
16 prohibited from being carried out, and
17 the stated purpose of the Secretary for
18 each objection or prohibition.

19 “(ii) REQUIREMENT.—The basis for
20 each complaint, investigation, or civil or
21 administrative action described in a report
22 under clause (i) shall—

23 “(I) be organized by species; and

24 “(II) indicate if the complaint,
25 investigation, or civil or administra-

tion action was for anti-competitive,
 unfair, or deceptive practices under
 this Act or was a violation of the Agri-
 cultural Fair Practices Act of 1967 (7
 U.S.C. 2301 et seq.).

“(E) REMOVAL.—

“(i) IN GENERAL.—The Special Coun-
 sel may be removed from office by the Presi-
 dent.

“(ii) COMMUNICATION.—The President
 shall communicate the reasons for any such
 removal to both Houses of Congress.

“(3) PROSECUTORIAL AUTHORITY.—Subject to
 paragraph (4), the Special Counsel may commence,
 defend, or intervene in, and supervise the litigation
 of, any civil or administrative action authorized
 under this Act or the Agricultural Fair Practices Act
 of 1967 (7 U.S.C. 2301 et seq.).

“(4) PROCEDURE FOR EXERCISE OF AUTHORITY
 TO LITIGATE OR APPEAL.—

“(A) IN GENERAL.—Prior to commencing,
 defending, or intervening in any civil action
 under this Act or the Agricultural Fair Practices
 Act of 1967 (7 U.S.C. 2301 et seq.), the Special
 Counsel shall give written notification to, and

1 *attempt to consult with, the Attorney General*
2 *with respect to the proposed action.*

3 “(B) *FAILURE TO RESPOND.*—If, not later
4 *than 45 days after the date of provision of notifi-*
5 *cation under subparagraph (A), the Attorney*
6 *General has failed to commence, defend, or inter-*
7 *vene in the proposed action, the Special Counsel*
8 *may commence, defend, or intervene in, and su-*
9 *pervise the litigation of, the action and any ap-*
10 *peal of the action in the name of the Special*
11 *Counsel.*

12 “(C) *AUTHORITY OF ATTORNEY GENERAL*
13 *TO INTERVENE.*—Nothing in this paragraph pre-
14 *cludes the Attorney General from intervening on*
15 *behalf of the United States in any civil action*
16 *under this Act or the Agricultural Fair Practices*
17 *Act of 1967 (7 U.S.C. 2301 et seq.), or in any*
18 *appeal of such action, as may be otherwise pro-*
19 *vided by law.*

20 “(c) *RELATIONSHIP TO OTHER PROVISIONS.*—Nothing
21 *in this section modifies or otherwise effects subsections (a)*
22 *and (b) of section 406.”.*

23 “(b) *CONFORMING AMENDMENT.*—Section 5315 of title
24 *5, United States Code, is amended by adding at the end*
25 *the following:*

1 *“Special Counsel for Agricultural Competition.”.*

2 **SEC. 10202. INVESTIGATION OF LIVE POULTRY DEALERS.**

3 (a) *REMOVAL OF POULTRY SLAUGHTER REQUIRE-*
 4 *MENT FROM DEFINITIONS.*—Section 2(a) of the *Packers*
 5 *and Stockyards Act, 1921 (7 U.S.C. 182(a)), is amended—*

6 (1) *by striking paragraph (8) and inserting the*
 7 *following:*

8 “(8) *POULTRY GROWER.*—

9 “(A) *IN GENERAL.*—The term ‘poultry
 10 *grower’ means any person engaged in the busi-*
 11 *ness of raising or caring for live poultry under*
 12 *a poultry growing arrangement, regardless of*
 13 *whether the poultry is owned by the person or by*
 14 *another person.*

15 “(B) *EXCLUSION.*—The term ‘poultry grow-
 16 *er’ does not include an employee of the owner of*
 17 *live poultry described in subparagraph (A).”;*

18 (2) *in paragraph (9), by striking “and cares for*
 19 *live poultry for delivery, in accord with another’s in-*
 20 *structions, for slaughter” and inserting “or cares for*
 21 *live poultry in accordance with the instructions of*
 22 *another person”;* and

23 (3) *in paragraph (10), by striking “for the pur-*
 24 *pose of either slaughtering it or selling it for slaughter*
 25 *by another”.*

1 (b) *ADMINISTRATIVE ENFORCEMENT AUTHORITY*
 2 *OVER LIVE POULTRY DEALERS.*—Sections 203, 204, and
 3 205 of the Packers and Stockyards Act, 1921 (7 U.S.C. 193,
 4 194, 195), are amended by inserting “or live poultry deal-
 5 er” after “packer” each place it appears.

6 (c) *AUTHORITY TO REQUEST TEMPORARY INJUNCTION*
 7 *OR RESTRAINING ORDER.*—Section 408 of the Packers and
 8 Stockyards Act, 1921 (7 U.S.C. 228a), is amended in the
 9 first sentence by striking “on account of poultry” and in-
 10 serting “on account of poultry or poultry care”.

11 (d) *VIOLATIONS BY LIVE POULTRY DEALERS.*—

12 (1) *PENALTY.*—Section 203(b) of the Packers
 13 and Stockyards Act, 1921 (7 U.S.C. 193(b)) is
 14 amended in the third sentence by striking “\$10,000”
 15 and inserting “\$22,000”.

16 (2) *REPEALS.*—Sections 411, 412, and 413 of the
 17 Packers and Stockyards Act, 1921 (7 U.S.C. 228b–2,
 18 228b–3, 228b–4), are repealed.

19 **SEC. 10203. PRODUCTION CONTRACTS.**

20 (a) *DEFINITIONS.*—Section 2(a) of the Packers and
 21 Stockyards Act, 1921 (7 U.S.C. 182(a)) is amended—

22 (1) by striking “When used in this Act—” and
 23 inserting “In this Act.”;

24 (2) by striking paragraph (1);

(3) by redesignating paragraphs (2), (3), (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), and (14) as paragraphs (15), (6), (8), (9), (10), (13), (11), (12), (7), (2), (16), (17), and (18), respectively, indenting appropriately, and moving those paragraphs so as to appear in numerical order;

(4) in each paragraph (as so redesignated) that does not have a heading, by inserting a heading, in the same style as the heading in the amendment made by paragraph (5), the text of which is comprised of the term defined in the paragraph;

(5) by inserting before paragraph (2) (as so designated) the following:

“(1) CAPITAL INVESTMENT.—The term ‘capital investment’ means an investment in—

“(A) a structure, such as a building or manure storage structure; or

“(B) machinery or equipment associated with producing livestock or poultry that has a useful life of more than 1 year.”;

(6) by inserting after paragraph (2) (as so redesignated) the following:

“(3) CONTRACTOR.—

“(A) IN GENERAL.—The term ‘contractor’ means a person that, in accordance with a pro-

1 *duction contract, obtains livestock or poultry*
 2 *that is produced by a contract producer.*

3 “(B) *INCLUSIONS.—The term ‘contractor’*
 4 *includes—*

5 “(i) *a live poultry dealer; and*

6 “(ii) *a swine contractor.*

7 “(4) *CONTRACT PRODUCER.—*

8 “(A) *IN GENERAL.—The term ‘contract pro-*
 9 *ducer’ means a producer that produces livestock*
 10 *or poultry under a production contract.*

11 “(B) *INCLUSIONS.—The term ‘contract pro-*
 12 *ducer’ includes—*

13 “(i) *a poultry grower; and*

14 “(ii) *a swine production contract*
 15 *grower.*

16 “(5) *INVESTMENT REQUIREMENT.—The term ‘in-*
 17 *vestment requirement’ means—*

18 “(A) *a provision in a production contract*
 19 *that requires a contract producer to make a cap-*
 20 *ital investment associated with producing live-*
 21 *stock or poultry that, but for the production con-*
 22 *tract, the contract producer would not have*
 23 *made; or*

1 “(B) a representation by a contractor that
 2 results in a contract producer making a capital
 3 investment.”; and
 4 (7) by inserting after paragraph (13) (as so re-
 5 designated) the following:

6 “(14) *PRODUCTION CONTRACT*.—

7 “(A) *IN GENERAL*.—The term ‘production
 8 contract’ means a written agreement that pro-
 9 vides for—

10 “(i) the production of livestock or poul-
 11 try by a contract producer; or

12 “(ii) the provision of a management
 13 service relating to the production of live-
 14 stock or poultry by a contract producer.

15 “(B) *INCLUSIONS*.—The term ‘production
 16 contract’ includes—

17 “(i) a poultry growing arrangement;

18 “(ii) a swine production contract;

19 “(iii) any other contract between a
 20 contractor and a contract producer for the
 21 production of livestock or poultry; and

22 “(iv) a contract between a live poultry
 23 dealer and poultry grower, swine contractor
 24 and swine production contract grower, or
 25 contractor and contract producer for the

1 *provision of a management service in the*
 2 *production of livestock or poultry.”.*

3 (b) *PROHIBITIONS INVOLVING PRODUCTION CON-*
 4 *TRACTS.—Title II of the Packers and Stockyards Act, 1921*
 5 *(7 U.S.C. 198 et seq.), is amended by adding at the end*
 6 *the following:*

7 **“SEC. 208. PRODUCTION CONTRACTS.**

8 “(a) *RIGHT OF CONTRACT PRODUCERS TO CANCEL*
 9 *PRODUCTION CONTRACTS.—*

10 “(1) *IN GENERAL.—A contract producer may*
 11 *cancel a production contract by mailing a cancella-*
 12 *tion notice to the contractor not later than the later*
 13 *of—*

14 “(A) *the date that is 3 business days after*
 15 *the date on which the production contract is exe-*
 16 *cuted; or*

17 “(B) *any cancellation date specified in the*
 18 *production contract.*

19 “(2) *DISCLOSURE.—A production contract shall*
 20 *clearly disclose—*

21 “(A) *the right of the contract producer to*
 22 *cancel the production contract;*

23 “(B) *the method by which the contract pro-*
 24 *ducer may cancel the production contract; and*

1 “(C) *the deadline for canceling the produc-*
 2 *tion contract.*

3 “(b) *PRODUCTION CONTRACTS INVOLVING INVESTMENT*
 4 *REQUIREMENTS.—*

5 “(1) *APPLICABILITY.—This subsection applies*
 6 *only to a production contract between a contract pro-*
 7 *ducer and a contractor if the contract producer det-*
 8 *rimentially relied on a representation by the con-*
 9 *tractor or a provision in the production contract that*
 10 *resulted in the contract producer making a capital*
 11 *investment of \$100,000 or more.*

12 “(2) *RESTRICTIONS ON CONTRACT TERMI-*
 13 *NATION.—*

14 “(A) *NOTICE OF TERMINATION.—Except as*
 15 *provided in subparagraph (C), a contractor shall*
 16 *not terminate or cancel a production contract*
 17 *unless the contractor provides the contract pro-*
 18 *ducer with written notice of the intention of the*
 19 *contractor to terminate or cancel the production*
 20 *contract at least 90 days before the effective date*
 21 *of the termination or cancellation.*

22 “(B) *REQUIREMENTS.—The written notice*
 23 *required under subparagraph (A) shall include*
 24 *alleged causes of the termination.*

1 “(C) *EXCEPTIONS.*—A contractor may ter-
 2 minate or cancel a production contract at any
 3 time without notice as required under subpara-
 4 graph (A) if the basis for the termination or can-
 5 cellation is—

6 “(i) a voluntary abandonment of the
 7 contractual relationship by the contract
 8 producer, such as a failure of the contract
 9 producer to substantially perform under the
 10 production contract;

11 “(ii) the conviction of the contract pro-
 12 ducer of an offense of fraud or theft com-
 13 mitted against the contractor;

14 “(iii) the natural end of the production
 15 contract in accordance with the terms of the
 16 production contract; or

17 “(iv) because the well-being of the live-
 18 stock or poultry subject to the contract is in
 19 jeopardy once under the care of the contract
 20 producer.

21 “(D) *RIGHT TO CURE.*—

22 “(i) *IN GENERAL.*—If, not later than
 23 90 days after the date on which the contract
 24 producer receives written notice under sub-
 25 paragraph (A), the contract producer rem-

1 *edies each cause of the breach of contract al-*
 2 *leged in the written notice, the contractor*
 3 *may not terminate or cancel a production*
 4 *contract under this paragraph.*

5 *“(ii) NO ADMISSION OF BREACH.—The*
 6 *remedy or attempt to remedy the causes for*
 7 *the breach of contract by the contract pro-*
 8 *ducer under clause (i) does not constitute*
 9 *an admission of breach of contract.*

10 *“(c) ADDITIONAL CAPITAL INVESTMENTS IN PRODUC-*
 11 *TION CONTRACTS.—*

12 *“(1) IN GENERAL.—A contractor shall not re-*
 13 *quire a contract producer to make additional capital*
 14 *investments in connection with a production contract*
 15 *that exceed the initial investment requirements of the*
 16 *production contract.*

17 *“(2) EXCEPTIONS.—Notwithstanding paragraph*
 18 *(1), a contractor may require additional capital in-*
 19 *vestments if—*

20 *“(A)(i) the additional capital investments*
 21 *are offset by reasonable additional consideration,*
 22 *including compensation or a modification to the*
 23 *terms of the production contract; and*

24 *“(ii) the contract producer agrees in writ-*
 25 *ing that there is acceptable and satisfactory con-*

1 *sideration for the additional capital investment;*
 2 *or*

3 “(B) *without the additional capital invest-*
 4 *ments the well-being of the livestock or poultry*
 5 *subject to the contract would be in jeopardy.*

6 “(d) *NO EFFECT ON STATE LAW.—Nothing in this sec-*
 7 *tion preempts or otherwise affects any State law relating*
 8 *to production contracts that establishes a requirement or*
 9 *standard that is more stringent than a requirement or*
 10 *standard under this section.*

11 **“SEC. 209. CHOICE OF LAW, JURISDICTION, AND VENUE.**

12 “(a) *CHOICE OF LAW.—Any provision in a livestock*
 13 *or poultry production or marketing contract requiring the*
 14 *application of the law of a State other than the State in*
 15 *which the production occurs is void and unenforceable.*

16 “(b) *JURISDICTION.—A packer, live poultry dealer, or*
 17 *swine contractor that enters into a production or marketing*
 18 *contract with a producer shall be subject to personal juris-*
 19 *isdiction in the State in which the production occurs.*

20 “(c) *VENUE.—Venue shall be determined on the basis*
 21 *of the location of the production, unless the producer selects*
 22 *a venue that is otherwise permitted by law.*

23 “(d) *APPLICATION.—This section shall apply to any*
 24 *production or marketing contract entered into, amended, al-*

1 *tered, modified, renewed, or extended after the date of enact-*
 2 *ment of this section.*

3 **“SEC. 210. ARBITRATION.**

4 “(a) *IN GENERAL.*—If a livestock or poultry contract
 5 *provides for the use of arbitration to resolve a controversy*
 6 *under the livestock or poultry contract, arbitration may be*
 7 *used to settle the controversy only if, after the controversy*
 8 *arises, both parties consent in writing to use arbitration*
 9 *to settle the controversy.*

10 “(b) *APPLICATION.*—Subsection (a) shall apply to any
 11 *contract entered into, amended, altered, modified, renewed,*
 12 *or extended after the date of enactment of this section.”.*

13 **SEC. 10204. RIGHT TO DISCUSS TERMS OF CONTRACT.**

14 Section 10503(b) of the *Farm Security and Rural In-*
 15 *vestment Act of 2002 (7 U.S.C. 229b(b)) is amended—*

16 (1) *in paragraph (6), by striking “or” at the*
 17 *end;*

18 (2) *in paragraph (7), by striking the period at*
 19 *the end and inserting a semicolon; and*

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

21 “(8) *a business associate of the party; or*

22 “(9) *a neighbor of the party or other producer.”.*

23 **SEC. 10205. ATTORNEYS’ FEES.**

24 Section 308(a) of the *Packers and Stockyards Act,*
 25 *1921 (7 U.S.C. 209(a)) is amended by inserting before the*

1 *period at the end the following: “and for the costs of the*
 2 *litigation, including reasonable attorneys’ fees”.*

3 **SEC. 10206. APPOINTMENT OF OUTSIDE COUNSEL.**

4 *Section 407 of the Packers and Stockyards Act, 1921*
 5 *(7 U.S.C. 228), is amended—*

6 *(1) in subsection (a), by inserting “obtain the*
 7 *services of attorneys who are not employees of the*
 8 *Federal Government,” before “and make such expend-*
 9 *itures”; and*

10 *(2) in subsection (c), by striking “Senate Com-*
 11 *mittee on Agriculture and Forestry” and inserting*
 12 *“the Committee on Agriculture, Nutrition, and For-*
 13 *estry of the Senate”.*

14 **SEC. 10207. PROHIBITION ON PACKERS OWNING, FEEDING,**
 15 **OR CONTROLLING LIVESTOCK.**

16 *(a) IN GENERAL.—Section 202 of the Packers and*
 17 *Stockyards Act, 1921 (7 U.S.C. 192), is amended—*

18 *(1) by redesignating subsections (f) and (g) as*
 19 *subsections (g) and (h), respectively; and*

20 *(2) by inserting after subsection (e) the following:*

21 *“(f) Own or feed livestock directly, through a sub-*
 22 *sidiary, or through an arrangement that gives the packer*
 23 *operational, managerial, or supervisory control over the*
 24 *livestock, or over the farming operation that produces the*
 25 *livestock, to such an extent that the producer is no longer*

1 *materially participating in the management of the oper-*
 2 *ation with respect to the production of the livestock, except*
 3 *that this subsection shall not apply to—*

4 “(1) *an arrangement entered into within 14*
 5 *days (excluding any Saturday or Sunday) before*
 6 *slaughter of the livestock by a packer, a person acting*
 7 *through the packer, or a person that directly or indi-*
 8 *rectly controls, or is controlled by or under common*
 9 *control with, the packer;*

10 “(2) *a cooperative or entity owned by a coopera-*
 11 *tive, if a majority of the ownership interest in the co-*
 12 *operative is held by active cooperative members*
 13 *that—*

14 “(A) *own, feed, or control livestock; and*

15 “(B) *provide the livestock to the cooperative*
 16 *for slaughter;*

17 “(3) *a packer that is not required to report to*
 18 *the Secretary on each reporting day (as defined in*
 19 *section 212 of the Agricultural Marketing Act of 1946*
 20 *(7 U.S.C. 1635a)) information on the price and*
 21 *quantity of livestock purchased by the packer; or*

22 “(4) *a packer that owns 1 livestock processing*
 23 *plant; or”.*

24 ***(b) EFFECTIVE DATE.—***

1 (1) *IN GENERAL.*—Subject to paragraph (2), the
 2 amendments made by subsection (a) take effect on the
 3 date of enactment of this Act.

4 (2) *TRANSITION RULES.*—In the case of a packer
 5 that on the date of enactment of this Act owns, feeds,
 6 or controls livestock intended for slaughter in viola-
 7 tion of section 202(f) of the Packers and Stockyards
 8 Act, 1921 (as amended by subsection (a)), the amend-
 9 ments made by subsection (a) apply to the packer—

10 (A) in the case of a packer of swine, begin-
 11 ning on the date that is 18 months after the date
 12 of enactment of this Act; and

13 (B) in the case of a packer of any other
 14 type of livestock, beginning as soon as prac-
 15 ticable, but not later than 180 days, after the
 16 date of enactment of this Act, as determined by
 17 the Secretary.

18 **SEC. 10208. REGULATIONS.**

19 (a) *IN GENERAL.*—Not later than 180 days after the
 20 date of enactment of this Act, the Secretary of Agriculture
 21 shall promulgate regulations to implement the amendments
 22 made by this title, including—

23 (1) regulations providing a definition of the term
 24 “unreasonable preference or advantage” for purposes

1 of section 202(b) of the Packers and Stockyards Act,
2 1921 (7 U.S.C. 192(b)); and

3 (2) regulations requiring live poultry dealers to
4 provide written notice to poultry growers if the live
5 poultry dealer imposes an extended layout period in
6 excess of 30 days, prior to removal of the previous
7 flock.

8 (b) *REQUIREMENTS.*—The Secretary shall ensure that
9 regulations promulgated pursuant to subsection (a)(1) pre-
10 vent discrimination against producers with a smaller vol-
11 ume of business. Nothing in this subsection shall be con-
12 strued to require any person to enter into a business trans-
13 action with a producer due solely to that producer's volume
14 of business.

15 ***Subtitle D—Related Programs***

16 **SEC. 10301. SENSE OF CONGRESS REGARDING** 17 **PSEUDORABIES ERADICATION PROGRAM.**

18 *It is the sense of Congress that—*

19 (1) the Secretary should recognize the threat that
20 feral swine pose to the domestic swine population and
21 the entire livestock industry;

22 (2) keeping the United States commercial swine
23 herd free of pseudorabies is essential to maintaining
24 and growing pork export markets;

1 (3) *pseudorabies surveillance funding is nec-*
 2 *essary to assist the swine industry in the monitoring,*
 3 *surveillance, and eradication of pseudorabies, includ-*
 4 *ing the monitoring and surveillance of other diseases*
 5 *effecting swine production and trade; and*

6 (4) *pseudorabies eradication is a high priority*
 7 *that the Secretary should carry out under the Animal*
 8 *Health Protection Act (7 U.S.C. 8301 et seq.).*

9 **SEC. 10302. SENSE OF CONGRESS REGARDING CATTLE**
 10 **FEVER TICK ERADICATION PROGRAM.**

11 *It is the sense of Congress that—*

12 (1) *the cattle fever tick and the southern cattle*
 13 *tick are vectors of the causal agent of babesiosis, a se-*
 14 *vere and often fatal disease of cattle; and*

15 (2) *implementing a national strategic plan for*
 16 *the cattle fever tick eradication program is a high*
 17 *priority that the Secretary should carry out—*

18 (A) *to prevent the entry of cattle fever ticks*
 19 *into the United States;*

20 (B) *to enhance and maintain an effective*
 21 *surveillance program to rapidly detect any fever*
 22 *tick incursions; and*

23 (C) *to research, identify, and procure the*
 24 *tools and knowledge necessary to prevent and*
 25 *eradicate cattle ticks in the United States.*

1 **SEC. 10303. NATIONAL SHEEP AND GOAT INDUSTRY IM-**
 2 **PROVEMENT CENTER.**

3 (a) *NAME CHANGE.*—Section 375 of the Consolidated
 4 Farm and Rural Development Act (7 U.S.C. 2008j) is
 5 amended—

6 (1) in the section heading, by inserting “**AND**
 7 **GOAT**” after “**NATIONAL SHEEP**”; and

8 (2) by inserting “and Goat” after “National
 9 Sheep” each place it appears.

10 (b) *FUNDING.*—Section 375(e)(6) of the Consolidated
 11 Farm and Rural Development Act (7 U.S.C. 2008j(e)(6))
 12 is amended by striking subparagraphs (B) and (C) and in-
 13 serting the following:

14 “(B) *MANDATORY FUNDING.*—Of the funds
 15 of the Commodity Credit Corporation, the Sec-
 16 retary shall use to carry out this section
 17 \$1,000,000 for fiscal year 2008, to remain avail-
 18 able until expended.

19 “(C) *AUTHORIZATION OF APPROPRIA-*
 20 *TIONS.*—There is authorized to be appropriated
 21 to the Secretary to carry out this section
 22 \$10,000,000 for each of fiscal years 2008 through
 23 2012.”.

24 (c) *REPEAL OF REQUIREMENT TO PRIVATIZE REVOLV-*
 25 *ING FUND.*—

1 (1) *IN GENERAL.*—Section 375 of the Consoli-
 2 dated Farm and Rural Development Act (7 U.S.C.
 3 2008j) is amended by striking subsection (j).

4 (2) *EFFECTIVE DATE.*—The amendment made by
 5 paragraph (1) takes effect on May 1, 2007.

6 **SEC. 10304. TRICHINAE CERTIFICATION PROGRAM.**

7 Section 10409 of the Animal Health Protection Act (7
 8 U.S.C. 8308) is amended by adding at the end the following:

9 “(c) *TRICHINAE CERTIFICATION PROGRAM.*—

10 “(1) *ESTABLISHMENT.*—Not later than 60 days
 11 after the date of enactment of this subsection, the Sec-
 12 retary shall issue final regulations to implement a
 13 trichinae certification program.

14 “(2) *AUTHORIZATION OF APPROPRIATIONS.*—
 15 There is authorized to be appropriated to the Sec-
 16 retary to carry out the program \$1,250,000 for each
 17 of fiscal years 2008 through 2012.”.

18 **SEC. 10305. PROTECTION OF INFORMATION IN THE ANIMAL**
 19 **IDENTIFICATION SYSTEM.**

20 Not later than 180 days after the date of enactment
 21 of this Act, the Secretary shall promulgate regulations con-
 22 sistent with the Freedom of Information Act, 5 U.S.C. 552,
 23 et. seq., regarding the disclosure of information submitted
 24 by farmers and ranchers who participate in the National
 25 Animal Identification System. The regulations promul-

1 *gated, which shall be subject to a public comment period*
 2 *before finalizing, should address the protection of trade se-*
 3 *crets and other proprietary and/or confidential business in-*
 4 *formation that farmers and ranchers disclose in the course*
 5 *of participation in National Animal Identification System.*

6 **SEC. 10306. LOW PATHOGENIC AVIAN INFLUENZA.**

7 *Section 10407(d)(2) of the Animal Health Protection*
 8 *Act (7 U.S.C. 8306(d)(2)) is amended—*

9 *(1) in subparagraph (A), by striking “subpara-*
 10 *graphs (B) and (C),” and inserting “subparagraphs*
 11 *(B), (C), and (D),”;*

12 *(2) by redesignating subparagraph (C) as sub-*
 13 *paragraph (D); and*

14 *(3) by inserting after subparagraph (B) the fol-*
 15 *lowing:*

16 *“(C) LOW PATHOGENIC AVIAN INFLU-*
 17 *ENZA.—*

18 *“(i) DEFINITION OF ELIGIBLE*
 19 *COSTS.—In this subparagraph, the term ‘el-*
 20 *igible costs’ means costs determined eligible*
 21 *for indemnity under part 56 of title 9, Code*
 22 *of Federal Regulations, as in effect on the*
 23 *date of enactment of this clause.*

24 *“(ii) INDEMNITIES.—Subject to sub-*
 25 *paragraphs (B) and (D), compensation to*

1 *any owner or contract grower of poultry*
 2 *participating in the voluntary control pro-*
 3 *gram for low pathogenic avian influenza*
 4 *under the National Poultry Improvement*
 5 *Plan, and payments to cooperating State*
 6 *agencies, shall be made in an amount equal*
 7 *to 100 percent of the eligible costs.”.*

8 **SEC. 10307. STUDY ON BIOENERGY OPERATIONS.**

9 *Not later than 180 days after the date of enactment*
 10 *of this Act, the Secretary, acting through the Office of the*
 11 *Chief Economist, shall submit to the Committee on Agri-*
 12 *culture of the House of Representatives and the Committee*
 13 *on Agriculture, Nutrition, and Forestry of the Senate a re-*
 14 *port describing the potential economic issues (including po-*
 15 *tential costs) associated with animal manure used in nor-*
 16 *mal agricultural operations and as a feedstock in bioenergy*
 17 *production.*

18 **SEC. 10308. SENSE OF THE SENATE ON INDEMNIFICATION**
 19 **OF LIVESTOCK PRODUCERS.**

20 *It is the sense of the Senate that the Secretary should*
 21 *partner with the private insurance industry to implement*
 22 *an approach for expediting the indemnification of livestock*
 23 *producers in the case of catastrophic disease outbreaks.*

1 **SEC. 10309. COORDINATION OF DAIRY OVERSIGHT.**

2 (a) *IN GENERAL.*—*The Secretary shall select an offi-*
3 *cial within the Department of Agriculture to coordinate the*
4 *sharing of information on oversight of the dairy industry*
5 *to ensure fair competition.*

6 (b) *DUTIES.*—*The official selected under subsection (a)*
7 *shall—*

8 (1) *serve as a liaison among the Agricultural*
9 *Marketing Service, Farm Service Agency, and Na-*
10 *tional Agricultural Statistics Service;*

11 (2) *coordinate and maintain informal commu-*
12 *nications as appropriate with other Federal agencies*
13 *with an involvement or interest in the dairy industry*
14 *or fair competition;*

15 (3) *hold at least 1 formal annual meeting during*
16 *each calendar year; and*

17 (4) *submit to the Committee on Agriculture of*
18 *the House of Representatives and the Committee on*
19 *Agriculture, Nutrition, and Forestry of the Senate,*
20 *and make available to the public, an annual report*
21 *that describes issues of concern in the dairy industry*
22 *that threaten fair competition, including an evalua-*
23 *tion of dairy markets with respect to the impact of*
24 *those markets on—*

25 (A) *reported dairy prices;*

- 1 (B) *Federal milk marketing order prices;*
 2 *and*
 3 (C) *other Federal dairy programs.*

4 ***TITLE XI—MISCELLANEOUS***
 5 ***Subtitle A—Agricultural Security***

6 ***SEC. 11011. DEFINITIONS.***

7 *In this subtitle:*

8 (1) *AGENT.*—*The term “agent” means a chem-*
 9 *ical, biological, radiological, or nuclear substance that*
 10 *causes an agricultural disease or adulteration of food*
 11 *products under the jurisdiction of the Department.*

12 (2) *AGRICULTURAL BIOSECURITY.*—*The term*
 13 *“agricultural biosecurity” means protection from an*
 14 *agent that poses a threat to—*

15 (A) *plant or animal health;*

16 (B) *public health, with respect to direct ex-*
 17 *posure to an agricultural disease; or*

18 (C) *the environment, with respect to agri-*
 19 *culture facilities, farmland, air, and water in the*
 20 *immediate vicinity of an area associated with an*
 21 *agricultural disease or outbreak.*

22 (3) *AGRICULTURAL COUNTERMEASURE.*—

23 (A) *IN GENERAL.*—*The term “agricultural*
 24 *countermeasure” means a product, practice, or*
 25 *technology that is intended to enhance or main-*

1 *tain the agricultural biosecurity of the United*
2 *States.*

3 (B) *EXCLUSIONS.*—*The term “agricultural*
4 *countermeasure” does not include any product,*
5 *practice, or technology used solely for human*
6 *medical incidents or public health emergencies*
7 *not related to agriculture.*

8 (4) *AGRICULTURAL DISEASE.*—*The term “agri-*
9 *cultural disease” has the meaning given the term by*
10 *the Secretary.*

11 (5) *AGRICULTURE.*—*The term “agriculture”*
12 *means—*

13 (A) *the science and practice of activities re-*
14 *lating to food, feed, fiber, and energy production,*
15 *processing, marketing, distribution, use, and*
16 *trade;*

17 (B) *nutrition, food science and engineering,*
18 *and agricultural economics;*

19 (C) *forestry, wildlife science, fishery science,*
20 *aquaculture, floriculture, veterinary medicine,*
21 *and other related natural resource sciences; and*

22 (D) *research and development activities re-*
23 *lating to plant- and animal-based products car-*
24 *ried out by the Department.*

1 (6) *AGROTERRORIST ACT.*—*The term*
 2 *“agroterrorist act” means an act that—*

3 *(A) causes or attempts to cause—*

4 *(i) damage to agriculture; or*

5 *(ii) injury to a person associated with*
 6 *agriculture; and*

7 *(B) is committed—*

8 *(i) to intimidate or coerce; or*

9 *(ii) to disrupt the agricultural indus-*
 10 *try.*

11 (7) *ANIMAL.*—*The term “animal” means any*
 12 *member of the animal kingdom (except a human).*

13 (8) *DEPARTMENT.*—*The term “Department”*
 14 *means the Department of Agriculture.*

15 (9) *DEVELOPMENT.*—*The term “development”*
 16 *means—*

17 *(A) research leading to the identification of*
 18 *products or technologies intended for use as agri-*
 19 *cultural countermeasures;*

20 *(B) the formulation, production, and subse-*
 21 *quent modification of those products or tech-*
 22 *nologies;*

23 *(C) the conduct of preclinical and clinical*
 24 *in vivo and in vitro studies;*

1 (D) *the conduct of field, efficacy, and safety*
2 *studies;*

3 (E) *the preparation of an application for*
4 *marketing approval for submission to applicable*
5 *agencies; and*

6 (F) *other actions taken by an applicable*
7 *agency in a case in which an agricultural coun-*
8 *termeasure is procured or used prior to issuance*
9 *of a license or other form of approval.*

10 (10) *PLANT.*—

11 (A) *IN GENERAL.*—*The term “plant” means*
12 *any plant (including any plant part) for or ca-*
13 *pable of propagation.*

14 (B) *INCLUSIONS.*—*The term “plant”*
15 *includes—*

- 16 (i) *a tree;*
- 17 (ii) *a tissue culture;*
- 18 (iii) *a plantlet culture;*
- 19 (iv) *pollen;*
- 20 (v) *a shrub;*
- 21 (vi) *a vine;*
- 22 (vii) *a cutting;*
- 23 (viii) *a graft;*
- 24 (ix) *a scion;*
- 25 (x) *a bud;*

1 (xi) a bulb;

2 (xii) a root; and

3 (xiii) a seed.

4 (11) *QUALIFIED AGRICULTURAL COUNTER-*
 5 *MEASURE.—The term “qualified agricultural counter-*
 6 *measure” means an agricultural countermeasure that*
 7 *the Secretary, in consultation with the Secretary of*
 8 *Homeland Security, determines to be a priority in*
 9 *order to address an agricultural biosecurity threat*
 10 *from—*

11 (A) *an agent placed on the Select Agents*
 12 *and Toxins list of the Department;*

13 (B) *an agent placed on the Plant Protection*
 14 *and Quarantine Select Agents and Toxins list of*
 15 *the Department; or*

16 (C) *an applicable agent placed on the Over-*
 17 *lap Select Agents and Toxins list of the Depart-*
 18 *ment and the Department of Health and Human*
 19 *Services, in accordance with—*

20 (i) *part 331 of title 7, Code of Federal*
 21 *Regulations; and*

22 (ii) *part 121 of title 9, Code of Federal*
 23 *Regulations.*

1 **SEC. 11012. NATIONAL PLANT DISEASE RECOVERY SYSTEM**
2 **AND NATIONAL VETERINARY STOCKPILE.**

3 (a) *NATIONAL PLANT DISEASE RECOVERY SYSTEM.*—

4 (1) *ESTABLISHMENT.*—*The Secretary, in coordi-*
5 *nation with the Secretary of Homeland Security, and*
6 *in consultation with the Administrator of the Envi-*
7 *ronmental Protection Agency, shall work with State*
8 *and local governments and the private sector to estab-*
9 *lish a national plant disease recovery system to be*
10 *used to respond to an outbreak of plant disease that*
11 *poses a significant threat to agricultural biosecurity.*

12 (2) *REQUIREMENTS.*—*The national plant disease*
13 *recovery system shall include agricultural counter-*
14 *measures to be made available within a single grow-*
15 *ing season for crops of particular economic signifi-*
16 *cance, as determined by the Secretary, in coordina-*
17 *tion with the Secretary of Homeland Security.*

18 (b) *NATIONAL VETERINARY STOCKPILE.*—*The Sec-*
19 *retary, in coordination with the Secretary of Homeland Se-*
20 *curity, and in consultation with the Secretary of Health*
21 *and Human Services and the Administrator of the Envi-*
22 *ronmental Protection Agency, shall work with State and*
23 *local governments and the private sector to establish a na-*
24 *tional veterinary stockpile, which shall be used by the Sec-*
25 *retary, in coordination with the Secretary of Homeland Se-*
26 *curity to make agricultural countermeasures available to*

1 *any State veterinarian not later than 24 hours after sub-*
 2 *mission of an official request for assistance by the State*
 3 *veterinarian, unless the Secretary and the Secretary of*
 4 *Homeland Security cannot accommodate such a request due*
 5 *to an emergency, lack of available resources, or other reason*
 6 *for disapproval of the request as determined the Secretary.*

7 **SEC. 11013. RESEARCH AND DEVELOPMENT OF AGRICUL-**
 8 **TURAL COUNTERMEASURES.**

9 (a) *GRANT PROGRAM.*—

10 (1) *IN GENERAL.*—*The Secretary shall establish*
 11 *a grant program to stimulate basic and applied re-*
 12 *search and development activity for qualified agricul-*
 13 *tural countermeasures.*

14 (2) *COMPETITIVE GRANTS.*—*In carrying out this*
 15 *section, the Secretary shall develop a process through*
 16 *which to award grants on a competitive basis.*

17 (3) *WAIVER IN EMERGENCIES.*—*The Secretary*
 18 *may waive the requirement in paragraph (2), if—*

19 (A) *the Secretary has declared a plant or*
 20 *animal disease emergency under the Plant Pro-*
 21 *tection Act (7 U.S.C. 7701 et seq.) or the Animal*
 22 *Health Protection Act (7 U.S.C. 8301 et seq.);*
 23 *and*

1 (B) *the waiver would lead to the rapid de-*
2 *velopment of a qualified agricultural counter-*
3 *measure, as determined by the Secretary.*

4 (b) *USE OF FOREIGN DISEASE PERMISSIBLE.—The*
5 *Secretary may permit the use of foreign animal and plant*
6 *disease agents, and accompanying data, in research and de-*
7 *velopment activities funded under this section if the Sec-*
8 *retary determines that the diseases or data are necessary*
9 *to demonstrate the safety and efficacy of an agricultural*
10 *countermeasure in development.*

11 (c) *COORDINATION ON ADVANCED DEVELOPMENT.—*
12 *The Secretary shall ensure that the Secretary of Homeland*
13 *Security is provided information, on a quarterly basis, de-*
14 *scribing each grant provided by the Secretary for the pur-*
15 *pose of facilitating the acceleration and expansion of the*
16 *advanced development of agricultural countermeasures.*

17 (d) *SCOPE.—Nothing in this section impedes the abil-*
18 *ity of the Secretary of Homeland Security to administer*
19 *grants for basic and applied research and advanced devel-*
20 *opment activities for qualified agricultural counter-*
21 *measures.*

22 (e) *AUTHORIZATION OF APPROPRIATIONS.—There is*
23 *authorized to be appropriated to carry out this section*
24 *\$50,000,000 for each of fiscal years 2008 through 2012.*

1 **SEC. 11014. VETERINARY WORKFORCE GRANT PROGRAM.**

2 (a) *IN GENERAL.*—*The Secretary shall establish a*
3 *grant program to increase the number of veterinarians*
4 *trained in agricultural biosecurity.*

5 (b) *CONSIDERATIONS FOR FUNDING AWARDED.*—*The*
6 *Secretary shall establish procedures to ensure that grants*
7 *are competitively awarded under the program based on—*

8 (1) *the ability of an applicant to increase the*
9 *number of veterinarians who are trained in agricul-*
10 *tural biosecurity practice areas determined by the*
11 *Secretary;*

12 (2) *the ability of an applicant to increase re-*
13 *search capacity in areas of agricultural biosecurity*
14 *determined by the Secretary to be a priority; or*

15 (3) *any other consideration the Secretary deter-*
16 *mines to be appropriate.*

17 (c) *USE OF FUNDS.*—*Amounts received under this sec-*
18 *tion may be used by a grantee to pay—*

19 (1) *costs associated with construction and the ac-*
20 *quisition of equipment, and other capital costs relat-*
21 *ing to the expansion of schools of veterinary medicine,*
22 *departments of comparative medicine, departments of*
23 *veterinary science, or entities offering residency train-*
24 *ing programs; or*

25 (2) *capital costs associated with the expansion of*
26 *academic programs that offer postgraduate training*

1 *for veterinarians or concurrent training for veteri-*
 2 *nary students in specific areas of specialization.*

3 (d) *AUTHORIZATION OF APPROPRIATIONS.—There are*
 4 *authorized to be appropriated to the Secretary such sums*
 5 *as are necessary to carry out this section for each of fiscal*
 6 *years 2008 through 2012.*

7 **SEC. 11015. ASSISTANCE TO BUILD LOCAL CAPACITY IN AG-**
 8 **RICULTURAL BIOSECURITY PLANNING, PRE-**
 9 **PAREDNESS, AND RESPONSE.**

10 (a) *ADVANCED TRAINING PROGRAMS.—*

11 (1) *GRANT ASSISTANCE.—The Secretary shall*
 12 *provide grant assistance to support the development*
 13 *and expansion of advanced training programs in ag-*
 14 *ricultural biosecurity planning and response for food*
 15 *science professionals and veterinarians.*

16 (2) *AUTHORIZATION OF APPROPRIATIONS.—*
 17 *There are authorized to be appropriated to the Sec-*
 18 *retary such sums as are necessary to carry out this*
 19 *subsection for each of fiscal years 2008 through 2012.*

20 (b) *ASSESSMENT OF RESPONSE CAPABILITY.—*

21 (1) *GRANT AND LOAN ASSISTANCE.—The Sec-*
 22 *retary shall provide grant and low-interest loan as-*
 23 *istance to States for use in assessing agricultural*
 24 *disease response and food emergency response capa-*
 25 *bilities.*

1 (2) *AUTHORIZATION OF APPROPRIATIONS.*—

2 *There is authorized to be appropriated to carry out*
 3 *this subsection \$25,000,000 for each of fiscal years*
 4 *2008 through 2012.*

5 **SEC. 11016. LIVE VIRUS OF FOOT AND MOUTH DISEASE RE-**
 6 **SEARCH.**

7 (a) *IN GENERAL.*—*The Secretary shall issue a permit*
 8 *required under section 12 of the Act of May 29, 1884 (21*
 9 *U.S.C. 113a) to the Secretary of Homeland Security for*
 10 *work on the live virus of foot and mouth disease at the Na-*
 11 *tional Bio and Agro-Defense Laboratory (referred to in this*
 12 *section as the “NBAF”).*

13 (b) *LIMITATION.*—*The permit shall be valid unless the*
 14 *Secretary finds that the study of live foot and mouth disease*
 15 *virus at the NBAF is not being carried out in accordance*
 16 *with the regulations issued by the Secretary pursuant to*
 17 *the Agricultural Bioterrorism Protection Act of 2002 (7*
 18 *U.S.C. 8401 et seq.).*

19 (c) *AUTHORITY.*—*The suspension, revocation, or other*
 20 *impairment of the permit issued under this section—*

21 (1) *shall be made by the Secretary; and*

22 (2) *is a nondelegable function.*

23 **SEC. 11017. PLANT PROTECTION.**

24 (a) *CIVIL PENALTIES FOR VIOLATIONS.*—*Section*
 25 *424(b)(1) of the Plant Protection Act (7 U.S.C. 7734(b)(2))*

1 *is amended by striking subparagraphs (A) and (B) and in-*
2 *serting the following:*

3 “(A) \$50,000 in the case of any individual
4 (except that the civil penalty may not exceed
5 \$1,000 in the case of an initial violation of this
6 title by an individual moving regulated articles
7 not for monetary gain);

8 “(B) \$250,000 in the case of any other per-
9 son for each violation;

10 “(C) \$500,000 for each violation adju-
11 dicated in a single proceeding;

12 “(D) \$1,000,000 for each violation adju-
13 dicated in a single proceeding involving a geneti-
14 cally modified organism (as determined by the
15 Secretary); or

16 “(E) twice the gross gain or gross loss for
17 any violation, forgery, counterfeiting, unauthor-
18 ized use, defacing, or destruction of a certificate,
19 permit, or other document provided for in this
20 title that results in the person deriving pecu-
21 niary gain or causing pecuniary loss to an-
22 other.”.

23 (b) *TIME FOR COMMENCING PROCEEDINGS.*—Subtitle
24 *B of the Plant Protection Act (7 U.S.C. 7731 et seq.) is*
25 *amended by adding at the end the following:*

1 **“SEC. 427. TIME FOR COMMENCING PROCEEDINGS.**

2 *“An action, suit, or proceeding with respect to an al-*
 3 *leged violation of this title shall not be considered unless*
 4 *the action, suit, or proceeding is commenced not later than*
 5 *5 years after the date the violation is initially discovered*
 6 *by the Secretary.”.*

7 ***Subtitle B—Other Programs***

8 **SEC. 11051. FORECLOSURE.**

9 (a) *IN GENERAL.*—Section 307 of the Consolidated
 10 *Farm and Rural Development Act (7 U.S.C. 1927) is*
 11 *amended by adding at the end the following:*

12 “(f) *MORATORIUM.*—

13 “(1) *IN GENERAL.*—Effective beginning on the
 14 *date of enactment of this subsection, there shall be in*
 15 *effect a moratorium on all loan acceleration and fore-*
 16 *closure proceedings instituted by the Department of*
 17 *Agriculture against any farmer or rancher who—*

18 “(A) *has pending against the Department a*
 19 *claim of discrimination; or*

20 “(B) *files a claim of discrimination against*
 21 *the Department.*

22 “(2) *WAIVER OF INTEREST AND OFFSETS.*—Dur-
 23 *ing the period of the moratorium, the Secretary shall*
 24 *waive the accrual of interest and offsets on all loans*
 25 *made under this subtitle for which loan acceleration*

1 *or foreclosure proceedings have been instituted as de-*
 2 *scribed in paragraph (1).*

3 “(3) *TERMINATION OF MORATORIUM.*—*The mor-*
 4 *atorium shall terminate with respect to a claim of*
 5 *discrimination by a farmer or rancher on the earlier*
 6 *of—*

7 “(A) *the date the Secretary resolves the*
 8 *claim; or*

9 “(B) *if the farmer or rancher appeals the*
 10 *decision of the Secretary on the claim to a court*
 11 *of competent jurisdiction, the date that the court*
 12 *renders a final decision on the claim.*

13 “(4) *FAILURE TO PREVAIL.*—*If a farmer or*
 14 *rancher does not prevail on a claim of discrimination*
 15 *described in paragraph (1), the farmer or rancher*
 16 *shall be liable for any interest and offsets that accrued*
 17 *during the period that the loan was in abeyance.”.*

18 *(b) FORECLOSURE REPORT.—*

19 “(1) *IN GENERAL.*—*Not later than 1 year after*
 20 *the date of enactment of this Act, the Inspector Gen-*
 21 *eral of the Department of Agriculture (referred to in*
 22 *this subsection as the “Inspector General”)* *shall de-*
 23 *termine whether decisions of the Department to im-*
 24 *plement foreclosure proceedings with respect to loans*
 25 *made under subtitle A of the Consolidated Farm and*

1 *Rural Development Act (7 U.S.C. 1922 et seq.) to so-*
 2 *cially disadvantaged farmers or ranchers during the*
 3 *5-year period preceding the date of enactment of this*
 4 *Act were consistent and in conformity with the appli-*
 5 *cable laws (including regulations) governing loan*
 6 *foreclosures.*

7 (2) *REPORT.*—Not later than 1 year after the
 8 date of enactment of this Act, the Inspector General
 9 shall submit to the Committee on Agriculture of the
 10 House of Representatives and the Committee on Agri-
 11 culture, Nutrition, and Forestry of the Senate a re-
 12 port that describes the determination of the Inspector
 13 General under paragraph (1).

14 **SEC. 11052. OUTREACH AND TECHNICAL ASSISTANCE FOR**
 15 **SOCIALLY DISADVANTAGED FARMERS AND**
 16 **RANCHERS.**

17 (a) *IN GENERAL.*—Section 2501 of the Food, Agri-
 18 culture, Conservation, and Trade Act of 1990 (7 U.S.C.
 19 2279)) is amended—

20 (1) *in subsection (a)*—

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

23 “(2) *REQUIREMENTS.*—The outreach and tech-
 24 nical assistance program under paragraph (1) shall
 25 be used exclusively—

1 “(A) to enhance coordination of the out-
 2 reach, technical assistance, and education efforts
 3 authorized under agriculture programs; and

4 “(B) to assist the Secretary in—

5 “(i) reaching socially disadvantaged
 6 farmers and ranchers and prospective so-
 7 cially disadvantaged farmers and ranchers
 8 in a culturally and linguistically appro-
 9 priate manner; and

10 “(ii) improving the participation of
 11 those farmers and ranchers in Department
 12 programs, as determined under section
 13 2501A.”;

14 (B) in paragraph (3)—

15 (i) in subparagraph (A), by striking
 16 “entity to provide information” and insert-
 17 ing “entity that has demonstrated an abil-
 18 ity to carry out the requirements described
 19 in paragraph (2) to provide outreach”; and

20 (ii) by adding at the end the following:

21 “(D) RENEWAL OF CONTRACTS.—The Sec-
 22 retary may provide for renewal of a grant, con-
 23 tract, or other agreement under this section with
 24 an eligible entity that—

1 “(i) has previously received funding
2 under this section;

3 “(ii) has demonstrated an ability to
4 carry out the requirements described in
5 paragraph (2); and

6 “(iii) demonstrates to the satisfaction
7 of the Secretary that the entity will con-
8 tinue to fulfill the purposes of this section.

9 “(E) REVIEW OF PROPOSALS.—Notwith-
10 standing subparagraph (D), the Secretary shall
11 promulgate a regulation to establish criteria for
12 the review process for grants and cooperative
13 agreements (including multiyear grants), which
14 shall include a review eligible entities on an in-
15 dividual basis.

16 “(F) REPORT.—The Secretary shall submit
17 to Congress, and make publically available, an
18 annual report that describes—

19 “(i) the accomplishments of the pro-
20 gram under this section; and

21 “(ii) any gaps or problems in service
22 delivery as reported by grantees.”; and

23 (C) in paragraph (4)—

24 (i) by striking subparagraph (A), and
25 inserting the following:

1 “(A) *AUTHORIZATION OF APPROPRIA-*
 2 *TIONS.—There is authorized to be appropriated*
 3 *to carry out this subsection \$50,000,000 for each*
 4 *of fiscal years 2008 through 2012.”; and*

5 *(ii) by adding at the end the following:*

6 “(C) *LIMITATION ON USE OF FUNDS FOR*
 7 *ADMINISTRATIVE EXPENSES.—Not more than 5*
 8 *percent of the amounts made available under*
 9 *this paragraph for a fiscal year may be used for*
 10 *expenses related to administering the program*
 11 *under this section.”; and*

12 *(2) in subsection (e)(5)(A)—*

13 *(A) in clause (i), by striking “has dem-*
 14 *onstrated experience in” and inserting “has a*
 15 *reputation for, and has demonstrated experience*
 16 *in,”; and*

17 *(B) in clause (ii)—*

18 *(i) by inserting “and on behalf of” be-*
 19 *fore “socially”; and*

20 *(ii) by striking “2-year” and inserting*
 21 *“3-year”.*

22 *(b) COORDINATION WITH OUTREACH.—*

23 *(1) IN GENERAL.—Not later than 18 months*
 24 *after the date of enactment of this Act, the Secretary*
 25 *shall develop a plan to join and relocate—*

1 (A) *the outreach and technical assistance*
 2 *program established under section 2501 of the*
 3 *Food, Agriculture, Conservation, and Trade Act*
 4 *of 1990 (7 U.S.C. 2279); and*

5 (B) *the Office of Outreach of the Depart-*
 6 *ment of Agriculture.*

7 (2) *CONSULTATION.*—*In preparing the plan*
 8 *under paragraph (1), the Secretary shall, in consulta-*
 9 *tion with eligible entities under section 2501 of the*
 10 *Food, Agriculture, Conservation, and Trade Act of*
 11 *1990 (7 U.S.C. 2279)—*

12 (A) *decide the most appropriate permanent*
 13 *location for the programs described in paragraph*
 14 *(1); and*

15 (B) *locate both programs together at that lo-*
 16 *cation.*

17 (3) *REPORT.*—*After the relocation described in*
 18 *this subsection is completed, the Secretary shall sub-*
 19 *mit to Congress a report that includes information*
 20 *describing the new location of the programs.*

21 **SEC. 11053. ADDITIONAL CONTRACTING AUTHORITY.**

22 *Section 2501(a)(3) of the Food, Agriculture, Conserva-*
 23 *tion, and Trade Act of 1990 (7 U.S.C. 2279(a)(3)) (as*
 24 *amended by section 11052(a)(1)(B)(ii)) is amended by add-*
 25 *ing at the end the following:*

1 “(G) *ADDITIONAL CONTRACTING AUTHOR-*
2 *ITY.*—

3 “(i) *IN GENERAL.*—*The Secretary shall*
4 *provide to the Office of Outreach of the De-*
5 *partment of Agriculture, the Natural Re-*
6 *sources Conservation Service, the Farm*
7 *Service Agency, the Risk Management Agen-*
8 *cy, the Forest Service, the Food Safety and*
9 *Inspection Service, and such other agencies*
10 *and programs as the Secretary determines*
11 *to be necessary, the authority to make*
12 *grants and enter into contracts and cooper-*
13 *ative agreements with community-based or-*
14 *ganizations that meet the definition of an*
15 *eligible entity under subsection (e).*

16 “(ii) *MATCHING FUNDS.*—*The Sec-*
17 *retary is not required to require matching*
18 *funds for a grant made, or a contract or co-*
19 *operative agreement entered into, under this*
20 *subparagraph.*

21 “(iii) *INTERAGENCY FUNDING.*—*Not-*
22 *withstanding any other provision of law*
23 *(including regulations), any Federal agency*
24 *may participate in any grant made, or con-*
25 *tract or cooperative agreement entered into,*

1 *under this subsection by contributing funds,*
 2 *if the head of the agency determines that the*
 3 *objectives of the grant, contract, or coopera-*
 4 *tive agreement will further the authorized*
 5 *programs of the contributing agency.”.*

6 **SEC. 11054. IMPROVED PROGRAM DELIVERY BY THE DE-**
 7 **PARTMENT OF AGRICULTURE ON INDIAN**
 8 **RESERVATIONS.**

9 *Section 2501(g)(1) of the Food, Agriculture, Conserva-*
 10 *tion, and Trade Act of 1990 (7 U.S.C. 2279(g)(1)) is*
 11 *amended by striking the second sentence.*

12 **SEC. 11055. ACCURATE DOCUMENTATION IN THE CENSUS**
 13 **OF AGRICULTURE AND CERTAIN STUDIES.**

14 *Section 2501 of the Food, Agriculture, Conservation,*
 15 *and Trade Act of 1990 (7 U.S.C. 2279) is amended by add-*
 16 *ing at the end the following:*

17 “(h) **ACCURATE DOCUMENTATION.**—*The Secretary*
 18 *shall ensure, to the maximum extent practicable, that the*
 19 *Census of Agriculture and studies carried out by the Eco-*
 20 *nomics Research Service accurately document the number,*
 21 *location, and economic contributions of socially disadvan-*
 22 *tagged farmers and ranchers in agricultural production.”.*

1 **SEC. 11056. IMPROVED DATA REQUIREMENTS.**

2 *Section 2501A of the Food, Agriculture, Conservation,*
 3 *and Trade Act of 1990 (7 U.S.C. 2279–1) is amended by*
 4 *striking subsection (c) and inserting the following:*

5 “(c) *COMPILATION OF PROGRAM PARTICIPATION*
 6 *DATA.*—

7 “(1) *ANNUAL REQUIREMENT.*—*For each county*
 8 *and State in the United States, the Secretary of Agri-*
 9 *culture (referred to in this section as the ‘Secretary’)*
 10 *shall annually compile program application and par-*
 11 *ticipation rate data regarding socially disadvantaged*
 12 *farmers and ranchers by computing for each program*
 13 *of the Department of Agriculture that serves agricul-*
 14 *tural producers or landowners—*

15 “(A) *raw numbers of applicants and par-*
 16 *ticipants by race, ethnicity, and gender, subject*
 17 *to appropriate privacy protections, as deter-*
 18 *mined by the Secretary; and*

19 “(B) *the application and participation*
 20 *rate, by race, ethnicity, and gender, as a percent-*
 21 *age of the total participation rate of all agricul-*
 22 *tural producers and landowners.*

23 “(2) *AUTHORITY TO COLLECT DATA.*—*The heads*
 24 *of the agencies of the Department of Agriculture shall*
 25 *collect and transmit to the Secretary any data, in-*
 26 *cluding data on race, gender, and ethnicity, that the*

1 *Secretary determines to be necessary to carry out*
 2 *paragraph (1).*

3 “(3) *REPORT.—Using the technologies and sys-*
 4 *tems of the National Agricultural Statistics Service,*
 5 *the Secretary shall compile and present the data re-*
 6 *quired under paragraph (1) for each program de-*
 7 *scribed in that paragraph in a manner that includes*
 8 *the raw numbers and participation rates for—*

9 “(A) *the entire United States;*

10 “(B) *each State; and*

11 “(C) *each county in each State.*

12 “(d) *LIMITATIONS ON USE OF DATA.—*

13 “(1) *IN GENERAL.—In carrying out this section,*
 14 *the Secretary shall not disclose the names or indi-*
 15 *vidual data of any program participant.*

16 “(2) *AUTHORIZED USES.—The data under this*
 17 *section shall be used exclusively for the purposes de-*
 18 *scribed in subsection (a).*

19 “(3) *LIMITATION.—Except as otherwise provided,*
 20 *the data under this section shall not be used for the*
 21 *evaluation of individual applications for assistance.”.*

22 **SEC. 11057. RECEIPT FOR SERVICE OR DENIAL OF SERVICE.**

23 *Section 2501A of the Food, Agriculture, Conservation,*
 24 *and Trade Act of 1990 (7 U.S.C. 2279–1) (as amended by*

1 *section 11056) is amended by adding at the end the fol-*
 2 *lowing:*

3 “(e) *RECEIPT FOR SERVICE OR DENIAL OF SERV-*
 4 *ICE.—In any case in which a farmer or rancher, or a pro-*
 5 *spective farmer or rancher, in person or in writing, requests*
 6 *from the Farm Service Agency or the Natural Resources*
 7 *Conservation Service of the Department of Agriculture any*
 8 *benefit or service offered by the Department to agricultural*
 9 *producers or landowners, and at the time of the request re-*
 10 *quests a receipt, the Secretary of Agriculture shall issue,*
 11 *on the date of the request, a receipt to the farmer or rancher,*
 12 *or prospective farmer or rancher, that contains—*

13 “(1) *the date, place, and subject of the request;*
 14 *and*

15 “(2) *the action taken, not taken, or recommended*
 16 *to the farmer or rancher or prospective farmer or*
 17 *rancher.”.*

18 **SEC. 11058. NATIONAL APPEALS DIVISION.**

19 *Section 280 of the Department of Agriculture Reorga-*
 20 *nization Act of 1994 (7 U.S.C. 7000) is amended—*

21 (1) *by striking “On the return” and inserting*
 22 *the following:*

23 “(a) *IN GENERAL.—On the return*”; and

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

25 “(b) *REPORTS.—*

1 “(1) *IN GENERAL.*—Not later than 180 days
2 after the date of enactment of this subsection, and
3 every 180 days thereafter, the head of each agency
4 shall submit to the Committee on Agriculture of the
5 House of Representatives and the Committee on Agri-
6 culture, Nutrition, and Forestry of the Senate, and
7 publish on the website of the Department, a report
8 that includes—

9 “(A) a description of all cases returned to
10 the agency during the period covered by the re-
11 port pursuant to a final determination of the
12 Division;

13 “(B) the status of implementation of each
14 final determination; and

15 “(C) if the final determination has not been
16 implemented—

17 “(i) the reason that the final deter-
18 mination has not been implemented; and

19 “(ii) the projected date of implementa-
20 tion of the final determination.

21 “(2) *UPDATES.*—Each month, the head of each
22 agency shall publish on the website of the Department
23 any updates to the reports submitted under para-
24 graph (1).”.

1 **SEC. 11059. FARMWORKER COORDINATOR.**

2 (a) *IN GENERAL.*—Subtitle B of title II of the Depart-
 3 ment of Agriculture Reorganization Act of 1994 is amended
 4 by inserting after section 226A (7 U.S.C. 6933) the fol-
 5 lowing:

6 **“SEC. 226B. FARMWORKER COORDINATOR.**

7 “(a) *ESTABLISHMENT.*—The Secretary shall establish
 8 within the Department the position of Farmworker Coordi-
 9 nator (referred to in this section as the ‘Coordinator’).

10 “(b) *DUTIES.*—The Secretary shall delegate to the Co-
 11 ordinator responsibility for—

12 “(1) assisting in administering the program es-
 13 tablished by section 2281 of the Food, Agriculture,
 14 Conservation, and Trade Act of 1990 (42 U.S.C.
 15 5177a);

16 “(2) serving as a liaison to community-based
 17 nonprofit organizations that represent and have dem-
 18 onstrated experience serving low-income migrant and
 19 seasonal farmworkers;

20 “(3) coordinating with the Department, other
 21 Federal agencies, and State and local governments to
 22 ensure that farmworker needs are assessed and met
 23 during declared disasters and other emergencies;

24 “(4) consulting with the Office of Small Farm
 25 Coordination, Office of Outreach, Outreach Coordina-
 26 tors, and other entities to better integrate farmworker

1 *perspectives, concerns, and interests into the ongoing*
 2 *programs of the Department;*

3 “(5) *consulting with appropriate institutions on*
 4 *research, program improvements, or agricultural edu-*
 5 *cation opportunities that assist low-income and mi-*
 6 *grant seasonal farmworkers; and*

7 “(6) *ensuring that farmworkers have access to*
 8 *services and support to enter agriculture as pro-*
 9 *ducers.*

10 “(c) *AUTHORIZATION OF APPROPRIATIONS.—There are*
 11 *authorized to be appropriated such sums as are necessary*
 12 *to carry out this section.”.*

13 (b) *CONFORMING AMENDMENT.—Section 296(b) of the*
 14 *Department of Agriculture Reorganization Act of 1994 (7*
 15 *U.S.C. 7014(b)) (as amended by section 7401(c)(1)) is*
 16 *amended by adding at the end the following:*

17 “(7) *the authority of the Secretary to establish in*
 18 *the Department a position of Farmworker Coordi-*
 19 *nator in accordance with section 226B.”.*

20 **SEC. 11060. CONGRESSIONAL BIPARTISAN FOOD SAFETY**
 21 **COMMISSION.**

22 (a) *COMMISSION.—*

23 (1) *ESTABLISHMENT.—*

24 (A) *IN GENERAL.—There is established a*
 25 *commission to be known as the “Congressional*

1 *Bipartisan Food Safety Commission*” (referred
2 to in this section as the “Commission”).

3 (B) *PURPOSE.*—*The purpose of the Com-*
4 *mission shall be to act in a bipartisan, con-*
5 *sensus-driven fashion—*

6 (i) *to review the food safety system of*
7 *the United States;*

8 (ii) *to prepare a report that—*

9 (I) *summarizes information about*
10 *the food safety system as in effect as of*
11 *the date of enactment of this Act; and*

12 (II) *makes recommendations on*
13 *ways—*

14 (aa) *to modernize the food*
15 *safety system of the United States;*

16 (bb) *to harmonize and up-*
17 *date food safety statutes;*

18 (cc) *to improve Federal,*
19 *State, local, and interagency co-*
20 *ordination of food safety per-*
21 *sonnel, activities, budgets, and*
22 *leadership;*

23 (dd) *to best allocate scarce*
24 *resources according to risk;*

1 (ee) to ensure that regula-
2 tions, directives, guidance, and
3 other standards and requirements
4 are based on best-available science
5 and technology;

6 (ff) to emphasize preventative
7 rather than reactive strategies;
8 and

9 (gg) to provide to Federal
10 agencies funding mechanisms nec-
11 essary to effectively carry out food
12 safety responsibilities; and

13 (iii) to draft specific statutory lan-
14 guage, including detailed summaries of the
15 language and budget recommendations, that
16 would implement the recommendations of
17 the Commission.

18 (2) *MEMBERSHIP.*—

19 (A) *COMPOSITION.*—The Commission shall
20 be composed of 19 members.

21 (B) *ELIGIBILITY.*—Members of the Commis-
22 sion shall—

23 (i) have specialized training, edu-
24 cation, or significant experience in at least
25 1 of the areas of—

- 1 (I) *food safety research;*
2 (II) *food safety law and policy;*
3 and
4 (III) *program design and imple-*
5 *mentation;*
6 (ii) *consist of—*
7 (I) *the Secretary of Agriculture*
8 *(or a designee);*
9 (II) *the Secretary of Health and*
10 *Human Services (or a designee);*
11 (III) *1 Member of the House of*
12 *Representatives; and*
13 (IV) *1 Member of the Senate; and*
14 (V) *15 additional members that*
15 *include, to the maximum extent prac-*
16 *ticable, representatives of—*
17 (aa) *consumer organizations;*
18 (bb) *agricultural and live-*
19 *stock production;*
20 (cc) *public health profes-*
21 *sionals;*
22 (dd) *State regulators;*
23 (ee) *Federal employees; and*

1 (ff) *the livestock and food*
 2 *manufacturing and processing in-*
 3 *dustry.*

4 (C) *APPOINTMENTS.—*

5 (i) *IN GENERAL.—The appointment of*
 6 *the members of the Commission shall be*
 7 *made not later than 60 days after the date*
 8 *of enactment of this Act.*

9 (ii) *CERTAIN APPOINTMENTS.—Of the*
 10 *members of the Commission described in*
 11 *subparagraph (B)(i)(V)—*

12 (I) *2 shall be appointed by the*
 13 *President;*

14 (II) *7 shall be appointed by a*
 15 *working group consisting of—*

16 (aa) *the Chairman of each of*
 17 *the Committee on Agriculture,*
 18 *Nutrition, and Forestry and the*
 19 *Committee on Health, Education,*
 20 *Labor, and Pensions of the Sen-*
 21 *ate;*

22 (bb) *the Chairman of each of*
 23 *the Committee on Agriculture and*
 24 *the Committee on Energy and*

1 *Commerce of the House of Rep-*
 2 *resentatives;*

3 *(cc) the Speaker of the House*
 4 *of Representatives; and*

5 *(dd) the Majority Leader of*
 6 *the Senate; and*

7 *(III) 6 shall be appointed by a*
 8 *working group consisting of—*

9 *(aa) the Ranking Member of*
 10 *each of the Committees described*
 11 *in items (aa) and (bb) of sub-*
 12 *clause (II);*

13 *(bb) the Minority Leader of*
 14 *the House of Representatives; and*

15 *(cc) the Minority Leader of*
 16 *the Senate.*

17 *(D) TERM.—A member of the Commission*
 18 *shall be appointed for the life of the Commission.*

19 *(E) VACANCIES.—A vacancy on the*
 20 *Commission—*

21 *(i) shall not affect the powers of the*
 22 *Commission; and*

23 *(ii) shall be filled in the same manner*
 24 *as the original appointment was made.*

25 *(3) MEETINGS.—*

1 (A) *INITIAL MEETING.*—*Except as provided*
2 *in subparagraph (B), the initial meeting of the*
3 *Commission shall be conducted in Washington,*
4 *District of Columbia, not later than 30 days*
5 *after the date of appointment of the final mem-*
6 *ber of the Commission under paragraph (2)(C).*

7 (B) *MEETING FOR PARTIAL APPOINT-*
8 *MENT.*—*If, as of the date that is 90 days after*
9 *the date of enactment of this Act, all members of*
10 *the Commission have not been appointed under*
11 *paragraph (2)(C), but at least 8 members have*
12 *been appointed, the Commission may hold the*
13 *initial meeting of the Commission.*

14 (C) *OTHER MEETINGS.*—*The Commission*
15 *shall—*

16 (i) *hold a series of at least 5 stake-*
17 *holder meetings to solicit public comment,*
18 *including—*

19 (I) *at least 1 stakeholder meeting,*
20 *to be held in Washington, District of*
21 *Columbia; and*

22 (II) *at least 4 stakeholder meet-*
23 *ings, to be held in various regions of*
24 *the United States; and*

25 (ii) *meet at the call of—*

- 1 (I) *the Chairperson;*
- 2 (II) *the Vice-Chairperson; or*
- 3 (III) *a majority of the members of*
- 4 *the Commission.*

5 (D) *PUBLIC PARTICIPATION; INFORMA-*
 6 *TION.—To the maximum extent practicable—*

- 7 (i) *each meeting of the Commission*
- 8 *shall be open to the public; and*
- 9 (ii) *all information from a meeting of*
- 10 *the Commission shall be recorded and made*
- 11 *available to the public.*

12 (E) *QUORUM.—With respect to meetings of*
 13 *the Commission—*

- 14 (i) *a majority of the members of the*
- 15 *Commission shall constitute a quorum for*
- 16 *the conduct of business of the Commission;*
- 17 *but*

- 18 (ii) *for the purpose of a stakeholder*
- 19 *meeting described in subparagraph (C)(i), 4*
- 20 *or more members of the Commission shall*
- 21 *constitute a quorum.*

22 (F) *FACILITATOR.—The Commission shall*
 23 *contract with a nonpolitical, disinterested third-*
 24 *party entity to serve as a meeting facilitator.*

1 (4) *CHAIRPERSON AND VICE-CHAIRPERSON.*—*At*
 2 *the initial meeting of the Commission, the members of*
 3 *the Commission shall select from among the members*
 4 *a Chairperson and Vice-Chairperson of the Commis-*
 5 *sion.*

6 (b) *DUTIES.*—

7 (1) *RECOMMENDATIONS.*—*The Commission shall*
 8 *review and consider the statutes, studies, and reports*
 9 *described in paragraph (2) for the purpose of under-*
 10 *standing the food safety system of the United States*
 11 *in existence as of the date of enactment of this Act.*

12 (2) *STATUTES, STUDIES, AND REPORTS.*—*The*
 13 *statutes, studies, and reports referred to in paragraph*
 14 *(1) include—*

15 (A) *with respect with respect to laws ad-*
 16 *ministered by the Secretary of Agriculture—*

17 (i) *the Federal Seed Act (7 U.S.C.*
 18 *1551 et seq.);*

19 (ii) *the Agricultural Marketing Act of*
 20 *1946 (7 U.S.C. 1621 et seq.);*

21 (iii) *the Animal Health Protection Act*
 22 *(7 U.S.C. 8301 et seq.);*

23 (iv) *the Lacey Act Amendments of*
 24 *1981 (16 U.S.C. 3371 et seq.);*

1 (v) *the Poultry Products Inspection*
2 *Act* (21 U.S.C. 451 *et seq.*);

3 (vi) *the Federal Meat Inspection Act*
4 (21 U.S.C. 601 *et seq.*); and

5 (vii) *the Egg Products Inspection Act*
6 (21 U.S.C. 1031 *et seq.*);

7 (B) *with respect to laws administered by*
8 *the Secretary of the Treasury, the Federal Alco-*
9 *hol Administration Act* (27 U.S.C. 201 *et seq.*);

10 (C) *with respect to laws administered by the*
11 *Federal Trade Commission, the Act of September*
12 *26, 1914* (15 U.S.C. 41 *et seq.*);

13 (D) *with respect to laws administered by*
14 *the Secretary of Health and Human Services—*

15 (i) *chapters I through IV of the Federal*
16 *Food, Drug, and Cosmetic Act* (21 U.S.C.
17 301 *et seq.*);

18 (ii) *the Public Health Service Act* (42
19 U.S.C. 201 *et seq.*);

20 (iii) *the Import Milk Act* (21 U.S.C.
21 141 *et seq.*);

22 (iv) *the Food Additives Amendment of*
23 *1958* (Public Law 85–929; 52 Stat. 1041);

24 (v) *the Fair Packaging and Labeling*
25 *Act* (Public Law 89–755; 80 Stat. 1296);

1 (vi) *the Infant Formula Act of 1980*
2 (21 U.S.C. 301 note; Public Law 96–359);

3 (vii) *the Pesticide Monitoring Improve-*
4 *ments Act of 1988 (Public Law 100–418;*
5 *102 Stat. 1411);*

6 (viii) *the Nutrition Labeling and Edu-*
7 *cation Act of 1990 (21 U.S.C. 301 note;*
8 *Public Law 101–535);*

9 (ix) *the Food and Drug Administra-*
10 *tion Modernization Act of 1997 (21 U.S.C.*
11 *301 note; Public Law 105–115); and*

12 (x) *the Public Health Security and*
13 *Bioterrorism Preparedness and Response*
14 *Act of 2002 (21 U.S.C. 201 note; Public*
15 *Law 107–188);*

16 (E) *with respect to laws administered by*
17 *the Attorney General, the Federal Anti-Tam-*
18 *pering Act (18 U.S.C. 1365 note; Public Law*
19 *98–127);*

20 (F) *with respect to laws administered by the*
21 *Administrator of the Environmental Protection*
22 *Agency—*

23 (i) *the Federal Insecticide, Fungicide,*
24 *and Rodenticide Act (7 U.S.C. 136 et seq.);*

1 (ii) *the Food Quality Protection Act of*
2 1996 (7 U.S.C. 136 note; Public Law 104–
3 170);

4 (iii) *the Toxic Substances Control Act*
5 (15 U.S.C. 2601 et seq.); and

6 (iv) *the Safe Drinking Water Act of*
7 1974 (42 U.S.C. 201 note; Public Law 93–
8 523); and

9 (G) *with respect to laws administered by*
10 *the Secretary of Transportation, chapter 57 of*
11 *subtitle II of title 49, United States Code (relat-*
12 *ing to sanitary food transportation); and*

13 (H) *with respect to Government studies on*
14 *food safety—*

15 (i) *the report of the National Acad-*
16 *emies of Science entitled “Ensuring Safe*
17 *Food from Production to Consumption”*
18 *and dated 1998;*

19 (ii) *the report of the National Acad-*
20 *emies of Science entitled “Scientific Cri-*
21 *teria to Ensure Safe Food” and dated 2003;*

22 (iii) *reports of the Office of the Inspec-*
23 *tor General of the Department of Agri-*
24 *culture, including—*

1 (I) report 24601–0008–CH, enti-
2 tled “Egg Products Processing Inspec-
3 tion” and dated September 18, 2007;

4 (II) report 24005–1–AT, entitled
5 “Food Safety and Inspection Service—
6 State Meat and Poultry Inspection
7 Programs” and dated September 27,
8 2006;

9 (III) report 24601–06–CH, enti-
10 tled “Food Safety and Inspection Serv-
11 ice’s In-Plant Performance System”
12 and dated March 28, 2006;

13 (IV) report 24601–05–AT, entitled
14 “Hazard Analysis and Critical Control
15 Point Implementation at Very Small
16 Plants” and dated June 24, 2005;

17 (V) report 24601–04–HY, entitled
18 “Food Safety and Inspection Service
19 Oversight of the 2004 Recall by Quaker
20 Maid Meats, Inc.” and dated May 18,
21 2005;

22 (VI) report 24501–01–FM, enti-
23 tled “Food Safety and Inspection Serv-
24 ice Application Controls—Performance

1 *Based Inspection System” and dated*
2 *November 24, 2004;*

3 (VII) report 24601–03–CH, enti-
4 tled “Food Safety and Inspection Serv-
5 ice Use of Food Safety Information”
6 and dated September 30, 2004;

7 (VIII) report 24601–03–HY, enti-
8 tled “Food Safety and Inspection Serv-
9 ice Effectiveness Checks for the 2002
10 Pilgrim’s Pride Recall” and dated
11 June 29, 2004;

12 (IX) report 24601–02–HY, enti-
13 tled “Food Safety and Inspection Serv-
14 ice Oversight of the Listeria Outbreak
15 in the Northeastern United States”
16 and dated June 9, 2004;

17 (X) report 24099–05–HY, entitled
18 “Food Safety and Inspection Service
19 Imported Meat and Poultry Equiva-
20 lence Determinations Phase III” and
21 dated December 29, 2003;

22 (XI) report 24601–2–KC, entitled
23 “Food Safety and Inspection Service—
24 Oversight of Production Process and
25 Recall at Conagra Plant (Establish-

1 *ment 969)” and dated September 30,*
2 *2003;*

3 *(XII) report 24601–1–Ch, entitled*
4 *“Laboratory Testing Of Meat And*
5 *Poultry Products” and dated June 21,*
6 *2000;*

7 *(XIII) report 24001–3–At, 24601–*
8 *1–Ch, 24099–3–Hy, 24601–4–At, enti-*
9 *tled “Food Safety and Inspection Serv-*
10 *ice: HACCP Implementation, Pathogen*
11 *Testing Program, Foreign Country*
12 *Equivalency, Compliance Activities”*
13 *and dated June 21, 2000; and*

14 *(XIV) report 24001–3–At, entitled*
15 *“Implementation of the Hazard Anal-*
16 *ysis and Critical Control Point Sys-*
17 *tem” and dated June 21, 2000; and*

18 *(I) with respect to reports prepared by the*
19 *Government Accountability Office, the reports*
20 *designated—*

21 *(i) GAO–05–212;*

22 *(ii) GAO–02–47T;*

23 *(iii) GAO/T–RCED–94–223;*

24 *(iv) GAO/RCED–99–80;*

25 *(v) GAO/T–RCED–98–191;*

- 1 (vi) *GAO/RCED-98-103*;
- 2 (vii) *GAO-07-785T*;
- 3 (viii) *GAO-05-51*;
- 4 (ix) *GAO/T-RCED-94-311*;
- 5 (x) *GAO/RCED-92-152*;
- 6 (xi) *GAO/T-RCED-99-232*;
- 7 (xii) *GAO/T-RCED-98-271*;
- 8 (xiii) *GAO-07-449T*;
- 9 (xiv) *GAO-05-213*;
- 10 (xv) *GAO-04-588T*;
- 11 (xvi) *GAO/RCED-00-255*;
- 12 (xvii) *GAO/RCED-00-195*; and
- 13 (xviii) *GAO/T-RCED-99-256*.

14 (3) *REPORT*.—Not later than 360 days after the
 15 date on which the Commission first meets, the Com-
 16 mission shall submit to the President and Congress a
 17 report that includes the report and summaries, statu-
 18 tory language recommendations, and budget rec-
 19 ommendations described in clauses (ii) and (iii) of
 20 subsection (a)(1)(B).

