

***In the Senate of the United States,***

*March 12, 1996.*

*Resolved,* That the bill from the House of Representatives (H.R. 2854) entitled “An Act to modify the operation of certain agricultural programs.”, do pass with the following

**AMENDMENT:**

Strike out all after the enacting clause and insert:

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

2 (a) *SHORT TITLE.*—*This Act may be cited as the “Ag-*  
3 *ricultural Reform and Improvement Act of 1996”.*

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

*Sec. 1. Short title; table of contents.*

***TITLE I—AGRICULTURAL MARKET TRANSITION PROGRAM***

*Sec. 101. Short title.*

*Sec. 102. Definitions.*

*Sec. 103. Production flexibility contracts.*

*Sec. 104. Nonrecourse marketing assistance loans and loan deficiency payments.*

*Sec. 105. Payment limitations.*

*Sec. 106. Peanut program.*

*Sec. 107. Sugar program.*

*Sec. 108. Administration.*

*Sec. 109. Suspension and repeal of permanent authorities.*

*Sec. 110. Effect of amendments.*

## TITLE II—AGRICULTURAL TRADE

*Subtitle A—Amendments to Agricultural Trade Development and Assistance Act of 1954 and Related Statutes*

- Sec. 201. Food aid to developing countries.*
- Sec. 202. Trade and development assistance.*
- Sec. 203. Agreements regarding eligible countries and private entities.*
- Sec. 204. Terms and conditions of sales.*
- Sec. 205. Use of local currency payment.*
- Sec. 206. Value-added foods.*
- Sec. 207. Eligible organizations.*
- Sec. 208. Generation and use of foreign currencies.*
- Sec. 209. General levels of assistance under Public Law 480.*
- Sec. 210. Food aid consultative group.*
- Sec. 211. Support of nongovernmental organizations.*
- Sec. 212. Commodity determinations.*
- Sec. 213. General provisions.*
- Sec. 214. Agreements.*
- Sec. 215. Use of commodity credit corporation.*
- Sec. 216. Administrative provisions.*
- Sec. 217. Expiration date.*
- Sec. 218. Regulations.*
- Sec. 219. Independent evaluation of programs.*
- Sec. 220. Authorization of appropriations.*
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- Sec. 222. Micronutrient fortification pilot program.*
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- Sec. 224. Levels of assistance under farmer-to-farmer program.*
- Sec. 225. Food security commodity reserve.*
- Sec. 226. Protein byproducts derived from alcohol fuel production.*
- Sec. 227. Food for progress program.*
- Sec. 228. Use of foreign currency proceeds from export sales financing.*
- Sec. 229. Stimulation of foreign production.*

*Subtitle B—Amendments to Agricultural Trade Act of 1978*

- Sec. 241. Agricultural export promotion strategy.*
- Sec. 242. Export credits.*
- Sec. 243. Market promotion program.*
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- Sec. 245. Arrival certification.*
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- Sec. 247. Regulations.*
- Sec. 248. Trade compensation and assistance programs.*
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- Sec. 250. Reports.*

*Subtitle C—Miscellaneous*

- Sec. 251. Reporting requirements relating to tobacco.*
- Sec. 252. Triggered export enhancement.*
- Sec. 253. Disposition of commodities to prevent waste.*
- Sec. 254. Direct sales of dairy products.*
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- Sec. 256. Debt-for-health-and-protection swap.*

- Sec. 257. Policy on expansion of international markets.*  
*Sec. 258. Policy on maintenance and development of export markets.*  
*Sec. 259. Policy on trade liberalization.*  
*Sec. 260. Agricultural trade negotiations.*  
*Sec. 261. Policy on unfair trade practices.*  
*Sec. 262. Agricultural aid and trade missions.*  
*Sec. 263. Annual reports by agricultural attaches.*  
*Sec. 264. World livestock market price information.*  
*Sec. 265. Orderly liquidation of stocks.*  
*Sec. 266. Sales of extra long staple cotton.*  
*Sec. 267. Regulations.*  
*Sec. 268. Emerging markets.*  
*Sec. 269. Import assistance for CBI beneficiary countries and the Philippines.*  
*Sec. 270. Studies, reports, and other provisions.*  
*Sec. 271. Implementation of commitments under Uruguay Round Agreements.*  
*Sec. 272. Sense of Congress concerning multilateral disciplines on credit guarantees.*  
*Sec. 273. Foreign market development cooperator program.*  
*Sec. 274. Price support for rice.*

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- Sec. 321. Conservation funding.*

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*Sec. 513. Pilot programs.*  
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*Sec. 612. Purposes of operating loans.*  
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- Sec. 817. Resident instruction program at 1890 land-grant colleges.*  
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- Sec. 861. Critical agricultural materials research.*  
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*Sec. 863. Smith-Lever Act funding for 1890 land-grant colleges, including Tuskegee University and the District of Columbia.*  
*Sec. 864. Committee of nine.*  
*Sec. 865. Agricultural research facilities.*  
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*Sec. 872. Stuttgart National Aquaculture Research Center.*  
*Sec. 873. National aquaculture policy, planning, and development.*  
*Sec. 874. Expansion of authorities related to the national arboretum.*  
*Sec. 875. Study of agricultural research service.*

- Sec. 876. Labeling of domestic and imported lamb and mutton.*  
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*Sec. 904. Issuance of orders.*  
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*Subtitle C—Kiwifruit*

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*Subtitle D—Commodity Promotion and Evaluation*

- Sec. 961. Commodity promotion and evaluation.*

1           **TITLE I—AGRICULTURAL**  
2           **MARKET TRANSITION PROGRAM**

3           **SEC. 101. SHORT TITLE.**

4           *This title may be cited as the “Agricultural Market*  
5           *Transition Act”.*

6           **SEC. 102. DEFINITIONS.**

7           *In this title:*

8                   (1) *CONSIDERED PLANTED.*—*The term “consid-*  
9                   *ered planted” means acreage that is considered plant-*  
10                   *ed under title V of the Agricultural Act of 1949 (7*  
11                   *U.S.C. 1461 et seq.) (as in effect prior to the suspen-*  
12                   *sion under section 110(b)(1)(J)).*

13                   (2) *CONTRACT.*—*The term “contract” means a*  
14                   *production flexibility contract entered into under sec-*  
15                   *tion 103.*

16                   (3) *CONTRACT ACREAGE.*—*The term “contract*  
17                   *acreage” means 1 or more crop acreage bases estab-*  
18                   *lished for contract commodities under title V of the*  
19                   *Agricultural Act of 1949 (as in effect prior to the sus-*  
20                   *pension under section 110(b)(1)(J)) that would have*  
21                   *been in effect for the 1996 crop (but for the suspension*  
22                   *under section 110(b)(1)(J)).*

23                   (4) *CONTRACT COMMODITY.*—*The term “contract*  
24                   *commodity” means wheat, corn, grain sorghum, bar-*  
25                   *ley, oats, upland cotton, and rice.*

1           (5) *CONTRACT PAYMENT.*—*The term “contract*  
2 *payment” means a payment made under section 103*  
3 *pursuant to a contract.*

4           (6) *CORN.*—*The term “corn” means field corn.*

5           (7) *DEPARTMENT.*—*The term “Department”*  
6 *means the United States Department of Agriculture.*

7           (8) *FARM PROGRAM PAYMENT YIELD.*—*The term*  
8 *“farm program payment yield” means the farm pro-*  
9 *gram payment yield established for the 1995 crop of*  
10 *a contract commodity under title V of the Agricul-*  
11 *tural Act of 1949 (as in effect prior to the suspension*  
12 *under section 110(b)(1)(J)).*

13           (9) *LOAN COMMODITY.*—*The term “loan com-*  
14 *modity” means each contract commodity, extra long*  
15 *staple cotton, and oilseeds.*

16           (10) *OILSEED.*—*The term “oilseed” means a*  
17 *crop of soybeans, sunflower seed, rapeseed, canola, saf-*  
18 *flower, flaxseed, mustard seed, or, if designated by the*  
19 *Secretary, other oilseeds.*

20           (11) *PERSON.*—*The term “person” means an in-*  
21 *dividual, partnership, firm, joint-stock company, cor-*  
22 *poration, association, trust, estate, or State agency.*

23           (12) *PRODUCER.*—

24           (A) *IN GENERAL.*—*The term “producer”*  
25 *means a person who, as owner, landlord, tenant,*

1            *or sharecropper, shares in the risk of producing*  
2            *a crop, and is entitled to share in the crop avail-*  
3            *able for marketing from the farm, or would have*  
4            *shared had the crop been produced.*

5            *(B) HYBRID SEED.—The term “producer”*  
6            *includes a person growing hybrid seed under*  
7            *contract. In determining the interest of a grower*  
8            *of hybrid seed in a crop, the Secretary shall not*  
9            *take into consideration the existence of a hybrid*  
10           *seed contract.*

11           *(13) PROGRAM.—The term “program” means the*  
12           *agricultural market transition program established*  
13           *under this title.*

14           *(14) SECRETARY.—The term “Secretary” means*  
15           *the Secretary of Agriculture.*

16           *(15) STATE.—The term “State” means each of*  
17           *the several States of the United States, the District of*  
18           *Columbia, the Commonwealth of Puerto Rico, and*  
19           *any other territory or possession of the United States.*

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

23    **SEC. 103. PRODUCTION FLEXIBILITY CONTRACTS.**

24           *(a) CONTRACTS AUTHORIZED.—*

1           (1) *OFFER AND TERMS.*—*Beginning as soon as*  
2 *practicable after the date of the enactment of this*  
3 *title, the Secretary shall offer to enter into a contract*  
4 *with an eligible owner or operator described in para-*  
5 *graph (2) on a farm containing eligible farmland.*  
6 *Under the terms of a contract, the owner or operator*  
7 *shall agree, in exchange for annual contract pay-*  
8 *ments, to comply with—*

9                   (A) *the conservation plan for the farm pre-*  
10 *pared in accordance with section 1212 of the*  
11 *Food Security Act of 1985 (16 U.S.C. 3812);*

12                   (B) *wetland protection requirements appli-*  
13 *cable to the farm under subtitle C of title XII of*  
14 *the Act (16 U.S.C. 3821 et seq.); and*

15                   (C) *the planting flexibility requirements of*  
16 *subsection (j).*

17           (2) *ELIGIBLE OWNERS AND OPERATORS DE-*  
18 *SCRIBED.*—*The following persons shall be considered*  
19 *to be an owner or operator eligible to enter into a*  
20 *contract:*

21                   (A) *An owner of eligible farmland who as-*  
22 *sumes all of the risk of producing a crop.*

23                   (B) *An owner of eligible farmland who*  
24 *shares in the risk of producing a crop.*

1           (C) *An operator of eligible farmland with a*  
2 *share-rent lease of the eligible farmland, regard-*  
3 *less of the length of the lease, if the owner enters*  
4 *into the same contract.*

5           (D) *An operator of eligible farmland who*  
6 *cash rents the eligible farmland under a lease ex-*  
7 *piring on or after September 30, 2002, in which*  
8 *case the consent of the owner is not required.*

9           (E) *An operator of eligible farmland who*  
10 *cash rents the eligible farmland under a lease ex-*  
11 *piring before September 30, 2002, if the owner*  
12 *consents to the contract.*

13           (F) *An owner of eligible farmland who cash*  
14 *rents the eligible farmland and the lease term ex-*  
15 *pires before September 30, 2002, but only if the*  
16 *actual operator of the farm declines to enter into*  
17 *a contract. In the case of an owner covered by*  
18 *this subparagraph, contract payments shall not*  
19 *begin under a contract until the fiscal year fol-*  
20 *lowing the fiscal year in which the lease held by*  
21 *the nonparticipating operator expires.*

22           (G) *An owner or operator described in a*  
23 *preceding subparagraph regardless of whether the*  
24 *owner or operator purchased catastrophic risk*  
25 *protection for a fall-planted 1996 crop under sec-*

1            *tion 508(b) of the Federal Crop Insurance Act (7*  
2            *U.S.C. 1508(b)).*

3            *(3) TENANTS AND SHARECROPPERS.—In carry-*  
4            *ing out this section, the Secretary shall provide ade-*  
5            *quate safeguards to protect the interests of operators*  
6            *who are tenants and sharecroppers.*

7            *(b) ELEMENTS.—*

8            *(1) TIME FOR CONTRACTING.—*

9            *(A) DEADLINE.—Except as provided in sub-*  
10            *paragraph (B), the Secretary may not enter into*  
11            *a contract after April 15, 1996.*

12            *(B) CONSERVATION RESERVE LANDS.—*

13            *(i) IN GENERAL.—At the beginning of*  
14            *each fiscal year, the Secretary shall allow*  
15            *an eligible owner or operator on a farm cov-*  
16            *ered by a conservation reserve contract en-*  
17            *tered into under section 1231 of the Food*  
18            *Security Act of 1985 (16 U.S.C. 3831) that*  
19            *terminates after the date specified in sub-*  
20            *paragraph (A) to enter into or expand a*  
21            *production flexibility contract to cover the*  
22            *contract acreage of the farm that was sub-*  
23            *ject to the former conservation reserve con-*  
24            *tract.*



1                   (ii) *AMOUNT.*—Contract payments  
2                   made for contract acreage under this sub-  
3                   paragraph shall be made at the rate and  
4                   amount applicable to the annual contract  
5                   payment level for the applicable crop.

6                   (2) *DURATION OF CONTRACT.*—

7                   (A) *BEGINNING DATE.*—A contract shall  
8                   begin with—

9                   (i) the 1996 crop of a contract com-  
10                  modity; or

11                  (ii) in the case of acreage that was sub-  
12                  ject to a conservation reserve contract de-  
13                  scribed in paragraph (1)(B), the date the  
14                  production flexibility contract was entered  
15                  into or expanded to cover the acreage.

16                  (B) *ENDING DATE.*—A contract shall extend  
17                  through the 2002 crop.

18                  (3) *ESTIMATION OF CONTRACT PAYMENTS.*—At  
19                  the time the Secretary enters into a contract, the Sec-  
20                  retary shall provide an estimate of the minimum con-  
21                  tract payments anticipated to be made during at  
22                  least the first fiscal year for which contract payments  
23                  will be made.

24                  (c) *ELIGIBLE FARMLAND DESCRIBED.*—Land shall be  
25                  considered to be farmland eligible for coverage under a con-

1 tract only if the land has contract acreage attributable to  
2 the land and—

3           (1) for at least 1 of the 1991 through 1995 crops,  
4 at least a portion of the land was enrolled in the acre-  
5 age reduction program authorized for a crop of a con-  
6 tract commodity under section 101B, 103B, 105B, or  
7 107B of the Agricultural Act of 1949 (as in effect  
8 prior to the amendment made by section 110(b)(2)) or  
9 was considered planted, including land on a farm  
10 that is owned or leased by a beginning farmer (as de-  
11 termined by the Secretary) that the Secretary deter-  
12 mines is necessary to establish a fair and equitable  
13 crop acreage base;

14           (2) was subject to a conservation reserve contract  
15 under section 1231 of the Food Security Act of 1985  
16 (16 U.S.C. 3831) whose term expired, or was volun-  
17 tarily terminated, on or after January 1, 1995; or

18           (3) is released from coverage under a conserva-  
19 tion reserve contract by the Secretary during the pe-  
20 riod beginning on January 1, 1995, and ending on  
21 the date specified in subsection (b)(1)(A).

22 (d) *TIME FOR PAYMENT.*—

23           (1) *IN GENERAL.*—An annual contract payment  
24 shall be made not later than September 30 of each of  
25 fiscal years 1996 through 2002.

1           (2) *ADVANCE PAYMENTS.*—

2                   (A) *FISCAL YEAR 1996.*—*At the option of the*  
3                   *owner or operator, 50 percent of the contract*  
4                   *payment for fiscal year 1996 shall be made not*  
5                   *later than June 15, 1996.*

6                   (B) *SUBSEQUENT FISCAL YEARS.*—*At the*  
7                   *option of the owner or operator for fiscal year*  
8                   *1997 and each subsequent fiscal year, 50 percent*  
9                   *of the annual contract payment shall be made on*  
10                   *December 15.*

11           (e) *AMOUNTS AVAILABLE FOR CONTRACT PAYMENTS*  
12 *FOR EACH FISCAL YEAR.*—

13                   (1) *IN GENERAL.*—*The Secretary shall, to the*  
14                   *maximum extent practicable, expend on a fiscal year*  
15                   *basis the following amounts to satisfy the obligations*  
16                   *of the Secretary under all contracts:*

17                           (A) *For fiscal year 1996, \$5,570,000,000.*

18                           (B) *For fiscal year 1997, \$5,385,000,000.*

19                           (C) *For fiscal year 1998, \$5,800,000,000.*

20                           (D) *For fiscal year 1999, \$5,603,000,000.*

21                           (E) *For fiscal year 2000, \$5,130,000,000.*

22                           (F) *For fiscal year 2001, \$4,130,000,000.*

23                           (G) *For fiscal year 2002, \$4,008,000,000.*

1           (2) *ALLOCATION.*—*The amount made available*  
2 *for a fiscal year under paragraph (1) shall be allo-*  
3 *cated as follows:*

4                   (A) *For wheat, 26.26 percent.*

5                   (B) *For corn, 46.22 percent.*

6                   (C) *For grain sorghum, 5.11 percent.*

7                   (D) *For barley, 2.16 percent.*

8                   (E) *For oats, 0.15 percent.*

9                   (F) *For upland cotton, 11.63 percent.*

10                  (G) *For rice, 8.47 percent.*

11           (3) *ADJUSTMENT.*—*The Secretary shall adjust*  
12 *the amounts allocated for each contract commodity*  
13 *under paragraph (2) for a particular fiscal year by—*

14                   (A) *subtracting an amount equal to the*  
15 *amount, if any, necessary to satisfy payment re-*  
16 *quirements under sections 103B, 105B, and*  
17 *107B of the Agricultural Act of 1949 (as in effect*  
18 *prior to the amendment made by section*  
19 *110(b)(2)) for the 1994 and 1995 crops of the*  
20 *commodity;*

21                   (B) *adding an amount equal to the sum of*  
22 *all repayments of deficiency payments received*  
23 *under section 114(a)(2) of the Agricultural Act*  
24 *of 1949 for the commodity;*

1           (C) to the maximum extent practicable,  
2           adding an amount equal to the sum of all con-  
3           tract payments withheld by the Secretary, at the  
4           request of an owner or operator subject to a con-  
5           tract, as an offset against repayments of defi-  
6           ciency payments otherwise required under sec-  
7           tion 114(a)(2) of the Act (as so in effect) for the  
8           commodity; and

9           (D) adding an amount equal to the sum of  
10          all refunds of contract payments received during  
11          the preceding fiscal year under subsection (h) for  
12          the commodity.

13          (4) *ADDITIONAL RICE ALLOCATION.*—In addition  
14          to the allocations provided under paragraphs (1), (2),  
15          and (3), the amounts made available for rice contract  
16          payments shall be increased by \$17,000,000 for each  
17          of fiscal years 1997 through 2002.

18          (f) *DETERMINATION OF CONTRACT PAYMENTS.*—

19               (1) *INDIVIDUAL PAYMENT QUANTITY OF CON-*  
20               *TRACT COMMODITIES.*—For each contract, the pay-  
21               ment quantity of a contract commodity for each fiscal  
22               year shall be equal to the product of—

23                       (A) 85 percent of the contract acreage; and

24                       (B) the farm program payment yield.

1           (2) *ANNUAL PAYMENT QUANTITY OF CONTRACT*  
2           *COMMODITIES.*—*The payment quantity of each con-*  
3           *tract commodity covered by all contracts for each fis-*  
4           *cal year shall equal the sum of the amounts calculated*  
5           *under paragraph (1) for each individual contract.*

6           (3) *ANNUAL PAYMENT RATE.*—*The payment rate*  
7           *for a contract commodity for each fiscal year shall be*  
8           *equal to—*

9                   (A) *the amount made available under sub-*  
10                  *section (e) for the contract commodity for the fis-*  
11                  *cal year; divided by*

12                   (B) *the amount determined under para-*  
13                  *graph (2) for the fiscal year.*

14           (4) *ANNUAL PAYMENT AMOUNT.*—*The amount to*  
15           *be paid under a contract in effect for each fiscal year*  
16           *with respect to a contract commodity shall be equal*  
17           *to the product of—*

18                   (A) *the payment quantity determined under*  
19                  *paragraph (1) with respect to the contract; and*

20                   (B) *the payment rate in effect under para-*  
21                  *graph (3).*

22           (5) *ASSIGNMENT OF CONTRACT PAYMENTS.*—*The*  
23           *provisions of section 8(g) of the Soil Conservation and*  
24           *Domestic Allotment Act (16 U.S.C. 590h(g)) (relating*  
25           *to assignment of payments) shall apply to contract*

1        *payments under this subsection. The owner or opera-*  
2        *tor making the assignment, or the assignee, shall pro-*  
3        *vide the Secretary with notice, in such manner as the*  
4        *Secretary may require in the contract, of any assign-*  
5        *ment made under this paragraph.*

6            (6) *SHARING OF CONTRACT PAYMENTS.—The*  
7        *Secretary shall provide for the sharing of contract*  
8        *payments among the owners and operators subject to*  
9        *the contract on a fair and equitable basis.*

10          (g) *PAYMENT LIMITATION.—The total amount of con-*  
11        *tract payments made to a person under a contract during*  
12        *any fiscal year may not exceed the payment limitations es-*  
13        *tablished under sections 1001 through 1001C of the Food*  
14        *Security Act of 1985 (7 U.S.C. 1308 through 1308–3).*

15          (h) *EFFECT OF VIOLATION.—*

16            (1) *TERMINATION OF CONTRACT.—Except as pro-*  
17        *vided in paragraph (2), if an owner or operator sub-*  
18        *ject to a contract violates the conservation plan for*  
19        *the farm containing eligible farmland under the con-*  
20        *tract, wetland protection requirements applicable to*  
21        *the farm, or the planting flexibility requirements of*  
22        *subsection (j), the Secretary shall terminate the con-*  
23        *tract with respect to the owner or operator on each*  
24        *farm in which the owner or operator has an interest.*

25        *On the termination, the owner or operator shall for-*

1     *feit all rights to receive future contract payments on*  
2     *each farm in which the owner or operator has an in-*  
3     *terest and shall refund to the Secretary all contract*  
4     *payments received by the owner or operator during*  
5     *the period of the violation, together with interest on*  
6     *the contract payments as determined by the Sec-*  
7     *retary.*

8             (2) *REFUND OR ADJUSTMENT.*—*If the Secretary*  
9     *determines that a violation does not warrant termi-*  
10    *nation of the contract under paragraph (1), the Sec-*  
11    *retary may require the owner or operator subject to*  
12    *the contract—*

13                 (A) *to refund to the Secretary that part of*  
14     *the contract payments received by the owner or*  
15     *operator during the period of the violation, to-*  
16     *gether with interest on the contract payments as*  
17     *determined by the Secretary; or*

18                 (B) *to accept a reduction in the amount of*  
19     *future contract payments that is proportionate*  
20     *to the severity of the violation, as determined by*  
21     *the Secretary.*

22             (3) *FORECLOSURE.*—*An owner or operator sub-*  
23    *ject to a contract may not be required to make repay-*  
24    *ments to the Secretary of amounts received under the*  
25    *contract if the contract acreage has been foreclosed on*



1        *and the Secretary determines that forgiving the re-*  
2        *payments is appropriate in order to provide fair and*  
3        *equitable treatment. This paragraph shall not void*  
4        *the responsibilities of such an owner or operator*  
5        *under the contract if the owner or operator continues*  
6        *or resumes operation, or control, of the contract acre-*  
7        *age. On the resumption of operation or control over*  
8        *the contract acreage by the owner or operator, the*  
9        *provisions of the contract in effect on the date of the*  
10       *foreclosure shall apply.*

11            *(4) REVIEW.—A determination of the Secretary*  
12        *under this subsection shall be considered to be an ad-*  
13        *verse decision for purposes of the availability of ad-*  
14        *ministrative review of the determination.*

15            *(i) TRANSFER OF INTEREST IN LANDS SUBJECT TO*  
16        *CONTRACT.—*

17            *(1) EFFECT OF TRANSFER.—Except as provided*  
18        *in paragraph (2), the transfer by an owner or opera-*  
19        *tor subject to a contract of the right and interest of*  
20        *the owner or operator in the contract acreage shall re-*  
21        *sult in the termination of the contract with respect to*  
22        *the acreage, effective on the date of the transfer, unless*  
23        *the transferee of the acreage agrees with the Secretary*  
24        *to assume all obligations of the contract. At the re-*  
25        *quest of the transferee, the Secretary may modify the*

1        *contract if the modifications are consistent with the*  
2        *objectives of this section as determined by the Sec-*  
3        *retary.*

4            (2) *EXCEPTION.—If an owner or operator who is*  
5        *entitled to a contract payment dies, becomes incom-*  
6        *petent, or is otherwise unable to receive the contract*  
7        *payment, the Secretary shall make the payment, in*  
8        *accordance with regulations prescribed by the Sec-*  
9        *retary.*

10        (j) *PLANTING FLEXIBILITY.—*

11            (1) *PERMITTED CROPS.—Subject to paragraph*  
12        *(2), any commodity or crop may be planted on con-*  
13        *tract acreage on a farm.*

14            (2) *LIMITATIONS.—*

15            (A) *HAYING AND GRAZING.—*

16            (i) *TIME LIMITATIONS.—Haying and*  
17        *grazing on land exceeding 15 percent of the*  
18        *contract acreage on a farm as provided in*  
19        *clause (iii) shall be permitted, except during*  
20        *any consecutive 5-month period between*  
21        *April 1 and October 31 that is determined*  
22        *by the State committee established under*  
23        *section 8(b) of the Soil Conservation and*  
24        *Domestic Allotment Act (16 U.S.C. 590h(b))*  
25        *for a State. In the case of a natural disas-*

1           *ter, the Secretary may permit unlimited*  
2           *hay and grazing on the contract acreage*  
3           *of a farm.*

4           (ii) *CONTRACT COMMODITIES.—Con-*  
5           *tract acreage planted to a contract commod-*  
6           *ity during the crop year may be hayed or*  
7           *grazed without limitation.*

8           (iii) *HAYING AND GRAZING LIMITATION*  
9           *ON PORTION OF CONTRACT ACREAGE.—Un-*  
10           *limited hay and grazing shall be per-*  
11           *mitted on not more than 15 percent of the*  
12           *contract acreage on a farm.*

13           (B) *ALFALFA.—Alfalfa may be planted for*  
14           *harvest without limitation on the contract acre-*  
15           *age on a farm, except that each contract acre*  
16           *that is planted for harvest to alfalfa in excess of*  
17           *15 percent of the total contract acreage on a*  
18           *farm shall be ineligible for contract payments.*

19           (C) *FRUITS AND VEGETABLES.—*

20           (i) *IN GENERAL.—The planting for*  
21           *harvest of fruits and vegetables shall be pro-*  
22           *hibited on contract acreage, unless there is*  
23           *a history of double cropping of a contract*  
24           *commodity and fruits and vegetables.*

1                   (ii) *UNRESTRICTED VEGETABLES.*—  
2                   *Lentils, mung beans, and dry peas may be*  
3                   *planted without limitation on contract acre-*  
4                   *age.*

5                   (k) *CONSERVATION FARM OPTION.*—

6                   (1) *IN GENERAL.*—*The Secretary shall offer eligi-*  
7                   *ble owners and operators with contract acreage under*  
8                   *this title on a farm who also have entered into a con-*  
9                   *servation reserve program contract under subchapter*  
10                   *B of chapter 1 of subtitle D of title XII of the Food*  
11                   *Security Act of 1985 (7 U.S.C. 3831 et seq.), the op-*  
12                   *tion of entering into a conservation farm option con-*  
13                   *tract for a period of 10 years, as an alternative to the*  
14                   *market transition payment contract.*

15                   (2) *TERMS.*—*Under the conservation farm op-*  
16                   *tion contract—*

17                   (A) *the Secretary shall provide eligible own-*  
18                   *ers and operators with payments that reflect the*  
19                   *Secretary's estimate of the payments and benefits*  
20                   *the eligible owner or operator is expected to re-*  
21                   *ceive during the 10-year period under—*

22                   (i) *conservation cost-share programs*  
23                   *administered by the Secretary;*

24                   (ii) *conservation reserve program rent-*  
25                   *al and cost-share payments;*



1           (1) *AVAILABILITY.*—*For each of the 1996 through*  
2 *2002 crops of each loan commodity, the Secretary*  
3 *shall make available to producers on a farm*  
4 *nonrecourse marketing assistance loans for loan com-*  
5 *modities produced on the farm. The loans shall be*  
6 *made under terms and conditions that are prescribed*  
7 *by the Secretary and at the loan rate established*  
8 *under subsection (b) for the loan commodity.*

9           (2) *ELIGIBLE PRODUCTION.*—*The following pro-*  
10 *duction shall be eligible for a marketing assistance*  
11 *loan under this section:*

12                   (A) *In the case of a marketing assistance*  
13 *loan for a contract commodity, any production*  
14 *by a producer who has entered into a production*  
15 *flexibility contract.*

16                   (B) *In the case of a marketing assistance*  
17 *loan for extra long staple cotton and oilseeds,*  
18 *any production.*

19       (b) *LOAN RATES.*—

20           (1) *WHEAT.*—

21                   (A) *LOAN RATE.*—*Subject to subparagraph*  
22 *(B), the loan rate for a marketing assistance*  
23 *loan for wheat shall be—*

24                           (i) *not less than 85 percent of the sim-*  
25 *ple average price received by producers of*

1            *wheat, as determined by the Secretary, dur-*  
2            *ing the marketing years for the immediately*  
3            *preceding 5 crops of wheat, excluding the*  
4            *year in which the average price was the*  
5            *highest and the year in which the average*  
6            *price was the lowest in the period; but*

7                    *(ii) not more than \$2.58 per bushel.*

8            *(B) STOCKS TO USE RATIO ADJUSTMENT.—*

9            *If the Secretary estimates for any marketing*  
10           *year that the ratio of ending stocks of wheat to*  
11           *total use for the marketing year will be—*

12                    *(i) equal to or greater than 30 percent,*  
13                    *the Secretary may reduce the loan rate for*  
14                    *wheat for the corresponding crop by an*  
15                    *amount not to exceed 10 percent in any*  
16                    *year;*

17                    *(ii) less than 30 percent but not less*  
18                    *than 15 percent, the Secretary may reduce*  
19                    *the loan rate for wheat for the correspond-*  
20                    *ing crop by an amount not to exceed 5 per-*  
21                    *cent in any year; or*

22                    *(iii) less than 15 percent, the Secretary*  
23                    *may not reduce the loan rate for wheat for*  
24                    *the corresponding crop.*

1           (C) *NO EFFECT ON FUTURE YEARS.*—Any  
2           reduction in the loan rate for wheat under sub-  
3           paragraph (B) shall not be considered in deter-  
4           mining the loan rate for wheat for subsequent  
5           years.

6           (2) *FEED GRAINS.*—

7           (A) *LOAN RATE FOR CORN.*—Subject to sub-  
8           paragraph (B), the loan rate for a marketing as-  
9           sistance loan for corn shall be—

10                   (i) not less than 85 percent of the sim-  
11                   ple average price received by producers of  
12                   corn, as determined by the Secretary, dur-  
13                   ing the marketing years for the immediately  
14                   preceding 5 crops of corn, excluding the  
15                   year in which the average price was the  
16                   highest and the year in which the average  
17                   price was the lowest in the period; but

18                   (ii) not more than \$1.89 per bushel.

19           (B) *STOCKS TO USE RATIO ADJUSTMENT.*—  
20           If the Secretary estimates for any marketing  
21           year that the ratio of ending stocks of corn to  
22           total use for the marketing year will be—

23                   (i) equal to or greater than 25 percent,  
24                   the Secretary may reduce the loan rate for  
25                   corn for the corresponding crop by an



1           *amount not to exceed 10 percent in any*  
2           *year;*

3           *(ii) less than 25 percent but not less*  
4           *than 12.5 percent, the Secretary may reduce*  
5           *the loan rate for corn for the corresponding*  
6           *crop by an amount not to exceed 5 percent*  
7           *in any year; or*

8           *(iii) less than 12.5 percent the Sec-*  
9           *retary may not reduce the loan rate for corn*  
10          *for the corresponding crop.*

11          *(C) NO EFFECT ON FUTURE YEARS.—Any*  
12          *reduction in the loan rate for corn under sub-*  
13          *paragraph (B) shall not be considered in deter-*  
14          *mining the loan rate for corn for subsequent*  
15          *years.*

16          *(D) OTHER FEED GRAINS.—The loan rate*  
17          *for a marketing assistance loan for grain sor-*  
18          *ghum, barley, and oats, respectively, shall be es-*  
19          *tablished at such level as the Secretary deter-*  
20          *mines is fair and reasonable in relation to the*  
21          *rate that loans are made available for corn, tak-*  
22          *ing into consideration the feeding value of the*  
23          *commodity in relation to corn.*

24          *(3) UPLAND COTTON.—*

1           (A) *LOAN RATE.*—Subject to subparagraph  
2           (B), the loan rate for a marketing assistance  
3           loan for upland cotton shall be established by the  
4           Secretary at such loan rate, per pound, as will  
5           reflect for the base quality of upland cotton, as  
6           determined by the Secretary, at average locations  
7           in the United States a rate that is not less than  
8           the smaller of—

9                   (i) 85 percent of the average price  
10                  (weighted by market and month) of the base  
11                  quality of cotton as quoted in the designated  
12                  United States spot markets during 3 years  
13                  of the 5-year period ending July 31 in the  
14                  year in which the loan rate is announced,  
15                  excluding the year in which the average  
16                  price was the highest and the year in which  
17                  the average price was the lowest in the pe-  
18                  riod; or

19                   (ii) 90 percent of the average, for the  
20                  15-week period beginning July 1 of the year  
21                  in which the loan rate is announced, of the  
22                  5 lowest-priced growths of the growths  
23                  quoted for Middling  $1\frac{3}{32}$ -inch cotton C.I.F.  
24                  Northern Europe (adjusted downward by  
25                  the average difference during the period

1                   *April 15 through October 15 of the year in*  
2                   *which the loan is announced between the av-*  
3                   *erage Northern European price quotation of*  
4                   *such quality of cotton and the market*  
5                   *quotations in the designated United States*  
6                   *spot markets for the base quality of upland*  
7                   *cotton), as determined by the Secretary.*

8                   *(B) LIMITATIONS.—The loan rate for a*  
9                   *marketing assistance loan for upland cotton shall*  
10                  *not be less than \$0.50 per pound or more than*  
11                  *\$0.5192 per pound.*

12                  *(4) EXTRA LONG STAPLE COTTON.—The loan*  
13                  *rate for a marketing assistance loan for extra long*  
14                  *staple cotton shall be—*

15                         *(A) not less than 85 percent of the simple*  
16                         *average price received by producers of extra long*  
17                         *staple cotton, as determined by the Secretary,*  
18                         *during 3 years of the 5 previous marketing*  
19                         *years, excluding the year in which the average*  
20                         *price was the highest and the year in which the*  
21                         *average price was the lowest in the period; but*

22                                 *(B) not more than \$0.7965 per pound.*

23                         *(5) RICE.—The loan rate for a marketing assist-*  
24                         *ance loan for rice shall be \$6.50 per hundredweight.*

25                         *(6) OILSEEDS.—*

1           (A) *SOYBEANS.*—*The loan rate for a mar-*  
2           *keting assistance loan for soybeans shall be—*

3                   (i) *not less than 85 percent of the sim-*  
4                   *ple average price received by producers of*  
5                   *soybeans, as determined by the Secretary,*  
6                   *during the marketing years for the imme-*  
7                   *diately preceding 5 crops of soybeans, ex-*  
8                   *cluding the year in which the average price*  
9                   *was the highest and the year in which the*  
10                  *average price was the lowest in the period;*  
11                  *but*

12                  (ii) *not less than \$4.92 or more than*  
13                  *\$5.26 per bushel.*

14           (B) *SUNFLOWER SEED, CANOLA, RAPESEED,*  
15           *SAFFLOWER, MUSTARD SEED, AND FLAXSEED.*—  
16           *The loan rate for a marketing assistance loan for*  
17           *sunflower seed, canola, rapeseed, safflower, mus-*  
18           *tard seed, and flaxseed, individually, shall be—*

19                   (i) *not less than 85 percent of the sim-*  
20                   *ple average price received by producers of*  
21                   *sunflower seed, individually, as determined*  
22                   *by the Secretary, during the marketing*  
23                   *years for the immediately preceding 5 crops*  
24                   *of sunflower seed, individually, excluding*  
25                   *the year in which the average price was the*

1                    *highest and the year in which the average*  
2                    *price was the lowest in the period; but*

3                    *(ii) not less than \$0.087 or more than*  
4                    *\$0.093 per pound.*

5                    *(C) OTHER OILSEEDS.—The loan rates for*  
6                    *a marketing assistance loan for other oilseeds*  
7                    *shall be established at such level as the Secretary*  
8                    *determines is fair and reasonable in relation to*  
9                    *the loan rate available for soybeans, except in no*  
10                   *event shall the rate for the oilseeds (other than*  
11                   *cottonseed) be less than the rate established for*  
12                   *soybeans on a per-pound basis for the same crop.*

13                   *(c) TERM OF LOAN.—In the case of each loan commod-*  
14                   *ity (other than upland cotton or extra long staple cotton),*  
15                   *a marketing assistance loan under subsection (a) shall have*  
16                   *a term of 9 months beginning on the first day of the first*  
17                   *month after the month in which the loan is made. A market-*  
18                   *ing assistance loan for upland cotton or extra long staple*  
19                   *cotton shall have a term of 10 months beginning on the first*  
20                   *day of the first month after the month in which the loan*  
21                   *is made. The Secretary may not extend the term of a mar-*  
22                   *keting assistance loan for any loan commodity.*

23                   *(d) REPAYMENT.—*

24                   *(1) REPAYMENT RATES FOR WHEAT AND FEED*  
25                   *GRAINS.—The Secretary shall permit a producer to*

1        *repay a marketing assistance loan under subsection*  
2        *(a) for wheat, corn, grain sorghum, barley, and oats*  
3        *at a level that the Secretary determines will—*

4                *(A) minimize potential loan forfeitures;*

5                *(B) minimize the accumulation of stocks of*  
6        *the commodities by the Federal Government;*

7                *(C) minimize the cost incurred by the Fed-*  
8        *eral Government in storing the commodities; and*

9                *(D) allow the commodities produced in the*  
10        *United States to be marketed freely and competi-*  
11        *tively, both domestically and internationally.*

12        *(2) REPAYMENT RATES FOR UPLAND COTTON,*  
13        *OILSEEDS, AND RICE.—The Secretary shall permit*  
14        *producers to repay a marketing assistance loan under*  
15        *subsection (a) for upland cotton, oilseeds, and rice at*  
16        *a level that is the lesser of—*

17                *(A) the loan rate established for upland cot-*  
18        *ton, oilseeds, and rice, respectively, under sub-*  
19        *section (b); or*

20                *(B) the prevailing world market price for*  
21        *upland cotton, oilseeds, and rice, respectively*  
22        *(adjusted to United States quality and location),*  
23        *as determined by the Secretary.*

24        *(3) REPAYMENT RATES FOR EXTRA LONG STAPLE*  
25        *COTTON.—Repayment of a marketing assistance loan*

1       *for extra long staple cotton shall be at the loan rate*  
2       *established for the commodity under subsection (b),*  
3       *plus interest (as determined by the Secretary).*

4               (4) *PREVAILING WORLD MARKET PRICE.—For*  
5       *purposes of paragraph (2)(B) and subsection (f), the*  
6       *Secretary shall prescribe by regulation—*

7                       (A) *a formula to determine the prevailing*  
8                       *world market price for each loan commodity, ad-*  
9                       *justed to United States quality and location; and*

10                      (B) *a mechanism by which the Secretary*  
11                      *shall announce periodically the prevailing world*  
12                      *market price for each loan commodity.*

13               (5) *ADJUSTMENT OF PREVAILING WORLD MAR-*  
14       *KET PRICE FOR UPLAND COTTON.—*

15                      (A) *IN GENERAL.—During the period end-*  
16                      *ing July 31, 2003, the prevailing world market*  
17                      *price for upland cotton (adjusted to United*  
18                      *States quality and location) established under*  
19                      *paragraph (4) shall be further adjusted if—*

20                               (i) *the adjusted prevailing world mar-*  
21                               *ket price is less than 115 percent of the loan*  
22                               *rate for upland cotton established under*  
23                               *subsection (b), as determined by the Sec-*  
24                               *retary; and*

1           (ii) the Friday through Thursday aver-  
2           age price quotation for the lowest-priced  
3           United States growth as quoted for Mid-  
4           dling (M)  $1\frac{3}{32}$ -inch cotton delivered C.I.F.  
5           Northern Europe is greater than the Friday  
6           through Thursday average price of the 5  
7           lowest-priced growths of upland cotton, as  
8           quoted for Middling (M)  $1\frac{3}{32}$ -inch cotton,  
9           delivered C.I.F. Northern Europe (referred  
10          to in this subsection as the “Northern Eu-  
11          rope price”).