21 (c) *POWERS OF THE COMMISSION*.—

22 (1) *HEARINGS*.—The Commission or, at the di-
 23 rection of the Commission, any member of the Com-
 24 mission, may, for the purpose of carrying out this
 25 section—

1 (A) *hold such hearings, meet and act at*
 2 *such times and places, take such testimony, re-*
 3 *ceive such evidence, and administer such oaths;*
 4 *and*

5 (B) *require the attendance and testimony of*
 6 *such witnesses and the production of such books,*
 7 *records, correspondence, memoranda, papers,*
 8 *documents, tapes, and materials;*
 9 *as the Commission or member considers advisable.*

10 (2) *INFORMATION FROM FEDERAL AGENCIES.—*

11 (A) *IN GENERAL.—The Commission may se-*
 12 *cure directly, from any Federal agency, such in-*
 13 *formation as the Commission considers necessary*
 14 *to carry out this section.*

15 (B) *PROVISION OF INFORMATION.—*

16 (i) *IN GENERAL.—Subject to subpara-*
 17 *graph (C), on the request of the Commis-*
 18 *sion, the head of a Federal agency described*
 19 *in subparagraph (A) shall expeditiously*
 20 *furnish information requested by the Com-*
 21 *mission to the Commission.*

22 (ii) *ADMINISTRATION.—The furnishing*
 23 *of information by a Federal agency to the*
 24 *Commission shall not be considered a waiv-*
 25 *er of any exemption available to the agency*

1 *under section 552 of title 5, United States*
 2 *Code.*

3 (C) *INFORMATION TO BE KEPT CONFIDEN-*
 4 *TIAL.—For purposes of section 1905 of title 18,*
 5 *United States Code—*

6 (i) *the Commission shall be considered*
 7 *an agency of the Federal Government; and*

8 (ii) *any individual employed by an in-*
 9 *dividual, entity, or organization that is a*
 10 *party to a contract with the Commission*
 11 *under this section shall be considered an*
 12 *employee of the Commission.*

13 (d) *COMMISSION PERSONNEL MATTERS.—*

14 (1) *MEMBERS.—*

15 (A) *NON-FEDERAL EMPLOYEES.—A member*
 16 *of the Commission who is not an officer or em-*
 17 *ployee of the Federal Government shall be com-*
 18 *pensated at a rate equal to the daily equivalent*
 19 *of the annual rate of basic pay prescribed for*
 20 *level IV of the Executive Schedule under section*
 21 *5315 of title 5, United States Code, for each day*
 22 *(including travel time) during which the member*
 23 *is engaged in the performance of the duties of the*
 24 *Commission.*

1 (B) *FEDERAL EMPLOYEES.*—A member of
2 the Commission who is an officer or employee of
3 the Federal Government shall serve without com-
4 pensation in addition to the compensation re-
5 ceived for the services of the member as an officer
6 or employee of the Federal Government.

7 (C) *TRAVEL EXPENSES.*—A member of the
8 Commission shall be allowed travel expenses, in-
9 cluding per diem in lieu of subsistence, at rates
10 authorized for an employee of an agency under
11 subchapter I of chapter 57 of title 5, United
12 States Code, while away from the home or reg-
13 ular place of business of the member in the per-
14 formance of the duties of the Commission.

15 (2) *STAFF.*—

16 (A) *EXECUTIVE DIRECTOR.*—Not later than
17 30 days after the Chairperson and Vice-Chair-
18 person of the Commission are selected under sub-
19 section (a)(4), the Chairperson and Vice-Chair-
20 person shall jointly select an individual to serve
21 as executive director of the Commission.

22 (B) *ADDITIONAL STAFF.*—The Chairperson
23 of the Commission may, without regard to the
24 civil service laws (including regulations), ap-
25 point and terminate the appointment of such

1 *other additional personnel as are necessary to*
 2 *enable the Commission to perform the duties of*
 3 *the Commission.*

4 (C) *CONFIRMATION OF EXECUTIVE DIREC-*
 5 *TOR.—The employment of an executive director*
 6 *under this paragraph shall be subject to con-*
 7 *firmation by the Commission.*

8 (D) *COMPENSATION.—*

9 (i) *IN GENERAL.—Except as provided*
 10 *in clause (ii), the Chairperson of the Com-*
 11 *mission may fix the compensation of the ex-*
 12 *ecutive director and other personnel without*
 13 *regard to the provisions of chapter 51 and*
 14 *subchapter III of chapter 53 of title 5,*
 15 *United States Code, relating to classifica-*
 16 *tion of positions and General Schedule pay*
 17 *rates.*

18 (ii) *MAXIMUM RATE OF PAY.—The rate*
 19 *of pay for the executive director and other*
 20 *personnel shall not exceed the rate payable*
 21 *for level II of the Executive Schedule under*
 22 *section 5316 of title 5, United States Code.*

23 (3) *DETAIL OF FEDERAL GOVERNMENT EMPLOY-*
 24 *EES.—*

1 (A) *IN GENERAL.*—*An employee of the Fed-*
2 *eral Government may be detailed to the Commis-*
3 *sion, without reimbursement, for such period of*
4 *time as is permitted by law.*

5 (B) *CIVIL SERVICE STATUS.*—*The detail of*
6 *the employee shall be without interruption or*
7 *loss of civil service status or privilege.*

8 (4) *PROCUREMENT OF TEMPORARY AND INTER-*
9 *MITTENT SERVICES.*—*The Chairperson, Vice-Chair-*
10 *person, and executive director of the Commission may*
11 *procure temporary and intermittent services in ac-*
12 *cordance with section 3109(b) of title 5, United States*
13 *Code, at rates for individuals that do not exceed the*
14 *daily equivalent of the annual rate of basic pay pre-*
15 *scribed for level IV of the Executive Schedule under*
16 *section 5316 of that title.*

17 (e) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
18 *authorized to be appropriated such sums as are necessary*
19 *to carry out this section.*

20 (f) *TERMINATION.*—*The Commission shall terminate*
21 *on the date that is 60 days after the date on which the Com-*
22 *mission submits the report under subsection (b)(2).*

1 **SEC. 11061. EMERGENCY GRANTS TO ASSIST LOW-INCOME**
 2 **MIGRANT AND SEASONAL FARMWORKERS.**

3 *Section 2281 of the Food, Agriculture, Conservation,*
 4 *and Trade Act of 1990 (42 U.S.C. 5177a) is amended to*
 5 *read as follows:*

6 **“SEC. 2281. EMERGENCY GRANTS TO ASSIST LOW-INCOME**
 7 **MIGRANT AND SEASONAL FARMWORKERS.**

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

9 “(1) *ELIGIBLE ENTITY.—The term ‘eligible enti-*
 10 *ty’ means a public agency, community-based organi-*
 11 *zation, or network of community-based organizations*
 12 *with tax-exempt status under section 501(c)(3) of the*
 13 *Internal Revenue Code of 1986, that has at least 5*
 14 *years of demonstrated experience in representing and*
 15 *providing emergency services to low-income migrant*
 16 *or seasonal farmworkers.*

17 “(2) *LOW-INCOME MIGRANT OR SEASONAL FARM-*
 18 *WORKER.—The term ‘low-income migrant or seasonal*
 19 *farmworker’ means an individual—*

20 “(A) *who has, during any consecutive 12-*
 21 *month period within the preceding 24-month pe-*
 22 *riod, performed farm work for wages;*

23 “(B) *who has received not less than 1/2 of*
 24 *the total income of the individual from, or been*
 25 *employed at least 1/2 of total work time in, farm*
 26 *work; and*

1 “(C) whose annual family income during
2 the 12-month period described in paragraph (1)
3 does not exceed the higher of, as determined by
4 the Secretary—

5 “(i) 185 percent of the most recent an-
6 nual Federal Poverty Income Guidelines
7 published by the Department of Health and
8 Human Services; or

9 “(ii) 70 percent of the lower living
10 standard income level.

11 “(3) SECRETARY.—The term ‘Secretary’ means
12 the Secretary of Agriculture.

13 “(b) GRANTS AVAILABLE.—The Secretary may make
14 grants to eligible entities if the Secretary determines that
15 a local, State, or national emergency or disaster has caused
16 low-income migrant or seasonal farmworkers—

17 “(1) to lose income;

18 “(2) to be unable to work; or

19 “(3) to stay home or return home in anticipa-
20 tion of work shortages.

21 “(c) USE OF FUNDS.—As a condition of receiving a
22 grant under subsection (b), an eligible entity shall use the
23 grant to provide emergency services to low-income migrant
24 or seasonal farmworkers, with a focus on—

1 “(1) assistance that allows low-income migrant
2 or seasonal farmworkers to meet or access other re-
3 sources to meet short-term emergency family needs for
4 food, clothing, employment, transportation, and hous-
5 ing;

6 “(2) assistance that allows low-income and mi-
7 grant seasonal farmworkers to remain in a disaster
8 area; and

9 “(3) such other priorities that the Secretary de-
10 termines to be appropriate.

11 “(d) *DISASTER FUND*.—

12 “(1) *IN GENERAL*.—The Secretary shall main-
13 tain a disaster fund of \$2,000,000 to be used for im-
14 mediate assistance for events described in subsection
15 (b).

16 “(2) *FUNDING*.—There are authorized to be ap-
17 propriated to the Secretary such sums as are nec-
18 essary to maintain the disaster fund at \$2,000,000 for
19 each of fiscal years 2008 through 2012.”.

20 **SEC. 11062. GRANTS TO REDUCE PRODUCTION OF**
21 **METHAMPHETAMINES FROM ANHYDROUS AM-**
22 **MONIA.**

23 (a) *DEFINITIONS*.—In this section:

24 (1) *ELIGIBLE ENTITY*.—The term “eligible enti-
25 ty” means—

1 (A) a producer of agricultural commodities;

2 (B) a cooperative association, a majority of
3 the members of which produce or process agricul-
4 tural commodities; or

5 (C) a person in the trade or business of—

6 (i) selling an agricultural product (in-
7 cluding an agricultural chemical) at retail,
8 predominantly to farmers and ranchers; or

9 (ii) aerial and ground application of
10 an agricultural chemical.

11 (2) *NURSE TANK.*—The term “nurse tank” shall
12 be considered to be a cargo tank (within the meaning
13 of section 173.315(m) of title 49, Code of Federal Reg-
14 ulations, as in effect as of the date of the enactment
15 of this Act).

16 (b) *GRANT AUTHORITY.*—The Secretary may make a
17 grant to an eligible entity to enable the eligible entity to
18 obtain and add to an anhydrous ammonia fertilizer nurse
19 tank a physical lock or a substance to reduce the amount
20 of methamphetamine that can be produced from any anhy-
21 drous ammonia removed from the nurse tank.

22 (c) *GRANT AMOUNT.*—The amount of a grant made
23 under this section to an eligible entity shall be the product
24 obtained by multiplying—

1 (1) *an amount not less than \$40 and not more*
 2 *than \$60, as determined by the Secretary; and*

3 (2) *the number of fertilizer nurse tanks of the eli-*
 4 *gible entity.*

5 (d) *AUTHORIZATION OF APPROPRIATIONS.—There is*
 6 *authorized to be appropriated to the Secretary to make*
 7 *grants under this section \$15,000,000 for the period of fiscal*
 8 *years 2008 through 2012.*

9 **SEC. 11063. INVASIVE SPECIES MANAGEMENT, HAWAII.**

10 (a) *DEFINITIONS.—In this section:*

11 (1) *SECRETARIES.—The term “Secretaries”*
 12 *means—*

13 (A) *the Secretary of the Interior;*

14 (B) *the Secretary of Agriculture; and*

15 (C) *the Secretary of Homeland Security.*

16 (2) *SECRETARY CONCERNED.—The term “Sec-*
 17 *retary concerned” means—*

18 (A) *the Secretary of the Interior, with re-*
 19 *spect to matters under the jurisdiction of the De-*
 20 *partment of the Interior;*

21 (B) *the Secretary of Agriculture, with re-*
 22 *spect to matters under the jurisdiction of the De-*
 23 *partment of Agriculture; and*

1 (C) *the Secretary of Homeland Security,*
2 *with respect to matters under the jurisdiction of*
3 *the Department of Homeland Security.*

4 (3) *STATE.—The term “State” means the State*
5 *of Hawaii.*

6 (b) *CONTROLLING INTRODUCTION AND SPREAD OF*
7 *INVASIVE SPECIES AND DISEASES IN THE STATE.—*

8 (1) *CONSULTATION AND COOPERATION.—The*
9 *Secretaries concerned shall—*

10 (A) *with respect to restricting the introduc-*
11 *tion or movement of invasive species and dis-*
12 *eases into the State, consult and cooperate with*
13 *the State; and*

14 (B) *in carrying out the activities described*
15 *in this subsection, consult and cooperate with*
16 *appropriate agencies and officers with experience*
17 *relating to quarantine procedures, natural re-*
18 *sources, conservation, and law enforcement of—*

19 (i) *the Department of Homeland Secu-*
20 *rity;*

21 (ii) *the Department of Commerce;*

22 (iii) *the United States Treasury; and*

23 (iv) *the State.*

1 (2) *DEVELOPMENT OF COLLABORATIVE FEDERAL*
2 *AND STATE PROCEDURES.*—*The Secretaries, in col-*
3 *laboration with the State, shall—*

4 (A) *develop procedures to minimize the in-*
5 *troduction of invasive species into the State; and*

6 (B) *submit to Congress annual reports de-*
7 *scribing progress made and results achieved in*
8 *carrying out the procedures.*

9 (3) *EXPEDITED CONSIDERATION OF STATE AND*
10 *LOCAL CONTROL PROPOSALS.*—

11 (A) *EXPEDITED PROCESS.*—*Not later than*
12 *1 year after the date of enactment of this Act, the*
13 *Secretaries shall establish an expedited process*
14 *for the State and political subdivisions of the*
15 *State under which the State and political sub-*
16 *divisions may, through the submission of an ap-*
17 *plication, seek approval of the Secretary con-*
18 *cerned to impose a general or specific prohibition*
19 *or restriction on the introduction or movement of*
20 *invasive species or diseases from domestic or for-*
21 *ign locations to the State that is in addition to*
22 *the applicable prohibition or restriction imposed*
23 *by the Secretary concerned.*

24 (B) *REVIEW PERIOD.*—*Not later than 60*
25 *days after the date of receipt by the Secretary*

1 *concerned of an application under subparagraph*
 2 *(A) that the Secretary concerned determines to be*
 3 *a completed application, the Secretary concerned*
 4 *shall—*

5 *(i) review the completed application;*

6 *(ii) assess each potential risk with re-*
 7 *spect to the completed application; and*

8 *(iii) approve or disapprove the com-*
 9 *pleted application.*

10 *(4) RESPONSE TO EMERGENCY THREATS.—*

11 *(A) IN GENERAL.—The State may carry out*
 12 *an emergency action to impose a prohibition or*
 13 *restriction on the entry of an invasive species or*
 14 *disease that is in addition to the applicable pro-*
 15 *hibition or restriction imposed by the Secretary*
 16 *concerned if—*

17 *(i) the State has submitted to the Sec-*
 18 *retary concerned a completed application*
 19 *under paragraph (3) that is pending ap-*
 20 *proval by the Secretary concerned; and*

21 *(ii) an emergency or imminent threat*
 22 *from an invasive species or disease occurs*
 23 *in the State during the period in which the*
 24 *completed application described in clause*

1 *(i) is pending approval by the Secretary*
 2 *concerned.*

3 *(B) NOTICE.—Before carrying out an emer-*
 4 *gency action under subparagraph (A), the State*
 5 *shall provide written notice to the Secretary con-*
 6 *cerned.*

7 *(C) PERIOD OF EMERGENCY ACTION.—If, by*
 8 *the date that is 10 days after the date of receipt*
 9 *of a written notice under subparagraph (B), the*
 10 *Secretary concerned does not object to the emer-*
 11 *gency action that is the subject of the notice, the*
 12 *State may carry out the emergency action dur-*
 13 *ing the 60-day period beginning on that date.*

14 *(c) AUTHORIZATION OF APPROPRIATIONS.—There are*
 15 *authorized to be appropriated to the Secretaries such sums*
 16 *as are necessary to carry out this section for each of fiscal*
 17 *years 2008 through 2012.*

18 **SEC. 11064. OVERSIGHT AND COMPLIANCE.**

19 *The Secretary, acting through the Assistant Secretary*
 20 *for Civil Rights of the Department of Agriculture, shall use*
 21 *the reports described in subsection (c) of section 2501A of*
 22 *the Food, Agriculture, Conservation, and Trade Act of 1990*
 23 *(7 U.S.C. 2279–1) (as amended by section 11056) in the*
 24 *conduct of oversight and evaluation of civil rights compli-*
 25 *ance.*

1 **SEC. 11065. REPORT OF CIVIL RIGHTS COMPLAINTS, RESO-**
2 **LUTIONS, AND ACTIONS.**

3 *Each year, the Secretary shall—*

4 *(1) prepare a report that describes, for each*
5 *agency of the Department of Agriculture—*

6 *(A) the number of civil rights complaints*
7 *filed that relate to the agency, including whether*
8 *a complaint is a program complaint or an em-*
9 *ployment complaint;*

10 *(B) the length of time the agency took to*
11 *process each civil rights complaint;*

12 *(C) the number of proceedings brought*
13 *against the agency, including the number of*
14 *complaints described in paragraph (1) that were*
15 *resolved with a finding of discrimination; and*

16 *(D) the number and type of personnel ac-*
17 *tions taken by the agency following resolution of*
18 *civil rights complaints;*

19 *(2) submit to the Committee on Agriculture of*
20 *the House of Representatives and the Committee on*
21 *Agriculture, Nutrition, and Forestry of the Senate a*
22 *copy of the report; and*

23 *(3) make the report available to the public by*
24 *posting the report on the website of the Department.*

1 **SEC. 11066. GRANTS TO IMPROVE SUPPLY, STABILITY, SAFE-**
2 **TY, AND TRAINING OF AGRICULTURAL LABOR**
3 **FORCE.**

4 (a) *DEFINITION OF ELIGIBLE ENTITY.*—In this sec-
5 tion, the term “eligible entity” means a nonprofit, commu-
6 nity-based organization, or a consortium of nonprofit, com-
7 munity-based organizations, agricultural labor organiza-
8 tions, farmer or rancher cooperatives, and public entities,
9 that has the capacity (including demonstrated experience
10 in providing training, housing, or emergency services to mi-
11 grant and seasonal farmworkers) to assist agricultural em-
12 ployers and farmworkers with improvements in the supply,
13 stability, safety, and training of the agricultural labor
14 force.

15 (b) *GRANTS.*—

16 (1) *IN GENERAL.*—The Secretary may provide
17 grants to eligible entities for use in providing services
18 to assist farmworkers in securing, retaining, upgrad-
19 ing, or returning from agricultural jobs.

20 (2) *ELIGIBLE SERVICES.*—The services referred
21 to in paragraph (1) include—

22 (A) agricultural upgrading and cross train-
23 ing;

24 (B) the provision of agricultural labor mar-
25 ket information;

26 (C) transportation;

1 (D) *short-term housing, including housing*
 2 *for unaccompanied farmworkers and at migrant*
 3 *rest stops;*

4 (E) *travelers' aid;*

5 (F) *workplace literacy and assistance with*
 6 *English as a second language;*

7 (G) *health and safety instruction, including*
 8 *ways of safeguarding the food supply of the*
 9 *United States; and*

10 (H) *limited emergency and financial assist-*
 11 *ance, in cases in which the Secretary determines*
 12 *that a national, State, or local emergency or dis-*
 13 *aster has caused migrant or seasonal farm-*
 14 *workers to lose income or employment.*

15 (3) *EMERGENCY ASSISTANCE.—Any emergency*
 16 *services provided using funds from a grant in accord-*
 17 *ance with paragraph (2)(H)—*

18 (A) *shall be consistent with section 2281 of*
 19 *the Food, Agriculture, Conservation, and Trade*
 20 *Act of 1990 (as amended by section 11061);*

21 (B) *shall be focused on assistance to allow*
 22 *low-income farmworkers and their families to*
 23 *meet short-term needs for such food, clothing, em-*
 24 *ployment, transportation, and housing as are*

1 *necessary to regain employment or return home;*
 2 *and*

3 *(C) may include such other types of assist-*
 4 *ance as the Secretary determines to be appro-*
 5 *priate.*

6 *(c) AUTHORIZATION OF APPROPRIATIONS.—There are*
 7 *authorized to be appropriated such sums as are necessary*
 8 *to carry out this section for each of fiscal years 2008*
 9 *through 2012.*

10 **SEC. 11067. INTERSTATE SHIPMENT OF MEAT AND POULTRY**

11 **INSPECTED BY FEDERAL AND STATE AGEN-**

12 **CIES FOR CERTAIN SMALL ESTABLISHMENTS.**

13 *(a) MEAT AND MEAT PRODUCTS.—The Federal Meat*
 14 *Inspection Act (21 U.S.C. 601 et seq.) is amended by adding*
 15 *at the end the following:*

16 **“TITLE V—INSPECTIONS BY**
 17 **FEDERAL AND STATE AGENCIES**

18 **“SEC. 501. INTERSTATE SHIPMENT OF MEAT INSPECTED BY**

19 **FEDERAL AND STATE AGENCIES FOR CER-**

20 **TAIN SMALL ESTABLISHMENTS.**

21 **“(a) DEFINITIONS.—**

22 **“(1) APPROPRIATE STATE AGENCY.—The term**
 23 **‘appropriate State agency’ means a State agency de-**
 24 **scribed in section 301(b).**

1 “(2) *DESIGNATED PERSONNEL.*—*The term ‘des-*
 2 *ignated personnel’ means inspection personnel of a*
 3 *State agency that have undergone all necessary in-*
 4 *spection training and certification to assist the Sec-*
 5 *retary in the administration and enforcement of this*
 6 *Act, including regulations.*

7 “(3) *ELIGIBLE ESTABLISHMENT.*—*The term ‘eli-*
 8 *gible establishment’ means an establishment that is in*
 9 *compliance with—*

10 “(A) *the State inspection program of the*
 11 *State in which the establishment is located; and*

12 “(B) *this Act.*

13 “(4) *MEAT ITEM.*—*The term ‘meat item’*
 14 *means—*

15 “(A) *a portion of meat; and*

16 “(B) *a meat food product.*

17 “(5) *SELECTED ESTABLISHMENT.*—*The term ‘se-*
 18 *lected establishment’ means an eligible establishment*
 19 *that is selected by the Secretary, in coordination with*
 20 *the appropriate State agency of the State in which*
 21 *the eligible establishment is located, under subsection*
 22 *(b) to ship carcasses, portions of carcasses, and meat*
 23 *items in interstate commerce.*

24 “(b) *AUTHORITY OF SECRETARY TO ALLOW SHIP-*
 25 *MENTS.*—

1 “(1) *IN GENERAL.*—Subject to paragraph (2), the
 2 Secretary, in coordination with the appropriate State
 3 agency of the State in which an establishment is lo-
 4 cated, may select the establishment to ship carcasses,
 5 portions of carcasses, and meat items in interstate
 6 commerce, and place on each carcass, portion of a
 7 carcass, and meat item shipped in interstate com-
 8 merce a Federal mark, stamp, tag, or label of inspec-
 9 tion, if the establishment—

10 “(A) is an eligible establishment; and

11 “(B) is located in a State that has des-
 12 ignated personnel to inspect the eligible establish-
 13 ment.

14 “(2) *PROHIBITED ESTABLISHMENTS.*—In car-
 15 rying out paragraph (1), the Secretary, in coordina-
 16 tion with an appropriate State agency, shall not se-
 17 lect an establishment that—

18 “(A) on average, employs more than 25 em-
 19 ployees (including supervisory and non-
 20 supervisory employees), as defined by the Sec-
 21 retary;

22 “(B) as of the date of enactment of this sec-
 23 tion, ships in interstate commerce carcasses, por-
 24 tions of carcasses, or meat items that are in-

1 *spected by the Secretary in accordance with this*
2 *Act;*

3 *“(C)(i) is a Federal establishment;*

4 *“(ii) was a Federal establishment that was*
5 *reorganized on a later date under the same name*
6 *or a different name or person by the person,*
7 *firm, or corporation that controlled the establish-*
8 *ment as of the date of enactment of this section;*
9 *or*

10 *“(iii) was a State establishment as of the*
11 *date of enactment of this section that—*

12 *“(I) as of the date of enactment of this*
13 *section, employed more than 25 employees;*
14 *and*

15 *“(II) was reorganized on a later date*
16 *by the person, firm, or corporation that con-*
17 *trolled the establishment as of the date of*
18 *enactment of this section;*

19 *“(D) is in violation of this Act;*

20 *“(E) is located in a State that does not*
21 *have a State inspection program; or*

22 *“(F) is the subject of a transition carried*
23 *out in accordance with a procedure developed by*
24 *the Secretary under paragraph (3)(A).*

1 “(3) *ESTABLISHMENTS THAT EMPLOY MORE*
 2 *THAN 25 EMPLOYEES.*—

3 “(A) *DEVELOPMENT OF PROCEDURE.*—*The*
 4 *Secretary may develop a procedure to transition*
 5 *to a Federal establishment any establishment*
 6 *under this section that, on average, consistently*
 7 *employs more than 25 employees.*

8 “(B) *ELIGIBILITY OF CERTAIN ESTABLISH-*
 9 *MENTS.*—

10 “(i) *IN GENERAL.*—*A State establish-*
 11 *ment that employs more than 25 employees*
 12 *but less than 35 employees as of the date of*
 13 *enactment of this section may be selected as*
 14 *a selected establishment under this sub-*
 15 *section.*

16 “(ii) *PROCEDURES.*—*A State establish-*
 17 *ment shall be subject to the procedures es-*
 18 *tablished under subparagraph (A) begin-*
 19 *ning on the date that is 3 years after the ef-*
 20 *fective date described in subsection (j).*

21 “(c) *REIMBURSEMENT OF STATE COSTS.*—

22 “(1) *IN GENERAL.*—*Except as provided in para-*
 23 *graph (2), the Secretary shall reimburse a State for*
 24 *costs related to the inspection of selected establish-*
 25 *ments in the State in accordance with Federal re-*

1 *quirements in an amount of not less than 60 percent*
 2 *of eligible State costs.*

3 “(2) *MICROBIOLOGICAL VERIFICATION TEST-*
 4 *ING.—The Secretary may reimburse a State for 100*
 5 *percent of eligible State costs relating to the inspec-*
 6 *tion of selected establishments in the State, if the*
 7 *State provides additional microbiological verification*
 8 *testing of the selected establishments, using standards*
 9 *under this Act, that is in excess of the typical*
 10 *verification testing frequency of the Federal Govern-*
 11 *ment with respect to Federal establishments.*

12 “(d) *COORDINATION BETWEEN FEDERAL AND STATE*
 13 *AGENCIES.—*

14 “(1) *IN GENERAL.—The Secretary shall des-*
 15 *ignate an employee of the Federal Government as*
 16 *State coordinator for each appropriate State*
 17 *agency—*

18 “(A) *to provide oversight and enforcement*
 19 *of this title; and*

20 “(B) *to oversee the training and inspection*
 21 *activities of designated personnel of the State*
 22 *agency.*

23 “(2) *SUPERVISION.—A State coordinator shall be*
 24 *under the direct supervision of the Secretary.*

25 “(3) *DUTIES OF STATE COORDINATOR.—*

1 “(A) *IN GENERAL.*—A State coordinator
2 shall visit selected establishments with a fre-
3 quency that is appropriate to ensure that selected
4 establishments are operating in a manner that is
5 consistent with this Act (including regulations
6 and policies under this Act).

7 “(B) *QUARTERLY REPORTS.*—A State coor-
8 dinator shall, on a quarterly basis, submit to the
9 Secretary a report that describes the status of
10 each selected establishment that is under the ju-
11 risdiction of the State coordinator with respect to
12 the level of compliance of each selected establish-
13 ment with the requirements of this Act.

14 “(C) *IMMEDIATE NOTIFICATION REQUIRE-*
15 *MENT.*—If a State coordinator determines that
16 any selected establishment that is under the ju-
17 risdiction of the State coordinator is in violation
18 of any requirement of this Act, the State coordi-
19 nator shall—

20 “(i) immediately notify the Secretary
21 of the violation; and

22 “(ii) deselect the selected establishment
23 or suspend inspection at the selected estab-
24 lishment.

1 “(4) *PERFORMANCE EVALUATIONS.*—*Perform-*
 2 *ance evaluations of State coordinators designated*
 3 *under this subsection shall be conducted by the Sec-*
 4 *retary as part of the Federal agency management*
 5 *control system.*

6 “(e) *AUDITS.*—

7 “(1) *PERIODIC AUDITS CONDUCTED BY INSPEC-*
 8 *TOR GENERAL OF THE DEPARTMENT OF AGRI-*
 9 *CULTURE.*—*Not later than 2 years after the effective*
 10 *date described in subsection (j), and not less often*
 11 *than every 2 years thereafter, the Inspector General of*
 12 *the Department of Agriculture shall conduct an audit*
 13 *of each activity taken by the Secretary under this sec-*
 14 *tion for the period covered by the audit to determine*
 15 *compliance with this section.*

16 “(2) *AUDIT CONDUCTED BY COMPTROLLER GEN-*
 17 *ERAL OF THE UNITED STATES.*—*Not earlier than 3*
 18 *years, nor later than 5 years, after the date of enact-*
 19 *ment of this section, the Comptroller General of the*
 20 *United States shall conduct an audit of the imple-*
 21 *mentation of this section to determine—*

22 “(A) *the effectiveness of the implementation*
 23 *of this section; and*

24 “(B) *the number of selected establishments*
 25 *selected by the Secretary under this section.*

1 “(f) *INSPECTION TRAINING DIVISION.*—

2 “(1) *ESTABLISHMENT.*—Not later than 180 days
3 after the effective date described in subsection (j), the
4 Secretary shall establish in the Food Safety and In-
5 spection Service of the Department of Agriculture an
6 inspection training division to coordinate the initia-
7 tives of any other appropriate agency of the Depart-
8 ment of Agriculture to provide—

9 “(A) outreach, education, and training to
10 very small or certain small establishments (as
11 defined by the Secretary); and

12 “(B) grants to appropriate State agencies to
13 provide outreach, technical assistance, education,
14 and training to very small or certain small es-
15 tablishments (as defined by the Secretary).

16 “(2) *PERSONNEL.*—The inspection training divi-
17 sion shall be comprised of individuals that, as deter-
18 mined by the Secretary—

19 “(A) are of a quantity sufficient to carry
20 out the duties of the inspection training division;
21 and

22 “(B) possess appropriate qualifications and
23 expertise relating to the duties of the inspection
24 training division.

1 “(g) *TRANSITION GRANTS.*—*The Secretary may pro-*
 2 *vide grants to appropriate State agencies to assist the ap-*
 3 *propriate State agencies in helping establishments covered*
 4 *by title III to transition to selected establishments.*

5 “(h) *VIOLATIONS.*—*Any selected establishment that the*
 6 *Secretary determines to be in violation of any requirement*
 7 *of this Act shall be transitioned to a Federal establishment*
 8 *in accordance with a procedure developed by the Secretary*
 9 *under subsection (b)(3)(A).*

10 “(i) *EFFECT.*—*Nothing in this section limits the juris-*
 11 *diction of the Secretary with respect to the regulation of*
 12 *meat and meat products under this Act.*

13 “(j) *EFFECTIVE DATE.*—

14 “(1) *IN GENERAL.*—*This section takes effect on*
 15 *the date on which the Secretary, after providing a pe-*
 16 *riod of public comment (including through the con-*
 17 *duct of public meetings or hearings), promulgates*
 18 *final regulations to carry out this section.*

19 “(2) *REQUIREMENT.*—*Not later than 18 months*
 20 *after the date of enactment of this section, the Sec-*
 21 *retary shall promulgate final regulations in accord-*
 22 *ance with paragraph (1).”.*

23 “(b) *POULTRY AND POULTRY PRODUCTS.*—*The Poultry*
 24 *Products Inspection Act (21 U.S.C. 451 et seq.) is amended*
 25 *by adding at the end the following:*

1 **“SEC. 31. INTERSTATE SHIPMENT OF POULTRY INSPECTED**
 2 **BY FEDERAL AND STATE AGENCIES FOR CER-**
 3 **TAIN SMALL ESTABLISHMENTS.**

4 “(a) *DEFINITIONS.*—

5 “(1) *APPROPRIATE STATE AGENCY.*—*The term*
 6 *‘appropriate State agency’ means a State agency de-*
 7 *scribed in section 5(a)(1).*

8 “(2) *DESIGNATED PERSONNEL.*—*The term ‘des-*
 9 *ignated personnel’ means inspection personnel of a*
 10 *State agency that have undergone all necessary in-*
 11 *spection training and certification to assist the Sec-*
 12 *retary in the administration and enforcement of this*
 13 *Act, including regulations.*

14 “(3) *ELIGIBLE ESTABLISHMENT.*—*The term ‘eli-*
 15 *gible establishment’ means an establishment that is in*
 16 *compliance with—*

17 “(A) *the State inspection program of the*
 18 *State in which the establishment is located; and*

19 “(B) *this Act.*

20 “(4) *POULTRY ITEM.*—*The term ‘poultry item’*
 21 *means—*

22 “(A) *a portion of poultry; and*

23 “(B) *a poultry product.*

24 “(5) *SELECTED ESTABLISHMENT.*—*The term ‘se-*
 25 *lected establishment’ means an eligible establishment*
 26 *that is selected by the Secretary, in coordination with*

1 *the appropriate State agency of the State in which*
 2 *the eligible establishment is located, under subsection*
 3 *(b) to ship poultry items in interstate commerce.*

4 “(b) *AUTHORITY OF SECRETARY TO ALLOW SHIP-*
 5 *MENTS.—*

6 “(1) *IN GENERAL.—*Subject to paragraph (2), the
 7 *Secretary, in coordination with the appropriate State*
 8 *agency of the State in which an establishment is lo-*
 9 *cated, may select the establishment to ship poultry*
 10 *items in interstate commerce, and place on each poul-*
 11 *try item shipped in interstate commerce a Federal*
 12 *mark, stamp, tag, or label of inspection, if the*
 13 *establishment—*

14 “(A) *is an eligible establishment; and*

15 “(B) *is located in a State that has des-*
 16 *ignated personnel to inspect the eligible establish-*
 17 *ment.*

18 “(2) *PROHIBITED ESTABLISHMENTS.—*In car-
 19 *rying out paragraph (1), the Secretary, in coordina-*
 20 *tion with an appropriate State agency, shall not se-*
 21 *lect an establishment that—*

22 “(A) *on average, employs more than 25 em-*
 23 *ployees (including supervisory and non-*
 24 *supervisory employees), as defined by the Sec-*
 25 *retary;*

1 “(B) as of the date of enactment of this sec-
2 tion, ships in interstate commerce carcasses,
3 poultry items that are inspected by the Secretary
4 in accordance with this Act;

5 “(C)(i) is a Federal establishment;

6 “(ii) was a Federal establishment as of the
7 date of enactment of this section, and was reor-
8 ganized on a later date under the same name or
9 a different name or person by the person, firm,
10 or corporation that controlled the establishment
11 as of the date of enactment of this section; or

12 “(iii) was a State establishment as of the
13 date of enactment of this section that—

14 “(I) as of the date of enactment of this
15 section, employed more than 25 employees;
16 and

17 “(II) was reorganized on a later date
18 by the person, firm, or corporation that con-
19 trolled the establishment as of the date of
20 enactment of this section;

21 “(D) is in violation of this Act;

22 “(E) is located in a State that does not
23 have a State inspection program; or

1 “(F) is the subject of a transition carried
2 out in accordance with a procedure developed by
3 the Secretary under paragraph (3)(A).

4 “(3) *ESTABLISHMENTS THAT EMPLOY MORE*
5 *THAN 25 EMPLOYEES.—*

6 “(A) *DEVELOPMENT OF PROCEDURE.—The*
7 *Secretary may develop a procedure to transition*
8 *to a Federal establishment any establishment*
9 *under this section that, on average, consistently*
10 *employs more than 25 employees.*

11 “(B) *ELIGIBILITY OF CERTAIN ESTABLISH-*
12 *MENTS.—*

13 “(i) *IN GENERAL.—A State establish-*
14 *ment that employs more than 25 employees*
15 *but less than 35 employees as of the date of*
16 *enactment of this section may be selected as*
17 *a selected establishment under this sub-*
18 *section.*

19 “(ii) *PROCEDURES.—A State establish-*
20 *ment shall be subject to the procedures es-*
21 *tablished under subparagraph (A) begin-*
22 *ning on the date that is 3 years after the ef-*
23 *fective date described in subsection (i).*

24 “(c) *REIMBURSEMENT OF STATE COSTS.—*

1 “(1) *IN GENERAL.*—*Except as provided in para-*
 2 *graph (2), the Secretary shall reimburse a State for*
 3 *costs related to the inspection of selected establish-*
 4 *ments in the State in accordance with Federal re-*
 5 *quirements in an amount of not less than 60 percent*
 6 *of eligible State costs.*

7 “(2) *MICROBIOLOGICAL VERIFICATION TEST-*
 8 *ING.*—*The Secretary may reimburse a State for 100*
 9 *percent of eligible State costs relating to the inspec-*
 10 *tion of selected establishments in the State, if the*
 11 *State provides additional microbiological verification*
 12 *testing of the selected establishments, using standards*
 13 *under this Act, that is in excess of the typical*
 14 *verification testing frequency of the Federal Govern-*
 15 *ment with respect to Federal establishments.*

16 “(d) *COORDINATION BETWEEN FEDERAL AND STATE*
 17 *AGENCIES.*—

18 “(1) *IN GENERAL.*—*The Secretary shall des-*
 19 *ignate an employee of the Federal Government as*
 20 *State coordinator for each appropriate State*
 21 *agency—*

22 “(A) *to provide oversight and enforcement*
 23 *of this section; and*

1 “(B) to oversee the training and inspection
2 activities of designated personnel of the State
3 agency.

4 “(2) SUPERVISION.—A State coordinator shall be
5 under the direct supervision of the Secretary.

6 “(3) DUTIES OF STATE COORDINATOR.—

7 “(A) IN GENERAL.—A State coordinator
8 shall visit selected establishments with a fre-
9 quency that is appropriate to ensure that selected
10 establishments are operating in a manner that is
11 consistent with this Act (including regulations
12 and policies under this Act).

13 “(B) QUARTERLY REPORTS.—A State coor-
14 dinator shall, on a quarterly basis, submit to the
15 Secretary a report that describes the status of
16 each selected establishment that is under the ju-
17 risdiction of the State coordinator with respect to
18 the level of compliance of each selected establish-
19 ment with the requirements of this Act.

20 “(C) IMMEDIATE NOTIFICATION REQUIRE-
21 MENT.—If a State coordinator determines that
22 any selected establishment that is under the ju-
23 risdiction of the State coordinator is in violation
24 of any requirement of this Act, the State coordi-
25 nator shall—

1 “(i) immediately notify the Secretary
2 of the violation; and

3 “(ii) deselect the selected establishment
4 or suspend inspection at the selected estab-
5 lishment.

6 “(4) *PERFORMANCE EVALUATIONS.*—Perform-
7 ance evaluations of State coordinators designated
8 under this subsection shall be conducted by the Sec-
9 retary as part of the Federal agency management
10 control system.

11 “(e) *AUDITS.*—

12 “(1) *PERIODIC AUDITS CONDUCTED BY INSPEC-*
13 *TOR GENERAL OF THE DEPARTMENT OF AGRICULTURE.*—Not later than 2 years after the effective
14 date described in subsection (i), and not less often
15 than every 2 years thereafter, the Inspector General of
16 the Department of Agriculture shall conduct an audit
17 of each activity taken by the Secretary under this sec-
18 tion for the period covered by the audit to determine
19 compliance with this section.

21 “(2) *AUDIT CONDUCTED BY COMPTROLLER GEN-*
22 *ERAL OF THE UNITED STATES.*—Not earlier than 3
23 years, nor later than 5 years, after the date of enact-
24 ment of this section, the Comptroller General of the

1 *United States shall conduct an audit of the imple-*
2 *mentation of this section to determine—*

3 “(A) *the effectiveness of the implementation*
4 *of this section; and*

5 “(B) *the number of selected establishments*
6 *selected by the Secretary under this section.*

7 “(f) *TRANSITION GRANTS.—The Secretary may pro-*
8 *vide grants to appropriate State agencies to assist the ap-*
9 *propriate State agencies in helping establishments covered*
10 *by this Act to transition to selected establishments.*

11 “(g) *VIOLATIONS.—Any selected establishment that the*
12 *Secretary determines to be in violation of any requirement*
13 *of this Act shall be transitioned to a Federal establishment*
14 *in accordance with a procedure developed by the Secretary*
15 *under subsection (b)(3)(A).*

16 “(h) *EFFECT.—Nothing in this section limits the juris-*
17 *diction of the Secretary with respect to the regulation of*
18 *poultry and poultry products under this Act.*

19 “(i) *EFFECTIVE DATE.—*

20 “(1) *IN GENERAL.—This section takes effect on*
21 *the date on which the Secretary, after providing a pe-*
22 *riod of public comment (including through the con-*
23 *duct of public meetings or hearings), promulgates*
24 *final regulations to carry out this section.*

1 “(2) *REQUIREMENT.*—Not later than 18 months
 2 after the date of enactment of this section, the Sec-
 3 retary shall promulgate final regulations in accord-
 4 ance with paragraph (1).”.

5 **SEC. 11068. AMENDMENT TO THE RIGHT TO FINANCIAL PRI-**
 6 **VACY ACT OF 1978.**

7 Section 1113(k) of the *Right to Financial Privacy Act*
 8 of 1978 (12 U.S.C. 3413(k)) is amended—

9 (1) by striking the subsection heading and in-
 10 serting the following:

11 “(k) *DISCLOSURE NECESSARY FOR PROPER ADMINIS-*
 12 *TRATION OF PROGRAMS OF CERTAIN GOVERNMENT AU-*
 13 *THORITIES.*—”; and

14 (2) by striking paragraph (2) and inserting the
 15 following:

16 “(2) Nothing in this title shall apply to the dis-
 17 closure by the financial institution of information
 18 contained in the financial records of any customer to
 19 any Government authority that certifies, disburses, or
 20 collects payments, where the disclosure of such infor-
 21 mation is necessary to, and such information is used
 22 solely for the purpose of—

23 “(A) verification of the identity of any per-
 24 son or proper routing and delivery of funds in
 25 connection with the issuance of a Federal pay-

1 *ment or collection of funds by a Government au-*
 2 *thority; or*

3 *“(B) the investigation or recovery of an im-*
 4 *proper Federal payment or collection of funds or*
 5 *an improperly negotiated Treasury check.*

6 *“(3) Notwithstanding any other provision of law,*
 7 *a request authorized by paragraph (1) or (2) (and the*
 8 *information contained therein) may be used by the fi-*
 9 *nancial institution or its agents solely for the purpose*
 10 *of providing information contained in the financial*
 11 *records of the customer to the Government authority*
 12 *requesting the information, and the financial institu-*
 13 *tion and its agents shall be barred from redisclosure*
 14 *of such information. Any Government authority re-*
 15 *ceiving information pursuant to paragraph (1) or (2)*
 16 *may not disclose or use the information, except for the*
 17 *purposes set forth in such paragraph.”.*

18 **SEC. 11069. ELIMINATION OF STATUTE OF LIMITATIONS AP-**
 19 **PLICABLE TO COLLECTION OF DEBT BY AD-**
 20 **MINISTRATIVE OFFSET.**

21 *(a) ELIMINATION.—Section 3716 of title 31, United*
 22 *States Code, is amended by striking subsection (e) and in-*
 23 *serting the following:*

24 *“(e)(1) Notwithstanding any other provision of law,*
 25 *regulation, or administrative limitation, no limitation on*

1 *the period within which an offset may be initiated or taken*
 2 *pursuant to this section shall be effective.*

3 “(2) *This section does not apply when a statute explic-*
 4 *itly prohibits using administrative offset or setoff to collect*
 5 *the claim or type of claim involved.”.*

6 (b) *APPLICATION OF AMENDMENT.—The amendment*
 7 *made by subsection (a) shall apply to any debt outstanding*
 8 *on or after the date of the enactment of this Act.*

9 ***SEC. 11070. REPORT ON STORED QUANTITIES OF PROPANE.***

10 (a) *REPORT.—*

11 (1) *IN GENERAL.—Not later than 240 days after*
 12 *the date of enactment of this Act, the Secretary of*
 13 *Homeland Security (referred to in this section as the*
 14 *“Secretary”) shall submit to the Committee on Agri-*
 15 *culture, Nutrition, and Forestry and the Committee*
 16 *on Homeland Security and Government Affairs of the*
 17 *Senate and the Committee on Agriculture and the*
 18 *Committee on Homeland Security of the House of*
 19 *Representatives a report describing the effect of in-*
 20 *terim or final regulations issued by the Secretary*
 21 *pursuant to section 550(a) of the Department of*
 22 *Homeland Security Appropriations Act, 2007 (6*
 23 *U.S.C. 121 note; Public Law 109–295), with respect*
 24 *to possession of quantities of propane that meet or ex-*

1 *ceed the screening threshold quantity for propane es-*
2 *tablished in the final rule under that section.*

3 (2) *INCLUSIONS.—The report under paragraph*
4 *(1)—*

5 (A) *shall include, at a minimum, a descrip-*
6 *tion of—*

7 (i) *the number of facilities that com-*
8 *pleted a top screen consequence assessment*
9 *due to possession of quantities of propane*
10 *that meet or exceed the listed screening*
11 *threshold quantity for propane;*

12 (ii) *the number of agricultural facili-*
13 *ties that completed the top screen con-*
14 *sequence assessment due to possession of*
15 *quantities of propane that meet or exceed*
16 *the listed screening threshold quantity for*
17 *propane;*

18 (iii) *the number of propane facilities*
19 *initially determined to be high risk by the*
20 *Secretary;*

21 (iv) *the number of propane facilities—*

22 (I) *required to complete a security*
23 *vulnerability assessment or a site secu-*
24 *rity plan; or*

1 (II) that submit to the Secretary
2 an alternative security program;

3 (v) the number of propane facilities
4 that file an appeal of a finding under the
5 final rule described in paragraph (1); and

6 (vi) to the extent available, the average
7 cost of—

8 (I) completing a top screen con-
9 sequence assessment requirement;

10 (II) completing a security vulner-
11 ability assessment; and

12 (III) completing and imple-
13 menting a site security plan; and

14 (B) may include a classified annex, as the
15 Secretary determines to be appropriate.

16 (b) *EDUCATIONAL OUTREACH.*—

17 (1) *IN GENERAL.*—Not later than 30 days after
18 the date of enactment of this Act, the Secretary shall
19 conduct educational outreach activities for rural fa-
20 cilities that may be required to complete a top screen
21 consequence assessment due to possession of propane
22 in a quantity that meets or exceeds the listed screen-
23 ing threshold quantity for propane.

24 (2) *USE OF COUNCIL.*—In conducting outreach
25 activities under paragraph (1), the Secretary may use

1 *the Food and Agricultural Sector Coordinating Coun-*
 2 *cil established under the national infrastructure pro-*
 3 *tection plan to facilitate the provision of education to*
 4 *rural areas regarding the top screen consequence as-*
 5 *essment requirement.*

6 **SEC. 11071. CLOSURE OF CERTAIN COUNTY FSA OFFICES.**

7 *(a) DEFINITION OF CRITICAL ACCESS COUNTY FSA*
 8 *OFFICE.—*

9 *(1) IN GENERAL.—In this section, the term “crit-*
 10 *ical access county FSA office” means an office of the*
 11 *Farm Service Agency that, during the period de-*
 12 *scribed in paragraph (2), is—*

13 *(A) proposed to be closed;*

14 *(B) proposed to be closed with the closure*
 15 *delayed until after January 1, 2008, due to ad-*
 16 *ditional review pursuant to the third proviso of*
 17 *matter under the heading “SALARIES AND EX-*
 18 *PENSES” under the heading “FARM SERVICE*
 19 *AGENCY” of the Agriculture, Rural Development,*
 20 *Food and Drug Administration, and Related*
 21 *Agencies Appropriations Act, 2006 (Public Law*
 22 *109–97; 119 Stat. 2131); or*

23 *(C) included on a list of critical access*
 24 *county FSA offices determined in accordance*
 25 *with that Act and submitted to the Committee on*

1 *Agriculture, Nutrition, and Forestry of the Sen-*
 2 *ate by the Secretary on October 24, 2007.*

3 (2) *DESCRIPTION OF PERIOD.*—*The period re-*
 4 *ferred to in paragraph (1) is the period beginning on*
 5 *November 10, 2005, and ending on December 31,*
 6 *2007.*

7 (3) *EXCEPTION.*—*The term “critical access coun-*
 8 *ty FSA office” does not include any office of the*
 9 *Farm Service Agency that—*

10 *(A) is located not more than 20 miles from*
 11 *another office of the Farm Service Agency; or*

12 *(B) employs no full-time equivalent employ-*
 13 *ees as of the date of enactment of this Act.*

14 (b) *EXTENSION OF PERIOD OF OPERATION.*—

15 (1) *IN GENERAL.*—*Notwithstanding any other*
 16 *provision of law, except as provided in paragraph*
 17 *(3), none of the funds made available to the Secretary*
 18 *by any Act may be used to pay the salaries or ex-*
 19 *penses of any officer or employee of the Department*
 20 *of Agriculture to close any critical access county FSA*
 21 *office during the period beginning on date of enact-*
 22 *ment and ending on September 30, 2012.*

23 (2) *NUMBER OF EMPLOYEES.*—

24 (A) *IN GENERAL.*—*Subject to subpara-*
 25 *graphs (B) and (C), the Secretary shall ensure*

1 *that each critical access county FSA office in*
2 *each State maintains a staff level of not less*
3 *than 3 full-time equivalent employees during the*
4 *period described in paragraph (1).*

5 (B) *STAFFING FLEXIBILITY.—Notwith-*
6 *standing subparagraph (A) and subject to sub-*
7 *paragraph (C), an employee required to meet the*
8 *staff level of a critical access county FSA office*
9 *in a State as described in subparagraph (A)*
10 *may be employed at any other county office of*
11 *the Farm Service Agency in that State, as the*
12 *Secretary determines to be appropriate.*

13 (C) *MINIMUM STAFFING LEVEL.—A critical*
14 *access county FSA office shall be staffed by not*
15 *less than 1 full-time equivalent employee during*
16 *the period described in paragraph (1).*

17 (3) *EXCEPTION.—The Secretary may close a*
18 *critical access county FSA office only on concurrence*
19 *in the determination to close the critical access county*
20 *FSA office by—*

21 (A) *Congress; and*

22 (B) *the applicable State Farm Service*
23 *Agency committee.*

1 **SEC. 11072. ACTION BY PRESIDENT AND CONGRESS BASED**
2 **ON REPORT.**

3 (a) *PRESIDENT.*—Not later than 180 days after the
4 date on which the Congressional Bipartisan Food Safety
5 Commission established by section 11060(a)(1)(A) submits
6 to the President and Congress the report required under sec-
7 tion 11060(b)(3), the President shall—

8 (1) *review the report; and*

9 (2) *submit to Congress proposed legislation based*
10 *on the recommendations for statutory language con-*
11 *tained in the report, together with an explanation of*
12 *the differences, if any, between the recommendations*
13 *for statutory language contained in the report and the*
14 *proposed legislation.*

15 (b) *CONGRESS.*—On receipt of the proposed legislation
16 described in subsection (a), the appropriate committees of
17 Congress may hold such hearings and carry out such other
18 activities as are necessary for appropriate consideration of
19 the recommendations for statutory language contained in
20 the report and the proposed legislation.

21 (c) *SENSE OF SENATE.*—It is the sense of the Senate
22 that—

23 (1) *it is vital for Congress to provide to food*
24 *safety agencies of the Federal Government, including*
25 *the Department of Agriculture and the Food and*
26 *Drug Administration, additional resources, and direc-*

1 *tion with respect to ensuring the safety of the food*
2 *supply of the United States;*

3 *(2) additional inspectors are required to improve*
4 *the ability of the Federal Government to safeguard the*
5 *food supply of the United States;*

6 *(3) because of the increasing volume of inter-*
7 *national trade in food products, the Federal Govern-*
8 *ment should give priority to entering into agreements*
9 *with trading partners of the United States with re-*
10 *spect to food safety; and*

11 *(4) based on the report of the Commission re-*
12 *ferred to in subsection (a) and the proposed legisla-*
13 *tion referred to in subsection (b), Congress should*
14 *work toward a comprehensive legislative response to*
15 *the issue of food safety.*

16 **SEC. 11073. PAYMENTS TO DECEASED INDIVIDUALS AND ES-**
17 **TATES.**

18 *(a) IN GENERAL.—Notwithstanding any other provi-*
19 *sion of law, the Secretary shall not provide to any deceased*
20 *individual or estate of such an individual any agricultural*
21 *payment under this Act, or an Act amended by this Act,*
22 *after the date that is 2 program years (as determined by*
23 *the Secretary with respect to the applicable payment pro-*
24 *gram) after the date of death of the individual.*

1 (b) *REPORT*.—As soon as practicable after the date of
 2 enactment of this Act, and annually thereafter, the Sec-
 3 retary shall submit to the Committee on Agriculture of the
 4 House of Representatives and the Committee on Agri-
 5 culture, Nutrition, and Forestry of the Senate, and post on
 6 the website of the Department of Agriculture, a report that
 7 describes, for the period covered by the report—

8 (1) the number and aggregate amount of agricul-
 9 tural payments described in subsection (a) provided
 10 to deceased individuals and estates of deceased indi-
 11 viduals; and

12 (2) for each such payment, the length of time the
 13 estate of the deceased individual that received the
 14 payment has been open.

15 **SEC. 11074. GAO REPORT ON ACCESS TO HEALTH CARE FOR**
 16 **FARMERS.**

17 (a) *REPORT*.—Not later than November 30, 2008, the
 18 Comptroller General of the United States shall submit to
 19 Congress a report on access to health care for rural Ameri-
 20 cans and farmers.

21 (b) *CONSULTATION*.—The report shall be done in con-
 22 sultation with the Rural Health Research Centers in the
 23 Department of Health and Human Services Office of Rural
 24 Health Policy.

1 (c) *ELEMENTS.*—*The report required by subsection (a)*
2 *shall include the following:*

3 (1) *ASSESSMENT.*—*An assessment of access to*
4 *health care for rural Americans, including the fol-*
5 *lowing:*

6 (A) *An overview of the rates of the unin-*
7 *sured among people living in rural areas in the*
8 *United States and possible factors that cause the*
9 *uninsurance, specifically—*

10 (i) *a synthesis of existing research on*
11 *the uninsured living in rural America; and*

12 (ii) *a detailed analysis of the unin-*
13 *sured and the factors that contribute in*
14 *uninsurance in 3 to 4 rural areas.*

15 (2) *SECOND ASSESSMENT.*—*An assessment of ac-*
16 *cess to health care for farmers, including the fol-*
17 *lowing:*

18 (A) *An overview of the rates of the unin-*
19 *sured among farmers in the United States and*
20 *the factors that cause the uninsurance,*
21 *specifically—*

22 (i) *factors, such as land assets, that*
23 *keep low-income farmers from qualifying for*
24 *public insurance programs;*

(ii) *the effects of the high price of health insurance for individuals purchasing in the individual, non-group market; and*

(iii) *any other significant factor that contributes to the rates of uninsurance among farmers.*

(B) *The extent to which farmers depend on a spouse's off-farm job for health care coverage.*

(C) *The effects of uninsurance on farmers and their families.*

(3) *ROLE OF CONGRESS.—Recommendations regarding the potential role of Congress in supporting increased access to health insurance for farmers and their families, and rural Americans.*

**SEC. 11075. CONVEYANCE OF LAND TO CHIHUAHUAN
DESERT NATURE PARK.**

(a) *DEFINITIONS.—In this section:*

(1) *BOARD.—The term “Board” means the Chihuahuan Desert Nature Park Board.*

(2) *NATURE PARK.—The term “Nature Park” means the Chihuahuan Desert Nature Park, Inc., a nonprofit corporation in the State of New Mexico.*

(b) *CONVEYANCE OF LAND.—*

(1) *IN GENERAL.—Not later than 1 year after the date of enactment of this Act, subject to valid ex-*

isting rights and subsection (c), the Secretary shall convey to the Nature Park, by quitclaim deed, for no consideration, all right, title, and interest of the United States in and to the land described in paragraph (2)

(2) *DESCRIPTION OF LAND.*—

(A) *IN GENERAL.*—The parcel of land referred to in paragraph (1) consists of the approximately 935.62 acres of land in Dona Ana County, New Mexico, which is more particularly described—

(i) as sections 17, 20, and 21 of T. 21 S., R. 2 E., N.M.P.M.; and

(ii) in an easement deed dated May 14, 1998, from the Department of Agriculture to the Nature Park.

(B) *MODIFICATIONS.*—The Secretary may modify the description of the land under subparagraph (A) to—

(i) correct errors in the description; or

(ii) facilitate management of the land.

(c) *CONDITIONS.*—The conveyance of land under subsection (b) shall be subject to—

1 (1) *the reservation by the United States of all*
2 *mineral and subsurface rights to the land, including*
3 *any geothermal resources;*

4 (2) *the condition that the Board pay any costs*
5 *relating to the conveyance;*

6 (3) *any rights-of-way reserved by the Secretary;*

7 (4) *a covenant or restriction in the deed to the*
8 *land requiring that—*

9 (A) *the land may be used only for edu-*
10 *cational or scientific purposes; and*

11 (B) *if the land is no longer used for the*
12 *purposes described in subparagraph (A), the*
13 *land may, at the discretion of the Secretary, re-*
14 *vert to the United States in accordance with sub-*
15 *section (d); and*

16 (5) *any other terms and conditions that the Sec-*
17 *retary determines to be appropriate.*

18 (d) *REVERSION.—If the land conveyed under sub-*
19 *section (b) is no longer used for the purposes described in*
20 *subsection (c)(4)(A)—*

21 (1) *the land may, at the discretion of the Sec-*
22 *retary, revert to the United States; and*

23 (2) *if the Secretary chooses to have the land re-*
24 *vert to the United States, the Secretary shall—*

1 (A) *determine whether the land is environ-*
 2 *mentally contaminated, including contamination*
 3 *from hazardous wastes, hazardous substances,*
 4 *pollutants, contaminants, petroleum, or petro-*
 5 *leum by-products; and*

6 (B) *if the Secretary determines that the*
 7 *land is environmentally contaminated, the Na-*
 8 *ture Park, the successor to the Nature Park, or*
 9 *any other person responsible for the contamina-*
 10 *tion shall be required to remediate the contami-*
 11 *nation.*

12 (e) *WITHDRAWAL.—All federally owned mineral and*
 13 *subsurface rights to the land described in subsection (b)(2)*
 14 *are withdrawn from—*

15 (1) *location, entry, and patent under the mining*
 16 *laws; and*

17 (2) *the operation of the mineral leasing laws, in-*
 18 *cluding the geothermal leasing laws.*

19 (f) *WATER RIGHTS.—Nothing in this section author-*
 20 *izes the conveyance of water rights to the Nature Park.*

21 **SEC. 11076. PROHIBITIONS ON DOG FIGHTING VENTURES.**

22 (a) *IN GENERAL.—Section 26 of the Animal Welfare*
 23 *Act (7 U.S.C. 2156) is amended—*

24 (1) *in subsection (a)(1)—*

1 (A) by striking “any person to knowingly
2 sponsor” and inserting “any person—

3 “(A) to knowingly sponsor”;

4 (B) by striking the period at the end and
5 inserting “; or”; and

6 (C) by adding at the end the following:

7 “(B) to knowingly sponsor or exhibit an
8 animal in a dog fighting venture.”;

9 (2) in subsection (b)—

10 (A) by striking “any person to knowingly
11 sell” and inserting “any person—

12 “(1) to knowingly sell”;

13 (B) by striking the period at the end and
14 inserting “; or”; and

15 (C) by adding at the end the following:

16 “(2) to knowingly sell, buy, possess, train, trans-
17 port, deliver, or receive for purposes of transportation,
18 any dog or other animal, for the purposes of having
19 the dog or other animal, or offspring of the dog or
20 other animal, participate in a dog fighting venture.”;

21 (3) in the last sentence of subsection (f), by strik-
22 ing “by the United States”; and

23 (4) in subsection (g) —

24 (A) in paragraph (5), by striking “and” at
25 the end;

1 (B) by redesignating paragraph (6) as
2 paragraph (7); and

3 (C) by inserting after paragraph (5) the fol-
4 lowing:

5 “(6) the term ‘dog fighting venture’—

6 “(A) means any event that—

7 “(i) involves a fight between at least 2
8 animals;

9 “(ii) includes at least 1 dog; and

10 “(iii) is conducted for purposes of
11 sport, wagering, or entertainment; and

12 “(B) does not include any activity the pri-
13 mary purpose of which involves the use of 1 or
14 more animals to hunt another animal; and”.

15 (b) *ENFORCEMENT OF ANIMAL FIGHTING PROHIBI-*
16 *TIONS.*—Section 49 of title 18, United States Code, is
17 amended to read as follows:

18 **“§ 49. Enforcement of animal fighting prohibitions**

19 “(a) *ANIMAL FIGHTING VENTURES.*—Whoever violates
20 subsection (a)(1)(A), (b)(1), (c), or (e) of section 26 of the
21 Animal Welfare Act (7 U.S.C. 2156) shall be fined under
22 this title, imprisoned for not more than 3 years, or both,
23 for each violation.

24 “(b) *DOG FIGHTING VENTURES.*—Whoever violates
25 subsection (a)(1)(B) or (b)(2) of section 26 of the Animal

1 *Welfare Act shall be fined under this title, imprisoned for*
 2 *not more than 5 years, or both, for each violation.”.*

3 **SEC. 11077. REGULATIONS TO IMPROVE MANAGEMENT AND**
 4 **OVERSIGHT OF CERTAIN REGULATED ARTI-**
 5 **CLES.**

6 (a) *IN GENERAL.*—Not later than 18 months after the
 7 date of enactment of this Act, the Secretary shall promul-
 8 gate regulations—

9 (1) *to implement, as appropriate, each issue*
 10 *identified in the document entitled “Lessons Learned*
 11 *and Revisions under Consideration for APHIS’ Bio-*
 12 *technology Framework”, dated October 4, 2007; and*

13 (2) *to improve the management and oversight of*
 14 *articles regulated under the Plant Protection Act (7*
 15 *U.S.C. 7701 et seq.).*

16 (b) *INCLUSIONS.*—In promulgating regulations under
 17 subsection (a), the Secretary shall include provisions that
 18 are designed to enhance—

- 19 (1) *the quality and completeness of records;*
 20 (2) *the availability of representative samples;*
 21 (3) *the maintenance of identity and control in*
 22 *the event of an unauthorized release;*
 23 (4) *corrective actions in the event of an unau-*
 24 *thorized release;*
 25 (5) *protocols for conducting molecular forensics;*

1 (6) *clarity in contractual agreements;*

2 (7) *the use of the latest scientific techniques for*
3 *isolation and confinement;*

4 (8) *standards for quality management systems*
5 *and effective research (including laboratory, green-*
6 *house, and field research); and*

7 (9) *the design of electronic permits to store docu-*
8 *ments and other information relating to the permit*
9 *and notification processes.*

10 (c) *CONSIDERATION.—In promulgating regulations*
11 *under subsection (a), the Secretary shall consider—*

12 (1) *establishing—*

13 (A) *a system of risk-based categories to clas-*
14 *sify each regulated article;*

15 (B) *a means to identify regulated articles*
16 *(including the retention of seed samples); and*

17 (C) *standards for isolation and containment*
18 *distances; and*

19 (2) *requiring permit holders—*

20 (A) *to maintain a positive chain of custody;*

21 (B) *to provide for the maintenance of*
22 *records;*

23 (C) *to provide for the accounting of mate-*
24 *rial;*

25 (D) *to conduct periodic audits;*

1 (E) to establish an appropriate training
2 program;

3 (F) to provide contingency and corrective
4 action plans; and

5 (G) to submit reports as the Secretary con-
6 siders to be appropriate.

7 **SEC. 11078. INVASIVE PEST AND DISEASE EMERGENCY RE-**
8 **SPONSE FUNDING CLARIFICATION.**

9 The Secretary may provide funds on an emergency
10 basis to States to assist the States in combating invasive
11 pest and disease outbreaks for any appropriate period of
12 years after the date of initial detection by a State of an
13 invasive pest or disease outbreak, as determined by the Sec-
14 retary.

15 **SEC. 11079. PROTECTION OF PETS.**

16 (a) *SHORT TITLE.*—This section may be cited as the
17 “Pet Safety and Protection Act of 2007”.

18 (b) *RESEARCH FACILITIES.*—Section 7 of the Animal
19 Welfare Act (7 U.S.C. 2137) is amended to read as follows:
20 “**SEC. 7. SOURCES OF DOGS AND CATS FOR RESEARCH FA-**
21 **CILITIES.**

22 “(a) *DEFINITION OF PERSON.*—In this section, the
23 term ‘person’ means any individual, partnership, firm,
24 joint stock company, corporation, association, trust, estate,
25 pound, shelter, or other legal entity.

1 “(b) *USE OF DOGS AND CATS.*—No research facility
 2 or Federal research facility may use a dog or cat for re-
 3 search or educational purposes if the dog or cat was ob-
 4 tained from a person other than a person described in sub-
 5 section (d).

6 “(c) *SELLING, DONATING, OR OFFERING DOGS AND*
 7 *CATS.*—No person, other than a person described in sub-
 8 section (d), may sell, donate, or offer a dog or cat to any
 9 research facility or Federal research facility.

10 “(d) *PERMISSIBLE SOURCES.*—A person from whom
 11 a research facility or a Federal research facility may obtain
 12 a dog or cat for research or educational purposes under sub-
 13 section (b), and a person who may sell, donate, or offer a
 14 dog or cat to a research facility or a Federal research facil-
 15 ity under subsection (c), shall be—

16 “(1) a dealer licensed under section 3 that has
 17 bred and raised the dog or cat;

18 “(2) a publicly owned and operated pound or
 19 shelter that—

20 “(A) is registered with the Secretary;

21 “(B) is in compliance with section 28(a)(1)
 22 and with the requirements for dealers in sub-
 23 sections (b) and (c) of section 28; and

24 “(C) obtained the dog or cat from its legal
 25 owner, other than a pound or shelter;

1 “(3) a person that is donating the dog or cat and
2 that—

3 “(A) bred and raised the dog or cat; or

4 “(B) owned the dog or cat for not less than
5 1 year immediately preceding the donation;

6 “(4) a research facility licensed by the Secretary;
7 and

8 “(5) a Federal research facility licensed by the
9 Secretary.

10 “(e) *PENALTIES.*—

11 “(1) *IN GENERAL.*—A person that violates this
12 section shall be fined \$1,000 for each violation.

13 “(2) *ADDITIONAL PENALTY.*—A penalty under
14 this subsection shall be in addition to any other ap-
15 plicable penalty.

16 “(f) *NO REQUIRED SALE OR DONATION.*—Nothing in
17 this section requires a pound or shelter to sell, donate, or
18 offer a dog or cat to a research facility or Federal research
19 facility.

20 “(g) *LIMITATION.*—The Secretary shall phase out, by
21 the date that is 5 years after the date of enactment of this
22 subsection, the use of random source dogs and cats from
23 class B dealers in accordance with a schedule established
24 by the Secretary.”.

1 (c) *FEDERAL RESEARCH FACILITIES*.—Section 8 of
 2 the Animal Welfare Act (7 U.S.C. 2138) is amended—

3 (1) by striking “SEC. 8. No department” and in-
 4 serting the following:

5 **“SEC. 8. FEDERAL RESEARCH FACILITIES.**

6 “Except as provided in section 7, no department”;

7 (2) by striking “research or experimentation or”;
 8 and

9 (3) by striking “such purposes” and inserting
 10 “that purpose”.

11 (d) *CERTIFICATION*.—Section 28(b)(1) of the Animal
 12 Welfare Act (7 U.S.C. 2158(b)(1)) is amended by striking
 13 “individual or entity” and inserting “research facility or
 14 Federal research facility”.

15 **SEC. 11080. EXEMPTION FROM AQI USER FEES.**

16 (a) *IN GENERAL*.—Notwithstanding any other provi-
 17 sion of law (including regulations), the owner or operator
 18 of any commercial truck described in subsection (b) shall
 19 be exempt from the payment of any agricultural quarantine
 20 and inspection user fee.

21 (b) *COMMERCIAL TRUCKS*.—A commercial truck re-
 22 ferred to in subsection (a) is a commercial truck that—

23 (1) originates in the State of Alaska and reenters
 24 the customs territory of the United States directly
 25 from Canada; or

1 (2) *originates in the customs territory of the*
 2 *United States (other than the State of Alaska) and*
 3 *transits through the customs territory of Canada di-*
 4 *rectly before entering the State of Alaska.*

5 (c) *SEALED CARGO AREAS.*—*A cargo area of any com-*
 6 *mercial truck carrying an agricultural product shall re-*
 7 *main sealed during transit through Canada.*

8 **SEC. 11081. DEPARTMENT OF AGRICULTURE CONFERENCE**
 9 **TRANSPARENCY.**

10 (a) *REPORTS ON CONFERENCE EXPENDITURES.*—*For*
 11 *fiscal year 2008 and each fiscal year thereafter, the Sec-*
 12 *retary shall submit to the Inspector General of the Depart-*
 13 *ment of Agriculture quarterly reports that describe the costs*
 14 *and contracting procedures relating to each conference or*
 15 *meeting held by the Department of Agriculture during the*
 16 *quarter covered by the report for which the cost to the Fed-*
 17 *eral Government was more than \$10,000.*

18 (b) *REQUIREMENTS.*—*Each report submitted under*
 19 *subsection (a) shall include, for each conference and meeting*
 20 *covered by the report—*

21 (1) *a description of the number participants at-*
 22 *tending, and the purpose of those participants for at-*
 23 *tending, the conference or meeting;*

1 (2) *a detailed statement of the costs incurred by*
2 *the Federal Government relating to that conference or*
3 *meeting, including—*

4 (A) *the cost of any food or beverages;*

5 (B) *the cost of any audio-visual services;*

6 (C) *the cost of all related travel; and*

7 (D) *a discussion of the methodology used to*
8 *determine which costs relate to that conference or*
9 *meeting; and*

10 (3) *a description of the contracting procedures*
11 *relating to that conference or meeting, including—*

12 (A) *whether contracts were awarded on a*
13 *competitive basis; and*

14 (B) *a discussion of any cost comparison*
15 *conducted by the Department of Agriculture in*
16 *evaluating potential contractors for any con-*
17 *ference or meeting.*

18 (c) *TRAVEL EXPENSES.—*

19 (1) *DEFINITION OF CONFERENCE.—In this sub-*
20 *section, the term “conference” means a meeting*
21 *that—*

22 (A) *is held for consultation, education,*
23 *awareness, or discussion;*

24 (B) *includes participants who are not all*
25 *employees of the same agency;*

1 (C) is not held entirely at an agency facil-
2 ity;

3 (D) involves costs associated with travel and
4 lodging for some participants; and

5 (E) is sponsored by 1 or more agencies, 1
6 or more organizations that are not agencies, or
7 a combination of those agencies or organizations.

8 (2) *REPORT*.—Not later than September 30 of
9 each fiscal year, the Secretary shall submit to the
10 Committee on Agriculture of the House of Representa-
11 tives and the Committee on Agriculture, Nutrition,
12 and Forestry of the Senate, and post on the public
13 website of the Department of Agriculture in a search-
14 able, electronic format, a report on each conference for
15 which the Department of Agriculture paid travel ex-
16 penses during the fiscal year covered by the report,
17 including—

18 (A) a description of—

19 (i) the itemized expenses paid by the
20 Department of Agriculture, including travel
21 expenses and any other expenditures to sup-
22 port the conference;

23 (ii) the primary sponsor of the con-
24 ference; and

25 (iii) the location of the conference; and

1 (B) *in the case of a conference for which the*
 2 *Department of Agriculture was the primary*
 3 *sponsor, a statement that—*

4 (i) *justifies the location selected;*

5 (ii) *demonstrates the cost efficiency of*
 6 *the location;*

7 (iii) *specifies the date or dates of the*
 8 *conference;*

9 (iv) *includes a brief explanation of the*
 10 *ways in which the conference advanced the*
 11 *mission of the Department of Agriculture;*
 12 *and*

13 (v) *specifies the total number of indi-*
 14 *viduals whose travel or attendance at the*
 15 *conference was paid for, in whole or in*
 16 *part, by the Department of Agriculture.*

17 **SEC. 11082. REPORT RELATING TO THE ENDING OF CHILD-**
 18 **HOOD HUNGER IN THE UNITED STATES.**

19 (a) *FINDINGS.—Congress finds that—*

20 (1) *the United States has the highest rate of*
 21 *childhood poverty in the industrialized world, with*
 22 *over 1/5 of all children of the United States living in*
 23 *poverty, and almost half of those children living in*
 24 *extreme poverty;*

1 (2) *childhood poverty in the United States is*
2 *growing rather than diminishing;*

3 (3) *households with children experience hunger*
4 *at more than double the rate as compared to house-*
5 *holds without children;*

6 (4) *hunger is a major problem in the United*
7 *States, with the Department of Agriculture reporting*
8 *that 12 percent of the citizens of the United States*
9 *(approximately 35,000,000 citizens) could not put*
10 *food on the table of those citizens at some point dur-*
11 *ing 2006;*

12 (5) *of the 35,000,000 citizens of the United*
13 *States that have very low food security—*

14 (A) *98 percent of those citizens worried that*
15 *money would run out before those citizens ac-*
16 *quired more money to buy more food;*

17 (B) *96 percent of those citizens had to cut*
18 *the size of the meals of those citizens or even go*
19 *without meals because those citizens did not have*
20 *enough money to purchase appropriate quan-*
21 *tities of food; and*

22 (C) *94 percent of those citizens could not af-*
23 *ford to eat balanced meals;*

1 (6) *the phrase “people with very low food secu-*
2 *urity”, a new phrase in our national lexicon, in simple*
3 *terms means “people who are hungry”;*

4 (7) *30 percent of black and Hispanic children,*
5 *and 40 percent of low income children, live in house-*
6 *holds that do not have access to nutritionally ade-*
7 *quate diets that are necessary for an active and*
8 *healthy life;*

9 (8) *the increasing lack of access of the citizens of*
10 *the United States to nutritionally adequate diets is a*
11 *significant factor from which the Director of the Cen-*
12 *ters for Disease Control and Prevention concluded*
13 *that “during the past 20 years there has been a dra-*
14 *matic increase in obesity in the United States”;*

15 (9) *during the last 3 decades, childhood obesity*
16 *has—*

17 (A) *more than doubled for preschool chil-*
18 *dren and adolescents; and*

19 (B) *more than tripled for children between*
20 *the ages of 6 and 11 years;*

21 (10) *as of the date of enactment of this Act, ap-*
22 *proximately 9,000,000 children who are 6 years old*
23 *or older are considered obese;*

1 (11) *scientists have demonstrated that there is an*
 2 *inverse relation between obesity and doing well in*
 3 *school; and*

4 (12) *a study published in Pediatrics found that*
 5 *“6- to 11-year-old food-insufficient children had sig-*
 6 *nificantly lower arithmetic scores and were more like-*
 7 *ly to have repeated a grade, have seen a psychologist,*
 8 *and have had difficulty getting along with other chil-*
 9 *dren”.*

10 (b) *SENSE OF CONGRESS.—It is the sense of Congress*
 11 *that—*

12 (1) *it is a national disgrace that many millions*
 13 *of citizens of the United States, a disproportionate*
 14 *number of whom are children, are going hungry in*
 15 *this great nation, which is the wealthiest country in*
 16 *the history of the world;*

17 (2) *because the strong commitment of the United*
 18 *States to family values is deeply undermined when*
 19 *families and children go hungry, the United States*
 20 *has a moral obligation to abolish hunger; and*

21 (3) *through a variety of initiatives (including*
 22 *large funding increases in nutrition programs of the*
 23 *Federal Government), the United States should abol-*
 24 *ish child hunger and food insufficiency in the United*
 25 *States by the 2013.*

1 (c) *REPORT*.—Not later than 1 year after the date of
 2 enactment of this Act, the Secretary shall submit to the rel-
 3 evant committees of Congress a report that describes the best
 4 and most cost-effected manner by which the Federal Govern-
 5 ment could allocate an increased amount of funds to new
 6 programs and programs in existence as of the date of enact-
 7 ment of this Act to achieve the goal of abolishing child hun-
 8 ger and food insufficiency in the United States by 2013.

9 **SEC. 11083. NATIONAL EMERGENCY GRANT TO ADDRESS EF-**
 10 **FFECTS OF GREENSBURG, KANSAS TORNADO.**

11 (a) *DEFINITIONS*.—In this section:

12 (1) *COVERED FUNDS*.—The term “covered funds”
 13 means funds provided under section 173 of the Work-
 14 force Investment Act of 1998 (29 U.S.C. 2918) to a
 15 State that submits an application under that section
 16 not earlier than May 4, 2007, for a national emer-
 17 gency grant to address the effects of the May 4, 2007,
 18 Greensburg, Kansas tornado.

19 (2) *PROFESSIONAL MUNICIPAL SERVICES*.—The
 20 term “professional municipal services” means services
 21 that are necessary to facilitate the recovery of Greens-
 22 burg, Kansas from that tornado, and necessary to
 23 plan for or provide basic management and adminis-
 24 trative services, which may include—

1 (A) *the overall coordination of disaster re-*
 2 *covery and humanitarian efforts, oversight, and*
 3 *enforcement of building code compliance, and co-*
 4 *ordination of health and safety response units; or*
 5 (B) *the delivery of humanitarian assistance*
 6 *to individuals affected by that tornado.*

7 (b) *TEMPORARY PUBLIC SECTOR EMPLOYMENT AND*
 8 *SERVICES.—Covered funds may be used to provide tem-*
 9 *porary public sector employment and services authorized*
 10 *under section 173 of such Act to individuals affected by such*
 11 *tornado, including individuals who were unemployed on the*
 12 *date of the tornado, or who are without employment history,*
 13 *in addition to individuals who are eligible for disaster relief*
 14 *employment under section 173(d)(2) of such Act.*

15 (c) *PROFESSIONAL MUNICIPAL SERVICES.—Covered*
 16 *funds may be used to provide professional municipal serv-*
 17 *ices for a period of not more than 24 months, by hiring*
 18 *or contracting with individuals or organizations (including*
 19 *individuals employed by contractors) that the State in-*
 20 *volved determines are necessary to provide professional mu-*
 21 *nicipal services.*

22 (d) *LIMITATION.—Covered funds expended under this*
 23 *section may be spent on costs incurred not earlier than May*
 24 *4, 2007.*

1 **SEC. 11084. REPORT ON PROGRAM RESULTS.**

2 *Not later than 180 days after the date of enactment*
 3 *of this Act, the Secretary shall submit to Congress a report*
 4 *that describes—*

5 *(1) each program of the Department of Agri-*
 6 *culture that has received a Program Assessment Rat-*
 7 *ing Tool score of “results not demonstrated”; and*

8 *(2) for each such program—*

9 *(A) the reasons that the program has not*
 10 *been able to demonstrate results;*

11 *(B) the steps being taken by the program to*
 12 *address those reasons; and*

13 *(C) a description of anything that might be*
 14 *necessary to facilitate the demonstration of re-*
 15 *sults.*

16 **SEC. 11085. SENSE OF THE SENATE ON THE U.S. DEPART-**
 17 **MENT OF AGRICULTURE’S WILDLIFE SERV-**
 18 **ICES COMPETING AGAINST PRIVATE INDUS-**
 19 **TRY FOR NUISANCE BIRD CONTROL WORK.**

20 *(a) FINDINGS.—The Senate finds that:*

21 *(1) The Wildlife Services Division of the Animal*
 22 *and Plant Health Inspection Service of the Depart-*
 23 *ment of Agriculture (referred to in this section as*
 24 *“Wildlife Services” helps agricultural producers man-*
 25 *age nuisance wildlife problems;*

1 (2) *Wildlife Services personnel also manage nui-*
2 *sance wildlife in non-agricultural settings, including*
3 *urban areas;*

4 (3) *Congress granted the Secretary the authority*
5 *to engage in wildlife animal damage activities in the*
6 *Act of March 2, 1931, and the Rural Development,*
7 *Agriculture and Related Agencies Appropriations Act,*
8 *1988;*

9 (4) *Title I of the Rural Development, Agriculture*
10 *and Related Agencies Appropriations Act, 1988 ex-*
11 *pressly prohibits the Secretary from performing*
12 *“urban rodent” control but does not define the term;*

13 (5) *There are more than 19,000 professional pest*
14 *management companies in the United States, a sig-*
15 *nificant percentage of which manage nuisance birds*
16 *such as European starlings, house sparrows, and pi-*
17 *geons in urban areas;*

18 (6) *The industry employs more than 115,000*
19 *service personnel who perform over 60,000,000 serv-*
20 *ices annually for residential and commercial clients*
21 *in every market of the United States;*

22 (7) *In areas where the private sector has the ca-*
23 *capacity to provide nuisance wildlife services, the lim-*
24 *ited resources of Wildlife Services would be better used*
25 *to assist agricultural producers with management of*

1 *predators and other depredatory species that prey on*
2 *livestock and sport and farm fish, and damage crops.*

3 *(b) SENSE OF THE SENATE.—It is the Sense of the*
4 *Senate that—*

5 *(1) Wildlife Services should neither compete nor*
6 *condone competition with the private sector for busi-*
7 *ness regarding the management of nuisance wildlife*
8 *problems in urban areas where private sector services*
9 *are available;*

10 *(2) Wildlife Services, prior to entering into any*
11 *cooperative agreement for wildlife damage manage-*
12 *ment activities, should inform cooperators of the*
13 *availability of and their right to acquire services from*
14 *private service providers;*

15 *(3) the Secretary of Agriculture should ensure*
16 *that Wildlife Services does not aggressively compete*
17 *with the private pest management industry for Euro-*
18 *pean starling, house sparrow, and pigeon control*
19 *work in urban areas where private sector services are*
20 *available;*

21 *(4) the Secretary of Agriculture should rely on*
22 *scientific and widely accepted definitions to define the*
23 *term “urban rodent,” as used in the Rural Develop-*
24 *ment, Agriculture and Related Agencies Appropria-*

1 *tions Act of 1988, in order to clarify the express re-*
 2 *strictions in that law on Wildlife Services activities;*

3 *(5) the Secretary should direct Wildlife Services*
 4 *to work with private industry, through a Memo-*
 5 *randum of Understanding, to delineate common areas*
 6 *of cooperation so that issues of competition are ad-*
 7 *dressed, taking into account the interests of the wild-*
 8 *life resources and the need to manage damage caused*
 9 *by that resource.*

10 **SEC. 11086. OVERSIGHT OF NATIONAL AQUATIC ANIMAL**
 11 **HEALTH PLAN.**

12 *(a) DEFINITIONS.—In this section:*

13 *(1) ADVISORY COMMITTEE.—The term “advisory*
 14 *committee” means the General Advisory Committee*
 15 *for Oversight of National Aquatic Animal Health es-*
 16 *tablished under subsection (b)(1).*

17 *(2) PLAN.—The term “plan” means the national*
 18 *aquatic animal health plan developed by the National*
 19 *Aquatic Animal Health Task Force, composed of rep-*
 20 *resentatives of the Department of Agriculture, the De-*
 21 *partment of Commerce (including the National Oce-*
 22 *anic and Atmospheric Administration), and the De-*
 23 *partment of the Interior (including the United States*
 24 *Fish and Wildlife Service).*

1 (3) *SECRETARY.*—*The term “Secretary” means*
 2 *the Secretary of Agriculture, acting through the Ad-*
 3 *ministrator of the Animal and Plant Health Inspec-*
 4 *tion Service.*

5 (b) *GENERAL ADVISORY COMMITTEE FOR OVERSIGHT*
 6 *OF NATIONAL AQUATIC ANIMAL HEALTH.*—

7 (1) *ESTABLISHMENT.*—*Not later than 180 days*
 8 *after the date of enactment of this Act, the Secretary,*
 9 *in consultation with States and the private sector,*
 10 *shall establish an advisory committee, to be known as*
 11 *the “General Advisory Committee for Oversight of Na-*
 12 *tional Aquatic Animal Health”.*

13 (2) *MEMBERSHIP.*—

14 (A) *COMPOSITION.*—*The advisory committee*
 15 *shall—*

16 (i) *be composed equally of representa-*
 17 *tives of—*

18 (I) *State and tribal governments;*

19 *and*

20 (II) *commercial aquaculture in-*
 21 *terests; and*

22 (ii) *consist of not more than 20 mem-*
 23 *bers, to be appointed by the Secretary, of*
 24 *whom—*

1 (I) *not less than 3 shall be rep-*
2 *resentatives of Federal departments or*
3 *agencies;*

4 (II) *not less than 6 shall be rep-*
5 *resentatives of State or tribal govern-*
6 *ments that elect to participate in the*
7 *plan under subsection (d);*

8 (III) *not less than 6 shall be rep-*
9 *resentatives of affected commercial*
10 *aquaculture interests; and*

11 (IV) *not less than 2 shall be*
12 *aquatic animal health experts, as de-*
13 *termined by the Secretary, of whom at*
14 *least 1 shall be a doctor of veterinary*
15 *medicine.*

16 (B) *NOMINATIONS.—The Secretary shall*
17 *publish in the Federal Register a solicitation for,*
18 *and may accept, nominations for members of the*
19 *advisory committee from appropriate entities, as*
20 *determined by the Secretary.*

21 (c) *RECOMMENDATIONS.—*

22 (1) *IN GENERAL.—Not later than 18 months*
23 *after the date of enactment of this Act, the advisory*
24 *committee shall develop and submit to the Secretary*
25 *recommendations regarding—*

1 (A) the establishment and membership of
2 appropriate expert and representative commis-
3 sions to efficiently implement and administer the
4 plan;

5 (B) disease- and species-specific best man-
6 agement practices relating to activities carried
7 out under the plan; and

8 (C) the establishment and administration of
9 the indemnification fund under subsection (e).

10 (2) *FACTORS FOR CONSIDERATION.*—In devel-
11 oping recommendations under paragraph (1), the ad-
12 visory committee shall take into consideration all
13 emergency aquaculture-related projects that have been
14 or are being carried out under the plan as of the date
15 of submission of the recommendations.

16 (3) *REGULATIONS.*—After consideration of the
17 recommendations submitted under this subsection, the
18 Secretary shall promulgate regulations to establish a
19 national aquatic animal health improvement pro-
20 gram, in accordance with the Animal Health Protec-
21 tion Act (7 U.S.C. 8301 et seq.).

22 (d) *PARTICIPATION BY STATE AND TRIBAL GOVERN-*
23 *MENTS AND PRIVATE SECTOR.*—

1 (1) *IN GENERAL.*—Any State or tribal govern-
 2 ment, and any entity in the private sector, may elect
 3 to participate in the plan.

4 (2) *DUTIES.*—On election by a State or tribal
 5 government or entity in the private sector to partici-
 6 pate in the plan under paragraph (1), the State or
 7 tribal government or entity shall—

8 (A) submit to the Secretary—

9 (i) a notification of the election; and

10 (ii) nominations for members of the
 11 advisory committee, as appropriate; and

12 (B) as a condition of participation, enter
 13 into an agreement with the Secretary under
 14 which the State or tribal government or entity—

15 (i) assumes responsibility for a portion
 16 of the non-Federal share of the costs of car-
 17 rying out the plan, as described in para-
 18 graph (3); and

19 (ii) agrees to act in accordance with
 20 applicable disease- and species-specific best
 21 management practices relating to activities
 22 carried out under the plan by the State or
 23 tribal government or entity, as the Sec-
 24 retary determines to be appropriate.

25 (3) *NON-FEDERAL SHARE.*—

1 (A) *IN GENERAL.*—Subject to subparagraph
 2 (B), the non-Federal share of the cost of carrying
 3 out the plan—

4 (i) shall be determined—

5 (I) by the Secretary, in consulta-
 6 tion with the advisory committee; and

7 (II) on a case-by-case basis for
 8 each project carried out under the
 9 plan; and

10 (ii) may be provided by State and
 11 tribal governments and entities in the pri-
 12 vate sector in cash or in-kind.

13 (B) *DEPOSITS INTO INDEMNIFICATION*
 14 *FUND.*—The non-Federal share of amounts in the
 15 indemnification fund provided by each State or
 16 tribal government or entity in the private sector
 17 shall be—

18 (i) zero with respect to the initial de-
 19 posit into the fund; and

20 (ii) determined on a case-by-case basis
 21 for each project carried out under the plan.

22 (e) *INDEMNIFICATION FUND.*—

23 (1) *ESTABLISHMENT.*—The Secretary, in con-
 24 sultation with the advisory committee, shall establish
 25 a fund, to be known as the “indemnification fund”,

1 *consisting of such amounts as are initially deposited*
2 *into the fund by the Secretary under subsection*
3 *(g)(1).*

4 (2) *USES.—The Secretary shall use amounts in*
5 *the indemnification fund only to compensate aquatic*
6 *farmers—*

7 (A) *the entire inventory of livestock or*
8 *gametes of which is eradicated as a result of a*
9 *disease control or eradication measure carried*
10 *out under the plan; or*

11 (B) *for the cost of disinfecting, destruction,*
12 *and cleaning products or equipment in response*
13 *to a depopulation order carried out under the*
14 *plan.*

15 (3) *UNUSED AMOUNTS.—Amounts remaining in*
16 *the indemnification fund on September 30 of the fis-*
17 *cal year for which the amounts were appropriated—*

18 (A) *shall remain in the fund;*

19 (B) *may be used in any subsequent fiscal*
20 *year in accordance with paragraph (2); and*

21 (C) *shall not be reprogrammed by the Sec-*
22 *retary for any other use.*

23 (f) *REVIEW.—Not later than 2 years after the date of*
24 *enactment of this Act, the Secretary, in consultation with*

1 *the advisory committee, shall review, and submit to Con-*
 2 *gress a report regarding—*

3 *(1) activities carried out under the plan during*
 4 *the preceding 2 years;*

5 *(2) activities carried out by the advisory com-*
 6 *mittee; and*

7 *(3) recommendations for funding for subsequent*
 8 *fiscal years to carry out this section.*

9 *(g) AUTHORIZATION OF APPROPRIATIONS.—There is*
 10 *authorized to be appropriated to carry out this section*
 11 *\$15,000,000 for each of fiscal years 2008 and 2009, of*
 12 *which—*

13 *(1) not less than 50 percent shall be deposited*
 14 *into the indemnification fund established under sub-*
 15 *section (e) for use in accordance with that subsection;*
 16 *and*

17 *(2) not more than 50 percent shall be used for*
 18 *the costs of carrying out the plan, including the costs*
 19 *of—*

20 *(A) administration of the plan;*

21 *(B) implementation of the plan;*

22 *(C) training and laboratory testing;*

23 *(D) cleaning and disinfection associated*
 24 *with depopulation orders; and*

1 (E) public education and outreach activi-
2 ties.

3 **SEC. 11087. FOOD SAFETY IMPROVEMENT.**

4 (a) *REPORTABLE FOOD REGISTRIES.*—

5 (1) *FEDERAL MEAT INSPECTION.*—*The Federal*
6 *Meat Inspection Act is amended—*

7 (A) *by redesignating section 411 (21 U.S.C.*
8 *680) as section 412; and*

9 (B) *by inserting after section 410 (21*
10 *U.S.C. 679a) the following:*

11 **“SEC. 411. REPORTABLE FOOD EVENT.**

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

13 “(1) *REPORTABLE FOOD.*—*The term ‘reportable*
14 *food’ means meat or a meat food product under this*
15 *Act for which there is a reasonable probability that*
16 *the use of, or exposure to, the meat or meat food prod-*
17 *uct will cause serious adverse health consequences or*
18 *death to humans or animals.*

19 “(2) *REGISTRY.*—*The term ‘Registry’ means the*
20 *registry established under subsection (b).*

21 “(3) *RESPONSIBLE PARTY.*—*The term ‘respon-*
22 *sible party’, with respect to a reportable food, means*
23 *an operator of an establishment subject to inspection*
24 *under this Act at which the reportable food is manu-*
25 *factured, processed, packed, or held.*

1 “(b) *ESTABLISHMENT.*—

2 “(1) *IN GENERAL.*—Not later than 1 year after
3 the date of enactment of the Food and Energy Secu-
4 rity Act of 2007, the Secretary shall establish within
5 the Department of Agriculture a Reportable Meat
6 Registry to which information concerning reportable
7 food may be submitted via an electronic portal,
8 from—

9 “(A) employees of the Food Safety and In-
10 spection Service;

11 “(B) Federal, State, and local public health
12 officials; and

13 “(C) responsible parties.

14 “(2) *REVIEW BY SECRETARY.*—The Secretary
15 shall promptly review and assess the information sub-
16 mitted under paragraph (1) for the purposes of—

17 “(A) identifying reportable food;

18 “(B) submitting entries to the Registry;

19 “(C) taking actions under subsection (c);

20 and

21 “(D) exercising other food safety authority
22 of the Secretary to protect the health and safety
23 of humans and animals.

24 “(c) *ISSUANCE OF AN ALERT BY THE SECRETARY.*—

1 “(1) *IN GENERAL.*—*The Secretary shall issue, or*
 2 *cause to be issued, an alert or a notification with re-*
 3 *spect to a reportable food using information from the*
 4 *Registry as the Secretary considers necessary to pro-*
 5 *tect the health and safety of humans and animals.*

6 “(2) *EFFECT.*—*Paragraph (1) shall not affect*
 7 *the authority of the Secretary to issue an alert or a*
 8 *notification under any other provision of law.*

9 “(d) *REPORTING AND NOTIFICATION.*—

10 “(1) *IN GENERAL.*—*Except as provided in para-*
 11 *graph (2), as soon as practicable, but in no case later*
 12 *than 24 hours after a responsible party determines*
 13 *that meat or meat food product is a reportable food,*
 14 *the responsible party shall—*

15 “(A) *submit a report to the Secretary*
 16 *through the Registry that includes information*
 17 *described in subsection (e) (other than the infor-*
 18 *mation described in paragraphs (7), (8), and (9)*
 19 *of that subsection); and*

20 “(B) *investigate the cause of the event that*
 21 *caused the meat or meat food product to be a re-*
 22 *portable food, if the reportable food originated*
 23 *with the responsible party.*

1 “(2) *NO REPORT REQUIRED.*—A responsible
 2 party shall not be required to submit a report under
 3 paragraph (1) if—

4 “(A) the adulteration or misbranding origi-
 5 nated with the responsible party;

6 “(B) the responsible party detected the adul-
 7 teration or misbranding prior to any transfer to
 8 another person of the meat or meat food product;
 9 and

10 “(C) the responsible party—

11 “(i) corrected the adulteration or mis-
 12 branding; or

13 “(ii) destroyed or caused the destruc-
 14 tion of the meat or meat food product.

15 “(3) *REPORT NUMBER.*—The Secretary shall en-
 16 sure that, upon submission of a report under para-
 17 graph (1), a unique number is issued through the
 18 Registry to the person submitting the report, by which
 19 the Secretary is able—

20 “(A) to link reports about the reportable
 21 food submitted and amended under this sub-
 22 section; and

23 “(B) identify the supply chain for the re-
 24 portable food.

1 “(4) *RESPONSE TO REPORT SUBMITTED BY A RE-*
 2 *SPONSIBLE PARTY.*—After consultation with the re-
 3 sponsible party that submitted a report under para-
 4 graph (1), the Secretary may require the responsible
 5 party to perform, as soon as practicable, but in no
 6 case later than a time specified by the Secretary, 1
 7 or more of the following, as determined by the Sec-
 8 retary:

9 “(A) Amend the report submitted by the re-
 10 sponsible party under paragraph (1) to include
 11 the information described in subsection (e)(8).

12 “(B) Provide a notification—

13 “(i) to the immediate previous source
 14 of the reportable food;

15 “(ii) to the immediate subsequent re-
 16 cipient of the reportable food; and

17 “(iii) that includes—

18 “(I) the information described in
 19 subsection (e) that the Secretary con-
 20 siders necessary;

21 “(II) the actions described under
 22 paragraph (5) that the recipient of the
 23 notification shall perform, as required
 24 by the Secretary; and

1 “(III) any other information that
2 the Secretary may require.

3 “(5) *SUBSEQUENT REPORTS AND NOTIFICA-*
4 *TIONS.—Except as provided in paragraph (6), the*
5 *Secretary may require a responsible party to perform,*
6 *as soon as practicable, but in no case later than a*
7 *time specified by the Secretary, after the responsible*
8 *party receives a notification under subparagraph (C)*
9 *or paragraph (4)(B), 1 or more of the following:*

10 “(A) *Submit a report to the Secretary*
11 *through the Registry established under subsection*
12 *(b) that includes the information described in*
13 *subsection (e) and other information that the*
14 *Secretary considers necessary.*

15 “(B) *Investigate the cause of the adultera-*
16 *tion or misbranding if the adulteration or mis-*
17 *branding of the reportable food may have origi-*
18 *nated with the responsible party.*

19 “(C) *Provide a notification—*

20 “(i) *to the immediate previous source*
21 *of the reportable food;*

22 “(ii) *to the immediate subsequent re-*
23 *cipient of the reportable food; and*

24 “(iii) *that includes—*

1 “(I) the information described in
2 subsection (e) that the Secretary con-
3 siders necessary;

4 “(II) the actions described under
5 this paragraph that the recipient of the
6 notification shall perform, as required
7 by the Secretary; and

8 “(III) any other information that
9 the Secretary may require.

10 “(6) *AMENDED REPORT.*—If a responsible party
11 receives a notification under paragraph (4)(B) or
12 paragraph (5)(C) with respect to a reportable food
13 after the responsible party has submitted a report to
14 the Secretary under paragraph (1) with respect to the
15 reportable food, the responsible party—

16 “(A) shall not be required to submit an ad-
17 ditional report or make a notification under
18 paragraph (5); and

19 “(B) the responsible party shall amend the
20 report submitted by the responsible party under
21 paragraph (1) to include the information de-
22 scribed in paragraph (7), and, with respect to
23 both the notification and the report, paragraph
24 (10) of subsection (e).

1 “(e) *INFORMATION.*—*The information described in this*
2 *subsection is the following:*

3 “(1) *The date on which the meat or meat food*
4 *product was determined to be a reportable food.*

5 “(2) *A description of the reportable food, includ-*
6 *ing the quantity of the reportable food.*

7 “(3) *The extent and nature of the adulteration or*
8 *misbranding.*

9 “(4) *If the adulteration or misbranding of the re-*
10 *portable food may have originated with the respon-*
11 *sible party, the results of the investigation required*
12 *under paragraph (1)(B) or (5)(B) of subsection (d),*
13 *as applicable, and when known.*

14 “(5) *The disposition of the reportable food, if*
15 *known.*

16 “(6) *Product information typically found on*
17 *packaging including product codes, use-by dates, and*
18 *the names of manufacturers, packers, or distributors*
19 *sufficient to identify the reportable food.*

20 “(7) *Contact information for the responsible*
21 *party.*

22 “(8) *The contact information for parties directly*
23 *linked in the supply chain and notified under para-*
24 *graph (4)(B) or (5)(C) of subsection (d), as applica-*
25 *ble.*

1 “(9) *The information required by the Secretary*
 2 *to be included in a notification provided by the re-*
 3 *sponsible party involved under paragraph (4)(B) or*
 4 *(5)(C) of subsection (d) or required in a report under*
 5 *subsection (d)(5)(A).*

6 “(10) *The unique number described in subsection*
 7 *(d)(3).*

8 “(f) *COORDINATION OF FEDERAL, STATE, AND LOCAL*
 9 *EFFORTS.—*

10 “(1) *FOOD AND DRUG ADMINISTRATION.—In car-*
 11 *rying out this section, the Secretary shall—*

12 “(A) *share information and coordinate reg-*
 13 *ulatory efforts with the Commissioner of Food*
 14 *and Drugs; and*

15 “(B) *if the Secretary receives a report sub-*
 16 *mitted about a food within the jurisdiction of the*
 17 *Commissioner, promptly provide the report to*
 18 *the Commissioner.*

19 “(2) *STATES AND LOCALITIES.—In carrying out*
 20 *this section, the Secretary shall work with the State*
 21 *and local public health officials to share information*
 22 *that is not confidential commercial or financial infor-*
 23 *mation protected under section 552(b)(4) of title 5,*
 24 *United States Code, and coordinate regulatory efforts,*
 25 *in order to—*

1 “(A) *help to ensure coverage of the safety of*
 2 *the food supply chain, including those establish-*
 3 *ments regulated by the States and localities that*
 4 *are not regulated under this Act; and*

5 “(B) *reduce duplicative regulatory efforts.*

6 “(g) *MAINTENANCE AND INSPECTION OF RECORDS.—*

7 “(1) *IN GENERAL.—The responsible party shall*
 8 *maintain records related to each report received, noti-*
 9 *fication made, and report submitted to the Secretary*
 10 *under this section for at least 2 years.*

11 “(2) *INSPECTION.—A responsible party shall, at*
 12 *the request of the Secretary, permit inspection of*
 13 *records maintained under paragraph (1).*

14 “(h) *REQUEST FOR INFORMATION.—Section 552 of*
 15 *title 5, United States Code, shall apply to any request for*
 16 *information regarding a record in the Registry.*

17 “(i) *SAFETY REPORT.—A report or notification under*
 18 *subsection (d) may be accompanied by a statement, which*
 19 *shall be part of any report released for public disclosure,*
 20 *that denies that the report or the notification constitutes*
 21 *an admission that the product involved caused or contrib-*
 22 *uted to a death, serious injury, or serious illness.*

23 “(j) *ADMISSION.—A report or notification under this*
 24 *section shall not be considered an admission that the report-*

1 *able food involved is adulterated, misbranded, or caused or*
 2 *contributed to a death, serious injury, or serious illness.*

3 “(k) *HOMELAND SECURITY NOTIFICATION.*—*If, after*
 4 *receiving a report under subsection (d), the Secretary be-*
 5 *lieves the reportable food may have been deliberately adul-*
 6 *terated or misbranded, the Secretary shall—*

7 “(1) *immediately notify the Secretary of Home-*
 8 *land Security; and*

9 “(2) *make relevant information from the Reg-*
 10 *istry available to the Secretary of Homeland Secu-*
 11 *rity.*

12 “(l) *VIOLATIONS.*—*A responsible party that fails to*
 13 *comply with any requirement of this section shall be subject*
 14 *to an appropriate penalty under section 406.”.*

15 (2) *POULTRY PRODUCTS INSPECTION ACT.*—*The*
 16 *Poultry Products Inspection Act is amended by in-*
 17 *serting after section 10 (21 U.S.C. 459) the following:*

18 “**SEC. 10A. REPORTABLE FOOD EVENT.**

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

20 “(1) *REPORTABLE FOOD.*—*The term ‘reportable*
 21 *food’ means poultry or a poultry product under this*
 22 *Act for which there is a reasonable probability that*
 23 *the use of, or exposure to, the poultry or poultry prod-*
 24 *uct will cause serious adverse health consequences or*
 25 *death to humans or animals.*

1 “(2) *REGISTRY*.—The term ‘Registry’ means the
2 registry established under subsection (b).

3 “(3) *RESPONSIBLE PARTY*.—The term ‘respon-
4 sible party’, with respect to a reportable food, means
5 an operator of an official establishment.

6 “(b) *ESTABLISHMENT*.—

7 “(1) *IN GENERAL*.—Not later than 1 year after
8 the date of enactment of the Food and Energy Secu-
9 rity Act of 2007, the Secretary shall establish within
10 the Department of Agriculture a Reportable Poultry
11 Registry to which information concerning reportable
12 food may be submitted via an electronic portal,
13 from—

14 “(A) employees of the Food Safety and In-
15 spection Service;

16 “(B) Federal, State, and local public health
17 officials; and

18 “(C) responsible parties.

19 “(2) *REVIEW BY SECRETARY*.—The Secretary
20 shall promptly review and assess the information sub-
21 mitted under paragraph (1) for the purposes of—

22 “(A) identifying reportable food;

23 “(B) submitting entries to the Registry;

24 “(C) taking actions under subsection (c);

25 and

1 “(D) *exercising other food safety authority*
 2 *of the Secretary to protect the health and safety*
 3 *of humans and animals.*

4 “(c) *ISSUANCE OF AN ALERT BY THE SECRETARY.—*

5 “(1) *IN GENERAL.—The Secretary shall issue, or*
 6 *cause to be issued, an alert or a notification with re-*
 7 *spect to a reportable food using information from the*
 8 *Registry as the Secretary considers necessary to pro-*
 9 *tect the health and safety of humans and animals.*

10 “(2) *EFFECT.—Paragraph (1) shall not affect*
 11 *the authority of the Secretary to issue an alert or a*
 12 *notification under any other provision of law.*

13 “(d) *REPORTING AND NOTIFICATION.—*

14 “(1) *IN GENERAL.—Except as provided in para-*
 15 *graph (2), as soon as practicable, but in no case later*
 16 *than 24 hours after a responsible party determines*
 17 *that poultry or poultry product is a reportable food,*
 18 *the responsible party shall—*

19 “(A) *submit a report to the Secretary*
 20 *through the Registry that includes information*
 21 *described in subsection (e) (other than the infor-*
 22 *mation described in paragraphs (7), (8), and (9)*
 23 *of that subsection); and*

24 “(B) *investigate the cause of the event that*
 25 *caused the poultry or poultry product to be a re-*

1 portable food, if the reportable food originated
2 with the responsible party.

3 “(2) *NO REPORT REQUIRED.*—A responsible
4 party shall not be required to submit a report under
5 paragraph (1) if—

6 “(A) the adulteration or misbranding origi-
7 nated with the responsible party;

8 “(B) the responsible party detected the adul-
9 teration or misbranding prior to any transfer to
10 another person of the poultry or poultry product;
11 and

12 “(C) the responsible party—

13 “(i) corrected the adulteration or mis-
14 branding; or

15 “(ii) destroyed or caused the destruc-
16 tion of the poultry or poultry product.

17 “(3) *REPORT NUMBER.*—The Secretary shall en-
18 sure that, upon submission of a report under para-
19 graph (1), a unique number is issued through the
20 Registry to the person submitting the report, by which
21 the Secretary is able—

22 “(A) to link reports about the reportable
23 food submitted and amended under this sub-
24 section; and

1 “(B) identify the supply chain for the re-
2 portable food.

3 “(4) *RESPONSE TO REPORT SUBMITTED BY A RE-*
4 *SPONSIBLE PARTY.*—After consultation with the re-
5 sponsible party that submitted a report under para-
6 graph (1), the Secretary may require the responsible
7 party to perform, as soon as practicable, but in no
8 case later than a time specified by the Secretary, 1
9 or more of the following, as determined by the Sec-
10 retary:

11 “(A) Amend the report submitted by the re-
12 sponsible party under paragraph (1) to include
13 the information described in subsection (e)(8).

14 “(B) Provide a notification—

15 “(i) to the immediate previous source
16 of the reportable food;

17 “(ii) to the immediate subsequent re-
18 cipient of the reportable food; and

19 “(iii) that includes—

20 “(I) the information described in
21 subsection (e) that the Secretary con-
22 siders necessary;

23 “(II) the actions described under
24 paragraph (5) that the recipient of the

1 *notification shall perform, as required*
2 *by the Secretary; and*

3 “(III) *any other information that*
4 *the Secretary may require.*

5 “(5) *SUBSEQUENT REPORTS AND NOTIFICA-*
6 *TIONS.—Except as provided in paragraph (6), the*
7 *Secretary may require a responsible party to perform,*
8 *as soon as practicable, but in no case later than a*
9 *time specified by the Secretary, after the responsible*
10 *party receives a notification under subparagraph (C)*
11 *or paragraph (4)(B), 1 or more of the following:*

12 “(A) *Submit a report to the Secretary*
13 *through the Registry established under subsection*
14 *(b) that includes the information described in*
15 *subsection (e) and other information that the*
16 *Secretary considers necessary.*

17 “(B) *Investigate the cause of the adultera-*
18 *tion or misbranding if the adulteration or mis-*
19 *branding of the reportable food may have origi-*
20 *nated with the responsible party.*

21 “(C) *Provide a notification—*

22 “(i) *to the immediate previous source*
23 *of the reportable food;*

24 “(ii) *to the immediate subsequent re-*
25 *cipient of the reportable food; and*

1 “(iii) that includes—

2 “(I) the information described in
3 subsection (e) that the Secretary con-
4 siders necessary;

5 “(II) the actions described under
6 this paragraph that the recipient of the
7 notification shall perform, as required
8 by the Secretary; and

9 “(III) any other information that
10 the Secretary may require.

11 “(6) *AMENDED REPORT.*—If a responsible party
12 receives a notification under paragraph (4)(B) or
13 paragraph (5)(C) with respect to a reportable food
14 after the responsible party has submitted a report to
15 the Secretary under paragraph (1) with respect to the
16 reportable food, the responsible party—

17 “(A) shall not be required to submit an ad-
18 ditional report or make a notification under
19 paragraph (5); and

20 “(B) the responsible party shall amend the
21 report submitted by the responsible party under
22 paragraph (1) to include the information de-
23 scribed in paragraph (7), and, with respect to
24 both the notification and the report, paragraph
25 (10) of subsection (e).

1 “(e) *INFORMATION.*—*The information described in this*
2 *subsection is the following:*

3 “(1) *The date on which the poultry or poultry*
4 *product was determined to be a reportable food.*

5 “(2) *A description of the reportable food, includ-*
6 *ing the quantity of the reportable food.*

7 “(3) *The extent and nature of the adulteration or*
8 *misbranding.*

9 “(4) *If the adulteration or misbranding of the re-*
10 *portable food may have originated with the respon-*
11 *sible party, the results of the investigation required*
12 *under paragraph (1)(B) or (5)(B) of subsection (d),*
13 *as applicable, and when known.*

14 “(5) *The disposition of the reportable food, if*
15 *known.*

16 “(6) *Product information typically found on*
17 *packaging including product codes, use-by dates, and*
18 *the names of manufacturers, packers, or distributors*
19 *sufficient to identify the reportable food.*

20 “(7) *Contact information for the responsible*
21 *party.*

22 “(8) *The contact information for parties directly*
23 *linked in the supply chain and notified under para-*
24 *graph (4)(B) or (5)(C) of subsection (d), as applica-*
25 *ble.*

1 “(9) *The information required by the Secretary*
 2 *to be included in a notification provided by the re-*
 3 *sponsible party involved under paragraph (4)(B) or*
 4 *(5)(C) of subsection (d) or required in a report under*
 5 *subsection (d)(5)(A).*

6 “(10) *The unique number described in subsection*
 7 *(d)(3).*

8 “(f) *COORDINATION OF FEDERAL, STATE, AND LOCAL*
 9 *EFFORTS.—*

10 “(1) *FOOD AND DRUG ADMINISTRATION.—In car-*
 11 *rying out this section, the Secretary shall—*

12 “(A) *share information and coordinate reg-*
 13 *ulatory efforts with the Commissioner of Food*
 14 *and Drugs; and*

15 “(B) *if the Secretary receives a report sub-*
 16 *mitted about a food within the jurisdiction of the*
 17 *Commissioner, promptly provide the report to*
 18 *the Commissioner.*

19 “(2) *STATES AND LOCALITIES.—In carrying out*
 20 *this section, the Secretary shall work with the State*
 21 *and local public health officials to share information*
 22 *that is not confidential commercial or financial infor-*
 23 *mation protected under section 552(b)(4) of title 5,*
 24 *United States Code, and coordinate regulatory efforts,*
 25 *in order to—*

1 “(A) *help to ensure coverage of the safety of*
 2 *the food supply chain, including those establish-*
 3 *ments regulated by the States and localities that*
 4 *are not regulated under this Act; and*

5 “(B) *reduce duplicative regulatory efforts.*

6 “(g) *MAINTENANCE AND INSPECTION OF RECORDS.—*

7 “(1) *IN GENERAL.—The responsible party shall*
 8 *maintain records related to each report received, noti-*
 9 *fication made, and report submitted to the Secretary*
 10 *under this section for at least 2 years.*

11 “(2) *INSPECTION.—A responsible party shall, at*
 12 *the request of the Secretary, permit inspection of*
 13 *records maintained under paragraph (1).*

14 “(h) *REQUEST FOR INFORMATION.—Section 552 of*
 15 *title 5, United States Code, shall apply to any request for*
 16 *information regarding a record in the Registry.*

17 “(i) *SAFETY REPORT.—A report or notification under*
 18 *subsection (d) may be accompanied by a statement, which*
 19 *shall be part of any report released for public disclosure,*
 20 *that denies that the report or the notification constitutes*
 21 *an admission that the product involved caused or contrib-*
 22 *uted to a death, serious injury, or serious illness.*

23 “(j) *ADMISSION.—A report or notification under this*
 24 *section shall not be considered an admission that the report-*

1 *able food involved is adulterated, misbranded, or caused or*
 2 *contributed to a death, serious injury, or serious illness.*

3 “(k) *HOMELAND SECURITY NOTIFICATION.*—*If, after*
 4 *receiving a report under subsection (d), the Secretary be-*
 5 *lieves the reportable food may have been deliberately adul-*
 6 *terated or misbranded, the Secretary shall—*

7 “(1) *immediately notify the Secretary of Home-*
 8 *land Security; and*

9 “(2) *make relevant information from the Reg-*
 10 *istry available to the Secretary of Homeland Secu-*
 11 *rity.*

12 “(l) *PENALTIES.*—*A responsible party that fails to*
 13 *comply with any requirement of this section shall be subject*
 14 *to an appropriate penalty under section 12.”.*

15 (3) *CONFORMING AMENDMENT.*—*Section 12(a) of*
 16 *the Poultry Products Inspection Act (21 U.S.C.*
 17 *461(a)) is amended by inserting “10A,” after “10,”.*

18 (4) *EFFECTIVE DATE.*—*The amendments made*
 19 *by the subsection take effect on the date that is 1 year*
 20 *after the date of enactment of this Act.*

21 (5) *GUIDANCE.*—*Not later than 270 days after*
 22 *the date of enactment of this Act, the Secretary shall*
 23 *issue a guidance to industry relating to—*

24 (A) *the submission of reports to the reg-*
 25 *istries established under section 411 of the Fed-*

1 *eral Meat Inspection Act (as amended by para-*
2 *graph (1)) and section 10A of the Poultry Prod-*
3 *ucts Inspection Act (as amended by paragraph*
4 *(2)); and*

5 *(B) the provision of notification to other*
6 *persons in the supply chain of reportable food*
7 *under those sections.*

8 *(6) EFFECT.—Nothing in this subsection, or an*
9 *amendment made by this subsection, alters the juris-*
10 *diction between the Secretary and the Secretary of*
11 *Health and Human Services, under applicable law*
12 *(including regulations).*

13 *(b) SUPPLEMENTAL PLANS AND REASSESSMENTS.—*
14 *The Secretary shall require that each establishment required*
15 *by the Secretary to have a hazard analysis and critical con-*
16 *trol point plan in accordance with the final rule of the Sec-*
17 *retary (61 Fed. Reg. 38806 (July 25, 1996)) shall submit*
18 *to the Secretary, in writing—*

19 *(1) at a minimum, a recall plan described in*
20 *Directive 8080.1, Rev. 4 (May 24, 2004) of the Food*
21 *Safety and Inspection Service (or a successor direc-*
22 *tive); and*

23 *(2) for beef products, an E. coli reassessment de-*
24 *scribed in the supplementary information relating to*
25 *E. coli O157: H7 Contamination of Beef Products (67*

1 *Fed. Reg.* 62325 (October 7, 2002); part 417 of title
 2 9, *Code of Federal Regulations*).

3 (c) *SANITARY TRANSPORTATION OF FOOD*.—

4 (1) *IN GENERAL*.—Not later than 1 year after
 5 the date of enactment of this Act, the Secretary of
 6 Health and Human Services shall promulgate regula-
 7 tions described in section 416(b) of the Federal Food,
 8 Drug, and Cosmetic Act (21 U.S.C. 350e(b)).

9 (2) *MEMORANDUM OF UNDERSTANDING*.—Not
 10 later than 180 days after the date of enactment of this
 11 Act, the Secretary, the Secretary of Health and
 12 Human Services, and the Secretary of Transportation
 13 shall enter into a memorandum of understanding to
 14 ensure that the Secretaries work together effectively to
 15 ensure the safety and security of the food supply of
 16 the United States, particularly in relation to dis-
 17 tribution channels involving transportation (as de-
 18 scribed in the withdrawal of notices of proposed rule-
 19 making (70 *Fed. Reg.* 76228 (December 23, 2005))).

20 **SEC. 11088. OFFICE OF SMALL FARMS AND BEGINNING**
 21 **FARMERS AND RANCHERS.**

22 (a) *IN GENERAL*.—Subtitle B of title II of the Depart-
 23 ment of Agriculture Reorganization Act of 1994 (as amend-
 24 ed by section 11059(a)) is amended by inserting after sec-
 25 tion 226B the following:

1 **“SEC. 226C. OFFICE OF SMALL FARMS AND BEGINNING**
2 **FARMERS AND RANCHERS.**

3 “(a) *ESTABLISHMENT.*—Not less than 180 days after
4 the date of enactment of this section, the Secretary shall
5 establish and maintain within the executive operations of
6 the Department an office, to be known as the ‘Office of
7 Small Farms and Beginning Farmers and Ranchers’ (re-
8 ferred to in this section as the ‘Office’).

9 “(b) *PURPOSES.*—The purposes of the Office are—

10 “(1) to ensure coordination across all agencies of
11 the Department—

12 “(A) to improve use of the programs and
13 services of the Department; and

14 “(B) to enhance the viability of small, be-
15 ginning, and socially disadvantaged farmers and
16 ranchers and others, as the Secretary determines
17 to be necessary;

18 “(2) to ensure small, beginning, and socially dis-
19 advantaged farmers and ranchers access to, and equi-
20 table participation in, commodity, credit, risk man-
21 agement and disaster protection, conservation, mar-
22 keting, nutrition, value-added, rural development,
23 and other programs and services of the Department;

24 “(3) to ensure that the number and economic
25 contributions of small, limited-resource, beginning,
26 and socially disadvantaged farmers and ranchers are

1 *accurately reflected in the Census of Agriculture and*
2 *in other reports; and*

3 *“(4) to assess and enhance the effectiveness of*
4 *outreach and programs of the Department—*

5 *“(A) to reduce barriers to program partici-*
6 *pation;*

7 *“(B) to improve service provided through*
8 *programs of the Department to small, beginning,*
9 *and socially disadvantaged farmers and ranch-*
10 *ers; and*

11 *“(C) by suggesting to the Secretary new ini-*
12 *tiatives and programs to better serve the needs of*
13 *small, socially disadvantaged, and beginning*
14 *farmers and ranchers.*

15 *“(c) DIRECTOR.—*

16 *“(1) IN GENERAL.—The Office shall be headed by*
17 *a Director.*

18 *“(2) ASSUMPTION OF DUTIES.—Effective on the*
19 *date of establishment of the Office under subsection*
20 *(a), the Director shall assume the duties and per-*
21 *sonnel of the Director of Small Farms Coordination,*
22 *as in existence on the day before the date of enactment*
23 *of this section.*

24 *“(d) DUTIES.—The Office shall—*

1 “(1) in collaboration with such other agencies
2 and offices of the Department as the Secretary deter-
3 mines to be necessary, develop and implement a plan
4 to coordinate the activities established under Depart-
5 mental Regulation 9700–1 (August 3, 2006), includ-
6 ing activities of the Small and Beginning Farmers
7 and Ranchers Council and services provided by the
8 Department to small farms and beginning farmers
9 and ranchers;

10 “(2) coordinate with the Office of Outreach to
11 provide consultation, training, and liaison activities
12 with eligible entities (as defined in section 2501(e) of
13 the Food, Agriculture, Conservation, and Trade Act of
14 1990 7 U.S.C. 2279(e));

15 “(3) cooperate with, and monitor, agencies and
16 offices of the Department to ensure that the Depart-
17 ment is meeting the needs of small farms and of be-
18 ginning farmers and ranchers;

19 “(4) establish cross-cutting and strategic depart-
20 mental goals and objectives for small farms and be-
21 ginning farmers and ranchers and for each associated
22 program;

23 “(5) provide input to agencies and offices of the
24 Department on program and policy decisions to en-

1 *sure that the interests of small farms and of begin-*
 2 *ning farmers and ranchers are represented;*

3 “(6) *measure outcomes of all small farm pro-*
 4 *grams and beginning farmer and rancher programs*
 5 *and track progress made in achieving the goals of the*
 6 *programs;*

7 “(7) *supervise data collection by agencies and of-*
 8 *fices of the Department regarding characteristics of*
 9 *small farms and beginning farmers and ranchers to*
 10 *ensure that the goals and objectives, and measures*
 11 *carried out to achieve those goals and objectives, can*
 12 *be measured and evaluated; and*

13 “(8) *carry out any other related duties that the*
 14 *Secretary determines to be appropriate.*

15 “(e) *OUTREACH.—The Office shall establish and main-*
 16 *tain an Internet website—*

17 “(1) *to share information with interested pro-*
 18 *ducers; and*

19 “(2) *to collect and respond to comments from*
 20 *small and beginning farmers and ranchers, including*
 21 *comments of the Small and Beginning Farmers and*
 22 *Ranchers Council.*

23 “(f) *RESOURCES.—Using funds made available to the*
 24 *Secretary in appropriations Acts, the Secretary shall pro-*
 25 *vide to the Office such human and capital resources as are*

1 *sufficient to allow the Office to carry out the duties of the*
 2 *Office under this section in a timely and efficient manner.*

3 “(g) *ANNUAL REPORT.*—*The Secretary shall submit to*
 4 *the Committee on Agriculture of the House of Representa-*
 5 *tives and the Committee on Agriculture, Nutrition, and*
 6 *Forestry of the Senate annual reports that describe actions*
 7 *taken by the Office during the preceding calendar year to*
 8 *advance the interests of small farms and beginning farmers*
 9 *and ranchers.”.*

10 (b) *CONFORMING AMENDMENT.*—*Section 296(b) of the*
 11 *Department of Agriculture Reorganization Act of 1994 (7*
 12 *U.S.C. 7014(b)) is amended—*

13 (1) *in paragraph (6) (as added by section*
 14 *7401(c)(1)), by striking “or” at the end;*

15 (2) *in paragraph (7) (as added by section*
 16 *11059(b)), by striking the period at the end and in-*
 17 *serting “; or”; and*

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

19 “(8) *the authority of the Secretary to establish in*
 20 *the Department the Office of Small Farms and Begin-*
 21 *ning Farmers and Ranchers in accordance with sec-*
 22 *tion 226C.”.*

1 **SEC. 11089. STUDY OF IMPACTS OF LOCAL FOOD SYSTEMS**
2 **AND COMMERCE.**

3 (a) *STUDY.*—*The Secretary shall conduct a study on*
4 *the impacts of local food systems and commerce that shall,*
5 *at a minimum—*

6 (1) *develop a working definition of local food*
7 *systems and commerce; and*

8 (2) *identify indicators, and include an assess-*
9 *ment of—*

10 (A) *the market share of local food systems*
11 *and commerce throughout the United States and*
12 *by region;*

13 (B) *the potential community, economic,*
14 *health and nutrition, environmental, food safety,*
15 *and food security impacts of advancing local*
16 *food systems and commerce;*

17 (C) *the potential energy, transportation,*
18 *water resource, and climate change impacts of*
19 *local food systems and commerce;*

20 (D) *the structure of agricultural consider-*
21 *ations and impacts throughout the United States*
22 *and by region;*

23 (E) *the interest of agricultural producers in*
24 *diversifying to access local markets and the bar-*
25 *riers and opportunities confronted by agricul-*
26 *tural producers in the process of diversification;*

1 (F) the current availability and present and
 2 future need of independent processing plants that
 3 cater to local food commerce, including difficulty
 4 in meeting regulatory requirements;

5 (G) the key gaps in food processing, dis-
 6 tribution, marketing, and economic development,
 7 including regional differences in infrastructure
 8 gaps and other barriers;

9 (H) the role of public and private institu-
 10 tions and institutional and governmental buying
 11 systems and procurement policies in purchasing
 12 products through local food systems;

13 (I) the benefits and challenges for children
 14 and families in the most vulnerable rural and
 15 urban sectors of the United States; and

16 (J) the challenges that prevent local foods
 17 from comprising a larger share of the per capita
 18 food consumption in the United States, and ex-
 19 isting and potential strategies, policies, and pro-
 20 grams to address those challenges.

21 (b) COLLABORATION.—

22 (1) IN GENERAL.—The Secretary shall appoint a
 23 collaborative study team to oversee and conduct the
 24 research necessary to conduct the study described in

1 subsection (a) and the case studies described in sub-
2 section (c).

3 (2) *MEMBERSHIP.*—The study team shall include
4 representatives of—

5 (A) the Economic Research Service, Agricul-
6 tural Marketing Service, and other appropriate
7 agencies of the Department of Agriculture or
8 other Federal agencies;

9 (B) the Environmental Protection Agency;

10 (C) institutions of higher education, includ-
11 ing at least 1 institution of higher education rep-
12 resentative from each of the regions studied;

13 (D) small farmers;

14 (E) nongovernmental organizations with
15 appropriate expertise; and

16 (F) State and local governments.

17 (c) *CASE STUDIES.*—

18 (1) *IN GENERAL.*—The study team appointed by
19 the Secretary under subsection (b) shall carry out case
20 studies in representative production and marketing
21 regions in the United States to address the issues
22 being studied under subsection (a).

23 (2) *REQUIREMENTS.*—In carrying out case stud-
24 ies, the study team shall—

1 (A) identify opportunities for primary re-
2 search; and

3 (B) to the maximum extent practicable, use
4 existing surveys, data, and research.

5 (3) COMPONENTS.—Each case study shall—

6 (A) identify and, to the maximum extent
7 practicable, evaluate the success of relevant Fed-
8 eral, State, and local policies that are intended
9 to induce local food purchasing and commerce;

10 (B) examine the agricultural structure in
11 each region to account for the impact of farm
12 size and type of production on local economies
13 and barriers to accessing local markets;

14 (C) determine regional market trends and
15 the share of the market supplied by current agri-
16 cultural producers in the region; and

17 (D) assess the potential for local food system
18 value chains and supply networks and map the
19 supply chain factors in each region involved in
20 agricultural production, processing, and dis-
21 tribution of locally grown produce, meat, dairy,
22 and other products.

23 (d) REPORTS.—Not later than 2 years after the date
24 of enactment of this Act, and thereafter as the Secretary
25 considers appropriate, the Secretary shall submit to the

1 *Committee on Agriculture of the House of Representatives*
 2 *and the Committee on Agriculture, Nutrition, and Forestry*
 3 *of the Senate a report that—*

4 (1) *describes the results of the study conducted*
 5 *under subsection (a) and the case studies under sub-*
 6 *section (c); and*

7 (2) *includes such recommendations for legislative*
 8 *action as the Secretary considers appropriate.*

9 **SEC. 11090. INVASIVE SPECIES REVOLVING LOAN FUND.**

10 (a) *DEFINITIONS.—In this section:*

11 (1) *AUTHORIZED EQUIPMENT.—*

12 (A) *IN GENERAL.—The term “authorized*
 13 *equipment” means any equipment necessary for*
 14 *the management of forest land.*

15 (B) *INCLUSIONS.—The term “authorized*
 16 *equipment” includes—*

17 (i) *cherry pickers;*

18 (ii) *equipment necessary for—*

19 (I) *the construction of staging and*
 20 *marshalling areas;*

21 (II) *the planting of trees; and*

22 (III) *the surveying of forest land;*

23 (iii) *vehicles capable of transporting*
 24 *harvested trees;*

25 (iv) *wood chippers; and*

1 (v) *any other appropriate equipment,*
2 *as determined by the Secretary.*

3 (2) *FUND.*—*The term “Fund” means the*
4 *Invasive Species Revolving Loan Fund established by*
5 *subsection (b).*

6 (3) *SECRETARY.*—*The term “Secretary” means*
7 *the Secretary of Agriculture, acting through the Dep-*
8 *uty Chief of the State and Private Forestry organiza-*
9 *tion.*

10 (b) *ESTABLISHMENT OF FUND.*—*There is established*
11 *in the Treasury of the United States a revolving fund, to*
12 *be known as the “Invasive Species Revolving Loan Fund”,*
13 *consisting of such amounts as are appropriated to the Fund*
14 *under subsection (f).*

15 (c) *EXPENDITURES FROM FUND.*—

16 (1) *IN GENERAL.*—*Subject to paragraph (2), on*
17 *request by the Secretary, the Secretary of the Treas-*
18 *ury shall transfer from the Fund to the Secretary*
19 *such amounts as the Secretary determines are nec-*
20 *essary to provide loans under subsection (e).*

21 (2) *ADMINISTRATIVE EXPENSES.*—*An amount*
22 *not exceeding 10 percent of the amounts in the Fund*
23 *shall be available for each fiscal year to pay the ad-*
24 *ministrative expenses necessary to carry out this sec-*
25 *tion.*

1 (d) *TRANSFERS OF AMOUNTS.*—

2 (1) *IN GENERAL.*—*The amounts required to be*
 3 *transferred to the Fund under this section shall be*
 4 *transferred at least monthly from the general fund of*
 5 *the Treasury to the Fund on the basis of estimates*
 6 *made by the Secretary of the Treasury.*

7 (2) *ADJUSTMENTS.*—*Proper adjustment shall be*
 8 *made in amounts subsequently transferred to the ex-*
 9 *tent prior estimates were in excess of or less than the*
 10 *amounts required to be transferred.*

11 (e) *USES OF FUND.*—

12 (1) *LOANS.*—

13 (A) *IN GENERAL.*—*The Secretary shall use*
 14 *amounts in the Fund to provide loans to eligible*
 15 *units of local government to finance purchases of*
 16 *authorized equipment to monitor, remove, dis-*
 17 *pose of, and replace infested trees that are*
 18 *located—*

19 (i) *on land under the jurisdiction of*
 20 *the eligible units of local government; and*

21 (ii) *within the borders of quarantine*
 22 *areas infested by invasive species.*

23 (B) *MAXIMUM AMOUNT.*—*The maximum*
 24 *amount of a loan that may be provided by the*

1 *Secretary to an eligible unit of local government*
2 *under this subsection shall be the lesser of—*

3 *(i) the amount that the eligible unit of*
4 *local government has appropriated—*

5 *(I) to finance purchases of author-*
6 *ized equipment to monitor, remove,*
7 *dispose of, and replace infested trees*
8 *that are located—*

9 *(aa) on land under the juris-*
10 *diction of the eligible unit of local*
11 *government; and*

12 *(bb) within the borders of a*
13 *quarantine area infested by*
14 *invasive species; and*

15 *(II) to enter into contracts with*
16 *appropriate individuals and entities to*
17 *monitor, remove, dispose of, and re-*
18 *place infested trees that are located in*
19 *each area described in subclause (I); or*
20 *(ii) \$5,000,000.*

21 *(C) INTEREST RATE.—The interest rate on*
22 *any loan made by the Secretary under this para-*
23 *graph shall be a rate equal to 2 percent.*

24 *(D) REPORT.—Not later than 180 days*
25 *after the date on which an eligible unit of local*

1 *government receives a loan provided by the Sec-*
 2 *retary under subparagraph (A), the eligible unit*
 3 *of local government shall submit to the Secretary*
 4 *a report that describes each purchase made by*
 5 *the eligible unit of local government using assist-*
 6 *ance provided through the loan.*

7 (2) *LOAN REPAYMENT SCHEDULE.—*

8 (A) *IN GENERAL.—To be eligible to receive*
 9 *a loan from the Secretary under paragraph (1),*
 10 *in accordance with each requirement described*
 11 *in subparagraph (B), an eligible unit of local*
 12 *government shall enter into an agreement with*
 13 *the Secretary to establish a loan repayment*
 14 *schedule relating to the repayment of the loan.*

15 (B) *REQUIREMENTS RELATING TO LOAN RE-*
 16 *PAYMENT SCHEDULE.—A loan repayment sched-*
 17 *ule established under subparagraph (A) shall re-*
 18 *quire the eligible unit of local government—*

19 (i) *to repay to the Secretary of the*
 20 *Treasury, not later than 1 year after the*
 21 *date on which the eligible unit of local gov-*
 22 *ernment receives a loan under paragraph*
 23 *(1), and semiannually thereafter, an*
 24 *amount equal to the quotient obtained by*
 25 *dividing—*

1 (I) the principal amount of the
2 loan (including interest); by

3 (II) the total quantity of pay-
4 ments that the eligible unit of local
5 government is required to make during
6 the repayment period of the loan; and

7 (ii) not later than 20 years after the
8 date on which the eligible unit of local gov-
9 ernment receives a loan under paragraph
10 (1), to complete repayment to the Secretary
11 of the Treasury of the loan made under this
12 section (including interest).

13 (f) *AUTHORIZATION OF APPROPRIATIONS.*—There are
14 authorized to be appropriated to the Fund such sums as
15 are necessary to carry out this section.

16 **SEC. 11091. COOPERATIVE AGREEMENTS RELATING TO**
17 **INVASIVE SPECIES PREVENTION ACTIVITIES.**

18 Any cooperative agreement entered into after the date
19 of enactment of this Act between the Secretary and a State
20 relating to the prevention of invasive species infestation
21 shall allow the State to provide any cost-sharing assistance
22 or financing mechanism provided to the State under the
23 cooperative agreement to a unit of local government of the
24 State that—

(1) *is engaged in any activity relating to the prevention of invasive species infestation; and*

(2) *is capable of documenting each invasive species infestation prevention activity generally carried out by—*

(A) *the Department of Agriculture; or*

(B) *the State department of agriculture that has jurisdiction over the unit of local government.*

**SEC. 11092. SOUTHWEST REGIONAL DAIRY, ENVIRONMENT,
AND PRIVATE LAND PROGRAM.**

(a) *DEFINITIONS.—In this section:*

(1) *ELIGIBLE INSTITUTION OF HIGHER EDUCATION.—The term “eligible institution of higher education” means an institution of higher education that—*

(A) *is located in—*

(i) *the State of Arizona;*

(ii) *the State of Colorado;*

(iii) *the State of New Mexico;*

(iv) *the State of Oklahoma; and*

(v) *the State of Texas;*

(B) *has facilities that are necessary for the facilitation of research on issues relating to the dairy industry in a practical setting;*

1 (C) *has a dairy research program and an*
 2 *institution for applied environmental research;*

3 (D) *has a university laboratory that is—*

4 (i) *located on the campus of the insti-*
 5 *tution of higher education; and*

6 (ii) *accredited by the National Envi-*
 7 *ronmental Laboratory Accreditation Coun-*
 8 *cil to ensure the quality of any proposed re-*
 9 *search activities;*

10 (E) *has the capability to enter into a part-*
 11 *nership with representatives of the dairy indus-*
 12 *try and other public and private entities and in-*
 13 *stitutions of higher education;*

14 (F) *has experience in conducting watershed*
 15 *modeling (including the conduct of cost-benefit*
 16 *analyses, policy applications, and long-term wa-*
 17 *tershed monitoring); and*

18 (G) *works with—*

19 (i) *producer-run advocacy groups (in-*
 20 *cluding Industry-Led Solutions); and*

21 (ii) *private land coalitions.*

22 (2) *PROGRAM.—The term “program” means the*
 23 *Southwest regional dairy, environment, and private*
 24 *land program established under subsection (b).*

25 (b) *ESTABLISHMENT.—*

1 (1) *IN GENERAL.*—As soon as practicable after
2 the date of enactment of this Act, the Secretary shall
3 establish a Southwest regional dairy, environment,
4 and private land program.

5 (2) *REQUIRED ACTIVITIES.*—In carrying out the
6 program, the Secretary shall—

7 (A) identify challenges and develop solu-
8 tions to enhance the economic and environmental
9 sustainability, growth, and expansion of the
10 dairy industry in the Southwest region of the
11 United States;

12 (B) research, develop, and implement
13 programs—

14 (i) to recover energy and other useful
15 products from dairy waste;

16 (ii) to identify best management prac-
17 tices; and

18 (iii) to assist the dairy industry in en-
19 suring that animal waste emissions and
20 discharges of the dairy industry are main-
21 tained at levels below applicable regulatory
22 standards;

23 (C) offer technical assistance (including re-
24 search activities conducted by a university lab-
25 oratory that is accredited by the National Envi-

ronmental Laboratory Accreditation Council),
training, applied research, and watershed water
quality programs monitoring to applicable enti-
ties;

(D) develop—

(i) watershed modeling through the de-
velopment of innovative modeling tools and
data mining to develop cost-efficient and
environmentally effective programs in the
dairy industry; and

(ii) an international modeling applica-
tion clearinghouse to coordinate watershed
modeling tools in the United States and in
other countries, to be carried out by the Sec-
retary; and

(E) collaborate with a private land coal-
ition to use input gathered from landowners in
the United States through a program of industry
led solutions to work with the Federal Govern-
ment (including Federal agencies) in the devel-
opment of conservation, environmental credit
trading, and watershed programs to help private
landowners and agricultural producers meet ap-
plicable water quality standards.

(c) CONTRACTS.—

1 (1) *IN GENERAL.*—*In carrying out the program,*
 2 *the Secretary shall offer to enter into contracts with*
 3 *eligible institutions of higher education.*

4 (2) *APPLICATION.*—

5 (A) *SUBMISSION OF APPLICATION.*—*To*
 6 *enter into a contract with the Secretary under*
 7 *paragraph (1), an eligible institution of higher*
 8 *education shall submit to the Secretary an appli-*
 9 *cation at such time, in such manner, and con-*
 10 *taining such information as the Secretary may*
 11 *require.*

12 (B) *GUIDELINES.*—*As soon as practicable*
 13 *after the date of enactment of this Act, the Sec-*
 14 *retary shall promulgate guidelines describing*
 15 *each requirement of the Secretary with respect to*
 16 *the application requirements described in sub-*
 17 *paragraph (A).*

18 (d) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*
 19 *authorized to be appropriated such sums as are necessary*
 20 *to carry out this section for each of fiscal years 2008*
 21 *through 2012, to remain available until expended.*

22 **SEC. 11093. ENFORCEMENT OF UNITED STATES-CANADA**
 23 **SOFTWOOD LUMBER AGREEMENT.**

24 (a) *FINDINGS.*—*The Senate finds that—*

1 (1) *the Federal Government has repeatedly found*
2 *that Canadian softwood lumber shipped to the United*
3 *States is unfairly subsidized and dumped into the*
4 *United States market and materially injures softwood*
5 *lumber producers in the United States;*

6 (2) *in September 2006, the United States and*
7 *Canada entered into the United States-Canada*
8 *Softwood Lumber Agreement (referred to in this sec-*
9 *tion as the “Agreement”) to address Canada’s unfair*
10 *lumber trade practices;*

11 (3) *the Agreement obligates Canada to apply ex-*
12 *port taxes and quotas to Canadian softwood lumber*
13 *exports to the United States and to forego new sub-*
14 *sidies to Canadian lumber producers;*

15 (4) *Canada has consistently violated the Agree-*
16 *ment, including by failing to apply export taxes and*
17 *quotas as required by the Agreement and by pro-*
18 *viding new subsidies to Canadian lumber companies;*

19 (5) *Canadian violations of the Agreement are*
20 *contributing to market conditions that are resulting*
21 *in significant job losses in the United States lumber*
22 *mills;*

23 (6) *the United States is challenging some of the*
24 *Canadian violations of the Agreement through arbi-*
25 *tral proceedings;*

1 (7) *as of the date of enactment of this Act, Federal*
 2 *enforcement of the Agreement has not resulted;*
 3 *and*

4 (8) *Federal executive agencies have been consid-*
 5 *ering proposals to enforce the Agreement.*

6 (b) *SENSE OF THE SENATE.—It is the sense of the Sen-*
 7 *ate that the President should take all actions necessary to*
 8 *ensure that imports of Canadian softwood lumber are con-*
 9 *sistent with the provisions of the United States-Canada*
 10 *Softwood Lumber Agreement.*

11 ***Subtitle C—DOMESTIC PET***
 12 ***TURTLE MARKET ACCESS***

13 ***SEC. 11101. SHORT TITLE.***

14 *This title may be cited as the “Domestic Pet Turtle*
 15 *Equality Act”.*

16 ***SEC. 11102. FINDINGS.***

17 *Congress makes the following findings:*

18 (1) *Pet turtles less than 10.2 centimeters in di-*
 19 *ameter have been banned for sale in the United States*
 20 *by the Food and Drug Administration since 1975 due*
 21 *to health concerns.*

22 (2) *The Food and Drug Administration does not*
 23 *ban the sale of iguanas or other lizards, snakes, frogs,*
 24 *or other amphibians or reptiles that are sold as pets*
 25 *in the United States that carry salmonella bacteria.*

1 *The Food and Drug Administration also does not re-*
2 *quire that these animals be treated for salmonella bac-*
3 *teria before being sold as pets.*

4 *(3) The technology to treat turtles for salmonella,*
5 *and make them safe for sale, has greatly advanced*
6 *since 1975. Treatments exist that can eradicate sal-*
7 *monella from turtles up until the point of sale, and*
8 *individuals are more aware of the causes of sal-*
9 *monella, how to treat salmonella poisoning, and the*
10 *seriousness associated with salmonella poisoning.*

11 *(4) University research has shown that these tur-*
12 *tles can be treated in such a way that they can be*
13 *raised, shipped, and distributed without having a re-*
14 *colonization of salmonella.*

15 *(5) University research has also shown that pet*
16 *owners can be equipped with a treatment regimen*
17 *that allows the turtle to be maintained safe from sal-*
18 *monella.*

19 *(6) The Food and Drug Administration and the*
20 *Department of Agriculture should allow the sale of*
21 *turtles less than 10.2 centimeters in diameter as pets*
22 *as long as the sellers are required to use proven meth-*
23 *ods to treat these turtles for salmonella.*

1 **SEC. 11103. REVIEW, REPORT, AND ACTION ON THE SALE OF**
2 **BABY TURTLES.**

3 (a) *PET TURTLE.*—*In this section, the term “pet tur-*
4 *tle” means a turtle that is less than 10.2 centimeters in*
5 *diameter.*

6 (b) *PREVALENCE OF SALMONELLA.*—*Not later than 60*
7 *days after the date of enactment of this title, the Secretary*
8 *of Health and Human Services, acting through the Com-*
9 *missioner of Food and Drugs, shall determine the preva-*
10 *lence of salmonella in each species of reptile and amphibian*
11 *sold legally as a pet in the United States in order to deter-*
12 *mine whether the prevalence of salmonella in reptiles and*
13 *amphibians sold legally as pets in the United States on av-*
14 *erage is not more than 10 percent less than the percentage*
15 *of salmonella in pet turtles.*

16 (c) *ACTION IF PREVALENCE IS SIMILAR.*—*If the preva-*
17 *lence of salmonella in reptiles and amphibians sold legally*
18 *as pets in the United States on average is not more than*
19 *10 percent less than the percentage of salmonella in pet*
20 *turtles—*

21 (1) *the Secretary of Agriculture shall—*

22 (A) *conduct a study to determine how pet*
23 *turtles can be sold safely as pets in the United*
24 *States and provide recommendations to Congress*
25 *not later than 150 days after the date of such de-*
26 *termination;*

1 (B) in conducting such study, consult with
 2 all relevant stakeholders, such as the Centers for
 3 Disease Control and Prevention, the turtle farm-
 4 ing industry, academia, and the American Acad-
 5 emy of Pediatrics; and

6 (C) examine the safety measures taken to
 7 protect individuals from salmonella-related dan-
 8 gers involved with reptiles and amphibians sold
 9 legally in the United States that contain a simi-
 10 lar or greater presence of salmonella than that of
 11 pet turtles; and

12 (2) the Secretary of Agriculture—

13 (A) may not prohibit the sale of pet turtles
 14 in the United States; or

15 (B) shall prohibit the sale in the United
 16 States of any reptile or amphibian that contains
 17 a similar or greater prevalence of salmonella
 18 than that of pet turtles.

19 ***Subtitle D—Disaster Loan Program***

20 **SEC. 11111. SHORT TITLE.**

21 This subtitle may be cited as the “Small Business Dis-
 22 aster Response and Loan Improvements Act of 2007”.

23 **SEC. 11112. DEFINITIONS.**

24 In this subtitle—

1 (1) the terms “Administration” and “Adminis-
2 trator” mean the Small Business Administration and
3 the Administrator thereof, respectively;

4 (2) the term “Small Business Act catastrophic
5 national disaster” means a Small Business Act cata-
6 strophic national disaster declared under section
7 7(b)(11) of the Small Business Act (15 U.S.C.
8 636(b)), as added by this Act;

9 (3) the term “declared disaster” means a major
10 disaster or a Small Business Act catastrophic na-
11 tional disaster;

12 (4) the term “disaster area” means an area af-
13 fected by a natural or other disaster, as determined
14 for purposes of paragraph (1) or (2) of section 7(b)
15 of the Small Business Act (15 U.S.C. 636(b)), during
16 the period of such declaration;

17 (5) the term “disaster loan program of the Ad-
18 ministration” means assistance under section 7(b) of
19 the Small Business Act (15 U.S.C. 636(b));

20 (6) the term “disaster update period” means the
21 period beginning on the date on which the President
22 declares a major disaster or a Small Business Act
23 catastrophic national disaster and ending on the date
24 on which such declaration terminates;

1 (7) the term “major disaster” has the meaning
 2 given that term in section 102 of the Robert T. Staf-
 3 ford Disaster Relief and Emergency Assistance Act
 4 (42 U.S.C. 5122);

5 (8) the term “small business concern” has the
 6 same meaning as in section 3 of the Small Business
 7 Act (15 U.S.C. 632); and

8 (9) the term “State” means any State of the
 9 United States, the District of Columbia, the Common-
 10 wealth of Puerto Rico, the Northern Mariana Islands,
 11 the Virgin Islands, Guam, American Samoa, and any
 12 territory or possession of the United States.

13 **PART I—DISASTER PLANNING AND RESPONSE**

14 **SEC. 11121. DISASTER LOANS TO NONPROFITS.**

15 Section 7(b) of the Small Business Act (15 U.S.C.
 16 636(b)) is amended by inserting immediately after para-
 17 graph (3) the following:

18 “(4) **LOANS TO NONPROFITS.**—In addition to
 19 any other loan authorized by this subsection, the Ad-
 20 ministrator may make such loans (either directly or
 21 in cooperation with banks or other lending institu-
 22 tions through agreements to participate on an imme-
 23 diate or deferred basis) as the Administrator deter-
 24 mines appropriate to a nonprofit organization located
 25 or operating in an area affected by a natural or other

1 *disaster, as determined under paragraph (1) or (2),*
 2 *or providing services to persons who have evacuated*
 3 *from any such area.”.*

4 **SEC. 11122. DISASTER LOAN AMOUNTS.**

5 (a) *INCREASED LOAN CAPS.*—Section 7(b) of the
 6 *Small Business Act (15 U.S.C. 636(b)) is amended by in-*
 7 *serting immediately after paragraph (4), as added by this*
 8 *Act, the following:*

9 “(5) *INCREASED LOAN CAPS.*—

10 “(A) *AGGREGATE LOAN AMOUNTS.*—*Except*
 11 *as provided in subparagraph (B), and notwith-*
 12 *standing any other provision of law, the aggre-*
 13 *gate loan amount outstanding and committed to*
 14 *a borrower under this subsection may not exceed*
 15 *\$2,000,000.*

16 “(B) *WAIVER AUTHORITY.*—*The Adminis-*
 17 *trator may, at the discretion of the Adminis-*
 18 *trator, increase the aggregate loan amount under*
 19 *subparagraph (A) for loans relating to a disaster*
 20 *to a level established by the Administrator, based*
 21 *on appropriate economic indicators for the re-*
 22 *gion in which that disaster occurred.”.*

23 (b) *DISASTER MITIGATION.*—

24 (1) *IN GENERAL.*—Section 7(b)(1)(A) of the
 25 *Small Business Act (15 U.S.C. 636(b)(1)(A)) is*

1 amended by inserting “of the aggregate costs of such
 2 damage or destruction (whether or not compensated
 3 for by insurance or otherwise)” after “20 per cen-
 4 tum”.

5 (2) *EFFECTIVE DATE.*—The amendment made by
 6 paragraph (1) shall apply with respect to a loan or
 7 guarantee made after the date of enactment of this
 8 Act.

9 (c) *TECHNICAL AMENDMENTS.*—Section 7(b) of the
 10 Small Business Act (15 U.S.C. 636(b)) is amended—

11 (1) in the matter preceding paragraph (1), by
 12 striking “the, Administration” and inserting “the Ad-
 13 ministration”;

14 (2) in paragraph (2)(A), by striking “Disaster
 15 Relief and Emergency Assistance Act” and inserting
 16 “Robert T. Stafford Disaster Relief and Emergency
 17 Assistance Act (42 U.S.C. 5121 et seq.) (in this sub-
 18 section referred to as a ‘major disaster’); and

19 (3) in the undesignated matter at the end—

20 (A) by striking “, (2), and (4)” and insert-
 21 ing “and (2)”; and

22 (B) by striking “, (2), or (4)” and inserting
 23 “(2)”.

1 **SEC. 11123. SMALL BUSINESS DEVELOPMENT CENTER**
 2 **PORTABILITY GRANTS.**

3 *Section 21(a)(4)(C)(viii) of the Small Business Act (15*
 4 *U.S.C. 648(a)(4)(C)(viii)) is amended—*

5 *(1) in the first sentence, by striking “as a result*
 6 *of a business or government facility down sizing or*
 7 *closing, which has resulted in the loss of jobs or small*
 8 *business instability” and inserting “due to events that*
 9 *have resulted or will result in, business or government*
 10 *facility downsizing or closing”; and*

11 *(2) by adding at the end “At the discretion of the*
 12 *Administrator, the Administrator may make an*
 13 *award greater than \$100,000 to a recipient to accom-*
 14 *modate extraordinary occurrences having a cata-*
 15 *strophic impact on the small business concerns in a*
 16 *community.”.*

17 **SEC. 11124. ASSISTANCE TO OUT-OF-STATE BUSINESSES.**

18 *Section 21(b)(3) of the Small Business Act (15 U.S.C.*
 19 *648(b)(3)) is amended—*

20 *(1) by striking “At the discretion” and inserting*
 21 *the following: “SMALL BUSINESS DEVELOPMENT CEN-*
 22 *TERS.—*

23 *“(A) IN GENERAL.—At the discretion”; and*

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

25 *“(B) DURING DISASTERS.—*

1 “(i) *IN GENERAL.*—*At the discretion of*
2 *the Administrator, the Administrator may*
3 *authorize a small business development cen-*
4 *ter to provide such assistance to small busi-*
5 *ness concerns located outside of the State,*
6 *without regard to geographic proximity, if*
7 *the small business concerns are located in a*
8 *disaster area declared under section*
9 *7(b)(2)(A).*

10 “(ii) *CONTINUITY OF SERVICES.*—*A*
11 *small business development center that pro-*
12 *vides counselors to an area described in*
13 *clause (i) shall, to the maximum extent*
14 *practicable, ensure continuity of services in*
15 *any State in which such small business de-*
16 *velopment center otherwise provides services.*

17 “(iii) *ACCESS TO DISASTER RECOVERY*
18 *FACILITIES.*—*For purposes of providing dis-*
19 *aster recovery assistance under this sub-*
20 *paragraph, the Administrator shall, to the*
21 *maximum extent practicable, permit small*
22 *business development center personnel to use*
23 *any site or facility designated by the Ad-*
24 *ministrator for use to provide disaster re-*
25 *covery assistance.”.*

1 **SEC. 11125. OUTREACH PROGRAMS.**

2 (a) *IN GENERAL.*—Not later than 30 days after the
3 date of the declaration of a disaster area, the Administrator
4 may establish a contracting outreach and technical assist-
5 ance program for small business concerns which have had
6 a primary place of business in, or other significant presence
7 in, such disaster area.

8 (b) *ADMINISTRATOR ACTION.*—The Administrator
9 may carry out subsection (a) by acting through—

- 10 (1) *the Administration;*
- 11 (2) *the Federal agency small business officials*
12 *designated under section 15(k)(1) of the Small Busi-*
13 *ness Act (15 U.S.C. 644(k)(1)); or*
- 14 (3) *any Federal, State, or local government enti-*
15 *ty, higher education institution, procurement tech-*
16 *nical assistance center, or private nonprofit organiza-*
17 *tion that the Administrator may determine appro-*
18 *priate, upon conclusion of a memorandum of under-*
19 *standing or assistance agreement, as appropriate,*
20 *with the Administrator.*

21 **SEC. 11126. SMALL BUSINESS BONDING THRESHOLD.**

22 (a) *IN GENERAL.*—Except as provided in subsection
23 (b), and notwithstanding any other provision of law, for
24 any procurement related to a major disaster, the Adminis-
25 trator may, upon such terms and conditions as the Admin-
26 istrator may prescribe, guarantee and enter into commit-

1 *ments to guarantee any surety against loss resulting from*
 2 *a breach of the terms of a bid bond, payment bond, perform-*
 3 *ance bond, or bonds ancillary thereto, by a principal on*
 4 *any total work order or contract amount at the time of bond*
 5 *execution that does not exceed \$5,000,000.*

6 *(b) INCREASE OF AMOUNT.—Upon request of the head*
 7 *of any Federal agency other than the Administration in-*
 8 *volved in reconstruction efforts in response to a major dis-*
 9 *aster, the Administrator may guarantee and enter into a*
 10 *commitment to guarantee any security against loss under*
 11 *subsection (a) on any total work order or contract amount*
 12 *at the time of bond execution that does not exceed*
 13 *\$10,000,000.*

14 **SEC. 11127. TERMINATION OF PROGRAM.**

15 *Section 711(c) of the Small Business Competitive*
 16 *Demonstration Program Act of 1988 (15 U.S.C. 644 note)*
 17 *is amended by inserting after “January 1, 1989” the fol-*
 18 *lowing: “, and shall terminate on the date of enactment of*
 19 *the Small Business Disaster Response and Loan Improve-*
 20 *ments Act of 2007”.*

21 **SEC. 11128. INCREASING COLLATERAL REQUIREMENTS.**

22 *Section 7(c)(6) of the Small Business Act (15 U.S.C.*
 23 *636(c)(6)) is amended by striking “\$10,000 or less” and*
 24 *inserting “\$14,000 or less (or such higher amount as the*
 25 *Administrator determines appropriate in the event of a*

1 *Small Business Act catastrophic national disaster declared*
 2 *under subsection (b)(11))”.*

3 **SEC. 11129. PUBLIC AWARENESS OF DISASTER DECLARA-**
 4 **TION AND APPLICATION PERIODS.**

5 (a) *IN GENERAL.*—Section 7(b) of the *Small Business*
 6 *Act* (15 U.S.C. 636(b)) is amended by inserting imme-
 7 diately after paragraph (5), as added by this Act, the fol-
 8 lowing:

9 “(6) *COORDINATION WITH FEMA.*—

10 “(A) *IN GENERAL.*—Notwithstanding any
 11 other provision of law, for any disaster (includ-
 12 ing a *Small Business Act catastrophic national*
 13 *disaster*) declared under this subsection or major
 14 disaster, the Administrator, in consultation with
 15 the Administrator of the Federal Emergency
 16 Management Agency, shall ensure, to the max-
 17 imum extent practicable, that all application pe-
 18 riods for disaster relief under this Act correspond
 19 with application deadlines established under the
 20 Robert T. Stafford Disaster Relief and Emer-
 21 gency Assistance Act (42 U.S.C. 5121 et seq.), or
 22 as extended by the President.