12          (B) *FURTHER ADJUSTMENT.*—*Except as*  
13          *provided in subparagraph (C), the adjusted pre-*  
14          *vailing world market price for upland cotton*  
15          *shall be further adjusted on the basis of some or*  
16          *all of the following data, as available:*

17               (i) *The United States share of world*  
18               *exports.*

19               (ii) *The current level of cotton export*  
20               *sales and cotton export shipments.*

21               (iii) *Other data determined by the Sec-*  
22               *retary to be relevant in establishing an ac-*  
23               *curate prevailing world market price for*  
24               *upland cotton (adjusted to United States*  
25               *quality and location).*



1           (C) *LIMITATION ON FURTHER ADJUST-*  
2           *MENT.—The adjustment under subparagraph (B)*  
3           *may not exceed the difference between—*

4                   (i) *the Friday through Thursday aver-*  
5                   *age price for the lowest-priced United States*  
6                   *growth as quoted for Middling 1<sup>3</sup>/<sub>32</sub>-inch*  
7                   *cotton delivered C.I.F. Northern Europe;*  
8                   *and*

9                   (ii) *the Northern Europe price.*

10          (e) *LOAN DEFICIENCY PAYMENTS.—*

11               (1) *AVAILABILITY.—Except as provided in para-*  
12               *graph (4), the Secretary may make loan deficiency*  
13               *payments available to producers who, although eligi-*  
14               *ble to obtain a marketing assistance loan under sub-*  
15               *section (a) with respect to a loan commodity, agree*  
16               *to forgo obtaining the loan for the commodity in re-*  
17               *turn for payments under this subsection.*

18               (2) *COMPUTATION.—A loan deficiency payment*  
19               *under this subsection shall be computed by multiply-*  
20               *ing—*

21                   (A) *the loan payment rate determined*  
22                   *under paragraph (3) for the loan commodity; by*

23                   (B) *the quantity of the loan commodity that*  
24                   *the producers on a farm are eligible to place*  
25                   *under loan but for which the producers forgo ob-*

1           *taining the loan in return for payments under*  
 2           *this subsection.*

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

6                     (A) *the loan rate established under sub-*  
 7                     *section (b) for the loan commodity; exceeds*

8                     (B) *the rate at which a loan for the com-*  
 9                     *modity may be repaid under subsection (d).*

10           (4) *EXCEPTION FOR EXTRA LONG STAPLE COT-*  
 11           *TON.*—*This subsection shall not apply with respect to*  
 12           *extra long staple cotton.*

13           (f) *SPECIAL MARKETING LOAN PROVISIONS FOR UP-*  
 14           *LAND COTTON.*—

15                     (1) *COTTON USER MARKETING CERTIFICATES.*—

16                             (A) *ISSUANCE.*—*Subject to subparagraph*  
 17                             *(D), during the period ending July 31, 2003, the*  
 18                             *Secretary shall issue marketing certificates or*  
 19                             *cash payments to domestic users and exporters*  
 20                             *for documented purchases by domestic users and*  
 21                             *sales for export by exporters made in the week*  
 22                             *following a consecutive 4-week period in which—*

23                                     (i) *the Friday through Thursday aver-*  
 24                                     *age price quotation for the lowest-priced*  
 25                                     *United States growth, as quoted for Mid-*

1                    *dling (M) 1<sup>3</sup>/<sub>32</sub>-inch cotton, delivered C.I.F.*  
2                    *Northern Europe exceeds the Northern Eu-*  
3                    *rope price by more than 1.25 cents per*  
4                    *pound; and*

5                    *(ii) the prevailing world market price*  
6                    *for upland cotton (adjusted to United States*  
7                    *quality and location) does not exceed 130*  
8                    *percent of the loan rate for upland cotton*  
9                    *established under subsection (b).*

10                    *(B) VALUE OF CERTIFICATES OR PAY-*  
11                    *MENTS.—The value of the marketing certificates*  
12                    *or cash payments shall be based on the amount*  
13                    *of the difference (reduced by 1.25 cents per*  
14                    *pound) in the prices during the 4th week of the*  
15                    *consecutive 4-week period multiplied by the*  
16                    *quantity of upland cotton included in the docu-*  
17                    *mented sales.*

18                    *(C) ADMINISTRATION OF MARKETING CER-*  
19                    *TIFICATES.—*

20                    *(i) REDEMPTION, MARKETING, OR EX-*  
21                    *CHANGE.—The Secretary shall establish*  
22                    *procedures for redeeming marketing certifi-*  
23                    *cates for cash or marketing or exchange of*  
24                    *the certificates for agricultural commodities*  
25                    *owned by the Commodity Credit Corpora-*

1            *tion in such manner, and at such price lev-*  
2            *els, as the Secretary determines will best ef-*  
3            *fectuate the purposes of cotton user market-*  
4            *ing certificates. Any price restrictions that*  
5            *would otherwise apply to the disposition of*  
6            *agricultural commodities by the Commodity*  
7            *Credit Corporation shall not apply to the*  
8            *redemption of certificates under this para-*  
9            *graph.*

10            *(ii) DESIGNATION OF COMMODITIES*  
11            *AND PRODUCTS.—To the extent practicable,*  
12            *the Secretary shall permit owners of certifi-*  
13            *cates to designate the commodities and*  
14            *products, including storage sites, the owners*  
15            *would prefer to receive in exchange for cer-*  
16            *tificates. If any certificate is not presented*  
17            *for redemption, marketing, or exchange*  
18            *within a reasonable number of days after*  
19            *the issuance of the certificate (as determined*  
20            *by the Secretary), reasonable costs of storage*  
21            *and other carrying charges, as determined*  
22            *by the Secretary, shall be deducted from the*  
23            *value of the certificate for the period begin-*  
24            *ning after the reasonable number of days*  
25            *and ending with the date of the presentation*

1                   of the certificate to the Commodity Credit  
2                   Corporation.

3                   (iii) *TRANSFERS.*—Marketing certifi-  
4                   cates issued to domestic users and exporters  
5                   of upland cotton may be transferred to other  
6                   persons in accordance with regulations is-  
7                   sued by the Secretary.

8                   (D) *EXCEPTION.*—The Secretary shall not  
9                   issue marketing certificates or cash payments  
10                  under subparagraph (A) if, for the immediately  
11                  preceding consecutive 10-week period, the Friday  
12                  through Thursday average price quotation for the  
13                  lowest priced United States growth, as quoted for  
14                  Middling (M) 1<sup>3</sup>/<sub>32</sub>-inch cotton, delivered C.I.F.  
15                  Northern Europe, adjusted for the value of any  
16                  certificate issued under this paragraph, exceeds  
17                  the Northern Europe price by more than 1.25  
18                  cents per pound.

19                  (E) *LIMITATION ON EXPENDITURES.*—Total  
20                  expenditures under this paragraph shall not ex-  
21                  ceed \$701,000,000 during fiscal years 1996  
22                  through 2002.

23                  (2) *SPECIAL IMPORT QUOTA.*—

24                  (A) *ESTABLISHMENT.*—The President shall  
25                  carry out an import quota program that pro-

1       vides that, during the period ending July 31,  
2       2003, whenever the Secretary determines and an-  
3       nounces that for any consecutive 10-week period,  
4       the Friday through Thursday average price  
5       quotation for the lowest-priced United States  
6       growth, as quoted for Middling (M) 1<sup>3</sup>/<sub>32</sub>-inch  
7       cotton, delivered C.I.F. Northern Europe, ad-  
8       justed for the value of any certificates issued  
9       under paragraph (1), exceeds the Northern Eu-  
10      rope price by more than 1.25 cents per pound,  
11      there shall immediately be in effect a special im-  
12      port quota.

13               (B) QUANTITY.—The quota shall be equal to  
14      1 week's consumption of upland cotton by domes-  
15      tic mills at the seasonally adjusted average rate  
16      of the most recent 3 months for which data are  
17      available.

18               (C) APPLICATION.—The quota shall apply  
19      to upland cotton purchased not later than 90  
20      days after the date of the Secretary's announce-  
21      ment under subparagraph (A) and entered into  
22      the United States not later than 180 days after  
23      the date.

24               (D) OVERLAP.—A special quota period may  
25      be established that overlaps any existing quota

1           period if required by subparagraph (A), except  
2           that a special quota period may not be estab-  
3           lished under this paragraph if a quota period  
4           has been established under subsection (g).

5           (E) *PREFERENTIAL TARIFF TREATMENT.*—

6           The quantity under a special import quota shall  
7           be considered to be an in-quota quantity for pur-  
8           poses of—

9                   (i) section 213(d) of the Caribbean  
10                  Basin Economic Recovery Act (19 U.S.C.  
11                  2703(d));

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

14                  (iii) section 503(d) of the Trade Act of  
15                  1974 (19 U.S.C. 2463(d)); and

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

18           (F) *DEFINITION.*—In this paragraph, the  
19           term “special import quota” means a quantity of  
20           imports that is not subject to the over-quota tar-  
21           iff rate of a tariff-rate quota.

22           (g) *LIMITED GLOBAL IMPORT QUOTA FOR UPLAND*  
23           *COTTON.*—

24                   (1) *IN GENERAL.*—The President shall carry out  
25           an import quota program that provides that whenever

1        *the Secretary determines and announces that the av-*  
2        *erage price of the base quality of upland cotton, as de-*  
3        *termined by the Secretary, in the designated spot*  
4        *markets for a month exceeded 130 percent of the aver-*  
5        *age price of such quality of cotton in the markets for*  
6        *the preceding 36 months, notwithstanding any other*  
7        *provision of law, there shall immediately be in effect*  
8        *a limited global import quota subject to the following*  
9        *conditions:*

10                (A) *QUANTITY.*—*The quantity of the quota*  
11                *shall be equal to 21 days of domestic mill con-*  
12                *sumption of upland cotton at the seasonally ad-*  
13                *justed average rate of the most recent 3 months*  
14                *for which data are available.*

15                (B) *QUANTITY IF PRIOR QUOTA.*—*If a quota*  
16                *has been established under this subsection during*  
17                *the preceding 12 months, the quantity of the*  
18                *quota next established under this subsection shall*  
19                *be the smaller of 21 days of domestic mill con-*  
20                *sumption calculated under subparagraph (A) or*  
21                *the quantity required to increase the supply to*  
22                *130 percent of the demand.*

23                (C) *PREFERENTIAL TARIFF TREATMENT.*—  
24                *The quantity under a limited global import*



1           *quota shall be considered to be an in-quota quan-*  
2           *tity for purposes of—*

3                   *(i) section 213(d) of the Caribbean*  
4                   *Basin Economic Recovery Act (19 U.S.C.*  
5                   *2703(d));*

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

8                   *(iii) section 503(d) of the Trade Act of*  
9                   *1974 (19 U.S.C. 2463(d)); and*

10                   *(iv) General Note 3(a)(iv) to the Har-*  
11                   *monized Tariff Schedule.*

12           *(D) DEFINITIONS.—In this subsection:*

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

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

22                           *(II) production of the current*  
23                           *crop; and*

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

1                   (ii) *DEMAND.*—The term “demand”  
2                   means—

3                               (I) *the average seasonally adjusted*  
4                               *annual rate of domestic mill consump-*  
5                               *tion in the most recent 3 months for*  
6                               *which data are available; and*

7                               (II) *the larger of—*

8                                       (aa) *average exports of up-*  
9                                       *land cotton during the preceding*  
10                                      *6 marketing years; or*

11                                     (bb) *cumulative exports of*  
12                                     *upland cotton plus outstanding*  
13                                     *export sales for the marketing*  
14                                     *year in which the quota is estab-*  
15                                     *lished.*

16                   (iii) *LIMITED GLOBAL IMPORT*  
17                   *QUOTA.*—The term “limited global import  
18                   *quota” means a quantity of imports that is*  
19                   *not subject to the over-quota tariff rate of a*  
20                   *tariff-rate quota.*

21                   (E) *QUOTA ENTRY PERIOD.*—When a quota  
22                   *is established under this subsection, cotton may*  
23                   *be entered under the quota during the 90-day pe-*  
24                   *riod beginning on the date the quota is estab-*  
25                   *lished by the Secretary.*

1           (2) *NO OVERLAP.*—Notwithstanding paragraph  
2           (1), a quota period may not be established that over-  
3           laps an existing quota period or a special quota pe-  
4           riod established under subsection (f)(2).

5           (h) *SOURCE OF LOANS.*—

6           (1) *IN GENERAL.*—The Secretary shall provide  
7           the loans authorized by this section through the Com-  
8           modity Credit Corporation and other means available  
9           to the Secretary.

10          (2) *PROCESSORS.*—Whenever any loan or sur-  
11          plus removal operation for any agricultural commod-  
12          ity is carried out through purchases from or loans or  
13          payments to processors, the Secretary shall, to the ex-  
14          tent practicable, obtain from the processors such as-  
15          surances as the Secretary considers adequate that the  
16          producers of the commodity have received or will re-  
17          ceive maximum benefits from the loan or surplus re-  
18          moval operation.

19          (i) *ADJUSTMENTS OF LOANS.*—

20          (1) *IN GENERAL.*—The Secretary may make ap-  
21          propriate adjustments in the loan levels for any com-  
22          modity for differences in grade, type, quality, loca-  
23          tion, and other factors.

24          (2) *LOAN LEVEL.*—The adjustments shall, to the  
25          maximum extent practicable, be made in such man-

1        *ner that the average loan level for the commodity will,*  
2        *on the basis of the anticipated incidence of the factors,*  
3        *be equal to the level of support determined as pro-*  
4        *vided in this section.*

5        *(j) PERSONAL LIABILITY OF PRODUCERS FOR DEFICI-*  
6        *ENCIES.—*

7                *(1) IN GENERAL.—Except as provided in para-*  
8        *graph (2), no producer shall be personally liable for*  
9        *any deficiency arising from the sale of the collateral*  
10        *securing any nonrecourse loan made under this sec-*  
11        *tion unless the loan was obtained through a fraudu-*  
12        *lent representation by the producer.*

13                *(2) LIMITATIONS.—Paragraph (1) shall not pre-*  
14        *vent the Commodity Credit Corporation or the Sec-*  
15        *retary from requiring a producer to assume liability*  
16        *for—*

17                        *(A) a deficiency in the grade, quality, or*  
18        *quantity of a commodity stored on a farm or de-*  
19        *livered by the producer;*

20                        *(B) a failure to properly care for and pre-*  
21        *serve a commodity; or*

22                        *(C) a failure or refusal to deliver a com-*  
23        *modity in accordance with a program estab-*  
24        *lished under this section.*

1           (3) *ACQUISITION OF COLLATERAL.*—*The Sec-*  
2           *retary may include in a contract for a nonrecourse*  
3           *loan made under this section a provision that permits*  
4           *the Commodity Credit Corporation, on and after the*  
5           *maturity of the loan or any extension of the loan, to*  
6           *acquire title to the unredeemed collateral without obli-*  
7           *gation to pay for any market value that the collateral*  
8           *may have in excess of the loan indebtedness.*

9           (4) *SUGARCANE AND SUGAR BEETS.*—*A security*  
10          *interest obtained by the Commodity Credit Corpora-*  
11          *tion as a result of the execution of a security agree-*  
12          *ment by the processor of sugarcane or sugar beets*  
13          *shall be superior to all statutory and common law*  
14          *liens on raw cane sugar and refined beet sugar in*  
15          *favor of the producers of sugarcane and sugar beets*  
16          *and all prior recorded and unrecorded liens on the*  
17          *crops of sugarcane and sugar beets from which the*  
18          *sugar was derived.*

19          (k) *COMMODITY CREDIT CORPORATION SALES PRICE*  
20          *RESTRICTIONS.*—

21                 (1) *IN GENERAL.*—*The Commodity Credit Cor-*  
22                 *poration may sell any commodity owned or controlled*  
23                 *by the Corporation at any price that the Secretary*  
24                 *determines will maximize returns to the Corporation.*

1           (2) *NONAPPLICATION OF SALES PRICE RESTRICTIONS.*—*Paragraph (1) shall not apply to—*

2                   (A) *a sale for a new or byproduct use;*

3                   (B) *a sale of peanuts or oilseeds for the ex-*  
4                   *traction of oil;*

5                   (C) *a sale for seed or feed if the sale will*  
6                   *not substantially impair any loan program;*

7                   (D) *a sale of a commodity that has substan-*  
8                   *tially deteriorated in quality or as to which*  
9                   *there is a danger of loss or waste through deterio-*  
10                   *ration or spoilage;*

11                   (E) *a sale for the purpose of establishing a*  
12                   *claim arising out of a contract or against a per-*  
13                   *son who has committed fraud, misrepresentation,*  
14                   *or other wrongful act with respect to the com-*  
15                   *modity;*

16                   (F) *a sale for export, as determined by the*  
17                   *Corporation; and*

18                   (G) *a sale for other than a primary use.*

19           (3) *PRESIDENTIAL DISASTER AREAS.*—

20                   (A) *IN GENERAL.*—*Notwithstanding para-*  
21                   *graph (1), on such terms and conditions as the*  
22                   *Secretary may consider in the public interest,*  
23                   *the Corporation may make available any com-*  
24                   *modity.*

1            *modity or product owned or controlled by the*  
2            *Corporation for use in relieving distress—*

3                    *(i) in any area in the United States*  
4                    *(including the Virgin Islands) declared by*  
5                    *the President to be an acute distress area*  
6                    *because of unemployment or other economic*  
7                    *cause, if the President finds that the use*  
8                    *will not displace or interfere with normal*  
9                    *marketing of agricultural commodities; and*

10                   *(ii) in connection with any major dis-*  
11                   *aster determined by the President to war-*  
12                   *rant assistance by the Federal Government*  
13                   *under the Robert T. Stafford Disaster Relief*  
14                   *and Emergency Assistance Act (42 U.S.C.*  
15                   *5121 et seq.).*

16            *(B) COSTS.—Except on a reimbursable*  
17            *basis, the Corporation shall not bear any costs in*  
18            *connection with making a commodity available*  
19            *under subparagraph (A) beyond the cost of the*  
20            *commodity to the Corporation incurred in—*

21                    *(i) the storage of the commodity; and*

22                    *(ii) the handling and transportation*  
23                    *costs in making delivery of the commodity*  
24                    *to designated agencies at 1 or more central*  
25                    *locations in each State or other area.*

1           (4) *EFFICIENT OPERATIONS.*—Paragraph (1)  
2           shall not apply to the sale of a commodity the dis-  
3           position of which is desirable in the interest of the ef-  
4           fective and efficient conduct of the operations of the  
5           Corporation because of the small quantity of the com-  
6           modity involved, or because of the age, location, or  
7           questionable continued storability of the commodity.

8   **SEC. 105. PAYMENT LIMITATIONS.**

9           (a) *IN GENERAL.*—Section 1001 of the Food Security  
10          Act of 1985 (7 U.S.C. 1308) is amended by striking para-  
11          graphs (1) through (4) and inserting the following:

12                 “(1) *LIMITATION ON PAYMENTS UNDER PRODUC-*  
13                 *TION FLEXIBILITY CONTRACTS.*—The total amount of  
14                 contract payments made under section 103 of the Ag-  
15                 ricultural Market Transition Act to a person under 1  
16                 or more production flexibility contracts during any  
17                 fiscal year may not exceed \$40,000.

18                 “(2) *LIMITATION ON MARKETING LOAN GAINS*  
19                 *AND LOAN DEFICIENCY PAYMENTS.*—

20                         “(A) *LIMITATION.*—The total amount of  
21                         payments specified in subparagraph (B) that a  
22                         person shall be entitled to receive under section  
23                         104 of the Agricultural Market Transition Act  
24                         for contract commodities and oilseeds during  
25                         any crop year may not exceed \$75,000.



1           “(B) *DESCRIPTION OF PAYMENTS.*—*The*  
2           *payments referred to in subparagraph (A) are*  
3           *the following:*

4                   “(i) *Any gain realized by a producer*  
5                   *from repaying a marketing assistance loan*  
6                   *for a crop of any loan commodity at a*  
7                   *lower level than the original loan rate estab-*  
8                   *lished for the commodity under section*  
9                   *104(b) of the Act.*

10                   “(ii) *Any loan deficiency payment re-*  
11                   *ceived for a loan commodity under section*  
12                   *104(e) of the Act.”.*

13           (b) *CONFORMING AMENDMENTS.*—

14                   (1) *Section 1001 of the Food Security Act of*  
15                   *1985 (7 U.S.C. 1308) (as amended by subsection (a))*  
16                   *is amended—*

17                           (A) *by redesignating paragraphs (5), (6),*  
18                           *and (7) as paragraphs (3), (4), and (5), respec-*  
19                           *tively; and*

20                           (B) *in the second sentence of paragraph*  
21                           (3)(A) *(as so redesignated), by striking “para-*  
22                           *graphs (6) and (7)” and inserting “paragraphs*  
23                           *(4) and (5)”.*

24                   (2) *Section 1305(d) of the Agricultural Rec-*  
25                   *onciliation Act of 1987 (Public Law 100–203; 7*

1       *U.S.C. 1308 note) is amended by striking “para-*  
2       *graphs (5) through (7) of section 1001, as amended by*  
3       *this subtitle,” and inserting “paragraphs (3) through*  
4       *(5) of section 1001.”.*

5               *(3) Section 1001A of the Food Security Act of*  
6       *1985 (7 U.S.C. 1308–1(a)(1)) is amended—*

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

9                       *(i) by striking “section 1001(5)(B)(i)”*  
10                      *and inserting “section 1001(3)(B)(i)”;*

11                     *(ii) by striking “under the Agricul-*  
12                     *tural Act of 1949 (7 U.S.C. 1421 et seq.)”;*

13                     *and*

14                     *(iii) by striking “section*  
15                     *1001(5)(B)(i)(II)” and inserting “section*  
16                     *1001(3)(B)(i)(II)”;* and

17               *(B) in subsection (b)—*

18                     *(i) in paragraph (1)—*

19                     *(I) by striking “under the Agri-*  
20                     *cultural Act of 1949”;* and

21                     *(II) by striking “section*  
22                     *1001(5)(B)(i)” and inserting “section*  
23                     *1001(3)(B)(i)”;* and

1                   (ii) in paragraph (2)(B), by striking  
2                   “section 1001(5)(B)(i)(II)” and inserting  
3                   “section 1001(3)(B)(i)(II)”.

4                   (4) Section 1001C(a) of the Food Security Act of  
5                   1985 (7 U.S.C. 1308–3(a)) is amended—

6                   (A) by striking “For each of the 1991  
7                   through 1997 crops, any” and inserting “Any”;

8                   (B) by striking “price support program  
9                   loans, payments, or benefits made available  
10                  under the Agricultural Act of 1949 (7 U.S.C.  
11                  1421 et seq.),” and inserting “loans or payments  
12                  made available under the Agricultural Market  
13                  Transition Act”; and

14                  (C) by striking “during the 1989 through  
15                  1997 crop years”.

16 **SEC. 106. PEANUT PROGRAM.**

17                  (a) QUOTA PEANUTS.—

18                   (1) AVAILABILITY OF LOANS.—The Secretary  
19                   shall make nonrecourse loans available to producers of  
20                   quota peanuts.

21                   (2) LOAN RATE.—The national average quota  
22                   loan rate for quota peanuts shall be \$610 per ton.

23                   (3) INSPECTION, HANDLING, OR STORAGE.—The  
24                   loan amount may not be reduced by the Secretary by  
25                   any deductions for inspection, handling, or storage.

1           (4) *LOCATION AND OTHER FACTORS.*—*The Sec-*  
2           *retary may make adjustments in the loan rate for*  
3           *quota peanuts for location of peanuts and such other*  
4           *factors as are authorized by section 104(i)(1).*

5           *(b) ADDITIONAL PEANUTS.*—

6           (1) *IN GENERAL.*—*The Secretary shall make*  
7           *nonrecourse loans available to producers of additional*  
8           *peanuts at such rates as the Secretary finds appro-*  
9           *priate, taking into consideration the demand for pea-*  
10          *nut oil and peanut meal, expected prices of other veg-*  
11          *etable oils and protein meals, and the demand for*  
12          *peanuts in foreign markets.*

13          (2) *ANNOUNCEMENT.*—*The Secretary shall an-*  
14          *nounce the loan rate for additional peanuts of each*  
15          *crop not later than February 15 preceding the mar-*  
16          *keting year for the crop for which the loan rate is*  
17          *being determined.*

18          *(c) AREA MARKETING ASSOCIATIONS.*—

19                (1) *WAREHOUSE STORAGE LOANS.*—

20                (A) *IN GENERAL.*—*In carrying out sub-*  
21                *sections (a) and (b), the Secretary shall make*  
22                *warehouse storage loans available in each of the*  
23                *producing areas (described in section 1446.95 of*  
24                *title 7 of the Code of Federal Regulations (Janu-*  
25                *ary 1, 1989)) to a designated area marketing as-*

1            *sociation of peanut producers that is selected and*  
2            *approved by the Secretary and that is operated*  
3            *primarily for the purpose of conducting the loan*  
4            *activities. The Secretary may not make ware-*  
5            *house storage loans available to any cooperative*  
6            *that is engaged in operations or activities con-*  
7            *cerning peanuts other than those operations and*  
8            *activities specified in this section and section*  
9            *358e of the Agricultural Adjustment Act of 1938*  
10           *(7 U.S.C. 1359a).*

11            *(B) ADMINISTRATIVE AND SUPERVISORY AC-*  
12            *TIVITIES.—An area marketing association shall*  
13            *be used in administrative and supervisory ac-*  
14            *tivities relating to loans and marketing activities*  
15            *under this section and section 358e of the Agri-*  
16            *cultural Adjustment Act of 1938 (7 U.S.C.*  
17            *1359a).*

18            *(C) ASSOCIATION COSTS.—Loans made to*  
19            *the association under this paragraph shall in-*  
20            *clude such costs as the area marketing associa-*  
21            *tion reasonably may incur in carrying out the*  
22            *responsibilities, operations, and activities of the*  
23            *association under this section and section 358e of*  
24            *the Agricultural Adjustment Act of 1938 (7*  
25            *U.S.C. 1359a).*

1           (2) *POOLS FOR QUOTA AND ADDITIONAL PEA-*  
2           *NUTS.—*

3                   (A) *IN GENERAL.—The Secretary shall re-*  
4                   *quire that each area marketing association estab-*  
5                   *lish pools and maintain complete and accurate*  
6                   *records by area and segregation for quota pea-*  
7                   *nuts handled under loan and for additional pea-*  
8                   *nuts placed under loan, except that separate*  
9                   *pools shall be established for Valencia peanuts*  
10                   *produced in New Mexico.*

11                   (B) *ELIGIBILITY TO PARTICIPATE.—*

12                   (i) *IN GENERAL.—Except as provided*  
13                   *in clause (ii), in the case of the 1996 and*  
14                   *subsequent crops, Valencia peanuts not*  
15                   *physically produced in the State of New*  
16                   *Mexico shall not be eligible to participate in*  
17                   *the pools of the State.*

18                   (ii) *EXCEPTION.—A resident of the*  
19                   *State of New Mexico may enter Valencia*  
20                   *peanuts that are produced outside of the*  
21                   *State into the pools of the State in a quan-*  
22                   *tity that is not greater than the 1995 crop*  
23                   *of the resident that was produced outside*  
24                   *the State.*

1           (C) *TYPES OF PEANUTS.*—Bright hull and  
2           dark hull Valencia peanuts shall be considered as  
3           separate types for the purpose of establishing the  
4           pools.

5           (D) *NET GAINS.*—Net gains on peanuts in  
6           each pool, unless otherwise approved by the Sec-  
7           retary, shall be distributed only to producers who  
8           placed peanuts in the pool and shall be distrib-  
9           uted in proportion to the value of the peanuts  
10          placed in the pool by each producer. Net gains  
11          for peanuts in each pool shall consist of the fol-  
12          lowing:

13               (i) *QUOTA PEANUTS.*—For quota pea-  
14               nuts, the net gains over and above the loan  
15               indebtedness and other costs or losses in-  
16               curred on peanuts placed in the pool.

17               (ii) *ADDITIONAL PEANUTS.*—For addi-  
18               tional peanuts, the net gains over and above  
19               the loan indebtedness and other costs or  
20               losses incurred on peanuts placed in the  
21               pool for additional peanuts.

22          (d) *LOSSES.*—Losses in quota area pools shall be cov-  
23          ered using the following sources in the following order of  
24          priority:

1           (1) *TRANSFERS FROM ADDITIONAL LOAN*  
2 *POOLS.*—*The proceeds due any producer from any*  
3 *pool shall be reduced by the amount of any loss that*  
4 *is incurred with respect to peanuts transferred from*  
5 *an additional loan pool to a quota loan pool by the*  
6 *producer under section 358–1(b)(8) of the Agricultural*  
7 *Adjustment Act of 1938 (7 U.S.C. 1358–*  
8 *1(b)(8)).*

9           (2) *OTHER PRODUCERS IN SAME POOL.*—*Further*  
10 *losses in an area quota pool shall be offset by reduc-*  
11 *ing the gain of any producer in the pool by the*  
12 *amount of pool gains attributed to the same producer*  
13 *from the sale of additional peanuts for domestic and*  
14 *export edible use.*

15           (3) *OFFSET WITHIN AREA.*—*Further losses in an*  
16 *area quota pool shall be offset by any gains or profits*  
17 *from additional peanuts (other than separate type*  
18 *pools established under subsection (c)(2)(A) for Valen-*  
19 *cia peanuts produced in New Mexico) owned or con-*  
20 *trolled by the Commodity Credit Corporation in that*  
21 *area and sold for domestic edible use, in accordance*  
22 *with regulations issued by the Secretary.*

23           (4) *USE OF MARKETING ASSESSMENTS.*—*The*  
24 *Secretary shall use funds collected under subsection*  
25 *(g) (except funds attributable to handlers) to offset*



1        *further losses in area quota pools. The Secretary shall*  
2        *transfer to the Treasury those funds collected under*  
3        *subsection (g) and available for use under this sub-*  
4        *section that the Secretary determines are not required*  
5        *to cover losses in area quota pools.*

6            (5) *CROSS COMPLIANCE.—Further losses in area*  
7        *quota pools, other than losses incurred as a result of*  
8        *transfers from additional loan pools to quota loan*  
9        *pools under section 358–1(b)(8) of the Agricultural*  
10       *Adjustment Act of 1938 (7 U.S.C. 1358–1(b)(8)), shall*  
11       *be offset by any gains or profits from quota pools in*  
12       *other production areas (other than separate type pools*  
13       *established under subsection (c)(2)(A) for Valencia*  
14       *peanuts produced in New Mexico) in such manner as*  
15       *the Secretary shall by regulation prescribe.*

16           (6) *OFFSET GENERALLY.—If losses in an area*  
17       *quota pool have not been entirely offset under para-*  
18       *graph (3), further losses shall be offset by any gains*  
19       *or profits from additional peanuts (other than sepa-*  
20       *rate type pools established under subsection (c)(2)(A)*  
21       *for Valencia peanuts produced in New Mexico) owned*  
22       *or controlled by the Commodity Credit Corporation*  
23       *and sold for domestic edible use, in accordance with*  
24       *regulations issued by the Secretary.*

1           (7) *INCREASED ASSESSMENTS.*—*If use of the au-*  
2           *thorities provided in the preceding paragraphs is not*  
3           *sufficient to cover losses in an area quota pool, the*  
4           *Secretary shall increase the marketing assessment es-*  
5           *tablished under subsection (g) by such an amount as*  
6           *the Secretary considers necessary to cover the losses.*  
7           *The increased assessment shall apply only to quota*  
8           *peanuts in the production area covered by the pool.*  
9           *Amounts collected under subsection (g) as a result of*  
10          *the increased assessment shall be retained by the Sec-*  
11          *retary to cover losses in that pool.*

12          (e) *DISAPPROVAL OF QUOTAS.*—*Notwithstanding any*  
13          *other provision of law, no loan for quota peanuts may be*  
14          *made available by the Secretary for any crop of peanuts*  
15          *with respect to which poundage quotas have been dis-*  
16          *approved by producers, as provided for in section 358–1(d)*  
17          *of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358–*  
18          *1(d)).*

19          (f) *QUALITY IMPROVEMENT.*—

20                  (1) *IN GENERAL.*—*With respect to peanuts under*  
21          *loan, the Secretary shall—*

22                          (A) *promote the crushing of peanuts at a*  
23                          *greater risk of deterioration before peanuts of a*  
24                          *lesser risk of deterioration;*

1           (B) ensure that all Commodity Credit Cor-  
2           poration inventories of peanuts sold for domestic  
3           edible use must be shown to have been officially  
4           inspected by licensed Department inspectors both  
5           as farmer stock and shelled or cleaned in-shell  
6           peanuts;

7           (C) continue to endeavor to operate the pea-  
8           nut program so as to improve the quality of do-  
9           mestic peanuts and ensure the coordination of  
10          activities under the Peanut Administrative Com-  
11          mittee established under Marketing Agreement  
12          No. 146, regulating the quality of domestically  
13          produced peanuts (under the Agricultural Ad-  
14          justment Act (7 U.S.C. 601 et seq.), reenacted  
15          with amendments by the Agricultural Marketing  
16          Agreement Act of 1937); and

17          (D) ensure that any changes made in the  
18          peanut program as a result of this subsection re-  
19          quiring additional production or handling at the  
20          farm level shall be reflected as an upward adjust-  
21          ment in the Department loan schedule.

22          (2) *EXPORTS AND OTHER PEANUTS.*—The Sec-  
23          retary shall require that all peanuts in the domestic  
24          and export markets fully comply with all quality  
25          standards under Marketing Agreement No. 146.

1       (g) *MARKETING ASSESSMENT.*—

2               (1) *IN GENERAL.*—*The Secretary shall provide*  
3 *for a nonrefundable marketing assessment. The assess-*  
4 *ment shall be made on a per pound basis in an*  
5 *amount equal to 1.1 percent for each of the 1994 and*  
6 *1995 crops, 1.15 percent for the 1996 crop, and 1.2*  
7 *percent for each of the 1997 through 2002 crops, of the*  
8 *national average quota or additional peanut loan rate*  
9 *for the applicable crop.*

10              (2) *FIRST PURCHASERS.*—

11                   (A) *IN GENERAL.*—*Except as provided*  
12 *under paragraphs (3) and (4), the first pur-*  
13 *chaser of peanuts shall—*

14                           (i) *collect from the producer a market-*  
15 *ing assessment equal to the quantity of pea-*  
16 *nuts acquired multiplied by—*

17                                   (I) *in the case of each of the 1994*  
18 *and 1995 crops, .55 percent of the ap-*  
19 *plicable national average loan rate;*

20                                   (II) *in the case of the 1996 crop,*  
21 *.6 percent of the applicable national*  
22 *average loan rate; and*

23                                   (III) *in the case of each of the*  
24 *1997 through 2002 crops, .65 percent*

1                   of the applicable national average loan  
2                   rate;

3                   (ii) pay, in addition to the amount  
4                   collected under clause (i), a marketing as-  
5                   sessment in an amount equal to the quan-  
6                   tity of peanuts acquired multiplied by .55  
7                   percent of the applicable national average  
8                   loan rate; and

9                   (iii) remit the amounts required under  
10                  clauses (i) and (ii) to the Commodity Credit  
11                  Corporation in a manner specified by the  
12                  Secretary.

13                  (B) *DEFINITION OF FIRST PURCHASER.*—In  
14                  this subsection, the term “first purchaser” means  
15                  a person acquiring peanuts from a producer ex-  
16                  cept that in the case of peanuts forfeited by a  
17                  producer to the Commodity Credit Corporation,  
18                  the term means the person acquiring the peanuts  
19                  from the Commodity Credit Corporation.

20                  (3) *OTHER PRIVATE MARKETINGS.*—In the case  
21                  of a private marketing by a producer directly to a  
22                  consumer through a retail or wholesale outlet or in  
23                  the case of a marketing by the producer outside of the  
24                  continental United States, the producer shall be re-  
25                  sponsible for the full amount of the assessment and

1       *shall remit the assessment by such time as is specified*  
2       *by the Secretary.*

3               (4) *LOAN PEANUTS.*—*In the case of peanuts that*  
4       *are pledged as collateral for a loan made under this*  
5       *section, 1/2 of the assessment shall be deducted from*  
6       *the proceeds of the loan. The remainder of the assess-*  
7       *ment shall be paid by the first purchaser of the pea-*  
8       *nuts. For purposes of computing net gains on peanuts*  
9       *under this section, the reduction in loan proceeds*  
10       *shall be treated as having been paid to the producer.*

11              (5) *PENALTIES.*—*If any person fails to collect or*  
12       *remit the reduction required by this subsection or*  
13       *fails to comply with the requirements for record-*  
14       *keeping or otherwise as are required by the Secretary*  
15       *to carry out this subsection, the person shall be liable*  
16       *to the Secretary for a civil penalty up to an amount*  
17       *determined by multiplying—*

18                       (A) *the quantity of peanuts involved in the*  
19                       *violation; by*

20                       (B) *the national average quota peanut rate*  
21                       *for the applicable crop year.*

22              (6) *ENFORCEMENT.*—*The Secretary may enforce*  
23       *this subsection in the courts of the United States.*

24              (h) *CROPS.*—*Subsections (a) through (f) shall be effec-*  
25       *tive only for the 1996 through 2002 crops of peanuts.*

1 (i) *MARKETING QUOTAS.*—

2 (1) *IN GENERAL.*—*Part VI of subtitle B of title*  
3 *III of the Agricultural Adjustment Act of 1938 is*  
4 *amended—*

5 (A) *in section 358–1 (7 U.S.C. 1358–1)—*

6 (i) *in the section heading, by striking*  
7 **“1991 THROUGH 1997 CROPS OF”**;

8 (ii) *in subsections (a)(1), (b)(1)(B),*  
9 *(b)(2)(A), (b)(2)(C), and (b)(3)(A), by strik-*  
10 *ing “of the 1991 through 1997 marketing*  
11 *years” each place it appears and inserting*  
12 *“marketing year”;*

13 (iii) *in subsection (a)(3), by striking*  
14 *“1990” and inserting “1990, for the 1991*  
15 *through 1995 marketing years, and 1995,*  
16 *for the 1996 through 2002 marketing*  
17 *years”;*

18 (iv) *in subsection (b)(1)(A)—*

19 (I) *by striking “each of the 1991*  
20 *through 1997 marketing years” and*  
21 *inserting “each marketing year”; and*

22 (II) *in clause (i), by inserting be-*  
23 *fore the semicolon the following: “, in*  
24 *the case of the 1991 through 1995 mar-*  
25 *keting years, and the 1995 marketing*

1                   year, in the case of the 1996 through  
2                   2002 marketing years”;

3                   (v) in subsection (b)(1), by adding at  
4                   the end the following:

5                   “(D) CERTAIN FARMS INELIGIBLE FOR  
6                   QUOTA.—Effective beginning with the 1997 mar-  
7                   keting year, the Secretary shall not establish a  
8                   farm poundage quota under subparagraph (A)  
9                   for a farm owned or controlled by—

10                   “(i) a municipality, airport authority,  
11                   school, college, refuge, or other public entity  
12                   (other than a university used for research  
13                   purposes); or

14                   “(ii) a person who is not a producer  
15                   and resides in another State.”;

16                   (vi) in subsection (b)(2), by adding at  
17                   the end the following:

18                   “(E) TRANSFER OF QUOTA FROM INELI-  
19                   GIBLE FARMS.—Any farm poundage quota held  
20                   at the end of the 1996 marketing year by a farm  
21                   described in paragraph (1)(D) shall be allocated  
22                   to other farms in the same State on such basis  
23                   as the Secretary may by regulation prescribe.”;  
24                   and



1                   (vii) in subsection (f), by striking  
2                   “1997” and inserting “2002”;

3                   (B) in section 358b (7 U.S.C. 1358b)—

4                   (i) in the section heading, by striking  
5                   “**1991 THROUGH 1995 CROPS OF**”; and

6                   (ii) in subsection (c), by striking  
7                   “1995” and inserting “2002”;

8                   (C) in section 358c(d) (7 U.S.C. 1358c(d)),  
9                   by striking “1995” and inserting “2002”; and

10                  (D) in section 358e (7 U.S.C. 1359a)—

11                  (i) in the section heading, by striking

12                  “**FOR 1991 THROUGH 1997 CROPS OF**  
13                  **PEANUTS**”; and

14                  (ii) in subsection (i), by striking  
15                  “1997” and inserting “2002”.

16                  (2) *ELIMINATION OF QUOTA FLOOR.*—Section  
17                  358–1(a)(1) of the Act (7 U.S.C. 1358–1(a)(1)) is  
18                  amended by striking the second sentence.

19                  (3) *TEMPORARY QUOTA ALLOCATION.*—Section  
20                  358–1 of the Act (7 U.S.C. 1358–1) is amended—

21                  (A) in subsection (a)(1), by striking “do-  
22                  mestic edible, seed,” and inserting “domestic edi-  
23                  ble use”;

24                  (B) in subsection (b)(2)—

1           (i) in subparagraph (A), by striking  
2           “subparagraph (B) and subject to”; and

3           (ii) by striking subparagraph (B) and  
4           inserting the following:

5           “(B) TEMPORARY QUOTA ALLOCATION.—

6           “(i) ALLOCATION RELATED TO SEED  
7           PEANUTS.—Temporary allocation of quota  
8           pounds for the marketing year only in  
9           which the crop is planted shall be made to  
10          producers for each of the 1996 through 2002  
11          marketing years as provided in this sub-  
12          paragraph.

13          “(ii) QUANTITY.—The temporary quota  
14          allocation shall be equal to the pounds of  
15          seed peanuts planted on the farm, as may  
16          be adjusted under regulations prescribed by  
17          the Secretary.

18          “(iii) ADDITIONAL QUOTA.—The tem-  
19          porary allocation of quota pounds under  
20          this paragraph shall be in addition to the  
21          farm poundage quota otherwise established  
22          under this subsection and shall be credited,  
23          for the applicable marketing year only, in  
24          total to the producer of the peanuts on the

1           *farm in a manner prescribed by the Sec-*  
2           *retary.*

3           “(iv) *EFFECT OF OTHER REQUIRE-*  
4           *MENTS.—Nothing in this section alters or*  
5           *changes the requirements regarding the use*  
6           *of quota and additional peanuts established*  
7           *by section 358e(b).”; and*

8           *(C) in subsection (e)(3), strike “and seed*  
9           *and use on a farm”.*

10          (4) *UNDERMARKETINGS.—Part VI of subtitle B*  
11         *of title III of the Act is amended—*

12                 (A) *in section 358–1(b) (7 U.S.C. 1358–*  
13                 *1(b))—*

14                         (i) *in paragraph (1)(B), by striking*  
15                         *“including—” and clauses (i) and (ii) and*  
16                         *inserting “including any increases resulting*  
17                         *from the allocation of quotas voluntarily re-*  
18                         *leased for 1 year under paragraph (7).”;*

19                         (ii) *in paragraph (3)(B), by striking*  
20                         *“include—” and clauses (i) and (ii) and*  
21                         *inserting “include any increase resulting*  
22                         *from the allocation of quotas voluntarily re-*  
23                         *leased for 1 year under paragraph (7).”;*  
24                         *and*

1                   (iii) by striking paragraphs (8) and  
2                   (9); and

3                   (B) in section 358b(a) (7 U.S.C.  
4                   1358b(a))—

5                   (i) in paragraph (1), by striking “(in-  
6                   cluding any applicable under marketings)”  
7                   both places it appears;

8                   (ii) in paragraph (1)(A), by striking  
9                   “of undermarketings and”;

10                  (iii) in paragraph (2), by striking  
11                  “(including any applicable under market-  
12                  ings)”;

13                  (iv) in paragraph (3), by striking  
14                  “(including any applicable  
15                  undermarketings)”.

16                  (5) *DISASTER TRANSFERS.*—Section 358–1(b) of  
17                  the Act (7 U.S.C. 1358–1(b)), as amended by para-  
18                  graph (4)(A)(iii), is further amended by adding at  
19                  the end the following:

20                  “(8) *DISASTER TRANSFERS.*—

21                  “(A) *IN GENERAL.*—Except as provided in  
22                  subparagraph (B), additional peanuts produced  
23                  on a farm from which the quota poundage was  
24                  not harvested and marketed because of drought,  
25                  flood, or any other natural disaster, or any other

1           *condition beyond the control of the producer,*  
2           *may be transferred to the quota loan pool for*  
3           *pricing purposes on such basis as the Secretary*  
4           *shall by regulation provide.*

5           “(B) *LIMITATION.*—*The poundage of pea-*  
6           *nuts transferred under subparagraph (A) shall*  
7           *not exceed the difference between—*

8                   “(i) *the total quantity of peanuts meet-*  
9                   *ing quality requirements for domestic edible*  
10                  *use, as determined by the Secretary, mar-*  
11                  *keted from the farm; and*

12                   “(ii) *the total farm poundage quota,*  
13                  *excluding quota pounds transferred to the*  
14                  *farm in the fall.*

15           “(C) *SUPPORT RATE.*—*Peanuts transferred*  
16           *under this paragraph shall be supported at not*  
17           *more than 70 percent of the quota support rate*  
18           *for the marketing years in which the transfers*  
19           *occur. The transfers for a farm shall not exceed*  
20           *25 percent of the total farm quota pounds, ex-*  
21           *cluding pounds transferred in the fall.”.*

22   **SEC. 107. SUGAR PROGRAM.**

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

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

4       (c) *TERM OF LOANS.*—

5           (1) *IN GENERAL.*—*Loans under this section dur-*  
6 *ing any fiscal year shall be made available not earlier*  
7 *than the beginning of the fiscal year and shall mature*  
8 *at the earlier of—*

9                   (A) *the end of 9 months; or*

10                   (B) *the end of the fiscal year.*

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

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

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

20       (d) *LOAN TYPE; PROCESSOR ASSURANCES.*—

21           (1) *RECOURSE LOANS.*—*Subject to paragraph*  
22 *(2), the Secretary shall carry out this section through*  
23 *the use of recourse loans.*

24           (2) *NONRECOURSE LOANS.*—*During any fiscal*  
25 *year in which the tariff rate quota for imports of*

1        *sugar into the United States is established at, or is*  
2        *increased to, a level in excess of 1,500,000 short tons*  
3        *raw value, the Secretary shall carry out this section*  
4        *by making available nonrecourse loans. Any recourse*  
5        *loan previously made available by the Secretary*  
6        *under this section during the fiscal year shall be*  
7        *changed by the Secretary into a nonrecourse loan.*

8            (3) *PROCESSOR ASSURANCES.—If the Secretary*  
9        *is required under paragraph (2) to make nonrecourse*  
10       *loans available during a fiscal year or to change re-*  
11       *course loans into nonrecourse loans, the Secretary*  
12       *shall obtain from each processor that receives a loan*  
13       *under this section such assurances as the Secretary*  
14       *considers adequate to ensure that the processor will*  
15       *provide payments to producers that are proportional*  
16       *to the value of the loan received by the processor for*  
17       *sugar beets and sugarcane delivered by producers*  
18       *served by the processor. The Secretary may establish*  
19       *appropriate minimum payments for purposes of this*  
20       *paragraph.*

21        (e) *MARKETING ASSESSMENT.—*

22            (1) *SUGARCANE.—Effective for marketings of*  
23        *raw cane sugar during the 1996 through 2003 fiscal*  
24        *years, the first processor of sugarcane shall remit to*

1        *the Commodity Credit Corporation a nonrefundable*  
2        *marketing assessment in an amount equal to—*

3                *(A) in the case of marketings during fiscal*  
4                *year 1996, 1.1 percent of the loan rate estab-*  
5                *lished under subsection (a) per pound of raw*  
6                *cane sugar, processed by the processor from do-*  
7                *mestically produced sugarcane or sugarcane mo-*  
8                *lasses, that has been marketed (including the*  
9                *transfer or delivery of the sugar to a refinery for*  
10               *further processing or marketing); and*

11               *(B) in the case of marketings during each*  
12               *of fiscal years 1997 through 2003, 1.375 percent*  
13               *of the loan rate established under subsection (a)*  
14               *per pound of raw cane sugar, processed by the*  
15               *processor from domestically produced sugarcane*  
16               *or sugarcane molasses, that has been marketed*  
17               *(including the transfer or delivery of the sugar*  
18               *to a refinery for further processing or market-*  
19               *ing).*

20               *(2) SUGAR BEETS.—Effective for marketings of*  
21               *beet sugar during the 1996 through 2003 fiscal years,*  
22               *the first processor of sugar beets shall remit to the*  
23               *Commodity Credit Corporation a nonrefundable mar-*  
24               *keting assessment in an amount equal to—*



1           (A) *in the case of marketings during fiscal*  
2 *year 1996, 1.1794 percent of the loan rate estab-*  
3 *lished under subsection (a) per pound of beet*  
4 *sugar, processed by the processor from domesti-*  
5 *cally produced sugar beets or sugar beet molas-*  
6 *ses, that has been marketed; and*

7           (B) *in the case of marketings during each*  
8 *of fiscal years 1997 through 2003, 1.47425 per-*  
9 *cent of the loan rate established under subsection*  
10 *(a) per pound of beet sugar, processed by the*  
11 *processor from domestically produced sugar beets*  
12 *or sugar beet molasses, that has been marketed.*

13 (3) *COLLECTION.—*

14           (A) *TIMING.—A marketing assessment re-*  
15 *quired under this subsection shall be collected on*  
16 *a monthly basis and shall be remitted to the*  
17 *Commodity Credit Corporation not later than 30*  
18 *days after the end of each month. Any cane*  
19 *sugar or beet sugar processed during a fiscal*  
20 *year that has not been marketed by September*  
21 *30 of the year shall be subject to assessment on*  
22 *that date. The sugar shall not be subject to a sec-*  
23 *ond assessment at the time that it is marketed.*

24           (B) *MANNER.—Subject to subparagraph*  
25 *(A), marketing assessments shall be collected*

1           *under this subsection in the manner prescribed*  
2           *by the Secretary and shall be nonrefundable.*

3           (4) *PENALTIES.*—*If any person fails to remit the*  
4           *assessment required by this subsection or fails to com-*  
5           *ply with such requirements for recordkeeping or other-*  
6           *wise as are required by the Secretary to carry out*  
7           *this subsection, the person shall be liable to the Sec-*  
8           *retary for a civil penalty up to an amount deter-*  
9           *mined by multiplying—*

10                   (A) *the quantity of cane sugar or beet sugar*  
11                   *involved in the violation; by*

12                   (B) *the loan rate for the applicable crop of*  
13                   *sugarcane or sugar beets.*

14           (5) *ENFORCEMENT.*—*The Secretary may enforce*  
15           *this subsection in a court of the United States.*

16           (f) *FORFEITURE PENALTY.*—

17                   (1) *IN GENERAL.*—*A penalty shall be assessed on*  
18                   *the forfeiture of any sugar pledged as collateral for a*  
19                   *nonrecourse loan under this section.*

20                   (2) *CANE SUGAR.*—*The penalty for cane sugar*  
21                   *shall be 1 cent per pound.*

22                   (3) *BEET SUGAR.*—*The penalty for beet sugar*  
23                   *shall bear the same relation to the penalty for cane*  
24                   *sugar as the marketing assessment for sugar beets*  
25                   *bears to the marketing assessment for sugarcane.*

1           (4) *EFFECT OF FORFEITURE.*—Any payments  
2           owed producers by a processor that forfeits of any  
3           sugar pledged as collateral for a nonrecourse loan  
4           shall be reduced in proportion to the loan forfeiture  
5           penalty incurred by the processor.

6           (g) *INFORMATION REPORTING.*—

7           (1) *DUTY OF PROCESSORS AND REFINERS TO RE-*  
8           *PORT.*—A sugarcane processor, cane sugar refiner,  
9           and sugar beet processor shall furnish the Secretary,  
10          on a monthly basis, such information as the Secretary  
11          may require to administer sugar programs, including  
12          the quantity of purchases of sugarcane, sugar beets,  
13          and sugar, and production, importation, distribution,  
14          and stock levels of sugar.

15          (2) *PENALTY.*—Any person willfully failing or  
16          refusing to furnish the information, or furnishing  
17          willfully any false information, shall be subject to a  
18          civil penalty of not more than \$10,000 for each such  
19          violation.

20          (3) *MONTHLY REPORTS.*—Taking into consider-  
21          ation the information received under paragraph (1),  
22          the Secretary shall publish on a monthly basis com-  
23          posite data on production, imports, distribution, and  
24          stock levels of sugar.

1       (h) *CROPS.*—*This section shall be effective only for the*  
2 *1996 through 2002 crops of sugar beets and sugarcane.*

3 **SEC. 108. ADMINISTRATION.**

4       (a) *COMMODITY CREDIT CORPORATION.*—

5           (1) *USE OF CORPORATION.*—*The Secretary shall*  
6 *carry out this title through the Commodity Credit*  
7 *Corporation.*

8           (2) *SALARIES AND EXPENSES.*—*No funds of the*  
9 *Corporation shall be used for any salary or expense*  
10 *of any officer or employee of the Department of Agri-*  
11 *culture.*

12       (b) *DETERMINATIONS BY SECRETARY.*—*A determina-*  
13 *tion made by the Secretary under this title or the Agricul-*  
14 *tural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) shall*  
15 *be final and conclusive.*

16       (c) *REGULATIONS.*—*The Secretary may issue such reg-*  
17 *ulations as the Secretary determines necessary to carry out*  
18 *this title.*

19 **SEC. 109. SUSPENSION AND REPEAL OF PERMANENT AU-**  
20 **THORITIES.**

21       (a) *AGRICULTURAL ADJUSTMENT ACT OF 1938.*—

22           (1) *IN GENERAL.*—*The following provisions of*  
23 *the Agricultural Adjustment Act of 1938 shall not be*  
24 *applicable to the 1996 through 2002 crops:*

1                   (A) *Parts II through V of subtitle B of title*  
2                   *III (7 U.S.C. 1326–1351).*

3                   (B) *Subsections (a) through (j) of section*  
4                   *358 (7 U.S.C. 1358).*

5                   (C) *Subsections (a) through (h) of section*  
6                   *358a (7 U.S.C. 1358a).*

7                   (D) *Subsections (a), (b), (d), and (e) of sec-*  
8                   *tion 358d (7 U.S.C. 1359).*

9                   (E) *Part VII of subtitle B of title III (7*  
10                   *U.S.C. 1359aa–1359jj).*

11                   (F) *In the case of peanuts, part I of subtitle*  
12                   *C of title III (7 U.S.C. 1361–1368).*

13                   (G) *In the case of upland cotton, section*  
14                   *377 (7 U.S.C. 1377).*

15                   (H) *Subtitle D of title III (7 U.S.C. 1379a–*  
16                   *1379j).*

17                   (I) *Title IV (7 U.S.C. 1401–1407).*

18                   (2) *REPORTS AND RECORDS.—Effective only for*  
19                   *the 1996 through 2002 crops of peanuts, the first sen-*  
20                   *tence of section 373(a) of the Agricultural Adjustment*  
21                   *Act of 1938 (7 U.S.C. 1373(a)) is amended by insert-*  
22                   *ing before “all brokers and dealers in peanuts” the*  
23                   *following: “all producers engaged in the production of*  
24                   *peanuts,”.*

25                   (b) *AGRICULTURAL ACT OF 1949.—*

1           (1) *SUSPENSIONS.*—*The following provisions of*  
2 *the Agricultural Act of 1949 shall not be applicable*  
3 *to the 1996 through 2002 crops:*

4                   (A) *Section 101 (7 U.S.C. 1441).*

5                   (B) *Section 103(a) (7 U.S.C. 1444(a)).*

6                   (C) *Section 105 (7 U.S.C. 1444b).*

7                   (D) *Section 107 (7 U.S.C. 1445a).*

8                   (E) *Section 110 (7 U.S.C. 1445e).*

9                   (F) *Section 112 (7 U.S.C. 1445g).*

10                  (G) *Section 115 (7 U.S.C. 1445k).*

11                  (H) *Title III (7 U.S.C. 1447–1449).*

12                  (I) *Title IV (7 U.S.C. 1421–1433d), other*  
13 *than sections 404, 406, 412, 416, and 427 (7*  
14 *U.S.C. 1424, 1426, 1429, 1431, and 1433f).*

15                  (J) *Title V (7 U.S.C. 1461–1469).*

16                  (K) *Title VI (7 U.S.C. 1471–1471j).*

17           (2) *REPEALS.*—*The following provisions of the*  
18 *Agricultural Act of 1949 are repealed:*

19                   (A) *Section 103B (7 U.S.C. 1444–2).*

20                   (B) *Section 108B (7 U.S.C. 1445c–3).*

21                   (C) *Section 113 (7 U.S.C. 1445h).*

22                   (D) *Section 114(b) (7 U.S.C. 1445j(b)).*

23                   (E) *Sections 205, 206, and 207 (7 U.S.C.*  
24 *1446f, 1446g, and 1446h).*

25                   (F) *Section 406 (7 U.S.C. 1426).*

1       (c) *SUSPENSION OF CERTAIN QUOTA PROVISIONS.*—  
2 *The joint resolution entitled “A joint resolution relating to*  
3 *corn and wheat marketing quotas under the Agricultural*  
4 *Adjustment Act of 1938, as amended”, approved May 26,*  
5 *1941 (7 U.S.C. 1330 and 1340), shall not be applicable to*  
6 *the crops of wheat planted for harvest in the calendar years*  
7 *1996 through 2002.*

8       ***SEC. 110. EFFECT OF AMENDMENTS.***

9       (a) *EFFECT ON PRIOR CROPS.*—*Except as otherwise*  
10 *specifically provided and notwithstanding any other provi-*  
11 *sion of law, this title and the amendments made by this*  
12 *title shall not affect the authority of the Secretary to carry*  
13 *out a price support or production adjustment program for*  
14 *any of the 1991 through 1995 crops of an agricultural com-*  
15 *modity established under a provision of law in effect imme-*  
16 *diately before the date of the enactment of this Act.*

17       (b) *LIABILITY.*—*A provision of this title or an amend-*  
18 *ment made by this title shall not affect the liability of any*  
19 *person under any provision of law as in effect before the*  
20 *date of the enactment of this Act.*

1 **TITLE II—AGRICULTURAL TRADE**  
2 **Subtitle A—Amendments to Agricul-**  
3 **tural Trade Development and**  
4 **Assistance Act of 1954 and Relat-**  
5 **ed Statutes**

6 **SEC. 201. FOOD AID TO DEVELOPING COUNTRIES.**

7 (a) *IN GENERAL.*—Section 3 of the Agricultural Trade  
8 Development and Assistance Act of 1954 (7 U.S.C. 1691a)  
9 is amended to read as follows:

10 **“SEC. 3. FOOD AID TO DEVELOPING COUNTRIES.**

11 “(a) *POLICY.*—In light of the Uruguay Round Agree-  
12 ment on Agriculture and the Ministerial Decision on Meas-  
13 ures Concerning the Possible Negative Effects of the Reform  
14 Program on Least-Developed and Net-Food Importing De-  
15 veloping Countries, the United States reaffirms the commit-  
16 ment of the United States to providing food aid to develop-  
17 ing countries.

18 “(b) *SENSE OF CONGRESS.*—It is the sense of Congress  
19 that—

20 “(1) the President should initiate consultations  
21 with other donor nations to consider appropriate lev-  
22 els of food aid commitments to meet the legitimate  
23 needs of developing countries; and

24 “(2) the United States should increase its con-  
25 tribution of bona fide food assistance to developing



1 *countries consistent with the Agreement on Agri-*  
2 *culture.”.*

3 *(b) CONFORMING AMENDMENT.—Section 411 of the*  
4 *Uruguay Round Agreements Act (19 U.S.C. 3611) is*  
5 *amended by striking subsection (e).*

6 **SEC. 202. TRADE AND DEVELOPMENT ASSISTANCE.**

7 *Section 101 of the Agricultural Trade Development*  
8 *and Assistance Act of 1954 (7 U.S.C. 1701) is amended—*

9 *(1) by striking “developing countries” each place*  
10 *it appears and inserting “developing countries and*  
11 *private entities”; and*

12 *(2) in subsection (b), by inserting “and entities”*  
13 *before the period at the end.*

14 **SEC. 203. AGREEMENTS REGARDING ELIGIBLE COUNTRIES**  
15 **AND PRIVATE ENTITIES.**

16 *Section 102 of the Agricultural Trade Development*  
17 *and Assistance Act of 1954 (7 U.S.C. 1702) is amended to*  
18 *read as follows:*

19 **“SEC. 102. AGREEMENTS REGARDING ELIGIBLE COUNTRIES**  
20 **AND PRIVATE ENTITIES.**

21 *“(a) PRIORITY.—In selecting agreements to be entered*  
22 *into under this title, the Secretary shall give priority to*  
23 *agreements providing for the export of agricultural com-*  
24 *modities to developing countries that—*

1           “(1) *have the demonstrated potential to become*  
2           *commercial markets for competitively priced United*  
3           *States agricultural commodities;*

4           “(2) *are undertaking measures for economic de-*  
5           *velopment purposes to improve food security and ag-*  
6           *ricultural development, alleviate poverty, and pro-*  
7           *mote broad-based equitable and sustainable develop-*  
8           *ment; and*

9           “(3) *demonstrate the greatest need for food.*

10          “(b) *PRIVATE ENTITIES.—An agreement entered into*  
11          *under this title with a private entity shall require such se-*  
12          *curity, or such other provisions as the Secretary determines*  
13          *necessary, to provide reasonable and adequate assurance of*  
14          *repayment of the financing extended to the private entity.*

15          “(c) *AGRICULTURAL MARKET DEVELOPMENT PLAN.—*

16                 “(1) *DEFINITION OF AGRICULTURAL TRADE OR-*  
17                 *GANIZATION.—In this subsection, the term ‘agricul-*  
18                 *tural trade organization’ means a United States agri-*  
19                 *cultural trade organization that promotes the export*  
20                 *and sale of a United States agricultural commodity*  
21                 *and that does not stand to profit directly from the*  
22                 *specific sale of the commodity.*

23                 “(2) *PLAN.—The Secretary shall consider a de-*  
24                 *veloping country for which an agricultural market de-*  
25                 *velopment plan has been approved under this sub-*

1        *section to have the demonstrated potential to become*  
2        *a commercial market for competitively priced United*  
3        *States agricultural commodities for the purpose of*  
4        *granting a priority under subsection (a).*

5            *“(3) REQUIREMENTS.—*

6            *“(A) IN GENERAL.—To be approved by the*  
7        *Secretary, an agricultural market development*  
8        *plan shall—*

9            *“(i) be submitted by a developing coun-*  
10        *try or private entity, in conjunction with*  
11        *an agricultural trade organization;*

12            *“(ii) describe a project or program for*  
13        *the development and expansion of a United*  
14        *States agricultural commodity market in a*  
15        *developing country, and the economic devel-*  
16        *opment of the country, using funds derived*  
17        *from the sale of agricultural commodities*  
18        *received under an agreement described in*  
19        *section 101;*

20            *“(iii) provide for any matching funds*  
21        *that are required by the Secretary for the*  
22        *project or program;*

23            *“(iv) provide for a results-oriented*  
24        *means of measuring the success of the*  
25        *project or program; and*

1                   “(v) provide for graduation to the use  
2                   of non-Federal funds to carry out the  
3                   project or program, consistent with require-  
4                   ments established by the Secretary.

5                   “(B) *AGRICULTURAL TRADE ORGANIZA-*  
6                   *TION.—The project or program shall be designed*  
7                   *and carried out by the agricultural trade organi-*  
8                   *zation.*

9                   “(C) *ADDITIONAL REQUIREMENTS.—An ag-*  
10                   *ricultural market development plan shall contain*  
11                   *such additional requirements as are determined*  
12                   *necessary by the Secretary.*

13                   “(4) *ADMINISTRATIVE COSTS.—*

14                   “(A) *IN GENERAL.—The Secretary shall*  
15                   *make funds made available to carry out this title*  
16                   *available for the reimbursement of administra-*  
17                   *tive expenses incurred by agricultural trade or-*  
18                   *ganizations in developing, implementing, and*  
19                   *administering agricultural market development*  
20                   *plans, subject to such requirements and in such*  
21                   *amounts as the Secretary considers appropriate.*

22                   “(B) *DURATION.—The funds shall be made*  
23                   *available to agricultural trade organizations for*  
24                   *the duration of the applicable agricultural mar-*  
25                   *ket development plan.*

1           “(C) *TERMINATION.*—*The Secretary may*  
2           *terminate assistance made available under this*  
3           *subsection if the agricultural trade organization*  
4           *is not carrying out the approved agricultural*  
5           *market development plan.*”.

6   **SEC. 204. TERMS AND CONDITIONS OF SALES.**

7           *Section 103 of the Agricultural Trade Development*  
8   *and Assistance Act of 1954 (7 U.S.C. 1703) is amended—*

9           (1) *in subsection (a)(2)(A)—*

10           (A) *by striking “a recipient country to*  
11           *make”;* and

12           (B) *by striking “such country” and insert-*  
13           *ing “the appropriate country”;*

14           (2) *in subsection (c), by striking “less than 10*  
15           *nor”;* and

16           (3) *in subsection (d)—*

17           (A) *by striking “recipient country” and in-*  
18           *serting “developing country or private entity”;*

19           and

20           (B) *by striking “7” and inserting “5”.*

21   **SEC. 205. USE OF LOCAL CURRENCY PAYMENT.**

22           *Section 104 of the Agricultural Trade Development*  
23   *and Assistance Act of 1954 (7 U.S.C. 1704) is amended—*

1           (1) *in subsection (a), by striking “recipient*  
2 *country” and inserting “developing country or pri-*  
3 *vate entity”; and*

4           (2) *in subsection (c)—*

5                 (A) *by striking “recipient country” each*  
6 *place it appears and inserting “appropriate de-*  
7 *veloping country”; and*

8                 (B) *in paragraph (3), by striking “recipient*  
9 *countries” and inserting “appropriate develop-*  
10 *ing countries”.*

11 **SEC. 206. VALUE-ADDED FOODS.**

12           *Section 105 of the Agricultural Trade Development*  
13 *and Assistance Act of 1954 (7 U.S.C. 1705) is repealed.*

14 **SEC. 207. ELIGIBLE ORGANIZATIONS.**

15           (a) *IN GENERAL.—Section 202 of the Agricultural*  
16 *Trade Development and Assistance Act of 1954 (7 U.S.C.*  
17 *1722) is amended—*

18                 (1) *by striking subsection (b) and inserting the*  
19 *following:*

20                   “(b) *NONEMERGENCY ASSISTANCE.—*

21                         “(1) *IN GENERAL.—The Administrator may pro-*  
22 *vide agricultural commodities for nonemergency as-*  
23 *sistance under this title through eligible organizations*  
24 *(as described in subsection (d)) that have entered into*

1        *an agreement with the Administrator to use the com-*  
2        *modities in accordance with this title.*

3            *“(2) LIMITATION.—The Administrator may not*  
4        *deny a request for funds submitted under this sub-*  
5        *section because the program for which the funds are*  
6        *requested—*

7            *“(A) would be carried out by the eligible or-*  
8        *ganization in a foreign country in which the*  
9        *Agency for International Development does not*  
10       *have a mission, office, or other presence; or*

11          *“(B) is not part of a development plan for*  
12       *the country prepared by the Agency.”; and*

13        *(2) in subsection (e)—*

14            *(A) in the subsection heading, by striking*  
15        *“PRIVATE VOLUNTARY ORGANIZATIONS AND CO-*  
16        *OPERATIVES” and inserting “ELIGIBLE ORGANI-*  
17        *ZATIONS”;*

18            *(B) in paragraph (1)—*

19            *(i) by striking “\$13,500,000” and in-*  
20        *serting “\$28,000,000”; and*

21            *(ii) by striking “private voluntary or-*  
22        *ganizations and cooperatives to assist such*  
23        *organizations and cooperatives” and insert-*  
24        *ing “eligible organizations described in sub-*  
25        *section (d), to assist the organizations”;*

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

3                   “(2) *REQUEST FOR FUNDS.*—To receive funds  
4                   made available under paragraph (1), a private vol-  
5                   untary organization or cooperative shall submit a re-  
6                   quest for the funds that is subject to approval by the  
7                   Administrator.”; and

8                   (D) in paragraph (3), by striking “a pri-  
9                   vate voluntary organization or cooperative, the  
10                  Administrator may provide assistance to that or-  
11                  ganization or cooperative” and inserting “an eli-  
12                  gible organization, the Administrator may pro-  
13                  vide assistance to the eligible organization”.

14                  (b) *CONFORMING AMENDMENTS.*—Section 207 of the  
15                  Agricultural Trade Development and Assistance Act of 1954  
16                  (7 U.S.C. 1726a) is amended—

17                  (1) in subsection (a), by striking “a private vol-  
18                  untary organization or cooperative” and inserting  
19                  “an eligible organization”; and

20                  (2) in subsection (b)—

21                  (A) in paragraph (1), by striking “private  
22                  voluntary organizations and cooperatives” and  
23                  inserting “eligible organizations”; and



1                   (B) in paragraph (2), by striking “organi-  
2                   zations, cooperatives,” and inserting “eligible or-  
3                   ganizations”.

4 **SEC. 208. GENERATION AND USE OF FOREIGN CURRENCIES.**

5           Section 203 of the Agricultural Trade Development  
6 and Assistance Act of 1954 (7 U.S.C. 1723) is amended—

7                   (1) in subsection (a), by inserting “, or in a  
8                   country in the same region,” after “in the recipient  
9                   country”;

10                   (2) in subsection (b)—

11                           (A) by inserting “or in countries in the  
12                           same region,” after “in recipient countries,”;  
13                           and

14                           (B) by striking “10 percent” and inserting  
15                           “15 percent”;

16                   (3) in subsection (c), by inserting “or in a coun-  
17                   try in the same region,” after “in the recipient coun-  
18                   try,”; and

19                   (4) in subsection (d)(2), by inserting “or within  
20                   a country in the same region” after “within the recip-  
21                   ient country”.

1 **SEC. 209. GENERAL LEVELS OF ASSISTANCE UNDER PUBLIC**  
2 **LAW 480.**

3 *Section 204(a) of the Agricultural Trade Development*  
4 *and Assistance Act of 1954 (7 U.S.C. 1724(a)) is amend-*  
5 *ed—*

6 *(1) in paragraph (1), by striking “amount that”*  
7 *and all that follows through the period at the end and*  
8 *inserting “amount that for each of fiscal years 1996*  
9 *through 2002 is not less than 2,025,000 metric tons.”;*

10 *(2) in paragraph (2), by striking “amount that”*  
11 *and all that follows through the period at the end and*  
12 *inserting “amount that for each of fiscal years 1996*  
13 *through 2002 is not less than 1,550,000 metric tons.”;*  
14 *and*

15 *(3) in paragraph (3), by adding at the end the*  
16 *following: “No waiver shall be made before the begin-*  
17 *ning of the applicable fiscal year.”.*

18 **SEC. 210. FOOD AID CONSULTATIVE GROUP.**

19 *Section 205 of the Agricultural Trade Development*  
20 *and Assistance Act of 1954 (7 U.S.C. 1725) is amended—*

21 *(1) in subsection (a), by striking “private vol-*  
22 *untary organizations, cooperatives and indigenous*  
23 *non-governmental organizations” and inserting “eli-*  
24 *gible organizations described in section 202(d)(1)”;*

25 *(2) in subsection (b)—*

1           (A) in paragraph (2), by striking “for  
2           International Affairs and Commodity Pro-  
3           grams” and inserting “of Agriculture for Farm  
4           and Foreign Agricultural Services”;

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

7           (C) in paragraph (5), by striking the period  
8           at the end and inserting “; and”; and

9           (D) by adding at the end the following:

10           “(6) representatives from agricultural producer  
11           groups in the United States.”;

12           (3) in the second sentence of subsection (d), by  
13           inserting “(but at least twice per year)” after “when  
14           appropriate”; and

15           (4) in subsection (f), by striking “1995” and in-  
16           serting “2002”.

17 **SEC. 211. SUPPORT OF NONGOVERNMENTAL ORGANIZA-**  
18 **TIONS.**

19           (a) *IN GENERAL.*—Section 306(b) of the Agricultural  
20 Trade Development and Assistance Act of 1954 (7 U.S.C.  
21 1727e(b)) is amended—

22           (1) in the subsection heading, by striking “IN-  
23           DIGENOUS NON-GOVERNMENTAL” and inserting  
24           “NONGOVERNMENTAL”; and

1           (2) *by striking “utilization of indigenous” and*  
2           *inserting “utilization of”.*

3           (b) *CONFORMING AMENDMENT.—Section 402 of the*  
4           *Agricultural Trade Development and Assistance Act of 1954*  
5           *(7 U.S.C. 1732) is amended by striking paragraph (6) and*  
6           *inserting the following:*

7           “(6) *NONGOVERNMENTAL ORGANIZATION.—The*  
8           *term ‘nongovernmental organization’ means an orga-*  
9           *nization that works at the local level to solve develop-*  
10           *ment problems in a foreign country in which the or-*  
11           *ganization is located, except that the term does not*  
12           *include an organization that is primarily an agency*  
13           *or instrumentality of the government of the foreign*  
14           *country.”.*

15           **SEC. 212. COMMODITY DETERMINATIONS.**

16           *Section 401 of the Agricultural Trade Development*  
17           *and Assistance Act of 1954 (7 U.S.C. 1731) is amended—*

18           (1) *by striking subsections (a) through (d) and*  
19           *inserting the following:*

20           “(a) *AVAILABILITY OF COMMODITIES.—No agricul-*  
21           *tural commodity shall be available for disposition under*  
22           *this Act if the Secretary determines that the disposition*  
23           *would reduce the domestic supply of the commodity below*  
24           *the supply needed to meet domestic requirements and pro-*  
25           *vide adequate carryover (as determined by the Secretary),*

1 *unless the Secretary determines that some part of the supply*  
2 *should be used to carry out urgent humanitarian purposes*  
3 *under this Act.”;*

4 *(2) by redesignating subsections (e) and (f) as*  
5 *subsections (b) and (c), respectively; and*

6 *(3) in subsection (c) (as so redesignated), by*  
7 *striking “(e)(1)” and inserting “(b)(1)”.*

8 **SEC. 213. GENERAL PROVISIONS.**

9 *Section 403 of the Agricultural Trade Development*  
10 *and Assistance Act of 1954 (7 U.S.C. 1733) is amended—*

11 *(1) in subsection (b)—*

12 *(A) in the subsection heading, by striking*  
13 *“CONSULTATIONS” and inserting “IMPACT ON*  
14 *LOCAL FARMERS AND ECONOMY”;* and

15 *(B) by striking “consult with” and all that*  
16 *follows through “other donor organizations to”;*

17 *(2) in subsection (c)—*

18 *(A) by striking “from countries”;* and

19 *(B) by striking “for use” and inserting “or*  
20 *use”;*

21 *(3) in subsection (f)—*

22 *(A) by inserting “or private entities, as ap-*  
23 *propriate,” after “from countries”;* and

24 *(B) by inserting “or private entities” after*  
25 *“such countries”;* and

1           (4) in subsection (i)(2), by striking subpara-  
2           graph (C).

3   **SEC. 214. AGREEMENTS.**

4           Section 404 of the Agricultural Trade Development  
5   and Assistance Act of 1954 (7 U.S.C. 1734) is amended—

6           (1) in subsection (a), by inserting “with foreign  
7           countries” after “Before entering into agreements”;

8           (2) in subsection (b)(2)—

9                   (A) by inserting “with foreign countries”  
10           after “with respect to agreements entered into”;

11           and

12                   (B) by inserting before the semicolon at the  
13           end the following: “and broad-based economic  
14           growth”; and

15           (3) in subsection (c), by striking paragraph (1)  
16           and inserting the following:

17                   “(1) *IN GENERAL.*—Agreements to provide assist-  
18           ance on a multi-year basis to recipient countries or  
19           to eligible organizations—

20                           “(A) may be made available under titles I  
21                   and III; and

22                           “(B) shall be made available under title  
23                   II.”.

1 **SEC. 215. USE OF COMMODITY CREDIT CORPORATION.**

2 *Section 406 of the Agricultural Trade Development*  
3 *and Assistance Act of 1954 (7 U.S.C. 1736) is amended—*

4 *(1) in subsection (a), by striking “shall” and in-*  
5 *serting “may”; and*

6 *(2) in subsection (b)—*

7 *(A) by inserting “titles II and III of” after*  
8 *“commodities made available under”; and*

9 *(B) by striking paragraph (4) and inserting*  
10 *the following:*

11 *“(4) the vessel freight charges from United States*  
12 *ports or designated Canadian transshipment ports, as*  
13 *determined by the Secretary, to designated ports of*  
14 *entry abroad;”.*

15 **SEC. 216. ADMINISTRATIVE PROVISIONS.**

16 *Section 407 of the Agricultural Trade Development*  
17 *and Assistance Act of 1954 (7 U.S.C. 1736a) is amended—*

18 *(1) in subsection (a)—*

19 *(A) in paragraph(1), by inserting “or pri-*  
20 *vate entity that enters into an agreement under*  
21 *title I” after “importing country”; and*

22 *(B) in paragraph (2), by adding at the end*  
23 *the following: “Resulting contracts may contain*  
24 *such terms and conditions as the Secretary deter-*  
25 *mines are necessary and appropriate.”;*

26 *(2) in subsection (c)—*

1           (A) in paragraph (1)(A), by inserting “im-  
2           porter or” before “importing country”; and

3           (B) in paragraph (2)(A), by inserting “im-  
4           porter or” before “importing country”;

5           (3) in subsection (d)—

6           (A) by striking paragraph (2) and inserting  
7           the following:

8           “(2) *FREIGHT PROCUREMENT.*—Notwithstanding  
9           the Federal Property and Administrative Services Act  
10          of 1949 (40 U.S.C. 471 et seq.) or other similar provi-  
11          sions of law relating to the making or performance of  
12          Federal Government contracts, ocean transportation  
13          under titles II and III may be procured on the basis  
14          of such full and open competitive procedures. Result-  
15          ing contracts may contain such terms and conditions,  
16          as the Administrator determines are necessary and  
17          appropriate.”; and

18          (B) by striking paragraph (4);

19          (4) in subsection (g)(2)—

20          (A) in subparagraph (B), by striking “and”  
21          at the end;

22          (B) in subparagraph (C), by striking the  
23          period at the end and inserting “; and”; and

24          (C) by adding at the end the following:



1           “(D) an assessment of the progress towards  
2           achieving food security in each country receiving  
3           food assistance from the United States Govern-  
4           ment, with special emphasis on the nutritional  
5           status of the poorest populations in each coun-  
6           try.”; and

7           (5) by striking subsection (h).

8   **SEC. 217. EXPIRATION DATE.**

9           Section 408 of the Agricultural Trade Development  
10          and Assistance Act of 1954 (7 U.S.C. 1736b) is amended  
11          by striking “1995” and inserting “2002”.

12   **SEC. 218. REGULATIONS.**

13          Section 409 of the Agricultural Trade Development  
14          and Assistance Act of 1954 (7 U.S.C. 1736c) is repealed.

15   **SEC. 219. INDEPENDENT EVALUATION OF PROGRAMS.**

16          Section 410 of the Agricultural Trade Development  
17          and Assistance Act of 1954 (7 U.S.C. 1736d) is repealed.

18   **SEC. 220. AUTHORIZATION OF APPROPRIATIONS.**

19          Section 412 of the Agricultural Trade Development  
20          and Assistance Act of 1954 (7 U.S.C. 1736f) is amended—

21                  (1) by striking subsections (b) and (c) and in-  
22                  serting the following:

23                  “(b) *TRANSFER OF FUNDS.*—Notwithstanding any  
24                  other provision of law, the President may direct that—

1           “(1) up to 15 percent of the funds available for  
2           any fiscal year for carrying out any title of this Act  
3           be used to carry out any other title of this Act; and

4           “(2) any funds available for title III be used to  
5           carry out title II.”; and

6           (2) by redesignating subsections (d) and (e) as  
7           subsections (c) and (d), respectively.

8   **SEC. 221. COORDINATION OF FOREIGN ASSISTANCE PRO-**  
9                                   **GRAMS.**

10          Section 413 of the Agricultural Trade Development  
11          and Assistance Act of 1954 (7 U.S.C. 1736g) is amended  
12          by inserting “title III of” before “this Act” each place it  
13          appears.

14   **SEC. 222. MICRONUTRIENT FORTIFICATION PILOT PRO-**  
15                                   **GRAM.**

16          Title IV of the Agricultural Trade Development and  
17          Assistance Act of 1954 (7 U.S.C. 1731 et seq.) is amended  
18          by adding at the end the following:

19   **“SEC. 415. MICRONUTRIENT FORTIFICATION PILOT PRO-**  
20                                   **GRAM.**

21          “(a) *IN GENERAL.*—Not later than September 30,  
22          1997, the Secretary, in consultation with the Adminis-  
23          trator, shall establish a micronutrient fortification pilot  
24          program under this Act. The purposes of the program shall  
25          be to—

1           “(1) assist developing countries in correcting  
2           micronutrient dietary deficiencies among segments of  
3           the populations of the countries; and

4           “(2) encourage the development of technologies  
5           for the fortification of whole grains and other com-  
6           modities that are readily transferable to developing  
7           countries.

8           “(b) *SELECTION OF PARTICIPATING COUNTRIES.*—  
9           From among the countries eligible for assistance under this  
10          Act, the Secretary may select not more than 5 developing  
11          countries to participate in the pilot program.

12          “(c) *FORTIFICATION.*—Under the pilot program, whole  
13          grains and other commodities made available to a develop-  
14          ing country selected to participate in the pilot program  
15          may be fortified with 1 or more micronutrients (including  
16          vitamin A, iron, and iodine) with respect to which a sub-  
17          stantial portion of the population in the country are defi-  
18          cient. The commodity may be fortified in the United States  
19          or in the developing country.

20          “(d) *TERMINATION OF AUTHORITY.*—The authority to  
21          carry out the pilot program established under this section  
22          shall terminate on September 30, 2002.”.

23          **SEC. 223. USE OF CERTAIN LOCAL CURRENCY.**

24          Title IV of the Agricultural Trade Development and  
25          Assistance Act of 1954 (7 U.S.C. 1731 et seq.) (as amended

1 by section 222) is further amended by adding at the end  
2 the following:

3 **“SEC. 416. USE OF CERTAIN LOCAL CURRENCY.**

4 “Local currency payments received by the United  
5 States pursuant to agreements entered into under title I (as  
6 in effect on November 27, 1990) may be utilized by the Sec-  
7 retary in accordance with section 108 (as in effect on No-  
8 vember 27, 1990).”.

9 **SEC. 224. LEVELS OF ASSISTANCE UNDER FARMER-TO-**  
10 **FARMER PROGRAM.**

11 Section 501 of the Agricultural Trade Development  
12 and Assistance Act of 1954 (7 U.S.C. 1737) is amended—

13 (1) in subsection (a)—

14 (A) by redesignating paragraphs (4)  
15 through (6) as paragraphs (5) through (7), re-  
16 spectively; and

17 (B) by inserting after paragraph (3) the fol-  
18 lowing:

19 “(4) assist the travel of farmers and other agri-  
20 cultural professionals from developing countries, mid-  
21 dle income countries, and emerging democracies to the  
22 United States for educational purposes consistent  
23 with the objectives of this section;”; and

24 (2) in subsection (c), by striking “1991 through  
25 1995” and inserting “1996 through 2002”.

1 **SEC. 225. FOOD SECURITY COMMODITY RESERVE.**

2 (a) *IN GENERAL.*—*Title III of the Agricultural Act of*  
 3 *1980 (7 U.S.C. 1736f–1 et seq.) is amended to read as fol-*  
 4 *lows:*

5 **“TITLE III—FOOD SECURITY**  
 6 **COMMODITY RESERVE**

7 **“SEC. 301. SHORT TITLE.**

8 “*This title may be cited as the ‘Food Security Com-*  
 9 *modity Reserve Act of 1996’.*

10 **“SEC. 302. ESTABLISHMENT OF COMMODITY RESERVE.**

11 “(a) *IN GENERAL.*—*To provide for a reserve solely to*  
 12 *meet emergency humanitarian food needs in developing*  
 13 *countries, the Secretary of Agriculture (referred to in this*  
 14 *title as the ‘Secretary’) shall establish a reserve stock of*  
 15 *wheat, rice, corn, or sorghum, or any combination of the*  
 16 *commodities, totalling not more than 4,000,000 metric tons*  
 17 *for use as described in subsection (c).*

18 “(b) *COMMODITIES IN RESERVE.*—

19 “(1) *IN GENERAL.*—*The reserve established under*  
 20 *this section shall consist of—*

21 “(A) *wheat in the reserve established under*  
 22 *the Food Security Wheat Reserve Act of 1980 as*  
 23 *of the effective date of the Agricultural Reform*  
 24 *and Improvement Act of 1996;*

25 “(B) *wheat, rice, corn, and sorghum (re-*  
 26 *ferred to in this section as ‘eligible commodities’)*

1           *acquired in accordance with paragraph (2) to re-*  
2           *plenish eligible commodities released from the re-*  
3           *serve, including wheat to replenish wheat re-*  
4           *leased from the reserve established under the*  
5           *Food Security Wheat Reserve Act of 1980 but not*  
6           *replenished as of the effective date of the Agricul-*  
7           *tural Reform and Improvement Act of 1996; and*

8           *“(C) such rice, corn, and sorghum as the*  
9           *Secretary may, at such time and in such man-*  
10          *ner as the Secretary determines appropriate, ac-*  
11          *quire as a result of exchanging an equivalent*  
12          *value of wheat in the reserve established under*  
13          *this section.*

14          “(2) *REPLENISHMENT OF RESERVE.—*

15                 “(A) *IN GENERAL.—Subject to subsection*  
16                 *(i), commodities of equivalent value to eligible*  
17                 *commodities in the reserve established under this*  
18                 *section may be acquired—*

19                         “(i) *through purchases—*

20                                 “(I) *from producers; or*

21                                 “(II) *in the market, if the Sec-*  
22                                 *retary determines that the purchases*  
23                                 *will not unduly disrupt the market; or*

1                   “(ii) by designation by the Secretary of  
2                   stocks of eligible commodities of the Com-  
3                   modity Credit Corporation.

4                   “(B) FUNDS.—Any use of funds to acquire  
5                   eligible commodities through purchases from pro-  
6                   ducers or in the market to replenish the reserve  
7                   must be authorized in an appropriation Act.