23 “(B) *DEADLINES.*—Notwithstanding any
 24 other provision of law, not later than 10 days be-
 25 fore the closing date of an application period for

1 *a major disaster (including a Small Business*
2 *Act catastrophic national disaster), the Adminis-*
3 *trator, in consultation with the Administrator of*
4 *the Federal Emergency Management Agency,*
5 *shall submit to the Committee on Small Business*
6 *and Entrepreneurship of the Senate and the*
7 *Committee on Small Business of the House of*
8 *Representatives a report that includes—*

9 *“(i) the deadline for submitting appli-*
10 *cations for assistance under this Act relat-*
11 *ing to that major disaster;*

12 *“(ii) information regarding the num-*
13 *ber of loan applications and disbursements*
14 *processed by the Administrator relating to*
15 *that major disaster for each day during the*
16 *period beginning on the date on which that*
17 *major disaster was declared and ending on*
18 *the date of that report; and*

19 *“(iii) an estimate of the number of po-*
20 *tential applicants that have not submitted*
21 *an application relating to that major dis-*
22 *aster.*

23 *“(7) PUBLIC AWARENESS OF DISASTERS.—If a*
24 *disaster (including a Small Business Act catastrophic*
25 *national disaster) is declared under this subsection,*

1 *the Administrator shall make every effort to commu-*
2 *nicate through radio, television, print, and web-based*
3 *outlets, all relevant information needed by disaster*
4 *loan applicants, including—*

5 *“(A) the date of such declaration;*

6 *“(B) cities and towns within the area of*
7 *such declaration;*

8 *“(C) loan application deadlines related to*
9 *such disaster;*

10 *“(D) all relevant contact information for*
11 *victim services available through the Administra-*
12 *tion (including links to small business develop-*
13 *ment center websites);*

14 *“(E) links to relevant Federal and State*
15 *disaster assistance websites, including links to*
16 *websites providing information regarding assist-*
17 *ance available from the Federal Emergency Man-*
18 *agement Agency;*

19 *“(F) information on eligibility criteria for*
20 *Administration loan programs, including where*
21 *such applications can be found; and*

22 *“(G) application materials that clearly*
23 *state the function of the Administration as the*
24 *Federal source of disaster loans for homeowners*
25 *and renters.”.*

1 (b) *MARKETING AND OUTREACH.*—Not later than 90
2 days after the date of enactment of this Act, the Adminis-
3 trator shall create a marketing and outreach plan that—

4 (1) encourages a proactive approach to the dis-
5 aster relief efforts of the Administration;

6 (2) makes clear the services provided by the Ad-
7 ministration, including contact information, applica-
8 tion information, and timelines for submitting appli-
9 cations, the review of applications, and the disburse-
10 ment of funds;

11 (3) describes the different disaster loan programs
12 of the Administration, including how they are made
13 available and the eligibility requirements for each
14 loan program;

15 (4) provides for regional marketing, focusing on
16 disasters occurring in each region before the date of
17 enactment of this Act, and likely scenarios for disas-
18 ters in each such region; and

19 (5) ensures that the marketing plan is made
20 available at small business development centers and
21 on the website of the Administration.

1 **SEC. 11130. CONSISTENCY BETWEEN ADMINISTRATION REG-**
 2 **ULATIONS AND STANDARD OPERATING PRO-**
 3 **CEDURES.**

4 (a) *IN GENERAL.*—*The Administrator shall, promptly*
 5 *following the date of enactment of this Act, conduct a study*
 6 *of whether the standard operating procedures of the Admin-*
 7 *istration for loans offered under section 7(b) of the Small*
 8 *Business Act (15 U.S.C. 636(b)) are consistent with the reg-*
 9 *ulations of the Administration for administering the dis-*
 10 *aster loan program.*

11 (b) *REPORT.*—*Not later than 180 days after the date*
 12 *of enactment of this Act, the Administration shall submit*
 13 *to Congress a report containing all findings and rec-*
 14 *ommendations of the study conducted under subsection (a).*

15 **SEC. 11131. PROCESSING DISASTER LOANS.**

16 (a) *AUTHORITY FOR QUALIFIED PRIVATE CONTRAC-*
 17 *TORS TO PROCESS DISASTER LOANS.*—*Section 7(b) of the*
 18 *Small Business Act (15 U.S.C. 636(b)) is amended by in-*
 19 *serting immediately after paragraph (7), as added by this*
 20 *Act, the following:*

21 “(8) *AUTHORITY FOR QUALIFIED PRIVATE CON-*
 22 *TRACTORS.*—

23 “(A) *DISASTER LOAN PROCESSING.*—*The*
 24 *Administrator may enter into an agreement with*
 25 *a qualified private contractor, as determined by*
 26 *the Administrator, to process loans under this*

1 subsection in the event of a major disaster or a
 2 Small Business Act catastrophic national dis-
 3 aster declared under paragraph (11), under
 4 which the Administrator shall pay the contractor
 5 a fee for each loan processed.

6 “(B) LOAN LOSS VERIFICATION SERVICES.—

7 The Administrator may enter into an agreement
 8 with a qualified lender or loss verification pro-
 9 fessional, as determined by the Administrator, to
 10 verify losses for loans under this subsection in
 11 the event of a major disaster or a Small Business
 12 Act catastrophic national disaster declared under
 13 paragraph (11), under which the Administrator
 14 shall pay the lender or verification professional
 15 a fee for each loan for which such lender or
 16 verification professional verifies losses.”.

17 (b) COORDINATION OF EFFORTS BETWEEN THE AD-

18 MINISTRATOR AND THE INTERNAL REVENUE SERVICE TO

19 EXPEDITE LOAN PROCESSING.—The Administrator and the

20 Commissioner of Internal Revenue shall, to the maximum

21 extent practicable, ensure that all relevant and allowable

22 tax records for loan approval are shared with loan proc-

23 essors in an expedited manner, upon request by the Admin-

24 istrator.

1 **SEC. 11132. DEVELOPMENT AND IMPLEMENTATION OF**
2 **MAJOR DISASTER RESPONSE PLAN.**

3 (a) *IN GENERAL.*—*Not later than 3 months after the*
4 *date of enactment of this Act, the Administrator shall—*

5 (1) *by rule, amend the 2006 Atlantic hurricane*
6 *season disaster response plan of the Administration*
7 *(in this section referred to as the “disaster response*
8 *plan”) to apply to major disasters; and*

9 (2) *submit a report to the Committee on Small*
10 *Business and Entrepreneurship of the Senate and the*
11 *Committee on Small Business of the House of Rep-*
12 *resentatives detailing the amendments to the disaster*
13 *response plan.*

14 (b) *CONTENTS.*—*The report required under subsection*
15 *(a)(2) shall include—*

16 (1) *any updates or modifications made to the*
17 *disaster response plan since the report regarding the*
18 *disaster response plan submitted to Congress on July*
19 *14, 2006;*

20 (2) *a description of how the Administrator plans*
21 *to utilize and integrate District Office personnel of*
22 *the Administration in the response to a major dis-*
23 *aster, including information on the utilization of per-*
24 *sonnel for loan processing and loan disbursement;*

1 (3) a description of the disaster scalability model
2 of the Administration and on what basis or function
3 the plan is scaled;

4 (4) a description of how the agency-wide Dis-
5 aster Oversight Council is structured, which offices
6 comprise its membership, and whether the Associate
7 Deputy Administrator for Entrepreneurial Develop-
8 ment of the Administration is a member;

9 (5) a description of how the Administrator plans
10 to coordinate the disaster efforts of the Administration
11 with State and local government officials, including
12 recommendations on how to better incorporate State
13 initiatives or programs, such as State-administered
14 bridge loan programs, into the disaster response of the
15 Administration;

16 (6) recommendations, if any, on how the Admin-
17 istration can better coordinate its disaster response
18 operations with the operations of other Federal, State,
19 and local entities;

20 (7) any surge plan for the disaster loan program
21 of the Administration in effect on or after August 29,
22 2005 (including surge plans for loss verification, loan
23 processing, mailroom, customer service or call center
24 operations, and a continuity of operations plan);

1 (8) *the number of full-time equivalent employees*
2 *and job descriptions for the planning and disaster re-*
3 *sponse staff of the Administration;*

4 (9) *the in-service and preservice training proce-*
5 *dures for disaster response staff of the Administra-*
6 *tion;*

7 (10) *information on the logistical support plans*
8 *of the Administration (including equipment and*
9 *staffing needs, and detailed information on how such*
10 *plans will be scalable depending on the size and scope*
11 *of the major disaster;*

12 (11) *a description of the findings and rec-*
13 *ommendations of the Administrator, if any, based on*
14 *a review of the response of the Administration to*
15 *Hurricane Katrina of 2005, Hurricane Rita of 2005,*
16 *and Hurricane Wilma of 2005; and*

17 (12) *a plan for how the Administrator, in con-*
18 *sultation with the Administrator of the Federal*
19 *Emergency Management Agency, will coordinate the*
20 *provision of accommodations and necessary resources*
21 *for disaster assistance personnel to effectively perform*
22 *their responsibilities in the aftermath of a major dis-*
23 *aster.*

24 (c) *EXERCISES.*—*Not later than 6 months after the*
25 *date of the submission of the report under subsection (a)(2),*

1 *the Administrator shall develop and execute simulation ex-*
 2 *ercises to demonstrate the effectiveness of the amended dis-*
 3 *aster response plan required under this section.*

4 **SEC. 11133. DISASTER PLANNING RESPONSIBILITIES.**

5 (a) *ASSIGNMENT OF SMALL BUSINESS ADMINISTRA-*
 6 *TION DISASTER PLANNING RESPONSIBILITIES.*—*The Ad-*
 7 *ministrator shall specifically assign the disaster planning*
 8 *responsibilities described in subsection (b) to an employee*
 9 *of the Administration who—*

10 (1) *is not an employee of the Office of Disaster*
 11 *Assistance of the Administration;*

12 (2) *shall report directly to the Administrator;*
 13 *and*

14 (3) *has a background and expertise dem-*
 15 *onstrating significant experience in the area of dis-*
 16 *aster planning.*

17 (b) *RESPONSIBILITIES.*—*The responsibilities described*
 18 *in this subsection are—*

19 (1) *creating and maintaining the comprehensive*
 20 *disaster response plan of the Administration;*

21 (2) *ensuring in-service and pre-service training*
 22 *procedures for the disaster response staff of the Ad-*
 23 *ministration;*

1 (3) *coordinating and directing Administration*
 2 *training exercises, including mock disaster responses,*
 3 *with other Federal agencies; and*

4 (4) *other responsibilities, as determined by the*
 5 *Administrator.*

6 (c) *REPORT.*—*Not later than 30 days after the date*
 7 *of enactment of this Act, the Administrator shall submit*
 8 *to the Committee on Small Business and Entrepreneurship*
 9 *of the Senate and the Committee on Small Business of the*
 10 *House of Representatives a report containing—*

11 (1) *a description of the actions of the Adminis-*
 12 *trator to assign an employee under subsection (a);*

13 (2) *information detailing the background and ex-*
 14 *pertise of the employee assigned under subsection (a);*
 15 *and*

16 (3) *information on the status of the implementa-*
 17 *tion of the responsibilities described in subsection (b).*

18 **SEC. 11134. ADDITIONAL AUTHORITY FOR DISTRICT OF-**
 19 **FICES OF THE ADMINISTRATION.**

20 (a) *IN GENERAL.*—*Section 7(b) of the Small Business*
 21 *Act (15 U.S.C. 636(b)) is amended by inserting imme-*
 22 *diately after paragraph (8), as added by this Act, the fol-*
 23 *lowing:*

24 “(9) *USE OF DISTRICT OFFICES.*—*In the event of*
 25 *a major disaster, the Administrator may authorize a*

1 *district office of the Administration to process loans*
2 *under paragraph (1) or (2).”.*

3 *(b) DESIGNATION.—*

4 *(1) IN GENERAL.—The Administrator may des-*
5 *ignate an employee in each district office of the Ad-*
6 *ministration to act as a disaster loan liaison between*
7 *the disaster processing center and applicants under*
8 *the disaster loan program of the Administration.*

9 *(2) RESPONSIBILITIES.—Each employee des-*
10 *ignated under paragraph (1) shall—*

11 *(A) be responsible for coordinating and fa-*
12 *cilitating communications between applicants*
13 *under the disaster loan program of the Adminis-*
14 *tration and disaster loan processing staff regard-*
15 *ing documentation and information required for*
16 *completion of an application; and*

17 *(B) provide information to applicants*
18 *under the disaster loan program of the Adminis-*
19 *tration regarding additional services and bene-*
20 *fits that may be available to such applicants to*
21 *assist with recovery.*

22 *(3) OUTREACH.—In providing outreach to dis-*
23 *aster victims following a declared disaster, the Ad-*
24 *ministrator shall make disaster victims aware of—*

1 (A) any relevant employee designated under
2 paragraph (1); and

3 (B) how to contact that employee.

4 **SEC. 11135. ASSIGNMENT OF EMPLOYEES OF THE OFFICE**
5 **OF DISASTER ASSISTANCE AND DISASTER**
6 **CADRE.**

7 (a) *IN GENERAL.*—Section 7(b) of the Small Business
8 Act (15 U.S.C. 636(b)) is amended by inserting imme-
9 diately after paragraph (9), as added by this Act, the fol-
10 lowing:

11 “(10) *DISASTER ASSISTANCE EMPLOYEES.*—

12 “(A) *IN GENERAL.*—In carrying out this
13 section, the Administrator may, where prac-
14 ticable, ensure that the number of full-time
15 equivalent employees—

16 “(i) in the Office of the Disaster Assist-
17 ance is not fewer than 800; and

18 “(ii) in the Disaster Cadre of the Ad-
19 ministration is not fewer than 750.

20 “(B) *REPORT.*—In carrying out this sub-
21 section, if the number of full-time employees for
22 either the Office of Disaster Assistance or the
23 Disaster Cadre of the Administration is below
24 the level described in subparagraph (A) for that
25 office, not later than 21 days after the date on

1 *which that staffing level decreased below the level*
 2 *described in subparagraph (A), the Adminis-*
 3 *trator shall submit to the Committee on Appro-*
 4 *priations and the Committee on Small Business*
 5 *and Entrepreneurship of the Senate and the*
 6 *Committee on Appropriations and Committee on*
 7 *Small Business of the House of Representatives,*
 8 *a report—*

9 “(i) detailing staffing levels on that
 10 date;

11 “(ii) requesting, if practicable and de-
 12 termined appropriate by the Administrator,
 13 additional funds for additional employees;
 14 and

15 “(iii) containing such additional infor-
 16 mation, as determined appropriate by the
 17 Administrator.”.

18 **PART II—DISASTER LENDING**

19 **SEC. 11141. SMALL BUSINESS ACT CATASTROPHIC NA-** 20 **TIONAL DISASTER DECLARATION.**

21 *Section 7(b) of the Small Business Act (15 U.S.C.*
 22 *636(b)) is amended by inserting immediately after para-*
 23 *graph (10), as added by this Act, the following:*

24 “(11) **SMALL BUSINESS ACT CATASTROPHIC NA-**
 25 **TIONAL DISASTERS.—**

1 “(A) *IN GENERAL.*—*The President may*
 2 *make a Small Business Act catastrophic na-*
 3 *tional disaster declaration in accordance with*
 4 *this paragraph.*

5 “(B) *PROMULGATION OF RULES.*—

6 “(i) *IN GENERAL.*—*Not later than 6*
 7 *months after the date of enactment of this*
 8 *paragraph, the Administrator, with the con-*
 9 *currence of the Secretary of Homeland Se-*
 10 *curity and the Administrator of the Federal*
 11 *Emergency Management Agency, shall pro-*
 12 *mulgate regulations establishing a threshold*
 13 *for a Small Business Act catastrophic na-*
 14 *tional disaster declaration.*

15 “(ii) *CONSIDERATIONS.*—*In promul-*
 16 *gating the regulations required under clause*
 17 *(i), the Administrator shall establish a*
 18 *threshold that—*

19 “(I) *requires that the incident for*
 20 *which the President declares a Small*
 21 *Business Act catastrophic national dis-*
 22 *aster declaration under this paragraph*
 23 *has resulted in extraordinary levels of*
 24 *casualties or damage or disruption se-*
 25 *verely affecting the population (includ-*

1 *ing mass evacuations), infrastructure,*
2 *environment, economy, national mo-*
3 *rale, or government functions in an*
4 *area and the disaster should be similar*
5 *in size and scope to the events relating*
6 *to the terrorist attacks of September*
7 *11, 2001, and the Hurricane Katrina*
8 *of 2005;*

9 *“(II) requires that the President*
10 *declares a major disaster before making*
11 *a Small Business Act catastrophic na-*
12 *tional disaster declaration under this*
13 *paragraph;*

14 *“(III) requires consideration of—*

15 *“(aa) the dollar amount per*
16 *capita of damage to the State, its*
17 *political subdivisions, or a region;*

18 *“(bb) the number of small*
19 *business concerns damaged, phys-*
20 *ically or economically, as a direct*
21 *result of the event;*

22 *“(cc) the number of individ-*
23 *uals and households displaced*
24 *from their predisaster residences*
25 *by the event;*

1 “(dd) the severity of the im-
2 pact on employment rates in the
3 State, its political subdivisions, or
4 a region;

5 “(ee) the anticipated length
6 and difficulty of the recovery
7 process;

8 “(ff) whether the events lead-
9 ing to the relevant major disaster
10 declaration are of an unusually
11 large and calamitous nature that
12 is orders of magnitude larger than
13 for an average major disaster; and

14 “(gg) any other factor deter-
15 mined relevant by the Adminis-
16 trator.

17 “(C) AUTHORIZATION.—If the President
18 makes a Small Business Act catastrophic na-
19 tional disaster declaration under this paragraph,
20 the Administrator may make such loans under
21 this paragraph (either directly or in cooperation
22 with banks or other lending institutions through
23 agreements to participate on an immediate or
24 deferred basis) as the Administrator determines
25 appropriate to small business concerns located

1 *anywhere in the United States that are economi-*
 2 *cally adversely impacted as a result of that*
 3 *Small Business Act catastrophic national dis-*
 4 *aster.*

5 “(D) *LOAN TERMS.*—A loan under this
 6 paragraph shall be made on the same terms as
 7 a loan under paragraph (2).”.

8 **SEC. 11142. PRIVATE DISASTER LOANS.**

9 (a) *IN GENERAL.*—Section 7 of the *Small Business Act*
 10 *(15 U.S.C. 636)* is amended—

11 (1) *by redesignating subsections (c) and (d) as*
 12 *subsections (d) and (e), respectively; and*

13 (2) *by inserting after subsection (b) the fol-*
 14 *lowing:*

15 “(c) *PRIVATE DISASTER LOANS.*—

16 “(1) *DEFINITIONS.*—In this subsection—

17 “(A) the term ‘disaster area’ means any
 18 area for which the President declared a major
 19 disaster (as that term is defined in section 102
 20 of the *Robert T. Stafford Disaster Relief and*
 21 *Emergency Assistance Act (42 U.S.C. 5122))*
 22 *that subsequently results in the President making*
 23 *a Small Business Act catastrophic national dis-*
 24 *aster declaration under subsection (b)(11);*

1 “(B) the term ‘eligible small business con-
2 cern’ means a business concern that is—

3 “(i) a small business concern, as de-
4 fined in this Act; or

5 “(ii) a small business concern, as de-
6 fined in section 103 of the Small Business
7 Investment Act of 1958; and

8 “(C) the term ‘qualified private lender’
9 means any privately-owned bank or other lend-
10 ing institution that the Administrator deter-
11 mines meets the criteria established under para-
12 graph (9).

13 “(2) AUTHORIZATION.—The Administrator may
14 guarantee timely payment of principal and interest,
15 as scheduled on any loan issued by a qualified pri-
16 vate lender to an eligible small business concern lo-
17 cated in a disaster area.

18 “(3) USE OF LOANS.—A loan guaranteed by the
19 Administrator under this subsection may be used for
20 any purpose authorized under subsection (b).

21 “(4) ONLINE APPLICATIONS.—

22 “(A) ESTABLISHMENT.—The Administrator
23 may establish, directly or through an agreement
24 with another entity, an online application proc-
25 ess for loans guaranteed under this subsection.

1 “(B) *OTHER FEDERAL ASSISTANCE.*—*The*
 2 *Administrator may coordinate with the head of*
 3 *any other appropriate Federal agency so that*
 4 *any application submitted through an online ap-*
 5 *plication process established under this para-*
 6 *graph may be considered for any other Federal*
 7 *assistance program for disaster relief.*

8 “(C) *CONSULTATION.*—*In establishing an*
 9 *online application process under this paragraph,*
 10 *the Administrator shall consult with appropriate*
 11 *persons from the public and private sectors, in-*
 12 *cluding private lenders.*

13 “(5) *MAXIMUM AMOUNTS.*—

14 “(A) *GUARANTEE PERCENTAGE.*—*The Ad-*
 15 *ministrator may guarantee not more than 85*
 16 *percent of a loan under this subsection.*

17 “(B) *LOAN AMOUNTS.*—*The maximum*
 18 *amount of a loan guaranteed under this sub-*
 19 *section shall be \$2,000,000.*

20 “(6) *LOAN TERM.*—*The longest term of a loan for*
 21 *a loan guaranteed under this subsection shall be—*

22 “(A) *15 years for any loan that is issued*
 23 *without collateral; and*

24 “(B) *25 years for any loan that is issued*
 25 *with collateral.*

1 “(7) *FEEES.*—

2 “(A) *IN GENERAL.*—*The Administrator*
3 *may not collect a guarantee fee under this sub-*
4 *section.*

5 “(B) *ORIGINATION FEE.*—*The Adminis-*
6 *trator may pay a qualified private lender an*
7 *origination fee for a loan guaranteed under this*
8 *subsection in an amount agreed upon in advance*
9 *between the qualified private lender and the Ad-*
10 *ministrator.*

11 “(8) *DOCUMENTATION.*—*A qualified private*
12 *lender may use its own loan documentation for a loan*
13 *guaranteed by the Administrator, to the extent au-*
14 *thorized by the Administrator. The ability of a lender*
15 *to use its own loan documentation for a loan guaran-*
16 *teed under this subsection shall not be considered part*
17 *of the criteria for becoming a qualified private lender*
18 *under the regulations promulgated under paragraph*
19 *(9).*

20 “(9) *IMPLEMENTATION REGULATIONS.*—

21 “(A) *IN GENERAL.*—*Not later than 1 year*
22 *after the date of enactment of the Small Business*
23 *Disaster Response and Loan Improvements Act*
24 *of 2007, the Administrator shall issue final regu-*

1 *lations establishing permanent criteria for quali-*
2 *fied private lenders.*

3 “(B) *REPORT TO CONGRESS.*—Not later
4 *than 6 months after the date of enactment of the*
5 *Small Business Disaster Response and Loan Im-*
6 *provements Act of 2007, the Administrator shall*
7 *submit a report on the progress of the regulations*
8 *required by subparagraph (A) to the Committee*
9 *on Small Business and Entrepreneurship of the*
10 *Senate and the Committee on Small Business of*
11 *the House of Representatives.*

12 “(10) *AUTHORIZATION OF APPROPRIATIONS.*—

13 “(A) *IN GENERAL.*—Amounts necessary to
14 *carry out this subsection shall be made available*
15 *from amounts appropriated to the Administra-*
16 *tion to carry out subsection (b).*

17 “(B) *AUTHORITY TO REDUCE INTEREST*
18 *RATES.*—Funds appropriated to the Administra-
19 *tion to carry out this subsection, may be used by*
20 *the Administrator, to the extent available, to re-*
21 *duce the rate of interest for any loan guaranteed*
22 *under this subsection by not more than 3 per-*
23 *centage points.*

24 “(11) *PURCHASE OF LOANS.*—The Administrator
25 *may enter into an agreement with a qualified private*

1 *lender to purchase any loan issued under this sub-*
 2 *section.”.*

3 *(b) EFFECTIVE DATE.—The amendments made by this*
 4 *section shall apply to disasters declared under section*
 5 *7(b)(2) of the Small Business Act (631 U.S.C. 636(b)(2))*
 6 *before, on, or after the date of enactment of this Act.*

7 **SEC. 11143. TECHNICAL AND CONFORMING AMENDMENTS.**

8 *The Small Business Act (15 U.S.C. 631 et seq.) is*
 9 *amended—*

10 *(1) in section 4(c)—*

11 *(A) in paragraph (1), by striking “7(c)(2)”*
 12 *and inserting “7(d)(2)”; and*

13 *(B) in paragraph (2)—*

14 *(i) by striking “7(c)(2)” and inserting*
 15 *“7(d)(2)”; and*

16 *(ii) by striking “7(e),”; and*

17 *(2) in section 7(b), in the undesignated matter*
 18 *following paragraph (3)—*

19 *(A) by striking “That the provisions of*
 20 *paragraph (1) of subsection (c)” and inserting*
 21 *“That the provisions of paragraph (1) of sub-*
 22 *section (d)”; and*

23 *(B) by striking “Notwithstanding the provi-*
 24 *sions of any other law the interest rate on the*
 25 *Administration’s share of any loan made under*

1 subsection (b) except as provided in subsection
 2 (c),” and inserting “Notwithstanding any other
 3 provision of law, and except as provided in sub-
 4 section (d), the interest rate on the Administra-
 5 tion’s share of any loan made under subsection
 6 (b)”.

7 **SEC. 11144. EXPEDITED DISASTER ASSISTANCE LOAN PRO-**
 8 **GRAM.**

9 (a) *DEFINITIONS.*—*In this section—*

10 (1) the term “immediate disaster assistance”
 11 means assistance provided during the period begin-
 12 ning on the date on which the President makes a
 13 Small Business Act catastrophic disaster declaration
 14 under paragraph (11) of section 7(b) of the Small
 15 Business Act (15 U.S.C. 636(b)), as added by this
 16 Act, and ending on the date that an impacted small
 17 business concern is able to secure funding through in-
 18 surance claims, Federal assistance programs, or other
 19 sources; and

20 (2) the term “program” means the expedited dis-
 21 aster assistance business loan program established
 22 under subsection (b).

23 (b) *CREATION OF PROGRAM.*—*The Administrator shall*
 24 *take such administrative action as is necessary to establish*
 25 *and implement an expedited disaster assistance business*

1 *loan program to provide small business concerns with im-*
2 *mediate disaster assistance under paragraph (11) of section*
3 *7(b) of the Small Business Act (15 U.S.C. 636(b)), as added*
4 *by this Act.*

5 (c) *CONSULTATION REQUIRED.—In establishing the*
6 *program, the Administrator shall consult with—*

7 (1) *appropriate personnel of the Administration*
8 *(including District Office personnel of the Adminis-*
9 *tration);*

10 (2) *appropriate technical assistance providers*
11 *(including small business development centers);*

12 (3) *appropriate lenders and credit unions;*

13 (4) *the Committee on Small Business and Entre-*
14 *preneurship of the Senate; and*

15 (5) *the Committee on Small Business of the*
16 *House of Representatives.*

17 (d) *RULES.—*

18 (1) *IN GENERAL.—Not later than 1 year after*
19 *the date of enactment of this Act, the Administrator*
20 *shall issue rules in final form establishing and imple-*
21 *menting the program in accordance with this section.*
22 *Such rules shall apply as provided for in this section,*
23 *beginning 90 days after their issuance in final form.*

24 (2) *CONTENTS.—The rules promulgated under*
25 *paragraph (1) shall—*

1 (A) *identify whether appropriate uses of*
2 *funds under the program may include—*

3 (i) *paying employees;*

4 (ii) *paying bills and other financial*
5 *obligations;*

6 (iii) *making repairs;*

7 (iv) *purchasing inventory;*

8 (v) *restarting or operating a small*
9 *business concern in the community in*
10 *which it was conducting operations prior to*
11 *the declared disaster, or to a neighboring*
12 *area, county, or parish in the disaster area;*
13 *or*

14 (vi) *covering additional costs until the*
15 *small business concern is able to obtain*
16 *funding through insurance claims, Federal*
17 *assistance programs, or other sources; and*

18 (B) *set the terms and conditions of any*
19 *loan made under the program, subject to para-*
20 *graph (3).*

21 (3) *TERMS AND CONDITIONS.—A loan made by*
22 *the Administration under this section—*

23 (A) *shall be for not more than \$150,000;*

24 (B) *shall be a short-term loan, not to exceed*
25 *180 days, except that the Administrator may ex-*

1 *tend such term as the Administrator determines*
2 *necessary or appropriate on a case-by-case basis;*

3 *(C) shall have an interest rate not to exceed*
4 *1 percentage point above the prime rate of inter-*
5 *est that a private lender may charge;*

6 *(D) shall have no prepayment penalty;*

7 *(E) may only be made to a borrower that*
8 *meets the requirements for a loan under section*
9 *7(b) of the Small Business Act (15 U.S.C.*
10 *636(b));*

11 *(F) may be refinanced as part of any subse-*
12 *quent disaster assistance provided under section*
13 *7(b) of the Small Business Act;*

14 *(G) may receive expedited loss verification*
15 *and loan processing, if the applicant is—*

16 *(i) a major source of employment in*
17 *the disaster area (which shall be determined*
18 *in the same manner as under section*
19 *7(b)(3)(B) of the Small Business Act (15*
20 *U.S.C. 636(b)(3)(B))); or*

21 *(ii) vital to recovery efforts in the re-*
22 *gion (including providing debris removal*
23 *services, manufactured housing, or building*
24 *materials); and*

1 (H) shall be subject to such additional terms
 2 as the Administrator determines necessary or ap-
 3 propriate.

4 (e) *REPORT TO CONGRESS*.—Not later than 5 months
 5 after the date of enactment of this Act, the Administrator
 6 shall report to the Committee on Small Business and Entre-
 7 preneurship of the Senate and the Committee on Small
 8 Business of the House of Representatives on the progress
 9 of the Administrator in establishing the program.

10 (f) *AUTHORIZATION*.—There are authorized to be ap-
 11 propriated to the Administrator such sums as are necessary
 12 to carry out this section.

13 **SEC. 11145. HUBZONES.**

14 (a) *IN GENERAL*.—Section 3(p) of the Small Business
 15 Act (15 U.S.C. 632(p)) is amended—

16 (1) in paragraph (1)—

17 (A) in subparagraph (D), by striking “or”;

18 (B) in subparagraph (E), by striking the
 19 period at the end and inserting a semicolon; and

20 (C) by adding at the end the following:

21 “(F) areas in which the President has de-
 22 clared a major disaster (as that term is defined
 23 in section 102 of the Robert T. Stafford Disaster
 24 Relief and Emergency Assistance Act (42 U.S.C.
 25 5122)) as a result of Hurricane Katrina of Au-

1 *gust 2005 or Hurricane Rita of September 2005,*
 2 *during the time period described in paragraph*
 3 *(8); or*

4 *“(G) Small Business Act catastrophic na-*
 5 *tional disaster areas.”;*

6 *(2) in paragraph (4), by adding at the end the*
 7 *following:*

8 *“(E) SMALL BUSINESS ACT CATASTROPHIC*
 9 *NATIONAL DISASTER AREA.—*

10 *“(i) IN GENERAL.—The term ‘Small*
 11 *Business Act catastrophic national disaster*
 12 *area’ means an area—*

13 *“(I) affected by a Small Business*
 14 *Act catastrophic national disaster de-*
 15 *clared under section 7(b)(11), during*
 16 *the time period described in clause (ii);*
 17 *and*

18 *“(II) for which the Administrator*
 19 *determines that designation as a*
 20 *HUBZone would substantially con-*
 21 *tribute to the reconstruction and recov-*
 22 *ery effort in that area.*

23 *“(ii) TIME PERIOD.—The time period*
 24 *for the purposes of clause (i)—*

1 “(I) shall be the 2-year period be-
 2 ginning on the date that the applicable
 3 Small Business Act catastrophic na-
 4 tional disaster was declared under sec-
 5 tion 7(b)(11); and

6 “(II) may, at the discretion of the
 7 Administrator, be extended to be the 3-
 8 year period beginning on the date de-
 9 scribed in subclause (I).”; and

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

11 “(8) *TIME PERIOD.*—The time period for the
 12 purposes of paragraph (1)(F)—

13 “(A) shall be the 2-year period beginning on
 14 the later of the date of enactment of this para-
 15 graph and August 29, 2007; and

16 “(B) may, at the discretion of the Adminis-
 17 trator, be extended to be the 3-year period begin-
 18 ning on the later of the date of enactment of this
 19 paragraph and August 29, 2007.”.

20 (b) *TOLLING OF GRADUATION.*—Section 7(j)(10)(C) of
 21 the Small Business Act (15 U.S.C. 636(j)(10)(C)) is amend-
 22 ed by adding at the end the following:

23 “(iii)(I) For purposes of this subparagraph,
 24 if the Administrator designates an area as a
 25 HUBZone under section 3(p)(4)(E)(i)(II), the

1 *Administrator shall not count the time period*
 2 *described in subclause (II) of this clause for any*
 3 *small business concern—*

4 *“(aa) that is participating in any pro-*
 5 *gram, activity, or contract under section*
 6 *8(a); and*

7 *“(bb) the principal place of business of*
 8 *which is located in that area.*

9 *“(II) The time period for purposes of sub-*
 10 *clause (I)—*

11 *“(aa) shall be the 2-year period begin-*
 12 *ning on the date that the applicable Small*
 13 *Business Act catastrophic national disaster*
 14 *was declared under section 7(b)(11); and*

15 *“(bb) may, at the discretion of the Ad-*
 16 *ministrator, be extended to be the 3-year pe-*
 17 *riod beginning on the date described in item*
 18 *(aa).”.*

19 *(c) STUDY OF HUBZONE DISASTER AREAS.—Not*
 20 *later than 1 year after the date of enactment of this Act,*
 21 *the Comptroller General of the United States shall submit*
 22 *a report to the Committee on Small Business and Entrepre-*
 23 *neurship of the Senate and the Committee on Small Busi-*
 24 *ness of the House of Representatives evaluating the designa-*
 25 *tion by the Administrator of Small Business Act cata-*

1 *strophic national disaster areas, as that term is defined in*
 2 *section 3(p)(4)(E) of the Small Business Act (as added by*
 3 *this Act), as HUBZones.*

4 ***PART III—DISASTER ASSISTANCE OVERSIGHT***

5 ***SEC. 11161. CONGRESSIONAL OVERSIGHT.***

6 *(a) MONTHLY ACCOUNTING REPORT TO CONGRESS.—*

7 *(1) REPORTING REQUIREMENTS.—Not later than*
 8 *the fifth business day of each month during the appli-*
 9 *cable period for a major disaster, the Administrator*
 10 *shall provide to the Committee on Small Business*
 11 *and Entrepreneurship and the Committee on Appro-*
 12 *priations of the Senate and to the Committee on*
 13 *Small Business and the Committee on Appropriations*
 14 *of the House of Representatives a report on the oper-*
 15 *ation of the disaster loan program authorized under*
 16 *section 7 of the Small Business Act (15 U.S.C. 636)*
 17 *for that major disaster during the preceding month.*

18 *(2) CONTENTS.—Each report under paragraph*
 19 *(1) shall include—*

20 *(A) the daily average lending volume, in*
 21 *number of loans and dollars, and the percent by*
 22 *which each category has increased or decreased*
 23 *since the previous report under paragraph (1);*

24 *(B) the weekly average lending volume, in*
 25 *number of loans and dollars, and the percent by*

1 *which each category has increased or decreased*
2 *since the previous report under paragraph (1);*

3 *(C) the amount of funding spent over the*
4 *month for loans, both in appropriations and*
5 *program level, and the percent by which each*
6 *category has increased or decreased since the pre-*
7 *vious report under paragraph (1);*

8 *(D) the amount of funding available for*
9 *loans, both in appropriations and program level,*
10 *and the percent by which each category has in-*
11 *creased or decreased since the previous report*
12 *under paragraph (1), noting the source of any*
13 *additional funding;*

14 *(E) an estimate of how long the available*
15 *funding for such loans will last, based on the*
16 *spending rate;*

17 *(F) the amount of funding spent over the*
18 *month for staff, along with the number of staff,*
19 *and the percent by which each category has in-*
20 *creased or decreased since the previous report*
21 *under paragraph (1);*

22 *(G) the amount of funding spent over the*
23 *month for administrative costs, and the percent*
24 *by which such spending has increased or de-*

1 *creased since the previous report under para-*
 2 *graph (1);*

3 *(H) the amount of funding available for sal-*
 4 *aries and expenses combined, and the percent by*
 5 *which such funding has increased or decreased*
 6 *since the previous report under paragraph (1),*
 7 *noting the source of any additional funding; and*

8 *(I) an estimate of how long the available*
 9 *funding for salaries and expenses will last, based*
 10 *on the spending rate.*

11 ***(b) DAILY DISASTER UPDATES TO CONGRESS FOR***
 12 ***PRESIDENTIALLY DECLARED DISASTERS.—***

13 ***(1) IN GENERAL.—****Each day during a disaster*
 14 *update period, excluding Federal holidays and week-*
 15 *ends, the Administration shall provide to the Com-*
 16 *mittee on Small Business and Entrepreneurship of*
 17 *the Senate and to the Committee on Small Business*
 18 *of the House of Representatives a report on the oper-*
 19 *ation of the disaster loan program of the Administra-*
 20 *tion for the area in which the President declared a*
 21 *major disaster.*

22 ***(2) CONTENTS.—****Each report under paragraph*
 23 ***(1) shall include—***

24 ***(A) the number of Administration staff per-***
 25 ***forming loan processing, field inspection, and***

1 *other duties for the declared disaster, and the al-*
2 *locations of such staff in the disaster field offices,*
3 *disaster recovery centers, workshops, and other*
4 *Administration offices nationwide;*

5 *(B) the daily number of applications re-*
6 *ceived from applicants in the relevant area, as*
7 *well as a breakdown of such figures by State;*

8 *(C) the daily number of applications pend-*
9 *ing application entry from applicants in the rel-*
10 *evant area, as well as a breakdown of such fig-*
11 *ures by State;*

12 *(D) the daily number of applications with-*
13 *drawn by applicants in the relevant area, as*
14 *well as a breakdown of such figures by State;*

15 *(E) the daily number of applications sum-*
16 *marily declined by the Administration from ap-*
17 *plicants in the relevant area, as well as a break-*
18 *down of such figures by State;*

19 *(F) the daily number of applications de-*
20 *clined by the Administration from applicants in*
21 *the relevant area, as well as a breakdown of such*
22 *figures by State;*

23 *(G) the daily number of applications in*
24 *process from applicants in the relevant area, as*
25 *well as a breakdown of such figures by State;*

1 (H) the daily number of applications ap-
2 proved by the Administration from applicants in
3 the relevant area, as well as a breakdown of such
4 figures by State;

5 (I) the daily dollar amount of applications
6 approved by the Administration from applicants
7 in the relevant area, as well as a breakdown of
8 such figures by State;

9 (J) the daily amount of loans dispersed,
10 both partially and fully, by the Administration
11 to applicants in the relevant area, as well as a
12 breakdown of such figures by State;

13 (K) the daily dollar amount of loans dis-
14 bursed, both partially and fully, from the rel-
15 evant area, as well as a breakdown of such fig-
16 ures by State;

17 (L) the number of applications approved,
18 including dollar amount approved, as well as
19 applications partially and fully disbursed, in-
20 cluding dollar amounts, since the last report
21 under paragraph (1); and

22 (M) the declaration date, physical damage
23 closing date, economic injury closing date, and
24 number of counties included in the declaration of
25 a major disaster.

1 (c) *NOTICE OF THE NEED FOR SUPPLEMENTAL*
 2 *FUNDS.*—*On the same date that the Administrator notifies*
 3 *any committee of the Senate or the House of Representatives*
 4 *that supplemental funding is necessary for the disaster loan*
 5 *program of the Administration in any fiscal year, the Ad-*
 6 *ministrator shall notify in writing the Committee on Small*
 7 *Business and Entrepreneurship of the Senate and the Com-*
 8 *mittee on Small Business of the House of Representatives*
 9 *regarding the need for supplemental funds for that loan pro-*
 10 *gram.*

11 (d) *REPORT ON CONTRACTING.*—

12 (1) *IN GENERAL.*—*Not later than 6 months after*
 13 *the date on which the President declares a major dis-*
 14 *aster, and every 6 months thereafter until the date*
 15 *that is 18 months after the date on which the major*
 16 *disaster was declared, the Administrator shall submit*
 17 *a report to the Committee on Small Business and En-*
 18 *trepreneurship of the Senate and to the Committee on*
 19 *Small Business of the House of Representatives re-*
 20 *garding Federal contracts awarded as a result of that*
 21 *major disaster.*

22 (2) *CONTENTS.*—*Each report submitted under*
 23 *paragraph (1) shall include—*

24 (A) *the total number of contracts awarded*
 25 *as a result of that major disaster;*

1 (B) the total number of contracts awarded
2 to small business concerns as a result of that
3 major disaster;

4 (C) the total number of contracts awarded
5 to women and minority-owned businesses as a
6 result of that major disaster; and

7 (D) the total number of contracts awarded
8 to local businesses as a result of that major dis-
9 aster.

10 (e) *REPORT ON LOAN APPROVAL RATE.*—

11 (1) *IN GENERAL.*—Not later than 6 months after
12 the date of enactment of this Act, the Administrator
13 shall submit a report to the Committee on Small
14 Business and Entrepreneurship of the Senate and the
15 Committee on Small Business of the House of Rep-
16 resentatives detailing how the Administration can im-
17 prove the processing of applications under the disaster
18 loan program of the Administration.

19 (2) *CONTENTS.*—The report submitted under
20 paragraph (1) shall include—

21 (A) recommendations, if any, regarding—

22 (i) staffing levels during a major dis-
23 aster;

24 (ii) how to improve the process for
25 processing, approving, and disbursing loans

1 *under the disaster loan program of the Ad-*
2 *ministration, to ensure that the maximum*
3 *assistance is provided to victims in a timely*
4 *manner;*

5 *(iii) the viability of using alternative*
6 *methods for assessing the ability of an ap-*
7 *plicant to repay a loan, including the credit*
8 *score of the applicant on the day before the*
9 *date on which the disaster for which the ap-*
10 *plicant is seeking assistance was declared;*

11 *(iv) methods, if any, for the Adminis-*
12 *tration to expedite loss verification and*
13 *loan processing of disaster loans during a*
14 *major disaster for businesses affected by,*
15 *and located in the area for which the Presi-*
16 *dent declared, the major disaster that are a*
17 *major source of employment in the area or*
18 *are vital to recovery efforts in the region*
19 *(including providing debris removal serv-*
20 *ices, manufactured housing, or building ma-*
21 *terials);*

22 *(v) legislative changes, if any, needed*
23 *to implement findings from the Accelerated*
24 *Disaster Response Initiative of the Admin-*
25 *istration; and*

1 (vi) a description of how the Adminis-
 2 tration plans to integrate and coordinate
 3 the response to a major disaster with the
 4 technical assistance programs of the Admin-
 5 istration; and

6 (B) the plans of the Administrator for im-
 7 plementing any recommendation made under
 8 subparagraph (A).

9 **TITLE XII—TRADE AND TAX** 10 **PROVISIONS**

11 **SEC. 12001. SHORT TITLE; ETC.**

12 (a) *SHORT TITLE.*—This title may be cited as the
 13 “*Heartland, Habitat, Harvest, and Horticulture Act of*
 14 2007”.

15 (b) *AMENDMENTS TO 1986 CODE.*—Except as other-
 16 wise expressly provided, whenever in this title an amend-
 17 ment or repeal is expressed in terms of an amendment to,
 18 or repeal of, a section or other provision, the reference shall
 19 be considered to be made to a section or other provision
 20 of the Internal Revenue Code of 1986.

1 ***Subtitle A—Supplemental Agricultural***
 2 ***Disaster Assistance From***
 3 ***the Agriculture Disaster Relief***
 4 ***Trust Fund***

5 ***SEC. 12101. SUPPLEMENTAL AGRICULTURE DISASTER AS-***
 6 ***SISTANCE.***

7 *(a) IN GENERAL.—The Trade Act of 1974 (19 U.S.C.*
 8 *2101 et seq.) is amended by adding at the end the following:*

9 ***“TITLE IX—SUPPLEMENTAL AG-***
 10 ***RICULTURE DISASTER AS-***
 11 ***SISTANCE***

12 ***“SEC. 901. PERMANENT AUTHORITY FOR SUPPLEMENTAL***
 13 ***REVENUE ASSISTANCE.***

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

15 *“(1) ACTUAL PRODUCTION HISTORY YIELD.—The*
 16 *term ‘actual production history yield’ means the*
 17 *weighted average actual production history for each*
 18 *insurable commodity or noninsurable commodity, as*
 19 *calculated under the Federal Crop Insurance Act (7*
 20 *U.S.C. 1501 et seq.) or the noninsured crop disaster*
 21 *assistance program, respectively.*

22 *“(2) COUNTER-CYCLICAL PROGRAM PAYMENT*
 23 *YIELD.—The term ‘counter-cyclical program payment*
 24 *yield’ means the weighted average payment yield es-*

1 *tablished under section 1102 of the Farm Security*
 2 *and Rural Investment Act of 2002 (7 U.S.C. 7912).*

3 “(3) *DISASTER COUNTY.*—

4 “(A) *IN GENERAL.*—*The term ‘disaster*
 5 *county’ means a county included in the geo-*
 6 *graphic area covered by a qualifying natural*
 7 *disaster declaration.*

8 “(B) *INCLUSION.*—*The term ‘disaster coun-*
 9 *ty’ includes—*

10 “(i) *a county contiguous to a county*
 11 *described in subparagraph (A); and*

12 “(ii) *any farm in which, during a cal-*
 13 *endar year, the total loss of production of*
 14 *the farm relating to weather is greater than*
 15 *50 percent of the normal production of the*
 16 *farm, as determined by the Secretary.*

17 “(4) *ELIGIBLE PRODUCER ON A FARM.*—

18 “(A) *IN GENERAL.*—*The term ‘eligible pro-*
 19 *ducer on a farm’ means an individual or entity*
 20 *described in subparagraph (B) that, as deter-*
 21 *mined by the Secretary, assumes the production*
 22 *and market risks associated with the agricultural*
 23 *production of crops or livestock.*

24 “(B) *DESCRIPTION.*—*An individual or enti-*
 25 *ty referred to in subparagraph (A) is—*

- 1 “(i) a citizen of the United States;
 2 “(ii) a resident alien;
 3 “(iii) a partnership of citizens of the
 4 United States; or
 5 “(iv) a corporation, limited liability
 6 corporation, or other farm organizational
 7 structure organized under State law.

8 “(5) *FARM*.—

9 “(A) *IN GENERAL*.—The term ‘farm’ means,
 10 in relation to an eligible producer on a farm, the
 11 sum of all crop acreage in all counties that—

12 “(i) is used for grazing by the eligible
 13 producer; or

14 “(ii) is planted or intended to be
 15 planted for harvest by the eligible producer.

16 “(B) *AQUACULTURE*.—In the case of aqua-
 17 culture, the term ‘farm’ means, in relation to an
 18 eligible producer on a farm, all fish being pro-
 19 duced in all counties that are intended to be har-
 20 vested for sale by the eligible producer.

21 “(C) *HONEY*.—In the case of honey, the
 22 term ‘farm’ means, in relation to an eligible pro-
 23 ducer on a farm, all bees and beehives in all
 24 counties that are intended to be harvested for a
 25 honey crop by the eligible producer.

1 “(6) *FARM-RAISED FISH*.—The term ‘farm-raised
2 *fish*’ means any aquatic species (including any spe-
3 cies of finfish, mollusk, crustacean, or other aquatic
4 invertebrate, amphibian, reptile, or aquatic plant)
5 that is propagated and reared in a controlled or
6 semicontrolled environment.

7 “(7) *INSURABLE COMMODITY*.—The term ‘insur-
8 able commodity’ means an agricultural commodity
9 (excluding livestock) for which the producer on a farm
10 is eligible to obtain a policy or plan of insurance
11 under the Federal Crop Insurance Act (7 U.S.C. 1501
12 et seq.).

13 “(8) *LIVESTOCK*.—The term ‘livestock’
14 includes—

15 “(A) cattle (including dairy cattle);

16 “(B) bison;

17 “(C) poultry;

18 “(D) sheep;

19 “(E) swine;

20 “(F) horses; and

21 “(G) other livestock, as determined by the
22 Secretary.

23 “(9) *MOVING 5-YEAR OLYMPIC AVERAGE COUNTY*
24 *YIELD*.—The term ‘moving 5-year Olympic average
25 county yield’ means the weighted average yield ob-

1 *tained from the 5 most recent years of yield data pro-*
2 *vided by the National Agriculture Statistics Service*
3 *obtained from data after dropping the highest and the*
4 *lowest yields.*

5 “(10) *NONINSURABLE COMMODITY.*—*The term*
6 *‘noninsurable commodity’ means a crop for which the*
7 *eligible producers on a farm are eligible to obtain as-*
8 *sistance under the noninsured crop assistance pro-*
9 *gram.*

10 “(11) *NONINSURED CROP ASSISTANCE PRO-*
11 *GRAM.*—*The term ‘noninsured crop assistance pro-*
12 *gram’ means the program carried out under section*
13 *196 of the Federal Agriculture Improvement and Re-*
14 *form Act of 1996 (7 U.S.C. 7333).*

15 “(12) *QUALIFYING NATURAL DISASTER DECLARA-*
16 *TION.*—*The term ‘qualifying natural disaster declara-*
17 *tion’ means a natural disaster declared by the Sec-*
18 *retary for production losses under section 321(a) of*
19 *the Consolidated Farm and Rural Development Act*
20 *(7 U.S.C. 1961(a)).*

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

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

24 “(A) *a State;*

25 “(B) *the District of Columbia;*

1 “(C) *the Commonwealth of Puerto Rico; and*
2 “(D) *any other territory or possession of the*
3 *United States.*

4 “(15) *TRUST FUND.—The term ‘Trust Fund’*
5 *means the Agriculture Disaster Relief Trust Fund es-*
6 *tablished under section 902.*

7 “(16) *UNITED STATES.—The term ‘United*
8 *States’ when used in a geographical sense, means all*
9 *of the States.*

10 “(b) *SUPPLEMENTAL REVENUE ASSISTANCE PAY-*
11 *MENTS.—*

12 “(1) *IN GENERAL.—The Secretary shall use such*
13 *sums as are necessary from the Trust Fund to make*
14 *crop disaster assistance payments to eligible pro-*
15 *ducers on farms in disaster counties that have in-*
16 *curring crop production losses or crop quality losses, or*
17 *both, during the crop year.*

18 “(2) *AMOUNT.—*

19 “(A) *IN GENERAL.—Subject to subpara-*
20 *graph (B), the Secretary shall provide crop dis-*
21 *aster assistance payments under this section to*
22 *an eligible producer on a farm in an amount*
23 *equal to 52 percent of the difference between—*

1 “(i) *the disaster assistance program*
 2 *guarantee, as described in paragraph (3);*
 3 *and*

4 “(ii) *the total farm revenue for a farm,*
 5 *as described in paragraph (4).*

6 “(B) *LIMITATION.—The disaster assistance*
 7 *program guarantee for a crop used to calculate*
 8 *the payments for a farm under subparagraph*
 9 *(A)(i) may not be greater than 90 percent of the*
 10 *sum of the expected revenue, as described in*
 11 *paragraph (5) for each of the crops on a farm,*
 12 *as determined by the Secretary.*

13 “(3) *SUPPLEMENTAL REVENUE ASSISTANCE PRO-*
 14 *GRAM GUARANTEE.—*

15 “(A) *IN GENERAL.—Except as otherwise*
 16 *provided in this paragraph, the supplemental as-*
 17 *sistance program guarantee shall be the sum ob-*
 18 *tained by adding—*

19 “(i) *for each insurable commodity on*
 20 *the farm, the product obtained by*
 21 *multiplying—*

22 “(I) *the greatest of—*

23 “(aa) *the actual production*
 24 *history yield;*

1 “(bb) 90 percent of the mov-
2 ing 5-year Olympic average coun-
3 ty yield; and

4 “(cc) the counter-cyclical
5 program payment yield for each
6 crop;

7 “(II) the percentage of the crop
8 insurance yield guarantee;

9 “(III) the percentage of crop in-
10 surance price elected by the eligible
11 producer;

12 “(IV) the crop insurance price;
13 and

14 “(V) 115 percent; and

15 “(ii) for each noninsurable commodity
16 on a farm, the product obtained by
17 multiplying—

18 “(I) the weighted noninsured crop
19 assistance program yield guarantee;

20 “(II) except as provided in sub-
21 paragraph (B), 100 percent of the non-
22 insured crop assistance program estab-
23 lished price; and

24 “(III) 115 percent.

1 “(B) *SUPPLEMENTAL BUY-UP NONINSURED*
 2 *ASSISTANCE PROGRAM.*—Beginning on the date
 3 that the Secretary makes available supplemental
 4 buy-up coverage under the noninsured assistance
 5 program in accordance with subsection (h), the
 6 percentage described in subclause (II) of sub-
 7 paragraph (A)(ii) shall be equal to the percent-
 8 age of the noninsured assistance program price
 9 guarantee elected by the producer.

10 “(C) *ADJUSTMENT INSURANCE GUAR-*
 11 *ANTEE.*—Notwithstanding subparagraph (A), in
 12 the case of an insurable commodity for which a
 13 plan of insurance provides for an adjustment in
 14 the guarantee, such as in the case of prevented
 15 planting, the adjusted insurance guarantee shall
 16 be the basis for determining the disaster assist-
 17 ance program guarantee for the insurable com-
 18 modity.

19 “(D) *ADJUSTED ASSISTANCE LEVEL.*—Not-
 20 withstanding subparagraph (A), in the case of a
 21 noninsurable commodity for which the non-
 22 insured crop assistance program provides for an
 23 adjustment in the level of assistance, such as in
 24 the case of prevented harvesting, the adjusted as-
 25 sistance level shall be the basis for determining

1 *the disaster assistance program guarantee for the*
2 *noninsurable commodity.*

3 “(E) *EQUITABLE TREATMENT FOR NON-*
4 *YIELD BASED POLICIES.—The Secretary shall es-*
5 *tablish equitable treatment for non-yield based*
6 *policies and plans of insurance, such as the Ad-*
7 *justed Gross Revenue Lite insurance program.*

8 “(F) *PUBLIC MANAGED LAND.—Notwith-*
9 *standing subparagraph (A), if rangeland is*
10 *managed by a Federal agency and the carrying*
11 *capacity of the managed rangeland is reduced as*
12 *a result of a disaster in the preceding year that*
13 *was the basis for a qualifying natural disaster*
14 *declaration—*

15 “(i) *the calculation for the supple-*
16 *mental assistance program guarantee deter-*
17 *mined under subparagraph (A) as the guar-*
18 *antee applies to the managed rangeland*
19 *shall be not less than 75 percent of the guar-*
20 *antee for the preceding year; and*

21 “(ii) *the requirement for a designation*
22 *by the Secretary for the current year is*
23 *waived.*

24 “(4) *FARM REVENUE.—*

1 “(A) *IN GENERAL.*—For purposes of this
2 subsection, the total farm revenue for a farm,
3 shall equal the sum obtained by adding—

4 “(i) the estimated actual value for
5 grazing and for each crop produced on a
6 farm by using the product obtained by
7 multiplying—

8 “(I) the actual crop acreage
9 grazed or harvested by an eligible pro-
10 ducer on a farm;

11 “(II) the estimated actual yield of
12 the grazing land or crop production;
13 and

14 “(III) subject to subparagraphs
15 (B) and (C), the average market price
16 received or value of the production dur-
17 ing the first 5 months of the marketing
18 year for the county in which the farm
19 or portion of a farm is located;

20 “(ii) 20 percent of amount of any di-
21 rect payments made to the producer under
22 section 1103 of the Farm Security and
23 Rural Investment Act of 2002 (7 U.S.C.
24 7913) or of any fixed direct payments made

1 *at the election of the producer in lieu of that*
2 *section or a subsequent section;*

3 *“(iii) the amount of payments for pre-*
4 *vented planting on a farm;*

5 *“(iv) the amount of crop insurance in-*
6 *demnities received by an eligible producer*
7 *on a farm for each crop on a farm, includ-*
8 *ing indemnities for grazing losses;*

9 *“(v) the amount of payments an eligi-*
10 *ble producer on a farm received under the*
11 *noninsured crop assistance program for*
12 *each crop on a farm, including grazing*
13 *losses; and*

14 *“(vi) the value of any other natural*
15 *disaster assistance payments provided by*
16 *the Federal Government to an eligible pro-*
17 *ducer on a farm for each crop on a farm for*
18 *the same loss for which the eligible producer*
19 *is seeking assistance.*

20 *“(B) ADJUSTMENT.—The Secretary shall*
21 *adjust the average market price received by the*
22 *eligible producer on a farm—*

23 *“(i) to reflect the average quality dis-*
24 *counts applied to the local or regional mar-*
25 *ket price of a crop, hay, or forage due to a*

1 *reduction in the intrinsic characteristics of*
 2 *the production resulting from adverse*
 3 *weather, as determined annually by the*
 4 *State office of the Farm Service Agency;*
 5 *and*

6 “(ii) *to account for a crop the value of*
 7 *which is reduced due to excess moisture re-*
 8 *sulting from a disaster-related condition.*

9 “(C) *MAXIMUM AMOUNT FOR CERTAIN*
 10 *CROPS.—With respect to a crop for which an eli-*
 11 *gible producer on a farm receives assistance*
 12 *under the noninsured crop assistance program,*
 13 *the average market price received or value of the*
 14 *production during the first 5 months of the mar-*
 15 *keting year for the county in which the farm or*
 16 *portion of a farm is located shall be an amount*
 17 *not more than 100 percent of the price of the*
 18 *crop established under the noninsured crop as-*
 19 *sistance program.*

20 “(5) *EXPECTED REVENUE.—The expected rev-*
 21 *enue for each crop on a farm shall equal the sum ob-*
 22 *tained by adding—*

23 “(A) *the expected value of grazing;*

24 “(B) *the product obtained by multiplying—*

25 “(i) *the greatest of—*

1 “(I) the actual production history
2 yield of the eligible producer on a
3 farm;

4 “(II) the moving 5-year Olympic
5 average county yield; and

6 “(III) the counter-cyclical pro-
7 gram payment yield;

8 “(ii) the acreage planted or intended to
9 be planted for each crop; and

10 “(iii) 100 percent of the insurance
11 price guarantee; and

12 “(C) the product obtained by multiplying—

13 “(i) 100 percent of the noninsured crop
14 assistance program yield; and

15 “(ii) 100 percent of the noninsured
16 crop assistance program price for each of
17 the crops on a farm.

18 “(c) *LIVESTOCK INDEMNITY PAYMENTS.*—

19 “(1) *IN GENERAL.*—The Secretary shall use such
20 sums as are necessary from the Trust Fund to make
21 livestock indemnity payments to eligible producers on
22 farms that have incurred livestock death losses in ex-
23 cess of the normal mortality due to adverse weather,
24 as determined by the Secretary, during the calendar
25 year, including losses due to hurricanes, floods, bliz-

1 zards, disease, wildfires, extreme heat, and extreme
2 cold.

3 “(2) *PAYMENT RATES.*—*Indemnity payments to*
4 *an eligible producer on a farm under paragraph (1)*
5 *shall be made at a rate of 75 percent of the market*
6 *value of the applicable livestock on the day before the*
7 *date of death of the livestock, as determined by the*
8 *Secretary.*

9 “(d) *EMERGENCY ASSISTANCE FOR LIVESTOCK,*
10 *HONEY BEES, AND FARM-RAISED FISH.*—

11 “(1) *IN GENERAL.*—*The Secretary shall use up*
12 *to \$35,000,000 per year from the Trust Fund to pro-*
13 *vide emergency relief to eligible producers of livestock,*
14 *honey bees, and farm-raised fish to aid in the reduc-*
15 *tion of losses due to adverse weather or other environ-*
16 *mental conditions, such as blizzards and wildfires, as*
17 *determined by the Secretary, that are not covered*
18 *under the authority of the Secretary to make quali-*
19 *fying natural disaster declarations.*

20 “(2) *USE OF FUNDS.*—*Funds made available*
21 *under this subsection shall be used to reduce losses*
22 *caused by feed or water shortages, disease, or other*
23 *factors as determined by the Secretary.*

1 “(3) *AVAILABILITY OF FUNDS.*—*Any funds made*
 2 *available under this subsection and not used in a*
 3 *crop year shall remain available until expended.*

4 “(e) *TREE ASSISTANCE PROGRAM.*—

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

6 “(A) *ELIGIBLE ORCHARDIST.*—*The term ‘el-*
 7 *igible orchardist’ means a person that produces*
 8 *annual crops from trees for commercial purposes.*

9 “(B) *NATURAL DISASTER.*—*The term ‘nat-*
 10 *ural disaster’ means plant disease, insect infesta-*
 11 *tion, drought, fire, freeze, flood, earthquake,*
 12 *lightning, or other occurrence, as determined by*
 13 *the Secretary.*

14 “(C) *NURSERY TREE GROWER.*—*The term*
 15 *‘nursery tree grower’ means a person who pro-*
 16 *duces nursery, ornamental, fruit, nut, or Christ-*
 17 *mas trees for commercial sale, as determined by*
 18 *the Secretary.*

19 “(D) *TREE.*—*The term ‘tree’ includes a*
 20 *tree, bush, and vine.*

21 “(2) *ELIGIBILITY.*—

22 “(A) *LOSS.*—*Subject to subparagraph (B),*
 23 *the Secretary shall provide assistance under*
 24 *paragraph (3) to eligible orchardists and nursery*
 25 *tree growers that planted trees for commercial*

1 *purposes but lost the trees as a result of a nat-*
 2 *ural disaster, as determined by the Secretary.*

3 “(B) *LIMITATION.—An eligible orchardist*
 4 *or nursery tree grower shall qualify for assist-*
 5 *ance under subparagraph (A) only if the tree*
 6 *mortality of the eligible orchardist or nursery*
 7 *tree grower, as a result of damaging weather or*
 8 *related condition, exceeds 15 percent (adjusted*
 9 *for normal mortality).*

10 “(3) *ASSISTANCE.—Subject to paragraph (4), the*
 11 *assistance provided by the Secretary to eligible or-*
 12 *chardists and nursery tree growers for losses described*
 13 *in paragraph (2) shall consist of—*

14 “(A)(i) *reimbursement of 75 percent of the*
 15 *cost of replanting trees lost due to a natural dis-*
 16 *aster, as determined by the Secretary, in excess*
 17 *of 15 percent mortality (adjusted for normal*
 18 *mortality); or*

19 “(ii) *at the option of the Secretary, suffi-*
 20 *cient seedlings to reestablish a stand; and*

21 “(B) *reimbursement of 50 percent of the cost*
 22 *of pruning, removal, and other costs incurred by*
 23 *an eligible orchardist or nursery tree grower to*
 24 *salvage existing trees or, in the case of tree mor-*
 25 *tality, to prepare the land to replant trees as a*

1 *result of damage or tree mortality due to a nat-*
 2 *ural disaster, as determined by the Secretary, in*
 3 *excess of 15 percent damage or mortality (ad-*
 4 *justed for normal tree damage and mortality).*

5 “(4) *LIMITATIONS ON ASSISTANCE.*—

6 “(A) *AMOUNT.*—*The total amount of pay-*
 7 *ments that a person shall be entitled to receive*
 8 *under this subsection may not exceed \$100,000*
 9 *per year, or an equivalent value in tree seed-*
 10 *lings.*

11 “(B) *ACRES.*—*The total quantity of acres*
 12 *planted to trees or tree seedlings for which a per-*
 13 *son shall be entitled to receive payments under*
 14 *this subsection may not exceed 500 acres.*

15 “(C) *REGULATIONS.*—*The Secretary shall*
 16 *promulgate —*

17 “(i) *regulations defining the term ‘per-*
 18 *son’ for the purposes of this subsection,*
 19 *which shall conform, to the maximum ex-*
 20 *tent practicable, to the regulations defining*
 21 *the term ‘person’ promulgated under section*
 22 *1001 of the Food Security Act of 1985 (7*
 23 *U.S.C. 1308); and*

24 “(ii) *such regulations as the Secretary*
 25 *determines necessary to ensure a fair and*

1 *reasonable application of the limitation es-*
 2 *tablished under this paragraph.*

3 “(f) *PLANT PEST AND DISEASE MANAGEMENT AND*
 4 *DISASTER PREVENTION.*—

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

6 “(A) *EARLY PLANT PEST DETECTION AND*
 7 *SURVEILLANCE.*—*The term ‘early plant pest de-*
 8 *tection and surveillance’ means the full range of*
 9 *activities undertaken to find newly introduced*
 10 *plant pests, whether the plant pests are new to*
 11 *the United States or new to certain areas of the*
 12 *United States, before—*

13 “(i) *the plant pests become established;*
 14 *or*

15 “(ii) *the plant pest infestations become*
 16 *too large and costly to eradicate or control.*

17 “(B) *PLANT PEST.*—*The term ‘plant pest’*
 18 *has the meaning given such term in section 403*
 19 *of the Plant Protection Act (7 U.S.C. 7702).*

20 “(C) *SPECIALTY CROP.*—*The term ‘specialty*
 21 *crop’ has the meaning given the term in section*
 22 *3 of the Specialty Crops Competitiveness Act of*
 23 *2004 (7 U.S.C. 1621 note; Public Law 108–465).*

24 “(D) *STATE DEPARTMENT OF AGRI-*
 25 *CULTURE.*—*The term ‘State department of agri-*

1 *culture’ means an agency of a State that has a*
 2 *legal responsibility to perform early plant pest*
 3 *detection and surveillance activities.*

4 “(2) *EARLY PLANT PEST DETECTION AND SUR-*
 5 *VEILLANCE IMPROVEMENT PROGRAM.*—

6 “(A) *COOPERATIVE AGREEMENTS.*—*The*
 7 *Secretary shall enter into a cooperative agree-*
 8 *ment with each State department of agriculture*
 9 *that agrees to conduct early plant pest detection*
 10 *and surveillance activities.*

11 “(B) *CONSULTATION.*—*In carrying out this*
 12 *paragraph, the Secretary shall consult with—*

13 “(i) *the National Plant Board;*

14 “(ii) *the National Association of State*
 15 *Departments of Agriculture; and*

16 “(iii) *stakeholders.*

17 “(C) *FUNDS UNDER AGREEMENTS.*—*Each*
 18 *State department of agriculture with which the*
 19 *Secretary enters into a cooperative agreement*
 20 *under this paragraph shall receive funding for*
 21 *each of fiscal years 2008 through 2012 in an*
 22 *amount to be determined by the Secretary.*

23 “(D) *USE OF FUNDS.*—

24 “(i) *PLANT PEST DETECTION AND SUR-*
 25 *VEILLANCE ACTIVITIES.*—*A State depart-*

1 *ment of agriculture that receives funds*
 2 *under this paragraph shall use the funds to*
 3 *carry out early plant pest detection and*
 4 *surveillance activities to prevent the intro-*
 5 *duction of a plant pest or facilitate the*
 6 *eradication of a plant pest, pursuant to a*
 7 *cooperative agreement.*

8 “(ii) *SUBAGREEMENTS.—Nothing in*
 9 *this paragraph prevents a State department*
 10 *of agriculture from using funds received*
 11 *under subparagraph (C) to enter into sub-*
 12 *agreements with political subdivisions of the*
 13 *State that have legal responsibilities relat-*
 14 *ing to agricultural plant pest and disease*
 15 *surveillance.*

16 “(iii) *NON-FEDERAL SHARE.—The*
 17 *non-Federal share of the cost of carrying out*
 18 *a cooperative agreement under this section*
 19 *may be provided in-kind, including through*
 20 *provision of such indirect costs of the coop-*
 21 *erative agreement as the Secretary considers*
 22 *to be appropriate.*

23 “(E) *SPECIAL FUNDING CONSIDERATIONS.—*
 24 *The Secretary shall provide funds to a State de-*

1 *partment of agriculture if the Secretary deter-*
2 *mines that—*

3 *“(i) the State department of agri-*
4 *culture is in a State that has a high risk*
5 *of being affected by 1 or more plant pests;*
6 *and*

7 *“(ii) the early plant pest detection and*
8 *surveillance activities supported with the*
9 *funds will likely—*

10 *“(I) prevent the introduction and*
11 *establishment of plant pests; and*

12 *“(II) provide a comprehensive ap-*
13 *proach to compliment Federal detec-*
14 *tion efforts.*

15 *“(F) REPORTING REQUIREMENT.—Not later*
16 *than 180 days after the date of completion of an*
17 *early plant pest detection and surveillance activ-*
18 *ity conducted by a State department of agri-*
19 *culture using funds provided under this sub-*
20 *section, the State department of agriculture shall*
21 *submit to the Secretary a report that describes*
22 *the purposes and results of the activities.*

23 *“(3) THREAT IDENTIFICATION AND MITIGATION*
24 *PROGRAM.—*

1 “(A) *ESTABLISHMENT.*—*The Secretary, act-*
 2 *ing through the Administrator of the Animal*
 3 *and Plant Health Inspection Service (referred to*
 4 *in this section as the ‘Secretary’), shall establish*
 5 *a threat identification and mitigation program*
 6 *to determine and prioritize foreign threats to the*
 7 *domestic production of crops.*

8 “(B) *REQUIREMENTS.*—*In conducting the*
 9 *program established under subparagraph (A), the*
 10 *Secretary shall—*

11 “(i) *consult with the Director of the*
 12 *Center for Plant Health Science and Tech-*
 13 *nology;*

14 “(ii) *conduct, in partnership with*
 15 *States, early plant pest detection and sur-*
 16 *veillance activities;*

17 “(iii) *develop risk assessments of the*
 18 *potential threat to the agricultural industry*
 19 *of the United States from foreign sources;*

20 “(iv) *collaborate with the National*
 21 *Plant Board on the matters described in*
 22 *subparagraph (C);*

23 “(v) *implement action plans developed*
 24 *under subparagraph (C)(ii)(I) immediately*
 25 *after development of the action plans—*

1 “(I) to test the effectiveness of the
2 action plans; and

3 “(II) to assist in preventing the
4 introduction and widespread dissemi-
5 nation of new foreign and domestic
6 plant pest and disease threats in the
7 United States; and

8 “(vi) as appropriate, consult with, and
9 use the expertise of, the Administrator of the
10 Agricultural Research Service in the devel-
11 opment of plant pest and disease detection,
12 control, and eradication strategies.

13 “(C) MATTERS DESCRIBED.—The matters
14 described in this subparagraph are—

15 “(i) the prioritization of foreign
16 threats to the agricultural industry; and

17 “(ii) the development, in consultation
18 with State departments of agriculture and
19 other State or regional resource partner-
20 ships, of—

21 “(I) action plans that effectively
22 address the foreign threats, including
23 pathway analysis, offshore mitigation
24 measures, and comprehensive exclusion

1 *measures at ports of entry and other*
2 *key distribution centers; and*

3 “(II) *strategies to employ if a for-*
4 *eign plant pest or disease is intro-*
5 *duced;*

6 “(D) *REPORTS.—Not later than 1 year*
7 *after the date of enactment of this paragraph,*
8 *and annually thereafter, the Secretary shall up-*
9 *date and submit to Congress the priority list and*
10 *action plans described in subparagraph (C), in-*
11 *cluding an accounting of funds expended on the*
12 *action plans.*

13 “(4) *SPECIALTY CROP CERTIFICATION AND RISK*
14 *MANAGEMENT SYSTEMS.—The Secretary shall provide*
15 *funds and technical assistance to specialty crop grow-*
16 *ers, organizations representing specialty crop growers,*
17 *and State and local agencies working with specialty*
18 *crop growers and organizations for the development*
19 *and implementation of—*

20 “(A) *audit-based certification systems, such*
21 *as best management practices—*

22 “(i) *to address plant pests; and*

23 “(ii) *to mitigate the risk of plant pests*
24 *in the movement of plants and plant prod-*
25 *ucts; and*

“(B) nursery plant pest risk management systems, in collaboration with the nursery industry, research institutions, and other appropriate entities—

“(i) to enable growers to identify and prioritize nursery plant pests and diseases of regulatory significance;

“(ii) to prevent the introduction, establishment, and spread of those plant pests and diseases; and

“(iii) to reduce the risk of, mitigate, and eradicate those plant pests and diseases.

“(5) *FUNDING.*—The Secretary shall use from the Trust Fund to carry out this subsection—

“(A) \$10,000,000 for fiscal year 2008;

“(B) \$25,000,000 for fiscal year 2009;

“(C) \$40,000,000 for fiscal year 2010;

“(D) \$50,000,000 for fiscal year 2011; and

“(E) \$64,000,000 for fiscal year 2012.

“(g) *RISK MANAGEMENT PURCHASE REQUIREMENT.*—

“(1) *IN GENERAL.*—Except as otherwise provided in this subsection, the eligible producers on a farm shall not be eligible for assistance under this section with respect to losses to an insurable commodity or

1 *noninsurable commodity if the eligible producers on*
2 *the farm—*

3 *“(A) in the case of an insurable commodity,*
4 *did not obtain a policy or plan of insurance for*
5 *the insurable commodity under the Federal Crop*
6 *Insurance Act (7 U.S.C. 1501 et seq.) (excluding*
7 *a crop insurance pilot program under that Act)*
8 *for the crop incurring the losses; or*

9 *“(B) in the case of a noninsurable com-*
10 *modity, did not file the required paperwork, and*
11 *pay the administrative fee by the applicable*
12 *State filing deadline, for the noninsurable com-*
13 *modity under the noninsured crop assistance*
14 *program for the crop incurring the losses.*

15 *“(2) MINIMUM.—To be considered to have ob-*
16 *tained insurance under paragraph (1), an eligible*
17 *producer on a farm shall have obtained a policy or*
18 *plan of insurance with not less than 50 percent yield*
19 *coverage at 55 percent of the insurable price for each*
20 *crop grazed, planted, or intended to be planted for*
21 *harvest on a whole farm.*

22 *“(3) WAIVER.—With respect to eligible producers*
23 *that are limited resource, minority, or beginning*
24 *farmers or ranchers, as determined by the Secretary,*
25 *the Secretary may—*

1 “(A) waive paragraph (1); and

2 “(B) provide disaster assistance under this
3 section at a level that the Secretary determines
4 to be equitable and appropriate.

5 “(4) *EQUITABLE RELIEF.*—The Secretary may
6 provide equitable relief to eligible producers on a farm
7 that unintentionally fail to meet the requirements of
8 paragraph (1) for 1 or more crops on a farm on a
9 case-by-case basis, as determined by the Secretary.

10 “(h) *SUPPLEMENTAL BUY-UP NONINSURED ASSIST-*
11 *ANCE PROGRAM.*—

12 “(1) *IN GENERAL.*—The Secretary shall establish
13 a program under which eligible producers on a farm
14 may purchase under the noninsured crop assistance
15 program additional yield and price coverage for a
16 crop, including a forage, hay, or honey crop, of—

17 “(A) 60 or 65 percent (as elected by the pro-
18 ducers on the farm) of the yield established for
19 the crop under the program; and

20 “(B) 100 percent of the price established for
21 the crop under the program.

22 “(2) *FEES.*—The Secretary shall establish and
23 collect fees from eligible producers on a farm partici-
24 pating in the program established under paragraph

1 (1) *to offset all of the costs of the program, as deter-*
 2 *mined by the Secretary.*

3 “(i) *PAYMENT LIMITATIONS.*—

4 “(1) *IN GENERAL.*—*The total amount of disaster*
 5 *assistance that an eligible producer on a farm may*
 6 *receive under this section may not exceed \$100,000.*

7 “(2) *AGI LIMITATION.*—*Section 1001D of the*
 8 *Food Security Act of 1985 (7 U.S.C. 1308–3a or any*
 9 *successor provision) shall apply with respect to assist-*
 10 *ance provided under this section.*

11 “(j) *PERIOD OF EFFECTIVENESS.*—*This section shall*
 12 *be effective only for losses that are incurred as the result*
 13 *of a disaster, adverse weather, or other environmental con-*
 14 *dition that occurs on or before September 30, 2012, as deter-*
 15 *mined by the Secretary.*

16 “(k) *NO DUPLICATIVE PAYMENTS.*—*In implementing*
 17 *any other program which makes disaster assistance pay-*
 18 *ments (except for indemnities made under the Federal Crop*
 19 *Insurance Act and section 196 of the Federal Agriculture*
 20 *Improvement and Reform Act of 1996), the Secretary shall*
 21 *prevent duplicative payments with respect to the same loss*
 22 *for which a person receives a payment under subsections*
 23 *(b), (c), (d), or (e).*

1 **“SEC. 902. AGRICULTURE DISASTER RELIEF TRUST FUND.**

2 “(a) *CREATION OF TRUST FUND.*—*There is established*
3 *in the Treasury of the United States a trust fund to be*
4 *known as the ‘Agriculture Disaster Relief Trust Fund’, con-*
5 *sisting of such amounts as may be appropriated or credited*
6 *to such Trust Fund as provided in this section.*

7 “(b) *TRANSFER TO TRUST FUND.*—

8 “(1) *IN GENERAL.*—*There are appropriated to*
9 *the Agriculture Disaster Relief Trust Fund amounts*
10 *equivalent to 3.34 percent of the amounts received in*
11 *the general fund of the Treasury of the United States*
12 *during fiscal years 2008 through 2012 attributable to*
13 *the duties collected on articles entered, or withdrawn*
14 *from warehouse, for consumption under the Har-*
15 *monized Tariff Schedule of the United States.*

16 “(2) *AMOUNTS BASED ON ESTIMATES.*—*The*
17 *amounts appropriated under this section shall be*
18 *transferred at least monthly from the general fund of*
19 *the Treasury of the United States to the Agriculture*
20 *Disaster Relief Trust Fund on the basis of estimates*
21 *made by the Secretary of the Treasury. Proper adjust-*
22 *ments shall be made in the amounts subsequently*
23 *transferred to the extent prior estimates were in excess*
24 *of or less than the amounts required to be transferred.*

25 “(c) *ADMINISTRATION.*—

1 “(1) *REPORTS.*—*The Secretary of the Treasury*
 2 *shall be the trustee of the Agriculture Disaster Relief*
 3 *Trust Fund and shall submit an annual report to*
 4 *Congress each year on the financial condition and the*
 5 *results of the operations of such Trust Fund during*
 6 *the preceding fiscal year and on its expected condi-*
 7 *tion and operations during the 5 fiscal years suc-*
 8 *ceeding such fiscal year. Such report shall be printed*
 9 *as a House document of the session of Congress to*
 10 *which the report is made.*

11 “(2) *INVESTMENT.*—

12 “(A) *IN GENERAL.*—*The Secretary of the*
 13 *Treasury shall invest such portion of the Agri-*
 14 *culture Disaster Relief Trust Fund as is not in*
 15 *his judgment required to meet current with-*
 16 *drawals. Such investments may be made only in*
 17 *interest bearing obligations of the United States.*
 18 *For such purpose, such obligations may be*
 19 *acquired—*

20 “(i) *on original issue at the issue*
 21 *price, or*

22 “(ii) *by purchase of outstanding obli-*
 23 *gations at the market price.*

24 “(B) *SALE OF OBLIGATIONS.*—*Any obliga-*
 25 *tion acquired by the Agriculture Disaster Relief*

1 *Trust Fund may be sold by the Secretary of the*
 2 *Treasury at the market price.*

3 “(C) *INTEREST ON CERTAIN PROCEEDS.—*
 4 *The interest on, and the proceeds from the sale*
 5 *or redemption of, any obligations held in the Ag-*
 6 *riculture Disaster Relief Trust Fund shall be*
 7 *credited to and form a part of such Trust Fund.*

8 “(d) *EXPENDITURES FROM TRUST FUND.—Amounts*
 9 *in the Agriculture Disaster Relief Trust Fund shall be*
 10 *available for the purposes of making expenditures to meet*
 11 *those obligations of the United States incurred under section*
 12 *901.*

13 “(e) *AUTHORITY TO BORROW.—*

14 “(1) *IN GENERAL.—There are authorized to be*
 15 *appropriated, and are appropriated, to the Agri-*
 16 *culture Disaster Relief Trust Fund, as repayable ad-*
 17 *vances, such sums as may be necessary to carry out*
 18 *the purposes of such Trust Fund.*

19 “(2) *REPAYMENT OF ADVANCES.—*

20 “(A) *IN GENERAL.—Advances made to the*
 21 *Agriculture Disaster Relief Trust Fund shall be*
 22 *repaid, and interest on such advances shall be*
 23 *paid, to the general fund of the Treasury when*
 24 *the Secretary determines that moneys are avail-*
 25 *able for such purposes in such Trust Fund.*

1 “(B) *RATE OF INTEREST.*—*Interest on ad-*
 2 *vances made pursuant to this subsection shall*
 3 *be—*

4 “(i) *at a rate determined by the Sec-*
 5 *retary of the Treasury (as of the close of the*
 6 *calendar month preceding the month in*
 7 *which the advance is made) to be equal to*
 8 *the current average market yield on out-*
 9 *standing marketable obligations of the*
 10 *United States with remaining periods to*
 11 *maturity comparable to the anticipated pe-*
 12 *riod during which the advance will be out-*
 13 *standing, and*

14 “(ii) *compounded annually.*”.