8                   “(c) RELEASE OF ELIGIBLE COMMODITIES.—

9                   “(1) EMERGENCY FOOD ASSISTANCE.—Notwith-  
10                  standing any other law, eligible commodities des-  
11                  ignated or acquired for the reserve established under  
12                  this section may be released by the Secretary to pro-  
13                  vide, on a donation or sale basis, emergency food as-  
14                  sistance to developing countries at such time as the  
15                  domestic supply of the eligible commodities is so lim-  
16                  ited that quantities of the eligible commodities cannot  
17                  be made available for disposition under the Agricul-  
18                  tural Trade Development and Assistance Act of 1954  
19                  (7 U.S.C. 1691 et seq.) (other than disposition for ur-  
20                  gent humanitarian purposes under section 401 of the  
21                  Act (7 U.S.C. 1731)).

22                  “(2) PROVISION OF URGENT HUMANITARIAN RE-  
23                  LIEF.—

24                  “(A) IN GENERAL.—Notwithstanding para-  
25                  graph (1), eligible commodities may be released

1       *from the reserve established under this section for*  
2       *any fiscal year, without regard to the availabil-*  
3       *ity of domestic supply, for use under title II of*  
4       *the Agricultural Trade Development Assistance*  
5       *Act of 1954 (7 U.S.C. 1721 et seq.) in providing*  
6       *urgent humanitarian relief in any developing*  
7       *country suffering a major disaster (as deter-*  
8       *mined by the Secretary) in accordance with this*  
9       *paragraph.*

10               “(B) *EXCEPTIONAL NEED.*—*If the eligible*  
11       *commodities needed for relief cannot be made*  
12       *available for relief in a timely manner under the*  
13       *normal means of obtaining eligible commodities*  
14       *for food assistance because of circumstances of*  
15       *unanticipated and exceptional need, up to*  
16       *500,000 metric tons of eligible commodities may*  
17       *be released under subparagraph (A).*

18               “(C) *FUNDS.*—*If the Secretary certifies that*  
19       *the funds made available for a fiscal year to*  
20       *carry out title II of the Agricultural Trade De-*  
21       *velopment and Assistance Act of 1954 (7 U.S.C.*  
22       *1721 et seq.) are not less than the funds made*  
23       *available for the previous fiscal year, up to*  
24       *1,000,000 metric tons of eligible commodities*  
25       *may be released under subparagraph (A).*



1           “(D) *WAIVER OF MINIMUM TONNAGE RE-*  
2           *QUIREMENTS.*—*Nothing in this paragraph shall*  
3           *require the exercise of the waiver under section*  
4           *204(a)(3) of the Agricultural Trade Development*  
5           *and Assistance Act of 1954 (7 U.S.C. 5624(a)(3))*  
6           *as a prerequisite for the release of eligible com-*  
7           *modities under this paragraph.*

8           “(E) *LIMITATION.*—*The quantity of eligible*  
9           *commodities released under this paragraph may*  
10           *not exceed 1,000,000 metric tons in any fiscal*  
11           *year.*

12           “(3) *PROCESSING OF ELIGIBLE COMMODITIES.*—  
13           *Eligible commodities that are released from the re-*  
14           *serve established under this section may be processed*  
15           *in the United States and shipped to a developing*  
16           *country when conditions in the recipient country re-*  
17           *quire processing.*

18           “(4) *EXCHANGE.*—*The Secretary may exchange*  
19           *an eligible commodity for another United States com-*  
20           *modity of equal value, including powdered milk,*  
21           *pulses, and vegetable oil.*

22           “(d) *USE OF ELIGIBLE COMMODITIES.*—*Eligible com-*  
23           *modities that are released from the reserve established under*  
24           *this section for the purpose of subsection (c) shall be made*  
25           *available under the Agricultural Trade Development and*

1 *Assistance Act of 1954 (7 U.S.C. 1691 et seq.) to meet fam-*  
2 *ine or other urgent or extraordinary relief needs, except that*  
3 *section 401 of the Act (7 U.S.C. 1731), with respect to deter-*  
4 *minations of availability, shall not be applicable to the re-*  
5 *lease.*

6 “(e) *MANAGEMENT OF ELIGIBLE COMMODITIES.*—*The*  
7 *Secretary shall provide—*

8 “(1) *for the management of eligible commodities*  
9 *in the reserve established under this section as to loca-*  
10 *tion and quality of eligible commodities needed to*  
11 *meet emergency situations; and*

12 “(2) *for the periodic rotation or replacement of*  
13 *stocks of eligible commodities in the reserve to avoid*  
14 *spoilage and deterioration of the commodities.*

15 “(f) *TREATMENT OF RESERVE UNDER OTHER LAW.*—  
16 *Eligible commodities in the reserve established under this*  
17 *section shall not be—*

18 “(1) *considered a part of the total domestic sup-*  
19 *ply (including carryover) for the purpose of sub-*  
20 *section (c) or for the purpose of administering the Ag-*  
21 *ricultural Trade Development and Assistance Act of*  
22 *1954 (7 U.S.C. 1691 et seq.); and*

23 “(2) *subject to any quantitative limitation on*  
24 *exports that may be imposed under section 7 of the*

1 *Export Administration Act of 1979 (50 U.S.C. App.*  
2 *2406).*

3 “(g) *USE OF COMMODITY CREDIT CORPORATION.*—

4 “(1) *IN GENERAL.*—*Subject to the limitations*  
5 *provided in this section, the funds, facilities, and au-*  
6 *thorities of the Commodity Credit Corporation shall*  
7 *be used by the Secretary in carrying out this section,*  
8 *except that any restriction applicable to the acquisi-*  
9 *tion, storage, or disposition of eligible commodities*  
10 *owned or controlled by the Commodity Credit Cor-*  
11 *poration shall not apply.*

12 “(2) *REIMBURSEMENT.*—

13 “(A) *IN GENERAL.*—*The Commodity Credit*  
14 *Corporation shall be reimbursed for the release of*  
15 *eligible commodities from funds made available*  
16 *to carry out the Agricultural Trade Development*  
17 *and Assistance Act of 1954 (7 U.S.C. 1691 et*  
18 *seq.).*

19 “(B) *BASIS FOR REIMBURSEMENT.*—*The re-*  
20 *imbursement shall be made on the basis of the*  
21 *lesser of—*

22 “(i) *the actual costs incurred by the*  
23 *Commodity Credit Corporation with respect*  
24 *to the eligible commodity; or*

1                   “(ii) the export market price of the eli-  
2                   gible commodity (as determined by the Sec-  
3                   retary) as of the time the eligible commodity  
4                   is released from the reserve for the purpose.

5                   “(C) SOURCE OF FUNDS.—The reimburse-  
6                   ment may be made from funds appropriated for  
7                   the purpose of reimbursement in subsequent fis-  
8                   cal years.

9                   “(h) FINALITY OF DETERMINATION.—Any determina-  
10                  tion by the Secretary under this section shall be final.

11                  “(i) TERMINATION OF AUTHORITY.—

12                   “(1) IN GENERAL.—The authority to replenish  
13                   stocks of eligible commodities to maintain the reserve  
14                   established under this section shall terminate on Sep-  
15                   tember 30, 2002.

16                   “(2) DISPOSAL OF ELIGIBLE COMMODITIES.—El-  
17                   igible commodities remaining in the reserve after Sep-  
18                   tember 30, 2002, shall be disposed of by release for use  
19                   in providing for emergency humanitarian food needs  
20                   in developing countries as provided in this section.”.

21                  “(b) CONFORMING AMENDMENT.—Section 208(d) of the  
22                  Agriculture Trade Suspension Adjustment Act of 1980 (7  
23                  U.S.C. 4001(d)) is amended by striking paragraph (2) and  
24                  inserting the following:



1           (A) in paragraph (1), by striking “in the  
2 case of the independent states of the former So-  
3 viet Union,”;

4           (B) by striking paragraph (2);

5           (C) in paragraph (4), by inserting “in each  
6 of fiscal years 1996 through 2002” after “may be  
7 used”; and

8           (D) by redesignating paragraphs (3)  
9 through (5) as paragraphs (2) through (4), re-  
10 spectively;

11          (4) in subsection (g), by striking “1995” and in-  
12 sserting “2002”;

13          (5) in subsection (j), by striking “shall” and in-  
14 sserting “may”;

15          (6) in subsection (k), by striking “1995” and in-  
16 sserting “2002”;

17          (7) in subsection (l)(1)—

18           (A) by striking “1991 through 1995” and  
19 inserting “1996 through 2002”; and

20           (B) by inserting “, and to provide technical  
21 assistance for monetization programs,” after  
22 “monitoring of food assistance programs”; and

23          (8) in subsection (m)—

24           (A) by striking “with respect to the inde-  
25 pendent states of the former Soviet Union”;

1           (B) by striking “private voluntary organi-  
2           zations and cooperatives” each place it appears  
3           and inserting “agricultural trade organizations,  
4           intergovernmental organizations, private vol-  
5           untary organizations, and cooperatives”; and

6           (C) in paragraph (2), by striking “in the  
7           independent states”.

8   **SEC. 228. USE OF FOREIGN CURRENCY PROCEEDS FROM EX-**  
9                                   **PORT SALES FINANCING.**

10          Section 402 of the Mutual Security Act of 1954 (22  
11   U.S.C. 1922) is repealed.

12   **SEC. 229. STIMULATION OF FOREIGN PRODUCTION.**

13          Section 7 of the Act of December 30, 1947 (61 Stat.  
14   947, chapter 526; 50 U.S.C. App. 1917) is repealed.

15                           **Subtitle B—Amendments to**  
16                           **Agricultural Trade Act of 1978**

17   **SEC. 241. AGRICULTURAL EXPORT PROMOTION STRATEGY.**

18          (a) *IN GENERAL.*—Section 103 of the Agricultural  
19   Trade Act of 1978 (7 U.S.C. 5603) is amended to read as  
20   follows:

21   **“SEC. 103. AGRICULTURAL EXPORT PROMOTION STRATEGY.**

22          “(a) *IN GENERAL.*—The Secretary shall develop a  
23   strategy for implementing Federal agricultural export pro-  
24   motion programs that takes into account the new market

1 *opportunities for agricultural products, including opportu-*  
2 *nities that result from—*

3           “(1) *the North American Free Trade Agreement*  
4 *and the Uruguay Round Agreements;*

5           “(2) *any accession to membership in the World*  
6 *Trade Organization;*

7           “(3) *the continued economic growth in the Pa-*  
8 *cific Rim; and*

9           “(4) *other developments.*

10          “(b) *PURPOSE OF STRATEGY.—The strategy developed*  
11 *under subsection (a) shall encourage the maintenance, de-*  
12 *velopment, and expansion of export markets for United*  
13 *States agricultural commodities and related products, in-*  
14 *cluding high-value and value-added products.*

15          “(c) *GOALS OF STRATEGY.—The strategy developed*  
16 *under subsection (a) shall have the following goals:*

17           “(1) *By September 30, 2002, increasing the*  
18 *value of annual United States agricultural exports to*  
19 *\$60,000,000,000.*

20           “(2) *By September 30, 2002, increasing the*  
21 *United States share of world export trade in agricul-*  
22 *tural products significantly above the average United*  
23 *States share from 1993 through 1995.*



1           “(3) *By September 30, 2002, increasing the*  
2           *United States share of world trade in high-value agri-*  
3           *cultural products to 20 percent.*

4           “(4) *Ensuring that the value of United States*  
5           *exports of agricultural products increases at a faster*  
6           *rate than the rate of increase in the value of overall*  
7           *world export trade in agricultural products.*

8           “(5) *Ensuring that the value of United States*  
9           *exports of high-value agricultural products increases*  
10          *at a faster rate than the rate of increase in overall*  
11          *world export trade in high-value agricultural prod-*  
12          *ucts.*

13          “(6) *Ensuring to the extent practicable that—*

14                 “(A) *substantially all obligations under-*  
15                 *taken in the Uruguay Round Agreement on Ag-*  
16                 *riculture that provide significantly increased ac-*  
17                 *cess for United States agricultural commodities*  
18                 *are implemented to the extent required by the*  
19                 *Uruguay Round Agreements; or*

20                 “(B) *applicable United States trade laws*  
21                 *are used to secure United States rights under the*  
22                 *Uruguay Round Agreement on Agriculture.*

23          “(d) *PRIORITY MARKETS.—*

1           “(1) *IDENTIFICATION OF MARKETS.*—*In develop-*  
2           *ing the strategy required under subsection (a), the*  
3           *Secretary shall identify as priority markets—*

4                   “(A) *those markets in which imports of ag-*  
5                   *ricultural products show the greatest potential*  
6                   *for increase by September 30, 2002; and*

7                   “(B) *those markets in which, with the as-*  
8                   *stance of Federal export promotion programs,*  
9                   *exports of United States agricultural products*  
10                   *show the greatest potential for increase by Sep-*  
11                   *tember 30, 2002.*

12           “(2) *IDENTIFICATION OF SUPPORTING OF-*  
13           *FICES.*—*The President shall identify annually in the*  
14           *budget of the United States Government submitted*  
15           *under section 1105 of title 31, United States Code,*  
16           *each overseas office of the Foreign Agricultural Serv-*  
17           *ice that provides assistance to United States exporters*  
18           *in each of the priority markets identified under para-*  
19           *graph (1).*

20           “(e) *REPORT.*—*Not later than December 31, 2001, the*  
21           *Secretary shall prepare and submit a report to Congress*  
22           *assessing progress in meeting the goals established by sub-*  
23           *section (c).*

24           “(f) *FAILURE TO MEET GOALS.*—*Notwithstanding*  
25           *any other law, if the Secretary determines that more than*

1 *2 of the goals established by subsection (c) are not met by*  
2 *September 30, 2002, the Secretary may not carry out agri-*  
3 *cultural trade programs under the Agricultural Trade Act*  
4 *of 1978 (7 U.S.C. 5601 et seq.) as of that date.*

5       “(g) *NO PRIVATE RIGHT OF ACTION.*—*This section*  
6 *shall not create any private right of action.*”.

7       (b) *CONTINUATION OF FUNDING.*—

8             (1) *IN GENERAL.*—*If the Secretary of Agriculture*  
9 *makes a determination under section 103(f) of the Ag-*  
10 *ricultural Trade Act of 1978 (as amended by sub-*  
11 *section (a)), the Secretary shall utilize funds of the*  
12 *Commodity Credit Corporation to promote United*  
13 *States agricultural exports in a manner consistent*  
14 *with the Commodity Credit Corporation Charter Act*  
15 *(15 U.S.C. 714 et seq.) and obligations pursuant to*  
16 *the Uruguay Round Agreements.*

17             (2) *FUNDING.*—*The amount of Commodity Cred-*  
18 *it Corporation funds used to carry out paragraph (1)*  
19 *during a fiscal year shall not exceed the total outlays*  
20 *for agricultural trade programs under the Agricul-*  
21 *tural Trade Act of 1978 (7 U.S.C. 5601 et seq.) dur-*  
22 *ing fiscal year 2002.*

23       (c) *ELIMINATION OF REPORT.*—

24             (1) *IN GENERAL.*—*Section 601 of the Agricul-*  
25 *tural Trade Act of 1978 (7 U.S.C. 5711) is repealed.*

1           (2) *CONFORMING AMENDMENT.*—*The last sen-*  
 2           *tence of section 603 of the Agricultural Trade Act of*  
 3           *1978 (7 U.S.C. 5713) is amended by striking “, in a*  
 4           *consolidated report,” and all that follows through*  
 5           *“section 601” and inserting “or in a consolidated re-*  
 6           *port”.*

7   ***SEC. 242. EXPORT CREDITS.***

8           (a) *EXPORT CREDIT GUARANTEE PROGRAM.*—*Section*  
 9           *202 of the Agricultural Trade Act of 1978 (7 U.S.C. 5622)*  
 10          *is amended—*

11           (1) *in subsection (a)—*

12                   (A) *by striking “GUARANTEES.—The” and*  
 13                   *inserting the following: “GUARANTEES.—*

14                   *“(1) IN GENERAL.—The”;* *and*

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

16                   “(2) *SUPPLIER CREDITS.*—*In carrying out this*  
 17                   *section, the Commodity Credit Corporation may issue*  
 18                   *guarantees for the repayment of credit made available*  
 19                   *for a period of not more than 180 days by a United*  
 20                   *States exporter to a buyer in a foreign country.”;*

21           (2) *in subsection (f)—*

22                   (A) *by striking “(f) RESTRICTIONS.—The”*  
 23                   *and inserting the following:*

24                   “(f) *RESTRICTIONS.*—

25                   “(1) *IN GENERAL.—The”;* *and*

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

2                   “(2) *CRITERIA FOR DETERMINATION.*—*In mak-*  
3                   *ing the determination required under paragraph (1)*  
4                   *with respect to credit guarantees under subsection (b)*  
5                   *for a country, the Secretary may consider, in addi-*  
6                   *tion to financial, macroeconomic, and monetary indi-*  
7                   *cators—*

8                   “(A) *whether an International Monetary*  
9                   *Fund standby agreement, Paris Club reschedul-*  
10                   *ing plan, or other economic restructuring plan is*  
11                   *in place with respect to the country;*

12                   “(B) *the convertibility of the currency of the*  
13                   *country;*

14                   “(C) *whether the country provides adequate*  
15                   *legal protection for foreign investments;*

16                   “(D) *whether the country has viable finan-*  
17                   *cial markets;*

18                   “(E) *whether the country provides adequate*  
19                   *legal protection for the private property rights of*  
20                   *citizens of the country; and*

21                   “(F) *any other factors that are relevant to*  
22                   *the ability of the country to service the debt of*  
23                   *the country.”;*

24                   (3) *by striking subsection (h) and inserting the*  
25                   *following:*

1       “(h) UNITED STATES AGRICULTURAL COMPONENTS.—  
2 *The Commodity Credit Corporation shall finance or guar-*  
3 *antee under this section only United States agricultural*  
4 *commodities.”;*

5           (4) *in subsection (i)—*

6               (A) *by striking “INSTITUTIONS.—A finan-*  
7 *cial” and inserting the following: “INSTITU-*  
8 *TIONS.—*

9               “(1) *IN GENERAL.—A financial”;*

10              (B) *by striking paragraph (1);*

11              (C) *by striking “(2) is” and inserting the*  
12 *following:*

13                   “(A) *is”;*

14              (D) *by striking “(3) is” and inserting the*  
15 *following:*

16                   “(B) *is”;* and

17              (E) *by adding at the end the following:*

18              “(2) *THIRD COUNTRY BANKS.—The Commodity*  
19 *Credit Corporation may guarantee under subsections*  
20 *(a) and (b) the repayment of credit made available to*  
21 *finance an export sale irrespective of whether the obli-*  
22 *gor is located in the country to which the export sale*  
23 *is destined.”; and*

24              (5) *by striking subsection (k) and inserting the*  
25 *following:*

1       “(k) *PROCESSED AND HIGH-VALUE PRODUCTS.*—

2               “(1) *IN GENERAL.*—*In issuing export credit*  
3 *guarantees under this section, the Commodity Credit*  
4 *Corporation shall, subject to paragraph (2), ensure*  
5 *that not less than 25 percent for each of fiscal years*  
6 *1996 and 1997, 30 percent for each of fiscal years*  
7 *1998 and 1999, and 35 percent for each of fiscal*  
8 *years 2000, 2001, and 2002, of the total amount of*  
9 *credit guarantees issued for a fiscal year is issued to*  
10 *promote the export of processed or high-value agricul-*  
11 *tural products and that the balance is issued to pro-*  
12 *mote the export of bulk or raw agricultural commod-*  
13 *ities.*

14               “(2) *LIMITATION.*—*The percentage requirement*  
15 *of paragraph (1) shall apply for a fiscal year to the*  
16 *extent that a reduction in the total amount of credit*  
17 *guarantees issued for the fiscal year is not required*  
18 *to meet the percentage requirement.”.*

19       “(b) *FUNDING LEVELS.*—*Section 211(b) of the Agricul-*  
20 *tural Trade Act of 1978 (7 U.S.C. 5641(b)) is amended—*

21               (1) *by striking paragraph (2);*

22               (2) *by redesignating subparagraph (B) of para-*  
23 *graph (1) as paragraph (2) and indenting the margin*  
24 *of paragraph (2) (as so redesignated) so as to align*  
25 *with the margin of paragraph (1); and*

1           (3) *by striking paragraph (1) and inserting the*  
2 *following:*

3           “(1) *EXPORT CREDIT GUARANTEES.—The Com-*  
4 *modity Credit Corporation shall make available for*  
5 *each of fiscal years 1996 through 2002 not less than*  
6 *\$5,500,000,000 in credit guarantees under subsections*  
7 *(a) and (b) of section 202.”.*

8           (c) *DEFINITIONS.—Section 102(7) of the Agricultural*  
9 *Trade Act of 1978 (7 U.S.C. 5602(7)) is amended by strik-*  
10 *ing subparagraphs (A) and (B) and inserting the following:*

11                   “(A) *an agricultural commodity or product*  
12 *entirely produced in the United States; or*

13                   “(B) *a product of an agricultural commod-*  
14 *ity—*

15                           “(i) *90 percent or more of which by*  
16 *weight, excluding packaging and water, is*  
17 *entirely produced in the United States; and*

18                           “(ii) *that the Secretary determines to*  
19 *be a high value agricultural product.”.*

20           (d) *REGULATIONS.—Not later than 180 days after the*  
21 *effective date of this title, the Secretary of Agriculture shall*  
22 *issue regulations to carry out the amendments made by this*  
23 *section.*



1 **SEC. 243. MARKET PROMOTION PROGRAM.**

2 *Effective October 1, 1995, section 211(c)(1) of the Agri-*  
3 *cultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is amend-*  
4 *ed—*

5 *(1) by striking “and” after “1991 through*  
6 *1993,”; and*

7 *(2) by striking “through 1997,” and inserting*  
8 *“through 1995, and not more than \$70,000,000 for*  
9 *each of fiscal years 1996 through 2002,”:*

10 *Provided, That funds made available under this Act to*  
11 *carry out the non-generic activities of the market promotion*  
12 *program established under section 203 of the Agricultural*  
13 *Trade Act of 1978 (7 U.S.C. 5623) may be used to provide*  
14 *cost-share assistance only to organizations that are non-for-*  
15 *ign entities and are recognized as small business concerns*  
16 *under section 3(a) of the Small Business Act (15 U.S.C.*  
17 *632(a)) or to the associations described in the first section*  
18 *of the Act entitled “An Act to authorize association of pro-*  
19 *ducers of agricultural products”, approved February 22,*  
20 *1922 (7 U.S.C. 291): Provided further, that such funds may*  
21 *not be used to provide cost-share assistance to a foreign eli-*  
22 *gible trade organization: Provided further, That none of the*  
23 *funds made available under this Act may be used to carry*  
24 *out the market promotion program established under sec-*  
25 *tion 203 of the Agricultural Trade Act of 1978 (7 U.S.C.*

1 5623) if the aggregate amount of funds and value of com-  
2 modities under the program exceeds \$70,000,000.

3 **SEC. 244. EXPORT ENHANCEMENT PROGRAM.**

4 *Effective October 1, 1995, section 301(e)(1) of the Agri-*  
5 *cultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)) is amend-*  
6 *ed to read as follows:*

7 “(1) *IN GENERAL.*—*The Commodity Credit Cor-*  
8 *poration shall make available to carry out the pro-*  
9 *gram established under this section not more than—*

10 “(A) \$350,000,000 for fiscal year 1996;

11 “(B) \$350,000,000 for fiscal year 1997;

12 “(C) \$500,000,000 for fiscal year 1998;

13 “(D) \$550,000,000 for fiscal year 1999;

14 “(E) \$579,000,000 for fiscal year 2000;

15 “(F) \$478,000,000 for fiscal year 2001; and

16 “(G) \$478,000,000 for fiscal year 2002.”.

17 **SEC. 245. ARRIVAL CERTIFICATION.**

18 *Section 401 of the Agricultural Trade Act of 1978 (7*  
19 *U.S.C. 5662(a)) is amended by striking subsection (a) and*  
20 *inserting the following:*

21 “(a) *ARRIVAL CERTIFICATION.*—*With respect to a*  
22 *commodity provided, or for which financing or a credit*  
23 *guarantee or other assistance is made available, under a*  
24 *program authorized in section 201, 202, or 301, the Com-*  
25 *modity Credit Corporation shall require the exporter of the*

1 *commodity to maintain records of an official or customary*  
2 *commercial nature or other documents as the Secretary may*  
3 *require, and shall allow representatives of the Commodity*  
4 *Credit Corporation access to the records or documents as*  
5 *needed, to verify the arrival of the commodity in the coun-*  
6 *try that was the intended destination of the commodity.”.*

7 **SEC. 246. COMPLIANCE.**

8 *Section 402(a) of the Agricultural Trade Act of 1978*  
9 *(7 U.S.C. 5662(a)) is amended—*

10 *(1) by striking paragraph (2); and*

11 *(2) by redesignating paragraph (3) as para-*  
12 *graph (2).*

13 **SEC. 247. REGULATIONS.**

14 *Section 404 of the Agricultural Trade Act of 1978 (7*  
15 *U.S.C. 5664) is repealed.*

16 **SEC. 248. TRADE COMPENSATION AND ASSISTANCE PRO-**  
17 **GRAMS.**

18 *Title IV of the Agricultural Trade Act of 1978 (7*  
19 *U.S.C. 5661 et seq.) is amended by adding at the end the*  
20 *following:*

21 **“SEC. 417. TRADE COMPENSATION AND ASSISTANCE PRO-**  
22 **GRAMS.**

23 *“(a) IN GENERAL.—Notwithstanding any other law,*  
24 *if, after the effective date of this section, the President or*  
25 *any other member of the Executive branch causes exports*

1 *from the United States to any country to be unilaterally*  
2 *suspended for reasons of national security or foreign policy,*  
3 *and if within 180 days after the date on which the suspen-*  
4 *sion is imposed on United States exports no other country*  
5 *agrees to participate in the suspension, the Secretary shall*  
6 *carry out a trade compensation and assistance program in*  
7 *accordance with this section (referred to in this section as*  
8 *a ‘program’).*

9       “(b) *PROVISION OF FUNDS.—Under a program, the*  
10 *Secretary shall make available for each fiscal year funds*  
11 *of the Commodity Credit Corporation, in an amount cal-*  
12 *culated under subsection (c), to promote agricultural ex-*  
13 *ports or provide agricultural commodities to developing*  
14 *countries, under any authorities available to the Secretary.*

15       “(c) *DETERMINATION OF AMOUNT OF FUNDS.—For*  
16 *each fiscal year of a program, the amount of funds made*  
17 *available under subsection (b) shall be equal to 90 percent*  
18 *of the average annual value of United States agricultural*  
19 *exports to the country with respect to which exports are sus-*  
20 *pended during the most recent 3 years prior to the suspen-*  
21 *sion for which data are available.*

22       “(d) *DURATION OF PROGRAM.—*

23               “(1) *IN GENERAL.—For each suspension of ex-*  
24 *ports for which a program is implemented under this*  
25 *section, funds shall be made available under sub-*

1        *section (b) for each fiscal year or part of a fiscal year*  
2        *for which the suspension is in effect, but not to exceed*  
3        *2 fiscal years.*

4            “(2) *PARTIAL-YEAR EMBARGOES.—Regardless of*  
5        *whether an embargo is in effect for only part of a fis-*  
6        *cal year, the full amount of funds as calculated under*  
7        *subsection (c) shall be made available under a pro-*  
8        *gram for the fiscal year. If the Secretary determines*  
9        *that making the required amount of funds available*  
10       *in a partial fiscal year is impracticable, the Sec-*  
11       *retary may make all or part of the funds required to*  
12       *be made available in the partial fiscal year available*  
13       *in the following fiscal year (in addition to any funds*  
14       *otherwise required under a program to be made avail-*  
15       *able in the following fiscal year).”.*

16        ***SEC. 249. FOREIGN AGRICULTURAL SERVICE.***

17        *Section 503 of the Agricultural Trade Act of 1978 (7*  
18        *U.S.C. 5693) is amended to read as follows:*

19        ***“SEC. 503. ESTABLISHMENT OF THE FOREIGN AGRICUL-***  
20                                ***TURAL SERVICE.***

21            *“The Service shall assist the Secretary in carrying out*  
22        *the agricultural trade policy and international cooperation*  
23        *policy of the United States by—*

24            *“(1) acquiring information pertaining to agri-*  
25        *cultural trade;*

1           “(2) carrying out market promotion and devel-  
2           opment activities;

3           “(3) providing agricultural technical assistance  
4           and training; and

5           “(4) carrying out the programs authorized under  
6           this Act, the Agricultural Trade Development and As-  
7           sistance Act of 1954 (7 U.S.C. 1691 et seq.), and other  
8           Acts.”.

9   **SEC. 250. REPORTS.**

10          *The first sentence of section 603 of the Agricultural*  
11   *Trade Act of 1978 (7 U.S.C. 5713) is amended by striking*  
12   *“The” and inserting “Subject to section 217 of the Depart-*  
13   *ment of Agriculture Reorganization Act of 1994 (7 U.S.C.*  
14   *6917), the”.*

15                   **Subtitle C—Miscellaneous**

16   **SEC. 251. REPORTING REQUIREMENTS RELATING TO TO-**  
17                   **BACCO.**

18          *Section 214 of the Tobacco Adjustment Act of 1983 (7*  
19   *U.S.C. 509) is repealed.*

20   **SEC. 252. TRIGGERED EXPORT ENHANCEMENT.**

21          *(a) READJUSTMENT OF SUPPORT LEVELS.—Section*  
22   *1302 of the Omnibus Budget Reconciliation Act of 1990*  
23   *(Public Law 101–508; 7 U.S.C. 1421 note) is repealed.*

24          *(b) TRIGGERED MARKETING LOANS AND EXPORT EN-*  
25   *HANCEMENT.—Section 4301 of the Omnibus Trade and*

1 *Competitiveness Act of 1988 (Public Law 100–418; 7 U.S.C.*  
2 *1446 note) is repealed.*

3 (c) *EFFECTIVE DATE.*—*The amendments made by this*  
4 *section shall be effective beginning with the 1996 crops of*  
5 *wheat, feed grains, upland cotton, and rice.*

6 **SEC. 253. DISPOSITION OF COMMODITIES TO PREVENT**  
7 **WASTE.**

8 *Section 416 of the Agricultural Act of 1949 (7 U.S.C.*  
9 *1431) is amended—*

10 (1) *in subsection (b)—*

11 (A) *in paragraph (1), by inserting after the*  
12 *first sentence the following: “The Secretary may*  
13 *use funds of the Commodity Credit Corporation*  
14 *to cover administrative expenses of the pro-*  
15 *grams.”;*

16 (B) *in paragraph (7)(D)(iv), by striking*  
17 *“one year of acquisition” and all that follows*  
18 *and inserting the following: “a reasonable length*  
19 *of time, as determined by the Secretary, except*  
20 *that the Secretary may permit the use of pro-*  
21 *ceeds in a country other than the country of ori-*  
22 *gin—*

23 *“(I) as necessary to expedite the transpor-*  
24 *tation of commodities and products furnished*  
25 *under this subsection; or*

1           “(II) if the proceeds are generated in a cur-  
2           rency generally accepted in the other country.”;

3           (C) in paragraph (8), by striking subpara-  
4           graph (C); and

5           (D) by striking paragraphs (10), (11), and  
6           (12); and

7           (2) by striking subsection (c).

8   **SEC. 254. DIRECT SALES OF DAIRY PRODUCTS.**

9           Section 106 of the Agriculture and Food Act of 1981  
10          (7 U.S.C. 1446c-1) is repealed.

11   **SEC. 255. EXPORT SALES OF DAIRY PRODUCTS.**

12          Section 1163 of the Food Security Act of 1985 (Public  
13          Law 99–198; 7 U.S.C. 1731 note) is repealed.

14   **SEC. 256. DEBT-FOR-HEALTH-AND-PROTECTION SWAP.**

15          (a) *IN GENERAL.*—Section 1517 of the Food, Agri-  
16          culture, Conservation, and Trade Act of 1990 (7 U.S.C.  
17          1706) is repealed.

18          (b) *CONFORMING AMENDMENT.*—Subsection (e)(3) of  
19          the Food for Progress Act of 1985 (7 U.S.C. 1736o(e)(3))  
20          is amended by striking “section 106” and inserting “section  
21          103”.

22   **SEC. 257. POLICY ON EXPANSION OF INTERNATIONAL MAR-**  
23   **KETS.**

24          Section 1207 of the Agriculture and Food Act of 1981  
25          (7 U.S.C. 1736m) is repealed.



1 **SEC. 258. POLICY ON MAINTENANCE AND DEVELOPMENT OF**  
2 **EXPORT MARKETS.**

3 *Section 1121 of the Food Security Act of 1985 (7*  
4 *U.S.C. 1736p) is amended—*

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

6 *(2) in subsection (b)—*

7 *(A) by striking “(b)”;* and

8 *(B) by striking paragraphs (1) through (4)*

9 *and inserting the following:*

10 *“(1) be the premier supplier of agricultural and*  
11 *food products to world markets and expand exports of*  
12 *high value products;*

13 *“(2) support the principle of free trade and the*  
14 *promotion of fair trade in agricultural commodities*  
15 *and products;*

16 *“(3) cooperate fully in all efforts to negotiate*  
17 *with foreign countries further reductions in tariff and*  
18 *nontariff barriers to trade, including sanitary and*  
19 *phytosanitary measures and trade-distorting sub-*  
20 *sidies;*

21 *“(4) aggressively counter unfair foreign trade*  
22 *practices as a means of encouraging fairer trade;”.*

23 **SEC. 259. POLICY ON TRADE LIBERALIZATION.**

24 *Section 1122 of the Food Security Act of 1985 (7*  
25 *U.S.C. 1736q) is repealed.*

1 **SEC. 260. AGRICULTURAL TRADE NEGOTIATIONS.**

2 *Section 1123 of the Food Security Act of 1985 (7*  
3 *U.S.C. 1736r) is amended to read as follows:*

4 **“SEC. 1123. TRADE NEGOTIATIONS POLICY.**

5 *“(a) FINDINGS.—Congress finds that—*

6 *“(1) on a level playing field, United States pro-*  
7 *ducers are the most competitive suppliers of agricul-*  
8 *tural products in the world;*

9 *“(2) exports of United States agricultural prod-*  
10 *ucts will account for \$53,000,000,000 in 1995, con-*  
11 *tributing a net \$24,000,000,000 to the merchandise*  
12 *trade balance of the United States and supporting ap-*  
13 *proximately 1,000,000 jobs;*

14 *“(3) increased agricultural exports are critical to*  
15 *the future of the farm, rural, and overall United*  
16 *States economy, but the opportunities for increased*  
17 *agricultural exports are limited by the unfair sub-*  
18 *sidies of the competitors of the United States, and a*  
19 *variety of tariff and nontariff barriers to highly com-*  
20 *petitive United States agricultural products;*

21 *“(4) international negotiations can play a key*  
22 *role in breaking down barriers to United States agri-*  
23 *cultural exports;*

24 *“(5) the Uruguay Round Agreement on Agri-*  
25 *culture made significant progress in the attainment of*  
26 *increased market access opportunities for United*

1 *States exports of agricultural products, for the first*  
2 *time—*

3 *“(A) restraining foreign trade-distorting do-*  
4 *mestic support and export subsidy programs;*  
5 *and*

6 *“(B) developing common rules for the appli-*  
7 *cation of sanitary and phytosanitary restric-*  
8 *tions;*

9 *that should result in increased exports of United*  
10 *States agricultural products, jobs, and income growth*  
11 *in the United States;*

12 *“(6) the Uruguay Round Agreement on Agri-*  
13 *culture did not succeed in completely eliminating*  
14 *trade distorting domestic support and export sub-*  
15 *sidies by—*

16 *“(A) allowing the European Union to con-*  
17 *tinue unreasonable levels of spending on export*  
18 *subsidies; and*

19 *“(B) failing to discipline monopolistic state*  
20 *trading entities, such as the Canadian Wheat*  
21 *Board, that use nontransparent and discrimina-*  
22 *tory pricing as a hidden de facto export subsidy;*

23 *“(7) during the period 1996 through 2002, there*  
24 *will be several opportunities for the United States to*  
25 *negotiate fairer trade in agricultural products, in-*

1 *cluding further negotiations under the World Trade*  
2 *Organization, and steps toward possible free trade*  
3 *agreements of the Americas and Asian-Pacific Eco-*  
4 *nomic Cooperation (APEC); and*

5 *“(8) the United States should aggressively use*  
6 *these opportunities to achieve more open and fair op-*  
7 *portunities for trade in agricultural products.*

8 *“(b) GOALS OF THE UNITED STATES IN AGRICUL-*  
9 *TURAL TRADE NEGOTIATIONS.—The objectives of the Unit-*  
10 *ed States with respect to future negotiations on agricultural*  
11 *trade include—*

12 *“(1) increasing opportunities for United States*  
13 *exports of agricultural products by eliminating or*  
14 *substantially reducing tariff and nontariff barriers to*  
15 *trade;*

16 *“(2) leveling the playing field for United States*  
17 *producers of agricultural products by limiting per*  
18 *unit domestic production supports to levels that are*  
19 *no greater than those available in the United States;*

20 *“(3) ending the practice of export dumping by*  
21 *eliminating all trade distorting export subsidies and*  
22 *disciplining state trading entities so that they do not*  
23 *(except in cases of bona fide food aid) sell in foreign*  
24 *markets at below domestic market prices nor their full*

1 *costs of acquiring and delivering agricultural prod-*  
2 *ucts to the foreign markets; and*

3 *“(4) encouraging government policies that avoid*  
4 *price-depressing surpluses.”.*

5 **SEC. 261. POLICY ON UNFAIR TRADE PRACTICES.**

6 *Section 1164 of the Food Security Act of 1985 (Public*  
7 *Law 99–198; 99 Stat. 1499) is repealed.*

8 **SEC. 262. AGRICULTURAL AID AND TRADE MISSIONS.**

9 *(a) IN GENERAL.—The Agricultural Aid and Trade*  
10 *Missions Act (7 U.S.C. 1736bb et seq.) is repealed.*

11 *(b) CONFORMING AMENDMENT.—Section 7 of Public*  
12 *Law 100–277 (7 U.S.C. 1736bb note) is repealed.*

13 **SEC. 263. ANNUAL REPORTS BY AGRICULTURAL ATTACHES.**

14 *Section 108(b)(1)(B) of the Agricultural Act of 1954*  
15 *(7 U.S.C. 1748(b)(1)(B)) is amended by striking “including*  
16 *fruits, vegetables, legumes, popcorn, and ducks”.*

17 **SEC. 264. WORLD LIVESTOCK MARKET PRICE INFORMA-**  
18 **TION.**

19 *Section 1545 of the Food, Agriculture, Conservation,*  
20 *and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 1761*  
21 *note) is repealed.*

22 **SEC. 265. ORDERLY LIQUIDATION OF STOCKS.**

23 *Sections 201 and 207 of the Agricultural Act of 1956*  
24 *(7 U.S.C. 1851 and 1857) are repealed.*

1 **SEC. 266. SALES OF EXTRA LONG STAPLE COTTON.**

2 *Section 202 of the Agricultural Act of 1956 (7 U.S.C.*  
3 *1852) is repealed.*

4 **SEC. 267. REGULATIONS.**

5 *Section 707 of the Freedom for Russia and Emerging*  
6 *Eurasian Democracies and Open Markets Support Act of*  
7 *1992 (Public Law 102–511; 7 U.S.C. 5621 note) is amended*  
8 *by striking subsection (d).*

9 **SEC. 268. EMERGING MARKETS.**

10 *(a) PROMOTION OF AGRICULTURAL EXPORTS TO*  
11 *EMERGING MARKETS.—*

12 *(1) EMERGING MARKETS.—Section 1542 of the*  
13 *Food, Agriculture, Conservation, and Trade Act of*  
14 *1990 (Public Law 101–624; 7 U.S.C. 5622 note) is*  
15 *amended—*

16 *(A) in the section heading, by striking*  
17 *“EMERGING DEMOCRACIES” and inserting*  
18 *“EMERGING MARKETS”;*

19 *(B) by striking “emerging democracies”*  
20 *each place it appears in subsections (b), (d), and*  
21 *(e) and inserting “emerging markets”;*

22 *(C) by striking “emerging democracy” each*  
23 *place it appears in subsection (c) and inserting*  
24 *“emerging market”; and*

25 *(D) by striking subsection (f) and inserting*  
26 *the following:*

1       “(f) *EMERGING MARKET*.—*In this section and section*  
2 *1543, the term ‘emerging market’ means any country that*  
3 *the Secretary determines—*

4               “(1) *is taking steps toward a market-oriented*  
5 *economy through the food, agriculture, or rural busi-*  
6 *ness sectors of the economy of the country; and*

7               “(2) *has the potential to provide a viable and*  
8 *significant market for United States agricultural*  
9 *commodities or products of United States agricultural*  
10 *commodities.”.*

11              “(2) *FUNDING*.—*Section 1542 of the Food, Agri-*  
12 *culture, Conservation, and Trade Act of 1990 is*  
13 *amended by striking subsection (a) and inserting the*  
14 *following:*

15              “(a) *FUNDING*.—*The Commodity Credit Corporation*  
16 *shall make available for fiscal years 1996 through 2002 not*  
17 *less than \$1,000,000,000 of direct credits or export credit*  
18 *guarantees for exports to emerging markets under section*  
19 *201 or 202 of the Agricultural Trade Act of 1978 (7 U.S.C.*  
20 *5621 and 5622), in addition to the amounts acquired or*  
21 *authorized under section 211 of the Act (7 U.S.C. 5641)*  
22 *for the program.”.*

23              “(3) *AGRICULTURAL FELLOWSHIP PROGRAM*.—  
24 *Section 1542 of the Food, Agriculture, Conservation,*  
25 *and Trade Act of 1990 is amended—*

1           (A) in subsection (b), by striking the last  
2 sentence and inserting the following: “The Com-  
3 modity Credit Corporation shall give priority  
4 under this subsection to—

5           “(A) projects that encourage the privatization of  
6 the agricultural sector or that benefit private farms or  
7 cooperatives in emerging markets; and

8           “(B) projects for which nongovernmental persons  
9 agree to assume a relatively larger share of the costs.”;  
10 and

11           (B) in subsection (d)—

12           (i) in the matter preceding paragraph  
13 (1), by striking “the Soviet Union” and in-  
14 serting “emerging markets”;

15           (ii) in paragraph (1)—

16           (I) in subparagraph (A)(i)—

17           (aa) by striking “1995” and  
18 inserting “2002”; and

19           (bb) by striking “those sys-  
20 tems, and identify” and inserting  
21 “the systems, including potential  
22 reductions in trade barriers, and  
23 identify and carry out”;

24           (II) in subparagraph (B), by  
25 striking “shall” and inserting “may”;



1           (III) in subparagraph (D), by in-  
2           serting “(including the establishment of  
3           extension services)” after “technical as-  
4           sistance”;

5           (IV) by striking subparagraph  
6           (F);

7           (V) by redesignating subpara-  
8           graphs (G), (H), and (I) as subpara-  
9           graphs (F), (G), and (H), respectively;  
10          and

11          (VI) in subparagraph (H) (as re-  
12          designated by subclause (V)), by strik-  
13          ing “\$10,000,000” and inserting  
14          “\$20,000,000”;

15          (iii) in paragraph (2)—

16               (I) by striking “the Soviet Union”  
17               each place it appears and inserting  
18               “emerging markets”;

19               (II) in subparagraph (A), by  
20               striking “a free market food production  
21               and distribution system” and inserting  
22               “free market food production and dis-  
23               tribution systems”;

24               (III) in subparagraph (B)—

1                   (aa) in clause (i), by striking  
2                   “Government” and inserting  
3                   “governments”;

4                   (bb) in clause (iii)(II), by  
5                   striking “and” at the end;

6                   (cc) in clause (iii)(III), by  
7                   striking the period at the end and  
8                   inserting “; and”; and

9                   (dd) by adding at the end of  
10                  clause (iii) the following:

11                  “(IV) to provide for the exchange  
12                  of administrators and faculty members  
13                  from agricultural and other institu-  
14                  tions to strengthen and revise edu-  
15                  cational programs in agricultural eco-  
16                  nomics, agribusiness, and agrarian  
17                  law, to support change towards a free  
18                  market economy in emerging mar-  
19                  kets.”;

20                  (IV) by striking subparagraph  
21                  (D); and

22                  (V) by redesignating subpara-  
23                  graph (E) as subparagraph (D); and  
24                  (iv) by striking paragraph (3).

1           (4) *UNITED STATES AGRICULTURAL COMMOD-*  
2           *ITY.*—Subsections (b) and (c) of section 1542 of the  
3           *Food, Agriculture, Conservation, and Trade Act of*  
4           *1990 are amended by striking “section 101(6)” each*  
5           *place it appears and inserting “section 102(7)”.*

6           (5) *REPORT.*—The first sentence of section  
7           *1542(e)(2) of the Food, Agriculture, Conservation,*  
8           *and Trade Act of 1990 is amended by striking “Not”*  
9           *and inserting “Subject to section 217 of the Depart-*  
10          *ment of Agriculture Reorganization Act of 1994 (7*  
11          *U.S.C. 6917), not”.*

12          (b) *AGRICULTURAL FELLOWSHIP PROGRAM FOR MID-*  
13          *DLE INCOME COUNTRIES, EMERGING DEMOCRACIES, AND*  
14          *EMERGING MARKETS.*—Section 1543 of the *Food, Agri-*  
15          *culture, Conservation, and Trade Act of 1990 (7 U.S.C.*  
16          *3293) is amended—*

17                 (1) *in the section heading, by striking “MIDDLE*  
18                 *INCOME COUNTRIES AND EMERGING DEMOC-*  
19                 *RACIES” and inserting “MIDDLE INCOME COUN-*  
20                 *TRIES, EMERGING DEMOCRACIES, AND EMERG-*  
21                 *ING MARKETS”;*

22                 (2) *in subsection (b), by adding at the end the*  
23                 *following:*

24                         “(5) *EMERGING MARKET.*—Any emerging mar-  
25                         *ket, as defined in section 1542(f).”;* and

1           (3) in subsection (c)(1), by striking “food needs”  
2           and inserting “food and fiber needs”.

3           (c) *CONFORMING AMENDMENTS.*—

4           (1) *Section 501 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1737)*  
5           *is amended—*

6                   (A) in subsection (a), by striking “emerging  
7                   democracies” and inserting “emerging markets”;  
8                   and  
9                   and

10                   (B) in subsection (b), by striking paragraph

11                   (1) and inserting the following:

12                   “(1) *EMERGING MARKET.*—*The term ‘emerging*  
13                   *market’ means any country that the Secretary deter-*  
14                   *mines—*

15                           “(A) *is taking steps toward a market-ori-*  
16                           *ented economy through the food, agriculture, or*  
17                           *rural business sectors of the economy of the coun-*  
18                           *try; and*

19                           “(B) *has the potential to provide a viable*  
20                           *and significant market for United States agri-*  
21                           *cultural commodities or products of United*  
22                           *States agricultural commodities.”.*

23           (2) *Section 201(d)(1)(C)(ii) of the Agricultural*  
24           *Trade Act of 1978 (7 U.S.C. 5621(d)(1)(C)(ii)) is*

1       amended by striking “emerging democracies” and in-  
2       serting “emerging markets”.

3               (3) Section 202(d)(3)(B) of the Agricultural  
4       Trade Act of 1978 (7 U.S.C. 5622(d)(3)(B)) is  
5       amended by striking “emerging democracies” and in-  
6       serting “emerging markets”.

7       **SEC. 269. IMPORT ASSISTANCE FOR CBI BENEFICIARY**  
8                               **COUNTRIES AND THE PHILIPPINES.**

9       Section 583 of Public Law 100–202 (101 Stat. 1329–  
10      182) is repealed.

11      **SEC. 270. STUDIES, REPORTS, AND OTHER PROVISIONS.**

12           (a) *IN GENERAL.*—Sections 1551 through 1555, section  
13      1559, and section 1560 of subtitle E of title XV of the Food,  
14      Agriculture, Conservation, and Trade Act of 1990 (Public  
15      Law 101–624; 104 Stat. 3696) are repealed.

16           (b) *LANGUAGE PROFICIENCY.*—Section 1556 of the  
17      Food, Agriculture, Conservation, and Trade Act of 1990  
18      (Public Law 101–624; 7 U.S.C. 5694 note) is amended by  
19      striking subsection (c).

20      **SEC. 271. IMPLEMENTATION OF COMMITMENTS UNDER**  
21                               **URUGUAY ROUND AGREEMENTS.**

22           Part III of subtitle A of title IV of the Uruguay Round  
23      Agreements Act (Public Law 103–465; 108 Stat. 4964) is  
24      amended by adding at the end the following:

1 **“SEC. 427. IMPLEMENTATION OF COMMITMENTS UNDER**  
2 **URUGUAY ROUND AGREEMENTS.**

3 *“Not later than September 30 of each fiscal year, the*  
4 *Secretary of Agriculture shall determine whether the obliga-*  
5 *tions undertaken by foreign countries under the Uruguay*  
6 *Round Agreement on Agriculture are being fully imple-*  
7 *mented. If the Secretary of Agriculture determines that any*  
8 *foreign country, by not implementing the obligations of the*  
9 *country, is significantly constraining an opportunity for*  
10 *United States agricultural exports, the Secretary shall—*

11 *“(1) submit to the United States Trade Rep-*  
12 *resentative a recommendation as to whether the Presi-*  
13 *dent should take action under any provision of law;*  
14 *and*

15 *“(2) transmit a copy of the recommendation to*  
16 *the Committee on Agriculture, and the Committee on*  
17 *Ways and Means, of the House of Representatives and*  
18 *the Committee on Agriculture, Nutrition, and For-*  
19 *estry, and the Committee on Finance, of the Senate.”.*

20 **SEC. 272. SENSE OF CONGRESS CONCERNING MULTILAT-**  
21 **ERAL DISCIPLINES ON CREDIT GUARANTEES.**

22 *It is the sense of Congress that—*

23 *(1) in negotiations to establish multilateral dis-*  
24 *ciplines on agricultural export credits and credit*  
25 *guarantees, the United States should not agree to any*  
26 *arrangement that is incompatible with the provisions*

1 of United States law that authorize agricultural ex-  
 2 port credits and credit guarantees;

3 (2) in the negotiations (which are held under the  
 4 auspices of the Organization for Economic Coopera-  
 5 tion and Development), the United States should not  
 6 reach any agreement that fails to impose disciplines  
 7 on the practices of foreign government trading entities  
 8 such as the Australian Wheat Board and Canadian  
 9 Wheat Board; and

10 (3) the disciplines should include greater open-  
 11 ness in the operations of the entities as long as the  
 12 entities are subsidized by the foreign government or  
 13 have monopolies for exports of a commodity that are  
 14 sanctioned by the foreign government.

15 **SEC. 273. FOREIGN MARKET DEVELOPMENT COOPERATOR**  
 16 **PROGRAM.**

17 The Agricultural Trade Act of 1978 (7 U.S.C. 5601  
 18 et seq.) is amended by adding at the end the following:

19 **“TITLE VII—FOREIGN MARKET**  
 20 **DEVELOPMENT COOPERATOR**  
 21 **PROGRAM**

22 **“SEC. 701. DEFINITION OF ELIGIBLE TRADE ORGANIZA-**  
 23 **TION.**

24 “In this title, the term ‘eligible trade organization’  
 25 means a United States trade organization that—

1           “(1) promotes the export of 1 or more United  
2           States agricultural commodities or products; and

3           “(2) does not have a business interest in or re-  
4           ceive remuneration from specific sales of agricultural  
5           commodities or products.

6           **“SEC. 702. FOREIGN MARKET DEVELOPMENT COOPERATOR**  
7   **PROGRAM.**

8           “(a) *IN GENERAL.*—The Secretary shall establish and,  
9           in cooperation with eligible trade organizations, carry out  
10          a foreign market development cooperator program to main-  
11          tain and develop foreign markets for United States agricul-  
12          tural commodities and products.

13          “(b) *ADMINISTRATION.*—Funds made available to  
14          carry out this title shall be used only to provide—

15                  “(1) cost-share assistance to an eligible trade or-  
16                  ganization under a contract or agreement with the or-  
17                  ganization; and

18                  “(2) assistance for other costs that are necessary  
19                  or appropriate to carry out the foreign market devel-  
20                  opment cooperator program, including contingent li-  
21                  abilities that are not otherwise funded.

22          **“SEC. 703. AUTHORIZATION OF APPROPRIATIONS.**

23          “There are authorized to be appropriated to carry out  
24          this title such sums as may be necessary for each of fiscal  
25          years 1996 through 2002.”



1 **SEC. 274. PRICE SUPPORT FOR RICE.**

2 *Section 101 of the Agricultural Act of 1949 is amended*  
 3 *by adding a subsection (e) that reads as follows:*

4 *“(e) RICE.—The Secretary shall make available to pro-*  
 5 *ducers of each crop of rice on a farm price support at a*  
 6 *level that is not less than 50%, or more than 90% of the*  
 7 *parity price for rice as the Secretary determines will not*  
 8 *result in increasing stocks of rice to the Commodity Credit*  
 9 *Corporation.”.*

10 **TITLE III—CONSERVATION**  
 11 **Subtitle A—Definitions**

12 **SEC. 301. DEFINITIONS.**

13 *Section 1201(a) of the Food Security Act of 1985 (16*  
 14 *U.S.C. 3801(a)) is amended—*

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

17 *(2) by inserting after paragraph (2) the follow-*  
 18 *ing:*

19 *“(3) CONSERVATION SYSTEM.—The term ‘con-*  
 20 *servation system’ means the conservation measures*  
 21 *and practices that are approved for application by a*  
 22 *producer to a highly erodible field and that provide*  
 23 *for cost effective and practical erosion reduction on*  
 24 *the field based on local resource conditions and stand-*  
 25 *ards contained in the Natural Resources Conservation*  
 26 *Service field office technical guide.”.*

1 ***Subtitle B—Environmental Con-***  
 2 ***servation Acreage Reserve Pro-***  
 3 ***gram***

4 ***SEC. 311. ENVIRONMENTAL CONSERVATION ACREAGE RE-***  
 5 ***SERVE PROGRAM.***

6 *Section 1230 of the Food Security Act of 1985 (16*  
 7 *U.S.C. 3830) is amended to read as follows:*

8 ***“SEC. 1230. ENVIRONMENTAL CONSERVATION ACREAGE RE-***  
 9 ***SERVE PROGRAM.***

10 *“(a) ESTABLISHMENT.—*

11 *“(1) IN GENERAL.—During the 1996 through*  
 12 *2002 calendar years, the Secretary shall establish an*  
 13 *environmental conservation acreage reserve program*  
 14 *(referred to in this section as ‘ECARP’) to be imple-*  
 15 *mented through contracts and the acquisition of ease-*  
 16 *ments to assist owners and operators of farms and*  
 17 *ranches to conserve and enhance soil, water, and re-*  
 18 *lated natural resources, including grazing land, wet-*  
 19 *land, and wildlife habitat.*

20 *“(2) MEANS.—The Secretary shall carry out the*  
 21 *ECARP by—*

22 *“(A) providing for the long-term protection*  
 23 *of environmentally sensitive land; and*

24 *“(B) providing technical and financial as-*  
 25 *sistance to farmers and ranchers to—*

1                   “(i) improve the management and op-  
2                   eration of the farms and ranches; and

3                   “(ii) reconcile productivity and profit-  
4                   ability with protection and enhancement of  
5                   the environment.

6                   “(3) PROGRAMS.—The ECARP shall consist of—

7                   “(A) the conservation reserve program es-  
8                   tablished under subchapter B;

9                   “(B) the wetlands reserve program estab-  
10                  lished under subchapter C;

11                  “(C) the environmental quality incentives  
12                  program established under chapter 4; and

13                  “(D) a farmland protection program under  
14                  which the Secretary shall use funds of the Com-  
15                  modity Credit Corporation for the purchase of  
16                  conservation easements or other interests in not  
17                  less than 170,000, nor more than 340,000, acres  
18                  of land with prime, unique, or other productive  
19                  soil that is subject to a pending offer from a  
20                  State or local government for the purpose of pro-  
21                  tecting topsoil by limiting nonagricultural uses  
22                  of the land, except that any highly erodible crop-  
23                  land shall be subject to the requirements of a  
24                  conservation plan, including, if required by the  
25                  Secretary, the conversion of the land to less in-

1           *tensive uses. In no case shall total expenditures*  
2           *of funding from the Commodity Credit Corpora-*  
3           *tion exceed a total of \$35,000,000 over the first*  
4           *3 and subsequent fiscal years.*

5           “(b) *ADMINISTRATION.*—

6           “(1) *IN GENERAL.*—*In carrying out the ECARP,*  
7           *the Secretary shall enter into contracts with owners*  
8           *and operators and acquire interests in land through*  
9           *easements from owners, as provided in this chapter*  
10           *and chapter 4.*

11           “(2) *PRIOR ENROLLMENTS.*—*Acreage enrolled in*  
12           *the conservation reserve or wetlands reserve program*  
13           *prior to the effective date of this paragraph shall be*  
14           *considered to be placed into the ECARP.*

15           “(c) *CONSERVATION PRIORITY AREAS.*—

16           “(1) *DESIGNATION.*—

17           “(A) *IN GENERAL.*—*The Secretary shall*  
18           *designate watersheds or regions of special envi-*  
19           *ronmental sensitivity, including the Chesapeake*  
20           *Bay Region (consisting of Pennsylvania, Mary-*  
21           *land, and Virginia), the Great Lakes Region, the*  
22           *Rainwater Basin Region, the Lake Champlain*  
23           *Basin, the Prairie Pothole Region, and the Long*  
24           *Island Sound Region, as conservation priority*  
25           *areas that are eligible for enhanced assistance*

1 through the programs established under this  
2 chapter and chapter 4.

3 “(B) *APPLICATION.*—A designation shall be  
4 made under this paragraph if agricultural prac-  
5 tices on land within the watershed or region pose  
6 a significant threat to soil, water, and related  
7 natural resources, as determined by the Sec-  
8 retary, and an application is made by—

9 “(i) a State agency in consultation  
10 with the State technical committee estab-  
11 lished under section 1261; or

12 “(ii) State agencies from several States  
13 that agree to form an interstate conserva-  
14 tion priority area.

15 “(C) *ASSISTANCE.*—The Secretary shall des-  
16 ignate a watershed or region of special environ-  
17 mental sensitivity as a conservation priority  
18 area to assist, to the maximum extent prac-  
19 ticable, agricultural producers within the water-  
20 shed or region to comply with nonpoint source  
21 pollution requirements under the Federal Water  
22 Pollution Control Act (33 U.S.C. 1251 et seq.)  
23 and other Federal and State environmental laws.

24 “(2) *APPLICABILITY.*—The Secretary shall des-  
25 ignate a watershed or region of special environmental

1       *sensitivity as a conservation priority area in a man-*  
2       *ner that conforms, to the maximum extent prac-*  
3       *ticable, to the functions and purposes of the conserva-*  
4       *tion reserve, wetlands reserve, and environmental*  
5       *quality incentives programs, as applicable, if partici-*  
6       *ipation in the program or programs is likely to result*  
7       *in the resolution or amelioration of significant soil,*  
8       *water, and related natural resource problems related*  
9       *to agricultural production activities within the water-*  
10       *shed or region.*

11               “(3) *TERMINATION.*—A conservation priority  
12       *area designation shall terminate on the date that is*  
13       *5 years after the date of the designation, except that*  
14       *the Secretary may—*

15                       “(A) *redesignate the area as a conservation*  
16                       *priority area; or*

17                       “(B) *withdraw the designation of a water-*  
18                       *shed or region if the Secretary determines the*  
19                       *area is no longer affected by significant*  
20                       *soil, water, and related natural resource impacts*  
21                       *related to agricultural production activities.”.*

22       **SEC. 312. CONSERVATION RESERVE PROGRAM.**

23               (a) *IN GENERAL.*—Section 1231 of the Food Security  
24       *Act of 1985 (16 U.S.C. 3831) is amended—*

1           (1) *by striking “1995” each place it appears and*  
2           *inserting “2002”; and*

3           (2) *in subsection (d), by striking “38,000,000”*  
4           *and inserting “36,520,000”.*

5           (b) *DUTIES OF OWNERS AND OPERATORS.*—Section  
6 *1232(c) of the Food Security Act of 1985 (16 U.S.C.*  
7 *3832(c)) is amended by striking “1995” and inserting*  
8 *“2002”.*

9           (c) *RELATIONSHIP TO OTHER LAW.*—*The authority*  
10 *granted to the Secretary of Agriculture as a result of the*  
11 *amendments made by this section shall supersede any re-*  
12 *striction on the operation of the conservation reserve pro-*  
13 *gram established under any other provision of law.*

14 **SEC. 313. WETLANDS RESERVE PROGRAM.**

15           (a) *PURPOSES.*—Section 1237(a) of the Food Security  
16 *Act of 1985 (16 U.S.C. 3837(a)) is amended by striking*  
17 *“to assist owners of eligible lands in restoring and protect-*  
18 *ing wetlands” and inserting “to protect wetlands for pur-*  
19 *poses of enhancing water quality and providing wildlife*  
20 *benefits while recognizing landowner rights”.*

21           (b) *ENROLLMENT.*—Section 1237 of the Food Security  
22 *Act of 1985 (16 U.S.C. 3837) is amended by striking sub-*  
23 *section (b) and inserting the following:*

24           “(b) *MINIMUM ENROLLMENT.*—*The Secretary shall en-*  
25 *roll into the wetlands reserve program—*

1           “(1) during the 1996 through 2002 calendar  
2 years, a total of not more than 975,000 acres; and

3           “(2) beginning with offers accepted by the Sec-  
4 retary during calendar year 1997, to the maximum  
5 extent practicable,  $\frac{1}{3}$  of the acres in permanent ease-  
6 ments,  $\frac{1}{3}$  of the acres in 30-year easements, and  $\frac{1}{3}$   
7 of the acres in restoration cost-share agreements.”.

8           (c) *ELIGIBILITY*.—Section 1237(c) of the Food Secu-  
9 rity Act of 1985 (16 U.S.C. 3837(c)) is amended—

10           (1) by striking “2000” and inserting “2002”;  
11 and

12           (2) by inserting “the land maximizes wildlife  
13 benefits and wetland values and functions and” after  
14 “determines that”.

15           (d) *OTHER ELIGIBLE LANDS*.—Section 1237(d) (16  
16 U.S.C. 3837(d)) is amended by inserting after “subsection  
17 (c)” the following “, land that maximizes wildlife benefits  
18 and that is”.

19           (e) *EASEMENTS*.—Section 1237A of the Food Security  
20 Act of 1985 (16 U.S.C. 3837a) is amended—

21           (1) in the section heading, by inserting before the  
22 period at the end the following: “**AND AGREE-**  
23 **MENTS**”;

24           (2) by striking subsection (c) and inserting the  
25 following:



1       “(c) *RESTORATION PLANS.*—*The development of a res-*  
2 *toration plan, including any compatible use, under this sec-*  
3 *tion shall be made through the local Natural Resources Con-*  
4 *servation Service representative, in consultation with the*  
5 *State technical committee.*”;

6           (3) *in subsection (f), by striking the third sen-*  
7 *tence and inserting the following: “Compensation*  
8 *may be provided in not less than 5, nor more than*  
9 *30, annual payments of equal or unequal size, as*  
10 *agreed to by the owner and the Secretary.*”; and

11           (4) *by adding at the end the following:*

12       “(h) *COST SHARE AGREEMENTS.*—*The Secretary may*  
13 *enroll land into the wetland reserve through agreements that*  
14 *require the landowner to restore wetlands on the land, if*  
15 *the agreement does not provide the Secretary with an ease-*  
16 *ment.*”.

17       (f) *COST SHARE AND TECHNICAL ASSISTANCE.*—*Sec-*  
18 *tion 1237C of the Food Security Act of 1985 (16 U.S.C.*  
19 *3837c) is amended by striking subsection (b) and inserting*  
20 *the following:*

21       “(b) *COST SHARE AND TECHNICAL ASSISTANCE.*—*In*  
22 *the case of an easement entered into during the 1996*  
23 *through 2002 calendar years, in making cost share pay-*  
24 *ments under subsection (a)(1), the Secretary shall—*

1           “(1) in the case of a permanent easement, pay  
2           the owner an amount that is not less than 75 percent,  
3           but not more than 100 percent, of the eligible costs;

4           “(2) in the case of a 30-year easement or a cost-  
5           share agreement, pay the owner an amount that is  
6           not less than 50 percent, but not more than 75 per-  
7           cent, of the eligible costs; and

8           “(3) provide owners technical assistance to assist  
9           landowners in complying with the terms of easements  
10          and agreements.”.

11 **SEC. 314. ENVIRONMENTAL QUALITY INCENTIVES PRO-**  
12 **GRAM.**

13           Subtitle D of title XII of the Food Security Act of 1985  
14 (16 U.S.C. 3830 et seq.) is amended by adding at the end  
15 the following:

16 **“CHAPTER 4—ENVIRONMENTAL QUALITY**  
17 **INCENTIVES PROGRAM**

18 **“SEC. 1238. FINDINGS AND PURPOSES.**

19           “(a) *FINDINGS.*—Congress finds that—

20           “(1) farmers and ranchers cumulatively manage  
21           more than 1/2 of the private lands in the continental  
22           United States;

23           “(2) because of the predominance of agriculture,  
24           the soil, water, and related natural resources of the  
25           United States cannot be protected without cooperative

1 *relationships between the Federal Government and*  
2 *farmers and ranchers;*

3 *“(3) farmers and ranchers have made tremen-*  
4 *dous progress in protecting the environment and the*  
5 *agricultural resource base of the United States over*  
6 *the past decade because of not only Federal Govern-*  
7 *ment programs but also their spirit of stewardship*  
8 *and the adoption of effective technologies;*

9 *“(4) it is in the interest of the entire United*  
10 *States that farmers and ranchers continue to strive to*  
11 *preserve soil resources and make more efforts to pro-*  
12 *tect water quality and wildlife habitat, and address*  
13 *other broad environmental concerns;*

14 *“(5) environmental strategies that stress the pru-*  
15 *dent management of resources, as opposed to idling*  
16 *land, will permit the maximum economic opportuni-*  
17 *ties for farmers and ranchers in the future;*

18 *“(6) unnecessary bureaucratic and paperwork*  
19 *barriers associated with existing agricultural con-*  
20 *servation assistance programs decrease the potential*  
21 *effectiveness of the programs; and*

22 *“(7) the recent trend of Federal spending on ag-*  
23 *ricultural conservation programs suggests that assist-*  
24 *ance to farmers and ranchers in future years will, ab-*

1       *sent changes in policy, dwindle to perilously low lev-*  
2       *els.*

3       “(b) *PURPOSES.—The purposes of the environmental*  
4       *quality incentives program established by this chapter are*  
5       *to—*

6               “(1) *combine into a single program the functions*  
7       *of—*

8                       “(A) *the agricultural conservation program*  
9                       *authorized by sections 7 and 8 of the Soil Con-*  
10                      *servaion and Domestic Allotment Act (16 U.S.C.*  
11                      *590g and 590h) (as in effect before the amend-*  
12                      *ments made by section 355(a)(1) of the Agricul-*  
13                      *tural Reform and Improvement Act of 1996);*

14                      “(B) *the Great Plains conservation program*  
15                      *established under section 16(b) of the Soil Con-*  
16                      *servaion and Domestic Allotment Act (16 U.S.C.*  
17                      *590p(b)) (as in effect before the amendment*  
18                      *made by section 355(b)(1) of the Agricultural*  
19                      *Reform and Improvement Act of 1996); and*

20                      “(C) *the water quality incentives program*  
21                      *established under chapter 2 (as in effect before*  
22                      *the amendment made by section 355(k) of the*  
23                      *Agricultural Reform and Improvement Act of*  
24                      *1996); and*

1           “(C) the Colorado River Basin salinity control program established under section 202(c) of  
2 the Colorado River Basin Salinity Control Act  
3 (43 U.S.C. 1592(c)) (as in effect before the  
4 amendment made by section 355(c)(1) of the Ag-  
5 ricultural Reform and Improvement Act of  
6 1996); and  
7

8           “(2) carry out the single program in a manner  
9 that maximizes environmental benefits per dollar ex-  
10 pended, and that provides—

11           “(A) flexible technical and financial assist-  
12 ance to farmers and ranchers that face the most  
13 serious threats to soil, water, and related natural  
14 resources, including grazing lands, wetlands, and  
15 wildlife habitat;

16           “(B) assistance to farmers and ranchers in  
17 complying with this title and Federal and State  
18 environmental laws, and to encourage environ-  
19 mental enhancement;

20           “(C) assistance to farmers and ranchers in  
21 making beneficial, cost-effective changes to crop-  
22 ping systems, grazing management, manure, nu-  
23 trient, pest, or irrigation management, land  
24 uses, or other measures needed to conserve and

1           *improve soil, water, and related natural re-*  
2           *sources; and*

3                   “(D) *for the consolidation and simplifica-*  
4           *tion of the conservation planning process to re-*  
5           *duce administrative burdens on the owners and*  
6           *operators of farms and ranches.*

7   **“SEC. 1238A. DEFINITIONS.**

8           *“In this chapter:*

9                   “(1) *LAND MANAGEMENT PRACTICE.—The term*  
10          *‘land management practice’ means nutrient or ma-*  
11          *nure management, integrated pest management, irri-*  
12          *gation management, tillage or residue management,*  
13          *grazing management, or another land management*  
14          *practice the Secretary determines is needed to protect*  
15          *soil, water, or related resources in the most cost effec-*  
16          *tive manner.*

17                   “(2) *LARGE CONFINED LIVESTOCK OPERATION.—*  
18          *The term ‘large confined livestock operation’ means a*  
19          *farm or ranch that—*

20                           “(A) *is a confined animal feeding oper-*  
21                           *ation; and*

22                           “(B) *has more than—*

23                                   “(i) *700 mature dairy cattle;*

24                                   “(ii) *1,000 beef cattle;*

25                                   “(iii) *100,000 laying hens or broilers;*



1 *quality incentives program in accordance with this*  
2 *chapter.*

3 “(2) *ELIGIBLE PRACTICES.*—

4 “(A) *STRUCTURAL PRACTICES.*—*An opera-*  
5 *tor who implements a structural practice shall be*  
6 *eligible for technical assistance or cost-sharing*  
7 *payments, education or both.*

8 “(B) *LAND MANAGEMENT PRACTICES.*—*An*  
9 *operator who performs a land management prac-*  
10 *tice shall be eligible for technical assistance or*  
11 *incentive payments, education or both.*

12 “(b) *APPLICATION AND TERM.*—*A contract between an*  
13 *operator and the Secretary under this chapter may—*

14 “(1) *apply to 1 or more structural practices or*  
15 *1 or more land management practices, or both; and*

16 “(2) *have a term of not less than 5, nor more*  
17 *than 10, years, as determined appropriate by the Sec-*  
18 *retary, depending on the practice or practices that are*  
19 *the basis of the contract.*

20 “(c) *STRUCTURAL PRACTICES.*—

21 “(1) *COMPETITIVE OFFER.*—*The Secretary shall*  
22 *administer a competitive offer system for operators*  
23 *proposing to receive cost-sharing payments in ex-*  
24 *change for the implementation of 1 or more structural*



1 *practices by the operator. The competitive offer system*  
2 *shall consist of—*

3 *“(A) the submission of a competitive offer*  
4 *by the operator in such manner as the Secretary*  
5 *may prescribe; and*

6 *“(B) evaluation of the offer in light of the*  
7 *priorities established in section 1238C and the*  
8 *projected cost of the proposal, as determined by*  
9 *the Secretary.*

10 *“(2) CONCURRENCE OF OWNER.—If the operator*  
11 *making an offer to implement a structural practice is*  
12 *a tenant of the land involved in agricultural produc-*  
13 *tion, for the offer to be acceptable, the operator shall*  
14 *obtain the concurrence of the owner of the land with*  
15 *respect to the offer.*

16 *“(d) LAND MANAGEMENT PRACTICES.—The Secretary*  
17 *shall establish an application and evaluation process for*  
18 *awarding technical assistance or incentive payments, or*  
19 *both, to an operator in exchange for the performance of 1*  
20 *or more land management practices by the operator.*

21 *“(e) COST-SHARING AND INCENTIVE PAYMENTS.—*

22 *“(1) COST-SHARING PAYMENTS.—*

23 *“(A) IN GENERAL.—The Federal share of*  
24 *cost-sharing payments to an operator proposing*  
25 *to implement 1 or more structural practices shall*

1           *not be more than 75 percent of the projected cost*  
2           *of the practice, as determined by the Secretary,*  
3           *taking into consideration any payment received*  
4           *by the operator from a State or local govern-*  
5           *ment.*

6           “(B) *LIMITATION.*—*An operator of a large*  
7           *confined livestock operation shall not be eligible*  
8           *for cost-sharing payments to construct an ani-*  
9           *mal waste management facility.*

10          “(C) *OTHER PAYMENTS.*—*An operator shall*  
11          *not be eligible for cost-sharing payments for*  
12          *structural practices on eligible land under this*  
13          *chapter if the operator receives cost-sharing pay-*  
14          *ments or other benefits for the same land under*  
15          *chapter 1 or 3.*

16          “(2) *INCENTIVE PAYMENTS.*—*The Secretary shall*  
17          *make incentive payments in an amount and at a rate*  
18          *determined by the Secretary to be necessary to encour-*  
19          *age an operator to perform 1 or more land manage-*  
20          *ment practices.*

21          “(f) *TECHNICAL ASSISTANCE.*—

22          “(1) *FUNDING.*—*The Secretary shall allocate*  
23          *funding under this chapter for the provision of tech-*  
24          *nical assistance according to the purpose and pro-*  
25          *jected cost for which the technical assistance is pro-*

1 *vided in a fiscal year. The allocated amount may*  
2 *vary according to the type of expertise required,*  
3 *quantity of time involved, and other factors as deter-*  
4 *mined appropriate by the Secretary. Funding shall*  
5 *not exceed the projected cost to the Secretary of the*  
6 *technical assistance provided in a fiscal year.*

7 “(2) *OTHER AUTHORITIES.*—*The receipt of tech-*  
8 *nical assistance under this chapter shall not affect the*  
9 *eligibility of the operator to receive technical assist-*  
10 *ance under other authorities of law available to the*  
11 *Secretary.*

12 “(g) *MODIFICATION OR TERMINATION OF CON-*  
13 *TRACTS.*—

14 “(1) *VOLUNTARY MODIFICATION OR TERMI-*  
15 *NATION.*—*The Secretary may modify or terminate a*  
16 *contract entered into with an operator under this*  
17 *chapter if—*

18 “(A) *the operator agrees to the modification*  
19 *or termination; and*

20 “(B) *the Secretary determines that the*  
21 *modification or termination is in the public in-*  
22 *terest.*

23 “(2) *INVOLUNTARY TERMINATION.*—*The Sec-*  
24 *retary may terminate a contract under this chapter*

1 *if the Secretary determines that the operator violated*  
2 *the contract.*

3 *“(h) NON-FEDERAL ASSISTANCE.—*

4 *“(1) IN GENERAL.—The Secretary may request*  
5 *the services of a State water quality agency, State*  
6 *fish and wildlife agency, State forestry agency, or any*  
7 *other governmental or private resource considered ap-*  
8 *propriate to assist in providing the technical assist-*  
9 *ance necessary for the development and implementa-*  
10 *tion of a structural practice or land management*  
11 *practice.*

12 *“(2) LIMITATION ON LIABILITY.—No person shall*  
13 *be permitted to bring or pursue any claim or action*  
14 *against any official or entity based on or resulting*  
15 *from any technical assistance provided to an operator*  
16 *under this chapter to assist in complying with a Fed-*  
17 *eral or State environmental law.*

18 **“SEC. 1238C. EVALUATION OF OFFERS AND PAYMENTS.**

19 *“(a) REGIONAL PRIORITIES.—The Secretary shall pro-*  
20 *vide technical assistance, cost-sharing payments, and incen-*  
21 *tive payments to operators in a region, watershed, or con-*  
22 *servation priority area under this chapter based on the sig-*  
23 *nificance of the soil, water, and related natural resource*  
24 *problems in the region, watershed, or area, and the struc-*

1 *tural practices or land management practices that best ad-*  
2 *dress the problems, as determined by the Secretary.*

3 “(b) *MAXIMIZATION OF ENVIRONMENTAL BENEFITS.*—

4 “(1) *IN GENERAL.*—*In providing technical as-*  
5 *sistance, cost-sharing payments, and incentive pay-*  
6 *ments to operators in regions, watersheds, or con-*  
7 *servation priority areas under this chapter, the Sec-*  
8 *retary shall accord a higher priority to assistance and*  
9 *payments that maximize environmental benefits per*  
10 *dollar expended.*

11 “(2) *NATIONAL AND REGIONAL PRIORITY.*—*The*  
12 *prioritization shall be done nationally as well as*  
13 *within the conservation priority area, region, or wa-*  
14 *tershed in which an agricultural operation is located.*

15 “(3) *CRITERIA.*—*To carry out this subsection,*  
16 *the Secretary shall establish criteria for implementing*  
17 *structural practices and land management practices*  
18 *that best achieve conservation goals for a region, wa-*  
19 *tershed, or conservation priority area, as determined*  
20 *by the Secretary.*

21 “(c) *STATE OR LOCAL CONTRIBUTIONS.*—*The Sec-*  
22 *retary shall accord a higher priority to operators whose ag-*  
23 *ricultural operations are located within watersheds, regions,*  
24 *or conservation priority areas in which State or local gov-*  
25 *ernments have provided, or will provide, financial or tech-*

1 nical assistance to the operators for the same conservation  
2 or environmental purposes.

3 “(d) *PRIORITY LANDS.*—The Secretary shall accord a  
4 higher priority to structural practices or land management  
5 practices on lands on which agricultural production has  
6 been determined to contribute to, or create, the potential  
7 for failure to meet applicable water quality standards or  
8 other environmental objectives of a Federal or State law.

9 **“SEC. 1238D. DUTIES OF OPERATORS.**

10 “To receive technical assistance, cost-sharing pay-  
11 ments, or incentives payments under this chapter, an opera-  
12 tor shall agree—

13 “(1) to implement an environmental quality in-  
14 centives program plan that describes conservation and  
15 environmental goals to be achieved through a struc-  
16 tural practice or land management practice, or both,  
17 that is approved by the Secretary;

18 “(2) not to conduct any practices on the farm or  
19 ranch that would tend to defeat the purposes of this  
20 chapter;

21 “(3) on the violation of a term or condition of  
22 the contract at any time the operator has control of  
23 the land, to refund any cost-sharing or incentive pay-  
24 ment received with interest, and forfeit any future

1       *payments under this chapter, as determined by the*  
2       *Secretary;*

3               “(4) *on the transfer of the right and interest of*  
4       *the operator in land subject to the contract, unless the*  
5       *transferee of the right and interest agrees with the*  
6       *Secretary to assume all obligations of the contract, to*  
7       *refund all cost-sharing payments and incentive pay-*  
8       *ments received under this chapter, as determined by*  
9       *the Secretary;*

10              “(5) *to supply information as required by the*  
11       *Secretary to determine compliance with the environ-*  
12       *mental quality incentives program plan and require-*  
13       *ments of the program; and*

14              “(6) *to comply with such additional provisions*  
15       *as the Secretary determines are necessary to carry out*  
16       *the environmental quality incentives program plan.*

17       **“SEC. 1238E. ENVIRONMENTAL QUALITY INCENTIVES PRO-**  
18                               **GRAM PLAN.**

19              “*An environmental quality incentives program plan*  
20       *shall include (as determined by the Secretary)—*

21              “(1) *a description of the prevailing farm or*  
22       *ranch enterprises, cropping patterns, grazing man-*  
23       *agement, cultural practices, or other information that*  
24       *may be relevant to conserving and enhancing soil,*  
25       *water, and related natural resources;*

1           “(2) a description of relevant farm or ranch re-  
2           sources, including soil characteristics, rangeland types  
3           and condition, proximity to water bodies, wildlife  
4           habitat, or other relevant characteristics of the farm  
5           or ranch related to the conservation and environ-  
6           mental objectives set forth in the plan;

7           “(3) a description of specific conservation and  
8           environmental objectives to be achieved;

9           “(4) to the extent practicable, specific, quan-  
10          titative goals for achieving the conservation and envi-  
11          ronmental objectives;

12          “(5) a description of 1 or more structural prac-  
13          tices or 1 or more land management practices, or  
14          both, to be implemented to achieve the conservation  
15          and environmental objectives;

16          “(6) a description of the timing and sequence for  
17          implementing the structural practices or land man-  
18          agement practices, or both, that will assist the opera-  
19          tor in complying with Federal and State environ-  
20          mental laws; and

21          “(7) information that will enable evaluation of  
22          the effectiveness of the plan in achieving the conserva-  
23          tion and environmental objectives, and that will en-  
24          able evaluation of the degree to which the plan has  
25          been implemented.



1           “(8) Notwithstanding any provision of law, the  
2           Secretary shall ensure that the process of writing, de-  
3           veloping, and assisting in the implementation of  
4           plans required in the programs established under this  
5           title be open to individuals in agribusiness including  
6           but not limited to agricultural producers, representa-  
7           tives from agricultural cooperatives, agricultural  
8           input retail dealers, and certified crop advisers. This  
9           process shall be included in but not limited to pro-  
10          grams and plans established under this title and any  
11          other Department program using incentive, technical  
12          assistance, cost-share or pilot project programs that  
13          require plans.