15 (b) *TECHNICAL PROVISIONS RELATING TO THE PLANT*
 16 *PROTECTION ACT.*—

17 (1) *Section 442(c) of the Plant Protection Act (7*
 18 *U.S.C. 7772(c)) is amended by striking “of longer*
 19 *than 60 days”.*

20 (2) *Congress disapproves the rule submitted by*
 21 *the Secretary of Agriculture relating to cost-sharing*
 22 *for animal and plant health emergency programs (68*
 23 *Fed. Reg. 40541 (2003)), and such rule shall have no*
 24 *force or effect.*

***Subtitle B—Conservation
Provisions***

***PART I—LAND AND SPECIES PRESERVATION
PROVISIONS***

SEC. 12201. CONSERVATION RESERVE TAX CREDIT.

(a) ALLOWANCE OF CREDIT.—

(1) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 is amended by adding at the end the following new section:

“SEC. 30D. CONSERVATION RESERVE CREDIT.

“(a) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the rental value of any land enrolled in the conservation reserve program.

“(b) LIMITATIONS.—

*“(1) LIMITATION BASED ON AMOUNT OF TAX.—
The credit allowed under this section for any taxable year shall not exceed the excess of—*

“(A) the regular tax liability for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 30, 30B, and 30C, over

“(B) the tentative minimum tax for the taxable year.

1 “(2) *LIMITATION BASED ON ALLOCATED PORTION*
 2 *OF NATIONAL LIMITATION.*—*The credit allowed under*
 3 *subsection (a) for any taxpayer for any taxable year*
 4 *shall not exceed the excess of—*

5 “(A) *the amount of the national credit limi-*
 6 *tation allocated to such taxpayer under sub-*
 7 *section (c) for the fiscal year in which such tax-*
 8 *able year ends and all prior fiscal years, over*

9 “(B) *the credit allowed under subsection (a)*
 10 *for all prior taxable years.*

11 “(c) *CONSERVATION RESERVE CREDIT LIMITATION.*—

12 “(1) *IN GENERAL.*—*There is a conservation re-*
 13 *serve credit limitation for each fiscal year of the*
 14 *United States. Such limitation is—*

15 “(A) *\$750,000,000 for each of fiscal years*
 16 *2009 through 2012, and*

17 “(B) *zero thereafter.*

18 “(2) *ALLOCATION.*—

19 “(A) *IN GENERAL.*—*The Secretary, in con-*
 20 *sultation with the Secretary of Agriculture, shall*
 21 *allocate the conservation reserve credit limitation*
 22 *to taxpayers—*

23 “(i) *who are owners or operators of*
 24 *land enrolled in the conservation reserve*
 25 *program, and*

1 “(ii) *who have made an election under*
 2 *section 1234(c)(6) of the Food Security Act*
 3 *of 1985 to receive an allocation under this*
 4 *paragraph in lieu of a rental payment for*
 5 *such year under 1233(2) of such Act.*

6 “(B) *ALLOCATION LIMITATION.—The Sec-*
 7 *retary may not allocate more than \$50,000 to*
 8 *any 1 taxpayer for any fiscal year.*

9 “(3) *CARRYFORWARD OF LIMITATION.—*

10 “(A) *IN GENERAL.—If for any fiscal year*
 11 *the limitation under paragraph (1) (after the*
 12 *application of this paragraph) exceeds the*
 13 *amount allocated to all eligible taxpayers for*
 14 *such fiscal year, the limitation amount for the*
 15 *following fiscal year shall be increased by the*
 16 *amount of such excess.*

17 “(B) *SPECIAL RULE FOR 2012.—Notwith-*
 18 *standing subparagraph (A), no amount of the*
 19 *conservation reserve credit limitation may be*
 20 *carried to any fiscal year following fiscal year*
 21 *2012.*

22 “(d) *CARRYFORWARD.—If the amount of the credit al-*
 23 *lowable under subsection (a) for any taxpayer for any tax-*
 24 *able year (determined without regard to subsection (b)(1))*
 25 *exceeds the limitation under subsection (b)(1), such excess*

1 *may be carried forward to the succeeding taxable year and*
 2 *added to the credit allowable under subsection (a) for such*
 3 *succeeding taxable year.*

4 “(e) *OTHER DEFINITIONS AND SPECIAL RULES.—For*
 5 *purposes of this section—*

6 “(1) *CONSERVATION RESERVE PROGRAM.—For*
 7 *purposes of this subsection, the term ‘conservation re-*
 8 *serve program’ means the conservation reserve pro-*
 9 *gram established under subchapter B of chapter 1 of*
 10 *subtitle D of title XII of the Food Security Act of*
 11 *1985.*

12 “(2) *DENIAL OF DOUBLE BENEFIT.—No deduc-*
 13 *tion or other credit shall be allowed under this chap-*
 14 *ter for any amount with respect to which a credit is*
 15 *allowed under subsection (a).*

16 “(3) *RECAPTURE OF ALLOCATION.—If a tax-*
 17 *payer terminates a contract under the conservation*
 18 *reserve program before the end of the fiscal year with*
 19 *respect to which an allocation under subsection (c)(2)*
 20 *is made, the Secretary shall recapture the amount of*
 21 *the credit allowed under this section which bears the*
 22 *same ratio to the amount so allocated as the number*
 23 *of days in the fiscal year during which the contract*
 24 *was not in effect bears to 365.*

1 “(4) *TREATMENT OF CREDIT UNDER INCOME TAX*
 2 *AND SELF-EMPLOYMENT INCOME TAX.*—*For purposes*
 3 *of this chapter and chapter 2, the amount of any*
 4 *credit received under this section shall not be treated*
 5 *as income.”.*

6 (2) *CLERICAL AMENDMENT.*—*The table of sec-*
 7 *tions for subpart B of part IV of subchapter A of*
 8 *chapter 1 is amended by inserting after the item re-*
 9 *lating to section 30C the following new item:*

“*Sec. 30D. Conservation reserve credit.*”.

10 (3) *EFFECTIVE DATE.*—*The amendments made*
 11 *by this subsection shall apply to taxable years ending*
 12 *after the date of the enactment of this Act.*

13 (b) *CONFORMING AMENDMENTS TO THE FOOD SECU-*
 14 *RITY ACT OF 1985.*—

15 (1) *ELECTION TO RECEIVE TAX CREDITS IN LIEU*
 16 *OF PAYMENTS.*—*Section 1234(c) of the Food Security*
 17 *Act of 1985 (16 U.S.C. 3834(c)), as amended by this*
 18 *Act, is amended by adding at the end the following*
 19 *new paragraph:*

20 “(6) *ELECTION TO RECEIVE TAX CREDITS IN*
 21 *LIEU OF PAYMENTS.*—

22 “(A) *IN GENERAL.*—*In lieu of an annual*
 23 *rental payment for any year, an owner or oper-*
 24 *ator with land enrolled under the program estab-*
 25 *lished under this subchapter may elect to receive*

1 *for such year an allocation of tax credits under*
 2 *section 30D(c)(2) of the Internal Revenue Code*
 3 *of 1986.*

4 “(B) *ELECTION.*—Any election under this
 5 *paragraph shall be made in such form and at*
 6 *such time as the Secretary shall prescribe and*
 7 *shall apply to all contracts of the owner or oper-*
 8 *ator under this subchapter.*

9 “(C) *LIMITATION.*—Any election under this
 10 *paragraph shall not apply with respect to pay-*
 11 *ments under the emergency forestry conservation*
 12 *reserve program under section 1231(k).”.*

13 (2) *PAYMENT LIMITATION.*—Paragraph (1) of
 14 *section 1234(e) of such Act (16 U.S.C. 3834(e)(1)) is*
 15 *amended by inserting “and allocations of tax credits*
 16 *under section 30D(c)(2) of the Internal Revenue Code*
 17 *of 1986” after “in-kind commodities”.*

18 **SEC. 12202. EXCLUSION OF CONSERVATION RESERVE PRO-**
 19 **GRAM PAYMENTS FROM SECA TAX FOR CER-**
 20 **TAIN INDIVIDUALS.**

21 (a) *INTERNAL REVENUE CODE.*—Section 1402(a)(1)
 22 *(defining net earnings from self-employment) is amended*
 23 *by inserting “, and including payments under section*
 24 *1233(2) of the Food Security Act of 1985 (16 U.S.C.*

1 3833(2)) to individuals receiving benefits under section 202
 2 or 223 of the Social Security Act” after “crop shares”.

3 (b) *SOCIAL SECURITY ACT.*—Section 211(a)(1) of the
 4 Social Security Act is amended by inserting “, and includ-
 5 ing payments under section 1233(2) of the Food Security
 6 Act of 1985 (16 U.S.C. 3833(2)) to individuals receiving
 7 benefits under section 202 or 223” after “crop shares”.

8 (c) *EFFECTIVE DATE.*—The amendments made by this
 9 section shall apply to payments made before, on, or after
 10 the date of the enactment of this Act.

11 **SEC. 12203. PERMANENT EXTENSION OF SPECIAL RULE EN-**
 12 **COURAGING CONTRIBUTIONS OF CAPITAL**
 13 **GAIN REAL PROPERTY FOR CONSERVATION**
 14 **PURPOSES.**

15 (a) *IN GENERAL.*—

16 (1) *INDIVIDUALS.*—Subparagraph (E) of section
 17 170(b)(1) (relating to contributions of qualified con-
 18 servation contributions) is amended by striking clause
 19 (vi).

20 (2) *CORPORATIONS.*—Subparagraph (B) of sec-
 21 tion 170(b)(2) (relating to qualified conservation con-
 22 tributions by certain corporate farmers and ranchers)
 23 is amended by striking clause (iii).

1 (b) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to contributions made in taxable years*
 3 *beginning after December 31, 2007.*

4 **SEC. 12204. TAX CREDIT FOR RECOVERY AND RESTORATION**
 5 **OF ENDANGERED SPECIES.**

6 (a) *IN GENERAL.*—*Subpart B of part IV of subchapter*
 7 *A of chapter 1, as amended by this Act, is amended by add-*
 8 *ing at the end the following new section:*

9 **“SEC. 30E. ENDANGERED SPECIES RECOVERY AND RES-**
 10 **TORATION CREDIT.**

11 “(a) *IN GENERAL.*—*In the case of an eligible taxpayer,*
 12 *there shall be allowed as a credit against the tax imposed*
 13 *by this chapter for the taxable year an amount equal to*
 14 *the sum of—*

15 “(1) *the habitat protection easement credit, plus*

16 “(2) *the habitat restoration credit.*

17 “(b) *LIMITATION.*—

18 “(1) *IN GENERAL.*—*The credit allowed under*
 19 *subsection (a) for any taxpayer for any taxable year*
 20 *shall not exceed the endangered species recovery credit*
 21 *limitation allocated to the eligible taxpayer under*
 22 *subsection (f) for the calendar year in which the tax-*
 23 *payer’s taxable year ends.*

24 “(2) *CARRYFORWARDS.*—

1 “(A) *IN GENERAL.*—If the amount of the
2 credit allowable under subsection (a) for any
3 taxpayer for any taxable year (determined with-
4 out regard to paragraph (1)) exceeds the endan-
5 gered species recovery credit limitation allocated
6 under subsection (f) to such taxpayer for the cal-
7 endar year in which the taxpayer’s taxable year
8 ends, such excess may be carried forward to the
9 next taxable year for which an allocation is
10 made to such taxpayer under subsection (f). Any
11 amount carried to another taxable year under
12 this subparagraph shall be treated as added to
13 the credit allowable under subsection (a)(1) or
14 (a)(2), whichever is appropriate, for such taxable
15 year.

16 “(B) *CARRYFORWARD OF ALLOCATION*
17 *AMOUNT.*—If the amount of the endangered spe-
18 cies recovery credit limitation allocated to a tax-
19 payer for any calendar year under subsection (f)
20 exceeds the amount of the credit allowed to the
21 taxpayer under subsection (a) for the taxable
22 year ending in such calendar year, such excess
23 may be carried forward to the next taxable year
24 of the taxpayer. Any amount carried to another
25 taxable year under this subparagraph shall be

1 *treated as allocated to the taxpayer for use in*
 2 *such taxable year under subsection (f).*

3 “(c) *ELIGIBLE TAXPAYER; QUALIFIED AGREE-*
 4 *MENTS.—For purposes of this section—*

5 “(1) *IN GENERAL.—The term ‘eligible taxpayer’*
 6 *means—*

7 “(A) *a taxpayer who—*

8 “(i) *owns real property which contains*
 9 *the habitat of a qualified species, and*

10 “(ii) *enters into a qualified perpetual*
 11 *habitat protection agreement, a qualified*
 12 *30-year habitat protection agreement, or a*
 13 *qualified habitat protection agreement with*
 14 *respect to such real property, and*

15 “(B) *any other taxpayer who—*

16 “(i) *is a party to a qualified perpetual*
 17 *habitat protection agreement, a qualified*
 18 *30-year habitat protection agreement, or a*
 19 *qualified habitat protection agreement, and*

20 “(ii) *as part of any such agreement,*
 21 *agrees to assume responsibility for costs*
 22 *paid or incurred as a result of imple-*
 23 *menting such agreement.*

1 “(2) *QUALIFIED PERPETUAL HABITAT PROTEC-*
 2 *TION AGREEMENT.*—*The term ‘qualified perpetual*
 3 *habitat protection agreement’ means an agreement—*

4 “(A) *under which a taxpayer described in*
 5 *paragraph (1)(A) grants to the appropriate Sec-*
 6 *retary, the Secretary of Agriculture, the Sec-*
 7 *retary of Defense, or a State an easement in per-*
 8 *petuity for the protection of the habitat of a*
 9 *qualified species, and*

10 “(B) *which meets the requirements of para-*
 11 *graph (5).*

12 “(3) *QUALIFIED 30-YEAR HABITAT PROTECTION*
 13 *AGREEMENT.*—*The term ‘qualified 30-year habitat*
 14 *protection agreement’ means an agreement not de-*
 15 *scribed in paragraph (2)—*

16 “(A) *under which a taxpayer described in*
 17 *paragraph (1)(A) grants to the appropriate Sec-*
 18 *retary, the Secretary of Agriculture, the Sec-*
 19 *retary of Defense, or a State an easement for a*
 20 *period of 30 years or greater for the protection*
 21 *of the habitat of a qualified species, and*

22 “(B) *which meets the requirements of para-*
 23 *graph (5).*

1 “(4) *QUALIFIED HABITAT PROTECTION AGREE-*
2 *MENT.*—*The term ‘qualified habitat protection agree-*
3 *ment’ means an agreement—*

4 “(A) *under which a taxpayer described in*
5 *paragraph (1)(A) enters into an agreement not*
6 *described in paragraph (2) or (3) with the ap-*
7 *propriate Secretary, the Secretary of Agriculture,*
8 *the Secretary of Defense, or a State to protect the*
9 *habitat of a qualified species for a specified pe-*
10 *riod of time, and*

11 “(B) *which meets the requirements of para-*
12 *graph (5).*

13 “(5) *REQUIREMENTS.*—*An agreement meets the*
14 *requirements of this paragraph if the agreement—*

15 “(A) *is consistent with any recovery plan*
16 *which is applicable and which has been approved*
17 *for a qualified species under section 4 of the En-*
18 *dangered Species Act of 1973,*

19 “(B) *includes a habitat management plan*
20 *agreed to by the appropriate Secretary and the*
21 *eligible taxpayer, and*

22 “(C) *requires that technical assistance with*
23 *respect to the duties under the habitat manage-*
24 *ment plan be provided to the taxpayer by the ap-*

1 *propriate Secretary or an entity approved by the*
 2 *appropriate Secretary.*

3 “(d) *HABITAT PROTECTION EASEMENT CREDIT.*—

4 “(1) *IN GENERAL.*—*For purposes of subsection*
 5 *(a)(1), the habitat protection easement credit for any*
 6 *taxable year is an amount equal to—*

7 “(A) *in the case of a taxpayer described in*
 8 *subsection (c)(1)(A) who has entered into a*
 9 *qualified perpetual habitat protection agreement*
 10 *during such taxable year, 100 percent of the ex-*
 11 *cess (if any) of—*

12 “(i) *the fair market value of the real*
 13 *property with respect to which the qualified*
 14 *perpetual habitat protection agreement is*
 15 *made, determined on the day before such*
 16 *agreement is entered into, over*

17 “(ii) *the fair market value of such*
 18 *property, determined on the day after such*
 19 *agreement is entered into,*

20 “(B) *in the case of a taxpayer described in*
 21 *subsection (c)(1)(A) who has entered into a*
 22 *qualified 30-year habitat protection agreement*
 23 *during such taxable year, 75 percent of such ex-*
 24 *cess, and*

25 “(C) *in the case of any other taxpayer, zero.*

1 “(2) *REDUCTION FOR AMOUNT RECEIVED FOR*
 2 *EASEMENT.*—*The amount determined under para-*
 3 *graph (1) shall be reduced by any amount received by*
 4 *the taxpayer in connection with the easement.*

5 “(3) *LIMITATION BASED ON AMOUNT OF TAX.*—
 6 *The credit allowed under subsection (a)(1) for any*
 7 *taxable year shall not exceed the sum of—*

8 “(A) *the taxpayer’s regular tax liability for*
 9 *the taxable year reduced by the sum of the cred-*
 10 *its allowable under subpart A and sections 27,*
 11 *30, 30B, 30C, and 30D, and*

12 “(B) *the tax imposed by section 55(a) for*
 13 *the taxable year.*

14 “(4) *CARRYFORWARD OF UNUSED CREDIT.*—*If*
 15 *the credit allowable under subsection (a)(1) for any*
 16 *taxable year exceeds the limitation imposed by para-*
 17 *graph (3) for such taxable year, such excess shall be*
 18 *carried to the succeeding taxable year and added to*
 19 *the credit allowable under subsection (a)(1) for such*
 20 *succeeding taxable year.*

21 “(5) *QUALIFIED APPRAISALS REQUIRED.*—*No*
 22 *amount shall be taken into account under this sub-*
 23 *section unless the eligible taxpayer includes with the*
 24 *taxpayer’s return for the taxable year a qualified ap-*

1 *praisal (within the meaning of section 170(f)(11)(E))*
2 *of the real property.*

3 “(e) *HABITAT RESTORATION CREDIT.*—

4 “(1) *IN GENERAL.*—For purposes of subsection
5 (a)(2), the habitat restoration credit for any taxable
6 year shall be an amount equal to—

7 “(A) *in the case of a qualified perpetual*
8 *habitat protection agreement, 100 percent of the*
9 *costs paid or incurred by an eligible taxpayer*
10 *during such taxable year pursuant to the habitat*
11 *management plan under such agreement,*

12 “(B) *in the case of a qualified 30-year habi-*
13 *tat protection agreement, 75 percent of the costs*
14 *paid or incurred by an eligible taxpayer during*
15 *such taxable year pursuant to the habitat man-*
16 *agement plan under such agreement, and*

17 “(C) *in the case of a qualified habitat pro-*
18 *tection agreement, 50 percent of the costs paid or*
19 *incurred by an eligible taxpayer during such*
20 *taxable year pursuant to the habitat manage-*
21 *ment plan under such agreement.*

22 “(2) *LIMITATION BASED ON AMOUNT OF TAX.*—
23 *The credit allowed under subsection (a)(2) for any*
24 *taxable year shall not exceed the excess (if any) of—*

1 “(A) *the regular tax liability for the taxable*
 2 *year reduced by the sum of the credits allowable*
 3 *under subpart A, sections 27, 30, 30B, 30C, 30D,*
 4 *and subsection (a)(1), over*

5 “(B) *the tentative minimum tax for the tax-*
 6 *able year.*

7 “(3) *CARRYFORWARD OF UNUSED CREDIT.—If*
 8 *the credit allowable under subsection (a)(2) for any*
 9 *taxable year exceeds the limitation imposed by para-*
 10 *graph (2) for such taxable year, such excess shall be*
 11 *carried to the succeeding taxable year and added to*
 12 *the credit allowable under subsection (a)(2) for such*
 13 *succeeding taxable year.*

14 “(4) *SPECIAL RULES.—*

15 “(A) *CERTAIN COSTS NOT INCLUDED.—No*
 16 *amount shall be taken into account with respect*
 17 *to any cost which is paid or incurred by a tax-*
 18 *payer to comply with any requirement of a Fed-*
 19 *eral, State, or local government (other than costs*
 20 *required under an agreement described in sub-*
 21 *section (c)).*

22 “(B) *SUBSIDIZED FINANCING.—For pur-*
 23 *poses of paragraph (1), the amount of costs paid*
 24 *or incurred by an eligible taxpayer pursuant to*
 25 *any habitat management plan described in sub-*

1 *section (c)(5)(B) shall be reduced by the amount*
2 *of any financing provided under any Federal or*
3 *State program a principal purpose of which is*
4 *to subsidize financing for the conservation of the*
5 *habitat of a qualified species.*

6 “(f) *ENDANGERED SPECIES RECOVERY CREDIT LIM-*
7 *TATION.—*

8 “(1) *IN GENERAL.—There is an endangered spe-*
9 *cies recovery credit limitation for each calendar year.*
10 *Such limitation is—*

11 “(A) *for 2008, 2009, 2010, 2011, and*
12 *2012—*

13 “(i) *with respect to allocations de-*
14 *scribed in paragraph (2)(A)—*

15 “(I) *\$5,000,000 with respect to*
16 *qualified perpetual habitat protection*
17 *agreements,*

18 “(II) *\$2,000,000 with respect to*
19 *qualified 30-year habitat protection*
20 *agreements, and*

21 “(III) *\$1,000,000 with respect to*
22 *qualified habitat protection agree-*
23 *ments, and*

24 “(ii) *with respect to allocations de-*
25 *scribed in paragraph (2)(B)—*

1 “(I) \$290,000,000 with respect to
2 qualified perpetual habitat protection
3 agreements,

4 “(II) \$55,000,000 with respect to
5 qualified 30-year habitat protection
6 agreements, and

7 “(III) \$35,000,000 with respect to
8 qualified habitat protection agree-
9 ments, and

10 “(B) except as provided in paragraph (3),
11 zero thereafter.

12 “(2) ALLOCATION OF LIMITATION.—

13 “(A) ALLOCATIONS IN COORDINATION WITH
14 THE SECRETARY OF AGRICULTURE.—The limita-
15 tions described in paragraph (1)(A)(i) shall be
16 allocated to eligible taxpayers by the Secretary
17 in consultation with the Secretary of Agri-
18 culture.

19 “(B) OTHER ALLOCATIONS.—

20 “(i) IN GENERAL.—The limitations de-
21 scribed in paragraph (1)(A)(ii) shall be al-
22 located to eligible taxpayers in consultation
23 with the Secretary of the Interior and the
24 Secretary of Commerce.

1 “(ii) *ESTABLISHMENT OF ALLOCATION*
2 *PROGRAM.*—Not later than 180 days after
3 the date of the enactment of this Act, the
4 Secretary, in consultation with the Sec-
5 retary of the Interior and the Secretary of
6 Commerce, shall, by regulation, establish a
7 program to process applications from eligi-
8 ble taxpayers and to determine how to best
9 allocate the credit limitations under clause
10 (i) taking into account the considerations
11 described in clause (iii).

12 “(iii) *CONSIDERATIONS.*—In accepting
13 applications to make allocations to eligible
14 taxpayers under this section, priority shall
15 be given to taxpayers with agreements—

16 “(I) relating to habitats that will
17 significantly increase the likelihood of
18 recovering and delisting a species as
19 an endangered species or a threatened
20 species (as defined under section 2 of
21 the Endangered Species Act of 1973),

22 “(II) that are cost-effective and
23 maximize the benefits to a qualified
24 species per dollar expended,

1 “(III) relating to habitats of spe-
2 cies which have a federally approved
3 recovery plan pursuant to section 4 of
4 the Endangered Species Act of 1973,

5 “(IV) relating to habitats with the
6 potential to contribute significantly to
7 the improvement of the status of a
8 qualified species,

9 “(V) relating to habitats with the
10 potential to contribute significantly to
11 the eradication or control of invasive
12 species that are imperiling a qualified
13 species,

14 “(VI) with habitat management
15 plans that will manage multiple quali-
16 fied species,

17 “(VII) with habitat management
18 plans that will create adjacent or prox-
19 imate habitat for the recovery of a
20 qualified species,

21 “(VIII) relating to habitats for
22 qualified species with an urgent need
23 for protection,

24 “(IX) with habitat management
25 plans that assist in preventing the list-

1 *ing of a species as endangered or*
 2 *threatened under the Endangered Spe-*
 3 *cies Act of 1973 or a similar State*
 4 *law,*

5 *“(X) with habitat management*
 6 *plans that may resolve conflicts be-*
 7 *tween the protection of qualified species*
 8 *and otherwise lawful human activities,*
 9 *and*

10 *“(XI) with habitat management*
 11 *plans that may resolve conflicts be-*
 12 *tween the protection of a qualified spe-*
 13 *cies and military training or other*
 14 *military operations.*

15 *“(3) CARRYOVER OF UNUSED LIMITATION.—If*
 16 *for any calendar year any of the limitations under*
 17 *paragraph (1) (after the application of this para-*
 18 *graph) exceeds the amount allocated to eligible tax-*
 19 *payers for such calendar year, such limitation*
 20 *amount for the following calendar year shall be in-*
 21 *creased by the amount of such excess.*

22 *“(g) OTHER DEFINITIONS AND SPECIAL RULES.—*

23 *“(1) APPROPRIATE SECRETARY.—The term ‘ap-*
 24 *propriate Secretary’ has the meaning given to the*

1 term ‘Secretary’ under section 3(15) of the Endan-
2 gered Species Act of 1973.

3 “(2) *HABITAT MANAGEMENT PLAN.*—The term
4 ‘habitat management plan’ means, with respect to
5 any habitat, a plan which—

6 “(A) identifies one or more qualified species
7 to which the plan applies,

8 “(B) is designed to—

9 “(i) restore or enhance the habitat of
10 the qualified species, or

11 “(ii) reduce threats to the qualified
12 species through the management of the habi-
13 tat,

14 “(C) describes the current condition of the
15 habitat to be restored or enhanced,

16 “(D) describes the threats to the qualified
17 species that are intended to be reduced through
18 the plan,

19 “(E) describes the management practices to
20 be undertaken by the taxpayer,

21 “(F) provides a schedule of deadlines for
22 undertaking such management practices and the
23 expected responses of the habitat and the species,

1 “(G) requires monitoring of the manage-
 2 ment practices and the status of the qualified
 3 species and its habitat, and

4 “(H) describes the technical assistance to be
 5 provided to the taxpayer and identifies the entity
 6 that will provide such assistance.

7 “(3) QUALIFIED SPECIES.—The term ‘qualified
 8 species’ means—

9 “(A) any species listed as an endangered
 10 species or threatened species under the Endan-
 11 gered Species Act of 1973, or

12 “(B) any species for which a finding has
 13 been made under section 4(b)(3) of the Endan-
 14 gered Species Act of 1973 that listing under such
 15 Act may be warranted.

16 “(4) TAKING.—The term ‘taking’ has the mean-
 17 ing given to such term under the Endangered Species
 18 Act of 1973.

19 “(5) REDUCTION IN BASIS.—For purposes of this
 20 subtitle—

21 “(A) HABITAT PROTECTION EASEMENT
 22 CREDIT.—The basis of any property for which a
 23 credit is allowed under subsection (a)(1) shall be
 24 reduced by the amount of basis which is allo-
 25 cated, under regulations prescribed by the Sec-

retary, to the easement granted as part of a qualified perpetual habitat protection agreement or a qualified 30-year habitat protection agreement.

“(B) *HABITAT RESTORATION CREDIT.*—If a credit is allowed under subsection (a)(2) for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subparagraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

“(6) *DENIAL OF DOUBLE BENEFIT.*—No deduction or other credit shall be allowed under this chapter for any amount with respect to which a credit is allowed under subsection (a).

“(7) *CERTIFICATION.*—No credit shall be allowed under subsection (a) unless the appropriate Secretary certifies that any agreement described in subsection (c) will contribute to the recovery of a qualified species.

“(8) *REQUEST FOR AUTHORIZATION OF INCIDENTAL TAKINGS.*—The Secretary shall request the appropriate Secretary to consider whether to authorize under the Endangered Species Act of 1973 takings by an eligible taxpayer of a qualified species to which

1 *an agreement described in subsection (c) relates if the*
 2 *takings are incidental to—*

3 *“(A) the restoration, enhancement, or man-*
 4 *agement of the habitat pursuant to the habitat*
 5 *management plan under the agreement, or*

6 *“(B) the use of the property to which the*
 7 *agreement pertains at any time after the expira-*
 8 *tion of the easement or the specified period de-*
 9 *scribed in subsection (c)(4)(A), but only if such*
 10 *use will leave the qualified species at least as*
 11 *well off on the property as it was before the*
 12 *agreement was made.*

13 *“(9) RECAPTURE.—The Secretary shall, by regu-*
 14 *lations, provide for recapturing the benefit under any*
 15 *credit allowable under subsection (a) if the Secretary*
 16 *determines that—*

17 *“(A) the taxpayer has failed to carry out*
 18 *the duties of the taxpayer under the terms of a*
 19 *qualified perpetual habitat protection agreement,*
 20 *a qualified 30-year habitat protection agreement,*
 21 *or a qualified habitat protection agreement, and*

22 *“(B) there are no other available means to*
 23 *remediate such failure.”.*

24 *(b) GAO STUDY.—*

1 (1) *IN GENERAL.*—*The Comptroller General of*
2 *the United States shall undertake a study on the effec-*
3 *tiveness of the credit allowed under section 30E of the*
4 *Internal Revenue Code of 1986 (as added by this Act).*

5 (2) *ISSUES TO BE STUDIED.*—*The study under*
6 *paragraph (1) shall—*

7 (A) *evaluate—*

8 (i) *the contributions that habitat man-*
9 *agement plans established under such credit*
10 *have made in restoring or enhancing species*
11 *habitat and reducing threats to species, and*

12 (ii) *the implementation of the credit*
13 *allocation program established in section*
14 *30E(f)(2) of such Code (as so added), and*

15 (B) *include recommendations for improving*
16 *the effectiveness of such credit.*

17 (3) *REPORTS.*—

18 (A) *INTERIM REPORT.*—*Not later than 3*
19 *years after the date of the enactment of this Act,*
20 *the Comptroller General of the United States*
21 *shall submit to Congress an interim report on*
22 *the study conducted under paragraph (1).*

23 (B) *FINAL REPORT.*—*Not later than 5 years*
24 *after the date of the enactment of this Act, the*
25 *Comptroller General of the United States shall*

1 *submit to Congress a final report on the study*
 2 *conducted under paragraph (1).*

3 (c) *CONFORMING AMENDMENTS.*—

4 (1) *Section 1016(a) is amended by striking*
 5 *“and” at the end of paragraph (36), by striking the*
 6 *period at the end of paragraph (37) and inserting “,*
 7 *and”, and by inserting after paragraph (37) the fol-*
 8 *lowing new paragraph:*

9 *“(38) to the extent provided in section*
 10 *30E(g)(5).”.*

11 (2) *The table of sections for subpart B of part IV*
 12 *of subchapter A of chapter 1, as amended by this Act,*
 13 *is amended by inserting after the item relating to sec-*
 14 *tion 30D the following new item:*

“Sec. 30E. Endangered species recovery and restoration credit.”.

15 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 16 *section shall apply to taxable years beginning after Decem-*
 17 *ber 31, 2007.*

18 **SEC. 12205. DEDUCTION FOR ENDANGERED SPECIES RE-**
 19 **COVERY EXPENDITURES.**

20 (a) *DEDUCTION FOR ENDANGERED SPECIES RECOV-*
 21 *ERY EXPENDITURES.*—

22 (1) *IN GENERAL.*—*Paragraph (1) of section*
 23 *175(c) (relating to definitions) is amended by insert-*
 24 *ing after the first sentence the following new sentence:*

25 *“Such term shall include expenditures paid or in-*

1 *curred for the purpose of achieving site-specific man-*
 2 *agement actions recommended in recovery plans ap-*
 3 *proved pursuant to the Endangered Species Act of*
 4 *1973.”.*

5 (2) *CONFORMING AMENDMENTS.—*

6 (A) *Section 175 is amended by inserting “,*
 7 *or for endangered species recovery” after “pre-*
 8 *vention of erosion of land used in farming” each*
 9 *place it appears in subsections (a) and (c).*

10 (B) *The heading of section 175 is amended*
 11 *by inserting “; **ENDANGERED SPECIES RE-***
 12 ***COVERY EXPENDITURES**” before the period.*

13 (C) *The item relating to section 175 in the*
 14 *table of sections for part VI of subchapter B of*
 15 *chapter 1 is amended by inserting “; endangered*
 16 *species recovery expenditures” before the period.*

17 (b) *LIMITATIONS.—Paragraph (3) of section 175(c)*
 18 *(relating to additional limitations) is amended—*

19 (1) *in the heading, by inserting “OR ENDAN-*
 20 *GERED SPECIES RECOVERY PLAN” after “CONSERVA-*
 21 *TION PLAN”, and*

22 (2) *in subparagraph (A)(i), by inserting “or the*
 23 *recovery plan approved pursuant to the Endangered*
 24 *Species Act of 1973” after “Department of Agri-*
 25 *culture”.*

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to expenditures paid or incurred after*
 3 *the date of the enactment of this Act.*

4 **SEC. 12206. EXCLUSION FOR CERTAIN PAYMENTS AND PRO-**
 5 **GRAMS RELATING TO FISH AND WILDLIFE.**

6 (a) *IN GENERAL.*—*Subsection (a) of section 126 (relat-*
 7 *ing to certain cost-sharing payments) is amended by redes-*
 8 *ignating paragraph (10) as paragraph (13) and by insert-*
 9 *ing after paragraph (9) the following new paragraphs:*

10 “(10) *The Partners for Fish and Wildlife Pro-*
 11 *gram authorized by the Partners for Fish and Wild-*
 12 *life Act.*

13 “(11) *The Landowner Incentive Program, the*
 14 *State Wildlife Grants Program, and the Private*
 15 *Stewardship Grants Program authorized by the Fish*
 16 *and Wildlife Act of 1956.*

17 “(12) *The Forest Health Protection Program and*
 18 *the program related to integrated pest management*
 19 *authorized by the Cooperative Forestry Assistance Act*
 20 *of 1978.”.*

21 (b) *EFFECTIVE DATE.*—*The amendments made by this*
 22 *section shall apply to payments received after the date of*
 23 *the enactment of this Act.*

1 **SEC. 12207. CREDIT FOR EASEMENTS GRANTED UNDER CER-**
 2 **TAIN DEPARTMENT OF AGRICULTURE CON-**
 3 **SERVATION PROGRAMS.**

4 *(a) IN GENERAL.—*

5 *(1) ALLOWANCE OF CREDIT.—Subpart B of part*
 6 *IV of subchapter A of chapter 1, as amended by this*
 7 *Act, is amended by adding at the end the following*
 8 *new section:*

9 **“SEC. 30F. AGRICULTURE CONSERVATION EASEMENT CRED-**
 10 **IT.**

11 *“(a) IN GENERAL.—There shall be allowed as a credit*
 12 *against the tax imposed by this chapter for the taxable year*
 13 *an amount equal to the sum of—*

14 *“(1) the wetlands reserve conservation credit,*
 15 *plus*

16 *“(2) the grassland reserve conservation credit.*

17 *“(b) LIMITATIONS.—*

18 *“(1) LIMITATION BASED ON AMOUNT OF TAX.—*
 19 *The credit allowed under this section for any taxable*
 20 *year shall not exceed the excess of—*

21 *“(A) the regular tax liability for the taxable*
 22 *year reduced by the sum of the credits allowable*
 23 *under subpart A and sections 27, 30, 30B, 30C,*
 24 *30D, 30E(a)(1), and 30E(a)(2), over*

25 *“(B) the tentative minimum tax for the tax-*
 26 *able year.*

1 “(2) *LIMITATION BASED ON ALLOCATED PORTION*
 2 *OF NATIONAL LIMITATION.*—*The credit allowed under*
 3 *subsection (a) for any taxpayer for any taxable year*
 4 *shall not exceed the excess of—*

5 “(A) *the amount of the national credit limi-*
 6 *tation allocated to such taxpayer under sub-*
 7 *section (e) for such taxable year and all prior*
 8 *taxable years, over*

9 “(B) *the credit allowed under subsection (a)*
 10 *for all prior taxable years.*

11 “(c) *WETLANDS RESERVE CONSERVATION CREDIT.*—

12 “(1) *IN GENERAL.*—*For purposes of subsection*
 13 *(a)(1), in the case of a wetlands reserve eligible tax-*
 14 *payer, the wetlands reserve conservation credit for*
 15 *any taxable year is an amount equal to the applicable*
 16 *percentage of the wetlands reserve easement value.*

17 “(2) *WETLANDS RESERVE ELIGIBLE TAX-*
 18 *PAYER.*—*For purposes of this section, the term ‘wet-*
 19 *lands reserve eligible taxpayer’ means any taxpayer*
 20 *who—*

21 “(A) *has granted an easement to the Sec-*
 22 *retary of Agriculture under the wetlands reserve*
 23 *program, and*

24 “(B) *who has made an election under sec-*
 25 *tion 1237A(f)(5) of the Food Security Act of*

1 1985 to receive an allocation under subsection
2 (e)(2) in lieu of a payment under section
3 1237A(f)(1) of such Act.

4 “(3) *APPLICABLE PERCENTAGE.*—For purposes
5 paragraph (1), the term ‘applicable percentage’ means
6 the percentage equal to—

7 “(A) 100 percent, minus

8 “(B) the highest percentage of tax which
9 would apply under section 1 or 11 with respect
10 to the taxpayer if the taxable income of the tax-
11 payer were increased by an amount equal to the
12 wetlands reserve easement value.

13 “(4) *WETLANDS RESERVE EASEMENT VALUE.*—
14 For purposes of this section, the term ‘wetlands re-
15 serve easement value’ means the lesser of—

16 “(A) the product of—

17 “(i) the wetlands reserve geographic
18 area rate for the area in which the real
19 property to which the easement pertains is
20 located, and

21 “(ii) the number of acres to which the
22 easement applies, or

23 “(B) the value of any payment to which the
24 taxpayer would be entitled with respect to such
25 easement under section 1237A(f)(1) of the Food

1 *Security Act of 1985 if the taxpayer had not*
 2 *made an election under section 1237A(f)(5) of*
 3 *such Act.*

4 “(5) *WETLANDS RESERVE GEOGRAPHIC AREA*
 5 *RATE.—For purposes of paragraph (4)(A)(i), the wet-*
 6 *lands reserve geographic area rate with respect to any*
 7 *geographic area shall be the rate per acre, determined*
 8 *by the Secretary in consultation with the Secretary of*
 9 *Agriculture, appropriate for easements granted under*
 10 *the wetlands reserve program in such area.*

11 “(d) *GRASSLAND RESERVE CONSERVATION CREDIT.—*

12 “(1) *IN GENERAL.—For purposes of subsection*
 13 *(a)(2), in the case of any grassland reserve eligible*
 14 *taxpayer, the grassland reserve conservation credit for*
 15 *any taxable year is an amount equal to the applicable*
 16 *percentage of the grassland reserve easement value.*

17 “(2) *GRASSLAND RESERVE ELIGIBLE TAX-*
 18 *PAYER.—For purposes of this section, the term ‘grass-*
 19 *land reserve eligible taxpayer’ means any taxpayer*
 20 *who—*

21 “(A) *has granted an easement under the*
 22 *grassland reserve program to an eligible ease-*
 23 *ment holder, and*

24 “(B) *who has made an election under sec-*
 25 *tion 1238P(b)(2)(C) of the Food Security Act of*

1 1985 to receive an allocation under subsection
 2 (e)(2) in lieu of a payment under section
 3 1238P(b)(2)(A)(i) of such Act.

4 “(3) *APPLICABLE PERCENTAGE*.—For purposes
 5 paragraph (1), the term ‘applicable percentage’ means
 6 the percentage equal to—

7 “(A) 100 percent, minus

8 “(B) the highest percentage of tax which
 9 would apply under section 1 or 11 with respect
 10 to the taxpayer if the taxable income of the tax-
 11 payer were increased by an amount equal to the
 12 grassland reserve easement value.

13 “(4) *GRASSLAND RESERVE EASEMENT VALUE*.—
 14 For purposes of this section, the term ‘grassland re-
 15 serve easement value’ means—

16 “(A) in the case of a permanent conserva-
 17 tion easement (within the meaning of section
 18 1238N(3) of the Food Security Act of 1985), the
 19 lesser of—

20 “(i) the product of—

21 “(I) the grassland reserve pro-
 22 gram geographic area rate for the area
 23 in which the real property to which the
 24 easement pertains is located, and

1 “(II) the number of acres to which
2 the easement applies, or

3 “(ii) the value of any payment to
4 which the taxpayer would be entitled in re-
5 turn for such easement under section
6 1238P(b)(2)(A)(i)(I) of the Food Security
7 Act of 1985 if the taxpayer had not made
8 an election under section 1238P(b)(2)(C) of
9 such Act, and

10 “(B) in the case of a 30-year conservation
11 easement (within the meaning of section
12 1238O(b)(2) of such Act), the lesser of—

13 “(i) 30 percent of the lesser of the
14 amount determined under clause (i) or (ii)
15 of subparagraph (A), or

16 “(ii) the value of any payment to
17 which the taxpayer would be entitled in re-
18 turn for such easement under section
19 1238P(b)(1)(A)(i)(II) of such Act if the tax-
20 payer had not made an election under sec-
21 tion 1238P(b)(2)(C) of such Act.

22 “(5) GRASSLAND RESERVE GEOGRAPHIC AREA
23 RATE.—For purposes of paragraph (4)(A)(i)(I), the
24 grassland reserve geographic area rate with respect to
25 any geographic area shall be the rate, determined by

1 *the Secretary in consultation with the Secretary of*
 2 *Agriculture, appropriate for easements granted under*
 3 *the grassland reserve program in such area.*

4 “(e) *NATIONAL CONSERVATION CREDIT LIMITATION.*—

5 “(1) *IN GENERAL.*—*The aggregate credits al-*
 6 *lowed under subsection (a) for all taxpayers shall not*
 7 *exceed \$1,000,000,000.*

8 “(2) *ALLOCATION.*—*The Secretary, in consulta-*
 9 *tion with the Secretary of Agriculture, shall allocate*
 10 *the credit limitation under paragraph (1) to tax-*
 11 *payers who—*

12 “(A) *have granted an easement—*

13 “(i) *to the Secretary of Agriculture*
 14 *under the wetlands reserve program, or*

15 “(ii) *to an eligible easement holder*
 16 *under the grassland reserve program, and*

17 “(B) *make an election under such program*
 18 *to receive an allocation under this paragraph in*
 19 *lieu of a payment under such program.*

20 “(3) *LIMITATION ON ALLOCATION.*—*No amount*
 21 *of the credit limitation may be allocated to any tax-*
 22 *payer for any taxable year which ends after Sep-*
 23 *tember 30, 2012.*

24 “(f) *CARRYFORWARD.*—*If the amount of the credit al-*
 25 *lowable under subsection (a) for any taxpayer for any tax-*

1 *able year (determined without regard to subsection (b)(1))*
2 *exceeds the limitation under subsection (b)(1), such excess*
3 *may be carried forward to the succeeding taxable year and*
4 *added to the credit allowable under subsection (a) for such*
5 *succeeding taxable year.*

6 “(g) *OTHER DEFINITIONS AND SPECIAL RULES.—For*
7 *purposes of this section—*

8 “(1) *WETLANDS RESERVE PROGRAM.—The term*
9 *‘wetlands reserve program’ means the wetlands reserve*
10 *program established under subchapter C of chapter 1*
11 *of subtitle D of title XII of the Food Security Act of*
12 *1985.*

13 “(2) *GRASSLAND RESERVE PROGRAM.—The term*
14 *‘grassland reserve program’ means the grassland re-*
15 *serve program established under subchapter C of*
16 *chapter 2 of subtitle D of title XII of the Food Secu-*
17 *rity Act of 1985.*

18 “(3) *ELIGIBLE EASEMENT HOLDER.—The term*
19 *‘eligible easement holder’ means the Secretary of Agri-*
20 *culture or a State.*

21 “(4) *DENIAL OF DOUBLE BENEFIT.—No deduc-*
22 *tion or other credit shall be allowed under this chap-*
23 *ter for any amount with respect to which a credit is*
24 *allowed under subsection (a).*

1 “(5) *REDUCTION IN BASIS.*—*For purposes of this*
 2 *subtitle, the basis of any property for which a credit*
 3 *is allowed under subsection (a) shall be reduced by the*
 4 *amount of basis which is allocated, under regulations*
 5 *prescribed by the Secretary, to the easement granted*
 6 *under the wetlands reserve program or the grassland*
 7 *reserve program.*

8 “(6) *RECAPTURE.*—*The Secretary shall, by regu-*
 9 *lations, provide for recapturing the benefit of any*
 10 *credit allowable under subsection (a) if the Secretary,*
 11 *in consultation with the Secretary of Agriculture, de-*
 12 *termines that—*

13 “(A) *the eligible taxpayer has failed to*
 14 *carry out the duties of the taxpayer under the*
 15 *terms of the easement, and*

16 “(B) *there are no other available means to*
 17 *remediate such failure.”.*

18 (2) *CONFORMING AMENDMENTS.*—

19 (A) *Section 1016(a), as amended by this*
 20 *Act, is amended by striking “and” at the end of*
 21 *paragraph (37), by striking the period at the end*
 22 *of paragraph (38) and inserting “, and”, and by*
 23 *inserting after paragraph (38) the following new*
 24 *paragraph:*

1 “(39) to the extent provided in section
2 30F(g)(5).”.

3 (B) *The table of sections for subpart B of*
4 *part IV of subchapter A of chapter 1, as amend-*
5 *ed by this Act, is amended by inserting after the*
6 *item relating to section 30E the following new*
7 *item:*

 “Sec. 30F. *Agriculture conservation easement credit.*”.

8 (3) *EFFECTIVE DATE.*—*The amendments made*
9 *by this subsection shall apply to easements granted*
10 *after September 30, 2007, in taxable years ending*
11 *after such date.*

12 (b) *CONFORMING AMENDMENTS TO THE FOOD SECU-*
13 *RITY ACT OF 1985.*—

14 (1) *WETLANDS RESERVE PROGRAM.*—*Section*
15 *1237A(f) of the Food Security Act of 1985 (16 U.S.C.*
16 *3837a(f)), as amended by this Act, is amended by*
17 *adding at the end the following new paragraph:*

18 “(5) *ELECTION TO RECEIVE TAX CREDITS IN*
19 *LIEU OF PAYMENTS.*—

20 “(A) *IN GENERAL.*—*In lieu of a payment in*
21 *cash under paragraph (1), the landowner may*
22 *elect to receive an allocation of tax credits under*
23 *section 30E(e)(2) of the Internal Revenue Code of*
24 *1986.*

1 “(B) *LIMITATION.*—No election may be
 2 made under this paragraph with respect to pay-
 3 ments to a landowner under a special wetlands
 4 reserve enhancement program described in sub-
 5 section (h).”.

6 (2) *GRASSLAND RESERVE PROGRAM.*—Section
 7 1238P(b)(2) of the Food Security Act of 1985 (16
 8 U.S.C. 3838p(b)(2)) is amended by adding at the end
 9 the following new subparagraph:

10 “(C) *ELECTION TO RECEIVE TAX CREDITS*
 11 *IN LIEU OF CERTAIN PAYMENTS.*—In lieu of a
 12 payment in return for a permanent conservation
 13 easement under subparagraph (A)(i)(I) or a 30-
 14 year conservation easement under subparagraph
 15 (A)(i)(II), the landowner may elect to receive an
 16 allocation of tax credits under section 30E(e)(2)
 17 of the Internal Revenue Code of 1986.”.

18 **PART II—TIMBER PROVISIONS**

19 **SEC. 12211. FOREST CONSERVATION BONDS.**

20 (a) *TAX-EXEMPT BOND FINANCING.*—

21 (1) *IN GENERAL.*—For purposes of the Internal
 22 Revenue Code of 1986, any qualified forest conserva-
 23 tion bond shall be treated as an exempt facility bond
 24 under section 142 of such Code.

1 (2) *QUALIFIED FOREST CONSERVATION BOND.*—

2 *For purposes of this section, the term “qualified forest*
 3 *conservation bond” means any bond issued as part of*
 4 *an issue if—*

5 (A) *95 percent or more of the net proceeds*
 6 *(as defined in section 150(a)(3) of such Code) of*
 7 *such issue are to be used for qualified project*
 8 *costs, and*

9 (B) *such bond is issued before the date*
 10 *which is 36 months after the date of the enact-*
 11 *ment of this Act.*

12 (3) *LIMITATION ON AGGREGATE AMOUNT*
 13 *ISSUED.*—

14 (A) *IN GENERAL.*—*The maximum aggregate*
 15 *face amount of bonds which may be issued under*
 16 *this subsection shall not exceed \$1,500,000,000*
 17 *for all projects (excluding refunding bonds).*

18 (B) *ENFORCEMENT OF LIMITATION.*—*An*
 19 *issue shall not be treated as an issue described in*
 20 *paragraph (2) if the aggregate face amount of*
 21 *bonds issued pursuant to such issue for any*
 22 *qualified projects costs (when added to the aggre-*
 23 *gate face amount of bonds previously so issued*
 24 *for such costs) exceeds the amount allocated*
 25 *under subparagraph (C).*

1 (C) *INITIAL ALLOCATION OF LIMITATION.*—

2 *The limitation described in subparagraph (A)*
3 *shall be allocated by the Secretary of the Treas-*
4 *ury among qualified organizations as follows:*

5 (i) *35 percent for qualified project costs*
6 *with respect to the cost of acquisition by*
7 *any qualified organization in the Pacific*
8 *Northwest region.*

9 (ii) *30 percent for qualified project*
10 *costs with respect to the cost of acquisition*
11 *by any qualified organization in the West-*
12 *ern region.*

13 (iii) *17.5 percent for qualified project*
14 *costs with respect to the cost of acquisition*
15 *by any qualified organization in the South-*
16 *east region.*

17 (iv) *17.5 percent for qualified project*
18 *costs with respect to the cost of acquisition*
19 *by any qualified organization in the North-*
20 *east region.*

21 (D) *SECONDARY ALLOCATION PROCEDURE.*—*If for the period ending on the last day*
22 *of the 24th month after the date of the enactment*
23 *of this Act, the limitation amount for any region*
24 *under subparagraph (C) exceeds the amount of*
25

bonds allocated by the Secretary of the Treasury during such period, the Secretary of the Treasury may allocate such excess among qualified organizations in any other region in such manner as the Secretary of the Treasury determines appropriate.

(E) *REGIONS.*—For purposes of this paragraph—

(i) *PACIFIC NORTHWEST REGION.*—The term “Pacific Northwest region” means Region 6 as defined by the United States Forest Service of the Department of Agriculture under section 200.2 of title 36, Code of Federal Regulations.

(ii) *WESTERN REGION.*—The term “Western region” means Regions 1, 2, 3, 4, 5, and 10 (as so defined).

(iii) *SOUTHEAST REGION.*—The term “Southeast region” means Region 8 (as so defined).

(iv) *NORTHEAST REGION.*—The term “Northeast region” means Region 9 (as so defined).

(4) *QUALIFIED PROJECT COSTS.*—For purposes of this subsection, the term “qualified project costs”

1 *means the costs of acquisition by a qualified organi-*
 2 *zation from an unrelated person of forests and forest*
 3 *land which, at the time of acquisition or immediately*
 4 *thereafter, are subject to a conservation restriction de-*
 5 *scribed in subsection (c)(2).*

6 (5) *SPECIAL RULES.—In applying the Internal*
 7 *Revenue Code of 1986 to any qualified forest con-*
 8 *servation bond, the following modifications shall*
 9 *apply:*

10 (A) *Section 146 of such Code (relating to*
 11 *volume cap) shall not apply.*

12 (B) *For purposes of section 147(b) of such*
 13 *Code (relating to maturity may not exceed 120*
 14 *percent of economic life), the land and standing*
 15 *timber acquired with proceeds of qualified forest*
 16 *conservation bonds shall have an economic life of*
 17 *35 years.*

18 (C) *Subsections (c) and (d) of section 147*
 19 *of such Code (relating to limitations on acquisi-*
 20 *tion of land and existing property) shall not*
 21 *apply.*

22 (6) *TREATMENT OF CURRENT REFUNDING*
 23 *BONDS.—Paragraphs (2)(B) and (3) shall not apply*
 24 *to any bond (or series of bonds) issued to refund a*
 25 *qualified forest conservation bond issued before the*

1 *date which is 36 months after the date of the enact-*
 2 *ment of this Act, if—*

3 *(A) the average maturity date of the issue*
 4 *of which the refunding bond is a part is not later*
 5 *than the average maturity date of the bonds to*
 6 *be refunded by such issue,*

7 *(B) the amount of the refunding bond does*
 8 *not exceed the outstanding amount of the re-*
 9 *funded bond, and*

10 *(C) the net proceeds of the refunding bond*
 11 *are used to redeem the refunded bond not later*
 12 *than 90 days after the date of the issuance of the*
 13 *refunding bond.*

14 *For purposes of subparagraph (A), average maturity*
 15 *shall be determined in accordance with section*
 16 *147(b)(2)(A) of such Code.*

17 *(7) EFFECTIVE DATE.—This subsection shall*
 18 *apply to obligations issued on or after the date which*
 19 *is 180 days after the date of the enactment of this Act.*

20 *(b) ITEMS FROM QUALIFIED HARVESTING ACTIVITIES*
 21 *NOT SUBJECT TO TAX OR TAKEN INTO ACCOUNT.—*

22 *(1) IN GENERAL.—Income, gains, deductions,*
 23 *losses, or credits from a qualified harvesting activity*
 24 *conducted by a qualified organization shall not be*

1 *subject to tax or taken into account under subtitle A*
 2 *of the Internal Revenue Code of 1986.*

3 (2) *LIMITATION.—The amount of income ex-*
 4 *cluded from gross income under paragraph (1) for*
 5 *any taxable year shall not exceed the amount used by*
 6 *the qualified organization to make debt service pay-*
 7 *ments during such taxable year for qualified forest*
 8 *conservation bonds.*

9 (3) *QUALIFIED HARVESTING ACTIVITY.—For*
 10 *purposes of paragraph (1)—*

11 (A) *IN GENERAL.—The term “qualified har-*
 12 *vesting activity” means the sale, lease, or har-*
 13 *vesting, of standing timber—*

14 (i) *on land owned by a qualified orga-*
 15 *nization which was acquired with proceeds*
 16 *of qualified forest conservation bonds, and*

17 (ii) *pursuant to a qualified conserva-*
 18 *tion plan adopted by the qualified organiza-*
 19 *tion.*

20 (B) *EXCEPTIONS.—*

21 (i) *CESSATION AS QUALIFIED ORGANI-*
 22 *ZATION.—The term “qualified harvesting*
 23 *activity” shall not include any sale, lease,*
 24 *or harvesting for any period during which*

1 *the organization ceases to qualify as a*
2 *qualified organization.*

3 *(ii) EXCEEDING LIMITS ON HAR-*
4 *VESTING.—The term “qualified harvesting*
5 *activity” shall not include any sale, lease,*
6 *or harvesting of standing timber on land*
7 *acquired with proceeds of qualified forest*
8 *conservation bonds to the extent that—*

9 *(I) the average annual area of*
10 *timber harvested from such land ex-*
11 *ceeds 2.5 percent of the total area of*
12 *such land, or*

13 *(II) the quantity of timber re-*
14 *moved from such land exceeds the*
15 *quantity which can be removed from*
16 *such land annually in perpetuity on a*
17 *sustained-yield basis with respect to*
18 *such land.*

19 *The limitations under subclauses (I) and*
20 *(II) shall not apply to post-fire restoration*
21 *and rehabilitation or sanitation harvesting*
22 *of timber stands which are substantially*
23 *damaged by fire, windthrow, or other catas-*
24 *trophes, or which are in imminent danger*
25 *from insect or disease attack.*

1 (4) *TERMINATION.*—*This subsection shall not*
 2 *apply to any qualified harvesting activity of a quali-*
 3 *fied organization occurring after the date on which—*

4 (A) *there is no outstanding qualified forest*
 5 *conservation bond with respect to such qualified*
 6 *organization, or*

7 (B) *any such bond ceases to be a tax-exempt*
 8 *bond.*

9 (5) *PARTIAL RECAPTURE OF BENEFITS IF HAR-*
 10 *VESTING LIMIT EXCEEDED.*—*If, as of the date that*
 11 *this subsection ceases to apply under paragraph*
 12 *(4)(B), the average annual area of timber harvested*
 13 *from the land exceeds the requirement of subclause (I)*
 14 *or (II) of paragraph (3)(B)(ii), the tax imposed by*
 15 *chapter 1 of the Internal Revenue Code of 1986 shall*
 16 *be increased, under rules prescribed by the Secretary*
 17 *of the Treasury, by the sum of the tax benefits attrib-*
 18 *utable to such excess and interest at the under-*
 19 *payment rate under section 6621 of such Code for the*
 20 *period of the underpayment.*

21 (c) *DEFINITIONS.*—*For purposes of this section—*

22 (1) *QUALIFIED CONSERVATION PLAN.*—*The term*
 23 *“qualified conservation plan” means a multiple land*
 24 *use program or plan which—*

1 (A) is designed and administered primarily
2 for the purposes of protecting and enhancing
3 wildlife and fish, timber, scenic attributes, recre-
4 ation, and soil and water quality of the forest
5 and forest land,

6 (B) mandates that conservation of forest
7 and forest land is the single-most significant use
8 of the forest and forest land, and

9 (C) requires that timber harvesting be con-
10 sistent with—

11 (i) restoring and maintaining reference
12 conditions for the region's ecotype,

13 (ii) restoring and maintaining a rep-
14 resentative sample of young, mid, and late
15 successional forest age classes,

16 (iii) maintaining or restoring the re-
17 sources' ecological health for purposes of
18 preventing damage from fire, insect, or dis-
19 ease,

20 (iv) maintaining or enhancing wildlife
21 or fish habitat, or

22 (v) enhancing research opportunities
23 in sustainable renewable resource uses.

1 (2) *CONSERVATION RESTRICTION.*—*The conserva-*
 2 *tion restriction described in this paragraph is a re-*
 3 *striction which—*

4 (A) *is granted in perpetuity to an unrelated*
 5 *person which is described in section 170(h)(3) of*
 6 *such Code and which, in the case of a nongovern-*
 7 *mental unit, is organized and operated for con-*
 8 *servation purposes,*

9 (B) *meets the requirements of clause (ii) or*
 10 *(iii)(II) of section 170(h)(4)(A) of such Code,*

11 (C) *obligates the qualified organization to*
 12 *pay the costs incurred by the holder of the con-*
 13 *servation restriction in monitoring compliance*
 14 *with such restriction, and*

15 (D) *requires an increasing level of conserva-*
 16 *tion benefits to be provided whenever cir-*
 17 *cumstances allow it.*

18 (3) *QUALIFIED ORGANIZATION.*—*The term*
 19 *“qualified organization” means a nonprofit*
 20 *organization—*

21 (A) *substantially all the activities of which*
 22 *are charitable, scientific, or educational, includ-*
 23 *ing acquiring, protecting, restoring, managing,*
 24 *and developing forest lands and other renewable*

1 *resources for the long-term charitable, edu-*
2 *cational, scientific, and public benefit,*

3 *(B) which periodically conducts educational*
4 *programs designed to inform the public of envi-*
5 *ronmentally sensitive forestry management and*
6 *conservation techniques,*

7 *(C) which has at all times a board of*
8 *directors—*

9 *(i) at least 20 percent of the members*
10 *of which are representatives of the conserva-*
11 *tion community,*

12 *(ii) at least 20 percent of the members*
13 *of which are public officials, and*

14 *(iii) not more than one-third of the*
15 *members of which are individuals who are*
16 *or were at any time within 5 years before*
17 *the beginning of a term of membership on*
18 *the board, an employee of, independent con-*
19 *tractor with respect to, officer of, director of,*
20 *or held a material financial interest in, a*
21 *commercial forest products enterprise with*
22 *which the qualified organization has a con-*
23 *tractual or other financial arrangement,*

24 *(D) the bylaws of which require at least*
25 *two-thirds of the members of the board of direc-*

1 *tors to vote affirmatively to approve the qualified*
2 *conservation plan and any change thereto, and*

3 *(E) upon dissolution, is required to dedicate*
4 *its assets to—*

5 *(i) an organization described in section*
6 *501(c)(3) of such Code which is organized*
7 *and operated for conservation purposes, or*
8 *(ii) a governmental unit described in*
9 *section 170(c)(1) of such Code.*

10 *(4) UNRELATED PERSON.—The term “unrelated*
11 *person” means a person who is not a related person.*

12 *(5) RELATED PERSON.—A person shall be treat-*
13 *ed as related to another person if—*

14 *(A) such person bears a relationship to such*
15 *other person described in section 267(b) (deter-*
16 *mined without regard to paragraph (9) thereof),*
17 *or 707(b)(1), of such Code, determined by sub-*
18 *stituting “25 percent” for “50 percent” each*
19 *place it appears therein, and*

20 *(B) in the case such other person is a non-*
21 *profit organization, if such person controls di-*
22 *rectly or indirectly more than 25 percent of the*
23 *governing body of such organization.*

1 **SEC. 12212. DEDUCTION FOR QUALIFIED TIMBER GAIN.**

2 (a) *IN GENERAL.*—Part I of subchapter P of chapter
3 1 is amended by adding at the end the following new sec-
4 tion:

5 **“SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.**

6 “(a) *IN GENERAL.*—In the case of a taxpayer which
7 elects the application of this section for a taxable year, there
8 shall be allowed a deduction against gross income in an
9 amount equal to 60 percent of the lesser of—

10 “(1) the taxpayer’s qualified timber gain for
11 such year, or

12 “(2) the taxpayer’s net capital gain for such
13 year.

14 “(b) *QUALIFIED TIMBER GAIN.*—For purposes of this
15 section, the term ‘qualified timber gain’ means, with respect
16 to any taxpayer for any taxable year, the excess (if any)
17 of—

18 “(1) the sum of the taxpayer’s gains described in
19 subsections (a) and (b) of section 631 for such year,
20 over

21 “(2) the sum of the taxpayer’s losses described in
22 such subsections for such year.

23 “(c) *SPECIAL RULES FOR PASS-THRU ENTITIES.*—

24 “(1) In the case of any qualified timber gain of
25 a pass-thru entity (as defined in section 1(h)(10))
26 other than a real estate investment trust, the election

1 *under this section shall be made separately by each*
 2 *taxpayer subject to tax on such gain.*

3 “(2) *In the case of any qualified timber gain of*
 4 *a real estate investment trust, the election under this*
 5 *section shall be made by the real estate investment*
 6 *trust.*

7 “(d) *ELECTION.—An election under this section may*
 8 *be made only with respect to the first taxable year begin-*
 9 *ning after the date of the enactment of this section.”.*

10 (b) *COORDINATION WITH MAXIMUM CAPITAL GAINS*
 11 *RATES.—*

12 (1) *TAXPAYERS OTHER THAN CORPORATIONS.—*
 13 *Paragraph (2) of section 1(h) is amended to read as*
 14 *follows:*

15 “(2) *REDUCTION OF NET CAPITAL GAIN.—For*
 16 *purposes of this subsection, the net capital gain for*
 17 *any taxable year shall be reduced (but not below zero)*
 18 *by the sum of—*

19 “(A) *the amount which the taxpayer takes*
 20 *into account as investment income under section*
 21 *163(d)(4)(B)(iii), and*

22 “(B) *in the case of a taxable year with re-*
 23 *spect to which an election is in effect under sec-*
 24 *tion 1203, the lesser of—*

1 “(i) the amount described in para-
2 graph (1) of section 1203(a), or

3 “(ii) the amount described in para-
4 graph (2) of such section.”.

5 (2) CORPORATIONS.—Section 1201 is amended
6 by redesignating subsection (b) as subsection (c) and
7 inserting after subsection (a) the following new sub-
8 section:

9 “(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO AC-
10 COUNT.—For purposes of this section, in the case of a cor-
11 poration with respect to which an election is in effect under
12 section 1203, the net capital gain for any taxable year shall
13 be reduced (but not below zero) by the corporation’s quali-
14 fied timber gain (as defined in section 1203(b)).”.

15 (c) DEDUCTION ALLOWED WHETHER OR NOT INDIV-
16 IDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of
17 section 62 is amended by inserting before the last sentence
18 the following new paragraph:

19 “(22) QUALIFIED TIMBER GAINS.—The deduction
20 allowed by section 1203.”.

21 (d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED
22 CURRENT EARNINGS.—Subparagraph (C) of section
23 56(g)(4) is amended by adding at the end the following new
24 clause:

1 “(vii) *DEDUCTION FOR QUALIFIED*
 2 *TIMBER GAIN.*—*Clause (i) shall not apply*
 3 *to any deduction allowed under section*
 4 *1203.”.*

5 (e) *DEDUCTION ALLOWED IN COMPUTING TAXABLE IN-*
 6 *COME OF ELECTING SMALL BUSINESS TRUSTS.*—*Subpara-*
 7 *graph (C) of section 641(c)(2) is amended by inserting after*
 8 *clause (iii) the following new clause:*

9 “(iv) *The deduction allowed under sec-*
 10 *tion 1203.”.*

11 (f) *TREATMENT OF QUALIFIED TIMBER GAIN OF REAL*
 12 *ESTATE INVESTMENT TRUSTS.*—*Paragraph (3) of section*
 13 *857(b) is amended by inserting after subparagraph (F) the*
 14 *following new subparagraph:*

15 “(G) *TREATMENT OF QUALIFIED TIMBER*
 16 *GAIN.*—*For purposes of this part, in the case of*
 17 *a real estate investment trust with respect to*
 18 *which an election is in effect under section*
 19 *1203—*

20 “(i) *REDUCTION OF NET CAPITAL*
 21 *GAIN.*—*The net capital gain of the real es-*
 22 *tate investment trust for any taxable year*
 23 *shall be reduced (but not below zero) by the*
 24 *real estate investment trust’s qualified tim-*
 25 *ber gain (as defined in section 1203(b)).*

1 “(ii) *ADJUSTMENT TO SHAREHOLDER’S*
2 *BASIS ATTRIBUTABLE TO DEDUCTION FOR*
3 *QUALIFIED TIMBER GAINS.*—

4 “(I) *IN GENERAL.*—*The adjusted*
5 *basis of shares in the hands of the*
6 *shareholder shall be increased by the*
7 *amount of the deduction allowable*
8 *under section 1203(a) as provided in*
9 *subclauses (II) and (III).*

10 “(II) *ALLOCATION OF BASIS IN-*
11 *CREASE FOR DISTRIBUTIONS MADE*
12 *DURING TAXABLE YEAR.*—*For any tax-*
13 *able year of a real estate investment*
14 *trust for which an election is in effect*
15 *under section 1203, in the case of a*
16 *distribution made with respect to*
17 *shares during such taxable year of*
18 *amounts attributable to the deduction*
19 *allowable under section 1203(a), the*
20 *adjusted basis of such shares shall be*
21 *increased by the amount of such dis-*
22 *tributions.*

23 “(III) *ALLOCATION OF EXCESS.*—
24 *If the deduction allowable under sec-*
25 *tion 1203(a) for a taxable year exceeds*

1 *the amount of distributions described*
 2 *in subclause (II), the excess shall be al-*
 3 *located to every shareholder of the real*
 4 *estate investment trust at the close of*
 5 *the trust's taxable year in the same*
 6 *manner as if a distribution of such ex-*
 7 *cess were made with respect to such*
 8 *shares.*

9 “(IV) *DESIGNATIONS.*—*To the ex-*
 10 *tent provided in regulations, a real es-*
 11 *tate investment trust shall designate*
 12 *the amounts described in subclauses*
 13 *(II) and (III) in a manner similar to*
 14 *the designations provided with respect*
 15 *to capital gains described in subpara-*
 16 *graphs (C) and (D).*

17 “(V) *DEFINITIONS.*—*As used in*
 18 *this subparagraph, the terms ‘share’*
 19 *and ‘shareholder’ shall include bene-*
 20 *ficial interests and holders of beneficial*
 21 *interests, respectively.*

22 “(iii) *EARNINGS AND PROFITS DEDUC-*
 23 *TION FOR QUALIFIED TIMBER GAINS.*—*The*
 24 *deduction allowable under section 1203(a)*
 25 *for a taxable year shall be allowed as a de-*

1 *duction in computing the earnings and*
 2 *profits of the real estate investment trust for*
 3 *such taxable year. The earnings and profits*
 4 *of any such shareholder which is a corpora-*
 5 *tion shall be appropriately adjusted in ac-*
 6 *cordance with regulations prescribed by the*
 7 *Secretary.”.*

8 *(g) LOSS ATTRIBUTABLE TO BASIS ADJUSTMENT FOR*
 9 *DEDUCTION FOR QUALIFIED TIMBER GAIN OF REAL ES-*
 10 *TATE INVESTMENT TRUSTS.—*

11 *(1) Section 857(b)(8) is amended by redesign-*
 12 *ating subparagraphs (B) and (C) as subparagraphs*
 13 *(C) and (D), respectively, and by inserting after sub-*
 14 *paragraph (A) the following new subparagraph:*

15 *“(B) LOSS ATTRIBUTABLE TO BASIS AD-*
 16 *JUSTMENT FOR DEDUCTION FOR QUALIFIED TIM-*
 17 *BER GAIN.—If—*

18 *“(i) a shareholder of a real estate in-*
 19 *vestment trust receives a basis adjustment*
 20 *provided under subsection (b)(3)(G)(ii), and*

21 *“(ii) the taxpayer has held such share*
 22 *or interest for 6 months or less,*

23 *then any loss on the sale or exchange of such*
 24 *share or interest shall, to the extent of the*
 25 *amount described in clause (i), be disallowed.”.*

(2) Subparagraph (D) of section 857(b)(8), as redesignated by paragraph (1), is amended by striking “subparagraph (A)” and inserting “subparagraphs (A) and (B)”.

(h) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

“(B) the exclusion under section 1202, and the deduction under section 1203, shall not be allowed.”.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting “To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.”

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting “The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.”.

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

1 “(C) Paragraph (3) shall not apply to a
2 foreign trust. In the case of such a trust—

3 “(i) there shall be included gains from
4 the sale or exchange of capital assets, re-
5 duced by losses from such sales or exchanges
6 to the extent such losses do not exceed gains
7 from such sales or exchanges, and

8 “(ii) the deduction under section 1203
9 shall not be taken into account.”.

10 (5) Paragraph (4) of section 691(c) is amended
11 by inserting “1203,” after “1202,”.

12 (6) Paragraph (2) of section 871(a) is amended
13 by inserting “or 1203,” after “1202,”.

14 (7) The table of sections for part I of subchapter
15 P of chapter 1 is amended by adding at the end the
16 following new item:

“Sec. 1203. Deduction for qualified timber gain.”.

17 (i) *EFFECTIVE DATE.*—The amendments made by this
18 section shall apply to taxable years beginning after the date
19 of the enactment of this Act.

20 **SEC. 12213. EXCISE TAX NOT APPLICABLE TO SECTION 1203**

21 **DEDUCTION OF REAL ESTATE INVESTMENT**
22 **TRUSTS.**

23 (a) *IN GENERAL.*—

24 (1) *ORDINARY INCOME.*—Subparagraph (B) of
25 section 4981(e)(1) is amended to read as follows:

1 “(B) by not taking into account—

2 “(i) any gain or loss from the sale or
3 exchange of capital assets (determined with-
4 out regard to any reduction that would be
5 applied for purposes of section
6 857(b)(3)(G)(i)), and

7 “(ii) any deduction allowable under
8 section 1203, and”.

9 (2) CAPITAL GAIN NET INCOME.—Section
10 4981(e)(2) is amended by adding at the end the fol-
11 lowing new subparagraph:

12 “(D) QUALIFIED TIMBER GAIN.—The
13 amount determined under subparagraph (A)
14 shall be determined without regard to any reduc-
15 tion that would be applied for purposes of sec-
16 tion 857(b)(3)(G)(i) but shall be reduced for any
17 deduction allowable under section 1203 for such
18 calendar year.”.

19 (b) EFFECTIVE DATE.—The amendments made by this
20 section shall apply to taxable years beginning after the date
21 of the enactment of this Act.

22 **SEC. 12214. TIMBER REIT MODERNIZATION.**

23 (a) IN GENERAL.—Section 856(c)(5) is amended by
24 adding after subparagraph (G) the following new subpara-
25 graph:

“(H) *TREATMENT OF TIMBER GAINS.*—

“(i) *IN GENERAL.*—Gain from the sale of real property described in paragraph (2)(D) and (3)(C) shall include gain which is—

“(I) *recognized by an election under section 631(a) from timber owned by the real estate investment trust, the cutting of which is provided by a taxable REIT subsidiary of the real estate investment trust;*

“(II) *recognized under section 631(b); or*

“(III) *income which would constitute gain under subclause (I) or (II) but for the failure to meet the 1-year holding period requirement.*

“(ii) *SPECIAL RULES.*—

“(I) *For purposes of this subtitle, cut timber, the gain of which is recognized by a real estate investment trust pursuant to an election under section 631(a) described in clause (i)(I) or so much of clause (i)(III) as relates to clause (i)(I), shall be deemed to be sold*

1 to the taxable REIT subsidiary of the
2 real estate investment trust on the first
3 day of the taxable year.

4 “(II) For purposes of this subtitle,
5 income described in this subparagraph
6 shall not be treated as gain from the
7 sale of property described in section
8 1221(a)(1).

9 “(iii) *TERMINATION*.—This subpara-
10 graph shall not apply to dispositions after
11 the termination date.”.

12 (b) *TERMINATION DATE*.—Subsection (c) of section
13 856 is amended by adding at the end the following new
14 paragraph:

15 “(8) *TERMINATION DATE*.—For purposes of this
16 subsection, the term ‘termination date’ means the last
17 day of the first taxable year beginning after the date
18 of the enactment of this paragraph.”.

19 (c) *EFFECTIVE DATE*.—The amendments made by sub-
20 section (a) shall apply to dispositions in taxable years be-
21 ginning after the date of the enactment of this Act.

22 **SEC. 12215. MINERAL ROYALTY INCOME QUALIFYING IN-**
23 **COME FOR TIMBER REITS.**

24 (a) *IN GENERAL*.—Section 856(c)(2) is amended by
25 striking “and” at the end of subparagraph (G), by inserting

1 “and” at the end of subparagraph (H), and by adding after
 2 subparagraph (H) the following new subparagraph:

3 “(I) mineral royalty income earned in the
 4 first taxable year beginning after the date of the
 5 enactment of this subparagraph from real prop-
 6 erty owned by a timber real estate investment
 7 trust held, or once held, in connection with the
 8 trade or business of producing timber by such
 9 real estate investment trust;”.

10 (b) *TIMBER REAL ESTATE INVESTMENT TRUST.*—Sec-
 11 tion 856(c)(5), as amended by this Act, is amended by add-
 12 ing after subparagraph (H) the following new subpara-
 13 graph:

14 “(I) *TIMBER REAL ESTATE INVESTMENT*
 15 *TRUST.*—The term ‘timber real estate investment
 16 trust’ means a real estate investment trust in
 17 which more than 50 percent in value of its total
 18 assets consists of real property held in connection
 19 with the trade or business of producing timber.”.

20 (c) *EFFECTIVE DATE.*—The amendments by this sec-
 21 tion shall apply to taxable years beginning after the date
 22 of the enactment of this Act.

1 **SEC. 12216. MODIFICATION OF TAXABLE REIT SUBSIDIARY**

2 **ASSET TEST FOR TIMBER REITS.**

3 (a) *IN GENERAL.*—Section 856(c)(4)(B)(ii) is amend-
 4 ed by inserting “(in the case of a quarter which closes on
 5 or before the termination date, 25 percent in the case of
 6 a timber real estate investment trust)” after “not more than
 7 20 percent of the value of its total assets is represented by
 8 securities of one or more taxable REIT subsidiaries”.

9 (b) *EFFECTIVE DATE.*—The amendment made by this
 10 section shall apply to taxable years beginning after the date
 11 of the enactment of this Act.

12 **SEC. 12217. SAFE HARBOR FOR TIMBER PROPERTY.**

13 (a) *IN GENERAL.*—Section 857(b)(6) (relating to in-
 14 come from prohibited transactions) is amended by adding
 15 at the end the following new subparagraph:

16 “(G) *SPECIAL RULES FOR SALES TO QUALI-*
 17 *FIED ORGANIZATIONS.*—

18 “(i) *IN GENERAL.*—In the case of sale
 19 of a real estate asset (as defined in section
 20 856(c)(5)(B)) to a qualified organization
 21 (as defined in section 170(h)(3)) exclusively
 22 for conservation purposes (within the mean-
 23 ing of section 170(h)(1)(C)), subparagraph
 24 (D) shall be applied—

25 “(I) by substituting ‘2 years’ for
 26 ‘4 years’ in clause (i), and

1 “(II) by substituting ‘2-year pe-
 2 riod’ for ‘4-year period’ in clauses (ii)
 3 and (iii).

4 “(ii) *TERMINATION*.—This subpara-
 5 graph shall not apply to sales after the ter-
 6 mination date.”.

7 (b) *PROHIBITED TRANSACTIONS*.—Section
 8 857(b)(6)(D)(v) is amended by inserting “or, in the case
 9 of a sale on or before the termination date, a taxable REIT
 10 subsidiary” after “independent contractor (as defined in
 11 section 856(d)(3)) from whom the trust itself does not derive
 12 or receive any income”.

13 (c) *SALES THAT ARE NOT PROHIBITED TRANS-*
 14 *ACTIONS*.—Section 857(b)(6), as amended by subsection (a),
 15 is amended by adding at the end the following new subpara-
 16 graph:

17 “(H) *SALES OF PROPERTY THAT ARE NOT A*
 18 *PROHIBITED TRANSACTION*.—In the case of a sale
 19 on or before the termination date, the sale of
 20 property which is not a prohibited transaction
 21 through application of subparagraph (D) shall
 22 be considered property held for investment or for
 23 use in a trade or business and not property de-
 24 scribed in section 1221(a)(1) for all purposes of
 25 this subtitle.”.

1 (d) *TERMINATION DATE*.—Section 857(b)(6), as
 2 amended by subsections (a) and (c), is amended by adding
 3 at the end the following new subparagraph:

4 “(I) *TERMINATION DATE*.—For purposes of
 5 this paragraph, the term ‘termination date’
 6 means the last day of the first taxable year be-
 7 ginning after the date of the enactment of this
 8 subparagraph.”.

9 (e) *EFFECTIVE DATE*.—The amendments made by this
 10 section shall apply to dispositions in taxable years begin-
 11 ning after the date of the enactment of this Act.

12 ***Subtitle C—Energy Provisions***

13 ***PART I—ELECTRICITY GENERATION***

14 ***SEC. 12301. CREDIT FOR RESIDENTIAL AND BUSINESS WIND*** 15 ***PROPERTY.***

16 (a) *RESIDENTIAL WIND PROPERTY*.—

17 (1) *IN GENERAL*.—Section 25D(a) (relating to
 18 allowance of credit) is amended by striking “and” at
 19 the end of paragraph (2), by striking the period at the
 20 end of paragraph (3) and inserting “, and”, and by
 21 adding at the end the following new paragraph:

22 “(4) 30 percent of the qualified small wind en-
 23 ergy property expenditures made by the taxpayer
 24 during such year.”.

1 (2) *LIMITATION.*—Section 25D(b)(1) (relating to
 2 *maximum credit*) is amended by striking “and” at
 3 the end of subparagraph (B), by striking the period
 4 at the end of subparagraph (C) and inserting “,
 5 and”, and by adding at the end the following new
 6 subparagraph:

7 “(D) \$500 with respect to each half kilowatt
 8 of capacity (not to exceed \$4,000) of wind tur-
 9 bines for which qualified small wind energy
 10 property expenditures are made.”.

11 (3) *QUALIFIED SMALL WIND ENERGY PROPERTY*
 12 *EXPENDITURES.*—

13 (A) *IN GENERAL.*—Section 25D(d) (relating
 14 to definitions) is amended by adding at the end
 15 the following new paragraph:

16 “(4) *QUALIFIED SMALL WIND ENERGY PROPERTY*
 17 *EXPENDITURE.*—The term ‘qualified small wind en-
 18 ergy property expenditure’ means an expenditure for
 19 qualified small wind energy property (as defined in
 20 section 48(c)(3)(A)) installed on or in connection with
 21 a dwelling unit located in the United States and used
 22 as a residence by the taxpayer.”.

23 (B) *NO DOUBLE BENEFIT.*—Section
 24 45(d)(1) (relating to wind facility) is amended
 25 by adding at the end the following new sentence:

1 *“Such term shall not include any facility with*
 2 *respect to which any qualified small wind energy*
 3 *property expenditure (as defined in subsection*
 4 *(d)(4) of section 25D) is taken into account in*
 5 *determining the credit under such section.”.*

6 (4) *MAXIMUM EXPENDITURES IN CASE OF JOINT*
 7 *OCCUPANCY.—Section 25D(e)(4)(A) (relating to max-*
 8 *imum expenditures) is amended by striking “and” at*
 9 *the end of clause (ii), by striking the period at the*
 10 *end of clause (iii) and inserting “, and”, and by add-*
 11 *ing at the end the following new clause:*

12 *“(iv) \$1,667 in the case of each half*
 13 *kilowatt of capacity (not to exceed \$13,333)*
 14 *of wind turbines for which qualified small*
 15 *wind energy property expenditures are*
 16 *made.”.*

17 (b) *BUSINESS WIND PROPERTY.—*

18 (1) *IN GENERAL.—Section 48(a)(3)(A) (defining*
 19 *energy property) is amended by striking “or” at the*
 20 *end of clause (iii), by adding “or” at the end of*
 21 *clause (iv), and by inserting after clause (iv) the fol-*
 22 *lowing new clause:*

23 *“(v) qualified small wind energy prop-*
 24 *erty,”.*

(2) *30 PERCENT CREDIT*.—Section 48(a)(2)(A)(i) is amended by striking “and” at the end of subclause (II) and by inserting after subclause (III) the following new subclause:

“(IV) *qualified small wind energy property, and*”.

(3) *QUALIFIED SMALL WIND ENERGY PROPERTY*.—Section 48(c) is amended—

(A) by inserting “; *QUALIFIED SMALL WIND ENERGY PROPERTY*” after “*QUALIFIED MICROTURBINE PROPERTY*” in the heading,

(B) by striking “*For purposes of this subsection*” and inserting “*For purposes of this section*”,

(C) by striking “*paragraph (1)*” in paragraphs (1)(B) and (2)(B) and inserting “*subsection (a)(1)*”, and

(D) by adding at the end the following new paragraph:

“(3) *QUALIFIED SMALL WIND ENERGY PROPERTY*.—

“(A) *IN GENERAL*.—The term ‘*qualified small wind energy property*’ means property which uses a qualifying small wind turbine to generate electricity.

1 “(B) *LIMITATION.*—*In the case of qualified*
 2 *small wind energy property placed in service*
 3 *during the taxable year, the credit otherwise de-*
 4 *termined under subsection (a)(1) for such year*
 5 *with respect to such property shall not exceed*
 6 *\$4,000 with respect to any taxpayer.*

7 “(C) *QUALIFYING SMALL WIND TURBINE.*—
 8 *The term ‘qualifying small wind turbine’ means*
 9 *a wind turbine which—*

10 “(i) *has a nameplate capacity of not*
 11 *more than 100 kilowatts, and*

12 “(ii) *meets the performance standards*
 13 *of the American Wind Energy Association.*

14 “(D) *TERMINATION.*—*The term ‘qualified*
 15 *small wind energy property’ shall not include*
 16 *any property for any period after December 31,*
 17 *2008.”.*

18 (4) *CONFORMING AMENDMENT.*—*Section 48(a)(1)*
 19 *is amended by striking “paragraphs (1)(B) and*
 20 *(2)(B)” and inserting “paragraphs (1)(B), (2)(B),*
 21 *and (3)(B)”.*

22 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 23 *section shall apply to expenditures after December 31, 2007.*

1 **SEC. 12302. LANDOWNER INCENTIVE TO ENCOURAGE ELEC-**
 2 **TRIC TRANSMISSION BUILD-OUT.**

3 (a) *IN GENERAL.*—Part III of subchapter B of chapter
 4 1 (relating to items specifically excluded from gross income)
 5 is amended by inserting after section 139A the following
 6 new section:

7 **“SEC. 139B. ELECTRIC TRANSMISSION EASEMENT PAY-**
 8 **MENTS.**

9 “(a) *IN GENERAL.*—Gross income shall not include
 10 any qualified electric transmission easement payment.

11 “(b) *QUALIFIED ELECTRIC TRANSMISSION EASEMENT*
 12 *PAYMENT.*—For purposes of this section, the term ‘qualified
 13 electric transmission payment’ means any payment which
 14 is made—

15 “(1) by an electric utility or electric trans-
 16 mission entity pursuant to an easement or other
 17 agreement granted by the payee (or any predecessor
 18 of such payee), and

19 “(2) for the right of such entity (or any succes-
 20 sors of such entity) to locate on such payee’s property
 21 transmission lines and equipment used to transmit
 22 electricity at 230 or more kilovolts, primarily from
 23 qualified facilities described in section 45(d) (without
 24 regard to any placed in service date or the last sen-
 25 tence of paragraph (4) thereof) or energy property (as

1 *defined in section 48(a)(3)) placed in service after the*
 2 *date of the enactment of this section.*

3 “(c) *NO INCREASE IN BASIS.*—*Notwithstanding any*
 4 *other provision of this subtitle, no increase in the basis or*
 5 *adjusted basis of any property shall result from any amount*
 6 *excluded under this subsection with respect to such prop-*
 7 *erty.*

8 “(d) *DENIAL OF DOUBLE BENEFIT.*—*Notwithstanding*
 9 *any other provision of this subtitle, no deduction or credit*
 10 *shall be allowed (to the person for whose benefit a qualified*
 11 *electric transmission easement payment is made) for, or by*
 12 *reason of, any expenditure to the extent of the amount ex-*
 13 *cluded under this section with respect to such expenditure.”.*

14 (b) *CLERICAL AMENDMENT.*—*The table of sections for*
 15 *such part III is amended by inserting after the item relat-*
 16 *ing to section 139A the following new item:*

 “*Sec. 139B. Electric transmission easement payments.*”.

17 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 18 *section shall apply to payments received after the date of*
 19 *the enactment of this Act.*

20 **SEC. 12303. EXCEPTION TO REDUCTION OF RENEWABLE**
 21 **ELECTRICITY CREDIT.**

22 (a) *IN GENERAL.*—*Section 45(b)(3) (relating to credit*
 23 *reduced for grants, tax-exempt bonds, subsidized energy fi-*
 24 *nancing, and other credits) is amended by adding after the*
 25 *last sentence the following: “This paragraph shall not apply*

1 *with respect to any loans, loan guarantees, or grants issued*
 2 *by the Secretary of Agriculture under authority granted by*
 3 *section 9007 of the Farm Security and Rural Investment*
 4 *Act of 2002.”*

5 (b) *EFFECTIVE DATE.*—*The amendment made by this*
 6 *section shall apply to facilities placed in service after the*
 7 *date of the enactment of this Act.*

8 **PART II—ALCOHOL FUEL**

9 **SEC. 12311. EXPANSION OF SPECIAL ALLOWANCE TO CEL-** 10 **LULOSIC BIOFUEL PLANT PROPERTY.**

11 (a) *IN GENERAL.*—*Paragraph (3) of section 168(l) (re-*
 12 *lating to special allowance for cellulosic biomass ethanol*
 13 *plant property) is amended to read as follows:*

14 “(3) *CELLULOSIC BIOFUEL.*—*For purposes of*
 15 *this subsection, the term ‘cellulosic biofuel’ means any*
 16 *alcohol, ether, ester, or hydrocarbon produced from*
 17 *any lignocellulosic or hemicellulosic matter that is*
 18 *available on a renewable or recurring basis.”.*

19 (b) *CONFORMING AMENDMENTS.*—

20 (1) *Subsection (l) of section 168 is amended by*
 21 *striking “cellulosic biomass ethanol” each place it ap-*
 22 *pears and inserting “cellulosic biofuel”.*

23 (2) *The heading of section 168(l) is amended by*
 24 *striking “CELLULOSIC BIOMASS ETHANOL” and in-*
 25 *serting “CELLULOSIC BIOFUEL”.*

1 (3) *The heading of paragraph (2) of section*
 2 *168(l) is amended by striking “CELLULOSIC BIOMASS*
 3 *ETHANOL” and inserting “CELLULOSIC BIOFUEL”.*

4 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 5 *section shall apply to property placed in service after the*
 6 *date of the enactment of this Act, in taxable years ending*
 7 *after such date.*

8 **SEC. 12312. CREDIT FOR PRODUCTION OF CELLULOSIC**
 9 **BIOFUEL.**

10 (a) *IN GENERAL.*—*Subsection (a) of section 40 (relat-*
 11 *ing to alcohol used as fuel) is amended by striking “plus”*
 12 *at the end of paragraph (2), by striking the period at the*
 13 *end of paragraph (3) and inserting “, plus”, and by adding*
 14 *at the end the following new paragraph:*

15 “(4) *the cellulosic biofuel producer credit.*”.

16 (b) *CELLULOSIC BIOFUEL PRODUCER CREDIT.*—

17 (1) *IN GENERAL.*—*Subsection (b) of section 40 is*
 18 *amended by adding at the end the following new*
 19 *paragraph:*

20 “(6) *CELLULOSIC BIOFUEL PRODUCER CRED-*
 21 *IT.*—

22 “(A) *IN GENERAL.*—*The cellulosic biofuel*
 23 *producer credit of any taxpayer is an amount*
 24 *equal to the applicable amount for each gallon of*
 25 *qualified cellulosic biofuel production.*

1 “(B) *APPLICABLE AMOUNT.*—For purposes
2 of subparagraph (A), the applicable amount
3 means the excess of—

4 “(i) \$1.25, over

5 “(ii) the sum of—

6 “(I) the amount of the credit in
7 effect for alcohol which is ethanol
8 under subsection (b)(1) (without regard
9 to subsection (b)(3)) at the time of the
10 qualified cellulosic biofuel production,
11 plus

12 “(II) the amount of the credit in
13 effect under subsection (b)(4) at the
14 time of such production.

15 “(C) *QUALIFIED CELLULOSIC BIOFUEL PRO-*
16 *DUCTION.*—For purposes of this section, the term
17 ‘qualified cellulosic biofuel production’ means
18 any cellulosic biofuel which during the taxable
19 year—

20 “(i) is sold by the taxpayer to another
21 person—

22 “(I) for use by such other person
23 in the production of a qualified cel-
24 lulosic biofuel mixture in such other

1 *person's trade or business (other than*
 2 *casual off-farm production),*

3 *“(II) for use by such other person*
 4 *as a fuel in a trade or business, or*

5 *“(III) who sells such cellulosic*
 6 *biofuel at retail to another person and*
 7 *places such cellulosic biofuel in the fuel*
 8 *tank of such other person, or*

9 *“(ii) is used or sold by the taxpayer for*
 10 *any purpose described in clause (i).*

11 *The qualified cellulosic biofuel production of any*
 12 *taxpayer for any taxable year shall not include*
 13 *any alcohol which is purchased by the taxpayer*
 14 *and with respect to which such producer in-*
 15 *creases the proof of the alcohol by additional dis-*
 16 *tillation.*

17 *“(D) QUALIFIED CELLULOSIC BIOFUEL MIX-*
 18 *TURE.—For purposes of this paragraph, the term*
 19 *‘qualified cellulosic biofuel mixture’ means a*
 20 *mixture of cellulosic biofuel and any petroleum*
 21 *fuel product which—*

22 *“(i) is sold by the person producing*
 23 *such mixture to any person for use as a*
 24 *fuel, or*

1 “(ii) *is used as a fuel by the person*
2 *producing such mixture.*

3 “(E) *CELLULOSIC BIOFUEL.—*

4 “(i) *IN GENERAL.—The term ‘cellulosic*
5 *biofuel’ has the meaning given such term*
6 *under section 168(l)(3), but does not include*
7 *any alcohol with a proof of less than 150.*

8 “(ii) *DETERMINATION OF PROOF.—The*
9 *determination of the proof of any alcohol*
10 *shall be made without regard to any added*
11 *denaturants.*

12 “(F) *ALLOCATION OF CELLULOSIC BIOFUEL*
13 *PRODUCER CREDIT TO PATRONS OF COOPERA-*
14 *TIVE.—Rules similar to the rules under sub-*
15 *section (g)(6) shall apply for purposes of this*
16 *paragraph.*

17 “(G) *APPLICATION OF PARAGRAPH.—This*
18 *paragraph shall apply with respect to qualified*
19 *cellulosic biofuel production after December 31,*
20 *2007, and before April 1, 2015.”.*

21 “(2) *TERMINATION DATE NOT TO APPLY.—Sub-*
22 *section (e) of section 40 (relating to termination) is*
23 *amended—*

1 (A) by inserting “or subsection (b)(6)(G)”
 2 after “by reason of paragraph (1)” in paragraph
 3 (2), and

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

6 “(3) *EXCEPTION FOR CELLULOSIC BIOFUEL PRO-*
 7 *DUCER CREDIT.*—Paragraph (1) shall not apply to
 8 the portion of the credit allowed under this section by
 9 reason of subsection (a)(4).”.

10 (c) *BIOFUEL NOT USED AS A FUEL, ETC.*—

11 (1) *IN GENERAL.*—Paragraph (3) of section
 12 40(d) is amended by redesignating subparagraph (D)
 13 as subparagraph (E) and by inserting after subpara-
 14 graph (C) the following new subparagraph:

15 “(D) *CELLULOSIC BIOFUEL PRODUCER*
 16 *CREDIT.*—If—

17 “(i) any credit is allowed under sub-
 18 section (a)(4), and

19 “(ii) any person does not use such fuel
 20 for a purpose described in subsection
 21 (b)(6)(C),

22 then there is hereby imposed on such person a
 23 tax equal to the applicable amount for each gal-
 24 lon of such cellulosic biomass biofuel.”.

25 (2) *CONFORMING AMENDMENTS.*—

1 (A) Subparagraph (C) of section 40(d)(3) is
 2 amended by striking “PRODUCER” in the head-
 3 ing and inserting “SMALL ETHANOL PRODUCER”.

4 (B) Subparagraph (E) of section 40(d)(3),
 5 as redesignated by paragraph (1), is amended by
 6 striking “or (C)” and inserting “(C), or (D)”.

7 (d) *BIOFUEL PRODUCED IN THE UNITED STATES.*—
 8 Section 40(d) is amended by adding at the end the following
 9 new paragraph:

10 “(6) *SPECIAL RULE FOR CELLULOSIC BIOFUEL*
 11 *PRODUCER CREDIT.*—No cellulosic biofuel producer
 12 credit shall be determined under subsection (a) with
 13 respect to any cellulosic biofuel unless such cellulosic
 14 biofuel is produced in the United States.”.

15 (e) *WAIVER OF CREDIT LIMIT FOR CELLULOSIC*
 16 *BIOFUEL PRODUCTION BY SMALL ETHANOL PRODUCERS.*—
 17 Section 40(b)(4)(C) is amended by inserting “(determined
 18 without regard to any qualified cellulosic biofuel produc-
 19 tion” after “15,000,000 gallons”.

20 (f) *EFFECTIVE DATE.*—The amendments made by this
 21 section shall apply to fuel produced after December 31,
 22 2007.

1 **SEC. 12313. EXTENSION OF SMALL ETHANOL PRODUCER**
 2 **CREDIT.**

3 *Paragraph (1) of section 40(e) (relating to termi-*
 4 *nation) is amended—*

5 *(1) in subparagraph (A), by inserting “(Decem-*
 6 *ber 31, 2012, in the case of the credit allowed by rea-*
 7 *son of subsection (a)(3))” after “December 31, 2010”,*
 8 *and*

9 *(2) in subparagraph (B), by inserting “(Janu-*
 10 *ary 1, 2013, in the case of the credit allowed by rea-*
 11 *son of subsection (a)(3))” after “January 1, 2011”.*

12 **SEC. 12314. CREDIT FOR PRODUCERS OF FOSSIL FREE AL-**
 13 **COHOL.**

14 *(a) IN GENERAL.—Subsection (a) of section 40 (relat-*
 15 *ing to alcohol used as fuel), as amended by this Act, is*
 16 *amended by striking “plus” at the end of paragraph (3),*
 17 *by striking the period at the end of paragraph (4) and in-*
 18 *serting “, plus”, and by adding at the end the following*
 19 *new paragraph:*

20 *“(5) the small fossil free alcohol producer cred-*
 21 *it.”.*

22 *(b) SMALL FOSSIL FREE ALCOHOL PRODUCER CRED-*
 23 *IT.—Subsection (b) of section 40, as amended by this Act,*
 24 *is amended by adding at the end the following new para-*
 25 *graph:*

1 “(7) *SMALL FOSSIL FREE ALCOHOL PRODUCER*
2 *CREDIT.*—

3 “(A) *IN GENERAL.*—*In addition to any*
4 *other credit allowed under this section, there*
5 *shall be allowed as a credit against the tax im-*
6 *posed by this chapter for the taxable year an*
7 *amount equal to 10 cents for each gallon of not*
8 *more than 60,000,000 gallons of qualified fossil*
9 *free alcohol production.*

10 “(B) *QUALIFIED FOSSIL FREE ALCOHOL*
11 *PRODUCTION.*—*For purposes of this section, the*
12 *term ‘qualified fossil free alcohol production’*
13 *means alcohol which is produced by an eligible*
14 *small fossil free alcohol producer at a fossil free*
15 *alcohol production facility and which during the*
16 *taxable year—*

17 “(i) *is sold by the taxpayer to another*
18 *person—*

19 “(I) *for use by such other person*
20 *in the production of a qualified alcohol*
21 *mixture in such other person’s trade or*
22 *business (other than casual off-farm*
23 *production),*

24 “(II) *for use by such other person*
25 *as a fuel in a trade or business, or*

1 “(III) who sells such alcohol at re-
 2 tail to another person and places such
 3 alcohol in the fuel tank of such other
 4 person, or

5 “(ii) is used or sold by the taxpayer for
 6 any purpose described in clause (i).

7 “(C) ADDITIONAL DISTILLATION EX-
 8 CLUDED.—The qualified fossil free alcohol pro-
 9 duction of any taxpayer for any taxable year
 10 shall not include any alcohol which is purchased
 11 by the taxpayer and with respect to which such
 12 producer increases the proof of the alcohol by ad-
 13 ditional distillation.”.

14 (c) ELIGIBLE SMALL FOSSIL FREE ALCOHOL PRO-
 15 DUCER.—Section 40 is amended by adding at the end the
 16 following new subsection:

17 “(i) DEFINITIONS AND SPECIAL RULES FOR SMALL
 18 FOSSIL FREE ALCOHOL PRODUCER.—For purposes of this
 19 section—

20 “(1) IN GENERAL.—The term ‘eligible small fos-
 21 sil free alcohol producer’ means a person, who at all
 22 times during the taxable year, has a productive ca-
 23 pacity for alcohol from all fossil free alcohol produc-
 24 tion facilities of the taxpayer which is not in excess
 25 of 60,000,000 gallons.

1 “(2) *FOSSIL FREE ALCOHOL PRODUCTION FACIL-*
 2 *ITY.*—*The term ‘fossil free alcohol production facility’*
 3 *means any facility at which 90 percent of the energy*
 4 *used in the production of alcohol is produced from*
 5 *biomass (as defined in section 45K(c)(3)).*

6 “(3) *AGGREGATION RULE.*—*For purposes of the*
 7 *60,000,000 gallon limitation under paragraph (1)*
 8 *and subsection (b)(7)(A), all members of the same*
 9 *controlled group of corporations (within the meaning*
 10 *of section 267(f)) and all persons under common con-*
 11 *trol (within the meaning of section 52(b) but deter-*
 12 *mined by treating an interest of more than 50 percent*
 13 *as a controlling interest) shall be treated as 1 person.*

14 “(4) *PARTNERSHIP, S CORPORATIONS, AND*
 15 *OTHER PASS-THRU ENTITIES.*—*In the case of a part-*
 16 *nership, trust, S corporation, or other pass-thru enti-*
 17 *ty, the limitation contained in paragraph (1) shall be*
 18 *applied at the entity level and at the partner or simi-*
 19 *lar level.*

20 “(5) *ALLOCATION.*—*For purposes of this sub-*
 21 *section, in the case of a facility in which more than*
 22 *1 person has an interest, productive capacity shall be*
 23 *allocated among such persons in such manner as the*
 24 *Secretary may prescribe.*

1 “(6) *REGULATIONS.*—*The Secretary may pre-*
 2 *scribe such regulations as may be necessary to prevent*
 3 *the credit provided for in subsection (a)(5) from di-*
 4 *rectly or indirectly benefitting any person with a di-*
 5 *rect or indirect productive capacity of more than*
 6 *60,000,000 gallons of alcohol from fossil free alcohol*
 7 *production facilities during the taxable year.*

8 “(7) *ALLOCATION OF SMALL FOSSIL FREE ALCO-*
 9 *HOL PRODUCER CREDIT TO PATRONS OF COOPERA-*
 10 *TIVE.*—*Rules similar to the rules under subsection*
 11 *(g)(6) shall apply for purposes of this subsection.”.*

12 *(d) ALCOHOL NOT USED AS A FUEL, ETC.—*

13 *(1) IN GENERAL.*—*Paragraph (3) of section*
 14 *40(d), as amended by this Act, is amended by redesign-*
 15 *ating subparagraph (E) as subparagraph (F) and*
 16 *by inserting after subparagraph (D) the following*
 17 *new subparagraph:*

18 “(E) *SMALL FOSSIL FREE ALCOHOL PRO-*
 19 *DUCER CREDIT.*—*If—*

20 “(i) *any credit is allowed under sub-*
 21 *section (a)(5), and*

22 “(ii) *any person does not use such fuel*
 23 *for a purpose described in subsection*
 24 *(b)(7)(B),*

1 *then there is hereby imposed on such person a*
 2 *tax equal to 10 cents for each gallon of such alco-*
 3 *hol.”.*

4 (2) *CONFORMING AMENDMENT.*—Subparagraph
 5 (F) of section 40(d)(3), as redesignated by paragraph
 6 (1) and amended by this Act, is amended by striking
 7 “or (D)” and inserting “(D), or (E)”.

8 (e) *ALCOHOL PRODUCED IN THE UNITED STATES.*—
 9 Section 40(d)(6), as added by this Act, is amended—

10 (1) by inserting “or small fossil free alcohol pro-
 11 ducer credit” after “cellulosic alcohol producer cred-
 12 it”, and

13 (2) by inserting “**AND FOSSIL FREE**” after
 14 “**CELLULOSIC**” in the heading.

15 (f) *TERMINATION.*—Paragraph (1) of section 40(e), as
 16 amended by this Act, is amended—

17 (1) in subparagraph (A), by inserting “, and De-
 18 cember 31, 2011, in the case of the credit allowed by
 19 reason of subsection (a)(5)” after “subsection (a)(3)”,
 20 and

21 (2) in subparagraph (B), by inserting “, and
 22 January 1, 2012, in the case of the credit allowed by
 23 reason of subsection (a)(5)” after “subsection (a)(3)”.

1 (g) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to fuel produced after December 31,*
 3 *2007.*

4 **SEC. 12315. MODIFICATION OF ALCOHOL CREDIT.**

5 (a) *INCOME TAX CREDIT.*—*Subsection (h) of section*
 6 *40 (relating to reduced credit for ethanol blenders) is*
 7 *amended by adding at the end the following new paragraph:*

8 “(3) *REDUCED AMOUNT AFTER SALE OF*
 9 *7,500,000,000 GALLONS.*—

10 “(A) *IN GENERAL.*—*In the case of any cal-*
 11 *endar year beginning after the date described in*
 12 *subparagraph (B), the last row in the table in*
 13 *paragraph (2) shall be applied by substituting*
 14 *‘46 cents’ for ‘51 cents’.*

15 “(B) *DATE DESCRIBED.*—*The date described*
 16 *in this subparagraph is the first date on which*
 17 *7,500,000,000 gallons of ethanol (including cel-*
 18 *lulosic ethanol) have been produced in or im-*
 19 *ported into the United States after the date of*
 20 *the enactment of this paragraph, as certified by*
 21 *the Secretary, in consultation with the Adminis-*
 22 *trator of the Environmental Protection Agency.”.*

23 (b) *EXCISE TAX CREDIT.*—

24 (1) *IN GENERAL.*—*Paragraph (2) of section*
 25 *6426(b) (relating to alcohol fuel mixture credit) is*

1 *amended by adding at the end the following new sub-*
 2 *paragraph:*

3 “(C) *REDUCED AMOUNT AFTER SALE OF*
 4 *7,500,000,000 GALLONS.—In the case of any alco-*
 5 *hol fuel mixture produced in a calendar year be-*
 6 *ginning after the date described in section*
 7 *40(h)(3)(B), subparagraph (A) shall be applied*
 8 *by substituting ‘46 cents’ for ‘51 cents’.*”.

9 (2) *CONFORMING AMENDMENT.*—Subparagraph
 10 *(A) of section 6426(b)(2) is amended by striking “sub-*
 11 *paragraph (B)” and inserting “subparagraphs (B)*
 12 *and (C)”.*

13 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 14 *section shall take effect on the date of the enactment of this*
 15 *Act.*

16 **SEC. 12316. CALCULATION OF VOLUME OF ALCOHOL FOR**
 17 **FUEL CREDITS.**

18 (a) *IN GENERAL.*—Paragraph (4) of section 40(d) (*re-*
 19 *lating to volume of alcohol)* is amended by striking “5 per-
 20 *cent” and inserting “2 percent”.*

21 (b) *CONFORMING AMENDMENT FOR EXCISE TAX CRED-*
 22 *IT.*—Section 6426(b) (*relating to alcohol fuel mixture cred-*
 23 *it)* is amended by redesignating paragraph (5) as para-
 24 *graph (6) and by inserting after paragraph (4) the fol-*
 25 *lowing new paragraph:*

1 “(5) *VOLUME OF ALCOHOL.*—For purposes of de-
 2 termining under subsection (a) the number of gallons
 3 of alcohol with respect to which a credit is allowable
 4 under subsection (a), the volume of alcohol shall in-
 5 clude the volume of any denaturant (including gaso-
 6 line) which is added under any formulas approved by
 7 the Secretary to the extent that such denaturants do
 8 not exceed 2 percent of the volume of such alcohol (in-
 9 cluding denaturants).”.

10 (c) *EFFECTIVE DATE.*—The amendments made by this
 11 section shall apply to fuel sold or used after December 31,
 12 2007.

13 **SEC. 12317. ETHANOL TARIFF EXTENSION.**

14 Headings 9901.00.50 and 9901.00.52 of the Har-
 15 monized Tariff Schedule of the United States are each
 16 amended in the effective period column by striking “1/1/
 17 2009” and inserting “1/1/2011”.

18 **SEC. 12318. LIMITATIONS ON, AND REDUCTIONS OF, DUTY**
 19 **DRAWBACK ON CERTAIN IMPORTED ETH-**
 20 **ANOL.**

21 (a) *IN GENERAL.*—Section 313(p) of the Tariff Act of
 22 1930 (19 U.S.C. 1313(p)) is amended by adding at the end
 23 the following new paragraph:

24 “(5) *SPECIAL RULES FOR ETHYL ALCOHOL.*—For
 25 purposes of this subsection, an exported article that

1 *does not contain ethyl alcohol or a mixture of ethyl*
 2 *alcohol shall not be treated as the same kind and*
 3 *quality as a qualified article that does contain ethyl*
 4 *alcohol or a mixture of ethyl alcohol.”.*

5 *(b) LIMITATIONS ON, AND REDUCTIONS OF, DRAW-*
 6 *BACKS.—Section 313 of the Tariff Act of 1930 (19 U.S.C.*
 7 *1313) is amended by adding at the end the following new*
 8 *subsection:*

9 *“(2) LIMITATIONS ON, AND REDUCTIONS OF, DRAW-*
 10 *BACKS.—*

11 *“(1) LIMITATIONS.—*

12 *“(A) IN GENERAL.—Ethyl alcohol or mix-*
 13 *ture containing ethyl alcohol described in sub-*
 14 *paragraph (B) may be treated as being of the*
 15 *same kind and quality under subsection (b) of*
 16 *this section or may be treated as being commer-*
 17 *cially interchangeable with any other ethyl alco-*
 18 *hol or mixture containing ethyl alcohol under*
 19 *subsection (j)(2) of this section, only if the other*
 20 *ethyl alcohol or mixture—*

21 *“(i) if imported, is subject to the addi-*
 22 *tional duty under subheading 9901.00.50 of*
 23 *the Harmonized Tariff Schedule of the*
 24 *United States; or*

1 “(ii) if domestic, is suitable for use as
2 a fuel or in a mixture to be used as a fuel
3 as described in such subheading 9901.00.50.

4 “(B) *ETHYL ALCOHOL OR MIXTURE CON-*
5 *TAINING ETHYL ALCOHOL DESCRIBED.*—Ethyl
6 alcohol or mixture containing ethyl alcohol de-
7 scribed in this subparagraph means—

8 “(i) ethyl alcohol classifiable under
9 subheading 2207.10.60 or 2207.20.00 of the
10 *Harmonized Tariff Schedule of the United*
11 *States, or*

12 “(ii) a mixture containing ethyl alco-
13 hol classifiable under heading 2710 or 3824
14 of the *Harmonized Tariff Schedule of the*
15 *United States,*

16 *which, if imported would be subject to additional*
17 *duty under subheading 9901.00.50 of such Sched-*
18 *ule.*

19 “(2) *REDUCTION OF DRAWBACK.*—For purposes
20 of subsections (b), (j)(2), and (p) of this section, the
21 amount of the refund as drawback under this section
22 shall be reduced by an amount equal to any Federal
23 tax credit or refund of any Federal tax paid on the
24 merchandise with respect to which the drawback is
25 claimed.”.

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section apply to articles exported on or after the date that*
 3 *is 15 days after the date of the enactment of this Act.*

4 ***PART III—BIODIESEL AND RENEWABLE DIESEL***
 5 ***FUEL***

6 ***SEC. 12321. EXTENSION AND MODIFICATION OF CREDIT***
 7 ***FOR BIODIESEL AND RENEWABLE DIESEL***
 8 ***USED AS FUEL.***

9 (a) *EXTENSION.*—

10 (1) *INCOME TAX CREDITS FOR BIODIESEL AND*
 11 *RENEWABLE DIESEL AND SMALL AGRI-BIODIESEL*
 12 *PRODUCER CREDIT.*—*Section 40A(g) (relating to ter-*
 13 *mination) is amended by striking “December 31,*
 14 *2008” and inserting “December 31, 2010 (December*
 15 *31, 2012, in the case of the credit allowed by reason*
 16 *of subsection (a)(3)).”*

17 (2) *EXCISE TAX CREDIT.*—*Section 6426(c)(6)*
 18 *(relating to termination) is amended by striking*
 19 *“2008” and inserting “2010”.*

20 (3) *FUELS NOT USED FOR TAXABLE PUR-*
 21 *POSES.*—*Section 6427(e)(5)(B) (relating to termi-*
 22 *nation) is amended by striking “2008” and inserting*
 23 *“2010”.*

1 (b) *MODIFICATION OF CREDIT FOR RENEWABLE DIE-*
 2 *SEL.*—Section 40A(f) (relating to renewable diesel) is
 3 amended by adding at the end the following new paragraph:

4 “(4) *SPECIAL RULE FOR CO-PROCESSED RENEW-*
 5 *ABLE DIESEL.*—In the case of a taxpayer which pro-
 6 duces renewable diesel through the co-processing of
 7 biomass and petroleum at any facility, this subsection
 8 shall not apply to so much of the renewable diesel
 9 produced at such facility and sold or used during the
 10 taxable year in a mixture described in subsection
 11 (b)(1)(B) as exceeds 60,000,000 gallons.”.

12 (c) *MODIFICATION RELATING TO DEFINITION OF AGRI-*
 13 *BIODIESEL.*—Paragraph (2) of section 40A(d) (relating to
 14 agri-biodiesel) is amended by striking “and mustard seeds”
 15 and inserting “mustard seeds, and camelina”.

16 (d) *ELIGIBILITY OF CERTAIN AVIATION FUEL.*—Sec-
 17 tion 40A(f)(3) (defining renewable diesel) is amended by
 18 adding at the end the following new flush sentence:

19 “The term ‘renewable diesel’ also means fuel derived
 20 from biomass (as defined in section 45K(c)(3)) using
 21 a thermal depolymerization process which meets the
 22 requirements of a Department of Defense specification
 23 for military jet fuel or an American Society of Test-
 24 ing and Materials specification for aviation turbine
 25 fuel.”.

1 (e) *EFFECTIVE DATES.*—*The amendments made by*
 2 *this section shall apply to fuel sold or used after the date*
 3 *of the enactment of this Act.*

4 **SEC. 12322. TREATMENT OF QUALIFIED ALCOHOL FUEL**
 5 **MIXTURES AND QUALIFIED BIODIESEL FUEL**
 6 **MIXTURES AS TAXABLE FUELS.**

7 (a) *IN GENERAL.*—

8 (1) *QUALIFIED ALCOHOL FUEL MIXTURES.*—
 9 *Paragraph (2) of section 4083(a) (relating to gaso-*
 10 *line) is amended—*

11 (A) *by striking “and” at the end of sub-*
 12 *paragraph (A),*

13 (B) *by redesignating subparagraph (B) as*
 14 *subparagraph (C), and*

15 (C) *by inserting after subparagraph (A) the*
 16 *following new subparagraph:*

17 “(B) *includes any qualified mixture (as de-*
 18 *fined in section 40(b)(1)(B)), and”.*

19 (2) *QUALIFIED BIODIESEL FUEL MIXTURES.*—
 20 *Subparagraph (A) of section 4083(a)(3) (relating to*
 21 *diesel fuel) is amended by striking “and” at the end*
 22 *of clause (ii), by redesignating clause (iii) as clause*
 23 *(iv), and inserting after clause (ii) the following new*
 24 *clause:*

1 “(iii) any qualified biodiesel mixture
2 (as defined in section 40A(b)(1)(B)), and”.

3 (b) *MODIFICATION OF BIODIESEL CERTIFICATION RE-*
4 *QUIREMENT.*—Paragraph (4) of section 40A(b) is amended
5 by striking “which identifies” and all that follows and in-
6 serting “which—

7 “(A) identifies the product produced and
8 the percentage of biodiesel and agri-biodiesel in
9 the product, and

10 “(B) documents that the biodiesel was inde-
11 pendently tested and meets the requirements of
12 ASTM D6751.”.

13 (c) *INFORMATION REPORTING REQUIREMENT FOR*
14 *PRODUCERS OF QUALIFIED MIXTURES.*—Section 4101(d)
15 (relating to information reporting) is amended to read as
16 follows:

17 “(d) *INFORMATION REPORTING.*—The Secretary—

18 “(1) may require—

19 “(A) information reporting by any person
20 registered under this section, and

21 “(B) information reporting by such other
22 persons as the Secretary deems necessary to
23 carry out this part, and

24 “(2) shall require information reporting by any
25 person registered under this section and producing

1 *any qualified mixture (as defined in section*
 2 *40(b)(1)(B)) or any qualified biodiesel mixture (as*
 3 *defined in section 40A(b)(1)(B)).*

4 *Any person who is required to report under this subsection*
 5 *and who has 25 or more reportable transactions in a month*
 6 *shall file such report in electronic format.”.*

7 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 8 *section shall apply to fuels removed, entered, or sold after*
 9 *December 31, 2007.*

10 **PART IV—ALTERNATIVE FUEL**

11 **SEC. 12331. EXTENSION AND MODIFICATION OF ALTER-** 12 **NATIVE FUEL CREDIT.**

13 (a) *EXTENSION.*—

14 (1) *ALTERNATIVE FUEL CREDIT.*—*Paragraph (4)*
 15 *of section 6426(d) (relating to alternative fuel credit)*
 16 *is amended by striking “September 30, 2009” and in-*
 17 *serting “December 31, 2010”.*

18 (2) *ALTERNATIVE FUEL MIXTURE CREDIT.*—
 19 *Paragraph (3) of section 6426(e) (relating to alter-*
 20 *native fuel mixture credit) is amended by striking*
 21 *“September 30, 2009” and inserting “December 31,*
 22 *2010”.*

23 (3) *PAYMENTS.*—*Subparagraph (C) of section*
 24 *6427(e)(5) (relating to termination) is amended by*

1 striking “September 30, 2009” and inserting “Decem-
2 ber 31, 2010”.

3 (b) *MODIFICATIONS.*—

4 (1) *ALTERNATIVE FUEL TO INCLUDE COM-*
5 *PRESSED OR LIQUIFIED BIOMASS GAS.*—Paragraph

6 (2) of section 6426(d) (relating to alternative fuel
7 credit) is amended by striking “and” at the end of
8 subparagraph (E), by redesignating subparagraph
9 (F) as subparagraph (G), and by inserting after sub-
10 paragraph (E) the following new subparagraph:

11 “(F) compressed or liquefied biomass gas,
12 and”.

13 (2) *CREDIT ALLOWED FOR AVIATION USE OF*
14 *FUEL.*—Paragraph (1) of section 6426(d) is amended
15 by inserting “sold by the taxpayer for use as a fuel
16 in aviation,” after “motorboat,”.

17 (c) *CARBON CAPTURE REQUIREMENT FOR CERTAIN*
18 *FUELS.*—

19 (1) *IN GENERAL.*—Subsection (d) of section
20 6426, as amended by subsection (a), is amended by
21 redesignating paragraph (4) as paragraph (5) and by
22 inserting after paragraph (3) the following new para-
23 graph:

24 “(4) *CARBON CAPTURE REQUIREMENT.*—

1 “(A) *IN GENERAL.*—*The requirements of*
2 *this paragraph are met if the fuel is certified,*
3 *under such procedures as required by the Sec-*
4 *retary, as having been derived from coal pro-*
5 *duced at a gasification facility which separates*
6 *and sequesters not less than the applicable per-*
7 *centage of such facility’s total carbon dioxide*
8 *emissions.*

9 “(B) *APPLICABLE PERCENTAGE.*—*For pur-*
10 *poses of subparagraph (A), the applicable per-*
11 *centage is—*

12 “(i) *50 percent in the case of fuel pro-*
13 *duced after the date of the enactment of this*
14 *paragraph and on or before the earlier of—*

15 “(I) *the date the Secretary makes*
16 *a determination under subparagraph*
17 *(C), or*

18 “(II) *December 30, 2010, and*

19 “(ii) *75 percent in the case of fuel pro-*
20 *duced after the date on which the applicable*
21 *percentage under clause (i) ceases to apply.*

22 “(C) *DETERMINATION TO INCREASE APPLI-*
23 *CABLE PERCENTAGE BEFORE DECEMBER 31,*
24 *2010.—If the Secretary, after considering the rec-*
25 *ommendations of the Carbon Sequestration Ca-*

1 *pability Panel, finds that the applicable percent-*
 2 *age under subparagraph (B) should be 75 per-*
 3 *cent for fuel produced before December 31, 2010,*
 4 *the Secretary shall make a determination under*
 5 *this subparagraph. Any determination made*
 6 *under this subparagraph shall be made not later*
 7 *than 30 days after the Secretary receives from*
 8 *the Carbon Sequestration Panel the report re-*
 9 *quired under section 331(c)(3)(D) of the Heart-*
 10 *land, Habitat, Harvest, and Horticulture Act of*
 11 *2007.”.*

12 (2) *CONFORMING AMENDMENT.*—Subparagraph
 13 (E) of section 6426(d)(2) is amended by inserting
 14 “which meets the requirements of paragraph (4) and
 15 which is” after “any liquid fuel”.

16 (3) *CARBON SEQUESTRATION CAPABILITY*
 17 *PANEL.*—

18 (A) *ESTABLISHMENT OF PANEL.*—There is
 19 established a panel to be known as the “Carbon
 20 Sequestration Capability Panel” (hereafter in
 21 this paragraph referred to as the “Panel”).

22 (B) *MEMBERSHIP.*—The Panel shall be
 23 composed of—

24 (i) 1 representative from the National
 25 Academy of Sciences,

1 (ii) 1 representative from the Univer-
2 sity of Kentucky Center for Applied Energy
3 Research, and

4 (iii) 1 individual appointed jointly by
5 the representatives under clauses (i) and
6 (ii).

7 (C) *STUDY.*—The Panel shall study the ap-
8 propriate percentage of carbon dioxide for sepa-
9 ration and sequestration under section
10 6426(d)(4) of the Internal Revenue Code of 1986
11 consistent with the purposes of such section. The
12 panel shall consider whether it is feasible to sep-
13 arate and sequester 75 percent of the carbon di-
14 oxide emissions of a facility, including costs and
15 other factors associated with separating and se-
16 questering such percentage of carbon dioxide
17 emissions.

18 (D) *REPORT.*—Not later than 6 months
19 after the date of the enactment of this Act, the
20 Panel shall report to the Secretary of Treasury,
21 the Committee on Finance of the Senate, and the
22 Committee on Ways and Means of the House of
23 Representatives on the study under subpara-
24 graph (C).

1 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to fuel sold or used after the date of the*
 3 *enactment of this Act.*

4 **SEC. 12332. EXTENSION OF ALTERNATIVE FUEL VEHICLE**
 5 **REFUELING PROPERTY CREDIT.**

6 *Paragraph (2) of section 30C(g) (relating to termi-*
 7 *nation) is amended by striking “December 31, 2009” and*
 8 *inserting “December 31, 2010”.*

9 **Subtitle D—Agricultural Provisions**

10 **SEC. 12401. INCREASE IN LOAN LIMITS ON AGRICULTURAL**
 11 **BONDS.**

12 (a) *IN GENERAL.*—*Subparagraph (A) of section*
 13 *147(c)(2) (relating to exception for first-time farmers) is*
 14 *amended by striking “\$250,000” and inserting “\$450,000”.*

15 (b) *INFLATION ADJUSTMENT.*—*Section 147(c)(2) is*
 16 *amended by adding at the end the following new subpara-*
 17 *graph:*

18 “(H) *ADJUSTMENTS FOR INFLATION.*—*In*
 19 *the case of any calendar year after 2008, the dol-*
 20 *lar amount in subparagraph (A) shall be in-*
 21 *creased by an amount equal to—*

22 “(i) *such dollar amount, multiplied by*

23 “(ii) *the cost-of-living adjustment de-*
 24 *termined under section 1(f)(3) for the cal-*
 25 *endar year, determined by substituting ‘cal-*

1 endar year 2007’ for ‘calendar year 1992’
 2 in subparagraph (B) thereof.

3 If any amount as increased under the preceding
 4 sentence is not a multiple of \$100, such amount
 5 shall be rounded to the nearest multiple of
 6 \$100.”.

7 (c) *MODIFICATION OF SUBSTANTIAL FARMLAND DEFINITION.*—Section 147(c)(2)(E) (defining substantial farm-
 8 land) is amended by striking “unless” and all that follows
 9 through the period and inserting “unless such parcel is
 10 smaller than 30 percent of the median size of a farm in
 11 the county in which such parcel is located.”.

13 (d) *CONFORMING AMENDMENT.*—Section
 14 147(c)(2)(C)(i)(II) is amended by striking “\$250,000” and
 15 inserting “the amount in effect under subparagraph (A)”.

16 (e) *EFFECTIVE DATE.*—The amendments made by this
 17 section shall apply to bonds issued after the date of the en-
 18 actment of this Act.

19 **SEC. 12402. MODIFICATION OF INSTALLMENT SALE RULES**
 20 **FOR CERTAIN FARM PROPERTY.**

21 (a) *IN GENERAL.*—Section 453(i) (relating to recogni-
 22 tion of recapture income in year of disposition) is amended
 23 by adding at the end the following new paragraph:

24 “(3) *EXCEPTION FOR CERTAIN FARM PROP-*
 25 *ERTY.*—Paragraph (1) shall not apply to any install-

1 *ment sale of any single purpose agricultural or horti-*
 2 *cultural structure or any tree or vine bearing fruit or*
 3 *nuts eligible for classification as 10-year property*
 4 *under section 168(e)(3)(D).”.*

5 *(b) EFFECTIVE DATE.—The amendment made by this*
 6 *section shall apply to installment sales occurring after the*
 7 *date of the enactment of this Act.*

8 **SEC. 12403. ALLOWANCE OF SECTION 1031 TREATMENT FOR**
 9 **EXCHANGES INVOLVING CERTAIN MUTUAL**
 10 **DITCH, RESERVOIR, OR IRRIGATION COM-**
 11 **PANY STOCK.**

12 *(a) IN GENERAL.—Section 1031 (relating to exchange*
 13 *of property held for productive use or investment) is amend-*
 14 *ed by adding at the end the following new subsection:*

15 *“(i) SPECIAL RULES FOR MUTUAL DITCH, RES-*
 16 *ERVOIR, OR IRRIGATION COMPANY STOCK.—For purposes*
 17 *of subsection (a)(2)(B), the term ‘stocks’ shall not include*
 18 *shares in a mutual ditch, reservoir, or irrigation company*
 19 *if at the time of the exchange—*

20 *“(1) the mutual ditch, reservoir, or irrigation*
 21 *company is an organization described in section*
 22 *501(c)(12)(A) (determined without regard to the per-*
 23 *centage of its income that is collected from its mem-*
 24 *bers for the purpose of meeting losses and expenses),*
 25 *and*

1 “(2) *the shares in such company have been recog-*
 2 *nized by the highest court of the State in which such*
 3 *company was organized or by applicable State statute*
 4 *as constituting or representing real property or an*
 5 *interest in real property.”.*

6 **(b) EFFECTIVE DATE.**—*The amendment made by this*
 7 *section shall apply to exchanges completed after the date*
 8 *of the enactment of this Act.*

9 **SEC. 12404. CREDIT TO HOLDERS OF RURAL RENAISSANCE**
 10 **BONDS.**

11 **(a) IN GENERAL.**—*Subpart H of part IV of subchapter*
 12 *A of chapter 1 (relating to credits against tax) is amended*
 13 *by adding at the end the following new section:*

14 **“SEC. 54A. CREDIT TO HOLDERS OF RURAL RENAISSANCE**
 15 **BONDS.**

16 **“(a) ALLOWANCE OF CREDIT.**—*In the case of a tax-*
 17 *payer who holds a rural renaissance bond on 1 or more*
 18 *credit allowance dates of the bond occurring during any*
 19 *taxable year, there shall be allowed as a credit against the*
 20 *tax imposed by this chapter for the taxable year an amount*
 21 *equal to the sum of the credits determined under subsection*
 22 **(b) with respect to such dates.**

23 **“(b) AMOUNT OF CREDIT.**—

24 **“(1) IN GENERAL.**—*The amount of the credit de-*
 25 *termined under this subsection with respect to any*

1 *credit allowance date for a rural renaissance bond is*
2 *25 percent of the annual credit determined with re-*
3 *spect to such bond.*

4 “(2) *ANNUAL CREDIT.*—*The annual credit deter-*
5 *mined with respect to any rural renaissance bond is*
6 *the product of—*

7 “(A) *the credit rate determined by the Sec-*
8 *retary under paragraph (3) for the day on which*
9 *such bond was sold, multiplied by*

10 “(B) *the outstanding face amount of the*
11 *bond.*

12 “(3) *DETERMINATION.*—*For purposes of para-*
13 *graph (2), with respect to any rural renaissance bond,*
14 *the Secretary shall determine daily or caused to be*
15 *determined daily a credit rate which shall apply to*
16 *the first day on which there is a binding, written con-*
17 *tract for the sale or exchange of the bond. The credit*
18 *rate for any day is the credit rate which the Sec-*
19 *retary or the Secretary’s designee estimates will per-*
20 *mit the issuance of rural renaissance bonds with a*
21 *specified maturity or redemption date without dis-*
22 *count and without interest cost to the qualified issuer.*

23 “(4) *CREDIT ALLOWANCE DATE.*—*For purposes*
24 *of this section, the term ‘credit allowance date’*
25 *means—*

- 1 “(A) *March 15,*
2 “(B) *June 15,*
3 “(C) *September 15, and*
4 “(D) *December 15.*

5 *Such term also includes the last day on which the*
6 *bond is outstanding.*

7 “(5) *SPECIAL RULE FOR ISSUANCE AND REDEMP-*
8 *TION.—In the case of a bond which is issued during*
9 *the 3-month period ending on a credit allowance date,*
10 *the amount of the credit determined under this sub-*
11 *section with respect to such credit allowance date*
12 *shall be a ratable portion of the credit otherwise deter-*
13 *mined based on the portion of the 3-month period*
14 *during which the bond is outstanding. A similar rule*
15 *shall apply when the bond is redeemed or matures.*

16 “(c) *LIMITATION BASED ON AMOUNT OF TAX.—The*
17 *credit allowed under subsection (a) for any taxable year*
18 *shall not exceed the excess of—*

19 “(1) *the sum of the regular tax liability (as de-*
20 *finied in section 26(b)) plus the tax imposed by section*
21 *55, over*

22 “(2) *the sum of the credits allowable under this*
23 *part (other than subpart C, section 1400N(l), and this*
24 *section).*

1 “(d) *RURAL RENAISSANCE BOND*.—For purposes of
2 *this section*—

3 “(1) *IN GENERAL*.—The term ‘rural renaissance
4 *bond*’ means any bond issued as part of an issue if—

5 “(A) *the bond is issued by a qualified issuer*
6 *pursuant to an allocation by the Secretary to*
7 *such issuer of a portion of the national rural*
8 *renaissance bond limitation under subsection*
9 *(f)(2),*

10 “(B) *95 percent or more of the proceeds*
11 *from the sale of such issue are to be used for cap-*
12 *ital expenditures incurred by qualified borrowers*
13 *for 1 or more qualified projects,*

14 “(C) *the qualified issuer designates such*
15 *bond for purposes of this section and the bond is*
16 *in registered form,*

17 “(D) *the issue meets the requirements of*
18 *subsection (h), and*

19 “(E) *such bond is not a federally guaran-*
20 *teed bond (within the meaning of section*
21 *149(b)(2)).*

22 “(2) *QUALIFIED PROJECT; SPECIAL USE*
23 *RULES*.—

1 “(A) *IN GENERAL.*—*The term ‘qualified*
 2 *project’ means 1 or more projects described in*
 3 *subparagraph (B) located in a rural area.*

4 “(B) *PROJECTS DESCRIBED.*—*A project de-*
 5 *scribed in this subparagraph is a project eligible*
 6 *for assistance under—*

7 “(i) *the utilities programs described in*
 8 *section 381E(d)(2) of the Consolidated*
 9 *Farm and Rural Development Act (7*
 10 *U.S.C. 2009d(d)(2)),*

11 “(ii) *the distance learning or telemedi-*
 12 *cine programs authorized pursuant to chap-*
 13 *ter 1 of subtitle D of title XXIII of the*
 14 *Food, Agriculture, Conservation, and Trade*
 15 *Act of 1990 (7 U.S.C. 950aaa et seq.),*

16 “(iii) *the rural electric programs au-*
 17 *thorized pursuant to the Rural Electrifica-*
 18 *tion Act of 1936 (7 U.S.C. 901 et seq.),*

19 “(iv) *the rural telephone programs au-*
 20 *thorized pursuant to the Rural Electrifica-*
 21 *tion Act of 1936 (7 U.S.C. 901 et seq.),*

22 “(v) *the broadband access programs*
 23 *authorized pursuant to title VI of the Rural*
 24 *Electrification Act of 1936 (7 U.S.C. 950bb*
 25 *et seq.), and*

1 “(vi) *the rural community facility pro-*
 2 *grams as described in section 381E(d)(1) of*
 3 *the Consolidated Farm and Rural Develop-*
 4 *ment Act (7 U.S.C. 2009d(d)(1)).*

5 “(C) *REFINANCING RULES.—For purposes*
 6 *of paragraph (1)(B), a qualified project may be*
 7 *refinanced with proceeds of a rural renaissance*
 8 *bond only if the indebtedness being refinanced*
 9 *(including any obligation directly or indirectly*
 10 *refinanced by such indebtedness) was originally*
 11 *incurred by a qualified borrower after the date*
 12 *of the enactment of this section.*

13 “(D) *REIMBURSEMENT.—For purposes of*
 14 *paragraph (1)(B), a rural renaissance bond may*
 15 *be issued to reimburse a qualified borrower for*
 16 *amounts paid after the date of the enactment of*
 17 *this section with respect to a qualified project,*
 18 *but only if—*

19 “(i) *prior to the payment of the origi-*
 20 *nal expenditure, the qualified borrower de-*
 21 *clared its intent to reimburse such expendi-*
 22 *ture with the proceeds of a rural renaiss-*
 23 *sance bond,*

24 “(ii) *not later than 60 days after pay-*
 25 *ment of the original expenditure, the quali-*

1 *fied issuer adopts an official intent to reim-*
 2 *burse the original expenditure with such*
 3 *proceeds, and*

4 “(iii) *the reimbursement is made not*
 5 *later than 18 months after the date the*
 6 *original expenditure is paid.*

7 “(E) *TREATMENT OF CHANGES IN USE.—*
 8 *For purposes of paragraph (1)(B), the proceeds*
 9 *of an issue shall not be treated as used for a*
 10 *qualified project to the extent that a qualified*
 11 *borrower or qualified issuer takes any action*
 12 *within its control which causes such proceeds not*
 13 *to be used for a qualified project. The Secretary*
 14 *shall prescribe regulations specifying remedial*
 15 *actions that may be taken (including conditions*
 16 *to taking such remedial actions) to prevent an*
 17 *action described in the preceding sentence from*
 18 *causing a bond to fail to be a rural renaissance*
 19 *bond.*

20 “(F) *TREATMENT OF OTHER SUBSIDIES.—*
 21 *For purposes of subparagraph (B), a qualified*
 22 *project does not include any portion of a project*
 23 *financed by grants or subsidized financing pro-*
 24 *vided (directly or indirectly) under a Federal*
 25 *program, including any State or local obligation*

1 *used to provide financing for such portion the*
2 *interest on which is exempt from tax under sec-*
3 *tion 103.*

4 “(e) *MATURITY LIMITATIONS.*—

5 “(1) *DURATION OF TERM.*—*A bond shall not be*
6 *treated as a rural renaissance bond if the maturity*
7 *of such bond exceeds the maximum term determined*
8 *by the Secretary under paragraph (2) with respect to*
9 *such bond.*

10 “(2) *MAXIMUM TERM.*—*During each calendar*
11 *month, the Secretary shall determine the maximum*
12 *term permitted under this paragraph for bonds issued*
13 *during the following calendar month. Such maximum*
14 *term shall be the term which the Secretary estimates*
15 *will result in the present value of the obligation to*
16 *repay the principal on the bond being equal to 50*
17 *percent of the face amount of such bond. Such present*
18 *value shall be determined without regard to the re-*
19 *quirements of paragraph (3) and using as a discount*
20 *rate the average annual interest rate of tax-exempt*
21 *obligations having a term of 10 years or more which*
22 *are issued during the month. If the term as so deter-*
23 *mined is not a multiple of a whole year, such term*
24 *shall be rounded to the next highest whole year.*

1 “(3) *RATABLE PRINCIPAL AMORTIZATION RE-*
 2 *QUIRED.—A bond shall not be treated as a rural ren-*
 3 *aissance bond unless it is part of an issue which pro-*
 4 *vides for an equal amount of principal to be paid by*
 5 *the qualified issuer during each calendar year that*
 6 *the issue is outstanding.*

7 “(f) *LIMITATION ON AMOUNT OF BONDS DES-*
 8 *IGNATED.—*

9 “(1) *NATIONAL LIMITATION.—There is a na-*
 10 *tional rural renaissance bond limitation of*
 11 *\$400,000,000.*

12 “(2) *ALLOCATION BY SECRETARY.—*

13 “(A) *IN GENERAL.—In accordance with*
 14 *subparagraph (B), the Secretary shall allocate*
 15 *the amount described in paragraph (1) among at*
 16 *least 20 qualified projects, or such lesser number*
 17 *of qualified projects with proper applications*
 18 *filed after 12 months after the adoption of the se-*
 19 *lection process under subparagraph (B).*

20 “(B) *SELECTION PROCESS.—In consulta-*
 21 *tion with the Secretary of Agriculture, the Sec-*
 22 *retary shall adopt a process to select projects de-*
 23 *scribed in subparagraph (A). Under such proc-*
 24 *ess, the Secretary shall not allocate more than 15*

1 *percent of the allocation under subparagraph (A)*
 2 *to qualified projects within a single State.*

3 “(g) *CREDIT INCLUDED IN GROSS INCOME.*—*Gross in-*
 4 *come includes the amount of the credit allowed to the tax-*
 5 *payer under this section (determined without regard to sub-*
 6 *section (c)) and the amount so included shall be treated as*
 7 *interest income.*

8 “(h) *SPECIAL RULES RELATING TO EXPENDITURES.*—

9 “(1) *IN GENERAL.*—*An issue shall be treated as*
 10 *meeting the requirements of this subsection if, as of*
 11 *the date of issuance, the qualified issuer reasonably*
 12 *expects—*

13 “(A) *at least 95 percent of the proceeds from*
 14 *the sale of the issue are to be spent for 1 or more*
 15 *qualified projects within the 5-year period begin-*
 16 *ning on the date of issuance of the rural renaiss-*
 17 *sance bond,*

18 “(B) *a binding commitment with a third*
 19 *party to spend at least 10 percent of the proceeds*
 20 *from the sale of the issue will be incurred within*
 21 *the 6-month period beginning on the date of*
 22 *issuance of the rural renaissance bond or, in the*
 23 *case of a rural renaissance bond the proceeds of*
 24 *which are to be loaned to 2 or more qualified*
 25 *borrowers, such binding commitment will be in-*

1 *curred within the 6-month period beginning on*
2 *the date of the loan of such proceeds to a quali-*
3 *fied borrower, and*

4 “(C) *such projects will be completed with*
5 *due diligence and the proceeds from the sale of*
6 *the issue will be spent with due diligence.*

7 “(2) *EXTENSION OF PERIOD.—Upon submission*
8 *of a request prior to the expiration of the period de-*
9 *scribed in paragraph (1)(A), the Secretary may ex-*
10 *tend such period if the qualified issuer establishes that*
11 *the failure to satisfy the 5-year requirement is due to*
12 *reasonable cause and the related projects will continue*
13 *to proceed with due diligence.*

14 “(3) *FAILURE TO SPEND REQUIRED AMOUNT OF*
15 *BOND PROCEEDS WITHIN 5 YEARS.—To the extent that*
16 *less than 95 percent of the proceeds of such issue are*
17 *expended by the close of the 5-year period beginning*
18 *on the date of issuance (or if an extension has been*
19 *obtained under paragraph (2), by the close of the ex-*
20 *tended period), the qualified issuer shall redeem all of*
21 *the nonqualified bonds within 90 days after the end*
22 *of such period. For purposes of this paragraph, the*
23 *amount of the nonqualified bonds required to be re-*
24 *deemed shall be determined in the same manner as*
25 *under section 142.*

1 “(i) *SPECIAL RULES RELATING TO ARBITRAGE.*—A
 2 *bond which is part of an issue shall not be treated as a*
 3 *rural renaissance bond unless, with respect to the issue of*
 4 *which the bond is a part, the qualified issuer satisfies the*
 5 *arbitrage requirements of section 148 with respect to pro-*
 6 *ceeds of the issue.*

7 “(j) *DEFINITIONS AND SPECIAL RULES RELATING TO*
 8 *ISSUERS AND BORROWERS.*—*For purposes of this section—*

9 “(1) *QUALIFIED ISSUER.*—*The term ‘qualified*
 10 *issuer’ means—*

11 “(A) *a rural renaissance bond lender,*

12 “(B) *a cooperative electric company, or*

13 “(C) *a governmental body.*

14 “(2) *QUALIFIED BORROWER.*—*The term ‘quali-*
 15 *fied borrower’ means—*

16 “(A) *a mutual or cooperative electric com-*
 17 *pany described in section 501(c)(12) or*
 18 *1381(a)(2)(C), or*

19 “(B) *a governmental body.*

20 “(3) *RURAL RENAISSANCE BOND LENDER.*—*The*
 21 *term ‘rural renaissance bond lender’ means a lender*
 22 *which is a cooperative which is owned by, or has out-*
 23 *standing loans to, 100 or more cooperative electric*
 24 *companies and is in existence on February 1, 2002,*

1 *and shall include any affiliated entity which is con-*
 2 *trolled by such lender.*

3 “(4) *COOPERATIVE ELECTRIC COMPANY.*—*The*
 4 *term ‘cooperative electric company’ means a mutual*
 5 *or cooperative electric company described in section*
 6 *501(c)(12) or section 1381(a)(2)(C), or a not-for-prof-*
 7 *it electric utility which has received a loan or loan*
 8 *guarantee under the Rural Electrification Act.*

9 “(5) *GOVERNMENTAL BODY.*—*The term ‘govern-*
 10 *mental body’ means any State, territory, possession of*
 11 *the United States, the District of Columbia, Indian*
 12 *tribal government, and any political subdivision*
 13 *thereof.*

14 “(k) *SPECIAL RULES RELATING TO POOL BONDS.*—
 15 *No portion of a pooled financing bond may be allocable to*
 16 *loan unless the borrower has entered into a written loan*
 17 *commitment for such portion prior to the issue date of such*
 18 *issue.*

19 “(l) *OTHER DEFINITIONS AND SPECIAL RULES.*—*For*
 20 *purposes of this section—*

21 “(1) *BOND.*—*The term ‘bond’ includes any obli-*
 22 *gation.*

23 “(2) *POOLED FINANCING BOND.*—*The term*
 24 *‘pooled financing bond’ shall have the meaning given*
 25 *such term by section 149(f)(4)(A).*

1 “(3) *RURAL AREA.*—*The term ‘rural area’ shall*
2 *have the meaning given such term by section*
3 *1393(a)(2).*

4 “(4) *PARTNERSHIP; S CORPORATION; AND OTHER*
5 *PASS-THRU ENTITIES.*—

6 “(A) *IN GENERAL.*—*Under regulations pre-*
7 *scribed by the Secretary, in the case of a part-*
8 *nership, trust, S corporation, or other pass-thru*
9 *entity, rules similar to the rules of section 41(g)*
10 *shall apply with respect to the credit allowable*
11 *under subsection (a).*

12 “(B) *NO BASIS ADJUSTMENT.*—*In the case*
13 *of a bond held by a partnership or an S corpora-*
14 *tion, rules similar to the rules under section*
15 *1397E(i) shall apply.*

16 “(5) *BONDS HELD BY REGULATED INVESTMENT*
17 *COMPANIES.*—*If any rural renaissance bond is held*
18 *by a regulated investment company, the credit deter-*
19 *mined under subsection (a) shall be allowed to share-*
20 *holders of such company under procedures prescribed*
21 *by the Secretary.*

22 “(6) *REPORTING.*—*Issuers of rural renaissance*
23 *bonds shall submit reports similar to the reports re-*
24 *quired under section 149(e).*

1 “(7) *TERMINATION.*—*This section shall not*
 2 *apply with respect to any bond issued after December*
 3 *31, 2008.*”.

4 (b) *REPORTING.*—*Subsection (d) of section 6049 (relat-*
 5 *ing to returns regarding payments of interest) is amended*
 6 *by adding at the end the following new paragraph:*

7 “(9) *REPORTING OF CREDIT ON RURAL RENAISSANCE BONDS.*—

8 “(A) *IN GENERAL.*—*For purposes of sub-*
 9 *section (a), the term ‘interest’ includes amounts*
 10 *includible in gross income under section 54A(g)*
 11 *and such amounts shall be treated as paid on the*
 12 *credit allowance date (as defined in section*
 13 *54A(b)(4)).*

14 “(B) *REPORTING TO CORPORATIONS, ETC.*—
 15 *Except as otherwise provided in regulations, in*
 16 *the case of any interest described in subpara-*
 17 *graph (A), subsection (b)(4) shall be applied*
 18 *without regard to subparagraphs (A), (H), (I),*
 19 *(J), (K), and (L)(i) of such subsection.*

20 “(C) *REGULATORY AUTHORITY.*—*The Sec-*
 21 *retary may prescribe such regulations as are nec-*
 22 *essary or appropriate to carry out the purposes*
 23 *of this paragraph, including regulations which*
 24

1 *require more frequent or more detailed report-*
 2 *ing.”.*

3 (c) *CONFORMING AMENDMENTS.*—

4 (1) *The table of sections for subpart H of part*
 5 *IV of subchapter A of chapter 1 is amended by adding*
 6 *at the end the following new item:*

“Sec. 54A. Credit to holders of rural renaissance bonds.”.

7 (2) *Section 54(c)(2) is amended by inserting*
 8 *“section 54A,” after “subpart C,”.*

9 (d) *ISSUANCE OF REGULATIONS.*—*The Secretary of*
 10 *Treasury shall issue regulations required under section 54A*
 11 *(as added by this section) not later than 120 days after*
 12 *the date of the enactment of this Act.*

13 (e) *EFFECTIVE DATE.*—*The amendments made by this*
 14 *section shall apply to bonds issued after the date of the en-*
 15 *actment of this Act.*

16 **SEC. 12405. AGRICULTURAL CHEMICALS SECURITY CREDIT.**

17 (a) *IN GENERAL.*—*Subpart D of part IV of subchapter*
 18 *A of chapter 1 (relating to business related credits) is*
 19 *amended by adding at the end the following new section:*

20 **“SEC. 450. AGRICULTURAL CHEMICALS SECURITY CREDIT.**

21 “(a) *IN GENERAL.*—*For purposes of section 38, in the*
 22 *case of an eligible agricultural business, the agricultural*
 23 *chemicals security credit determined under this section for*
 24 *the taxable year is 30 percent of the qualified security ex-*
 25 *penditures for the taxable year.*

1 “(b) *FACILITY LIMITATION.*—*The amount of the credit*
2 *determined under subsection (a) with respect to any facility*
3 *for any taxable year shall not exceed—*

4 “(1) \$100,000, reduced by

5 “(2) *the aggregate amount of credits determined*
6 *under subsection (a) with respect to such facility for*
7 *the 5 prior taxable years.*

8 “(c) *ANNUAL LIMITATION.*—*The amount of the credit*
9 *determined under subsection (a) with respect to any tax-*
10 *payer for any taxable year shall not exceed \$2,000,000.*

11 “(d) *QUALIFIED CHEMICAL SECURITY EXPENDI-*
12 *TURE.*—*For purposes of this section, the term ‘qualified*
13 *chemical security expenditure’ means, with respect to any*
14 *eligible agricultural business for any taxable year, any*
15 *amount paid or incurred by such business during such tax-*
16 *able year for—*

17 “(1) *employee security training and background*
18 *checks,*

19 “(2) *limitation and prevention of access to con-*
20 *trols of specified agricultural chemicals stored at the*
21 *facility,*

22 “(3) *tagging, locking tank valves, and chemical*
23 *additives to prevent the theft of specified agricultural*
24 *chemicals or to render such chemicals unfit for illegal*
25 *use,*

1 “(4) protection of the perimeter of specified agri-
2 cultural chemicals,

3 “(5) installation of security lighting, cameras,
4 recording equipment, and intrusion detection sensors,

5 “(6) implementation of measures to increase
6 computer or computer network security,

7 “(7) conducting a security vulnerability assess-
8 ment,

9 “(8) implementing a site security plan, and

10 “(9) such other measures for the protection of
11 specified agricultural chemicals as the Secretary may
12 identify in regulation.

13 Amounts described in the preceding sentence shall be taken
14 into account only to the extent that such amounts are paid
15 or incurred for the purpose of protecting specified agricul-
16 tural chemicals.

17 “(e) *ELIGIBLE AGRICULTURAL BUSINESS*.—For pur-
18 poses of this section, the term ‘eligible agricultural business’
19 means any person in the trade or business of—

20 “(1) selling agricultural products, including
21 specified agricultural chemicals, at retail predomi-
22 nantly to farmers and ranchers, or

23 “(2) manufacturing, formulating, distributing,
24 or aerially applying specified agricultural chemicals.

1 “(f) *SPECIFIED AGRICULTURAL CHEMICAL.*—For pur-
2 poses of this section, the term ‘specified agricultural chem-
3 ical’ means—

4 “(1) any fertilizer commonly used in agricul-
5 tural operations which is listed under—

6 “(A) section 302(a)(2) of the *Emergency*
7 *Planning and Community Right-to-Know Act of*
8 1986,

9 “(B) section 101 of part 172 of title 49,
10 *Code of Federal Regulations, or*

11 “(C) part 126, 127, or 154 of title 33, *Code*
12 *of Federal Regulations, and*

13 “(2) any pesticide (as defined in section 2(u) of
14 the *Federal Insecticide, Fungicide, and Rodenticide*
15 *Act*), including all active and inert ingredients there-
16 of, which is customarily used on crops grown for food,
17 feed, or fiber.

18 “(g) *CONTROLLED GROUPS.*—Rules similar to the
19 rules of paragraphs (1) and (2) of section 41(f) shall apply
20 for purposes of this section.

21 “(h) *REGULATIONS.*—The Secretary may prescribe
22 such regulations as may be necessary or appropriate to
23 carry out the purposes of this section, including regulations
24 which—

1 “(1) provide for the proper treatment of amounts
2 which are paid or incurred for purpose of protecting
3 any specified agricultural chemical and for other pur-
4 poses, and

5 “(2) provide for the treatment of related prop-
6 erties as one facility for purposes of subsection (b).

7 “(i) *TERMINATION*.—This section shall not apply to
8 any amount paid or incurred after December 31, 2012.”.

9 (b) *CREDIT ALLOWED AS PART OF GENERAL BUSI-*
10 *NESS CREDIT*.—Section 38(b) is amended by striking
11 “plus” at the end of paragraph (30), by striking the period
12 at the end of paragraph (31) and inserting “, plus”, and
13 by adding at the end the following new paragraph:

14 “(32) in the case of an eligible agricultural busi-
15 ness (as defined in section 45O(e)), the agricultural
16 chemicals security credit determined under section
17 45O(a).”.

18 (c) *DENIAL OF DOUBLE BENEFIT*.—Section 280C is
19 amended by adding at the end the following new subsection:

20 “(f) *CREDIT FOR SECURITY OF AGRICULTURAL*
21 *CHEMICALS*.—No deduction shall be allowed for that por-
22 tion of the expenses otherwise allowable as a deduction
23 taken into account in determining the credit under section
24 45O for the taxable year which is equal to the amount of

1 *the credit determined for such taxable year under section*
 2 *45O(a).”.*

3 (d) *CLERICAL AMENDMENT.—The table of sections for*
 4 *subpart D of part IV of subchapter A of chapter 1 is amend-*
 5 *ed by adding at the end the following new item:*

“Sec. 45O. Agricultural chemicals security credit.”.

6 (e) *EFFECTIVE DATE.—The amendments made by this*
 7 *section shall apply to amounts paid or incurred after the*
 8 *date of the enactment of this Act.*

9 **SEC. 12406. CREDIT FOR DRUG SAFETY AND EFFECTIVE-**
 10 **NESS TESTING FOR MINOR ANIMAL SPECIES.**

11 (a) *IN GENERAL.—Subpart D of part IV of subchapter*
 12 *A of chapter 1 (relating to business related credits), as*
 13 *amended by this Act, is amended by adding at the end the*
 14 *following new section:*

15 **“SEC. 45P. DRUG SAFETY AND EFFECTIVENESS TESTING**
 16 **FOR MINOR ANIMAL SPECIES.**

17 “(a) *ALLOWANCE OF CREDIT.—For purposes of section*
 18 *38, in the case of an eligible taxpayer, the drug safety and*
 19 *effectiveness testing for minor animal species credit deter-*
 20 *mined under this section for the taxable year shall be an*
 21 *amount equal to 50 percent of the qualified safety and effec-*
 22 *tiveness testing expenses paid or incurred by the taxpayer*
 23 *during the taxable year.*

24 “(b) *ELIGIBLE TAXPAYER.—For purposes of this sec-*
 25 *tion, the term ‘eligible taxpayer’ any taxpayer—*

1 “(1) *which—*

2 “(A) *applies for the designation of a new*
 3 *animal drug for use on a minor animal species*
 4 *under section 573 of the Federal Food, Drug,*
 5 *and Cosmetic Act, or*

6 “(B) *owns animals which are the subject of*
 7 *safety and effectiveness testing, and*

8 “(2) *which elects the application of this section*
 9 *for the taxable year.*

10 “(c) *QUALIFIED SAFETY AND EFFECTIVENESS TEST-*
 11 *ING EXPENSES.—For purposes of this section—*

12 “(1) *IN GENERAL.—The term ‘qualified safety*
 13 *and effectiveness testing expenses’ means the sum of*
 14 *the following amounts which are paid or incurred by*
 15 *the eligible taxpayer during the taxable year in car-*
 16 *rying on any trade or business of such taxpayer:*

17 “(A) *In-house safety and effectiveness test-*
 18 *ing expenses.*

19 “(B) *Contract safety and effectiveness test-*
 20 *ing expenses.*

21 *Such term does not include any amount to the extent*
 22 *such amount is funded by any grant, contract, or oth-*
 23 *erwise by another person (or any governmental enti-*
 24 *ty).*

1 “(2) *IN-HOUSE SAFETY AND EFFECTIVENESS*
2 *TESTING EXPENSES.*—

3 “(A) *IN GENERAL.*—*The term ‘in-house*
4 *safety and effectiveness testing expenses’ means—*

5 “(i) *any wages paid or incurred to an*
6 *employee for qualified services performed by*
7 *such employee,*

8 “(ii) *any amount paid or incurred for*
9 *supplies used in the conduct of safety and*
10 *effectiveness testing, and*

11 “(iii) *under regulations prescribed by*
12 *the Secretary, any amount paid or incurred*
13 *to another person for the right to use com-*
14 *puters in the conduct of safety and effective-*
15 *ness testing.*

16 *Clause (iii) shall not apply to any amount to the*
17 *extent that the taxpayer (or any person with*
18 *whom the taxpayer must aggregate expenditures*
19 *under rules specified under subsection (f)(2)) re-*
20 *ceives or accrues any amount from any other*
21 *person for the right to use substantially identical*
22 *personal property.*

23 “(B) *QUALIFIED SERVICES.*—*The term*
24 *‘qualified services’ means services consisting of—*

1 “(i) *engaging in safety and effective-*
2 *ness testing, or*

3 “(ii) *engaging in the direct supervision*
4 *or direct support of such testing.*

5 *If substantially all of the services performed by*
6 *an individual for the taxpayer during the tax-*
7 *able year consists of services meeting the require-*
8 *ments of clause (i) or (ii), the term ‘qualified*
9 *services’ means all of the services performed by*
10 *such individual for the taxpayer during the tax-*
11 *able year.*

12 “(C) *WAGES AND SUPPLIES.—The terms*
13 *‘wages’ and ‘supplies’ have the meanings given*
14 *such terms by section 41(b).*

15 “(3) *CONTRACT SAFETY AND EFFECTIVENESS*
16 *TESTING EXPENSES.—*

17 “(A) *IN GENERAL.—The term ‘contract safe-*
18 *ty and effectiveness testing expenses’ means any*
19 *amount paid or incurred by the taxpayer to any*
20 *person (other than an employee of the taxpayer)*
21 *for safety and effectiveness testing.*

22 “(B) *PREPAID AMOUNTS.—If any contract*
23 *safety and effectiveness testing expenses paid or*
24 *incurred during any taxable year are attrib-*
25 *utable to safety and effectiveness testing to be*

1 *conducted after the close of such taxable year,*
2 *such amount shall be treated as paid or incurred*
3 *during the period during which the safety and*
4 *effectiveness testing is conducted.*

5 “(d) *SAFETY AND EFFECTIVENESS TESTING.—For*
6 *purposes of this section—*

7 “(1) *IN GENERAL.—The term ‘safety and effec-*
8 *tiveness testing’ means any testing which—*

9 “(A) *is related to the use of a new animal*
10 *drug for use on a minor animal species for*
11 *which it was designated under section 573 of the*
12 *Federal Food, Drug, and Cosmetic Act,*

13 “(B) *is carried out under an exemption for*
14 *such new animal drug under section 512(j) of*
15 *such Act (or regulations issued under such sec-*
16 *tion),*

17 “(C) *occurs—*

18 “(i) *after the date on which the appli-*
19 *cation for designation of such new animal*
20 *drug under section 573 of such Act is filed,*
21 *and*

22 “(ii) *before the date on which such ap-*
23 *plication is approved under section 512(c)*
24 *of such Act, and*

1 “(D) which is conducted by or on behalf of
2 an eligible taxpayer.