14       **“SEC. 1238F. DUTIES OF THE SECRETARY.**

15           “To the extent appropriate, the Secretary shall assist  
16          an operator in achieving the conservation and environ-  
17          mental goals of an environmental quality incentives pro-  
18          gram plan by—

19                   “(1) providing an eligibility assessment of the  
20                  farming or ranching operation of the operator as a  
21                  basis for developing the plan;

22                   “(2) providing technical assistance in developing  
23                  and implementing the plan;

24                   “(3) providing technical assistance, cost-sharing  
25                  payments, or incentive payments for developing and

1 *implementing 1 or more structural practices or 1 or*  
2 *more land management practices, as appropriate;*

3 *“(4) providing the operator with information,*  
4 *education, and training to aid in implementation of*  
5 *the plan; and*

6 *“(5) encouraging the operator to obtain technical*  
7 *assistance, cost-sharing payments, or grants from*  
8 *other Federal, State, local, or private sources.*

9 **“SEC. 1238G. ELIGIBLE LANDS.**

10 *“Agricultural land on which a structural practice or*  
11 *land management practice, or both, shall be eligible for tech-*  
12 *nical assistance, cost-sharing payments, or incentive pay-*  
13 *ments under this chapter include—*

14 *“(1) agricultural land (including cropland,*  
15 *rangeland, pasture, and other land on which crops or*  
16 *livestock are produced) that the Secretary determines*  
17 *poses a serious threat to soil, water, or related re-*  
18 *sources by reason of the soil types, terrain, climatic,*  
19 *soil, topographic, flood, or saline characteristics, or*  
20 *other factors or natural hazards;*

21 *“(2) an area that is considered to be critical ag-*  
22 *ricultural land on which either crop or livestock pro-*  
23 *duction is carried out, as identified in a plan submit-*  
24 *ted by the State under section 319 of the Federal*  
25 *Water Pollution Control Act (33 U.S.C. 1329) as hav-*

1 *ing priority problems that result from an agricultural*  
2 *nonpoint source of pollution;*

3 *“(3) an area recommended by a State lead agen-*  
4 *cy for protection of soil, water, and related resources,*  
5 *as designated by a Governor of a State; and*

6 *“(4) land that is not located within a designated*  
7 *or approved area, but that if permitted to continue to*  
8 *be operated under existing management practices,*  
9 *would defeat the purpose of the environmental quality*  
10 *incentives program, as determined by the Secretary.*

11 **“SEC. 1238H. LIMITATIONS ON PAYMENTS.**

12 *“(a) PAYMENTS.—The total amount of cost-sharing*  
13 *and incentive payments paid to a person under this chapter*  
14 *may not exceed—*

15 *“(1) \$10,000 for any fiscal year; or*

16 *“(2) \$50,000 for any multiyear contract.*

17 *“(b) REGULATIONS.—The Secretary shall issue regula-*  
18 *tions that are consistent with section 1001 for the purpose*  
19 *of—*

20 *“(1) defining the term ‘person’ as used in sub-*  
21 *section (a); and*

22 *“(2) prescribing such rules as the Secretary de-*  
23 *termines necessary to ensure a fair and reasonable*  
24 *application of the limitations contained in subsection*  
25 *(a).”.*

1     **Subtitle C—Conservation Funding**

2     **SEC. 321. CONSERVATION FUNDING.**

3           (a) *IN GENERAL.*—*Subtitle E of title XII of the Food*  
 4 *Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended*  
 5 *to read as follows:*

6                           **“Subtitle E—Funding**

7     **“SEC. 1241. FUNDING.**

8           “(a) *MANDATORY EXPENSES.*—*For each of fiscal years*  
 9 *1996 through 2002, the Secretary shall use the funds of the*  
 10 *Commodity Credit Corporation to carry out the programs*  
 11 *authorized by—*

12                   “(1) *subchapter B of chapter 1 of subtitle D (in-*  
 13 *cluding contracts extended by the Secretary pursuant*  
 14 *to section 1437 of the Food, Agriculture, Conserva-*  
 15 *tion, and Trade Act of 1990 (Public Law 101–624; 16*  
 16 *U.S.C. 3831 note));*

17                   “(2) *subchapter C of chapter 1 of subtitle D; and*

18                   “(3) *chapter 4 of subtitle D.*

19           “(b) *ENVIRONMENTAL QUALITY INCENTIVES PRO-*  
 20 *GRAM.*—

21                   “(1) *IN GENERAL.*—*For each of fiscal years 1996*  
 22 *through 2002, \$200,000,000 of the funds of the Com-*  
 23 *modity Credit Corporation shall be available for pro-*  
 24 *viding technical assistance, cost-sharing payments,*  
 25 *and incentive payments under the environmental*

1       *quality incentives program under chapter 4 of subtitle*  
2       *D.*

3               “(2) *LIVESTOCK PRODUCTION.*—*For each of fis-*  
4       *cal years 1996 through 2002, 50 percent of the fund-*  
5       *ing available for technical assistance, cost-sharing*  
6       *payments, and incentive payments under the environ-*  
7       *mental quality incentives program shall be targeted*  
8       *at practices relating to livestock production.*

9               “(c) *ADVANCE APPROPRIATIONS TO CCC.*—*The Sec-*  
10       *retary may use the funds of the Commodity Credit Corpora-*  
11       *tion to carry out chapter 3 of subtitle D, except that the*  
12       *Secretary may not use the funds of the Corporation unless*  
13       *the Corporation has received funds to cover the expenditures*  
14       *from appropriations made available to carry out chapter*  
15       *3 of subtitle D.*

16       **“SEC. 1242. ADMINISTRATION.**

17               “(a) *PLANS.*—*The Secretary shall, to the extent prac-*  
18       *ticable, avoid duplication in—*

19                       “(1) *the conservation plans required for—*

20                               “(A) *highly erodible land conservation*  
21                               *under subtitle B;*

22                               “(B) *the conservation reserve program es-*  
23                               *tablished under subchapter B of chapter 1 of sub-*  
24                               *title D; and*

1           “(C) *the wetlands reserve program estab-*  
2           *lished under subchapter C of chapter 1 of subtitle*  
3           *D; and*

4           “(2) *the environmental quality incentives pro-*  
5           *gram established under chapter 4 of subtitle D.*

6           “(b) *ACREAGE LIMITATION.—*

7           “(1) *IN GENERAL.—The Secretary shall not en-*  
8           *roll more than 25 percent of the cropland in any*  
9           *county in the programs administered under the con-*  
10           *servation reserve and wetlands reserve programs es-*  
11           *tablished under subchapters B and C, respectively, of*  
12           *chapter 1 of subtitle D. Not more than 10 percent of*  
13           *the cropland in a county may be subject to an ease-*  
14           *ment acquired under the subchapters.*

15           “(2) *EXCEPTION.—The Secretary may exceed the*  
16           *limitations in paragraph (1) if the Secretary deter-*  
17           *mines that—*

18           “(A) *the action would not adversely affect*  
19           *the local economy of a county; and*

20           “(B) *operators in the county are having dif-*  
21           *ficulties complying with conservation plans im-*  
22           *plemented under section 1212.*

23           “(3) *SHELTERBELTS AND WINDBREAKS.—The*  
24           *limitations established under this subsection shall not*  
25           *apply to cropland that is subject to an easement*

1        *under chapter 1 or 3 of subtitle D that is used for the*  
 2        *establishment of shelterbelts and windbreaks.*

3        “(c) *TENANT PROTECTION.*—*Except for a person who*  
 4        *is a tenant on land that is subject to a conservation reserve*  
 5        *contract that has been extended by the Secretary, the Sec-*  
 6        *retary shall provide adequate safeguards to protect the in-*  
 7        *terests of tenants and sharecroppers, including provision for*  
 8        *sharing, on a fair and equitable basis, in payments under*  
 9        *the programs established under subtitles B through D.*

10       “(d) *REGULATIONS.*—*Not later than 90 days after the*  
 11       *effective date of this subsection, the Secretary shall issue reg-*  
 12       *ulations to implement the conservation reserve and wet-*  
 13       *lands reserve programs established under chapter 1 of sub-*  
 14       *title D.*”.

15        ***Subtitle D—National Natural***  
 16        ***Resources Conservation Foundation***

17        ***SEC. 331. SHORT TITLE.***

18        *This subtitle may be cited as the “National Natural*  
 19        *Resources Conservation Foundation Act”.*

20        ***SEC. 332. DEFINITIONS.***

21        *In this subtitle (unless the context otherwise requires):*

22            (1) *BOARD.*—*The term “Board” means the*  
 23            *Board of Trustees established under section 334.*

24            (2) *DEPARTMENT.*—*The term “Department”*  
 25            *means the United States Department of Agriculture.*

1           (3) *FOUNDATION.*—*The term “Foundation”*  
2           *means the National Natural Resources Conservation*  
3           *Foundation established by section 333(a).*

4           (4) *SECRETARY.*—*The term “Secretary” means*  
5           *the Secretary of Agriculture.*

6   **SEC. 333. NATIONAL NATURAL RESOURCES CONSERVATION**  
7           **FOUNDATION.**

8           (a) *ESTABLISHMENT.*—*A National Natural Resources*  
9           *Conservation Foundation is established as a charitable and*  
10           *nonprofit corporation for charitable, scientific, and edu-*  
11           *cational purposes specified in subsection (b). The Founda-*  
12           *tion is not an agency or instrumentality of the United*  
13           *States.*

14           (b) *PURPOSES.*—*The purposes of the Foundation are*  
15           *to—*

16                   (1) *promote innovative solutions to the problems*  
17                   *associated with the conservation of natural resources*  
18                   *on private lands, particularly with respect to agri-*  
19                   *culture and soil and water conservation;*

20                   (2) *promote voluntary partnerships between gov-*  
21                   *ernment and private interests in the conservation of*  
22                   *natural resources;*

23                   (3) *conduct research and undertake educational*  
24                   *activities, conduct and support demonstration*



1 *projects, and make grants to State and local agencies*  
2 *and nonprofit organizations;*

3 *(4) provide such other leadership and support as*  
4 *may be necessary to address conservation challenges,*  
5 *such as the prevention of excessive soil erosion, en-*  
6 *hancement of soil and water quality, and the protec-*  
7 *tion of wetlands, wildlife habitat, and strategically*  
8 *important farmland subject to urban conversion and*  
9 *fragmentation;*

10 *(5) encourage, accept, and administer private*  
11 *gifts of money and real and personal property for the*  
12 *benefit of, or in connection with, the conservation and*  
13 *related activities and services of the Department, par-*  
14 *ticularly the Natural Resources Conservation Service;*

15 *(6) undertake, conduct, and encourage edu-*  
16 *cational, technical, and other assistance, and other*  
17 *activities, that support the conservation and related*  
18 *programs administered by the Department (other*  
19 *than activities carried out on National Forest System*  
20 *lands), particularly the Natural Resources Conserva-*  
21 *tion Service, except that the Foundation may not en-*  
22 *force or administer a regulation of the Department;*  
23 *and*

24 *(7) raise private funds to promote the purposes*  
25 *of the Foundation.*

1       (c) *LIMITATIONS AND CONFLICTS OF INTERESTS.*—

2           (1) *POLITICAL ACTIVITIES.*—*The Foundation*  
3 *shall not participate or intervene in a political cam-*  
4 *paign on behalf of any candidate for public office.*

5           (2) *CONFLICTS OF INTEREST.*—*No director, offi-*  
6 *cer, or employee of the Foundation shall participate,*  
7 *directly or indirectly, in the consideration or deter-*  
8 *mination of any question before the Foundation af-*  
9 *fecting—*

10           (A) *the financial interests of the director, of-*  
11 *ficer, or employee; or*

12           (B) *the interests of any corporation, part-*  
13 *nership, entity, organization, or other person in*  
14 *which the director, officer, or employee—*

15           (i) *is an officer, director, or trustee; or*

16           (ii) *has any direct or indirect finan-*  
17 *cial interest.*

18           (3) *LEGISLATION OR GOVERNMENT ACTION OR*  
19 *POLICY.*—*No funds of the Foundation may be used in*  
20 *any manner for the purpose of influencing legislation*  
21 *or government action or policy.*

22           (4) *LITIGATION.*—*No funds of the Foundation*  
23 *may be used to bring or join an action against the*  
24 *United States or any State.*

1 **SEC. 334. COMPOSITION AND OPERATION.**

2 (a) *COMPOSITION.*—*The Foundation shall be adminis-*  
3 *tered by a Board of Trustees that shall consist of 9 voting*  
4 *members, each of whom shall be a United States citizen and*  
5 *not a Federal officer. The Board shall be composed of—*

6 (1) *individuals with expertise in agricultural*  
7 *conservation policy matters;*

8 (2) *a representative of private sector organiza-*  
9 *tions with a demonstrable interest in natural re-*  
10 *sources conservation;*

11 (3) *a representative of statewide conservation or-*  
12 *ganizations;*

13 (4) *a representative of soil and water conserva-*  
14 *tion districts;*

15 (5) *a representative of organizations outside the*  
16 *Federal Government that are dedicated to natural re-*  
17 *sources conservation education; and*

18 (6) *a farmer or rancher.*

19 (b) *NONGOVERNMENTAL EMPLOYEES.*—*Service as a*  
20 *member of the Board shall not constitute employment by,*  
21 *or the holding of, an office of the United States for the pur-*  
22 *poses of any Federal law.*

23 (c) *MEMBERSHIP.*—

24 (1) *INITIAL MEMBERS.*—*The Secretary shall ap-*  
25 *point 9 persons who meet the criteria established*  
26 *under subsection (a) as the initial members of the*

1 *Board and designate 1 of the members as the initial*  
2 *chairperson for a 2-year term.*

3 (2) *TERMS OF OFFICE.—*

4 (A) *IN GENERAL.—A member of the Board*  
5 *shall serve for a term of 3 years, except that the*  
6 *members appointed to the initial Board shall*  
7 *serve, proportionately, for terms of 1, 2, and 3*  
8 *years, as determined by the Secretary.*

9 (B) *LIMITATION ON TERMS.—No individual*  
10 *may serve more than 2 consecutive 3-year terms*  
11 *as a member.*

12 (3) *SUBSEQUENT MEMBERS.—The initial mem-*  
13 *bers of the Board shall adopt procedures in the con-*  
14 *stitution of the Foundation for the nomination and*  
15 *selection of subsequent members of the Board. The*  
16 *procedures shall require that each member, at a mini-*  
17 *imum, meets the criteria established under subsection*  
18 *(a) and shall provide for the selection of an individ-*  
19 *ual, who is not a Federal officer or a member of the*  
20 *Board.*

21 (d) *CHAIRPERSON.—After the appointment of an ini-*  
22 *tial chairperson under subsection (c)(1), each succeeding*  
23 *chairperson of the Board shall be elected by the members*  
24 *of the Board for a 2-year term.*

1       (e) *VACANCIES.*—A vacancy on the Board shall be  
2 filled by the Board not later than 60 days after the occur-  
3 rence of the vacancy.

4       (f) *COMPENSATION.*—A member of the Board shall re-  
5 ceive no compensation from the Foundation for the service  
6 of the member on the Board.

7       (g) *TRAVEL EXPENSES.*—While away from the home  
8 or regular place of business of a member of the Board in  
9 the performance of services for the Board, the member shall  
10 be allowed travel expenses paid by the Foundation, includ-  
11 ing per diem in lieu of subsistence, at the same rate as a  
12 person employed intermittently in the Government service  
13 would be allowed under section 5703 of title 5, United  
14 States Code.

15 **SEC. 335. OFFICERS AND EMPLOYEES.**

16       (a) *IN GENERAL.*—The Board may—

17               (1) appoint, hire, and discharge the officers and  
18 employees of the Foundation, other than the appoint-  
19 ment of the initial Executive Director of the Founda-  
20 tion;

21               (2) adopt a constitution and bylaws for the  
22 Foundation that are consistent with the purposes of  
23 the Foundation and this subtitle; and

24               (3) undertake any other activities that may be  
25 necessary to carry out this subtitle.

1       **(b) OFFICERS AND EMPLOYEES.**—

2               **(1) APPOINTMENT AND HIRING.**—*An officer or*  
3       *employee of the Foundation—*

4               **(A)** *shall not, by virtue of the appointment*  
5       *or employment of the officer or employee, be con-*  
6       *sidered a Federal employee for any purpose, in-*  
7       *cluding the provisions of title 5, United States*  
8       *Code, governing appointments in the competitive*  
9       *service, except that such an individual may par-*  
10       *ticipate in the Federal employee retirement sys-*  
11       *tem as if the individual were a Federal em-*  
12       *ployee; and*

13               **(B)** *may not be paid by the Foundation a*  
14       *salary in excess of \$125,000 per year.*

15       **(2) EXECUTIVE DIRECTOR.**—

16               **(A) INITIAL DIRECTOR.**—*The Secretary*  
17       *shall appoint an individual to serve as the ini-*  
18       *tial Executive Director of the Foundation who*  
19       *shall serve, at the direction of the Board, as the*  
20       *chief operating officer of the Foundation.*

21               **(B) SUBSEQUENT DIRECTORS.**—*The Board*  
22       *shall appoint each subsequent Executive Director*  
23       *of the Foundation who shall serve, at the direc-*  
24       *tion of the Board, as the chief operating officer*  
25       *of the Foundation.*

1           (C) *QUALIFICATIONS.*—*The Executive Di-*  
2           *rector shall be knowledgeable and experienced in*  
3           *matters relating to natural resources conserva-*  
4           *tion.*

5   **SEC. 336. CORPORATE POWERS AND OBLIGATIONS OF THE**  
6           **FOUNDATION.**

7           (a) *IN GENERAL.*—*The Foundation—*

8                 (1) *may conduct business throughout the United*  
9                 *States and the territories and possessions of the Unit-*  
10                *ed States; and*

11               (2) *shall at all times maintain a designated*  
12                *agent who is authorized to accept service of process*  
13                *for the Foundation, so that the serving of notice to,*  
14                *or service of process on, the agent, or mailed to the*  
15                *business address of the agent, shall be considered as*  
16                *service on or notice to the Foundation.*

17           (b) *SEAL.*—*The Foundation shall have an official seal*  
18           *selected by the Board that shall be judicially noticed.*

19           (c) *POWERS.*—*To carry out the purposes of the Foun-*  
20           *ation under section 333(b), the Foundation shall have, in*  
21           *addition to the powers otherwise provided under this sub-*  
22           *title, the usual powers of a corporation, including the*  
23           *power—*

24                (1) *to accept, receive, solicit, hold, administer,*  
25                *and use any gift, devise, or bequest, either absolutely*

1        *or in trust, of real or personal property or any in-*  
2        *come from, or other interest in, the gift, devise, or be-*  
3        *quest;*

4            *(2) to acquire by purchase or exchange any real*  
5        *or personal property or interest in property, except*  
6        *that funds provided under section 310 may not be*  
7        *used to purchase an interest in real property;*

8            *(3) unless otherwise required by instrument of*  
9        *transfer, to sell, donate, lease, invest, reinvest, retain,*  
10       *or otherwise dispose of any property or income from*  
11       *property;*

12           *(4) to borrow money from private sources and*  
13       *issue bonds, debentures, or other debt instruments,*  
14       *subject to section 339, except that the aggregate*  
15       *amount of the borrowing and debt instruments out-*  
16       *standing at any time may not exceed \$1,000,000;*

17           *(5) to sue and be sued, and complain and defend*  
18       *itself, in any court of competent jurisdiction, except*  
19       *that a member of the Board shall not be personally*  
20       *liable for an action in the performance of services for*  
21       *the Board, except for gross negligence;*

22           *(6) to enter into a contract or other agreement*  
23       *with an agency of State or local government, edu-*  
24       *cational institution, or other private organization or*  
25       *person and to make such payments as may be nec-*



1        *essary to carry out the functions of the Foundation;*  
2        *and*

3            *(7) to do any and all acts that are necessary to*  
4        *carry out the purposes of the Foundation.*

5        *(d) INTEREST IN PROPERTY.—*

6            *(1) IN GENERAL.—The Foundation may acquire,*  
7        *hold, and dispose of lands, waters, or other interests*  
8        *in real property by donation, gift, devise, purchase, or*  
9        *exchange.*

10           *(2) INTERESTS IN REAL PROPERTY.—For pur-*  
11        *poses of this subtitle, an interest in real property*  
12        *shall be treated, among other things, as including an*  
13        *easement or other right for the preservation, conserva-*  
14        *tion, protection, or enhancement of agricultural, nat-*  
15        *ural, scenic, historic, scientific, educational, inspira-*  
16        *tional, or recreational resources.*

17           *(3) GIFTS.—A gift, devise, or bequest may be ac-*  
18        *cepted by the Foundation even though the gift, devise,*  
19        *or bequest is encumbered, restricted, or subject to a*  
20        *beneficial interest of a private person if any current*  
21        *or future interest in the gift, devise, or bequest is for*  
22        *the benefit of the Foundation.*

23        **SEC. 337. ADMINISTRATIVE SERVICES AND SUPPORT.**

24        *For each of fiscal years 1996 through 1998, the Sec-*  
25        *retary may provide, without reimbursement, personnel, fa-*

1 *cilities, and other administrative services of the Department*  
2 *to the Foundation.*

3 **SEC. 338. AUDITS AND PETITION OF ATTORNEY GENERAL**  
4 **FOR EQUITABLE RELIEF.**

5 (a) *AUDITS.*—

6 (1) *IN GENERAL.*—*The accounts of the Founda-*  
7 *tion shall be audited in accordance with Public Law*  
8 *88–504 (36 U.S.C. 1101 et seq.), including an audit*  
9 *of lobbying and litigation activities carried out by the*  
10 *Foundation.*

11 (2) *CONFORMING AMENDMENT.*—*The first section*  
12 *of Public Law 88–504 (36 U.S.C. 1101) is amended*  
13 *by adding at the end the following:*

14 “(77) *The National Natural Resources Conserva-*  
15 *tion Foundation.*”.

16 (b) *RELIEF WITH RESPECT TO CERTAIN FOUNDATION*  
17 *ACTS OR FAILURE TO ACT.*—*The Attorney General may pe-*  
18 *tition in the United States District Court for the District*  
19 *of Columbia for such equitable relief as may be necessary*  
20 *or appropriate, if the Foundation—*

21 (1) *engages in, or threatens to engage in, any*  
22 *act, practice, or policy that is inconsistent with this*  
23 *subtitle; or*

1           (2) *refuses, fails, neglects, or threatens to refuse,*  
2           *fail, or neglect, to discharge the obligations of the*  
3           *Foundation under this subtitle.*

4   **SEC. 339. RELEASE FROM LIABILITY.**

5           (a) *IN GENERAL.*—*The United States shall not be lia-*  
6           *ble for any debt, default, act, or omission of the Foundation.*  
7           *The full faith and credit of the United States shall not ex-*  
8           *tend to the Foundation.*

9           (b) *STATEMENT.*—*An obligation issued by the Founda-*  
10          *tion, and a document offering an obligation, shall include*  
11          *a prominent statement that the obligation is not directly*  
12          *or indirectly guaranteed, in whole or in part, by the United*  
13          *States (or an agency or instrumentality of the United*  
14          *States).*

15   **SEC. 340. AUTHORIZATION OF APPROPRIATIONS.**

16          *There are authorized to be appropriated to the Depart-*  
17          *ment to be made available to the Foundation \$1,000,000*  
18          *for each of fiscal years 1997 through 1999 to initially estab-*  
19          *lish and carry out activities of the Foundation.*

20                   **Subtitle E—Miscellaneous**

21   **SEC. 351. FLOOD RISK REDUCTION.**

22          (a) *IN GENERAL.*—*During fiscal years 1996 through*  
23          *2002, the Secretary of Agriculture (referred to in this sec-*  
24          *tion as the “Secretary”) may enter into a contract with*

1 *contract acreage under title I on a farm with land that*  
2 *is frequently flooded.*

3 (b) *DUTIES OF PRODUCERS.*—*Under the terms of the*  
4 *contract, with respect to acres that are subject to the con-*  
5 *tract, the producer must agree to—*

6 (1) *the termination of any contract acreage;*

7 (2) *forgo loans for contract commodities, oilseeds,*  
8 *and extra long staple cotton;*

9 (3) *not apply for crop insurance issued or rein-*  
10 *sured by the Secretary;*

11 (4) *comply with applicable wetlands and high*  
12 *erodible land conservation compliance requirements*  
13 *established under title XII of the Food Security Act*  
14 *of 1985 (16 U.S.C. 3801 et seq.);*

15 (5) *not apply for any conservation program pay-*  
16 *ments from the Secretary;*

17 (6) *not apply for disaster program benefits pro-*  
18 *vided by the Secretary; and*

19 (7) *refund the payments, with interest, issued*  
20 *under the flood risk reduction contract to the Sec-*  
21 *retary, if the producer violates the terms of the con-*  
22 *tract or if the producer transfers the property to an-*  
23 *other person who violates the contract.*

24 (c) *DUTIES OF SECRETARY.*—*In return for a flood risk*  
25 *reduction contract entered into by a producer under this*

1 *section, the Secretary shall agree to pay the producer for*  
2 *the 1996 through 2002 crops not more than 95 percent of*  
3 *the projected contract payments under title I, and not more*  
4 *than 95 percent of the projected payments and subsidies*  
5 *from the Federal Crop Insurance Corporation.*

6 (d) *COMMODITY CREDIT CORPORATION.—The Sec-*  
7 *retary shall carry out the program authorized by this sec-*  
8 *tion through the Commodity Credit Corporation.*

9 **SEC. 352. FORESTRY.**

10 (a) *FORESTRY INCENTIVES PROGRAM.—Section 4 of*  
11 *the Cooperative Forestry Assistance Act of 1978 (16 U.S.C.*  
12 *2103) is amended by striking subsection (k).*

13 (b) *OFFICE OF INTERNATIONAL FORESTRY.—Section*  
14 *2405 of the Food, Agriculture, Conservation, and Trade Act*  
15 *of 1990 (7 U.S.C. 6704) is amended by adding at the end*  
16 *the following:*

17 “(d) *AUTHORIZATION OF APPROPRIATIONS.—There*  
18 *are authorized each fiscal year such sums as are necessary*  
19 *to carry out this section.”.*

20 **SEC. 353. STATE TECHNICAL COMMITTEES.**

21 *Section 1261(c) of the Food Security Act of 1985 (16*  
22 *U.S.C. 3861(c)) is amended—*

23 (1) *in paragraph (7), by striking “and” at the*  
24 *end;*

1           (2) *in paragraph (8), by striking the period at*  
2 *the end and inserting a semicolon; and*

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

4           “(9) *agricultural producers;*

5           “(10) *other nonprofit organizations with demon-*  
6 *strable expertise;*

7           “(11) *persons knowledgeable about the economic*  
8 *and environmental impact of conservation techniques*  
9 *and programs; and*

10          “(12) *agribusiness.*

11 **SEC. 354. CONSERVATION OF PRIVATE GRAZING LAND.**

12          (a) *FINDINGS.—Congress finds that—*

13           (1) *privately owned grazing land constitutes*  
14 *nearly 1/2 of the non-Federal land of the United*  
15 *States and is basic to the environmental, social, and*  
16 *economic stability of rural communities;*

17           (2) *privately owned grazing land contains a*  
18 *complex set of interactions among soil, water, air,*  
19 *plants, and animals;*

20           (3) *grazing land constitutes the single largest*  
21 *watershed cover type in the United States and con-*  
22 *tributes significantly to the quality and quantity of*  
23 *water available for all of the many uses of the land;*

24           (4) *private grazing land constitutes the most ex-*  
25 *tensive wildlife habitat in the United States;*

1           (5) *private grazing land can provide opportuni-*  
2           *ties for improved nutrient management from land ap-*  
3           *plication of animal manures and other by-product*  
4           *nutrient resources;*

5           (6) *owners and managers of private grazing land*  
6           *need to continue to recognize conservation problems*  
7           *when the problems arise and receive sound technical*  
8           *assistance to improve or conserve grazing land re-*  
9           *sources to meet ecological and economic demands;*

10          (7) *new science and technology must continually*  
11          *be made available in a practical manner so owners*  
12          *and managers of private grazing land may make in-*  
13          *formed decisions concerning vital grazing land re-*  
14          *sources;*

15          (8) *agencies of the Department of Agriculture*  
16          *with private grazing land responsibilities are the*  
17          *agencies that have the expertise and experience to pro-*  
18          *vide technical assistance, education, and research to*  
19          *owners and managers of private grazing land for the*  
20          *long-term productivity and ecological health of graz-*  
21          *ing land;*

22          (9) *although competing demands on private*  
23          *grazing land resources are greater than ever before,*  
24          *assistance to private owners and managers of private*  
25          *grazing land is currently limited and does not meet*

1        *the demand and basic need for adequately sustaining*  
2        *or enhancing the private grazing lands resources; and*

3            *(10) privately owned grazing land can be en-*  
4        *hanced to provide many benefits to all Americans*  
5        *through voluntary cooperation among owners and*  
6        *managers of the land, local conservation districts, and*  
7        *the agencies of the Department of Agriculture respon-*  
8        *sible for providing assistance to owners and managers*  
9        *of land and to conservation districts.*

10        *(b) PURPOSE.—It is the purpose of this section to au-*  
11        *thorize the Secretary of Agriculture to provide a coordi-*  
12        *nated technical, educational, and related assistance pro-*  
13        *gram to conserve and enhance private grazing land re-*  
14        *sources and provide related benefits to all citizens of the*  
15        *United States by—*

16            *(1) establishing a coordinated and cooperative*  
17        *Federal, State, and local grazing conservation pro-*  
18        *gram for management of private grazing land;*

19            *(2) strengthening technical, educational, and re-*  
20        *lated assistance programs that provide assistance to*  
21        *owners and managers of private grazing land;*

22            *(3) conserving and improving wildlife habitat on*  
23        *private grazing land;*



1           (4) *conserving and improving fish habitat and*  
2 *aquatic systems through grazing land conservation*  
3 *treatment;*

4           (5) *protecting and improving water quality;*

5           (6) *improving the dependability and consistency*  
6 *of water supplies;*

7           (7) *identifying and managing weed, noxious*  
8 *weed, and brush encroachment problems on private*  
9 *grazing land; and*

10          (8) *integrating conservation planning and man-*  
11 *agement decisions by owners and managers of private*  
12 *grazing land, on a voluntary basis.*

13       (c) *DEFINITIONS.—In this section:*

14           (1) *PRIVATE GRAZING LAND.—The term “private*  
15 *grazing land” means privately owned, State-owned,*  
16 *tribally-owned, and any other non-federally owned*  
17 *rangeland, pastureland, grazed forest land, and hay*  
18 *land.*

19           (2) *SECRETARY.—The term “Secretary” means*  
20 *the Secretary of Agriculture, acting through the Natu-*  
21 *ral Resources Conservation Service.*

22       (d) *PRIVATE GRAZING LAND CONSERVATION ASSIST-*  
23 *ANCE.—*

24           (1) *ASSISTANCE TO GRAZING LANDOWNERS AND*  
25 *OTHERS.—Subject to the availability of appropria-*

1        *tions, the Secretary shall establish a voluntary pro-*  
2        *gram to provide technical, educational, and related*  
3        *assistance to owners and managers of private grazing*  
4        *land and public agencies, through local conservation*  
5        *districts, to enable the landowners, managers, and*  
6        *public agencies to voluntarily carry out activities that*  
7        *are consistent with this section, including—*

8                *(A) maintaining and improving private*  
9                *grazing land and the multiple values and uses*  
10               *that depend on private grazing land;*

11               *(B) implementing grazing land manage-*  
12               *ment technologies;*

13               *(C) managing resources on private grazing*  
14               *land, including—*

15                    *(i) planning, managing, and treating*  
16                    *private grazing land resources;*

17                    *(ii) ensuring the long-term sustain-*  
18                    *ability of private grazing land resources;*

19                    *(iii) harvesting, processing, and mar-*  
20                    *keting private grazing land resources; and*

21                    *(iv) identifying and managing weed,*  
22                    *noxious weed, and brush encroachment*  
23                    *problems;*

1           (D) protecting and improving the quality  
2 and quantity of water yields from private graz-  
3 ing land;

4           (E) maintaining and improving wildlife  
5 and fish habitat on private grazing land;

6           (F) enhancing recreational opportunities on  
7 private grazing land;

8           (G) maintaining and improving the aes-  
9 thetic character of private grazing lands; and

10           (H) identifying the opportunities and en-  
11 couraging the diversification of private grazing  
12 land enterprises.

13           (2) PROGRAM ELEMENTS.—

14           (A) FUNDING.—The program under para-  
15 graph (1) shall be funded through a specific line-  
16 item in the annual appropriations for the Natu-  
17 ral Resources Conservation Service.

18           (B) TECHNICAL ASSISTANCE AND EDU-  
19 CATION.—Personnel of the Department of Agri-  
20 culture trained in pasture and range manage-  
21 ment shall be made available under the program  
22 to deliver and coordinate technical assistance  
23 and education to owners and managers of pri-  
24 vate grazing land, at the request of the owners  
25 and managers.

1       (e) *GRAZING TECHNICAL ASSISTANCE SELF-HELP.*—

2           (1) *FINDINGS.*—Congress finds that—

3               (A) *there is a severe lack of technical assist-*  
4               *ance for grazing producers;*

5               (B) *the Federal budget precludes any sig-*  
6               *nificant expansion, and may force a reduction*  
7               *of, current levels of technical support; and*

8               (C) *farmers and ranchers have a history of*  
9               *cooperatively working together to address com-*  
10              *mon needs in the promotion of their products*  
11              *and in the drainage of wet areas through drain-*  
12              *age districts.*

13          (2) *ESTABLISHMENT OF GRAZING DEMONSTRA-*  
14          *TION.*—The Secretary may establish 2 grazing man-  
15          *agement demonstration districts at the recommenda-*  
16          *tion of the Grazing Lands Conservation Initiative*  
17          *Steering Committee.*

18          (3) *PROCEDURE.*—

19               (A) *PROPOSAL.*—Within a reasonable time  
20               *after the submission of a request of an organiza-*  
21               *tion of farmers or ranchers engaged in grazing,*  
22               *the Secretary shall propose that a grazing man-*  
23               *agement district be established.*

24               (B) *FUNDING.*—The terms and conditions of  
25               *the funding and operation of the grazing man-*

1            *agement district shall be proposed by the produc-*  
2            *ers.*

3            (C) *APPROVAL.*—*The Secretary shall ap-*  
4            *prove the proposal if the Secretary determines*  
5            *that the proposal—*

6                    (i) *is reasonable;*

7                    (ii) *will promote sound grazing prac-*  
8                    *tices; and*

9                    (iii) *contains provisions similar to the*  
10                   *provisions contained in the promotion or-*  
11                   *ders in effect on the effective date of this sec-*  
12                   *tion.*

13            (D) *AREA INCLUDED.*—*The area proposed*  
14            *to be included in a grazing management district*  
15            *shall be determined by the Secretary on the basis*  
16            *of a petition by farmers or ranchers.*

17            (E) *AUTHORIZATION.*—*The Secretary may*  
18            *use authority under the Agricultural Adjustment*  
19            *Act (7 U.S.C. 601 et seq.), reenacted with*  
20            *amendments by the Agricultural Marketing*  
21            *Agreement Act of 1937, to operate, on a dem-*  
22            *onstration basis, a grazing management district.*

23            (F) *ACTIVITIES.*—*The activities of a graz-*  
24            *ing management district shall be scientifically*  
25            *sound activities, as determined by the Secretary*

1           *in consultation with a technical advisory com-*  
2           *mittee composed of ranchers, farmers, and tech-*  
3           *nical experts.*

4           (f) *AUTHORIZATION OF APPROPRIATIONS.—There are*  
5           *authorized to be appropriated to carry out this section—*

6                 (1) *\$20,000,000 for fiscal year 1996;*

7                 (2) *\$40,000,000 for fiscal year 1997; and*

8                 (3) *\$60,000,000 for fiscal year 1998 and each*  
9           *subsequent fiscal year.*

10   **SEC. 355. CONFORMING AMENDMENTS.**

11           (a) *AGRICULTURAL CONSERVATION PROGRAM.—*

12                 (1) *ELIMINATION.—*

13                         (A) *Section 8 of the Soil Conservation and*  
14                         *Domestic Allotment Act (16 U.S.C. 590h) is*  
15                         *amended—*

16                                 (i) *in subsection (b)—*

17   (I) *by striking paragraphs (1)*  
18   *through (4) and inserting the follow-*  
19   *ing:*

20   “(1) *ENVIRONMENTAL QUALITY INCENTIVES PRO-*  
21   *GRAM.—The Secretary shall provide technical assist-*  
22   *ance, cost share payments, and incentive payments to*  
23   *operators through the environmental quality incen-*  
24   *tives program in accordance with chapter 2 of subtitle*

1 *D of the Food Security Act of 1985 (16 U.S.C. 3838*  
2 *et seq.).”;* and

3 (II) *by striking paragraphs (6)*  
4 *through (8); and*

5 (ii) *by striking subsections (d), (e),*  
6 *and (f).*

7 (B) *The first sentence of section 11 of the*  
8 *Soil Conservation and Domestic Allotment Act*  
9 *(16 U.S.C. 590k) is amended by striking “per-*  
10 *formance: Provided further,” and all that follows*  
11 *through “or other law” and inserting “perform-*  
12 *ance”.*

13 (C) *Section 14 of the Act (16 U.S.C. 590n)*  
14 *is amended—*

15 (i) *in the first sentence, by striking “or*  
16 *8”;* and

17 (ii) *by striking the second sentence.*

18 (D) *Section 15 of the Act (16 U.S.C. 590o)*  
19 *is amended—*

20 (i) *in the first undesignated para-*  
21 *graph—*

22 (I) *in the first sentence, by strik-*  
23 *ing “sections 7 and 8” and inserting*  
24 *“section 7”;* and

1                                   (II) by striking the third sentence;

2                                   and

3                                   (ii) by striking the second undesig-  
4                                   nated paragraph.

5                   (2) CONFORMING AMENDMENTS.—

6                   (A) Paragraph (1) of the last proviso of the  
7                   matter under the heading “CONSERVATION RE-  
8                   SERVE PROGRAM” under the heading “SOIL  
9                   BANK PROGRAMS” of title I of the Department of  
10                  Agriculture and Farm Credit Administration  
11                  Appropriation Act, 1959 (72 Stat. 195; 7 U.S.C.  
12                  1831a) is amended by striking “Agricultural  
13                  Conservation Program” and inserting “environ-  
14                  mental quality incentives program established  
15                  under chapter 2 of subtitle D of the Food Secu-  
16                  rity Act of 1985 (16 U.S.C. 3838 et seq.)”.

17                  (B) Section 4 of the Cooperative Forestry  
18                  Assistance Act of 1978 (16 U.S.C. 2103) is  
19                  amended by striking “as added by the Agri-  
20                  culture and Consumer Protection Act of 1973”  
21                  each place it appears in subsections (d) and (i)  
22                  and inserting “as in effect before the amendment  
23                  made by section 355(a)(1) of the Agricultural  
24                  Reform and Improvement Act of 1996”.



1           (C) Section 226(b)(4) of the Department of  
2           Agriculture Reorganization Act of 1994 (7  
3           U.S.C. 6932(b)(4)) is amended by striking “and  
4           the agricultural conservation program under the  
5           Soil Conservation and Domestic Allotment Act  
6           (16 U.S.C. 590g et seq.)”.

7           (D) Section 246(b)(8) of the Department of  
8           Agriculture Reorganization Act of 1994 (7  
9           U.S.C. 6962(b)(8)) is amended by striking “and  
10          the agricultural conservation program under the  
11          Soil Conservation and Domestic Allotment Act  
12          (16 U.S.C. 590g et seq.)”.

13          (E) Section 1271(c)(3)(C) of the Food, Agri-  
14          culture, Conservation, and Trade Act of 1990 (16  
15          U.S.C. 2106a(c)(3)(C)) is amended by striking  
16          “Agricultural Conservation Program established  
17          under section 16(b) of the Soil Conservation and  
18          Domestic Allotment Act (16 U.S.C. 590h, 590l,  
19          or 590p)” and inserting “environmental quality  
20          incentives program established under chapter 2  
21          of subtitle D of the Food Security Act of 1985  
22          (16 U.S.C. 3838 et seq.)”.

23          (F) Section 126(a)(5) of the Internal Reve-  
24          nue Code of 1986 is amended to read as follows:

1           “(5) *The environmental quality incentives pro-*  
2           *gram established under chapter 2 of subtitle D of the*  
3           *Food Security Act of 1985 (16 U.S.C. 3838 et seq.).”.*

4           (G) *Section 304(a) of the Lake Champlain*  
5           *Special Designation Act of 1990 (Public Law*  
6           *101–596; 33 U.S.C. 1270 note) is amended—*

7                     (i) *in the subsection heading, by strik-*  
8                     *ing “SPECIAL PROJECT AREA UNDER THE*  
9                     *AGRICULTURAL CONSERVATION PROGRAM”*  
10                    *and inserting “A PRIORITY AREA UNDER*  
11                    *THE ENVIRONMENTAL QUALITY INCENTIVES*  
12                    *PROGRAM”;* and

13                   (ii) *in paragraph (1), by striking “spe-*  
14                    *cial project area under the Agricultural*  
15                    *Conservation Program established under*  
16                    *section 8(b) of the Soil Conservation and*  
17                    *Domestic Allotment Act (16 U.S.C.*  
18                    *590h(b))” and inserting “priority area*  
19                    *under the environmental quality incentives*  
20                    *program established under chapter 2 of sub-*  
21                    *title D of the Food Security Act of 1985 (16*  
22                    *U.S.C. 3838 et seq.).”.*

23           (H) *Section 6 of the Department of Agri-*  
24            *culture Organic Act of 1956 (70 Stat. 1033) is*  
25            *amended by striking subsection (b).*

1       **(b) GREAT PLAINS CONSERVATION PROGRAM.—**

2               **(1) ELIMINATION.—***Section 16 of the Soil Con-*  
3 *servation and Domestic Allotment Act (16 U.S.C.*  
4 *590p) is repealed.*

5               **(2) CONFORMING AMENDMENTS.—**

6               **(A)** *The Agricultural Adjustment Act of*  
7 *1938 is amended by striking “Great Plains pro-*  
8 *gram” each place it appears in sections 344(f)(8)*  
9 *and 377 (7 U.S.C. 1344(f)(8) and 1377) and in-*  
10 *serting “environmental quality incentives pro-*  
11 *gram established under chapter 2 of subtitle D of*  
12 *the Food Security Act of 1985 (16 U.S.C. 3838*  
13 *et seq.)”.*

14               **(B)** *Section 246(b) of the Department of Ag-*  
15 *riculture Reorganization Act of 1994 (7 U.S.C.*  
16 *6962(b)) is amended by striking paragraph (2).*

17               **(C)** *Section 126(a) of the Internal Revenue*  
18 *Code of 1986 is amended—*

19                       *(i) by striking paragraph (6); and*

20                       *(ii) by redesignating paragraphs (7)*  
21 *through (10) as paragraphs (6) through (9),*  
22 *respectively.*

23       **(c) COLORADO RIVER BASIN SALINITY CONTROL PRO-**  
24 **GRAM.—**

1           (1) *ELIMINATION*.—Section 202 of the Colorado  
2     *River Basin Salinity Control Act* (43 U.S.C. 1592) is  
3     amended by striking subsection (c).

4           (2) *CONFORMING AMENDMENT*.—Section 246(b)  
5     of the *Department of Agriculture Reorganization Act*  
6     of 1994 (7 U.S.C. 6962(b)) is amended by striking  
7     paragraph (6).

8     (d) *RURAL ENVIRONMENTAL CONSERVATION PRO-*  
9     *GRAM*.—

10           (1) *ELIMINATION*.—Title X of the *Agricultural*  
11     *Act of 1970* (16 U.S.C. 1501 et seq.) is repealed.

12           (2) *CONFORMING AMENDMENTS*.—Section 246(b)  
13     of the *Department of Agriculture Reorganization Act*  
14     of 1994 (7 U.S.C. 6962(b)) is amended—

15                   (A) by striking paragraph (1); and

16                   (B) by redesignating paragraphs (2)  
17                   through (8) as paragraphs (1) through (7), re-  
18                   spectively.

19     (e) *OTHER CONSERVATION PROVISIONS*.—Subtitle F of  
20     title XII of the *Food Security Act of 1985* (16 U.S.C. 2005a  
21     and 2101 note) is repealed.

22     (f) *COMMODITY CREDIT CORPORATION CHARTER*  
23     *ACT*.—Section 5(g) of the *Commodity Credit Corporation*  
24     *Charter Act* (15 U.S.C. 714c(g)) is amended to read as fol-  
25     lows:

1       “(g) Carry out conservation functions and programs.”.

2       (g) *RESOURCE CONSERVATION*.—

3             (1) *ELIMINATION*.—Subtitles *A, B, D, E, F, G,*  
4       *and J* of title *XV* of the *Agriculture and Food Act* of  
5       1981 (95 Stat. 1328; 16 U.S.C. 3401 et seq.) are re-  
6       pealed.

7             (2) *CONFORMING AMENDMENT*.—Section 739 of  
8       the *Agriculture, Rural Development, Food and Drug*  
9       *Administration, and Related Agencies Appropriations*  
10      *Act, 1982* (7 U.S.C. 2272a), is repealed.

11      (h) *ENVIRONMENTAL EASEMENT PROGRAM*.—Section  
12      1239(a) of the *Food Security Act of 1985* (16 U.S.C.  
13      3839(a)) is amended by striking “1991 through 1995” and  
14      inserting “1996 through 2002”.

15      (i) *RESOURCE CONSERVATION AND DEVELOPMENT*  
16      *PROGRAM*.—Section 1538 of the *Agriculture and Food Act*  
17      of 1981 (16 U.S.C. 3461) is amended by striking “1991  
18      through 1995” and inserting “1996 through 2002”.

19      (j) *TECHNICAL AMENDMENT*.—The first sentence of the  
20      matter under the heading “Commodity Credit Corporation”  
21      of Public Law 99–263 (100 Stat. 59; 16 U.S.C. 3841 note)  
22      is amended by striking “: Provided further,” and all that  
23      follows through “Acts”.