3 “(2) *MINOR ANIMAL SPECIES*.—

4 “(A) *IN GENERAL*.—The term ‘minor ani-
5 mal species’ means animals, other than humans,
6 which are not major animal species.

7 “(B) *MAJOR ANIMAL SPECIES*.—The term
8 ‘major animal species’ means cattle, horses,
9 swine, chickens, turkeys, dogs, cats, and any
10 other species as determined by the Secretary,
11 after consultation with the Secretary of Agri-
12 culture.

13 “(e) *TREATMENT OF QUALIFIED SAFETY AND EFFEC-*
14 *TIVENESS TESTING EXPENSES*.—

15 “(1) *IN GENERAL*.—Except as provided in para-
16 graph (2), any qualified safety and effectiveness test-
17 ing expenses for a taxable year to which an election
18 under this section applies shall not be taken into ac-
19 count for purposes of determining the credit allowable
20 under section 41 for such taxable year.

21 “(2) *TREATED AS BASE PERIOD RESEARCH EX-*
22 *PENSES*.—Any qualified safe and effectiveness testing
23 expenses for any taxable year which are qualified re-
24 search expenses (within the meaning of section 41(b))
25 shall be taken into account in determining base pe-

1 *riod research expenses for purposes of applying sec-*
 2 *tion 41 to subsequent taxable years.*

3 “(f) *SPECIAL RULES.*—

4 “(1) *LIMITATION.*—No credit shall be allowed
 5 *under this section with respect to any safety and ef-*
 6 *fectiveness testing conducted by a corporation to*
 7 *which an election under section 936 applies.*

8 “(2) *AGGREGATION OF EXPENDITURES AND AL-*
 9 *LOCATIONS OF CREDIT.*—Rules similar to the rules of
 10 *paragraphs (1) and (2) of section 41(f) and section*
 11 *41(g) shall apply for purposes of this section.”.*

12 (b) *CREDIT ALLOWED AS PART OF GENERAL BUSI-*
 13 *NESS CREDIT.*—Section 38(b), as amended by this Act, is
 14 *amended by striking “plus” at the end of paragraph (31),*
 15 *by striking the period at the end of paragraph (32) and*
 16 *inserting “, plus”, and by adding at the end the following*
 17 *new paragraph:*

18 “(33) *the drug safety and effectiveness testing for*
 19 *minor animal species credit determined under section*
 20 *45P(a).”.*

21 (c) *DENIAL OF DOUBLE BENEFIT.*—Section 280C, as
 22 *amended by this Act, is amended by adding at the end the*
 23 *following new subsection:*

24 “(g) *DRUG SAFETY AND EFFECTIVENESS TESTING FOR*
 25 *MINOR ANIMAL SPECIES CREDIT.*—

1 “(1) *IN GENERAL.*—No deduction shall be al-
 2 *lowed for that portion of the qualified safety and ef-*
 3 *fectiveness testing expenses (as defined in section*
 4 *45P(c)(1)) otherwise allowable as a deduction for the*
 5 *taxable year which is equal to the amount of the cred-*
 6 *it determined for such taxable year under section*
 7 *45P(a).*

8 “(2) *SIMILAR RULE WHERE TAXPAYER CAPITAL-*
 9 *IZES RATHER THAN DEDUCTS EXPENSES.*—*If—*

10 “(A) *the amount of the credit determined*
 11 *for the taxable year under section 45P(a), exceeds*

12 “(B) *the amount allowable as a deduction*
 13 *for such taxable year for qualified safety and ef-*
 14 *fectiveness testing expenses (determined without*
 15 *regard to paragraph (1)),*

16 *the amount chargeable to capital account for the tax-*
 17 *able year for such expenses shall be reduced by the*
 18 *amount of such excess.*

19 “(3) *CONTROLLED GROUPS.*—*Paragraph (3) of*
 20 *subsection (b) shall apply for purposes of this sub-*
 21 *section.”.*

22 “(d) *CLERICAL AMENDMENT.*—*The table of sections for*
 23 *subpart D of part IV of subchapter A of chapter 1, as*
 24 *amended by this Act, is amended by adding at the end the*
 25 *following new item:*

“*Sec. 45P. Drug safety and effectiveness testing for minor animal species.*”.

1 (e) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to amounts paid or incurred after the*
 3 *date of the enactment of this Act.*

4 **SEC. 12407. CERTAIN FARMING BUSINESS MACHINERY AND**
 5 **EQUIPMENT TREATED AS 5-YEAR PROPERTY.**

6 (a) *IN GENERAL.*—*Section 168(e)(3)(B) (defining 5-*
 7 *year property) is amended by striking “and” at the end*
 8 *of clause (v), by striking the period at the end of clause*
 9 *(vi)(III) and inserting “, and”, and by inserting after*
 10 *clause (vi) the following new clause:*

11 “(vii) any machinery or equipment
 12 (other than any grain bin, cotton ginning
 13 asset, fence, or other land improvement)
 14 which is used in a farming business (as de-
 15 fined in section 263A(e)(4)), the original
 16 use of which commences with the taxpayer
 17 after the date of the enactment of this
 18 clause, and which is placed in service before
 19 January 1, 2010.”.

20 (b) *ALTERNATIVE SYSTEM.*—*The table contained in*
 21 *section 168(g)(3)(B) (relating to special rule for certain*
 22 *property assigned to classes) is amended by inserting after*
 23 *the item relating to subparagraph (B)(iii) the following:*

“(B)(vii) 10”.

1 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to property placed in service after the*
 3 *date of the enactment of this Act.*

4 **SEC. 12408. EXPENSING OF BROADBAND INTERNET ACCESS**
 5 **EXPENDITURES.**

6 (a) *IN GENERAL.*—*Part VI of subchapter B of chapter*
 7 *1 (relating to itemized deductions for individuals and cor-*
 8 *porations) is amended by inserting after section 190 the fol-*
 9 *lowing new section:*

10 **“SEC. 191. BROADBAND EXPENDITURES.**

11 “(a) *TREATMENT OF EXPENDITURES.*—

12 “(1) *IN GENERAL.*—*A taxpayer may elect to*
 13 *treat any qualified broadband expenditure which is*
 14 *paid or incurred by the taxpayer as an expense which*
 15 *is not chargeable to a capital account. Any expendi-*
 16 *ture which is so treated shall be allowed as a deduc-*
 17 *tion.*

18 “(2) *ELECTION.*—*An election under paragraph*
 19 *(1) shall be made at such time and in such manner*
 20 *as the Secretary may prescribe by regulation.*

21 “(b) *QUALIFIED BROADBAND EXPENDITURES.*—*For*
 22 *purposes of this section—*

23 “(1) *IN GENERAL.*—*The term ‘qualified*
 24 *broadband expenditure’ means, with respect to any*
 25 *taxable year, any direct or indirect costs incurred*

1 *after the date of the enactment of this section, and on*
2 *or before the first December 31 which is 3 years after*
3 *such date, and properly taken into account with re-*
4 *spect to—*

5 *“(A) the purchase or installation of quali-*
6 *fied equipment (including any upgrades thereto),*
7 *and*

8 *“(B) the connection of such qualified equip-*
9 *ment to any qualified subscriber.*

10 *“(2) CERTAIN SATELLITE EXPENDITURES EX-*
11 *CLUDED.—Such term shall not include any costs in-*
12 *curring with respect to the launching of any satellite*
13 *equipment.*

14 *“(3) LEASED EQUIPMENT.—Such term shall in-*
15 *clude so much of the purchase price paid by the lessor*
16 *of qualified equipment subject to a lease described in*
17 *subsection (c)(2)(B) as is attributable to expenditures*
18 *incurred by the lessee which would otherwise be de-*
19 *scribed in paragraph (1).*

20 *“(4) LIMITATION WITH REGARD TO CURRENT*
21 *GENERATION BROADBAND SERVICES.—Only 50 per-*
22 *cent of the amounts taken into account under para-*
23 *graph (1) with respect to qualified equipment through*
24 *which current generation broadband services are pro-*

1 *vided shall be treated as qualified broadband expendi-*
 2 *tures.*

3 “(c) *WHEN EXPENDITURES TAKEN INTO ACCOUNT.—*
 4 *For purposes of this section—*

5 “(1) *IN GENERAL.—Qualified broadband expend-*
 6 *itures with respect to qualified equipment shall be*
 7 *taken into account with respect to the first taxable*
 8 *year in which—*

9 “(A) *current generation broadband services*
 10 *are provided through such equipment to qualified*
 11 *subscribers, or*

12 “(B) *next generation broadband services are*
 13 *provided through such equipment to qualified*
 14 *subscribers.*

15 “(2) *LIMITATION.—*

16 “(A) *IN GENERAL.—Qualified expenditures*
 17 *shall be taken into account under paragraph (1)*
 18 *only with respect to qualified equipment—*

19 “(i) *the original use of which com-*
 20 *mences with the taxpayer, and*

21 “(ii) *which is placed in service after*
 22 *the date of the enactment of this Act.*

23 “(B) *SALE-LEASEBACKS.—For purposes of*
 24 *subparagraph (A), if property—*

1 “(i) is originally placed in service
2 after the date of the enactment of this Act
3 by any person, and

4 “(ii) sold and leased back by such per-
5 son within 3 months after the date such
6 property was originally placed in service,
7 such property shall be treated as originally
8 placed in service not earlier than the date on
9 which such property is used under the leaseback
10 referred to in clause (ii).

11 “(d) *SPECIAL ALLOCATION RULES.*—

12 “(1) *CURRENT GENERATION BROADBAND SERV-*
13 *ICES.*—For purposes of determining the amount of
14 qualified broadband expenditures under subsection
15 (a)(1) with respect to qualified equipment through
16 which current generation broadband services are pro-
17 vided, if the qualified equipment is capable of serving
18 both qualified subscribers and other subscribers, the
19 qualified broadband expenditures shall be multiplied
20 by a fraction—

21 “(A) the numerator of which is the sum of
22 the number of potential qualified subscribers
23 within the rural areas and the underserved areas
24 which the equipment is capable of serving with
25 current generation broadband services, and

1 “(B) the denominator of which is the total
2 potential subscriber population of the area which
3 the equipment is capable of serving with current
4 generation broadband services.

5 “(2) NEXT GENERATION BROADBAND SERV-
6 ICES.—For purposes of determining the amount of
7 qualified broadband expenditures under subsection
8 (a)(1) with respect to qualified equipment through
9 which next generation broadband services are pro-
10 vided, if the qualified equipment is capable of serving
11 both qualified subscribers and other subscribers, the
12 qualified broadband expenditures shall be multiplied
13 by a fraction—

14 “(A) the numerator of which is the sum
15 of—

16 “(i) the number of potential qualified
17 subscribers within the rural areas and un-
18 derserved areas, plus

19 “(ii) the number of potential qualified
20 subscribers within the area consisting only
21 of residential subscribers not described in
22 clause (i),

23 which the equipment is capable of serving with
24 next generation broadband services, and

1 “(B) the denominator of which is the total
2 potential subscriber population of the area which
3 the equipment is capable of serving with next
4 generation broadband services.

5 “(e) *DEFINITIONS.*—For purposes of this section—

6 “(1) *ANTENNA.*—The term ‘antenna’ means any
7 device used to transmit or receive signals through the
8 electromagnetic spectrum, including satellite equip-
9 ment.

10 “(2) *CABLE OPERATOR.*—The term ‘cable oper-
11 ator’ has the meaning given such term by section
12 602(5) of the Communications Act of 1934 (47 U.S.C.
13 522(5)).

14 “(3) *COMMERCIAL MOBILE SERVICE CARRIER.*—
15 The term ‘commercial mobile service carrier’ means
16 any person authorized to provide commercial mobile
17 radio service as defined in section 20.3 of title 47,
18 Code of Federal Regulations.

19 “(4) *CURRENT GENERATION BROADBAND SERV-*
20 *ICE.*—The term ‘current generation broadband serv-
21 *ice’ means the transmission of signals at a rate of at*
22 *least 5,000,000 bits per second to the subscriber and*
23 *at least 1,000,000 bits per second from the subscriber.*

24 “(5) *MULTIPLEXING OR DEMULTIPLEXING.*—The
25 term ‘multiplexing’ means the transmission of 2 or

1 *more signals over a single channel, and the term*
2 *‘demultiplexing’ means the separation of 2 or more*
3 *signals previously combined by compatible multi-*
4 *plexing equipment.*

5 “(6) *NEXT GENERATION BROADBAND SERVICE.*—
6 *The term ‘next generation broadband service’ means*
7 *the transmission of signals at a rate of at least*
8 *100,000,000 bits per second to the subscriber and at*
9 *least 20,000,000 bits per second from the subscriber.*

10 “(7) *NONRESIDENTIAL SUBSCRIBER.*—*The term*
11 *‘nonresidential subscriber’ means any person who*
12 *purchases broadband services which are delivered to*
13 *the permanent place of business of such person.*

14 “(8) *OPEN VIDEO SYSTEM OPERATOR.*—*The term*
15 *‘open video system operator’ means any person au-*
16 *thorized to provide service under section 653 of the*
17 *Communications Act of 1934 (47 U.S.C. 573).*

18 “(9) *OTHER WIRELESS CARRIER.*—*The term*
19 *‘other wireless carrier’ means any person (other than*
20 *a telecommunications carrier, commercial mobile*
21 *service carrier, cable operator, open video system op-*
22 *erator, or satellite carrier) providing current genera-*
23 *tion broadband services or next generation broadband*
24 *service to subscribers through the radio transmission*
25 *of energy.*

1 “(10) *PACKET SWITCHING.*—The term ‘packet
2 switching’ means controlling or routing the path of
3 any digitized transmission signal which is assembled
4 into packets or cells.

5 “(11) *PROVIDER.*—The term ‘provider’ means,
6 with respect to any qualified equipment—

7 “(A) a cable operator,

8 “(B) a commercial mobile service carrier,

9 “(C) an open video system operator,

10 “(D) a satellite carrier,

11 “(E) a telecommunications carrier, or

12 “(F) any other wireless carrier,

13 providing current generation broadband services or
14 next generation broadband services to subscribers
15 through such qualified equipment.

16 “(12) *PROVISION OF SERVICES.*—A provider
17 shall be treated as providing services to 1 or more
18 subscribers if—

19 “(A) such a subscriber has been passed by
20 the provider’s equipment and can be connected to
21 such equipment for a standard connection fee,

22 “(B) the provider is physically able to de-
23 liver current generation broadband services or
24 next generation broadband services, as applica-
25 ble, to such a subscriber without making more

1 *than an insignificant investment with respect to*
2 *such subscriber,*

3 *“(C) the provider has made reasonable ef-*
4 *forts to make such subscribers aware of the avail-*
5 *ability of such services,*

6 *“(D) such services have been purchased by*
7 *1 or more such subscribers, and*

8 *“(E) such services are made available to*
9 *such subscribers at average prices comparable to*
10 *those at which the provider makes available*
11 *similar services in any areas in which the pro-*
12 *vider makes available such services.*

13 *“(13) QUALIFIED EQUIPMENT.—*

14 *“(A) IN GENERAL.—The term ‘qualified*
15 *equipment’ means equipment which provides*
16 *current generation broadband services or next*
17 *generation broadband services—*

18 *“(i) at least a majority of the time*
19 *during periods of maximum demand to*
20 *each subscriber who is utilizing such serv-*
21 *ices, and*

22 *“(ii) in a manner substantially the*
23 *same as such services are provided by the*
24 *provider to subscribers through equipment*

1 *with respect to which no deduction is al-*
2 *lowed under subsection (a)(1).*

3 “(B) *ONLY CERTAIN INVESTMENT TAKEN*
4 *INTO ACCOUNT.—Except as provided in subpara-*
5 *graph (C) or (D), equipment shall be taken into*
6 *account under subparagraph (A) only to the ex-*
7 *tent it—*

8 “(i) *extends from the last point of*
9 *switching to the outside of the unit, build-*
10 *ing, dwelling, or office owned or leased by*
11 *a subscriber in the case of a telecommuni-*
12 *cations carrier or broadband-over-powerline*
13 *operator,*

14 “(ii) *extends from the customer side of*
15 *the mobile telephone switching office to a*
16 *transmission/receive antenna (including*
17 *such antenna) owned or leased by a sub-*
18 *scriber in the case of a commercial mobile*
19 *service carrier,*

20 “(iii) *extends from the customer side of*
21 *the headend to the outside of the unit, build-*
22 *ing, dwelling, or office owned or leased by*
23 *a subscriber in the case of a cable operator*
24 *or open video system operator, or*

1 “(iv) extends from a transmission/re-
2 ceive antenna (including such antenna)
3 which transmits and receives signals to or
4 from multiple subscribers, to a trans-
5 mission/receive antenna (including such an-
6 tenna) on the outside of the unit, building,
7 dwelling, or office owned or leased by a sub-
8 scriber in the case of a satellite carrier or
9 other wireless carrier, unless such other
10 wireless carrier is also a telecommuni-
11 cations carrier.

12 “(C) *PACKET SWITCHING EQUIPMENT.*—
13 *Packet switching equipment, regardless of loca-*
14 *tion, shall be taken into account under subpara-*
15 *graph (A) only if it is deployed in connection*
16 *with equipment described in subparagraph (B)*
17 *and is uniquely designed to perform the function*
18 *of packet switching for current generation*
19 *broadband services or next generation broadband*
20 *services, but only if such packet switching is the*
21 *last in a series of such functions performed in*
22 *the transmission of a signal to a subscriber or*
23 *the first in a series of such functions performed*
24 *in the transmission of a signal from a sub-*
25 *scriber.*

“(D) *MULTIPLEXING AND DEMULTIPLEXING EQUIPMENT.*—*Multiplexing and demultiplexing equipment shall be taken into account under subparagraph (A) only to the extent it is deployed in connection with equipment described in subparagraph (B) and is uniquely designed to perform the function of multiplexing and demultiplexing packets or cells of data and making associated application adaptations, but only if such multiplexing or demultiplexing equipment is located between packet switching equipment described in subparagraph (C) and the subscriber’s premises.*

“(14) *QUALIFIED SUBSCRIBER.*—*The term ‘qualified subscriber’ means—*

“(A) with respect to the provision of current generation broadband services—

“(i) any nonresidential subscriber maintaining a permanent place of business in a rural area or underserved area, or

“(ii) any residential subscriber residing in a dwelling located in a rural area or underserved area which is not a saturated market, and

1 “(B) with respect to the provision of next
2 generation broadband services—

3 “(i) any nonresidential subscriber
4 maintaining a permanent place of business
5 in a rural area or underserved area, or

6 “(ii) any residential subscriber.

7 “(15) *RESIDENTIAL SUBSCRIBER*.—The term
8 ‘residential subscriber’ means any individual who
9 purchases broadband services which are delivered to
10 such individual’s dwelling.

11 “(16) *RURAL AREA*.—The term ‘rural area’
12 means any census tract which—

13 “(A) is not within 10 miles of any incor-
14 porated or census designated place containing
15 more than 25,000 people, and

16 “(B) is not within a county or county
17 equivalent which has an overall population den-
18 sity of more than 500 people per square mile of
19 land.

20 “(17) *RURAL SUBSCRIBER*.—The term ‘rural
21 subscriber’ means any residential subscriber residing
22 in a dwelling located in a rural area or nonresiden-
23 tial subscriber maintaining a permanent place of
24 business located in a rural area.

1 “(18) *SATELLITE CARRIER*.—The term ‘satellite
 2 *carrier*’ means any person using the facilities of a
 3 satellite or satellite service licensed by the Federal
 4 Communications Commission and operating in the
 5 Fixed-Satellite Service under part 25 of title 47 of the
 6 Code of Federal Regulations or the Direct Broadcast
 7 Satellite Service under part 100 of title 47 of such
 8 Code to establish and operate a channel of commu-
 9 nications for distribution of signals, and owning or
 10 leasing a capacity or service on a satellite in order
 11 to provide such point-to-multipoint distribution.

12 “(19) *SATURATED MARKET*.—The term ‘satu-
 13 rated market’ means any census tract in which, as of
 14 the date of the enactment of this section—

15 “(A) current generation broadband services
 16 have been provided by a single provider to 85
 17 percent or more of the total number of potential
 18 residential subscribers residing in dwellings lo-
 19 cated within such census tract, and

20 “(B) such services can be utilized—

21 “(i) at least a majority of the time
 22 during periods of maximum demand by
 23 each such subscriber who is utilizing such
 24 services, and

1 “(ii) in a manner substantially the
 2 same as such services are provided by the
 3 provider to subscribers through equipment
 4 with respect to which no deduction is al-
 5 lowed under subsection (a)(1).

6 “(20) *SUBSCRIBER.*—The term ‘subscriber’
 7 means any person who purchases current generation
 8 broadband services or next generation broadband serv-
 9 ices.

10 “(21) *TELECOMMUNICATIONS CARRIER.*—The
 11 term ‘telecommunications carrier’ has the meaning
 12 given such term by section 3(44) of the Communica-
 13 tions Act of 1934 (47 U.S.C. 153(44)), but—

14 “(A) includes all members of an affiliated
 15 group of which a telecommunications carrier is
 16 a member, and

17 “(B) does not include a commercial mobile
 18 service carrier.

19 “(22) *TOTAL POTENTIAL SUBSCRIBER POPU-*
 20 *LATION.*—The term ‘total potential subscriber popu-

21 lation’ means, with respect to any area and based on

22 the most recent census data, the total number of po-

23 tential residential subscribers residing in dwellings

24 located in such area and potential nonresidential sub-

1 scribers maintaining permanent places of business lo-
2 cated in such area.

3 “(23) *UNDERSERVED AREA*.—The term ‘under-
4 served area’ means—

5 “(A) any census tract which is located in—

6 “(i) an empowerment zone or enter-
7 prise community designated under section
8 1391, or

9 “(ii) the District of Columbia Enter-
10 prise Zone established under section 1400,
11 or

12 “(B) any census tract—

13 “(i) the poverty level of which is at
14 least 30 percent (based on the most recent
15 census data), and

16 “(ii) the median family income of
17 which does not exceed—

18 “(I) in the case of a census tract
19 located in a metropolitan statistical
20 area, 70 percent of the greater of the
21 metropolitan area median family in-
22 come or the statewide median family
23 income, and

24 “(II) in the case of a census tract
25 located in a nonmetropolitan statis-

1 *tical area, 70 percent of the nonmetro-*
 2 *politan statewide median family in-*
 3 *come.*

4 “(24) *UNDERSERVED SUBSCRIBER.*—*The term*
 5 *‘underserved subscriber’ means any residential sub-*
 6 *scriber residing in a dwelling located in an under-*
 7 *served area or nonresidential subscriber maintaining*
 8 *a permanent place of business located in an under-*
 9 *served area.*

10 “(f) *SPECIAL RULES.*—

11 “(1) *PROPERTY USED OUTSIDE THE UNITED*
 12 *STATES, ETC., NOT QUALIFIED.*—*No expenditures*
 13 *shall be taken into account under subsection (a)(1)*
 14 *with respect to the portion of the cost of any property*
 15 *referred to in section 50(b) or with respect to the por-*
 16 *tion of the cost of any property specified in an elec-*
 17 *tion under section 179.*

18 “(2) *BASIS REDUCTION.*—

19 “(A) *IN GENERAL.*—*For purposes of this*
 20 *title, the basis of any property shall be reduced*
 21 *by the portion of the cost of such property taken*
 22 *into account under subsection (a)(1).*

23 “(B) *ORDINARY INCOME RECAPTURE.*—*For*
 24 *purposes of section 1245, the amount of the de-*
 25 *duction allowable under subsection (a)(1) with*

1 *respect to any property which is of a character*
 2 *subject to the allowance for depreciation shall be*
 3 *treated as a deduction allowed for depreciation*
 4 *under section 167.*

5 “(3) *COORDINATION WITH SECTION 38.*—No
 6 *credit shall be allowed under section 38 with respect*
 7 *to any amount for which a deduction is allowed*
 8 *under subsection (a)(1).”.*

9 **(b) SPECIAL RULE FOR MUTUAL OR COOPERATIVE**
 10 **TELEPHONE COMPANIES.**—Section 512(b) (relating to
 11 *modifications)* is amended by adding at the end the fol-
 12 *lowing new paragraph:*

13 “(20) *SPECIAL RULE FOR MUTUAL OR COOPERA-*
 14 *TIVE TELEPHONE COMPANIES.*—A mutual or coopera-
 15 *tive telephone company which for the taxable year*
 16 *satisfies the requirements of section 501(c)(12)(A)*
 17 *may elect to reduce its unrelated business taxable in-*
 18 *come for such year, if any, by an amount that does*
 19 *not exceed the qualified broadband expenditures which*
 20 *would be taken into account under section 191 for*
 21 *such year by such company if such company was not*
 22 *exempt from taxation. Any amount which is allowed*
 23 *as a deduction under this paragraph shall not be al-*
 24 *lowed as a deduction under section 191 and the basis*

1 *of any property to which this paragraph applies shall*
 2 *be reduced under section 1016(a)(40).”.*

3 *(c) CONFORMING AMENDMENTS.—*

4 *(1) Section 263(a)(1) (relating to capital ex-*
 5 *penditures) is amended by striking “or” at the end of*
 6 *subparagraph (J), by striking the period at the end*
 7 *of subparagraph (K) and inserting “, or”, and by*
 8 *adding at the end the following new subparagraph:*

9 *“(L) expenditures for which a deduction is*
 10 *allowed under section 191.”.*

11 *(2) Section 1016(a), as amended by this Act, is*
 12 *amended by striking “and” at the end of paragraph*
 13 *(38), by striking the period at the end of paragraph*
 14 *(39) and inserting “, and”, and by adding at the end*
 15 *the following new paragraph:*

16 *“(40) to the extent provided in section*
 17 *191(f)(2).”.*

18 *(3) The table of sections for part VI of sub-*
 19 *chapter A of chapter 1 is amended by inserting after*
 20 *the item relating to section 190 the following new*
 21 *item:*

“Sec. 191. Broadband expenditures.”.

22 *(d) DESIGNATION OF CENSUS TRACTS.—*

23 *(1) IN GENERAL.—The Secretary of the Treasury*
 24 *shall, not later than 90 days after the date of the en-*
 25 *actment of this Act, designate and publish those cen-*

1 *sus tracts meeting the criteria described in para-*
 2 *graphs (16), (22), and (23) of section 191(e) of the In-*
 3 *ternal Revenue Code of 1986 (as added by this sec-*
 4 *tion). In making such designations, the Secretary of*
 5 *the Treasury shall consult with such other depart-*
 6 *ments and agencies as the Secretary determines ap-*
 7 *propriate.*

8 (2) *SATURATED MARKET.*—

9 (A) *IN GENERAL.*—*For purposes of desig-*
 10 *inating and publishing those census tracts meet-*
 11 *ing the criteria described in subsection (e)(19) of*
 12 *such section 191—*

13 (i) *the Secretary of the Treasury shall*
 14 *prescribe not later than 30 days after the*
 15 *date of the enactment of this Act the form*
 16 *upon which any provider which takes the*
 17 *position that it meets such criteria with re-*
 18 *spect to any census tract shall submit a list*
 19 *of such census tracts (and any other infor-*
 20 *mation required by the Secretary) not later*
 21 *than 60 days after the date of the publica-*
 22 *tion of such form, and*

23 (ii) *the Secretary of the Treasury shall*
 24 *publish an aggregate list of such census*
 25 *tracts and the applicable providers not later*

1 *than 30 days after the last date such sub-*
 2 *missions are allowed under clause (i).*

3 *(B) NO SUBSEQUENT LISTS REQUIRED.—*

4 *The Secretary of the Treasury shall not be re-*
 5 *quired to publish any list of census tracts meet-*
 6 *ing such criteria subsequent to the list described*
 7 *in subparagraph (A)(ii).*

8 *(e) OTHER REGULATORY MATTERS.—*

9 *(1) PROHIBITION.—No Federal or State agency*
 10 *or instrumentality shall adopt regulations or rate-*
 11 *making procedures that would have the effect of elimi-*
 12 *nating or reducing any deduction or portion thereof*
 13 *allowed under section 191 of the Internal Revenue*
 14 *Code of 1986 (as added by this section) or otherwise*
 15 *subverting the purpose of this section.*

16 *(2) TREASURY REGULATORY AUTHORITY.—It is*
 17 *the intent of Congress in providing the election to de-*
 18 *duct qualified broadband expenditures under section*
 19 *191 of the Internal Revenue Code of 1986 (as added*
 20 *by this section) to provide incentives for the purchase,*
 21 *installation, and connection of equipment and facili-*
 22 *ties offering expanded broadband access to the Inter-*
 23 *net for users in certain low income and rural areas*
 24 *of the United States, as well as to residential users*
 25 *nationwide, in a manner that maintains competitive*

1 *neutrality among the various classes of providers of*
 2 *broadband services. Accordingly, the Secretary of the*
 3 *Treasury shall prescribe such regulations as may be*
 4 *necessary or appropriate to carry out the purposes of*
 5 *section 191 of such Code, including—*

6 *(A) regulations to determine how and when*
 7 *a taxpayer that incurs qualified broadband ex-*
 8 *penditures satisfies the requirements of section*
 9 *191 of such Code to provide broadband services,*
 10 *and*

11 *(B) regulations describing the information,*
 12 *records, and data taxpayers are required to pro-*
 13 *vide the Secretary to substantiate compliance*
 14 *with the requirements of section 191 of such*
 15 *Code.*

16 **SEC. 12409. CREDIT FOR ENERGY EFFICIENT MOTORS.**

17 *(a) IN GENERAL.—Subpart D of part IV of subchapter*
 18 *A of chapter 1 (relating to business related credits), as*
 19 *amended by this Act, is amended by inserting at the end*
 20 *the following new section:*

21 **“SEC. 45Q. CREDIT FOR ENERGY EFFICIENT MOTORS.**

22 *“(a) IN GENERAL.—For purposes of section 38, the en-*
 23 *ergy efficient motors credit determined under this section*
 24 *for any taxable year is an amount equal to the lesser of—*

1 “(1) \$15 per horsepower generated by qualified
2 energy efficient motors the original use of which be-
3 gins with the taxpayer during such taxable year, or

4 “(2) \$1,250,000.

5 “(b) *QUALIFIED ENERGY EFFICIENT MOTOR.*—The
6 term ‘qualified energy efficient motor’ means a general- or
7 definite-purpose electric motor of 500 horsepower or less
8 which meets or exceeds the efficiency levels specified in Ta-
9 bles 12–12 or 12–13 of the National Electrical Manufactur-
10 ers Association MG–1 (2006).

11 “(c) *SPECIAL RULES.*—

12 “(1) *BASIS REDUCTION.*—The basis of any prop-
13 erty for which a credit is allowable under subsection
14 (a) shall be reduced by the amount of such credit.

15 “(2) *RECAPTURE.*—The Secretary shall, by regu-
16 lations, provide for recapturing the benefit of any
17 credit allowable under subsection (a) with respect to
18 any property which ceases to be property eligible for
19 such credit.

20 “(3) *PROPERTY USED OUTSIDE UNITED STATES,*
21 *ETC., CERTAIN DEPRECIABLE PROPERTY NOT QUALI-*
22 *FIED.*—No credit shall be allowed under subsection
23 (a) with respect to any property referred to in section
24 50(b) or with respect to the portion of the cost of any
25 property taken into account under section 179.

1 “(d) *TERMINATION.*—*This section shall not apply to*
 2 *any property placed in service after the date which is* 3
 3 *years after the date of the enactment of this section.*”.

4 (b) *CREDIT ALLOWED AS PART OF GENERAL BUSI-*
 5 *NESS CREDIT.*—*Section 38(b), as amended by this Act, is*
 6 *amended by striking “plus” at the end of paragraph (32),*
 7 *by striking the period at the end of paragraph (33) and*
 8 *inserting “, plus”, and by adding at the end the following*
 9 *new paragraph:*

10 “(34) *the credit for energy efficient motors deter-*
 11 *mined under section 45Q(a).*”.

12 (c) *CONFORMING AMENDMENTS.*—

13 (1) *Section 1016(a), as amended by this Act, is*
 14 *amended by striking “and” at the end of paragraph*
 15 *(39), by striking the period at the end of paragraph*
 16 *(40) and inserting “, and”, and by adding at the end*
 17 *the following new paragraph:*

18 “(41) *to the extent provided in section*
 19 *45Q(c)(1).*”.

20 (2) *The table of sections for subpart D of part*
 21 *IV of subchapter A of chapter 1, as amended by this*
 22 *Act, is amended by adding at the end the following*
 23 *new item:*

“Sec. 45Q. *Credit for energy efficient motors.*”.

1 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to property placed in service after the*
 3 *date of the enactment of this Act.*

4 ***Subtitle E—Revenue Provisions***

5 ***PART I—MISCELLANEOUS REVENUE PROVISIONS***

6 ***SEC. 12501. LIMITATION ON FARMING LOSSES OF CERTAIN*** 7 ***TAXPAYERS.***

8 (a) *IN GENERAL.*—*Section 461 (relating to general*
 9 *rule for taxable year of deduction) is amended by adding*
 10 *at the end the following new subsection:*

11 “(j) *LIMITATION ON FARMING LOSSES OF CERTAIN*
 12 *TAXPAYERS.*—

13 “(1) *IN GENERAL.*—*If an applicable taxpayer*
 14 *has a farming loss for the taxable year, such loss shall*
 15 *be allowed for such taxable year only to the extent*
 16 *such loss does not exceed \$200,000.*

17 “(2) *FARMING LOSS.*—*For purposes of this sub-*
 18 *section, the term ‘farming loss’ means the excess of the*
 19 *deductions of the taxpayer for the taxable year which*
 20 *are attributable to farming businesses (as defined in*
 21 *section 263A(e)(4)) of such taxpayer over income or*
 22 *gain of such taxpayer for the taxable year which is*
 23 *attributable to such deductions.*

24 “(3) *DISALLOWED LOSS CARRIED TO NEXT*
 25 *YEAR.*—*Any loss which is disallowed under para-*

1 *graph (1) shall be treated as a deduction of the tax-*
 2 *payer attributable to farming businesses in the next*
 3 *taxable year.*

4 “(4) *APPLICABLE TAXPAYER.*—For purposes of
 5 *this subsection, the term ‘applicable taxpayer’ means,*
 6 *with respect to any taxable year, any individual,*
 7 *partnership, estate, or trust which receives—*

8 “(A) *benefits under subtitle A or B of title*
 9 *I of the Food and Energy Security Act of 2007*
 10 *in such taxable year, or*

11 “(B) *Commodity Credit Corporation loans*
 12 *in such taxable year.”.*

13 (b) *EFFECTIVE DATE.*—The amendment made by this
 14 *section shall apply to taxable years beginning after Decem-*
 15 *ber 31, 2007.*

16 **SEC. 12502. MODIFICATION TO OPTIONAL METHOD OF COM-**
 17 **PUTING NET EARNINGS FROM SELF-EMPLOY-**
 18 **MENT.**

19 (a) *AMENDMENTS TO THE INTERNAL REVENUE CODE*
 20 *OF 1986.—*

21 (1) *IN GENERAL.*—The matter following para-
 22 *graph (17) of section 1402(a) is amended—*

23 (A) *by striking “\$2,400” each place it ap-*
 24 *pears and inserting “the upper limit”, and*

1 (B) by striking “\$1,600” each place it ap-
 2 pears and inserting “the lower limit”.

3 (2) *DEFINITIONS.*—Section 1402 is amended by
 4 adding at the end the following new subsection:

5 “(l) *UPPER AND LOWER LIMITS.*—For purposes of
 6 subsection (a)—

7 “(1) *LOWER LIMIT.*—The lower limit for any
 8 taxable year is the sum of the amounts required under
 9 section 213(d) of the Social Security Act for a quarter
 10 of coverage in effect with respect to each calendar
 11 quarter ending with or within such taxable year.

12 “(2) *UPPER LIMIT.*—The upper limit for any
 13 taxable year is the amount equal to 150 percent of the
 14 lower limit for such taxable year.”.

15 (b) *AMENDMENTS TO THE SOCIAL SECURITY ACT.*—

16 (1) *IN GENERAL.*—The matter following para-
 17 graph (16) of section 211(a) of the Social Security
 18 Act is amended—

19 (A) by striking “\$2,400” each place it ap-
 20 pears and inserting “the upper limit”, and

21 (B) by striking “\$1,600” each place it ap-
 22 pears and inserting “the lower limit”.

23 (2) *DEFINITIONS.*—Section 211 of such Act is
 24 amended by adding at the end the following new sub-
 25 section:

1 *“Upper and Lower Limits*

2 *“(k) For purposes of subsection (a)—*

3 *“(1) The lower limit for any taxable year is the*
4 *sum of the amounts required under section 213(d) for*
5 *a quarter of coverage in effect with respect to each*
6 *calendar quarter ending with or within such taxable*
7 *year.*

8 *“(2) The upper limit for any taxable year is the*
9 *amount equal to 150 percent of the lower limit for*
10 *such taxable year.”.*

11 (3) *CONFORMING AMENDMENT.—Section 212 of*
12 *such Act is amended—*

13 *(A) in subsection (b), by striking “For” and*
14 *inserting “Except as provided in subsection (c),*
15 *for”; and*

16 *(B) by adding at the end the following new*
17 *subsection:*

18 *“(c) For the purpose of determining average indexed*
19 *monthly earnings, average monthly wage, and quarters of*
20 *coverage in the case of any individual who elects the option*
21 *described in clause (ii) or (iv) in the matter following sec-*
22 *tion 211(a)(16) for any taxable year that does not begin*
23 *with or during a particular calendar year and end with*
24 *or during such year, the self-employment income of such*
25 *individual deemed to be derived during such taxable year*

1 *shall be allocated to the two calendar years, portions of*
 2 *which are included within such taxable year, in the same*
 3 *proportion to the total of such deemed self-employment in-*
 4 *come as the sum of the amounts applicable under section*
 5 *213(d) for the calendar quarters ending with or within each*
 6 *such calendar year bears to the lower limit for such taxable*
 7 *year specified in section 211(k)(1).”.*

8 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 9 *section shall apply to taxable years beginning after Decem-*
 10 *ber 31, 2007.*

11 **SEC. 12503. INFORMATION REPORTING FOR COMMODITY**
 12 **CREDIT CORPORATION TRANSACTIONS.**

13 (a) *IN GENERAL.*—*Subpart A of part III of subchapter*
 14 *A of chapter 61 (relating to information concerning persons*
 15 *subject to special provisions) is amended by inserting after*
 16 *section 6039I the following new section:*

17 **“SEC. 6039J. INFORMATION REPORTING WITH RESPECT TO**
 18 **COMMODITY CREDIT CORPORATION TRANS-**
 19 **ACTIONS.**

20 *“(a) REQUIREMENT OF REPORTING.*—*The Commodity*
 21 *Credit Corporation, through the Secretary of Agriculture,*
 22 *shall make a return, according to the forms and regulations*
 23 *prescribed by the Secretary of the Treasury, setting forth*
 24 *any market gain realized by a taxpayer during the taxable*
 25 *year in relation to the repayment of a loan issued by the*

1 *Commodity Credit Corporation, without regard to the man-*
 2 *ner in which such loan was repaid.*

3 “(b) *STATEMENTS TO BE FURNISHED TO PERSONS*
 4 *WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—*
 5 *The Secretary of Agriculture shall furnish to each person*
 6 *whose name is required to be set forth in a return required*
 7 *under subsection (a) a written statement showing the*
 8 *amount of market gain reported in such return.”.*

9 (b) *CLERICAL AMENDMENT.—The table of sections for*
 10 *subpart A of part III of subchapter A of chapter 61 is*
 11 *amended by inserting after the item relating to section*
 12 *6039I the following new item:*

“Sec. 6039J. *Information reporting with respect to Commodity Credit Corpora-*
tion transactions.”.

13 (c) *EFFECTIVE DATE.—The amendments made by this*
 14 *section shall apply to loans repaid on or after January 1,*
 15 *2007.*

16 **SEC. 12504. MODIFICATION OF SECTION 1031 TREATMENT**
 17 **FOR CERTAIN REAL ESTATE.**

18 (a) *IN GENERAL.—Section 1031 (relating to exchange*
 19 *of property held for productive use or investment), as*
 20 *amended by this Act, is amended by adding at the end the*
 21 *following new subsection:*

22 “(j) *SPECIAL RULE FOR SUBSIDIZED AGRICULTURAL*
 23 *REAL PROPERTY.—*

1 “(1) *IN GENERAL.*—Subsidized agricultural real
2 property and nonagricultural real property are not
3 property of a like kind.

4 “(2) *SUBSIDIZED AGRICULTURAL REAL PROP-*
5 *ERTY.*—For purposes of this subsection, the term ‘sub-
6 sidized agricultural real property’ means real
7 property—

8 “(A) which is used as a farm for farming
9 purposes (within the meaning of section
10 2032A(e)(5)); and

11 “(B) with respect to which a taxpayer re-
12 ceives, in the taxable year in which an exchange
13 of such property is made, any payment or ben-
14 efit under—

15 “(i) part I of subtitle A,

16 “(ii) part III (other than sections 1307
17 and 1308) of subtitle A, or

18 “(iii) subtitle B,
19 of title I of the Food and Energy Security Act
20 of 2007.

21 “(3) *NONAGRICULTURAL REAL PROPERTY.*—For
22 purposes of this subsection, the term ‘nonagricultural
23 real property’ means real property which is not used
24 as a farm for farming purposes (within the meaning
25 of section 2032A(e)(5)).

1 “(4) *EXCEPTION.*—Paragraph (1) shall not
 2 *apply with respect to any subsidized agricultural real*
 3 *property which, not later than the date of the ex-*
 4 *change, is permanently retired from any program*
 5 *under which any payment or benefit described in*
 6 *paragraph (2)(B) is made.”.*

7 (b) *EFFECTIVE DATE.*—*The amendments made by this*
 8 *section shall apply to exchanges completed after the date*
 9 *of the enactment of this Act.*

10 **SEC. 12505. MODIFICATION OF EFFECTIVE DATE OF LEAS-**
 11 **ING PROVISIONS OF THE AMERICAN JOBS**
 12 **CREATION ACT OF 2004.**

13 (a) *LEASES TO FOREIGN ENTITIES.*—*Section 849(b)*
 14 *of the American Jobs Creation Act of 2004 is amended by*
 15 *adding at the end the following new paragraph:*

16 “(5) *LEASES TO FOREIGN ENTITIES.*—*In the case*
 17 *of tax-exempt use property leased to a tax-exempt en-*
 18 *tity which is a foreign person or entity, the amend-*
 19 *ments made by this part shall apply to taxable years*
 20 *beginning after December 31, 2006, with respect to*
 21 *leases entered into on or before March 12, 2004.”.*

22 (b) *EFFECTIVE DATE.*—*The amendment made by this*
 23 *section shall take effect as if included in the enactment of*
 24 *the American Jobs Creation Act of 2004.*

1 **SEC. 12506. TIME FOR PAYMENT OF CORPORATE ESTI-**
 2 **MATED TAXES.**

3 *The percentage under subparagraph (B) of section*
 4 *401(1) of the Tax Increase Prevention and Reconciliation*
 5 *Act of 2005 in effect on the date of the enactment of this*
 6 *Act is increased by 7.00 percentage points.*

7 **SEC. 12507. DENIAL OF DEDUCTION FOR CERTAIN FINES,**
 8 **PENALTIES, AND OTHER AMOUNTS.**

9 *(a) IN GENERAL.—Subsection (f) of section 162 (relat-*
 10 *ing to trade or business expenses) is amended to read as*
 11 *follows:*

12 *“(f) FINES, PENALTIES, AND OTHER AMOUNTS.—*

13 *“(1) IN GENERAL.—Except as provided in para-*
 14 *graph (2), no deduction otherwise allowable shall be*
 15 *allowed under this chapter for any amount paid or*
 16 *incurred (whether by suit, agreement, or otherwise)*
 17 *to, or at the direction of, a government or entity de-*
 18 *scribed in paragraph (4) in relation to—*

19 *“(A) the violation of any law, or*

20 *“(B) an investigation or inquiry into the*
 21 *potential violation of any law which is initiated*
 22 *by such government or entity.*

23 *“(2) EXCEPTION FOR AMOUNTS CONSTITUTING*
 24 *RESTITUTION OR PAID TO COME INTO COMPLIANCE*
 25 *WITH LAW.—Paragraph (1) shall not apply to any*
 26 *amount which—*

1 “(A) the taxpayer establishes—

2 “(i) constitutes restitution (or remedi-
3 ation of property) for damage or harm
4 caused by, or which may be caused by, the
5 violation of any law or the potential viola-
6 tion of any law, or

7 “(ii) is paid to come into compliance
8 with any law which was violated or in-
9 volved in the investigation or inquiry, and

10 “(B) is identified as an amount described
11 in clause (i) or (ii) of subparagraph (A), as the
12 case may be, in the court order or settlement
13 agreement, except that the requirement of this
14 subparagraph shall not apply in the case of any
15 settlement agreement which requires the taxpayer
16 to pay or incur an amount not greater than
17 \$1,000,000.

18 A taxpayer shall not meet the requirements of sub-
19 paragraph (A) solely by reason of an identification
20 under subparagraph (B). This paragraph shall not
21 apply to any amount paid or incurred as reimburse-
22 ment to the government or entity for the costs of any
23 investigation or litigation unless such amount is paid
24 or incurred for a cost or fee regularly charged for any

1 *routine audit or other customary review performed by*
 2 *the government or entity.*

3 “(3) *EXCEPTION FOR AMOUNTS PAID OR IN-*
 4 *CURRED AS THE RESULT OF CERTAIN COURT OR-*
 5 *DEERS.—Paragraph (1) shall not apply to any*
 6 *amount paid or incurred by order of a court in a suit*
 7 *in which no government or entity described in para-*
 8 *graph (4) is a party.*

9 “(4) *CERTAIN NONGOVERNMENTAL REGULATORY*
 10 *ENTITIES.—An entity is described in this paragraph*
 11 *if it is—*

12 “(A) *a nongovernmental entity which exer-*
 13 *cises self-regulatory powers (including imposing*
 14 *sanctions) in connection with a qualified board*
 15 *or exchange (as defined in section 1256(g)(7)), or*

16 “(B) *to the extent provided in regulations,*
 17 *a nongovernmental entity which exercises self-*
 18 *regulatory powers (including imposing sanc-*
 19 *tions) as part of performing an essential govern-*
 20 *mental function.*

21 “(5) *EXCEPTION FOR TAXES DUE.—Paragraph*
 22 *(1) shall not apply to any amount paid or incurred*
 23 *as taxes due.”.*

24 *(b) REPORTING OF DEDUCTIBLE AMOUNTS.—*

1 (1) *IN GENERAL.*—Subpart B of part III of sub-
 2 chapter A of chapter 61 is amended by inserting after
 3 section 6050V the following new section:

4 **“SEC. 6050W. INFORMATION WITH RESPECT TO CERTAIN**
 5 **FINES, PENALTIES, AND OTHER AMOUNTS.**

6 “(a) *REQUIREMENT OF REPORTING.*—

7 “(1) *IN GENERAL.*—The appropriate official of
 8 any government or entity which is described in sec-
 9 tion 162(f)(4) which is involved in a suit or agree-
 10 ment described in paragraph (2) shall make a return
 11 in such form as determined by the Secretary setting
 12 forth—

13 “(A) the amount required to be paid as a
 14 result of the suit or agreement to which para-
 15 graph (1) of section 162(f) applies,

16 “(B) any amount required to be paid as a
 17 result of the suit or agreement which constitutes
 18 restitution or remediation of property, and

19 “(C) any amount required to be paid as a
 20 result of the suit or agreement for the purpose of
 21 coming into compliance with any law which was
 22 violated or involved in the investigation or in-
 23 quiry.

24 “(2) *SUIT OR AGREEMENT DESCRIBED.*—

1 “(A) *IN GENERAL.*—A suit or agreement is
2 described in this paragraph if—

3 “(i) it is—

4 “(I) a suit with respect to a viola-
5 tion of any law over which the govern-
6 ment or entity has authority and with
7 respect to which there has been a court
8 order, or

9 “(II) an agreement which is en-
10 tered into with respect to a violation of
11 any law over which the government or
12 entity has authority, or with respect to
13 an investigation or inquiry by the gov-
14 ernment or entity into the potential
15 violation of any law over which such
16 government or entity has authority,
17 and

18 “(ii) the aggregate amount involved in
19 all court orders and agreements with respect
20 to the violation, investigation, or inquiry is
21 \$600 or more.

22 “(B) *ADJUSTMENT OF REPORTING THRESH-*
23 *OLD.*—The Secretary may adjust the \$600
24 amount in subparagraph (A)(ii) as necessary in

1 *order to ensure the efficient administration of the*
 2 *internal revenue laws.*

3 “(3) *TIME OF FILING.*—*The return required*
 4 *under this subsection shall be filed not later than—*

5 “(A) *30 days after the date on which a*
 6 *court order is issued with respect to the suit or*
 7 *the date the agreement is entered into, as the*
 8 *case may be, or*

9 “(B) *the date specified by the Secretary.*

10 “(b) *STATEMENTS TO BE FURNISHED TO INDIVIDUALS*
 11 *INVOLVED IN THE SETTLEMENT.*—*Every person required to*
 12 *make a return under subsection (a) shall furnish to each*
 13 *person who is a party to the suit or agreement a written*
 14 *statement showing—*

15 “(1) *the name of the government or entity, and*

16 “(2) *the information supplied to the Secretary*
 17 *under subsection (a)(1).*

18 *The written statement required under the preceding sen-*
 19 *tence shall be furnished to the person at the same time the*
 20 *government or entity provides the Secretary with the infor-*
 21 *mation required under subsection (a).*

22 “(c) *APPROPRIATE OFFICIAL DEFINED.*—*For purposes*
 23 *of this section, the term ‘appropriate official’ means the offi-*
 24 *cer or employee having control of the suit, investigation,*

1 *or inquiry or the person appropriately designated for pur-*
 2 *poses of this section.”.*

3 (2) *CONFORMING AMENDMENT.—The table of sec-*
 4 *tions for subpart B of part III of subchapter A of*
 5 *chapter 61 is amended by inserting after the item re-*
 6 *lating to section 6050V the following new item:*

“Sec. 6050W. Information with respect to certain fines, penalties, and other amounts”.

7 (c) *EFFECTIVE DATE.—The amendments made by this*
 8 *section shall apply to amounts paid or incurred on or after*
 9 *the date of the enactment of this Act, except that such*
 10 *amendments shall not apply to amounts paid or incurred*
 11 *under any binding order or agreement entered into before*
 12 *such date. Such exception shall not apply to an order or*
 13 *agreement requiring court approval unless the approval*
 14 *was obtained before such date.*

15 **SEC. 12508. INCREASE IN INFORMATION RETURN PEN-**
 16 **ALTIES.**

17 (a) *FAILURE TO FILE CORRECT INFORMATION RE-*
 18 *TURNS.—*

19 (1) *IN GENERAL.—Section 6721(a)(1) is*
 20 *amended—*

21 (A) *by striking “\$50” and inserting*
 22 *“\$250”, and*

23 (B) *by striking “\$250,000” and inserting*
 24 *“\$3,000,000”.*

1 (2) *REDUCTION WHERE CORRECTION IN SPECI-*
 2 *FIED PERIOD.*—

3 (A) *CORRECTION WITHIN 30 DAYS.*—*Section*
 4 6721(b)(1) *is amended*—

5 (i) *by striking “\$15” and inserting*
 6 *“\$50”,*

7 (ii) *by striking “\$50” and inserting*
 8 *“\$250”, and*

9 (iii) *by striking “\$75,000” and insert-*
 10 *ing “\$500,000”.*

11 (B) *FAILURES CORRECTED ON OR BEFORE*
 12 *AUGUST 1.*—*Section 6721(b)(2) is amended*—

13 (i) *by striking “\$30” and inserting*
 14 *“\$100”,*

15 (ii) *by striking “\$50” and inserting*
 16 *“\$250”, and*

17 (iii) *by striking “\$150,000” and in-*
 18 *serting “\$1,500,000”.*

19 (3) *LOWER LIMITATION FOR PERSONS WITH*
 20 *GROSS RECEIPTS OF NOT MORE THAN \$5,000,000.*—*Sec-*
 21 *tion 6721(d)(1) is amended*—

22 (A) *in subparagraph (A)*—

23 (i) *by striking “\$100,000” and insert-*
 24 *ing “\$1,000,000”, and*

1 (ii) by striking “\$250,000” and insert-
2 ing “\$3,000,000”,

3 (B) in subparagraph (B)—

4 (i) by striking “\$25,000” and inserting
5 “\$175,000”, and

6 (ii) by striking “\$75,000” and insert-
7 ing “\$500,000”, and

8 (C) in subparagraph (C)—

9 (i) by striking “\$50,000” and inserting
10 “\$500,000”, and

11 (ii) by striking “\$150,000” and insert-
12 ing “\$1,500,000”.

13 (4) *PENALTY IN CASE OF INTENTIONAL DIS-*
14 *REGARD.*—Section 6721(e) is amended—

15 (A) by striking “\$100” in paragraph (2)
16 and inserting “\$500”,

17 (B) by striking “\$250,000” in paragraph
18 (3)(A) and inserting “\$3,000,000”.

19 (b) *FAILURE TO FURNISH CORRECT PAYEE STATE-*
20 *MENTS.*—

21 (1) *IN GENERAL.*—Section 6722(a) is amended—

22 (A) by striking “\$50” and inserting
23 “\$250”, and

24 (B) by striking “\$100,000” and inserting
25 “\$1,000,000”.

1 (2) *PENALTY IN CASE OF INTENTIONAL DIS-*
2 *REGARD.*—Section 6722(c) is amended—

3 (A) by striking “\$100” in paragraph (1)
4 and inserting “\$500”, and

5 (B) by striking “\$100,000” in paragraph
6 (2)(A) and inserting “\$1,000,000”.

7 (c) *FAILURE TO COMPLY WITH OTHER INFORMATION*
8 *REPORTING REQUIREMENTS.*—Section 6723 is amended—

9 (1) by striking “\$50” and inserting “\$250”, and

10 (2) by striking “\$100,000” and inserting
11 “\$1,000,000”.

12 (d) *EFFECTIVE DATE.*—The amendments made by this
13 section shall apply with respect to information returns re-
14 quired to be filed on or after January 1, 2008.

15 **SEC. 12509. ASSET TREATMENT OF HORSES.**

16 (a) *3-YEAR DEPRECIATION FOR ALL RACE HORSES.*—

17 (1) *IN GENERAL.*—Clause (i) of section
18 168(e)(3)(A) of the Internal Revenue Code of 1986
19 (relating to 3-year property) is amended to read as
20 follows:

21 “(i) any race horse,”.

22 (2) *EFFECTIVE DATE.*—The amendment made by
23 this section shall apply to property placed in service
24 on or after the date of the enactment of this Act.

1 (b) *REDUCTION OF HOLDING PERIOD TO 12 MONTHS*
 2 *FOR PURPOSES OF DETERMINING WHETHER HORSES ARE*
 3 *SECTION 1231 ASSETS.*—

4 (1) *IN GENERAL.*—Subparagraph (A) of section
 5 1231(b)(3) of the Internal Revenue Code of 1986 (re-
 6 lating to definition of livestock) is amended by strik-
 7 ing “and horses”.

8 (2) *EFFECTIVE DATE.*—The amendment made by
 9 this section shall apply to taxable years beginning
 10 after December 31, 2007.

11 **SEC. 12510. ELIMINATION OF PRIVATE PAYMENT TEST FOR**
 12 **PROFESSIONAL SPORTS FACILITY BONDS.**

13 (a) *IN GENERAL.*—Section 141(a) (defining private
 14 activity bond) is amended by adding at the end the fol-
 15 lowing new flush sentence:

16 *“In the case of any professional sports facility bond, para-*
 17 *graph (1) shall be applied without regard to subparagraph*
 18 *(B) thereof.”.*

19 (b) *PROFESSIONAL SPORTS FACILITY BOND DE-*
 20 *FINED.*—Section 141 is amended by adding at the end the
 21 following new subsection:

22 “(f) *PROFESSIONAL SPORTS FACILITY BOND.*—For
 23 purposes of subsection (a)—

24 “(1) *IN GENERAL.*—The term ‘professional sports
 25 facility bond’ means any bond issued as part of an

1 *issue any portion of the proceeds of which are to be*
 2 *used to provide a professional sports facility.*

3 “(2) *PROFESSIONAL SPORTS FACILITY.*—*The*
 4 *term ‘professional sports facility’ means real property*
 5 *and related improvements used, in whole or in part,*
 6 *for professional sports, professional sports exhibitions,*
 7 *professional games, or professional training.”.*

8 (c) *EFFECTIVE DATE.*—*The amendments made by this*
 9 *section shall apply to bonds issued after the date of the en-*
 10 *actment of this Act, other than bonds with respect to which*
 11 *a resolution was issued by an issuer or conduit borrower*
 12 *before January 24, 2007.*

13 **SEC. 12511. MODIFICATION OF PENALTY FOR FAILURE TO**
 14 **FILE PARTNERSHIP RETURNS; LIMITATION**
 15 **ON DISCLOSURE.**

16 (a) *EXTENSION OF TIME LIMITATION.*—*Section*
 17 *6698(a) (relating to failure to file partnership returns) is*
 18 *amended by striking “5 months” and inserting “12*
 19 *months”.*

20 (b) *INCREASE IN PENALTY AMOUNT.*—*Paragraph (1)*
 21 *of section 6698(b) is amended by striking “\$50” and insert-*
 22 *ing “\$100”.*

23 (c) *LIMITATION ON DISCLOSURE OF TAXPAYER RE-*
 24 *TURNS TO PARTNERS, S CORPORATION SHAREHOLDERS,*
 25 *TRUST BENEFICIARIES, AND ESTATE BENEFICIARIES.—*

1 (1) *IN GENERAL.*—Section 6103(e) (relating to
2 disclosure to persons having material interest) is
3 amended by adding at the end the following new
4 paragraph:

5 “(10) *LIMITATION ON CERTAIN DISCLOSURES*
6 *UNDER THIS SUBSECTION.*—In the case of an inspec-
7 tion or disclosure under this subsection relating to the
8 return of a partnership, S corporation, trust, or an
9 estate, the information inspected or disclosed shall not
10 include any supporting schedule, attachment, or list
11 which includes the taxpayer identity information of a
12 person other than the entity making the return or the
13 person conducting the inspection or to whom the dis-
14 closure is made.”.

15 (2) *EFFECTIVE DATE.*—The amendment made by
16 this subsection shall take effect on the date of the en-
17 actment of this Act.

18 (d) *EFFECTIVE DATE.*—The amendments made by
19 subsections (a) and (b) shall apply to returns required to
20 be filed after the date of the enactment of this Act.

21 **SEC. 12512. PARTICIPANTS IN GOVERNMENT SECTION 457**
22 **PLANS ALLOWED TO TREAT ELECTIVE DEFER-**
23 **ALS AS ROTH CONTRIBUTIONS.**

24 (a) *IN GENERAL.*—Section 402A(e)(1) (defining appli-
25 cable retirement plan) is amended by striking “and” at the

1 *end of subparagraph (A), by striking the period at the end*
 2 *of subparagraph (B) and inserting “, and”, and by adding*
 3 *at the end the following:*

4 “(C) an eligible deferred compensation plan
 5 (as defined in section 457(b)) of an eligible em-
 6 ployer described in section 457(e)(1)(A).”.

7 (b) *ELECTIVE DEFERRALS*.—Section 402A(e)(2) (de-
 8 *fining elective deferral*) is amended to read as follows:

9 “(2) *ELECTIVE DEFERRAL*.—The term ‘elective
 10 deferral’ means—

11 “(A) any elective deferral described in sub-
 12 paragraph (A) or (C) of section 402(g)(3), and

13 “(B) any elective deferral of compensation
 14 by an individual under an eligible deferred com-
 15 pensation plan (as defined in section 457(b)) of
 16 an eligible employer described in section
 17 457(e)(1)(A).”.

18 (c) *EFFECTIVE DATE*.—The amendments made by this
 19 *section shall apply to taxable years beginning after Decem-*
 20 *ber 31, 2007.*

1 **PART II—ECONOMIC SUBSTANCE DOCTRINE**

2 **SEC. 12521. CLARIFICATION OF ECONOMIC SUBSTANCE**
 3 **DOCTRINE.**

4 (a) *IN GENERAL.*—Section 7701 is amended by redes-
 5 ignating subsection (p) as subsection (q) and by inserting
 6 after subsection (o) the following new subsection:

7 “(p) *CLARIFICATION OF ECONOMIC SUBSTANCE DOC-*
 8 *TRINE; ETC.*—

9 “(1) *GENERAL RULES.*—

10 “(A) *IN GENERAL.*—In any case in which a
 11 court determines that the economic substance
 12 doctrine is relevant for purposes of this title to
 13 a transaction (or series of transactions), such
 14 transaction (or series of transactions) shall have
 15 economic substance only if the requirements of
 16 this paragraph are met.

17 “(B) *DEFINITION OF ECONOMIC SUB-*
 18 *STANCE.*—For purposes of subparagraph (A)—

19 “(i) *IN GENERAL.*—A transaction has
 20 economic substance only if—

21 “(I) the transaction changes in a
 22 meaningful way (apart from Federal
 23 tax effects) the taxpayer’s economic po-
 24 sition, and

25 “(II) subject to clause (iii), the
 26 taxpayer has a substantial purpose

1 *(other than a Federal tax purpose) for*
 2 *entering into such transaction.*

3 “(ii) *SPECIAL RULE WHERE TAXPAYER*
 4 *RELIES ON PROFIT POTENTIAL.*—*A trans-*
 5 *action shall not be treated as having eco-*
 6 *nomie substance solely by reason of having*
 7 *a potential for profit unless the present*
 8 *value of the reasonably expected pre-Federal*
 9 *tax profit from the transaction is substan-*
 10 *tial in relation to the present value of the*
 11 *expected net Federal tax benefits that would*
 12 *be allowed if the transaction were respected.*
 13 *In determining pre-Federal tax profit, there*
 14 *shall be taken into account fees and other*
 15 *transaction expenses and to the extent pro-*
 16 *vided by the Secretary, foreign taxes.*

17 “(iii) *SPECIAL RULES FOR DETER-*
 18 *MINING WHETHER NON-FEDERAL TAX PUR-*
 19 *POSE.*—*For purposes of clause (i)(II)—*

20 *“(I) a purpose of achieving a fi-*
 21 *nancial accounting benefit shall not be*
 22 *taken into account in determining*
 23 *whether a transaction has a substan-*
 24 *tial purpose (other than a Federal tax*
 25 *purpose) if the origin of such financial*

1 *accounting benefit is a reduction of*
 2 *Federal tax, and*

3 “(II) *the taxpayer shall not be*
 4 *treated as having a substantial pur-*
 5 *pose (other than a Federal tax pur-*
 6 *pose) with respect to a transaction if*
 7 *the only such purpose is the reduction*
 8 *of non-Federal taxes and the trans-*
 9 *action will result in a reduction of*
 10 *Federal taxes substantially equal to, or*
 11 *greater than, the reduction in non-Fed-*
 12 *eral taxes because of similarities be-*
 13 *tween the laws imposing the taxes.*

14 “(2) *DEFINITIONS AND SPECIAL RULES.—For*
 15 *purposes of this subsection—*

16 “(A) *ECONOMIC SUBSTANCE DOCTRINE.—*
 17 *The term ‘economic substance doctrine’ means*
 18 *the common law doctrine under which tax bene-*
 19 *fits under subtitle A with respect to a trans-*
 20 *action are not allowable if the transaction does*
 21 *not have economic substance or lacks a business*
 22 *purpose.*

23 “(B) *EXCEPTION FOR PERSONAL TRANS-*
 24 *ACTIONS OF INDIVIDUALS.—In the case of an in-*
 25 *dividual, this subsection shall apply only to*

1 *transactions entered into in connection with a*
 2 *trade or business or an activity engaged in for*
 3 *the production of income.*

4 “(3) *OTHER PROVISIONS NOT AFFECTED.—Ex-*
 5 *cept as specifically provided in this subsection, the*
 6 *provisions of this subsection shall not be construed as*
 7 *altering or supplanting any other rule of law or pro-*
 8 *vision of this title, and the requirements of this sub-*
 9 *section shall be construed as being in addition to any*
 10 *such other rule of law or provision of this title.*

11 “(4) *REGULATIONS.—The Secretary shall pre-*
 12 *scribe such regulations as may be necessary or appro-*
 13 *priate to carry out the purposes of this subsection.*
 14 *Such regulations may include exemptions from the*
 15 *application of this subsection.”.*

16 “(b) *EFFECTIVE DATE.—The amendments made by this*
 17 *section shall apply to transactions entered into after the*
 18 *date of the enactment of this Act.*

19 **SEC. 12522. PENALTY FOR UNDERSTATEMENTS ATTRIB-**
 20 **UTABLE TO TRANSACTIONS LACKING ECO-**
 21 **NOMIC SUBSTANCE, ETC.**

22 “(a) *IN GENERAL.—Subchapter A of chapter 68 is*
 23 *amended by inserting after section 6662A the following new*
 24 *section:*

1 **“SEC. 6662B. PENALTY FOR UNDERSTATEMENTS ATTRIB-**
 2 **UTABLE TO TRANSACTIONS LACKING ECO-**
 3 **NOMIC SUBSTANCE, ETC.**

4 “(a) *IMPOSITION OF PENALTY.*—If a taxpayer has an
 5 noneconomic substance transaction understatement for any
 6 taxable year, there shall be added to the tax an amount
 7 equal to 30 percent of the amount of such understatement.

8 “(b) *REDUCTION OF PENALTY FOR DISCLOSED TRANS-*
 9 *ACTIONS.*—Subsection (a) shall be applied by substituting
 10 ‘20 percent’ for ‘30 percent’ with respect to the portion of
 11 any noneconomic substance transaction understatement
 12 with respect to which the relevant facts affecting the tax
 13 treatment of the item are adequately disclosed in the return
 14 or a statement attached to the return.

15 “(c) *NONECONOMIC SUBSTANCE TRANSACTION UNDER-*
 16 *STATEMENT.*—For purposes of this section—

17 “(1) *IN GENERAL.*—The term ‘noneconomic sub-

18 stance transaction understatement’ means any

19 amount which would be an understatement under sec-

20 tion 6662A(b)(1) if section 6662A were applied by

21 taking into account items attributable to noneconomic

22 substance transactions rather than items to which sec-

23 tion 6662A would apply without regard to this para-

24 graph.

25 “(2) *NONECONOMIC SUBSTANCE TRANSACTION.*—

26 The term ‘noneconomic substance transaction’ means

1 *any transaction if there is a lack of economic sub-*
 2 *stance (within the meaning of section 7701(p)(1)(B))*
 3 *for the transaction giving rise to the claimed benefit.*

4 “(d) *RULES APPLICABLE TO ASSERTION, COM-*
 5 *PROMISE, AND COLLECTION OF PENALTY.—*

6 “(1) *IN GENERAL.—Only the Chief Counsel for*
 7 *the Internal Revenue Service may assert a penalty*
 8 *imposed under this section or may compromise all or*
 9 *any portion of such penalty. The Chief Counsel may*
 10 *delegate the authority under this paragraph only to*
 11 *an individual holding the position of chief of a*
 12 *branch within the Office of the Chief Counsel for the*
 13 *Internal Revenue Service.*

14 “(2) *SPECIFIC REQUIREMENTS.—*

15 “(A) *ASSERTION OF PENALTY.—The Chief*
 16 *Counsel for the Internal Revenue Service (or the*
 17 *Chief Counsel’s delegate under paragraph (1))*
 18 *shall not assert a penalty imposed under this*
 19 *section unless, before the assertion of the penalty,*
 20 *the taxpayer is provided—*

21 “(i) *a notice of intent to assert the*
 22 *penalty, and*

23 “(ii) *an opportunity to provide to the*
 24 *Commissioner (or the Chief Counsel’s dele-*
 25 *gate under paragraph (1)) a written re-*

1 sponse to the proposed penalty within a
2 reasonable period of time after such notice.

3 “(B) *COMPROMISE OF PENALTY.*—A com-
4 promise shall not result in a reduction in the
5 penalty imposed by this section in an amount
6 greater than the amount which bears the same
7 ratio to the amount of the penalty determined
8 without regard to the compromise as—

9 “(i) the reduction under the com-
10 promise in the noneconomic substance
11 transaction understatement to which the
12 penalty relates, bears to

13 “(ii) the amount of the noneconomic
14 substance transaction understatement deter-
15 mined without regard to the compromise.

16 “(3) *RULES RELATING TO RELEVANCY REQUIRE-*
17 *MENT.*—

18 “(A) *DETERMINATION OF RELEVANCE BY*
19 *CHIEF COUNSEL.*—The Chief Counsel for the In-
20 ternal Revenue Service (or the Chief Counsel’s
21 delegate under paragraph (1)) may assert, com-
22 promise, or collect a penalty imposed by this sec-
23 tion with respect to a noneconomic substance
24 transaction even if there has not been a court de-
25 termination that the economic substance doctrine

1 *was relevant for purposes of this title to the*
 2 *transaction if the Chief Counsel (or delegate) de-*
 3 *termines that either was so relevant.*

4 “(B) *FINAL ORDER OF COURT.*—*If there is*
 5 *a final order of a court that determines that the*
 6 *economic substance doctrine was not relevant for*
 7 *purposes of this title to a transaction (or series*
 8 *of transactions), any penalty imposed under this*
 9 *section with respect to the transaction (or series*
 10 *of transactions) shall be rescinded.*

11 “(4) *APPLICABLE RULES.*—*The rules of para-*
 12 *graphs (2) and (3) of section 6707A(d) shall apply to*
 13 *a compromise under paragraph (1).*

14 “(e) *COORDINATION WITH OTHER PENALTIES.*—*Ex-*
 15 *cept as otherwise provided in this part, the penalty imposed*
 16 *by this section shall be in addition to any other penalty*
 17 *imposed by this title.*

18 “(f) *CROSS REFERENCES.*—

 “(1) *For coordination of penalty with understatements*
under section 6662 and other special rules, see section
6662A(e).

 “(2) *For reporting of penalty imposed under this section to*
the Securities and Exchange Commission, see section
6707A(e).”.

19 (b) *COORDINATION WITH OTHER UNDERSTATEMENTS*
 20 *AND PENALTIES.*—

21 (1) *The second sentence of section 6662(d)(2)(A)*
 22 *is amended by inserting “and without regard to items*

1 *with respect to which a penalty is imposed by section*
 2 *6662B” before the period at the end.*

3 *(2) Subsection (e) of section 6662A is amended—*

4 *(A) in paragraph (1), by inserting “and*
 5 *noneconomic substance transaction understate-*
 6 *ments” after “reportable transaction understate-*
 7 *ments” both places it appears,*

8 *(B) in paragraph (2)(A)—*

9 *(i) by inserting “6662B or” before*
 10 *“6663” in the text, and*

11 *(ii) by striking “PENALTY” in the*
 12 *heading and inserting “AND ECONOMIC SUB-*
 13 *STANCE PENALTIES”,*

14 *(C) in paragraph (2)(B)—*

15 *(i) by inserting “and section 6662B”*
 16 *after “This section”, and*

17 *(ii) by striking “PENALTY” in the*
 18 *heading and inserting “AND ECONOMIC SUB-*
 19 *STANCE PENALTIES”,*

20 *(D) in paragraph (3), by inserting “or non-*
 21 *economic substance transaction understatement”*
 22 *after “reportable transaction understatement”,*
 23 *and*

24 *(E) by adding at the end the following new*
 25 *paragraph:*

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1 (d) *EFFECTIVE DATE.*—*The amendments made by this*
 2 *section shall apply to transactions entered into after the*
 3 *date of the enactment of this Act.*

4 **SEC. 12523. DENIAL OF DEDUCTION FOR INTEREST ON UN-**
 5 **DERPAYMENTS ATTRIBUTABLE TO NON-**
 6 **ECONOMIC SUBSTANCE TRANSACTIONS.**

7 (a) *IN GENERAL.*—*Section 163(m) (relating to interest*
 8 *on unpaid taxes attributable to nondisclosed reportable*
 9 *transactions) is amended—*

10 (1) *by striking “attributable” and all that fol-*
 11 *lows and inserting the following: “attributable to—*

12 *“(1) the portion of any reportable transaction*
 13 *understatement (as defined in section 6662A(b)) with*
 14 *respect to which the requirement of section*
 15 *6664(d)(2)(A) is not met, or*

16 *“(2) any noneconomic substance transaction un-*
 17 *derstatement (as defined in section 6662B(c)).”, and*

18 (2) *by inserting “AND NONECONOMIC SUBSTANCE*
 19 *TRANSACTIONS” in the heading thereof after “TRANS-*
 20 *ACTIONS”.*

21 (b) *EFFECTIVE DATE.*—*The amendments made by this*
 22 *section shall apply to transactions after the date of the en-*
 23 *actment of this Act in taxable years ending after such date.*

Subtitle F—Protection of Social Security

SEC. 12601. PROTECTION OF SOCIAL SECURITY.

To ensure that the assets of the trust funds established under section 201 of the Social Security Act (42 U.S.C. 401) are not reduced as a result of the enactment of this Act, the Secretary of the Treasury shall transfer annually from the general revenues of the Federal Government to those trust funds the following amounts:

- (1) For fiscal year 2009, \$86,000,000.*
- (2) For fiscal year 2010, \$90,000,000.*
- (3) For fiscal year 2011, \$88,000,000.*
- (4) For fiscal year 2012, \$88,000,000.*
- (5) For fiscal year 2013, \$5,000,000.*
- (6) For fiscal year 2014, \$5,000,000.*
- (7) For fiscal year 2015, \$4,000,000.*
- (8) For each fiscal year after fiscal year 2015, \$2,000,000.*

SEC. 12602. INTEREST RATES FOR WATER AND WASTE DISPOSAL FACILITIES LOANS.

Section 307(a)(3) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1927(a)(3)) is amended by adding at the end the following:

“(E) INTEREST RATES FOR WATER AND WASTE DISPOSAL FACILITIES LOANS.—Notwith-

1 *standing subparagraph (A), for loans (other than*
2 *guaranteed loans) for water and waste disposal*
3 *facilities—*

4 *“(i) in the case of a loan that would be*
5 *subject to the 5 percent interest rate limita-*
6 *tion under subparagraph (A), the Secretary*
7 *shall set the interest rate equal to 60 percent*
8 *of the current market yield for outstanding*
9 *municipal obligations with remaining peri-*
10 *ods to maturity comparable to the average*
11 *maturity of such loans, adjusted to the*
12 *nearest one-eighth of 1 per centum; and*

13 *“(ii) in the case of a loan that would*
14 *be subject to the 7 percent limitation in sub-*
15 *paragraph (A), the Secretary shall set the*
16 *interest rate equal to 80 percent of the cur-*
17 *rent market yield for outstanding munic-*
18 *ipal obligations with remaining periods to*
19 *maturity comparable to the average matu-*
20 *rity of such loans, adjusted to the nearest*
21 *one-eighth of 1 per centum.”.*

1 ***Subtitle G—Kansas Disaster Tax***
 2 ***Relief Assistance***

3 ***SEC. 12701. TEMPORARY TAX RELIEF FOR KIOWA COUNTY,***
 4 ***KANSAS AND SURROUNDING AREA.***

5 *The following provisions of or relating to the Internal*
 6 *Revenue Code of 1986 shall apply, in addition to the areas*
 7 *described in such provisions, to an area with respect to*
 8 *which a major disaster has been declared by the President*
 9 *under section 401 of the Robert T. Stafford Disaster Relief*
 10 *and Emergency Assistance Act (FEMA–1699–DR, as in ef-*
 11 *fect on the date of the enactment of this Act) by reason of*
 12 *severe storms and tornados beginning on May 4, 2007, and*
 13 *determined by the President to warrant individual or indi-*
 14 *vidual and public assistance from the Federal Government*
 15 *under such Act with respect to damages attributed to such*
 16 *storms and tornados:*

17 (1) *SUSPENSION OF CERTAIN LIMITATIONS ON*
 18 *PERSONAL CASUALTY LOSSES.—Section 1400S(b)(1)*
 19 *of the Internal Revenue Code of 1986, by substituting*
 20 *“May 4, 2007” for “August 25, 2005”.*

21 (2) *EXTENSION OF REPLACEMENT PERIOD FOR*
 22 *NONRECOGNITION OF GAIN.—Section 405 of the*
 23 *Katrina Emergency Tax Relief Act of 2005, by sub-*
 24 *stituting “on or after May 4, 2007, by reason of the*

1 *May 4, 2007, storms and tornados” for “on or after*
 2 *August 25, 2005, by reason of Hurricane Katrina”.*

3 (3) *EMPLOYEE RETENTION CREDIT FOR EMPLOY-*
 4 *ERS AFFECTED BY MAY 4 STORMS AND TORNADOS.—*
 5 *Section 1400R(a) of the Internal Revenue Code of*
 6 *1986—*

7 (A) *by substituting “May 4, 2007” for “Au-*
 8 *gust 28, 2005” each place it appears,*

9 (B) *by substituting “January 1, 2008” for*
 10 *“January 1, 2006” both places it appears, and*

11 (C) *only with respect to eligible employers*
 12 *who employed an average of not more than 200*
 13 *employees on business days during the taxable*
 14 *year before May 4, 2007.*

15 (4) *SPECIAL ALLOWANCE FOR CERTAIN PROP-*
 16 *ERTY ACQUIRED ON OR AFTER MAY 5, 2007.—Section*
 17 *1400N(d) of such Code—*

18 (A) *by substituting “qualified Recovery As-*
 19 *sistance property” for “qualified Gulf Oppor-*
 20 *tunity Zone property” each place it appears,*

21 (B) *by substituting “May 5, 2007” for “Au-*
 22 *gust 28, 2005” each place it appears,*

23 (C) *by substituting “December 31, 2008” for*
 24 *“December 31, 2007” in paragraph (2)(A)(v),*

1 (D) by substituting “December 31, 2009”
 2 for “December 31, 2008” in paragraph (2)(A)(v),
 3 (E) by substituting “May 4, 2007” for “Au-
 4 gust 27, 2005” in paragraph (3)(A),
 5 (F) by substituting “January 1, 2009” for
 6 “January 1, 2008” in paragraph (3)(B), and
 7 (G) determined without regard to para-
 8 graph (6) thereof.

9 (5) *INCREASE IN EXPENSING UNDER SECTION*
 10 179.—Section 1400N(e) of such Code, by substituting
 11 “qualified section 179 Recovery Assistance property”
 12 for “qualified section 179 Gulf Opportunity Zone
 13 property” each place it appears.

14 (6) *EXPENSING FOR CERTAIN DEMOLITION AND*
 15 *CLEAN-UP COSTS.*—Section 1400N(f) of such Code—

16 (A) by substituting “qualified Recovery As-
 17 sistance clean-up cost” for “qualified Gulf Op-
 18 portunity Zone clean-up cost” each place it ap-
 19 pears, and

20 (B) by substituting “beginning on May 4,
 21 2007, and ending on December 31, 2009” for
 22 “beginning on August 28, 2005, and ending on
 23 December 31, 2007” in paragraph (2) thereof.

24 (7) *TREATMENT OF PUBLIC UTILITY PROPERTY*
 25 *DISASTER LOSSES.*—Section 1400N(o) of such Code.

1 (8) *TREATMENT OF NET OPERATING LOSSES AT-*
 2 *TRIBUTABLE TO STORM LOSSES.*—Section 1400N(k) of
 3 *such Code*—

4 (A) by substituting “qualified Recovery As-
 5 sistance loss” for “qualified Gulf Opportunity
 6 Zone loss” each place it appears,

7 (B) by substituting “after May 3, 2007, and
 8 before on January 1, 2010” for “after August 27,
 9 2005, and before January 1, 2008” each place it
 10 appears,

11 (C) by substituting “May 4, 2007” for “Au-
 12 gust 28, 2005” in paragraph (2)(B)(ii)(I) there-
 13 of,

14 (D) by substituting “qualified Recovery As-
 15 sistance property” for “qualified Gulf Oppor-
 16 tunity Zone property” in paragraph (2)(B)(iv)
 17 thereof, and

18 (E) by substituting “qualified Recovery As-
 19 sistance casualty loss” for “qualified Gulf Op-
 20 portunity Zone casualty loss” each place it ap-
 21 pears.

22 (9) *TREATMENT OF REPRESENTATIONS REGARD-*
 23 *ING INCOME ELIGIBILITY FOR PURPOSES OF QUALI-*
 24 *FIED RENTAL PROJECT REQUIREMENTS.*—Section
 25 1400N(n) of *such Code*.

1 (10) *SPECIAL RULES FOR USE OF RETIREMENT*
2 *FUNDS.—Section 1400Q of such Code—*

3 (A) *by substituting “qualified Recovery As-*
4 *sistance distribution” for “qualified hurricane*
5 *distribution” each place it appears,*

6 (B) *by substituting “on or after May 4,*
7 *2007, and before January 1, 2009” for “on or*
8 *after August 25, 2005, and before January 1,*
9 *2007” in subsection (a)(4)(A)(i),*

10 (C) *by substituting “qualified storm dis-*
11 *tribution” for “qualified Katrina distribution”*
12 *each place it appears,*

13 (D) *by substituting “after November 4,*
14 *2006, and before May 5, 2007” for “after Feb-*
15 *ruary 28, 2005, and before August 29, 2005” in*
16 *subsection (b)(2)(B)(ii),*

17 (E) *by substituting “beginning on May 4,*
18 *2007, and ending on November 5, 2007” for “be-*
19 *ginning on August 25, 2005, and ending on Feb-*
20 *ruary 28, 2006” in subsection (b)(3)(A),*

21 (F) *by substituting “qualified storm indi-*
22 *vidual” for “qualified Hurricane Katrina indi-*
23 *vidual” each place it appears,*

24 (G) *by substituting “December 31, 2007”*
25 *for “December 31, 2006” in subsection (c)(2)(A),*

(H) by substituting “beginning on June 4, 2007, and ending on December 31, 2007” for “beginning on September 24, 2005, and ending on December 31, 2006” in subsection (c)(4)(A)(i),

(I) by substituting “May 4, 2007” for “August 25, 2005” in subsection (c)(4)(A)(ii), and

(J) by substituting “January 1, 2008” for “January 1, 2007” in subsection (d)(2)(A)(ii).

Subtitle H—Other Provisions

SEC. 12801. INCOME AVERAGING FOR AMOUNTS RECEIVED IN CONNECTION WITH THE EXXON VALDEZ LITIGATION.

(a) INCOME AVERAGING OF AMOUNTS RECEIVED FROM THE EXXON VALDEZ LITIGATION.—For purposes of section 1301 of the Internal Revenue Code of 1986—

(1) any qualified taxpayer who receives any qualified settlement income in any taxable year shall be treated as engaged in a fishing business (determined without regard to the commercial nature of the business), and

(2) such qualified settlement income shall be treated as income attributable to such a fishing business for such taxable year.

1 (b) *CONTRIBUTIONS OF AMOUNTS RECEIVED TO RE-*
 2 *TIREMENT ACCOUNTS.*—

3 (1) *IN GENERAL.*—Any qualified taxpayer who
 4 receives qualified settlement income during the tax-
 5 able year may, at any time before the end of the tax-
 6 able year in which such income was received, make
 7 one or more contributions to an eligible retirement
 8 plan of which such qualified taxpayer is a beneficiary
 9 in an aggregate amount not to exceed the lesser of—

10 (A) \$100,000 (reduced by the amount of
 11 qualified settlement income contributed to an eli-
 12 gible retirement plan in prior taxable years pur-
 13 suant to this subsection), or

14 (B) the amount of qualified settlement in-
 15 come received by the individual during the tax-
 16 able year.

17 (2) *TIME WHEN CONTRIBUTIONS DEEMED*
 18 *MADE.*—For purposes of paragraph (1), a qualified
 19 taxpayer shall be deemed to have made a contribution
 20 to an eligible retirement plan on the last day of the
 21 taxable year in which such income is received if the
 22 contribution is made on account of such taxable year
 23 and is made not later than the time prescribed by law
 24 for filing the return for such taxable year (not includ-
 25 ing extensions thereof).

1 (3) *TREATMENT OF CONTRIBUTIONS TO ELIGIBLE*
 2 *RETIREMENT PLANS.*—*For purposes of the Internal*
 3 *Revenue Code of 1986, if a contribution is made pur-*
 4 *suant to paragraph (1) with respect to qualified set-*
 5 *tlement income, then—*

6 (A) *except as provided in paragraph (4)—*

7 (i) *to the extent of such contribution,*
 8 *the qualified settlement income shall not be*
 9 *included in gross income, and*

10 (ii) *for purposes of section 72 of such*
 11 *Code, such contribution shall not be consid-*
 12 *ered to be investment in the contract,*

13 (B) *the qualified taxpayer shall, to the ex-*
 14 *tent of the amount of the contribution, be*
 15 *treated—*

16 (i) *as having received the qualified set-*
 17 *tlement income—*

18 (I) *in the case of a contribution to*
 19 *an individual retirement plan (as de-*
 20 *finied under section 7701(a)(37) of such*
 21 *Code), in a distribution described in*
 22 *section 408(d)(3) of such Code, and*

23 (II) *in the case of any other eligi-*
 24 *ble retirement plan, in an eligible roll-*

1 *over distribution (as defined under sec-*
 2 *tion 402(f)(2) of such Code), and*

3 *(ii) as having transferred the amount*
 4 *to the eligible retirement plan in a direct*
 5 *trustee to trustee transfer within 60 days of*
 6 *the distribution,*

7 *(C) section 408(d)(3)(B) of the Internal*
 8 *Revenue Code of 1986 shall not apply with re-*
 9 *spect to amounts treated as a rollover under this*
 10 *paragraph, and*

11 *(D) section 408A(c)(3)(B) of the Internal*
 12 *Revenue Code of 1986 shall not apply with re-*
 13 *spect to amounts contributed to a Roth IRA (as*
 14 *defined under section 408A(b) of such Code) or*
 15 *a designated Roth contribution to an applicable*
 16 *retirement plan (within the meaning of section*
 17 *402A of such Code) under this paragraph.*

18 *(4) SPECIAL RULE FOR ROTH IRAS AND ROTH*
 19 *401(k)s.—For purposes of the Internal Revenue Code*
 20 *of 1986, if a contribution is made pursuant to para-*
 21 *graph (1) with respect to qualified settlement income*
 22 *to a Roth IRA (as defined under section 408A(b) of*
 23 *such Code) or as a designated Roth contribution to an*
 24 *applicable retirement plan (within the meaning of*
 25 *section 402A of such Code), then—*

1 (A) *the qualified settlement income shall be*
 2 *includible in gross income, and*

3 (B) *for purposes of section 72 of such Code,*
 4 *such contribution shall be considered to be in-*
 5 *vestment in the contract.*

6 (5) *ELIGIBLE RETIREMENT PLAN.—For purpose*
 7 *of this subsection, the term “eligible retirement plan”*
 8 *has the meaning given such term under section*
 9 *402(c)(8)(B) of the Internal Revenue Code of 1986.*

10 (c) *TREATMENT OF QUALIFIED SETTLEMENT INCOME*
 11 *UNDER EMPLOYMENT TAXES.—*

12 (1) *SECA.—For purposes of chapter 2 of the In-*
 13 *ternal Revenue Code of 1986 and section 211 of the*
 14 *Social Security Act, no portion of qualified settlement*
 15 *income received by a qualified taxpayer shall be treat-*
 16 *ed as self-employment income.*

17 (2) *FICA.—For purposes of chapter 21 of the In-*
 18 *ternal Revenue Code of 1986 and section 209 of the*
 19 *Social Security Act, no portion of qualified settlement*
 20 *income received by a qualified taxpayer shall be treat-*
 21 *ed as wages.*

22 (d) *QUALIFIED TAXPAYER.—For purposes of this sec-*
 23 *tion, the term “qualified taxpayer” means—*

1 (1) *any individual who is a plaintiff in the civil*
 2 *action In re Exxon Valdez, No. 89–095–CV (HRH)*
 3 *(Consolidated) (D. Alaska); or*

4 (2) *any individual who is a beneficiary of the es-*
 5 *tate of such a plaintiff who—*

6 (A) *acquired the right to receive qualified*
 7 *settlement income from that plaintiff; and*

8 (B) *was the spouse or an immediate relative*
 9 *of that plaintiff.*

10 (e) *QUALIFIED SETTLEMENT INCOME.—For purposes*
 11 *of this section, the term “qualified settlement income”*
 12 *means any interest and punitive damage awards which*
 13 *are—*

14 (1) *otherwise includible in gross income (deter-*
 15 *mined without regard to subsection (b)), and*

16 (2) *received (whether as lump sums or periodic*
 17 *payments) in connection with the civil action In re*
 18 *Exxon Valdez, No. 89–095–CV (HRH) (Consolidated)*
 19 *(D. Alaska) (whether pre- or post-judgment and*
 20 *whether related to a settlement or judgment).*

1 **SEC. 12802. 2-YEAR EXTENSION AND EXPANSION OF CHARIT-**
 2 **TABLE DEDUCTION FOR CONTRIBUTIONS OF**
 3 **FOOD INVENTORY.**

4 (a) *IN GENERAL.*—Section 170(e)(3)(C) (relating to
 5 special rule for certain contributions of inventory and other
 6 property) is amended—

7 (1) by striking “December 31, 2007” in clause
 8 (iv) and inserting “December 31, 2009”, and

9 (2) by redesignating clauses (iii) and (iv) as
 10 clauses (iv) and (v), respectively, and by inserting
 11 after clause (ii) the following new clause:

12 “(iii) *DETERMINATION OF BASIS.*—If a
 13 taxpayer—

14 “(I) does not account for inven-
 15 tories under section 471, and

16 “(II) is not required to capitalize
 17 indirect costs under section 263A,

18 the taxpayer may elect, solely for purposes
 19 of subparagraph (B), to treat the basis of
 20 any apparently wholesome food as being
 21 equal to 25 percent of the fair market value
 22 of such food.”.

23 (b) *EFFECTIVE DATE.*—The amendments made by this
 24 section shall apply to contributions made after December
 25 31, 2007.

1 **SEC. 12803. MILEAGE REIMBURSEMENTS TO CHARITABLE**
 2 **VOLUNTEERS EXCLUDED FROM GROSS IN-**
 3 **COME.**

4 (a) *IN GENERAL.*—Part III of subchapter B of chapter
 5 1 is amended by inserting after section 139A the following
 6 new section:

7 **“SEC. 139B. MILEAGE REIMBURSEMENTS TO CHARITABLE**
 8 **VOLUNTEERS.**

9 “(a) *IN GENERAL.*—Gross income of an individual
 10 does not include amounts received, from an organization
 11 described in section 170(c), as reimbursement of operating
 12 expenses with respect to use of a passenger automobile for
 13 the benefit of such organization. The preceding sentence
 14 shall apply only to the extent that such reimbursement
 15 would be deductible under this chapter if section 274(d)
 16 were applied—

17 “(1) by using the standard business mileage rate
 18 in effect under section 162(a) at the time of such use,
 19 and

20 “(2) as if the individual were an employee of an
 21 organization not described in section 170(c).

22 “(b) *APPLICATION TO VOLUNTEER SERVICES ONLY.*—
 23 Subsection (a) shall not apply with respect to any expenses
 24 relating to the performance of services for compensation.

25 “(c) *NO DOUBLE BENEFIT.*—No deduction or credit
 26 shall be allowed under any other provision of this title with

1 *respect to the expenses excludable from gross income under*
 2 *subsection (a).”.*

3 *(b) CLERICAL AMENDMENT.—The table of sections for*
 4 *part III of subchapter B of chapter 1 of the Internal Rev-*
 5 *enue Code of 1986 is amended by inserting after the item*
 6 *relating to section 139A and inserting the following new*
 7 *item:*

“Sec. 139B. Reimbursement for use of passenger automobile for charity.”.

8 *(c) EFFECTIVE DATE.—The amendments made by this*
 9 *section shall apply to taxable years beginning after the date*
 10 *of the enactment of this Act.*

11 **SEC. 12804. BASIS ADJUSTMENT TO STOCK OF S CORPORA-**
 12 **TIONS MAKING CHARITABLE CONTRIBUTIONS**
 13 **OF PROPERTY.**

14 *(a) TECHNICAL AMENDMENT RELATED TO SECTION*
 15 *1203 OF THE PENSION PROTECTION ACT OF 2006.—Sub-*
 16 *section (d) of section 1366 is amended by adding at the*
 17 *end the following new paragraph:*

18 *“(4) APPLICATION OF LIMITATION ON CHARI-*
 19 *TABLE CONTRIBUTIONS.—In the case of any chari-*
 20 *table contribution of property to which the second*
 21 *sentence of section 1367(a)(2) applies, paragraph (1)*
 22 *shall not apply to the extent of the excess (if any)*
 23 *of—*

24 *“(A) the shareholder’s pro rata share of such*
 25 *contribution, over*

1 “(B) the shareholder’s pro rata share of the
2 adjusted basis of such property.”.

3 (b) *EFFECTIVE DATE.*—The amendment made by this
4 section shall take effect as if included in the provision of
5 the Pension Protection Act of 2006 to which it relates.

6 **SEC. 12805. PRIVATE PAYMENT TEST FOR PROFESSIONAL**
7 **SPORTS FACILITY BONDS.**

8 Section 141, as amended by this Act, is amended—

9 (1) by striking the last sentence of subsection (a),
10 and

11 (2) by striking subsection (f).

12 **SEC. 12806. APPLICATION OF REHABILITATION CREDIT AND**
13 **DEPRECIATION SCHEDULES TO CERTAIN**
14 **LOW-INCOME HOUSING FOR THE ELDERLY.**

15 (a) *IN GENERAL.*—Section 251(d)(4)(X) of the Tax
16 Reform Act of 1986 is repealed.

17 (b) *EFFECTIVE DATE.*—The repeal made by this sec-
18 tion shall apply to property placed in service after the date
19 of the enactment of this Act.

20 **SEC. 12807. COMPETITIVE CERTIFICATION AWARDS MODI-**
21 **FICATION AUTHORITY.**

22 (a) *IN GENERAL.*—Section 48A (relating to qualifying
23 advanced coal project credit) is amended by adding at the
24 end the following new subsection:

1 “(h) *COMPETITIVE CERTIFICATION AWARDS MODI-*
 2 *FICATION AUTHORITY.*—*In implementing this section or*
 3 *section 48B, the Secretary is directed to modify the terms*
 4 *of any competitive certification award and any associated*
 5 *closing agreement where such modification—*

6 “(1) *is consistent with the objectives of such sec-*
 7 *tion,*

8 “(2) *is requested by the recipient of the competi-*
 9 *tive certification award, and*

10 “(3) *involves moving the project site to improve*
 11 *the potential to capture and sequester carbon dioxide*
 12 *emissions, reduce costs of transporting feedstock, and*
 13 *serve a broader customer base,*

14 *unless the Secretary determines that the dollar amount of*
 15 *tax credits available to the taxpayer under such section*
 16 *would increase as a result of the modification or such modi-*
 17 *fication would result in such project not being originally*
 18 *certified. In considering any such modification, the Sec-*
 19 *retary shall consult with other relevant Federal agencies,*
 20 *including the Department of Energy.”.*

21 “(b) *EFFECTIVE DATE.*—*The amendment made by this*
 22 *section shall take effect on the date of the enactment of this*
 23 *Act and is applicable to all competitive certification awards*
 24 *entered into under section 48A or 48B of the Internal Rev-*

1 enue Code of 1986, whether such awards were issued before,
2 on, or after such date of enactment.

3 **SEC. 12808. QUALIFIED FORESTRY CONSERVATION BONDS.**

4 (a) *IN GENERAL.*—Part IV of subchapter A of chapter
5 1 (relating to credits against tax) is amended by adding
6 at the end the following new subpart:

7 **“Subpart I—Qualified Tax Credit Bonds**

“Sec. 54A. Credit to holders of qualified tax credit bonds.

“Sec. 54B. Qualified forestry conservation bonds.

8 **“SEC. 54A. CREDIT TO HOLDERS OF QUALIFIED TAX CREDIT**
9 **BONDS.**

10 “(a) *ALLOWANCE OF CREDIT.*—If a taxpayer holds a
11 qualified tax credit bond on one or more credit allowance
12 dates of the bond during any taxable year, there shall be
13 allowed as a credit against the tax imposed by this chapter
14 for the taxable year an amount equal to the sum of the cred-
15 its determined under subsection (b) with respect to such
16 dates.

17 “(b) *AMOUNT OF CREDIT.*—

18 “(1) *IN GENERAL.*—The amount of the credit de-
19 termined under this subsection with respect to any
20 credit allowance date for a qualified tax credit bond
21 is 25 percent of the annual credit determined with re-
22 spect to such bond.

1 “(2) *ANNUAL CREDIT.*—*The annual credit deter-*
 2 *mined with respect to any qualified tax credit bond*
 3 *is the product of—*

4 “(A) *the applicable credit rate, multiplied*
 5 *by*

6 “(B) *the outstanding face amount of the*
 7 *bond.*

8 “(3) *APPLICABLE CREDIT RATE.*—*For purposes*
 9 *of paragraph (2), the applicable credit rate is 70 per-*
 10 *cent of the rate which the Secretary estimates will*
 11 *permit the issuance of qualified tax credit bonds with*
 12 *a specified maturity or redemption date without dis-*
 13 *count and without interest cost to the qualified issuer.*
 14 *The applicable credit rate with respect to any quali-*
 15 *fied tax credit bond shall be determined as of the first*
 16 *day on which there is a binding, written contract for*
 17 *the sale or exchange of the bond.*

18 “(4) *SPECIAL RULE FOR ISSUANCE AND REDEMP-*
 19 *TION.*—*In the case of a bond which is issued during*
 20 *the 3-month period ending on a credit allowance date,*
 21 *the amount of the credit determined under this sub-*
 22 *section with respect to such credit allowance date*
 23 *shall be a ratable portion of the credit otherwise deter-*
 24 *mined based on the portion of the 3-month period*

1 *during which the bond is outstanding. A similar rule*
 2 *shall apply when the bond is redeemed or matures.*

3 “(c) *LIMITATION BASED ON AMOUNT OF TAX.—*

4 “(1) *IN GENERAL.—The credit allowed under*
 5 *subsection (a) for any taxable year shall not exceed*
 6 *the excess of—*

7 “(A) *the sum of the regular tax liability (as*
 8 *defined in section 26(b)) plus the tax imposed by*
 9 *section 55, over*

10 “(B) *the sum of the credits allowable under*
 11 *this part (other than subpart C and this sub-*
 12 *part).*

13 “(2) *CARRYOVER OF UNUSED CREDIT.—If the*
 14 *credit allowable under subsection (a) exceeds the limi-*
 15 *tation imposed by paragraph (1) for such taxable*
 16 *year, such excess shall be carried to the succeeding*
 17 *taxable year and added to the credit allowable under*
 18 *subsection (a) for such taxable year (determined be-*
 19 *fore the application of paragraph (1) for such suc-*
 20 *ceeding taxable year).*

21 “(d) *QUALIFIED TAX CREDIT BOND.—For purposes of*
 22 *this section—*

23 “(1) *QUALIFIED TAX CREDIT BOND.—The term*
 24 *‘qualified tax credit bond’ means a qualified forestry*
 25 *conservation bond which is part of an issue that*

1 *meets the requirements of paragraphs (2), (3), (4),*
 2 *(5), and (6).*

3 “(2) *SPECIAL RULES RELATING TO EXPENDI-*
 4 *TURES.—*

5 “(A) *IN GENERAL.—An issue shall be treat-*
 6 *ed as meeting the requirements of this paragraph*
 7 *if, as of the date of issuance, the issuer reason-*
 8 *ably expects—*

9 “(i) *100 percent or more of the avail-*
 10 *able project proceeds to be spent for 1 or*
 11 *more qualified purposes within the 3-year*
 12 *period beginning on such date of issuance,*
 13 *and*

14 “(ii) *a binding commitment with a*
 15 *third party to spend at least 10 percent of*
 16 *such available project proceeds will be in-*
 17 *curring within the 6-month period beginning*
 18 *on such date of issuance.*

19 “(B) *FAILURE TO SPEND REQUIRED*
 20 *AMOUNT OF BOND PROCEEDS WITHIN 3 YEARS.—*

21 “(i) *IN GENERAL.—To the extent that*
 22 *less than 100 percent of the available project*
 23 *proceeds of the issue are expended by the*
 24 *close of the expenditure period for 1 or more*
 25 *qualified purposes, the issuer shall redeem*

1 *all of the nonqualified bonds within 90 days*
2 *after the end of such period. For purposes of*
3 *this paragraph, the amount of the non-*
4 *qualified bonds required to be redeemed*
5 *shall be determined in the same manner as*
6 *under section 142.*

7 “(ii) *EXPENDITURE PERIOD.—For*
8 *purposes of this subpart, the term ‘expendi-*
9 *ture period’ means, with respect to any*
10 *issue, the 3-year period beginning on the*
11 *date of issuance. Such term shall include*
12 *any extension of such period under clause*
13 *(iii).*

14 “(iii) *EXTENSION OF PERIOD.—Upon*
15 *submission of a request prior to the expira-*
16 *tion of the expenditure period (determined*
17 *without regard to any extension under this*
18 *clause), the Secretary may extend such pe-*
19 *riod if the issuer establishes that the failure*
20 *to expend the proceeds within the original*
21 *expenditure period is due to reasonable*
22 *cause and the expenditures for qualified*
23 *purposes will continue to proceed with due*
24 *diligence.*

1 “(C) *QUALIFIED PURPOSE.*—*For purposes*
 2 *of this paragraph, the term ‘qualified purpose’*
 3 *means a purpose specified in section 54B(e).*

4 “(D) *REIMBURSEMENT.*—*For purposes of*
 5 *this subtitle, available project proceeds of an*
 6 *issue shall be treated as spent for a qualified*
 7 *purpose if such proceeds are used to reimburse*
 8 *the issuer for amounts paid for a qualified pur-*
 9 *pose after the date that the Secretary makes an*
 10 *allocation of bond limitation with respect to such*
 11 *issue, but only if—*

12 “(i) *prior to the payment of the origi-*
 13 *nal expenditure, the issuer declared its in-*
 14 *tent to reimburse such expenditure with the*
 15 *proceeds of a qualified tax credit bond,*

16 “(ii) *not later than 60 days after pay-*
 17 *ment of the original expenditure, the issuer*
 18 *adopts an official intent to reimburse the*
 19 *original expenditure with such proceeds,*
 20 *and*

21 “(iii) *the reimbursement is made not*
 22 *later than 18 months after the date the*
 23 *original expenditure is paid.*

24 “(3) *REPORTING.*—*An issue shall be treated as*
 25 *meeting the requirements of this paragraph if the*

1 *issuer of qualified tax credit bonds submits reports*
 2 *similar to the reports required under section 149(e).*

3 “(4) *SPECIAL RULES RELATING TO ARBI-*
 4 *TRAGE.—*

5 “(A) *IN GENERAL.—An issue shall be treat-*
 6 *ed as meeting the requirements of this paragraph*
 7 *if the issuer satisfies the requirements of section*
 8 *148 with respect to the proceeds of the issue.*

9 “(B) *SPECIAL RULE FOR INVESTMENTS*
 10 *DURING EXPENDITURE PERIOD.—Available*
 11 *project proceeds invested during the expenditure*
 12 *period shall not be subject to the requirements of*
 13 *subparagraph (A).*

14 “(C) *SPECIAL RULE FOR RESERVE*
 15 *FUNDS.—An issue shall not be treated as failing*
 16 *to meet the requirements of subparagraph (A) by*
 17 *reason of any fund which is expected to be used*
 18 *to repay such issue if—*

19 “(i) *such fund is funded in a manner*
 20 *reasonably expected to result in an amount*
 21 *not greater than an amount necessary to*
 22 *repay the issue, and*

23 “(ii) *the yield on such fund is not*
 24 *greater than the discount rate determined*

1 *under paragraph (5)(B) with respect to the*
2 *issue.*

3 “(5) *MATURITY LIMITATION.*—

4 “(A) *IN GENERAL.*—*An issue shall be treat-*
5 *ed as meeting the requirements of this paragraph*
6 *if the maturity of any bond which is part of*
7 *such issue does not exceed the maximum term de-*
8 *termined by the Secretary under subparagraph*
9 *(B).*

10 “(B) *MAXIMUM TERM.*—*During each cal-*
11 *endar month, the Secretary shall determine the*
12 *maximum term permitted under this paragraph*
13 *for bonds issued during the following calendar*
14 *month. Such maximum term shall be the term*
15 *which the Secretary estimates will result in the*
16 *present value of the obligation to repay the prin-*
17 *cipal on the bond being equal to 50 percent of the*
18 *face amount of such bond. Such present value*
19 *shall be determined using as a discount rate the*
20 *average annual interest rate of tax-exempt obli-*
21 *gations having a term of 10 years or more which*
22 *are issued during the month. If the term as so*
23 *determined is not a multiple of a whole year,*
24 *such term shall be rounded to the next highest*
25 *whole year.*

1 “(6) *PROHIBITION ON FINANCIAL CONFLICTS OF*
 2 *INTEREST.*—*An issue shall be treated as meeting the*
 3 *requirements of this paragraph if the issuer certifies*
 4 *that—*

5 “(A) *applicable State and local law require-*
 6 *ments governing conflicts of interest are satisfied*
 7 *with respect to such issue, and*

8 “(B) *if the Secretary prescribes additional*
 9 *conflicts of interest rules governing the appro-*
 10 *priate Members of Congress, Federal, State, and*
 11 *local officials, and their spouses, such additional*
 12 *rules are satisfied with respect to such issue.*

13 “(e) *OTHER DEFINITIONS.*—*For purposes of this*
 14 *subchapter—*

15 “(1) *CREDIT ALLOWANCE DATE.*—*The term*
 16 *‘credit allowance date’ means—*

17 “(A) *March 15,*

18 “(B) *June 15,*

19 “(C) *September 15, and*

20 “(D) *December 15.*

21 *Such term includes the last day on which the bond is*
 22 *outstanding.*

23 “(2) *BOND.*—*The term ‘bond’ includes any obli-*
 24 *gation.*

1 “(3) *STATE*.—The term ‘State’ includes the Dis-
 2 trict of Columbia and any possession of the United
 3 States.

4 “(4) *AVAILABLE PROJECT PROCEEDS*.—The term
 5 ‘available project proceeds’ means—

6 “(A) the excess of—

7 “(i) the proceeds from the sale of an
 8 issue, over

9 “(ii) the issuance costs financed by the
 10 issue (to the extent that such costs do not
 11 exceed 2 percent of such proceeds), and

12 “(B) the proceeds from any investment of
 13 the excess described in subparagraph (A).

14 “(f) *CREDIT TREATED AS INTEREST*.—For purposes of
 15 this subtitle, the credit determined under subsection (a)
 16 shall be treated as interest which is includible in gross in-
 17 come.

18 “(g) *S CORPORATIONS AND PARTNERSHIPS*.—In the
 19 case of a tax credit bond held by an S corporation or part-
 20 nership, the allocation of the credit allowed by this section
 21 to the shareholders of such corporation or partners of such
 22 partnership shall be treated as a distribution.

23 “(h) *BONDS HELD BY REGULATED INVESTMENT COM-*
 24 *PANIES AND REAL ESTATE INVESTMENT TRUSTS*.—If any
 25 qualified tax credit bond is held by a regulated investment

1 *company or a real estate investment trust, the credit deter-*
 2 *mined under subsection (a) shall be allowed to shareholders*
 3 *of such company or beneficiaries of such trust (and any*
 4 *gross income included under subsection (f) with respect to*
 5 *such credit shall be treated as distributed to such share-*
 6 *holders or beneficiaries) under procedures prescribed by the*
 7 *Secretary.*

8 “(i) *CREDITS MAY BE STRIPPED.*—Under regulations
 9 *prescribed by the Secretary—*

10 “(1) *IN GENERAL.*—There may be a separation
 11 *(including at issuance) of the ownership of a qualified*
 12 *tax credit bond and the entitlement to the credit*
 13 *under this section with respect to such bond. In case*
 14 *of any such separation, the credit under this section*
 15 *shall be allowed to the person who on the credit allow-*
 16 *ance date holds the instrument evidencing the entitle-*
 17 *ment to the credit and not to the holder of the bond.*

18 “(2) *CERTAIN RULES TO APPLY.*—In the case of
 19 *a separation described in paragraph (1), the rules of*
 20 *section 1286 shall apply to the qualified tax credit*
 21 *bond as if it were a stripped bond and to the credit*
 22 *under this section as if it were a stripped coupon.*

23 **“SEC. 54B. QUALIFIED FORESTRY CONSERVATION BONDS.**

24 “(a) *QUALIFIED FORESTRY CONSERVATION BOND.*—
 25 *For purposes of this subchapter, the term ‘qualified forestry*

1 *conservation bond*’ means any bond issued as part of an
 2 *issue if—*

3 “(1) 100 percent of the available proceeds of such
 4 *issue are to be used for one or more qualified forestry*
 5 *conservation purposes,*

6 “(2) the bond is issued by a qualified issuer, and

7 “(3) the issuer designates such bond for purposes
 8 *of this section.*

9 “(b) *LIMITATION ON AMOUNT OF BONDS DES-*
 10 *IGNATED.—The maximum aggregate face amount of bonds*
 11 *which may be designated under subsection (a) by any issuer*
 12 *shall not exceed the limitation amount allocated to such*
 13 *issuer under subsection (d).*

14 “(c) *NATIONAL LIMITATION ON AMOUNT OF BONDS*
 15 *DESIGNATED.—There is a national qualified forestry con-*
 16 *servation bond limitation of \$500,000,000.*

17 “(d) *ALLOCATIONS.—*

18 “(1) *IN GENERAL.—The Secretary shall make al-*
 19 *locations of the amount of the national qualified for-*
 20 *estry conservation bond limitation described in sub-*
 21 *section (c) among qualified forestry conservation pur-*
 22 *poses in such manner as the Secretary determines ap-*
 23 *propriate so as to ensure that all of such limitation*
 24 *is allocated before the date which is 24 months after*
 25 *the date of the enactment of this section.*

1 “(2) *SOLICITATION OF APPLICATIONS.*—*The Sec-*
 2 *retary shall solicit applications for allocations of the*
 3 *national qualified forestry conservation bond limita-*
 4 *tion described in subsection (c) not later than 90 days*
 5 *after the date of the enactment of this section.*

6 “(e) *QUALIFIED FORESTRY CONSERVATION PUR-*
 7 *POSE.*—*For purposes of this section, the term ‘qualified for-*
 8 *estry conservation purpose’ means the acquisition by a*
 9 *State or 501(c)(3) organization (as defined in section*
 10 *150(a)(4)) from an unrelated person of forest and forest*
 11 *land that meets the following qualifications:*

12 “(1) *Some portion of the land acquired must be*
 13 *adjacent to United States Forest Service Land.*

14 “(2) *At least half of the land acquired must be*
 15 *transferred to the United States Forest Service at no*
 16 *net cost to the United States and not more than half*
 17 *of the land acquired may either remain with or be do-*
 18 *nated to a State.*

19 “(3) *All of the land must be subject to a native*
 20 *fish habitat conservation plan approved by the United*
 21 *States Fish and Wildlife Service.*

22 “(4) *The amount of acreage acquired must be at*
 23 *least 40,000 acres.*

1 “(f) *QUALIFIED ISSUER.*—For purposes of this section,
 2 the term ‘qualified issuer’ means a State or 501(c)(3) orga-
 3 nization (as defined in section 150(a)(4)).”.

4 (b) *REPORTING.*—Subsection (d) of section 6049 (relat-
 5 ing to returns regarding payments of interest) is amended
 6 by adding at the end the following new paragraph:

7 “(9) *REPORTING OF CREDIT ON QUALIFIED TAX*
 8 *CREDIT BONDS.*—

9 “(A) *IN GENERAL.*—For purposes of sub-
 10 section (a), the term ‘interest’ includes amounts
 11 includible in gross income under section 54A
 12 and such amounts shall be treated as paid on the
 13 credit allowance date (as defined in section
 14 54A(e)(1)).

15 “(B) *REPORTING TO CORPORATIONS, ETC.*—
 16 Except as otherwise provided in regulations, in
 17 the case of any interest described in subpara-
 18 graph (A) of this paragraph, subsection (b)(4) of
 19 this section shall be applied without regard to
 20 subparagraphs (A), (H), (I), (J), (K), and
 21 (L)(i).

22 “(C) *REGULATORY AUTHORITY.*—The Sec-
 23 retary may prescribe such regulations as are nec-
 24 essary or appropriate to carry out the purposes
 25 of this paragraph, including regulations which

1 *require more frequent or more detailed report-*
 2 *ing.”.*

3 (c) *CONFORMING AMENDMENTS.*—

4 (1) *Sections 54(c)(2) and 1400N(l)(3)(B) are*
 5 *each amended by striking “subpart C” and inserting*
 6 *“subparts C and I”.*

7 (2) *Section 1397E(c)(2) is amended by striking*
 8 *“subpart H” and inserting “subparts H and I”.*

9 (3) *Section 6401(b)(1) is amended by striking*
 10 *“and H” and inserting “H, and I”.*

11 (4) *The heading of subpart H of part IV of sub-*
 12 *chapter A of chapter 1 is amended by striking “**Cer-***
 13 ***tain Bonds**” and inserting “**Clean Renewable***
 14 ***Energy Bonds**”.*

15 (5) *The table of subparts for part IV of sub-*
 16 *chapter A of chapter 1 is amended by striking the*
 17 *item relating to subpart H and inserting the fol-*
 18 *lowing new items:*

*“SUBPART H. NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE
 ENERGY BONDS.*

“SUBPART I. QUALIFIED TAX CREDIT BONDS.”.

19 (d) *EFFECTIVE DATES.*—*The amendments made by*
 20 *this section shall apply to obligations issued after the date*
 21 *of the enactment of this Act.*

1 **TITLE XIII—AMENDMENTS TO**
 2 **COMMODITY EXCHANGE ACT**

3 **SEC. 13001. SHORT TITLE.**

4 *This title may be cited as the “CFTC Reauthorization*
 5 *Act of 2007”.*

6 **Subtitle A—General Provisions**

7 **SEC. 13101. CFTC AUTHORITY OVER OFF-EXCHANGE RETAIL**
 8 **FOREIGN CURRENCY TRANSACTIONS.**

9 *(a) IN GENERAL.—Section 2(c)(2) of the Commodity*
 10 *Exchange Act (7 U.S.C. 2(c)(2)) is amended by striking*
 11 *subparagraphs (B) and (C) and inserting the following:*

12 **“(B) AGREEMENTS, CONTRACTS, AND**
 13 **TRANSACTIONS IN RETAIL FOREIGN CURRENCY.—**

14 *“(i) This Act applies to, and the Com-*
 15 *mission shall have jurisdiction over, an*
 16 *agreement, contract, or transaction in for-*
 17 *ign currency that—*

18 *“(I) is a contract of sale of a com-*
 19 *modity for future delivery (or an op-*
 20 *tion on such a contract) or an option*
 21 *(other than an option executed or trad-*
 22 *ed on a national securities exchange*
 23 *registered pursuant to section 6(a) of*
 24 *the Securities Exchange Act of 1934*
 25 *(15 U.S.C. 78f(a)); and*

1 “(II) is offered to, or entered into
 2 with, a person that is not an eligible
 3 contract participant, unless the
 4 counterparty, or the person offering to
 5 be the counterparty, of the person is—

6 “(aa) a financial institution;

7 “(bb)(AA) a broker or dealer
 8 registered under section 15(b) (ex-
 9 cept paragraph (11) thereof) or
 10 15C of the Securities Exchange
 11 Act of 1934 (15 U.S.C. 78o(b),
 12 78o–5); or

13 “(BB) an associated person
 14 of a broker or dealer registered
 15 under section 15(b) (except para-
 16 graph (11) thereof) or 15C of the
 17 Securities Exchange Act of 1934
 18 (15 U.S.C. 78o(b), 78o–5) con-
 19 cerning the financial or securities
 20 activities of which the broker or
 21 dealer makes and keeps records
 22 under section 15C(b) or 17(h) of
 23 the Securities Exchange Act of
 24 1934 (15 U.S.C. 78o–5(b),
 25 78q(h));

1 “(cc) a futures commission
2 merchant registered under this
3 Act (that is not also a person de-
4 scribed in item (bb)), or an affili-
5 ated person of such a futures com-
6 mission merchant (that is not also
7 a person described in item (bb)) if
8 such futures commission merchant
9 makes and keeps records under
10 section 4f(c)(2)(B) of this Act con-
11 cerning the futures and other fi-
12 nancial activities of such affili-
13 ated person;

14 “(dd) an insurance company
15 described in section 1a(12)(A)(ii)
16 of this Act, or a regulated sub-
17 sidiary or affiliate of such an in-
18 surance company;

19 “(ee) a financial holding
20 company (as defined in section 2
21 of the Bank Holding Company
22 Act of 1956); or

23 “(ff) an investment bank
24 holding company (as defined in
25 section 17(i) of the Securities Ex-

1 *change Act of 1934 (15 U.S.C.*
2 *78q(i))*).

3 “(ii) *Notwithstanding item (cc) of*
4 *clause (i)(II) of this subparagraph, agree-*
5 *ments, contracts, or transactions described*
6 *in clause (i) of this subparagraph shall be*
7 *subject to subsection (a)(1)(B) of this section*
8 *and sections 4(b), 4b, 4c(b), 4o, 6(c) and*
9 *6(d) (except to the extent that sections 6(c)*
10 *and 6(d) prohibit manipulation of the mar-*
11 *ket price of any commodity in interstate*
12 *commerce, or for future delivery on or sub-*
13 *ject to the rules of any market), 6c, 6d, 8(a),*
14 *13(a), and 13(b) if the agreements, con-*
15 *tracts, or transactions are offered, or en-*
16 *tered into, by a person that is registered as*
17 *a futures commission merchant or an affili-*
18 *ated person of a futures commission mer-*
19 *chant registered under this Act that is not*
20 *also a person described in any of items*
21 *(aa), (bb), (dd), (ee), or (ff) of clause (i) of*
22 *this subparagraph.*

23 “(iii)(I) *Notwithstanding item (cc) of*
24 *clause (i)(II), a person shall not participate*
25 *in the solicitation or recommendation of*

1 *any agreement, contract, or transaction de-*
 2 *scribed in clause (i) entered into with or to*
 3 *be entered into with a person described in*
 4 *such item, unless the person—*

5 *“(aa) is registered in such capac-*
 6 *ity as the Commission by rule, regula-*
 7 *tion, or order shall determine; and*

8 *“(bb) is a member of a futures as-*
 9 *sociation registered under section 17.*

10 *“(II) Subclause (I) shall not*
 11 *apply to—*

12 *“(aa) any person described*
 13 *in any of items (aa), (bb), (dd),*
 14 *(ee), or (ff) of subparagraph*
 15 *(B)(i)(II); or*

16 *“(bb) any such person’s asso-*
 17 *ciated persons.*

18 *“(C)(i)(I) This subparagraph shall apply to*
 19 *any agreement, contract, or transaction in for-*
 20 *ign currency that is—*

21 *“(aa) offered to, or entered into with,*
 22 *a person that is not an eligible contract*
 23 *participant (except that this subparagraph*
 24 *shall not apply if the counterparty, or the*
 25 *person offering to be the counterparty, of the*

1 *person that is not an eligible contract par-*
 2 *ticipant is a person described in any of*
 3 *items (aa), (bb), (dd), (ee), or (ff) of sub-*
 4 *paragraph (B)(i)(II)); and*

5 *“(bb) offered, or entered into, on a le-*
 6 *veraged or margined basis, or financed by*
 7 *the offeror, the counterparty, or a person*
 8 *acting in concert with the offeror or*
 9 *counterparty on a similar basis.*

10 *“(II) Subclause (I) shall not apply to—*

11 *“(aa) a security that is not a security*
 12 *futures product; or*

13 *“(bb) a contract of sale that—*

14 *“(AA) results in actual delivery*
 15 *within 2 days; or*

16 *“(BB) creates an enforceable obli-*
 17 *gation to deliver between a seller and*
 18 *buyer that have the ability to deliver*
 19 *and accept delivery, respectively, in*
 20 *connection with their line of business.*

21 *“(ii)(I) Agreements, contracts, or transactions*
 22 *described in clause (i) of this subparagraph shall be*
 23 *subject to subsection (a)(1)(B) of this section and sec-*
 24 *tions 4(b), 4b, 4c(b), 4o, 6(c) and 6(d) (except to the*
 25 *extent that sections 6(c) and 6(d) prohibit manipula-*

1 *tion of the market price of any commodity in inter-*
 2 *state commerce, or for future delivery on or subject to*
 3 *the rules of any market), 6c, 6d, 8(a), 13(a), and*
 4 *13(b).*

5 *“(II) Subclause (I) of this clause shall not apply*
 6 *to—*

7 *“(aa) any person described in any of items*
 8 *(aa), (bb), (dd), (ee), or (ff) of subparagraph*
 9 *(B)(i)(II); or*

10 *“(bb) any such person’s associated persons.*

11 *“(iii)(I) A person shall not participate in the solicita-*
 12 *tion or recommendation of any agreement, contract, or*
 13 *transaction described in clause (i) of this subparagraph un-*
 14 *less the person is registered in such capacity as the Commis-*
 15 *sion by rule, regulation, or order shall determine, and is*
 16 *a member of a futures association registered under section*
 17 *17.*

18 *“(II) Subclause (I) shall not apply to—*

19 *“(aa) any person described in any of items (aa),*
 20 *(bb), (dd), (ee), or (ff) of subparagraph (B)(i)(II); or*

21 *“(bb) any such person’s associated persons.*

22 *“(iv)(I) Sections 4(b) and 4b shall*
 23 *apply to any agreement, contract, or trans-*
 24 *action described in clause (i) of this sub-*
 25 *paragraph as if the agreement, contract, or*

1 *transaction were a contract of sale of a*
2 *commodity for future delivery.*

3 “(II) The Commission may, after
4 issuing notice and soliciting comment, issue
5 rules proscribing fraud in connection with
6 any agreement, contract, or transaction de-
7 scribed in clause (i) in an exempt com-
8 modity or an agricultural commodity.
9 Nothing in this provision shall affect the de-
10 termination of whether such agreement, con-
11 tract, or transaction is a contract for the
12 purchase or sale of a commodity for future
13 delivery for purposes of section 4(a).

14 “(v) This subparagraph shall not be
15 construed to limit any jurisdiction that the
16 Commission may otherwise have under any
17 other provision of this Act over an agree-
18 ment, contract, or transaction that is a con-
19 tract of sale of a commodity for future de-
20 livery.

21 “(vi) This subparagraph shall not be
22 construed to limit any jurisdiction that the
23 Commission or the Securities and Exchange
24 Commission may otherwise have under any
25 other provision of this Act with respect to

1 *security futures products and persons effect-*
 2 *ing transactions in security futures prod-*
 3 *ucts.”.*

4 (b) *EFFECTIVE DATE.*—*Clause (iii) of section*
 5 *2(c)(2)(B) and clause (iii) of section 2(c)(2)(C) of the Com-*
 6 *modity Exchange Act, as amended by subsection (a) of this*
 7 *section, shall be effective 120 days after the date of the en-*
 8 *actment of this Act or such other time as the Commodity*
 9 *Futures Trading Commission shall determine.*

10 **SEC. 13102. LIAISON WITH DEPARTMENT OF JUSTICE.**

11 *Section 2(a)(9) of the Commodity Exchange Act (7*
 12 *U.S.C. 2(a)(9)) is amended by adding at the end the fol-*
 13 *lowing:*

14 “(C) *LIAISON WITH DEPARTMENT OF JUS-*
 15 *TICE.*—

16 “(i) *IN GENERAL.*—*The Commission*
 17 *shall, in cooperation with the Attorney Gen-*
 18 *eral, maintain a liaison between the Com-*
 19 *mission and the Department of Justice to*
 20 *coordinate civil and criminal investigations*
 21 *and prosecutions of violations of this Act as*
 22 *appropriate.*

23 “(ii) *DESIGNATION.*—*The Attorney*
 24 *General shall designate a person as liaison*
 25 *and take such steps as are necessary to fa-*

1 *cilitate communications described in clause*
 2 *(i).”.*

3 **SEC. 13103. ANTI-FRAUD AUTHORITY OVER PRINCIPAL-TO-**
 4 **PRINCIPAL TRANSACTIONS.**

5 *Section 4b of the Commodity Exchange Act (7 U.S.C.*
 6 *Section 6b) is amended—*

7 *(1) by redesignating subsections (b) and (c) as*
 8 *subsections (c) and (d), respectively; and*

9 *(2) by striking “SEC.4b.” and all that follows*
 10 *through the end of subsection (a) and inserting the*
 11 *following:*

12 **“SEC. 4b. CONTRACTS DESIGNED TO DEFRAUD OR MIS-**
 13 **LEAD.**

14 *“(a) UNLAWFUL ACTIONS.—It shall be unlawful—*

15 *“(1) for any person, in or in connection with*
 16 *any order to make, or the making of, any contract of*
 17 *sale of any commodity in interstate commerce or for*
 18 *future delivery that is made, or to be made, on or sub-*
 19 *ject to the rules of a designated contract market, for*
 20 *or on behalf of any other person; or*

21 *“(2) for any person, in or in connection with*
 22 *any order to make, or the making of, any contract of*
 23 *sale of any commodity for future delivery, or other*
 24 *agreement, contract, or transaction subject to para-*
 25 *graphs (1) and (2) of section 5a(g), that is made, or*

1 *to be made, for or on behalf of, or with, any other per-*
2 *son, other than on or subject to the rules of a des-*
3 *ignated contract market—*

4 *“(A) to cheat or defraud or attempt to cheat*
5 *or defraud the other person;*

6 *“(B) willfully to make or cause to be made*
7 *to the other person any false report or statement*
8 *or willfully to enter or cause to be entered for the*
9 *other person any false record;*

10 *“(C) willfully to deceive or attempt to de-*
11 *ceive the other person by any means whatsoever*
12 *in regard to any order or contract or the disposi-*
13 *tion or execution of any order or contract, or in*
14 *regard to any act of agency performed, with re-*
15 *spect to any order or contract for or, in the case*
16 *of paragraph (2), with the other person; or*

17 *“(D)(i) to bucket an order if the order is ei-*
18 *ther represented by the person as an order to be*
19 *executed, or is required to be executed, on or sub-*
20 *ject to the rules of a designated contract market;*
21 *or*

22 *“(ii) to fill an order by offset against the*
23 *order or orders of any other person, or willfully*
24 *and knowingly and without the prior consent of*
25 *the other person to become the buyer in respect*

1 to any selling order of the other person, or be-
 2 come the seller in respect to any buying order of
 3 the other person, if the order is either represented
 4 by the person as an order to be executed, or is
 5 required to be executed, on or subject to the rules
 6 of a designated contract market unless the order
 7 is executed in accordance with the rules of the
 8 designated contract market.

9 “(b) CLARIFICATION.—Subsection (a)(2) of this section
 10 shall not obligate any person, in or in connection with a
 11 transaction in a contract of sale of a commodity for future
 12 delivery, or other agreement, contract or transaction subject
 13 to paragraphs (1) and (2) of section 5a(g), with another
 14 person, to disclose to the other person nonpublic informa-
 15 tion that may be material to the market price, rate, or level
 16 of the commodity or transaction, except as necessary to
 17 make any statement made to the other person in or in con-
 18 nection with the transaction not misleading in any mate-
 19 rial respect.”.

20 **SEC. 13104. CRIMINAL AND CIVIL PENALTIES.**

21 (a) ENFORCEMENT POWERS OF THE COMMISSION.—
 22 Section 6(c) of the Commodity Exchange Act (7 U.S.C. 9,
 23 15) is amended in paragraph (3) of the 10th sentence—
 24 (1) by inserting “(A)” after “assess such person”;
 25 and

1 (2) by inserting after “each such violation” the
 2 following: “, or (B) in any case of manipulation or
 3 attempted manipulation in violation of this sub-
 4 section, subsection (d), or section 9(a)(2), a civil pen-
 5 alty of not more than the greater of \$1,000,000 or tri-
 6 ple the monetary gain to such person for each such
 7 violation,”.

8 (b) *NONENFORCEMENT OF RULES OF GOVERNMENT OR*
 9 *OTHER VIOLATIONS.*—Section 6b of the *Commodity Ex-*
 10 *change Act (7 U.S.C. 13a) is amended—*

11 (1) in the first sentence, by inserting before the
 12 period at the end the following: “, or, in any case of
 13 manipulation or attempted manipulation in violation
 14 of sections 6(c), 6(d), or 9(a)(2), a civil penalty of not
 15 more than \$1,000,000 for each such violation”; and

16 (2) in the second sentence, by inserting before the
 17 period at the end the following: “, except that if the
 18 failure or refusal to obey or comply with the order in-
 19 volved any offense under section 9(a)(2), the registered
 20 entity, director, officer, agent, or employee shall be
 21 guilty of a felony and, on conviction, shall be subject
 22 to penalties under section 9(a)(2)”.

23 (c) *ACTION TO ENJOIN OR RESTRAIN VIOLATIONS.*—
 24 Section 6c(d) of the *Commodity Exchange Act (7 U.S.C.*
 25 *13a–1(d)) is amended by striking “(d)” and all that follows*

1 *through the end of paragraph (1) and inserting the fol-*
 2 *lowing:*

3 “(d) *CIVIL PENALTIES.*—

4 “(1) *IN GENERAL.*—*In any action brought under*
 5 *this section, the Commission may seek and the court*
 6 *shall have jurisdiction to impose, on a proper show-*
 7 *ing, on any person found in the action to have com-*
 8 *mitted any violation—*

9 “(A) *a civil penalty in the amount of not*
 10 *more than the greater of \$100,000 or triple the*
 11 *monetary gain to the person for each violation;*
 12 *or*

13 “(B) *in any case of manipulation or at-*
 14 *tempted manipulation in violation of sections*
 15 *6(c), 6(d), or 9(a)(2), a civil penalty in the*
 16 *amount of not more than the greater of*
 17 *\$1,000,000 or triple the monetary gain to the*
 18 *person for each violation.”.*

19 (d) *VIOLATIONS GENERALLY.*—*Section 9 of the Com-*
 20 *modity Exchange Act (7 U.S.C. 13) is amended—*

21 (1) *in subsection (a), in the matter preceding*
 22 *paragraph (1)—*

23 (A) *by striking “(or \$500,000 in the case of*
 24 *a person who is an individual)”;* and

1 (B) by striking “five years” and inserting
 2 “10 years”;
 3 (2) by re-designating subsection (f) as subsection
 4 (e); and
 5 (3) in paragraph (1) of subsection (e) (as redes-
 6 ignated by paragraph (2)), by striking the period at
 7 the end and inserting “; or”.

8 **SEC. 13105. AUTHORIZATION OF APPROPRIATIONS.**

9 Section 12(d) of the Commodity Exchange Act (7
 10 U.S.C. 16(d)) is amended to read as follows:

11 “(d) There are authorized to be appropriated such
 12 sums as are necessary to carry out this Act for each of the
 13 fiscal years 2008 through 2013.”.

14 **SEC. 13106. TECHNICAL AND CONFORMING AMENDMENTS.**

15 (a) Section 4a(e) of the Commodity Exchange Act (7
 16 U.S.C. 6a(e)) is amended in the last proviso by striking
 17 “section 9(c)” and inserting “section 9(a)(5)”.

18 (b) Section 4f(c)(4)(B)(i) of such Act (7 U.S.C.
 19 6f(c)(4)(B)(i)) is amended by striking “compiled” and in-
 20 serting “complied”.

21 (c) Section 4k of such Act (7 U.S.C. 6k) is amended
 22 by redesignating the second paragraph (5) as paragraph
 23 (6).

24 (d) The Commodity Exchange Act is amended—

1 (1) by redesignating the first section 4p (7
2 U.S.C. 6o–1), as added by section 121 of the Com-
3 modity Futures Modernization Act of 2000, as section
4 4q; and

5 (2) by moving such section to after the second
6 section 4p, as added by section 206 of Public Law
7 93–446.

8 (e) Subsections (a)(1) and (d)(1) of section 5c of such
9 Act (7 U.S.C. 7a–2(a)(1), (d)(1)) are each amended by
10 striking “5b(d)(2)” and inserting “5b(c)(2)”.

11 (f) Sections 5c(f) and 17(r) of such Act (7 U.S.C. 7a–
12 2(f), 21(r)) are each amended by striking “4d(3)” and in-
13 serting “4d(c)”.

14 (g) Section 8(a)(1) of such Act (7 U.S.C. 12(a)(1)) is
15 amended in the matter following subparagraph (B)—

16 (1) by striking “commenced” in the 2nd place it
17 appears; and

18 (2) by inserting “commenced” after “in a judi-
19 cial proceeding”.

20 (h) Section 22(a)(2) of such Act (7 U.S.C. 25(a)(2))
21 is amended by striking “5b(b)(1)(E)” and inserting
22 “5b(c)(2)(H)”.

1 **SEC. 13107. PORTFOLIO MARGINING AND SECURITY INDEX**
 2 **ISSUES.**

3 (a) *The agencies represented on the President's Work-*
 4 *ing Group on Financial Markets shall work to ensure that*
 5 *the Securities and Exchange Commission (SEC), the Com-*
 6 *modity Futures Trading Commission (CFTC), or both, as*
 7 *appropriate, have taken the actions required under sub-*
 8 *section (b).*

9 (b) *The SEC, the CFTC, or both, as appropriate, shall*
 10 *take action under their existing authorities to permit—*

11 (1) *by September 30, 2008, risk-based portfolio*
 12 *marginining for security options and security futures*
 13 *products; and*

14 (2) *by June 30, 2008, the trading of futures on*
 15 *certain security indexes by resolving issues related to*
 16 *foreign security indexes.*

17 **Subtitle B—Significant Price Dis-**
 18 **covery Contracts on Exempt**
 19 **Commercial Markets**

20 **SEC. 13201. SIGNIFICANT PRICE DISCOVERY CONTRACTS.**

21 (a) *DEFINITIONS.—Section 1a of the Commodity Ex-*
 22 *change Act (7 U.S.C. 1a) is amended—*

23 (1) *by redesignating paragraph (33) as para-*
 24 *graph (34); and*

25 (2) *by inserting after paragraph (32) the fol-*
 26 *lowing:*

1 “(33) *SIGNIFICANT PRICE DISCOVERY CON-*
 2 *TRACT.—The term ‘significant price discovery con-*
 3 *tract’ means an agreement, contract, or transaction*
 4 *subject to section 2(h)(7)(A).’.*”

5 (b) *STANDARDS APPLICABLE TO SIGNIFICANT PRICE*
 6 *DISCOVERY CONTRACTS.—Section 2(h) of the Commodity*
 7 *Exchange Act (7 U.S.C. 2(h)) is amended by adding at the*
 8 *end the following:*

9 “(7) *STANDARDS APPLICABLE TO SIGNIFICANT*
 10 *PRICE DISCOVERY CONTRACTS.—*

11 “(A) *IN GENERAL.—An agreement, contract,*
 12 *or transaction conducted in reliance on the ex-*
 13 *emption in paragraph (3) shall be subject to the*
 14 *provisions of subparagraphs (B) through (E),*
 15 *under such rules and regulations as the Commis-*
 16 *sion may promulgate, provided that the Commis-*
 17 *sion determines, in its discretion, that the agree-*
 18 *ment, contract, or transaction performs a signifi-*
 19 *cant price discovery function as described in sub-*
 20 *paragraph (B).*

21 “(B) *SIGNIFICANT PRICE DISCOVERY DE-*
 22 *TERMINATION.—In making a determination*
 23 *whether an agreement, contract, or transaction*
 24 *performs a significant price discovery function,*
 25 *the Commission shall consider, as appropriate:*

1 “(i) *PRICE LINKAGE.*—*The extent to*
2 *which the agreement, contract, or trans-*
3 *action uses or otherwise relies on a daily or*
4 *final settlement price, or other major price*
5 *parameter, of a contract or contracts listed,*
6 *for trading on or subject to the rules of a*
7 *designated contract market or a derivatives*
8 *transaction execution facility, or a signifi-*
9 *cant price discovery contract traded on an*
10 *electronic trading facility, to value a posi-*
11 *tion, transfer or convert a position, cash or*
12 *financially settle a position, or close out a*
13 *position.*

14 “(ii) *ARBITRAGE.*—*The extent to which*
15 *the price for the agreement, contract, or*
16 *transaction is sufficiently related to the*
17 *price of a contract or contracts listed for*
18 *trading on or subject to the rules of a des-*
19 *ignated contract market or derivatives*
20 *transaction execution facility so as to per-*
21 *mit market participants to effectively arbi-*
22 *trage between the markets by simulta-*
23 *neously maintaining positions or executing*
24 *trades in the contracts on the electronic*
25 *trading facility and the designated contract*

1 *market or derivatives transaction execution*
2 *facility on a frequent and recurring basis.*

3 “(iii) *MATERIAL PRICE REFERENCE.*—
4 *The extent to which, on a frequent and re-*
5 *curring basis, bids, offers, or transactions in*
6 *a commodity are directly based on, or are*
7 *determined by referencing, the prices gen-*
8 *erated by agreements, contracts, or trans-*
9 *actions being traded or executed on the elec-*
10 *tronic trading facility.*

11 “(iv) *MATERIAL LIQUIDITY.*—*The ex-*
12 *tent to which the volume of agreements, con-*
13 *tracts, or transactions in the commodity*
14 *being traded on the electronic trading facil-*
15 *ity is sufficient to have a material impact*
16 *on other agreements, contracts, or trans-*
17 *actions listed for trading on or subject to*
18 *the rules of a designated contract market, a*
19 *derivatives trading execution facility, or an*
20 *electronic trading facility operating in reli-*
21 *ance on the exemption in paragraph (3).*

22 “(v) *OTHER MATERIAL FACTORS.*—
23 *Such other material factors as the Commis-*
24 *sion specifies by rule as relevant to deter-*
25 *mine whether an agreement, contract, or*

1 *transaction serves a significant price dis-*
 2 *covery function.*

3 “(C) *CORE PRINCIPLES APPLICABLE TO SIG-*
 4 *NIFICANT PRICE DISCOVERY CONTRACTS.*—

5 “(i) *IN GENERAL.*—*An electronic trad-*
 6 *ing facility on which significant price dis-*
 7 *covery contracts are traded or executed*
 8 *shall, with respect to those contracts, comply*
 9 *with the core principles specified in this*
 10 *subparagraph.*

11 “(ii) *CORE PRINCIPLES.*—*The elec-*
 12 *tronic trading facility shall have reasonable*
 13 *discretion in establishing the manner in*
 14 *which it complies with the following core*
 15 *principles:*

16 “(I) *CONTRACTS NOT READILY*
 17 *SUSCEPTIBLE TO MANIPULATION.*—*The*
 18 *electronic trading facility shall list*
 19 *only significant price discovery con-*
 20 *tracts that are not readily susceptible*
 21 *to manipulation.*

22 “(II) *MONITORING OF TRADING.*—
 23 *The electronic trading facility shall*
 24 *monitor trading in significant price*
 25 *discovery contracts to prevent market*

1 *manipulation, price distortion, and*
2 *disruptions of the delivery or cash-set-*
3 *tlement process through market surveil-*
4 *lance, compliance, and disciplinary*
5 *practices and procedures, including*
6 *methods for conducting real-time moni-*
7 *toring of trading and comprehensive*
8 *and accurate trade reconstructions.*

9 “(III) *ABILITY TO OBTAIN INFOR-*
10 *MATION.—The electronic trading facil-*
11 *ity shall—*

12 “(aa) *establish and enforce*
13 *rules that will allow the electronic*
14 *trading facility to obtain any nec-*
15 *essary information to perform*
16 *any of the functions described in*
17 *this subparagraph;*

18 “(bb) *provide such informa-*
19 *tion to the Commission upon re-*
20 *quest; and*

21 “(cc) *have the capacity to*
22 *carry out such international in-*
23 *formation-sharing agreements as*
24 *the Commission may require.*

1 “(IV) *POSITION LIMITATIONS OR*
2 *ACCOUNTABILITY.*—*The electronic trad-*
3 *ing facility shall adopt position limi-*
4 *tations or position accountability for*
5 *speculators in significant price dis-*
6 *covery contracts, where necessary and*
7 *appropriate, to reduce the potential*
8 *threat of market manipulation, price*
9 *distortion, and disruptions of the deliv-*
10 *ery or cash-settlement process or con-*
11 *gestion, especially during trading in*
12 *the delivery month.*

13 “(V) *EMERGENCY AUTHORITY.*—
14 *The electronic trading facility shall*
15 *adopt rules to provide for the exercise*
16 *of emergency authority, in consultation*
17 *or cooperation with the Commission,*
18 *where necessary and appropriate, in-*
19 *cluding the authority—*

20 “(aa) *to liquidate open posi-*
21 *tions in a significant price dis-*
22 *covery contract; and*

23 “(bb) *to suspend or curtail*
24 *trading in a significant price dis-*
25 *covery contract.*

1 “(VI) *DAILY PUBLICATION OF*
2 *TRADING INFORMATION.—The elec-*
3 *tronic trading facility shall make pub-*
4 *lic daily information on price, trading*
5 *volume, and other trading data for sig-*
6 *nificant price discovery contracts, as*
7 *the Commission considers appropriate.*

8 “(VII) *COMPLIANCE WITH*
9 *RULES.—The electronic trading facility*
10 *shall monitor and enforce compliance*
11 *with any rules of the electronic trading*
12 *facility applicable to significant price*
13 *discovery contracts, including the*
14 *terms and conditions of such contracts*
15 *and any limitations on access to the*
16 *electronic trading facility with respect*
17 *to such contracts.*

18 “(VIII) *CONFLICT OF INTER-*
19 *EST.—The electronic trading facility*
20 *shall—*

21 “(aa) *establish and enforce*
22 *rules to minimize conflicts of in-*
23 *terest in its decision-making proc-*
24 *ess; and*

1 “(bb) establish a process for
2 resolving the conflicts.

3 “(IX) ANTITRUST CONSIDER-
4 ATIONS.—Unless necessary or appro-
5 priate to achieve the purposes of this
6 Act, the electronic trading facility shall
7 endeavor to avoid—

8 “(aa) adopting any rules or
9 taking any actions that result in
10 any unreasonable restraints of
11 trade; or

12 “(bb) imposing any material
13 anticompetitive burden on trading
14 on the electronic trading facility.

15 “(D) IMPLEMENTATION.—The electronic
16 trading facility shall have discretion to take into
17 account differences between cleared and
18 uncleared significant price discovery contracts in
19 applying core principles in subclauses (IV) and
20 (V) of subparagraph (C), and the Commission
21 shall take such differences into consideration
22 when reviewing the implementation of such core
23 principles by an electronic trading facility.

24 “(E) NEW SIGNIFICANT PRICE DISCOVERY
25 CONTRACTS.—

1 “(i) *NOTIFICATION.*—An *electronic*
2 *trading facility shall notify the Commission*
3 *whenever the electronic trading facility has*
4 *reason to believe that an agreement, con-*
5 *tract, or transaction conducted in reliance*
6 *on the exemption provided in paragraph (3)*
7 *displays any of the factors relating to a sig-*
8 *nificant price discovery function as de-*
9 *scribed in subparagraph (B) (including reg-*
10 *ulations under this paragraph).*

11 “(ii) *REVIEW.*—*In addition to any re-*
12 *view conducted upon receiving a notifica-*
13 *tion pursuant to clause (i), at any other*
14 *such time the Commission determines to be*
15 *appropriate, but at least on an annual*
16 *basis, the Commission shall conduct an*
17 *evaluation, appropriate to the agreement,*
18 *contract, or transaction, to determine*
19 *whether any agreement, contract, or trans-*
20 *action conducted on an electronic trading*
21 *facility in reliance on the exemption pro-*
22 *vided in paragraph (3) is performing a sig-*
23 *nificant price discovery function.”.*

1 **SEC. 13202. LARGE TRADER REPORTING.**

2 (a) *REPORTING AND RECORDKEEPING.*—Section 4g of
3 the Commodity Exchange Act (7 U.S.C. 6g) is amended in
4 subsection (a) by striking “elsewhere;” and inserting “else-
5 where, and in any significant price discovery contract trad-
6 ed or executed on an electronic trading facility;”.

7 (b) *REPORTS OF POSITIONS EQUAL TO OR IN EXCESS*
8 *OF TRADING LIMITS.*—Section 4i of the Commodity Ex-
9 change Act (7 U.S.C. 6i) is amended—

10 (1) by inserting “, or any significant price dis-
11 covery contract on an electronic trading facility”
12 after “subject to the rules of any contract market or
13 derivatives transaction execution facility” ; and

14 (2) by inserting in the matter following para-
15 graph (2), “or electronic trading facility” after “sub-
16 ject to the rules of any other board of trade”.

17 **SEC. 13203. CONFORMING AMENDMENTS.**

18 (a) Section 1a(12)(A)(x) of the Commodity Exchange
19 Act (7 U.S.C. 1a(12)(A)(x)) is amended by inserting “(other
20 than an electronic trading facility with respect to a signifi-
21 cant price discovery contract)” after “registered entity”.

22 (b) Section 1a(29) of the Commodity Exchange Act (7
23 U.S.C. 1a(29)) is amended—

24 (1) in subparagraph (C), by striking “and” at
25 the end;

1 (2) in subparagraph (D), by striking the period
2 and inserting “; and”; and

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

4 “(E) with respect to a contract that the
5 Commission determines is a significant price
6 discovery contract, any electronic trading facil-
7 ity on which the contract is executed or traded.”.

8 (c)(1) Section 2(a)(1)(A) of the Commodity Exchange
9 Act (7 U.S.C. 2(a)(1)(A)) is amended by inserting after
10 “section 19 of this Act” the following: “, and significant
11 price discovery contracts traded or executed on an electronic
12 trading facility”.

13 (2) Nothing contained in this subtitle or amendments
14 made by this subtitle shall be construed to affect the juris-
15 diction that the Commission or any regulatory authority
16 may otherwise have under any other provision of law with
17 respect to contracts, agreements, or transactions that are
18 not significant price discovery contracts.

19 (d) Section 2(h)(3) of the Commodity Exchange Act
20 (7 U.S.C. 2(h)(3)) is amended by striking “paragraph (4)”
21 and inserting “paragraphs (4) and (7)”.

22 (e) Section 2(h)(4) of the Commodity Exchange Act (7
23 U.S.C. 2(h)(4)) is amended by striking subparagraph (D)
24 and inserting the following:

1 “(D) such rules, regulations, and orders as
 2 the Commission may issue to ensure timely com-
 3 pliance with any of the provisions of this Act ap-
 4 plicable to a significant price discovery contract
 5 traded on or executed on any electronic trading
 6 facility.”.

7 (f) Section 2(h)(5)(B)(iii)(I) of the Commodity Ex-
 8 change Act (7 U.S.C. 2(h)(5)(B)(iii)(I)) is amended by in-
 9 serting “or to make the determination described in subpara-
 10 graph (B) of paragraph (7)” after “paragraph (4)”.

11 (g) Section 4a of the Commodity Exchange Act (7
 12 U.S.C. 6a) is amended—

13 (1) in subsection (a)—

14 (A) in the first sentence, by inserting “, or
 15 on electronic trading facilities with respect to a
 16 significant price discovery contract” after “de-
 17 rivatives transaction execution facilities”; and

18 (B) in the second sentence, by inserting “,
 19 or on an electronic trading facility with respect
 20 to a significant price discovery contract,” after
 21 “derivatives transaction execution facility”; and

22 (2) in subsection (b)—

23 (A) in paragraph (1), by inserting “or elec-
 24 tronic trading facility with respect to a signifi-

1 *cant price discovery contract” after “facility or*
2 *facilities”; and*

3 *(B) in paragraph (2), by inserting “or elec-*
4 *tronic trading facility with respect to a signifi-*
5 *cant price discovery contract” after “derivatives*
6 *transaction execution facility”; and*

7 *(3) in subsection (e)—*

8 *(A) in the first sentence—*

9 *(i) by inserting “or by any electronic*
10 *trading facility” after “registered by the*
11 *Commission”;*

12 *(ii) by inserting “or on an electronic*
13 *trading facility” after “derivatives trans-*
14 *action execution facility” the second place it*
15 *appears; and*

16 *(iii) by inserting “or electronic trading*
17 *facility” before “or such board of trade”*
18 *each place it appears; and*

19 *(B) in the second sentence, by inserting “or*
20 *electronic trading facility with respect to a sig-*
21 *nificant price discovery contract” after “reg-*
22 *istered by the Commission”.*

23 *(h) Section 5a(d) of the Commodity Exchange Act (7*
24 *U.S.C. 7a(d)(1)) is amended—*

1 (1) by redesignating paragraphs (4) through (9)
2 as paragraphs (5) through (10); and

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

5 “(4) *POSITION LIMITS OR ACCOUNTABILITY.*—To
6 reduce the potential threat of market manipulation,
7 price distortion, and disruption of the delivery or
8 cash-settled process or congestion, especially during
9 trading in the delivery month, the derivatives trans-
10 action execution facility shall adopt position limits or
11 position accountability for speculators, where nec-
12 essary and appropriate for a contract, agreement or
13 transaction with an underlying commodity that has
14 a physically deliverable supply.”.

15 (i) Section 5c(a) of the Commodity Exchange Act (7
16 U.S.C. 7a–2(a)) is amended in paragraph (1) by inserting
17 “, and section 2(h)(7) with respect to significant price dis-
18 covery contracts,” after “, and 5b(d)(2)”.

19 (j) Section 5c(b) of the Commodity Exchange Act (7
20 U.S.C. 7a–2(b)) is amended—

21 (1) by striking paragraph (1) and inserting fol-
22 lowing:

23 “(1) *IN GENERAL.*—A contract market, deriva-
24 tives transaction execution facility, or electronic trad-
25 ing facility with respect to a significant price dis-

1 *covery contract may comply with any applicable core*
 2 *principle through delegation of any relevant function*
 3 *to a registered futures association or a registered enti-*
 4 *ty that is not an electronic trading facility.”;*

5 *(2) in paragraph (2), by striking “contract mar-*
 6 *ket or derivatives transaction execution facility” and*
 7 *inserting “contract market, derivatives transaction*
 8 *execution facility, or electronic trading facility”; and*

9 *(3) in paragraph (3), by striking “contract mar-*
 10 *ket or derivatives transaction execution facility” each*
 11 *place it appears and inserting “contract market, de-*
 12 *rivatives transaction execution facility, or electronic*
 13 *trading facility”.*

14 *(k) Section 5c(d)(1) of the Commodity Exchange Act*
 15 *(7 U.S.C. 7a-2(d)(1)) is amended by inserting “or*
 16 *2(h)(7)(C) with respect to a significant price discovery con-*
 17 *tract traded or executed on an electronic trading facility,”*
 18 *after “5b(d)(2)”.*

19 *(l) Section 5e of the Commodity Exchange Act (7*
 20 *U.S.C. 7b) is amended by inserting “, or revocation of the*
 21 *right of an electronic trading facility to rely on the exemp-*
 22 *tion set forth in section 2(h)(3) with respect to a significant*
 23 *price discovery contract,” after “revocation of designation*
 24 *as a registered entity” ;*

1 (m) Section 6(b) of the Commodity Exchange Act (7
2 U.S.C. 8(b)) is amended by striking the first sentence and
3 all that follows through “resubmitted in completed form:
4 Provided,” and inserting the following:

5 “The Commission is authorized to suspend for a period
6 not to exceed 6 months or to revoke the designation or reg-
7 istration of any contract market or derivatives transaction
8 execution facility, or to revoke the right of an electronic
9 trading facility to rely on the exemption set forth in section
10 2(h)(3) with respect to a significant price discovery con-
11 tract, on a showing that the contract market or derivatives
12 transaction execution facility is not enforcing or has not
13 enforced its rules of government, made a condition of its
14 designation or registration as set forth in sections 5 through
15 5b or section 5f, or that the contract market or derivatives
16 transaction execution facility or electronic trading facility,
17 or any director, officer, agent, or employee thereof, otherwise
18 is violating or has violated any of the provisions of this
19 Act or any of the rules, regulations, or orders of the Com-
20 mission thereunder. Such suspension or revocation shall
21 only be made after a notice to the officers of the contract
22 market or derivatives transaction execution facility or elec-
23 tronic trading facility affected and upon a hearing on the
24 record: Provided,”.

1 **SEC. 13204. EFFECTIVE DATE.**

2 (a) *IN GENERAL.*—*Except as provided in this section,*
 3 *this subtitle shall become effective on the date of enactment*
 4 *of this Act.*

5 (b) *SIGNIFICANT PRICE DISCOVERY STANDARDS*
 6 *RULEMAKING.*—*The Commission shall—*

7 (1) *not later than 180 days after the date of the*
 8 *enactment of this Act, issue a proposed rule regarding*
 9 *the significant price discovery standards in section*
 10 *13201; and*

11 (2) *not later than 270 days after the date of en-*
 12 *actment of this Act, issue a final rule.*

13 (c) *SIGNIFICANT PRICE DISCOVERY DETERMINA-*
 14 *TIONS.*—*With respect to any electronic trading facility op-*
 15 *erating on the effective date of the final rule regarding sig-*
 16 *nificant price discovery standards, the Commission shall*
 17 *complete a review of the agreements, contracts, and trans-*
 18 *actions of such facilities not later than 180 days after that*
 19 *effective date to determine whether any such agreement, con-*
 20 *tract, or transaction performs a significant price discovery*
 21 *function.*

Attest:

Secretary.

110TH CONGRESS
1ST SESSION

H. R. 2419

AMENDMENT