1           (k) *AGRICULTURAL WATER QUALITY INCENTIVES PRO-*  
2 *GRAM.—Chapter 2 of subtitle D of title XII of the Food Se-*  
3 *curity Act of 1985 (16 U.S.C. 3838 et seq.) is repealed.*

4   **SEC. 356. WATER BANK PROGRAM.**

5           Section 1230 of the Food Security Act of 1985 (16  
6 U.S.C. 3830) is amended by adding at the end the following:

7           “(d) *WATER BANK PROGRAM.—For purposes of this*  
8 *Act, acreage enrolled, prior to the date of enactment of this*  
9 *subsection, in the water bank program authorized by the*  
10 *Water Bank Act (16 U.S.C. 1301 et seq.) shall be considered*  
11 *to have been enrolled in the conservation reserve program*  
12 *on the date the acreage was enrolled in the water bank pro-*  
13 *gram. Payments shall continue at the existing water bank*  
14 *rates.”.*

15   **SEC. 357. FLOOD WATER RETENTION PILOT PROJECTS.**

16           Section 16 of the Soil Conservation and Domestic Al-  
17 *lotment Act (16 U.S.C. 590p) is amended by adding at the*  
18 *end the following:*

19           “(l) *FLOOD WATER RETENTION PILOT PROJECTS.—*

20                   “(1) *IN GENERAL.—In cooperation with States,*  
21 *the Secretary shall carry out at least 1 but not more*  
22 *than 2 pilot projects to create and restore natural*  
23 *water retention areas to control storm water and*  
24 *snow melt runoff within closed drainage systems.*

1           “(2) *PRACTICES.*—*To carry out paragraph (1),*  
2           *the Secretary shall provide cost-sharing and technical*  
3           *assistance for the establishment of nonstructural land-*  
4           *scape management practices, including agricultural*  
5           *tillage practices and restoration, enhancement, and*  
6           *creation of wetland characteristics.*

7           “(3) *FUNDING.*—

8           “(A) *LIMITATION.*—*The funding used by the*  
9           *Secretary to carry out this subsection shall not*  
10           *exceed \$10,000,000 per project.*

11           “(B) *USE OF COMMODITY CREDIT CORPORA-*  
12           *TION.*—*The Secretary shall use the funds, facili-*  
13           *ties, and authorities of the Commodity Credit*  
14           *Corporation to carry out this subsection.*

15           “(4) *ADDITIONAL PILOT PROJECTS.*—

16           “(A) *EVALUATION.*—*Not later than 2 years*  
17           *after a pilot project is implemented, the Sec-*  
18           *retary shall evaluate the extent to which the*  
19           *project has reduced or may reduce Federal out-*  
20           *lays for emergency spending and unplanned in-*  
21           *frastructure maintenance by an amount that ex-*  
22           *ceeds the Federal cost of the project.*

23           “(B) *ADDITIONAL PROJECTS.*—*If the Sec-*  
24           *retary determines that pilot projects carried out*  
25           *under this subsection have reduced or may re-*

1           *duce Federal outlays as described in subpara-*  
2           *graph (A), the Secretary may carry out, in ac-*  
3           *cordance with this subsection, pilot projects in*  
4           *addition to the projects authorized under para-*  
5           *graph (1).”.*

6   **SEC. 358. WETLAND CONSERVATION EXEMPTION.**

7           *Section 1222(b)(1) of the Food Security Act of 1985*  
8   *(16 U.S.C. 3822(b)(1)) is amended—*

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

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

12                  *“(E) converted wetland, if—*

13                          *“(i) the extent of the conversion is lim-*  
14                          *ited to the reversion to conditions that will*  
15                          *be at least equivalent to the wetland func-*  
16                          *tions and values that existed prior to imple-*  
17                          *mentation of a voluntary wetland restora-*  
18                          *tion, enhancement, or creation action;*

19                          *“(ii) technical determinations of the*  
20                          *prior site conditions and the restoration,*  
21                          *enhancement, or creation action have been*  
22                          *adequately documented in a plan approved*  
23                          *by the Natural Resources Conservation*  
24                          *Service prior to implementation; and*



1                   “(iii) the conversion action proposed  
2                   by the private landowner is approved by the  
3                   Natural Resources Conservation Service  
4                   prior to implementation; or”.

5   **SEC. 359. FLOODPLAIN EASEMENTS.**

6           Section 403 of the Agricultural Credit Act of 1978 (16  
7   U.S.C. 2203) is amended by inserting “, including the pur-  
8   chase of floodplain easements,” after “emergency measures”.

9   **SEC. 360. RESOURCE CONSERVATION AND DEVELOPMENT**  
10                   **PROGRAM REAUTHORIZATION.**

11           Section 1538 of the Agriculture and Food Act of 1981  
12   (16 U.S.C. 3461) is amended by striking “1991 through  
13   1995” and inserting “1996 through 2001”.

14   **SEC. 361. CONSERVATION RESERVE NEW ACREAGE.**

15           Section 1231(a) of the Food Security Act of 1985 (16  
16   U.S.C. 3831(a)) is amended by adding at the end the follow-  
17   ing: “The Secretary may enter into 1 or more new contracts  
18   to enroll acreage in a quantity equal to the quantity of acre-  
19   age covered by any contract that terminates after the date  
20   of enactment of the Agricultural Market Transition Act.”.

21   **SEC. 362. REPEAL OF REPORT REQUIREMENT.**

22           Section 1342 of title 44, United States Code, is re-  
23   pealed.

1 **SEC. 363. WATERSHED PROTECTION AND FLOOD PREVEN-**  
2 **TION ACT AMENDMENTS.**

3 (a) *DECLARATION OF POLICY.*—*The first section of the*  
4 *Watershed Protection and Flood Prevention Act (16 U.S.C.*  
5 *1001) is amended to read as follows:*

6 **“SECTION 1. DECLARATION OF POLICY.**

7 *“Erosion, flooding, sedimentation, and loss of natural*  
8 *habitats in the watersheds and waterways of the United*  
9 *States cause loss of life, damage to property, and a reduc-*  
10 *tion in the quality of environment and life of citizens. It*  
11 *is therefore the sense of Congress that the Federal Govern-*  
12 *ment should join with States and their political subdivi-*  
13 *sions, public agencies, conservation districts, flood preven-*  
14 *tion or control districts, local citizens organizations, and*  
15 *Indian tribes for the purpose of conserving, protecting, re-*  
16 *storing, and improving the land and water resources of the*  
17 *United States and the quality of the environment and life*  
18 *for watershed residents across the United States.”.*

19 (b) *DEFINITIONS.*—

20 (1) *WORKS OF IMPROVEMENT.*—*Section 2 of the*  
21 *Act (16 U.S.C. 1002) is amended, with respect to the*  
22 *term “works of improvement”—*

23 (A) *in paragraph (1), by inserting “, non-*  
24 *structural,” after “structural”;*

25 (B) *in paragraph (2), by striking “or” at*  
26 *the end;*

1           (C) by redesignating paragraph (3) as  
2           paragraph (11);

3           (D) by inserting after paragraph (2) the fol-  
4           lowing new paragraphs:

5           “(3) a land treatment or other nonstructural  
6           practice, including the acquisition of easements or  
7           real property rights, to meet multiple watershed  
8           needs,

9           “(4) the restoration and monitoring of the chem-  
10          ical, biological, and physical structure, diversity, and  
11          functions of waterways and their associated ecological  
12          systems,

13          “(5) the restoration or establishment of wetland  
14          and riparian environments as part of a multi-objec-  
15          tive management system that provides floodwater or  
16          storm water storage, detention, and attenuation, nu-  
17          trient filtering, fish and wildlife habitat, and en-  
18          hanced biological diversity,

19          “(6) the restoration of stream channel forms,  
20          functions, and diversity using the principles of  
21          biotechnical slope stabilization to reestablish a mean-  
22          dering, bankfull flow channels, riparian vegetation,  
23          and floodplains,

24          “(7) the establishment and acquisition of multi-  
25          objective riparian and adjacent flood prone lands, in-

1 *cluding greenways, for sediment storage and flood-*  
2 *water storage,*

3 *“(8) the protection, restoration, enhancement*  
4 *and monitoring of surface and groundwater quality,*  
5 *including measures to improve the quality of water*  
6 *emanating from agricultural lands and facilities,*

7 *“(9) the provision of water supply and municipi-*  
8 *pal and industrial water supply for rural commu-*  
9 *nities having a population of less than 55,000, ac-*  
10 *ording to the most recent decennial census of the*  
11 *United States,*

12 *“(10) outreach to and organization of local citi-*  
13 *zen organizations to participate in project design and*  
14 *implementation, and the training of project volun-*  
15 *teers and participants in restoration and monitoring*  
16 *techniques, or”;* and

17 *(E) in paragraph (11) (as so redesign-*  
18 *ated)—*

19 *(i) by inserting in the first sentence*  
20 *after “proper utilization of land” the follow-*  
21 *ing: “, water, and related resources”;* and

22 *(ii) by striking the sentence that man-*  
23 *dates that 20 percent of total project benefits*  
24 *be directly related to agriculture.*

1           (2) *LOCAL ORGANIZATION.*—Such section is fur-  
2           ther amended, with respect to the term “local organi-  
3           zation”, by adding at the end the following new sen-  
4           tence: “The term includes any nonprofit organization  
5           (defined as having tax exempt status under section  
6           501(c)(3) of the Internal Revenue Code of 1986) that  
7           has authority to carry out and maintain works of im-  
8           provement or is developing and implementing a work  
9           of improvement in partnership with another local or-  
10          ganization that has such authority.”.

11          (3) *WATERWAY.*—Such section is further amend-  
12          ed by adding at the end the following new definition:

13          “*WATERWAY.*—The term ‘waterway’ means, on public  
14          or private land, any natural, degraded, seasonal, or created  
15          wetland on public or private land, including rivers,  
16          streams, riparian areas, marshes, ponds, bogs, mudflats,  
17          lakes, and estuaries. The term includes any natural or man-  
18          made watercourse which is culverted, channelized, or vegeta-  
19          tively cleared, including canals, irrigation ditches, drainage  
20          wages, and navigation, industrial, flood control and water  
21          supply channels.”.

22          (c) *ASSISTANCE TO LOCAL ORGANIZATIONS.*—Section  
23          3 of the Act (16 U.S.C. 1003) is amended—

1           (1) in paragraph (1), by inserting after “(1)”  
2           the following “to provide technical assistance to help  
3           local organizations”;

4           (2) in paragraph (2)—

5                 (A) by inserting after “(2)” the following:  
6                 “to provide technical assistance to help local or-  
7                 ganizations”; and

8                 (B) by striking “engineering” and inserting  
9                 “technical and scientific”; and

10           (3) by striking paragraph (3) and inserting the  
11           following new paragraph:

12                 “(3) to make allocations of costs to the project or  
13                 project components to determine whether the total of  
14                 all environmental, social, and monetary benefits ex-  
15                 ceed costs;”.

16           (d) *COST SHARE ASSISTANCE*.—

17                 (1) *AMOUNT OF ASSISTANCE*.—Section 3A of the  
18                 Act (16 U.S.C. 1003a) is amended by striking sub-  
19                 section (b) and inserting the following:

20                 “(b) *NONSTRUCTURAL PRACTICES*.—Notwithstanding  
21                 any other provision of this Act, Federal cost share assist-  
22                 ance to local organizations for the planning and implemen-  
23                 tation of nonstructural works of improvement may be pro-  
24                 vided using funds appropriated for the purposes of this Act

1 *for an amount not exceeding 75 percent of the total installa-*  
2 *tion costs.*

3       “(c) *STRUCTURAL PRACTICES.*—*Notwithstanding any*  
4 *other provision of this Act, Federal cost share assistance to*  
5 *local organizations for the planning and implementation*  
6 *of structural works of improvement may be provided using*  
7 *funds appropriated for the purposes of this Act for 50 per-*  
8 *cent of the total cost, including the cost of mitigating dam-*  
9 *age to fish and wildlife habitat and the value of any land*  
10 *or interests in land acquired for the work of improvement.*

11       “(d) *SPECIAL RULE FOR LIMITED RESOURCE COMMU-*  
12 *NITIES.*—*Notwithstanding any other provision of this Act,*  
13 *the Secretary may provide cost share assistance to a limited*  
14 *resource community for any works of improvement, using*  
15 *funds appropriated for the purposes of this Act, for an*  
16 *amount not to exceed 90 percent of the total cost.*

17       “(e) *TREATMENT OF OTHER FEDERAL FUNDS.*—*Not*  
18 *more than 50 percent of the non-Federal cost share may*  
19 *be satisfied using funds from other Federal agencies.”.*

20               (2) *CONDITIONS ON ASSISTANCE.*—*Section 4(1)*  
21 *of the Act (16 U.S.C. 1004(1)) is amended by striking*  
22 *“, without cost to the Federal Government from funds*  
23 *appropriated for the purposes of this Act,”.*

24       “(e) *BENEFIT COST ANALYSIS.*—*Section 5(1) of the Act*  
25 *(16 U.S.C. 1005(1)) is amended by striking “the benefits”*

1 and inserting “the total benefits, including environmental,  
2 social, and monetary benefits,”.

3 (f) *PROJECT PRIORITIZATION.*—*The Watershed Protec-*  
4 *tion and Flood Prevention Act is amended by inserting*  
5 *after section 5 (16 U.S.C. 1005) the following new section:*

6 **“SEC. 5A. FUNDING PRIORITIES.**

7 “In making funding decisions under this Act, the Sec-  
8 retary shall give priority to projects with one or more of  
9 the following attributes:

10 “(1) *Projects providing significant improvements*  
11 *in ecological values and functions in the project area.*

12 “(2) *Projects that enhance the long-term health of*  
13 *local economies or generate job or job training oppor-*  
14 *tunities for local residents, including Youth Conserva-*  
15 *tion and Service Corps participants and displaced re-*  
16 *source harvesters.*

17 “(3) *Projects that provide protection to human*  
18 *health, safety, and property.*

19 “(4) *Projects that directly benefit economically*  
20 *disadvantaged communities and enhance participa-*  
21 *tion by local residents of such communities.*

22 “(5) *Projects that restore or enhance fish and*  
23 *wildlife species of commercial, recreational, subsist-*  
24 *ence or scientific concern.*



1           “(6) *Projects or components of projects that can*  
2           *be planned, designed, and implemented within two*  
3           *years.*”.

4           (g) *TRANSFER OF FUNDS.—The Watershed Protection*  
5           *and Flood Prevention Act (16 U.S.C. 1001–1010) is amend-*  
6           *ed by adding at the end the following new section:*

7           ***“SEC. 14. TRANSFERS OF FUNDS.***

8           *“The Secretary may accept transfers of funds from*  
9           *other Federal departments and agencies in order to carry*  
10           *out projects under this Act.”.*

11           ***SEC. 364. ABANDONMENT OF CONVERTED WETLANDS.***

12           *Section 1222 of the Food Security Act of 1985 (16*  
13           *U.S.C. 3822) is amended by adding at the end the following:*

14           *“(k) ABANDONMENT OF CONVERTED WETLANDS.—The*  
15           *Secretary shall not determine that a prior converted or*  
16           *cropped wetland is abandoned, and therefore that the wet-*  
17           *land is subject to this subtitle, on the basis that a producer*  
18           *has not planted an agricultural crop on the prior converted*  
19           *or cropped wetland after the date of enactment of this sub-*  
20           *section, so long as any use of the wetland thereafter is lim-*  
21           *ited to agricultural purposes.”.*

1                   **TITLE IV—NUTRITION**  
2                   **ASSISTANCE**

3   **SEC. 401. FOOD STAMP PROGRAM.**

4       (a) *DISQUALIFICATION OF A STORE OR CONCERN.*—

5   Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021)

6   is amended—

7           (1) *by striking the section heading;*

8           (2) *by striking “SEC. 12. (a) Any” and inserting*

9       *the following:*

10   **“SEC. 12. CIVIL MONEY PENALTIES AND DISQUALIFICATION**

11                   **OF RETAIL FOOD STORES AND WHOLESALE**

12                   **FOOD CONCERNS.**

13       “(a) *DISQUALIFICATION.*—

14           “(1) *IN GENERAL.*—An”;

15           (3) *by adding at the end of subsection (a) the fol-*

16       *lowing:*

17           “(2) *EMPLOYING CERTAIN PERSONS.*—A retail

18       *food store or wholesale food concern shall be disquali-*

19       *fied from participation in the food stamp program if*

20       *the store or concern knowingly employs a person who*

21       *has been found by the Secretary, or a Federal, State,*

22       *or local court, to have, within the preceding 3-year*

23       *period—*

24           “(A) *engaged in the trading of a firearm,*

25       *ammunition, an explosive, or a controlled sub-*

1            *stance (as defined in section 102 of the Con-*  
2            *trolled Substances Act (21 U.S.C. 802)) for a*  
3            *coupon; or*

4            *“(B) committed any act that constitutes a*  
5            *violation of this Act or a State law relating to*  
6            *using, presenting, transferring, acquiring, receiv-*  
7            *ing, or possessing a coupon, authorization card,*  
8            *or access device.”; and*

9            *(4) in subsection (b)(3)(B), by striking “neither*  
10          *the ownership nor management of the store or food*  
11          *concern was aware” and inserting “the ownership of*  
12          *the store or food concern was not aware”.*

13          *(b) EMPLOYMENT AND TRAINING.—Section 16(h)(1) of*  
14          *the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)) is*  
15          *amended by striking “1995” each place it appears and in-*  
16          *serting “2002”.*

17          *(c) AUTHORIZATION OF PILOT PROJECTS.—The last*  
18          *sentence of section 17(b)(1)(A) of the Food Stamp Act of*  
19          *1977 (7 U.S.C. 2026(b)(1)(A)) is amended by striking*  
20          *“1995” and inserting “2002”.*

21          *(d) OUTREACH DEMONSTRATION PROJECTS.—The*  
22          *first sentence of section 17(j)(1)(A) of the Food Stamp Act*  
23          *of 1977 (7 U.S.C. 2026(j)(1)(A)) is amended by striking*  
24          *“1995” and inserting “2002”.*

1           (e) *AUTHORIZATION FOR APPROPRIATIONS.*—*The first*  
2 *sentence of section 18(a)(1) of the Food Stamp Act of 1977*  
3 *(7 U.S.C. 2027(a)(1)) is amended by striking “1995” and*  
4 *inserting “2002”.*

5           (f) *REAUTHORIZATION OF PUERTO RICO NUTRITION*  
6 *ASSISTANCE PROGRAM.*—*The first sentence of section*  
7 *19(a)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C.*  
8 *2028(a)(1)(A)) is amended by striking “\$974,000,000” and*  
9 *all that follows through “fiscal year 1995” and inserting*  
10 *“\$1,143,000,000 for fiscal year 1996, \$1,174,000,000 for fis-*  
11 *cal year 1997, \$1,204,000,000 for fiscal year 1998,*  
12 *\$1,236,000,000 for fiscal year 1999, \$1,268,000,000 for fis-*  
13 *cal year 2000, \$1,301,000,000 for fiscal year 2001, and*  
14 *\$1,335,000,000 for fiscal year 2002”.*

15           (g) *AMERICAN SAMOA.*—*The Food Stamp Act of 1977*  
16 *(7 U.S.C. 2011 et seq.) is amended by adding at the end*  
17 *the following:*

18           ***“SEC. 24. TERRITORY OF AMERICAN SAMOA.***

19           ***“From amounts made available to carry out this Act,***  
20 *the Secretary may pay to the Territory of American Samoa*  
21 *not more than \$5,300,000 for each of fiscal years 1996*  
22 *through 2002 to finance 100 percent of the expenditures for*  
23 *the fiscal year for a nutrition assistance program extended*  
24 *under section 601(c) of Public Law 96–597 (48 U.S.C.*  
25 *1469d(c)).”.*

1 **SEC. 402. COMMODITY DISTRIBUTION PROGRAM; COMMOD-**  
2 **ITY SUPPLEMENTAL FOOD PROGRAM.**

3 (a) *REAUTHORIZATION.*—*The first sentence of section*  
4 *4(a) of the Agriculture and Consumer Protection Act of*  
5 *1973 (Public Law 93–86; 7 U.S.C. 612c note) is amended*  
6 *by striking “1995” and inserting “2002”.*

7 (b) *FUNDING.*—*Section 5 of the Agriculture and*  
8 *Consumer Protection Act of 1973 (Public Law 93–86; 7*  
9 *U.S.C. 612c note) is amended—*

10 (1) *in subsection (a)(2), by striking “1995” and*  
11 *inserting “2002”; and*

12 (2) *in subsection (d)(2), by striking “1995” and*  
13 *inserting “2002”.*

14 (c) *CARRIED-OVER FUNDS.*—*20 percent of any com-*  
15 *modity supplemental food program funds carried over*  
16 *under section 5 of the Agriculture and Consumer Protection*  
17 *Act of 1973 (Public Law 93–86; 7 U.S.C. 612c note) shall*  
18 *be available for administrative expenses of the program.*

19 **SEC. 403. EMERGENCY FOOD ASSISTANCE PROGRAM.**

20 (a) *REAUTHORIZATION.*—*The first sentence of section*  
21 *204(a)(1) of the Emergency Food Assistance Act of 1983*  
22 *(Public Law 98–8; 7 U.S.C. 612c note) is amended by strik-*  
23 *ing “1995” and inserting “2002”.*

24 (b) *PROGRAM TERMINATION.*—*Section 212 of the*  
25 *Emergency Food Assistance Act of 1983 (Public Law 98–*

1 8; 7 U.S.C. 612c note) is amended by striking “1995” and  
2 inserting “2002”.

3 (c) *REQUIRED PURCHASES OF COMMODITIES.*—Sec-  
4 tion 214 of the Emergency Food Assistance Act of 1983  
5 (Public Law 98–8; 7 U.S.C. 612c note) is amended—

6 (1) in the first sentence of subsection (a), by  
7 striking “1995” and inserting “2002”; and

8 (2) in subsection (e), by striking “1995” each  
9 place it appears and inserting “2002”.

10 **SEC. 404. SOUP KITCHENS PROGRAM.**

11 Section 110 of the Hunger Prevention Act of 1988  
12 (Public Law 100–435; 7 U.S.C. 612c note) is amended—

13 (1) in the first sentence of subsection (a), by  
14 striking “1995” and inserting “2002”; and

15 (2) in subsection (c)(2)—

16 (A) in the paragraph heading, by striking  
17 “1995” and inserting “2002”; and

18 (B) by striking “1995” each place it ap-  
19 pears and inserting “2002”.

20 **SEC. 405. NATIONAL COMMODITY PROCESSING.**

21 The first sentence of section 1114(a)(2)(A) of the Agri-  
22 culture and Food Act of 1981 (7 U.S.C. 1431e(2)(A)) is  
23 amended by striking “1995” and inserting “2002”.

1           **TITLE V—MISCELLANEOUS**  
 2           **Subtitle A—General Miscellaneous**  
 3           **Provisions**

4           **SEC. 501. FUND FOR DAIRY PRODUCERS TO PAY FOR NUTRI-**  
 5           **ENT MANAGEMENT.**

6           *Section 8c(5) of the Agricultural Adjustment Act (7*  
 7           *U.S.C. 608c(5)), reenacted with amendments by the Agri-*  
 8           *cultural Marketing Agreement Act of 1937, is amended—*

9                     *(1) in paragraph (A), by adding at the end the*  
 10           *following: “The minimum price for milk of the high-*  
 11           *est classification in any order (other than an order*  
 12           *amended under paragraph (M)) may not be higher*  
 13           *than the minimum price required under this para-*  
 14           *graph.”; and*

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

16                             *“(M) SAFE HARBOR.—*

17                                     *“(i) IN GENERAL.—Providing that*  
 18                                     *each order may be amended such that not*  
 19                                     *more than \$.10 per hundredweight of milk*  
 20                                     *of the highest use classification may be*  
 21                                     *added to the minimum applicable price to*  
 22                                     *be set aside in a fund called the ‘Safe Har-*  
 23                                     *bor Fund Account’ (referred to in this para-*  
 24                                     *graph as the ‘Account’).*

25                                     *“(ii) ADMINISTRATION.—*

1                   “(I) *MARKET ADMINISTRATOR.*—  
2                   *The Account shall be administered by*  
3                   *the Market Administrator.*

4                   “(II) *USE OF FUNDS.*—*A deter-*  
5                   *mination regarding the use of the*  
6                   *funds in the Account shall be made by*  
7                   *the Safe Harbor Committee established*  
8                   *under clause (iii).*

9                   “(iii) *SAFE HARBOR COMMITTEE.*—*The*  
10                  *Secretary shall establish a Safe Harbor*  
11                  *Committee consisting of 7 milk producers*  
12                  *appointed by the Secretary who supply milk*  
13                  *to handlers regulated under a Federal milk*  
14                  *marketing order.*

15                  “(iv) *USE OF FUNDS.*—

16                  “(I) *APPLICATIONS.*—*To be eligi-*  
17                  *ble to use amounts in the fund, a milk*  
18                  *producer who supplies milk to handlers*  
19                  *regulated under a Federal milk mar-*  
20                  *keting order shall submit an applica-*  
21                  *tion to the Safe Harbor Committee.*

22                  “(II) *APPROVAL.*—*The Safe Har-*  
23                  *bor Committee may approve only ap-*  
24                  *plications that fund conservation prac-*  
25                  *tices approved by the Secretary that*



1                   *control the off-migration of nutrients*  
2                   *from the farm.*

3                   “(III) *STATE WATER QUALITY*  
4                   *PRIORITIES.—In approving applica-*  
5                   *tions, the Safe Harbor Committee shall*  
6                   *take into account, to the extent prac-*  
7                   *ticable, the applicable State water*  
8                   *quality priorities.”.*

9   **SEC. 502. CROP INSURANCE.**

10           (a) *CATASTROPHIC RISK PROTECTION.—Section*  
11           *508(b) of the Federal Crop Insurance Act (7 U.S.C.*  
12           *1508(b)) is amended—*

13                   (1) *in paragraph (4), by adding at the end the*  
14           *following:*

15                           “(C) *DELIVERY OF COVERAGE.—*

16                                   “(i) *IN GENERAL.—In full consultation*  
17                                   *with approved insurance providers, the Sec-*  
18                                   *retary may continue to offer catastrophic*  
19                                   *risk protection in a State (or a portion of*  
20                                   *a State) through local offices of the Depart-*  
21                                   *ment if the Secretary determines that there*  
22                                   *is an insufficient number of approved in-*  
23                                   *surance providers operating in the State or*  
24                                   *portion to adequately provide catastrophic*  
25                                   *risk protection coverage to producers.*

1                   “(ii) *COVERAGE BY APPROVED INSUR-*  
2                   *ANCE PROVIDERS.*—*To the extent that cata-*  
3                   *strophic risk protection coverage by ap-*  
4                   *proved insurance providers is sufficiently*  
5                   *available in a State as determined by the*  
6                   *Secretary, only approved insurance provid-*  
7                   *ers may provide the coverage in the State.*

8                   “(iii) *CURRENT POLICIES.*—*Subject to*  
9                   *clause (ii), all catastrophic risk protection*  
10                  *policies written by local offices of the De-*  
11                  *partment shall be transferred (including all*  
12                  *fees collected for the crop year in which the*  
13                  *approved insurance provider will assume*  
14                  *the policies) to the approved insurance pro-*  
15                  *vider for performance of all sales, service,*  
16                  *and loss adjustment functions.”; and*

17                  (2) *in paragraph (7), by striking subparagraph*  
18                  *(A) and inserting the following:*

19                  “(A) *IN GENERAL.*—*Effective for the spring-*  
20                  *planted 1996 and subsequent crops, to be eligible*  
21                  *for any payment or loan under the Agricultural*  
22                  *Market Transition Act or the Agricultural Ad-*  
23                  *justment Act of 1938 (7 U.S.C. 1301 et seq.), the*  
24                  *conservation reserve program, or any benefit de-*  
25                  *scribed in section 371 of the Consolidated Farm*

1           *and Rural Development Act (7 U.S.C. 2008f), a*  
2           *person shall—*

3                     “(i) *obtain at least the catastrophic*  
4                     *level of insurance for each crop of economic*  
5                     *significance in which the person has an in-*  
6                     *terest; or*

7                     “(ii) *provide a written waiver to the*  
8                     *Secretary that waives any eligibility for*  
9                     *emergency crop loss assistance in connection*  
10                    *with the crop.”.*

11           **(b) COVERAGE OF SEED CROPS.—***Section*  
12           *519(a)(2)(B) of the Act (7 U.S.C. 1519(a)(2)(B)) is amend-*  
13           *ed by inserting “seed crops,” after “turfgrass sod,”.*

14           **(c) CROP INSURANCE PILOT PROJECT.—**

15                    **(1) COVERAGE.—***The Secretary of Agriculture*  
16                    *shall develop and administer a pilot project for crop*  
17                    *insurance coverage that indemnifies crop losses due to*  
18                    *a natural disaster such as insect infestation or dis-*  
19                    *ease.*

20                    **(2) ACTUARIAL SOUNDNESS.—***A pilot project*  
21                    *under this paragraph shall be actuarially sound, as*  
22                    *determined by the Secretary and administered at no*  
23                    *net cost to the United States Treasury.*

24                    **(3) DURATION.—***A pilot project under this para-*  
25                    *graph shall be of two years’ duration.*

1           (d) *CROP INSURANCE FOR SPECIALTY CROPS.*—Sec-  
2   tion 508(a)(6) of the Federal Crop Insurance Act (7 U.S.C.  
3   1508(a)(6)) is amended by adding at the end the following:

4                           “(D) *ADDITION OF SPECIALTY CROPS.*—Not  
5           later than 2 years after the date of enactment of  
6           this subparagraph—

7                                   “(i) the Corporation shall issue regula-  
8                                   tions to expand crop insurance coverage  
9                                   under this title to include aquaculture; and

10   “(ii) The Corporation shall conduct a  
11                                   study and limited pilot program on the fea-  
12                                   sibility of insuring nursery crops.”.

13           (e) *MARKETING WINDOWS.*—Section 508(j) of the Fed-  
14   eral Crop Insurance Act (7 U.S.C. 1508(j)) is amended by  
15   adding at the end the following:

16                           “(4) *MARKETING WINDOWS.*—The Corporation  
17           shall consider marketing windows in determining  
18           whether it is feasible to require planting during a  
19           crop year.”.

20   **SEC. 503. REVENUE INSURANCE.**

21           Section 508(h) of the Federal Crop Insurance Act (7  
22   U.S.C. 1508(h)) is amended by adding at the end the follow-  
23   ing:

24                           “(9) *REVENUE INSURANCE PILOT PROGRAM.*—

1           “(A) *IN GENERAL.*—Not later than Decem-  
2           ber 31, 1996, the Secretary shall carry out a  
3           pilot program in a limited number of counties,  
4           as determined by the Secretary, for crop years  
5           1997, 1998, 1999, and 2000, under which a pro-  
6           ducer of corn, wheat, or soybeans may elect to re-  
7           ceive insurance against loss of revenue, as deter-  
8           mined by the Secretary.

9           “(B) *ADMINISTRATION.*—Revenue insurance  
10          under this paragraph shall—

11               “(i) be offered through reinsurance ar-  
12               rangements with private insurance compa-  
13               nies;

14               “(ii) offer at least a minimum level of  
15               coverage that is an alternative to cata-  
16               strophic crop insurance;

17               “(iii) be actuarially sound; and

18               “(iv) require the payment of premiums  
19               and administrative fees by an insured pro-  
20               ducer.”.

21   **SEC. 504. COLLECTION AND USE OF AGRICULTURAL QUAR-**  
22           **ANTINE AND INSPECTION FEES.**

23           Subsection (a) of section 2509 of the Food, Agriculture,  
24   Conservation, and Trade Act of 1990 (21 U.S.C. 136a) is  
25   amended to read as follows:

1       “(a) *QUARANTINE AND INSPECTION FEES.*—

2               “(1) *FEES AUTHORIZED.*—*The Secretary of Ag-*  
3       *riculture may prescribe and collect fees sufficient—*

4                       “(A) *to cover the cost of providing agricul-*  
5       *tural quarantine and inspection services in con-*  
6       *nection with the arrival at a port in the customs*  
7       *territory of the United States, or the*  
8       *preclearance or preinspection at a site outside*  
9       *the customs territory of the United States, of an*  
10       *international passenger, commercial vessel, com-*  
11       *mercial aircraft, commercial truck, or railroad*  
12       *car;*

13                      “(B) *to cover the cost of administering this*  
14       *subsection; and*

15                      “(C) *through fiscal year 2002, to maintain*  
16       *a reasonable balance in the Agricultural Quar-*  
17       *antine Inspection User Fee Account established*  
18       *under paragraph (5).*

19               “(2) *LIMITATION.*—*In setting the fees under*  
20       *paragraph (1), the Secretary shall ensure that the*  
21       *amount of the fees are commensurate with the costs of*  
22       *agricultural quarantine and inspection services with*  
23       *respect to the class of persons or entities paying the*  
24       *fees. The costs of the services with respect to pas-*

1        *sengers as a class includes the costs of related inspec-*  
2        *tions of the aircraft or other vehicle.*

3            *“(3) STATUS OF FEES.—Fees collected under this*  
4        *subsection by any person on behalf of the Secretary*  
5        *are held in trust for the United States and shall be*  
6        *remitted to the Secretary in such manner and at such*  
7        *times as the Secretary may prescribe.*

8            *“(4) LATE PAYMENT PENALTIES.—If a person*  
9        *subject to a fee under this subsection fails to pay the*  
10       *fee when due, the Secretary shall assess a late pay-*  
11       *ment penalty, and the overdue fees shall accrue inter-*  
12       *est, as required by section 3717 of title 31, United*  
13       *States Code.*

14           *“(5) AGRICULTURAL QUARANTINE INSPECTION*  
15        *USER FEE ACCOUNT.—*

16           *“(A) ESTABLISHMENT.—There is estab-*  
17        *lished in the Treasury of the United States a no-*  
18        *year fund, to be known as the ‘Agricultural*  
19        *Quarantine Inspection User Fee Account’, which*  
20        *shall contain all of the fees collected under this*  
21        *subsection and late payment penalties and inter-*  
22        *est charges collected under paragraph (4)*  
23        *through fiscal year 2002.*

24           *“(B) USE OF ACCOUNT.—For each of the*  
25        *fiscal years 1996 through 2002, funds in the Ag-*

1           *gricultural Quarantine Inspection User Fee Ac-*  
2           *count shall be available, in such amounts as are*  
3           *provided in advance in appropriations Acts, to*  
4           *cover the costs associated with the provision of*  
5           *agricultural quarantine and inspection services*  
6           *and the administration of this subsection.*  
7           *Amounts made available under this subpara-*  
8           *graph shall be available until expended.*

9           “(C) *EXCESS FEES.—Fees and other*  
10           *amounts collected under this subsection in any of*  
11           *the fiscal years 1996 through 2002 in excess of*  
12           *\$100,000,000 shall be available for the purposes*  
13           *specified in subparagraph (B) until expended,*  
14           *without further appropriation.*

15           “(6) *USE OF AMOUNTS COLLECTED AFTER FIS-*  
16           *CAL YEAR 2002.—After September 30, 2002, the unob-*  
17           *ligated balance in the Agricultural Quarantine In-*  
18           *spection User Fee Account and fees and other*  
19           *amounts collected under this subsection shall be cred-*  
20           *ited to the Department of Agriculture accounts that*  
21           *incur the costs associated with the provision of agri-*  
22           *cultural quarantine and inspection services and the*  
23           *administration of this subsection. The fees and other*  
24           *amounts shall remain available to the Secretary until*  
25           *expended without fiscal year limitation.*



1           “(7) *STAFF YEARS.*—*The number of full-time*  
2           *equivalent positions in the Department of Agriculture*  
3           *attributable to the provision of agricultural quar-*  
4           *antine and inspection services and the administration*  
5           *of this subsection shall not be counted toward the lim-*  
6           *itation on the total number of full-time equivalent po-*  
7           *sitions in all agencies specified in section 5(b) of the*  
8           *Federal Workforce Restructuring Act of 1994 (Public*  
9           *Law 103–226; 5 U.S.C. 3101 note) or other limita-*  
10          *tion on the total number of full-time equivalent posi-*  
11          *tions.*”.

12   **SEC. 505. COMMODITY CREDIT CORPORATION INTEREST**  
13                           **RATE.**

14          *Notwithstanding any other provision of law, the*  
15          *monthly Commodity Credit Corporation interest rate appli-*  
16          *cable to loans provided for agricultural commodities by the*  
17          *Corporation shall be 100 basis points greater than the rate*  
18          *determined under the applicable interest rate formula in*  
19          *effect on October 1, 1995.*

20   **SEC. 506. EVERGLADES AGRICULTURAL AREA.**

21          *(a) IN GENERAL.*—*On July 1, 1996, out of any funds*  
22          *in the Treasury not otherwise appropriated, the Secretary*  
23          *of the Treasury shall provide \$200,000,000 to the Secretary*  
24          *of the Interior to carry out this section.*

25          *(b) ENTITLEMENT.*—*The Secretary of the Interior—*

1           (1) *shall accept the funds made available under*  
2           *subsection (a);*

3           (2) *shall be entitled to receive the funds; and*

4           (3) *shall use the funds to conduct restoration ac-*  
5           *tivities in the Everglades ecosystem, which may in-*  
6           *clude acquiring private acreage in the Everglades Ag-*  
7           *ricultural Area including approximately 52,000 acres*  
8           *that is commonly known as the “Talisman tract”.*

9           (c) *TRANSFERRING FUNDS.—The Secretary of the Inte-*  
10          *rior may transfer funds to the Army Corps of Engineers,*  
11          *the State of Florida, or the South Florida Water Manage-*  
12          *ment District to carry out subsection (b)(3).*

13          (d) *DEADLINE.—Not later than December 31, 1999, the*  
14          *Secretary of the Interior shall utilize the funds for restora-*  
15          *tion activities referred to in subsection (b)(3).*

16          **SEC. 507. FUND FOR RURAL AMERICA.**

17          (a) *IN GENERAL.—The Secretary shall create an ac-*  
18          *count called the Fund for Rural America for the purposes*  
19          *of providing funds for activities described in subsection (c).*

20          (b) *COMMODITY CREDIT CORPORATION.—In each of*  
21          *the 1996 through 1998 fiscal years, the Secretary shall*  
22          *transfer into the Fund for Rural America (hereafter referred*  
23          *to as the “Account”)—*

24                 (1) *\$50,000,000 for the 1996 fiscal year;*

25                 (2) *\$100,000,000 for the 1997 fiscal year; and*

1           (3) \$150,000,000 for the 1998 fiscal year.

2           (c) *PURPOSES.*—*Except as provided in subsection (d),*  
3 *the Secretary shall provide not more than one-third of the*  
4 *funds from the Account for activities described in para-*  
5 *graph (2).*

6           (1) *RURAL DEVELOPMENT ACTIVITIES.*—*The Sec-*  
7 *retary may use the funds in the Account for the fol-*  
8 *lowing rural development activities authorized in:*

9                   (A) *The Housing Act of 1949 for—*

10                           (i) *direct loans to low income borrow-*  
11 *ers pursuant to section 502;*

12                           (ii) *loans for financial assistance for*  
13 *housing for domestic farm laborers pursu-*  
14 *ant to section 514;*

15                           (iii) *financial assistance for housing of*  
16 *domestic farm labor pursuant to section*  
17 *516;*

18                           (iv) *grants and contracts for mutual*  
19 *and self help housing pursuant to section*  
20 *523(b)(1)(A); and*

21                           (v) *grants for Rural Housing Preserva-*  
22 *tion pursuant to section 533;*

23                   (B) *The Food Security Act of 1985 for loans*  
24 *to intermediary borrowers under the Rural De-*  
25 *velopment Loan Fund;*

1           (C) *Consolidated Farm and Rural Develop-*  
2 *ment Act for—*

3           (i) *grants for Rural Business Enter-*  
4 *prises pursuant to section 310B (c) and (j);*

5           (ii) *direct loans, loan guarantees and*  
6 *grants for water and waste water projects*  
7 *pursuant to section 306; and*

8           (iii) *down payments assistance to*  
9 *farmers, section 310E;*

10          (D) *grants for outreach to socially dis-*  
11 *advantaged farmers and ranchers pursuant to*  
12 *section 2501 of the Food, Agriculture, Conserva-*  
13 *tion, and Trade Act of 1990 (7 U.S.C. 2279);*  
14 *and*

15          (E) *grants pursuant to section 204(6) of the*  
16 *Agricultural Marketing Act of 1946.*

17          (2) *RESEARCH.—*

18           (A) *IN GENERAL.—The Secretary may use*  
19 *the funds in the Account for research grants to*  
20 *increase the competitiveness and farm profit-*  
21 *ability, protect and enhance natural resources,*  
22 *increase economic opportunities in farming and*  
23 *rural communities and expand locally owned*  
24 *value added processing and marketing oper-*  
25 *ations.*

1                   (B) *ELIGIBLE GRANTEE.*—*The Secretary*  
2                   *may make a grant under this paragraph to—*

3                               (i) *a college or university;*

4                               (ii) *a State agricultural experiment*  
5                   *station;*

6                               (iii) *a State Cooperative Extension*  
7                   *Service;*

8                               (iv) *a research institution or organiza-*  
9                   *tion;*

10                              (v) *a private organization or person;*

11                   *or*

12                              (iv) *a Federal agency.*

13                   (C) *USE OF GRANT.*—

14                              (i) *IN GENERAL.*—*A grant made under*  
15                   *this paragraph may be used by a grantee*  
16                   *for 1 or more of the following uses—*

17                                       (I) *research, ranging from discov-*  
18                   *ery to principles of application;*

19                                       (II) *extension and related private-*  
20                   *sector activities; and*

21                                       (III) *education.*

22                              (ii) *LIMITATION.*—*No grant shall be*  
23                   *made for any project, determined by the*  
24                   *Secretary, to be eligible for funding under*

1           *research and commodity promotion pro-*  
2           *grams administered by the Department.*

3           (D) *ADMINISTRATION.*—

4                 (i) *PRIORITY.*—*In administering this*  
5                 *paragraph, the Secretary shall—*

6                         (I) *establish priorities for allocat-*  
7                         *ing grants, based on needs and*  
8                         *opportunities of the food and agri-*  
9                         *culture system in the United States re-*  
10                        *lated to the goals of the paragraph;*

11                        (II) *seek and accept proposals for*  
12                        *grants;*

13                        (III) *determine the relevance and*  
14                        *merit of proposals through a system of*  
15                        *peer and stakeholder review; and*

16                        (IV) *award grants on the basis of*  
17                        *merit, quality, and relevance to ad-*  
18                        *vancing the national research and ex-*  
19                        *tension purposes.*

20                 (ii) *COMPETITIVE AWARDING.*—*A*  
21                 *grant under this paragraph shall be award-*  
22                 *ed on a competitive basis.*

23                 (iii) *TERMS.*—*A grant under this*  
24                 *paragraph shall have a term that does not*  
25                 *exceed 5 years.*

1           (iv) *MATCHING FUNDS.*—As a condi-  
2           tion of receipts under this paragraph, the  
3           Secretary shall require the funding of the  
4           grant with equal matching funds from a  
5           non-Federal source if the grant is—

6                   (I) for applied research that is  
7                   commodity-specific; and

8                   (II) not of national scope.

9           (v) *ADMINISTRATIVE COSTS.*—

10                   (I) *IN GENERAL.*—The Secretary  
11                   may use not more than 4 percent of the  
12                   funds made available under this para-  
13                   graph for administrative costs incurred  
14                   by the Secretary in carrying out this  
15                   paragraph.

16                   (II) *LIMITATION.*—Funds made  
17                   available under this paragraph shall  
18                   not be used—

19                           (aa) for the construction of a  
20                           new building or the acquisition,  
21                           expansion, remodeling, or alter-  
22                           ation of an existing building (in-  
23                           cluding site grading and improve-  
24                           ment and architect fees); or

1                    *(bb) in excess of ten percent*  
2                    *of the annual allocation for com-*  
3                    *modity-specific projects not of the*  
4                    *national scope.*

5            *(d) LIMITATIONS.—No funds from the Fund for Rural*  
6 *America may be used for an activity specified in subsection*  
7 *(c) if the current level of appropriations for the activity*  
8 *is less than 90 percent of the 1996 fiscal year appropria-*  
9 *tions for the activity adjusted for inflation.*

10    ***Subtitle B—Options Pilot Programs***  
11    ***and Risk Management Education***

12    ***SEC. 511. SHORT TITLE.***

13            *This subtitle may be cited as the “Options Pilot Pro-*  
14 *grams Act of 1996”.*

15    ***SEC. 512. PURPOSE.***

16            *The purpose of this subtitle is to authorize the Sec-*  
17 *retary of Agriculture (referred to in this subtitle as the*  
18 *“Secretary”) to—*

19            *(1) conduct research through pilot programs for*  
20            *1 or more program commodities to ascertain whether*  
21            *futures and options contracts can provide producers*  
22            *with reasonable protection from the financial risks of*  
23            *fluctuations in price, yield, and income inherent in*  
24            *the production and marketing of agricultural com-*  
25            *modities; and*



1           (2) *provide education in the management of the*  
2           *financial risks inherent in the production and mar-*  
3           *keting of agricultural commodities.*

4 **SEC. 513. PILOT PROGRAMS.**

5           (a) *IN GENERAL.*—*The Secretary is authorized to con-*  
6           *duct pilot programs for 1 or more supported commodities*  
7           *through December 31, 2002.*

8           (b) *DISTRIBUTION OF PILOT PROGRAMS.*—*The Sec-*  
9           *retary may operate a pilot program described in subsection*  
10          (i) *(referred to in this subtitle as a “pilot program”) in*  
11          *up to 100 counties for each program commodity with not*  
12          *more than 6 of those counties in any 1 State. A pilot pro-*  
13          *gram shall not be implemented in any county for more than*  
14          *3 of the 1996 through 2002 calendar years.*

15          (c) *ELIGIBLE PARTICIPANTS.*—

16                 (1) *IN GENERAL.*—*In carrying out a pilot pro-*  
17                 *gram, the Secretary may contract with a producer*  
18                 *who—*

19                         (A) *is eligible to participate in a price sup-*  
20                         *port program for a supported commodity;*

21                         (B) *desires to participate in a pilot pro-*  
22                         *gram; and*

23                         (C) *is located in an area selected for a pilot*  
24                         *program.*

1           (2) *CONTRACTS.*—*Each contract under para-*  
2           *graph (1) shall set forth the terms and conditions for*  
3           *participation in a pilot program.*

4           (d) *ELIGIBLE MARKETS.*—*Trades for futures and op-*  
5           *tions contracts under a pilot program shall be carried out*  
6           *on commodity futures and options markets designated as*  
7           *contract markets under the Commodity Exchange Act (7*  
8           *U.S.C. 1 et seq.)*

9           **SEC. 514. TERMS AND CONDITIONS.**

10          (a) *IN GENERAL.*—*To be eligible to participate in any*  
11          *pilot program for any commodity conducted under this sub-*  
12          *title, a producer shall meet the eligibility requirements es-*  
13          *tablished under this subtitle (including regulations issued*  
14          *under this subtitle).*

15          (b) *RECORDKEEPING.*—*Producers shall compile, main-*  
16          *tain, and submit (or authorize the compilation, mainte-*  
17          *nance, and submission) of such documentation as the regu-*  
18          *lations governing any pilot program require.*

19          **SEC. 515. NOTICE.**

20          (a) *ALTERNATIVE PROGRAMS.*—*Pilot programs shall*  
21          *be alternatives to other related programs of the Department*  
22          *of Agriculture.*

23          (b) *NOTICE TO PRODUCERS.*—*The Secretary shall pro-*  
24          *vide notice to each producer participating in a pilot pro-*  
25          *gram that—*

1           (1) *the participation of the producer in a pilot*  
2           *program is voluntary; and*

3           (2) *neither the United States, the Commodity*  
4           *Credit Corporation, the Federal Crop Insurance Cor-*  
5           *poration, the Department of Agriculture, nor any*  
6           *other Federal agency is authorized to guarantee that*  
7           *participants in the pilot program will be better or*  
8           *worse off financially as a result of participation in*  
9           *a pilot program than the producer would have been*  
10          *if the producer had not participated in a pilot pro-*  
11          *gram.*

12   **SEC. 516. COMMODITY CREDIT CORPORATION.**

13          (a) *IN GENERAL.*—*Pilot programs established under*  
14          *this subtitle shall be funded by and carried out through the*  
15          *Commodity Credit Corporation.*

16          (b) *LIMITATION.*—*In conducting the programs, the*  
17          *Secretary shall, to the maximum extent practicable, operate*  
18          *the pilot programs in a budget neutral manner.*

19   **SEC. 517. RISK MANAGEMENT EDUCATION.**

20          *The Secretary shall provide such education in manage-*  
21          *ment of the financial risks inherent in the production and*  
22          *marketing of agricultural commodities as the Secretary con-*  
23          *siders appropriate.*

1 ***Subtitle C—Commercial Transportation of Equine for Slaughter***  
2

3 ***SEC. 521. FINDINGS.***

4 *Congress finds that, to ensure that equine sold for*  
5 *slaughter are provided humane treatment and care, it is*  
6 *essential to regulate the transportation, care, handling, and*  
7 *treatment of equine by any person engaged in the commer-*  
8 *cial transportation of equine for slaughter.*

9 ***SEC. 522. DEFINITIONS.***

10 *In this subtitle:*

11 (1) *COMMERCE.*—*The term “commerce” means*  
12 *trade, traffic, transportation, or other commerce by a*  
13 *person—*

14 (A) *between any State, territory, or posses-*  
15 *sion of the United States, or the District of Co-*  
16 *lumbia, and any place outside thereof;*

17 (B) *between points within the same State,*  
18 *territory, or possession of the United States, or*  
19 *the District of Columbia, but through any place*  
20 *outside thereof; or*

21 (C) *within any territory or possession of the*  
22 *United States or the District of Columbia.*

23 (2) *DEPARTMENT.*—*The term “Department”*  
24 *means the United States Department of Agriculture.*

1           (3) *EQUINE*.—The term “equine” means any  
2           member of the *Equidae* family.

3           (4) *EQUINE FOR SLAUGHTER*.—The term  
4           “equine for slaughter” means any equine that is  
5           transported, or intended to be transported, by vehicle  
6           to a slaughter facility or intermediate handler from  
7           a sale, auction, or intermediate handler by a person  
8           engaged in the business of transporting equine for  
9           slaughter.

10          (5) *FOAL*.—The term “foal” means an equine  
11          that is not more than 6 months of age.

12          (6) *INTERMEDIATE HANDLER*.—The term “inter-  
13          mediate handler” means any person regularly en-  
14          gaged in the business of receiving custody of equine  
15          for slaughter in connection with the transport of the  
16          equine to a slaughter facility, including a stockyard,  
17          feedlot, or assembly point.

18          (7) *PERSON*.—The term “person” means any in-  
19          dividual, partnership, firm, company, corporation, or  
20          association that regularly transports equine for  
21          slaughter in commerce, except that the term shall not  
22          include an individual or other entity that does not  
23          transport equine for slaughter on a regular basis as  
24          part of a commercial enterprise.

1           (8) *SECRETARY.*—*The term “Secretary” means*  
2           *the Secretary of Agriculture.*

3           (9) *VEHICLE.*—*The term “vehicle” means any*  
4           *machine, truck, tractor, trailer, or semitrailer, or any*  
5           *combination thereof, propelled or drawn by mechani-*  
6           *cal power and used on a highway in the commercial*  
7           *transportation of equine for slaughter.*

8           (10) *STALLION.*—*The term “stallion” means any*  
9           *uncastrated male equine that is 1 year of age or older.*

10   ***SEC. 523. STANDARDS FOR HUMANE COMMERCIAL TRANS-***  
11                                   ***PORTATION OF EQUINE FOR SLAUGHTER.***

12           (a) *IN GENERAL.*—*Subject to the availability of appro-*  
13           *priations, not later than 1 year after the date of enactment*  
14           *of this subtitle, the Secretary shall issue, by regulation,*  
15           *standards for the humane commercial transportation by ve-*  
16           *hicle of equine for slaughter.*

17           (b) *PROHIBITION.*—*No person engaged in the regular*  
18           *business of transporting equine by vehicle for slaughter as*  
19           *part of a commercial enterprise shall transport in com-*  
20           *merce, to a slaughter facility or intermediate handler, an*  
21           *equine for slaughter except in accordance with the stand-*  
22           *ards and this subtitle.*

23           (c) *MINIMUM REQUIREMENTS.*—*The standards shall*  
24           *include minimum requirements for the humane handling,*  
25           *care, treatment, and equipment necessary to ensure the safe*

1 *and humane transportation of equine for slaughter. The*  
2 *standards shall require, at a minimum, that—*

3           (1) *no equine for slaughter shall be transported*  
4 *for more than 24 hours without being unloaded from*  
5 *the vehicle and allowed to rest for at least 8 consecu-*  
6 *tive hours and given access to adequate quantities of*  
7 *wholesome food and potable water;*

8           (2) *a vehicle shall provide adequate headroom for*  
9 *an equine for slaughter with a minimum of at least*  
10 *6 feet, 6 inches of headroom from the roof and beams*  
11 *or other structural members overhead to floor*  
12 *underfoot, except that a vehicle transporting 6 equine*  
13 *or less shall provide a minimum of at least 6 feet of*  
14 *headroom from the roof and beams or other structural*  
15 *members overhead to floor underfoot if none of the*  
16 *equine are over 16 hands;*

17           (3) *the interior of a vehicle shall—*

18                   (A) *be free of protrusions, sharp edges, and*  
19 *harmful objects;*

20                   (B) *have ramps and floors that are ade-*  
21 *quately covered with a nonskid nonmetallic sur-*  
22 *face; and*

23                   (C) *be maintained in a sanitary condition;*

24           (4) *a vehicle shall—*

1           (A) provide adequate ventilation and shelter  
2           from extremes of weather and temperature for all  
3           equine;

4           (B) be of appropriate size, height, and inte-  
5           rior design for the number of equine being car-  
6           ried to prevent overcrowding; and

7           (C) be equipped with doors and ramps of  
8           sufficient size and location to provide for safe  
9           loading and unloading, including unloading  
10          during emergencies;

11          (5)(A) equine shall be positioned in the vehicle  
12          by size; and

13          (B) stallions shall be segregated from other  
14          equine;

15          (6)(A) all equine for slaughter must be fit to  
16          travel as determined by an accredited veterinarian,  
17          who shall prepare a certificate of inspection, prior to  
18          loading for transport, that—

19                  (i) states that the equine were inspected and  
20                  satisfied the requirements of subparagraph (B);

21                  (ii) includes a clear description of each  
22                  equine; and

23                  (iii) is valid for 7 days;

24          (B) no equine shall be transported to slaughter  
25          if the equine is found to be—



1           (i) suffering from a broken or dislocated  
2 limb;

3           (ii) unable to bear weight on all 4 limbs;

4           (iii) blind in both eyes; or

5           (iv) obviously suffering from severe illness,  
6 injury, lameness, or physical debilitation that  
7 would make the equine unable to withstand the  
8 stress of transportation;

9           (C) no foal may be transported for slaughter;

10          (D) no mare in foal that exhibits signs of im-  
11 pending parturition may be transported for slaughter;  
12 and

13          (E) no equine for slaughter shall be accepted by  
14 a slaughter facility unless the equine is—

15           (i) inspected on arrival by an employee of  
16 the slaughter facility or an employee of the De-  
17 partment; and

18           (ii) accompanied by a certificate of inspec-  
19 tion issued by an accredited veterinarian, not  
20 more than 7 days before the delivery, stating that  
21 the veterinarian inspected the equine on a speci-  
22 fied date.

23 **SEC. 524. RECORDS.**

24          (a) *IN GENERAL.*—A person engaged in the business  
25 of transporting equine for slaughter shall establish and

1 *maintain such records, make such reports, and provide such*  
2 *information as the Secretary may, by regulation, require*  
3 *for the purposes of carrying out, or determining compliance*  
4 *with, this subtitle.*

5 (b) *MINIMUM REQUIREMENTS.—The records shall in-*  
6 *clude, at a minimum—*

7 (1) *the veterinary certificate of inspection;*

8 (2) *the names and addresses of current owners*  
9 *and consignors, if applicable, of the equine at the*  
10 *time of sale or consignment to slaughter; and*

11 (3) *the bill of sale or other documentation of sale*  
12 *for each equine.*

13 (c) *AVAILABILITY.—The records shall—*

14 (1) *accompany the equine during transport to*  
15 *slaughter;*

16 (2) *be retained by any person engaged in the*  
17 *business of transporting equine for slaughter for a*  
18 *reasonable period of time, as determined by the Sec-*  
19 *retary, except that the veterinary certificate of inspec-*  
20 *tion shall be surrendered at the slaughter facility to*  
21 *an employee or designee of the Department and kept*  
22 *by the Department for a reasonable period of time, as*  
23 *determined by the Secretary; and*

24 (3) *on request of an officer or employee of the*  
25 *Department, be made available at all reasonable*

1        *times for inspection and copying by the officer or em-*  
2        *ployee.*

3        **SEC. 525. AGENTS.**

4        *(a) IN GENERAL.—For purposes of this subtitle, the*  
5        *act, omission, or failure of an individual acting for or em-*  
6        *ployed by a person engaged in the business of transporting*  
7        *equine for slaughter, within the scope of the employment*  
8        *or office of the individual, shall be considered the act, omis-*  
9        *sion, or failure of the person engaging in the commercial*  
10       *transportation of equine for slaughter as well as of the indi-*  
11       *vidual.*

12       *(b) ASSISTANCE.—If an equine suffers a substantial*  
13       *injury or illness while being transported for slaughter on*  
14       *a vehicle, the driver of the vehicle shall seek prompt assist-*  
15       *ance from a licensed veterinarian.*

16       **SEC. 526. COOPERATIVE AGREEMENTS.**

17       *The Secretary is authorized to cooperate with States,*  
18       *political subdivisions of States, State agencies (including*  
19       *State departments of agriculture and State law enforcement*  
20       *agencies), and foreign governments to carry out and enforce*  
21       *this subtitle (including regulations issued under this sub-*  
22       *title).*

23       **SEC. 527. INVESTIGATIONS AND INSPECTIONS.**

24       *(a) IN GENERAL.—The Secretary is authorized to con-*  
25       *duct such investigations or inspections as the Secretary con-*

1 *siders necessary to enforce this subtitle (including any regu-*  
2 *lation issued under this subtitle).*

3 (b) *ACCESS.*—*For the purposes of conducting an inves-*  
4 *tigation or inspection under subsection (a), the Secretary*  
5 *shall, at all reasonable times, have access to—*

6 (1) *the place of business of any person engaged*  
7 *in the business of transporting equine for slaughter;*

8 (2) *the facilities and vehicles used to transport*  
9 *the equine; and*

10 (3) *records required to be maintained under sec-*  
11 *tion 834.*

12 (c) *ASSISTANCE TO OR DESTRUCTION OF EQUINE.*—  
13 *The Secretary shall issue such regulations as the Secretary*  
14 *considers necessary to permit employees or agents of the De-*  
15 *partment to—*

16 (1) *provide assistance to any equine that is cov-*  
17 *ered by this subtitle (including any regulation issued*  
18 *under this subtitle); or*

19 (2) *destroy, in a humane manner, any such*  
20 *equine found to be suffering.*

21 ***SEC. 528. INTERFERENCE WITH ENFORCEMENT.***

22 (a) *IN GENERAL.*—*Subject to subsection (b), a person*  
23 *who forcibly assaults, resists, opposes, impedes, intimidates,*  
24 *or interferes with any person while engaged in or on ac-*  
25 *count of the performance of an official duty of the person*

1 *under this subtitle shall be fined not more than \$5,000 or*  
2 *imprisoned not more than 3 years, or both.*

3 (b) *WEAPONS.—If the person uses a deadly or dan-*  
4 *gerous weapon in connection with an action described in*  
5 *subsection (a), the person shall be fined not more than*  
6 *\$10,000 or imprisoned not more than 10 years, or both.*

7 ***SEC. 529. JURISDICTION OF COURTS.***

8 *Except as provided in section 840(a)(5), a district*  
9 *court of the United States in any appropriate judicial dis-*  
10 *trict under section 1391 of title 28, United States Code,*  
11 *shall have jurisdiction to specifically enforce this subtitle,*  
12 *to prevent and restrain a violation of this subtitle, and to*  
13 *otherwise enforce this subtitle.*

14 ***SEC. 530. CIVIL AND CRIMINAL PENALTIES.***

15 (a) *CIVIL PENALTIES.—*

16 (1) *IN GENERAL.—A person who violates this*  
17 *subtitle (including a regulation or standard issued*  
18 *under this subtitle) shall be assessed a civil penalty*  
19 *by the Secretary of not more than \$2,000 for each vio-*  
20 *lation.*

21 (2) *SEPARATE OFFENSES.—Each equine trans-*  
22 *ported in violation of this subtitle shall constitute a*  
23 *separate offense. Each violation and each day during*  
24 *which a violation continues shall constitute a sepa-*  
25 *rate offense.*

1           (3) *HEARINGS.*—No penalty shall be assessed  
2           under this subsection unless the person who is alleged  
3           to have violated this subtitle is given notice and op-  
4           portunity for a hearing with respect to an alleged vio-  
5           lation.

6           (4) *FINAL ORDER.*—An order of the Secretary  
7           assessing a penalty under this subsection shall be  
8           final and conclusive unless the aggrieved person files  
9           an appeal from the order pursuant to paragraph (5).

10          (5) *APPEALS.*—Not later than 30 days after  
11          entry of a final order of the Secretary issued pursu-  
12          ant to this subsection, a person aggrieved by the order  
13          may seek review of the order in the appropriate Unit-  
14          ed States Court of Appeals. The Court shall have ex-  
15          clusive jurisdiction to enjoin, set aside, suspend (in  
16          whole or in part), or to determine the validity of the  
17          order.

18          (6) *NONPAYMENT OF PENALTY.*—On a failure to  
19          pay the penalty assessed by a final order under this  
20          section, the Secretary shall request the Attorney Gen-  
21          eral to institute a civil action in a district court of  
22          the United States or other United States court for  
23          any district in which the person is found, resides, or  
24          transacts business, to collect the penalty. The court  
25          shall have jurisdiction to hear and decide the action.

1       (b) *CRIMINAL PENALTIES.*—

2           (1) *FIRST OFFENSE.*—Subject to paragraph (2),  
3       a person who knowingly violates this subtitle (or a  
4       regulation or standard issued under this subtitle)  
5       shall, on conviction of the violation, be subject to im-  
6       prisonment for not more than 1 year or a fine of not  
7       more than \$2,000, or both.

8           (2) *SUBSEQUENT OFFENSES.*—On conviction of  
9       a second or subsequent offense described in paragraph  
10      (1), a person shall be subject to imprisonment for not  
11      more than 3 years or to a fine of not more than  
12      \$5,000, or both.

13   ***SEC. 531. PAYMENTS FOR TEMPORARY OR MEDICAL ASSIST-***  
14                                   ***ANCE FOR EQUINE DUE TO VIOLATIONS.***

15      *From sums received as penalties, fines, or forfeitures*  
16      *of property for any violation of this subtitle (including a*  
17      *regulation issued under this subtitle), the Secretary shall*  
18      *pay the reasonable and necessary costs incurred by any per-*  
19      *son in providing temporary care or medical assistance for*  
20      *any equine that needs the care or assistance due to a viola-*  
21      *tion of this subtitle.*

22   ***SEC. 532. RELATIONSHIP TO STATE LAW.***

23      *Nothing in this subtitle prevents a State from enacting*  
24      *or enforcing any law (including a regulation) that is not*

1 *inconsistent with this subtitle or that is more restrictive*  
2 *than this subtitle.*

3 **SEC. 533. AUTHORIZATION OF APPROPRIATIONS.**

4 (a) *IN GENERAL.*—*There are authorized to be appro-*  
5 *priated for each fiscal year such sums as are necessary to*  
6 *carry out this subtitle.*

7 (b) *LIMITATION.*—*No provision of this subtitle shall be*  
8 *effective, or be enforced against any person, during a fiscal*  
9 *year unless funds to carry out this subtitle have been appro-*  
10 *priated for the fiscal year.*

11 ***Subtitle D—Miscellaneous***

12 **SEC. 541. LIVESTOCK DEALER TRUST.**

13 *Title III of the Packers and Stockyards Act, 1921 (7*  
14 *U.S.C. 201 et seq.), is amended by adding at the end the*  
15 *following:*

16 **“SEC. 318. LIVESTOCK DEALER TRUST.**

17 *“(a) FINDINGS.*—*Congress finds that—*

18 *“(1) a burden on and obstruction to commerce in*  
19 *livestock is caused by financing arrangements under*  
20 *which dealers and market agencies purchasing live-*  
21 *stock on commission encumber, give lenders security*  
22 *interests in, or have liens placed on livestock pur-*  
23 *chased by the dealers and market agencies in cash*  
24 *sales, or on receivables from or proceeds of such sales,*  
25 *when payment is not made for the livestock; and*



1           “(2) *the carrying out of such arrangements is*  
2           *contrary to the public interest.*

3           “(b) *PURPOSE.—The purpose of this section is to rem-*  
4           *edy the burden on and obstruction to commerce in livestock*  
5           *described in paragraph (1) and protect the public interest.*

6           “(c) *DEFINITIONS.—In this section:*

7           “(1) *CASH SALE.—The term ‘cash sale’ means a*  
8           *sale in which the seller does not expressly extend cred-*  
9           *it to the buyer.*

10           “(2) *TRUST.—The term ‘trust’ means 1 or more*  
11           *assets of a buyer that (subsequent to a cash sale of*  
12           *livestock) constitutes the corpus of a trust held for the*  
13           *benefit of a seller and consists of—*

14           “(A) *account receivables and proceeds*  
15           *earned from the cash sale of livestock by a dealer;*

16           “(B) *account receivables and proceeds of a*  
17           *marketing agency earned on commission from*  
18           *the cash sale of livestock;*

19           “(C) *the inventory of the dealer or market-*  
20           *ing agency; or*

21           “(D) *livestock involved in the cash sale, if*  
22           *the seller has not received payment in full for the*  
23           *livestock and a bona fide third-party purchaser*  
24           *has not purchased the livestock from the dealer*  
25           *or marketing agency.*

1       “(d) *HOLDING IN TRUST.*—

2               “(1) *IN GENERAL.*—*The account receivables and*  
3       *proceeds generated in a cash sale made by a dealer*  
4       *or a market agency on commission and the inventory*  
5       *of the dealer or market agency shall be held by the*  
6       *dealer or market agency in trust for the benefit of the*  
7       *seller of the livestock until the seller receives payment*  
8       *in full for the livestock.*

9               “(2) *EXEMPTION.*—*Paragraph (1) does not*  
10       *apply in the case of a cash sale made by a dealer or*  
11       *market agency if the total amount of cash sales made*  
12       *by the dealer or market agency during the preceding*  
13       *12 months does not exceed \$250,000.*

14              “(3) *DISHONOR OF INSTRUMENT OF PAYMENT.*—  
15       *A payment in a sale described in paragraph (1) shall*  
16       *not be considered to be made if the instrument by*  
17       *which payment is made is dishonored.*

18              “(4) *LOSS OF BENEFIT OF TRUST.*—*If an instru-*  
19       *ment by which payment is made in a sale described*  
20       *in paragraph (1) is dishonored, the seller shall lose*  
21       *the benefit of the trust under paragraph (1) on the*  
22       *earlier of—*

23                       “(A) *the date that is 15 business days after*  
24                       *date on which the seller receives notice of the dis-*  
25                       *honor; or*

1           “(B) the date that is 30 days after the final  
2           date for making payment under section 409,  
3           unless the seller gives written notice to the dealer or  
4           market agency of the seller’s intention to preserve the  
5           trust and submits a copy of the notice to the Sec-  
6           retary.

7           “(5) *RIGHTS OF THIRD-PARTY PURCHASER.*—  
8           The trust established under paragraph (1) shall have  
9           no effect on the rights of a bona fide third-party pur-  
10          chaser of the livestock, without regard to whether the  
11          livestock are delivered to the bona fide purchaser.

12          “(e) *JURISDICTION.*—The district courts of the United  
13          States shall have jurisdiction in a civil action—

14                 “(1) by the beneficiary of a trust described in  
15                 subsection (c)(1), to enforce payment of the amount  
16                 held in trust; and

17                 “(2) by the Secretary, to prevent and restrain  
18                 dissipation of a trust described in subsection (c)(1).”.

19          **SEC. 542. PLANTING OF ENERGY CROPS.**

20          (a) *FEED GRAINS.*—The first sentence of section  
21          105B(c)(1)(F)(i) of the Agricultural Act of 1949 (7 U.S.C.  
22          1444f(c)(1)(F)(i)) is amended by inserting “herbaceous pe-  
23          rennial grass, short rotation woody coppice species of trees,  
24          other energy crops designated by the Secretary with high  
25          energy content,” after “mung beans,”.

1       (b) *WHEAT.*—*The first sentence of section*  
2 *107B(c)(1)(F)(i) of the Agricultural Act of 1949 (7 U.S.C.*  
3 *1445b–3a(c)(1)(F)(i)) is amended by inserting “herbaceous*  
4 *perennial grass, short rotation woody coppice species of*  
5 *trees, other energy crops designated by the Secretary with*  
6 *high energy content,” after “mung beans.”*

7       ***SEC. 543. REIMBURSABLE AGREEMENTS.***

8       *Section 737 of Public Law 102–142 (7 U.S.C. 2277)*  
9 *is amended—*

10               (1) *by striking “SEC. 737. Funds” and inserting*  
11 *the following:*

12       ***“SEC. 737. SERVICES FOR APHIS PERFORMED OUTSIDE THE***  
13               ***UNITED STATES.***

14               ***“(a) IN GENERAL.—Funds”;*** *and*

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

16               ***“(b) REIMBURSABLE AGREEMENTS.—***

17               ***“(1) IN GENERAL.—The Secretary of Agriculture***  
18 *may enter into reimbursable fee agreements with per-*  
19 *sons for preclearance at locations outside the United*  
20 *States of plants, plant products, animals, and articles*  
21 *for movement to the United States.*

22               ***“(2) OVERTIME, NIGHT, AND HOLIDAY WORK.—***  
23 *Notwithstanding any other law, the Secretary of Agri-*  
24 *culture may pay an employee of the Department of*  
25 *Agriculture performing services relating to imports*

1       *into and exports from the United States for overtime,*  
2       *night, and holiday work performed by the employee at*  
3       *a rate of pay established by the Secretary.*

4               “(3) *REIMBURSEMENT.*—

5                       “(A) *IN GENERAL.*—*The Secretary of Agri-*  
6                       *culture may require persons for whom*  
7                       *preclearance services are performed to reimburse*  
8                       *the Secretary for any amounts paid by the Sec-*  
9                       *retary for performance of the services.*

10                      “(B) *CREDITING OF FUNDS.*—*All funds col-*  
11                      *lected under subparagraph (A) shall be credited*  
12                      *to the account that incurs the costs and shall re-*  
13                      *main available until expended without fiscal*  
14                      *year limitation.*

15                      “(C) *LATE PAYMENT PENALTY.*—

16                               “(i) *IN GENERAL.*—*On failure of a*  
17                               *person to reimburse the Secretary of Agri-*  
18                               *culture for the costs of performance of*  
19                               *preclearance services—*

20                                       “(I) *the Secretary may assess a*  
21                                       *late payment penalty; and*

22                                       “(II) *the overdue funds shall ac-*  
23                                       *cruer interest in accordance with sec-*  
24                                       *tion 3717 of title 31, United States*  
25                                       *Code.*

1                   “(ii) *CREDITING OF FUNDS.*—Any late  
2                   *payment penalty and any accrued interest*  
3                   *collected under this subparagraph shall be*  
4                   *credited to the account that incurs the costs*  
5                   *and shall remain available until expended*  
6                   *without fiscal year limitation.”.*

7   **SEC. 544. SWINE HEALTH PROTECTION.**

8           (a) *TERMINATION OF STATE PRIMARY ENFORCEMENT*  
9   *RESPONSIBILITY.*—Section 10 of the Swine Health Protec-  
10 *tion Act (7 U.S.C. 3809) is amended—*

11           (1) *by redesignating subsection (c) as subsection*  
12           *(d); and*

13           (2) *by inserting after subsection (b) the follow-*  
14           *ing:*

15           “(c) *REQUEST OF STATE OFFICIAL.*—

16           “(1) *IN GENERAL.*—On request of the Governor  
17           *or other appropriate official of a State, the Secretary*  
18           *may terminate, effective as soon as the Secretary de-*  
19           *termines is practicable, the primary enforcement re-*  
20           *ponsibility of a State under subsection (a). In termi-*  
21           *nating the primary enforcement responsibility under*  
22           *this subsection, the Secretary shall work with the ap-*  
23           *propriate State official to determine the level of sup-*  
24           *port to be provided to the Secretary by the State*  
25           *under this Act.*

1           “(2) *REASSUMPTION*.—Nothing in this sub-  
2           section shall prevent a State from reassuming pri-  
3           mary enforcement responsibility if the Secretary de-  
4           termines that the State meets the requirements of sub-  
5           section (a).”.

6           (b) *ADVISORY COMMITTEE*.—The Swine Health Pro-  
7           tection Act is amended—

8           (1) by striking section 11 (7 U.S.C. 3810); and

9           (2) by redesignating sections 12, 13, and 14 (7  
10          U.S.C. 3811, 3812, and 3813) as sections 11, 12, and  
11          13, respectively.

12   **SEC. 545. COOPERATIVE WORK FOR PROTECTION, MANAGE-**  
13                           **MENT, AND IMPROVEMENT OF NATIONAL**  
14                           **FOREST SYSTEM.**

15          The penultimate paragraph of the matter under the  
16          heading “FOREST SERVICE.” of the first section of the  
17          Act of June 30, 1914 (38 Stat. 430, chapter 131; 16 U.S.C.  
18          498), is amended—

19           (1) by inserting “, management,” after “the pro-  
20          tection”;

21           (2) by striking “national forests,” and inserting  
22          “National Forest System,”;

23           (3) by inserting “management,” after “protec-  
24          tion,” both places it appears; and

1           (4) by adding at the end the following new sen-  
2           tences: “Payment for work undertaken pursuant to  
3           this paragraph may be made from any appropriation  
4           of the Forest Service that is available for similar  
5           work if a written agreement so provides and reim-  
6           bursement will be provided by a cooperator in the  
7           same fiscal year as the expenditure by the Forest  
8           Service. A reimbursement received from a cooperator  
9           that covers the proportionate share of the cooperator  
10          of the cost of the work shall be deposited to the credit  
11          of the appropriation of the Forest Service from which  
12          the payment was initially made or, if the appropria-  
13          tion is no longer available to the credit of an appropria-  
14          tion of the Forest Service that is available for  
15          similar work. The Secretary of Agriculture shall es-  
16          tablish written rules that establish criteria to be used  
17          to determine whether the acceptance of contributions  
18          of money under this paragraph would adversely affect  
19          the ability of an officer or employee of the United  
20          States Department of Agriculture to carry out a duty  
21          or program of the officer or employee in a fair and  
22          objective manner or would compromise, or appear to  
23          compromise, the integrity of the program, officer, or  
24          employee. The Secretary of Agriculture shall establish





1 *penalty, the Secretary of Agriculture shall take into account*  
2 *the nature, circumstances, extent, and gravity of the viola-*  
3 *tion, the ability of the violator to pay the penalty, the effect*  
4 *that the assessment would have on the ability of the violator*  
5 *to continue to do business, any history of such violations*  
6 *by the violator, the degree of culpability of the violator, and*  
7 *such other matters as justice may require. An order assess-*  
8 *ing a civil penalty shall be treated as a final order*  
9 *reviewable under chapter 158 of title 28, United State's*  
10 *Code. The Secretary of Agriculture may compromise, mod-*  
11 *ify, or remit a civil penalty with or without conditions.*  
12 *The amount of a civil penalty that is paid (including any*  
13 *amount agreed on in compromise) may be deducted from*  
14 *any sums owing by the United States to the violator. The*  
15 *total amount of civil penalties assessed against a violator*  
16 *shall not exceed \$300,000 for all such violations adjudicated*  
17 *in a single proceeding. The validity of an order assessing*  
18 *a civil penalty shall not be subject to review in an action*  
19 *to collect the civil penalty. The unpaid amount of a civil*  
20 *penalty not paid in full when due shall accrue interest at*  
21 *the rate of interest applicable to civil judgments of the*  
22 *courts of the United States.”.*

1 **SEC. 547. OVERSEAS TORT CLAIMS.**

2 *Title VII of Public Law 102-142 (105 Stat. 911) is*  
3 *amended by inserting after section 737 (7 U.S.C. 2277) the*  
4 *following:*

5 **“SEC. 737A. OVERSEAS TORT CLAIMS.**

6 *“The Secretary of Agriculture may pay a tort claim*  
7 *in the manner authorized in section 2672 of title 28, United*  
8 *States Code, if the claim arises outside the United States*  
9 *in connection with activities of individuals who are per-*  
10 *forming services for the Secretary. A claim may not be al-*  
11 *lowed under this section unless the claim is presented in*  
12 *writing to the Secretary within 2 years after the date on*  
13 *which the claim accrues.”.*

14 **SEC. 548. GRADUATE SCHOOL OF THE UNITED STATES DE-**  
15 **PARTMENT OF AGRICULTURE.**

16 (a) *PURPOSE.—The purpose of this section is to au-*  
17 *thorize the continued operation of the Graduate School as*  
18 *a nonappropriated fund instrumentality of the Department*  
19 *of Agriculture.*

20 (b) *DEFINITIONS.—In this section:*

21 (1) *BOARD.—The term “Board” means the Gen-*  
22 *eral Administration Board of the Graduate School.*

23 (2) *DEPARTMENT.—The term “Department”*  
24 *means the Department of Agriculture.*

25 (3) *DIRECTOR.—The term “Director” means the*  
26 *Director of the Graduate School.*

1           (4) *GRADUATE SCHOOL.*—*The term “Graduate*  
2 *School” means the Graduate School of the United*  
3 *States Department of Agriculture.*

4           (5) *SECRETARY.*—*The term “Secretary” means*  
5 *the Secretary of Agriculture.*

6           (c) *FUNCTIONS AND AUTHORITY.*—

7           (1) *IN GENERAL.*—*The Graduate School shall*  
8 *continue as a nonappropriated fund instrumentality*  
9 *of the Department under the general supervision of*  
10 *the Secretary.*

11           (2) *ACTIVITIES.*—*The Graduate School shall de-*  
12 *velop and administer education, training, and profes-*  
13 *sional development activities, including the provision*  
14 *of educational activities for Federal agencies, Federal*  
15 *employees, nonprofit organizations, other entities, and*  
16 *members of the general public.*

17           (3) *FEEES.*—

18           (A) *IN GENERAL.*—*The Graduate School*  
19 *may charge and retain fair and reasonable fees*  
20 *for the activities that it provides based on the*  
21 *cost of the activities to the Graduate School.*

22           (B) *NOT FEDERAL FUNDS.*—*Fees under sub-*  
23 *paragraph (A) shall not be considered to be Fed-*  
24 *eral funds and shall not required to be deposited*  
25 *in the Treasury of the United States.*

1           (4) *NAME.*—*The Graduate School shall operate*  
2 *under the name “United States Department of Agri-*  
3 *culture Graduate School” or such other name as the*  
4 *Graduate School may adopt.*

5           (d) *GENERAL ADMINISTRATION BOARD.*—

6           (1) *APPOINTMENT.*—*The Secretary shall appoint*  
7 *a General Administration Board to serve as a govern-*  
8 *ing board subject to regulation by the Secretary.*

9           (2) *SUPERVISION.*—*The Graduate School shall be*  
10 *subject to the supervision and direction of the Board.*

11           (3) *DUTIES.*—*The Board shall—*

12           (A) *formulate broad policies in accordance*  
13 *with which the Graduate School shall be admin-*  
14 *istered;*

15           (B) *take all steps necessary to see that the*  
16 *highest possible educational standards are main-*  
17 *tained;*

18           (C) *exercise general supervision over the ad-*  
19 *ministration of the Graduate School; and*

20           (D) *establish such bylaws, rules, and proce-*  
21 *dures as may be necessary for the fulfillment of*  
22 *the duties described in subparagraph (A), (B),*  
23 *and (C).*

24           (4) *DIRECTOR AND OTHER OFFICERS.*—*The*  
25 *Board shall select the Director and such other officers*

1       *as the Board may consider necessary, who shall serve*  
2       *on such terms and perform such duties as the Board*  
3       *may prescribe.*

4           (5) *BORROWING.*—*The Board may authorize the*  
5       *Director to borrow money on the credit of the Grad-*  
6       *uate School.*

7       (e) *DIRECTOR OF THE GRADUATE SCHOOL.*—

8           (1) *DUTIES.*—*The Director shall be responsible,*  
9       *subject to the supervision and direction of the Board,*  
10      *for carrying out the functions of the Graduate School.*

11          (2) *INVESTMENT OF FUNDS.*—*The Board may*  
12      *authorize the Director to invest funds held in excess*  
13      *of the current operating requirements of the Graduate*  
14      *School for purposes of maintaining a reasonable re-*  
15      *serve.*

16       (f) *LIABILITY.*—*The Director and the members of the*  
17      *Board shall not be held personally liable for any loss or*  
18      *damage that may accrue to the funds of the Graduate*  
19      *School as the result of any act or exercise of discretion per-*  
20      *formed in carrying out the duties described in this section.*

21       (g) *EMPLOYEES.*—*Employees of the Graduate School*  
22      *are employees of a nonappropriated fund instrumentality*  
23      *and shall not be considered to be Federal employees.*

1       (h) *NOT A FEDERAL AGENCY.*—*The Graduate School*  
2 *shall not be considered to be a Federal Agency for purposes*  
3 *of—*

4           (1) *chapter 171 of title 28, United States Code;*

5           (2) *section 552 or 552a of title 28, United States*  
6 *Code; or*

7           (3) *the Federal Advisory Committee Act (5*  
8 *U.S.C. App.).*

9       (i) *ACCEPTANCE OF DONATIONS.*—*The Graduate*  
10 *School shall not accept a donation from a person that is*  
11 *actively engaged in a procurement activity with the Grad-*  
12 *uate School or has an interest that may be substantially*  
13 *affected by the performance or nonperformance of an official*  
14 *duty of a member of the Board or an employee of the Grad-*  
15 *uate School.*

16       (j) *ADMINISTRATIVE PROVISIONS.*—*In order to carry*  
17 *out the functions of the Graduate School, the Graduate*  
18 *School may—*

19           (1) *accept, use, hold, dispose, and administer*  
20 *gifts, bequests, or devises of money, securities, and*  
21 *other real or personal property made for the benefit*  
22 *of, or in connection with, the Graduate School;*

23           (2) *notwithstanding any other law—*

1           (A) acquire real property in the District of  
2 Columbia and in other places by lease, purchase,  
3 or otherwise;

4           (B) maintain, enlarge, or remodel any such  
5 property; and

6           (C) have sole control of any such property;

7           (3) enter into contracts without regard to the  
8 Federal Property and Administrative Services Act of  
9 1949 (40 U.S.C. 471) or any other law that prescribes  
10 procedures for the procurement of property or services  
11 by an executive agency;

12           (4) dispose of real and personal property without  
13 regard to the requirements of the Federal Property  
14 and Administrative Services Act of 1949 (40 U.S.C.  
15 471); and

16           (5) use the facilities and resources of the Depart-  
17 ment, on the condition that any costs incurred by the  
18 Department that are attributable solely to Graduate  
19 School operations and all costs incurred by the Grad-  
20 uate School arising out of such operations shall be  
21 borne by the fees paid by or on behalf of students or  
22 by other means and not with Federal funds.

23 **SEC. 549. STUDENT INTERN SUBSISTENCE PROGRAM.**

24           (a) *DEFINITION.*—In this section, the term “student  
25 intern” means a person who—



1           (1) *is employed by the Department of Agri-*  
2 *culture to assist scientific, professional, administra-*  
3 *tive, or technical employees of the Department; and*

4           (2) *is a student in good standing at an accred-*  
5 *ited college or university pursuing a course of study*  
6 *related to the field in which the person is employed*  
7 *by the Department.*

8           (b) *PAYMENT OF CERTAIN EXPENSES BY THE SEC-*  
9 *RETARY.—The Secretary of Agriculture may, out of user fee*  
10 *funds or funds appropriated to any agency, pay for lodging*  
11 *expenses, subsistence expenses, and transportation expenses*  
12 *of a student intern (including expenses of transportation*  
13 *to and from the student intern’s residence at or near the*  
14 *college or university attended by the student intern and the*  
15 *official duty station at which the student intern is em-*  
16 *ployed).*

17 **SEC. 550. CONVEYANCE OF LAND TO WHITE OAK CEMETERY.**

18           (a) *IN GENERAL.—*

19           (1) *RELEASE OF INTEREST.—After execution of*  
20 *the agreement described in subsection (b), the Sec-*  
21 *retary of Agriculture shall release the condition stated*  
22 *in the deed on the land described in subsection (c)*  
23 *that the land be used for public purposes, and that if*  
24 *the land is not so used, that the land revert the Unit-*  
25 *ed States, on the condition that the land be used ex-*

1 *clusively for cemetery purposes, and that if the land*  
2 *is not so used, that the land revert the United States.*

3 (2) *BANKHEAD-JONES ACT.*—Section 32(c) of the  
4 *Bankhead-Jones Farm Tenant Act (7 U.S.C. 1011(c))*  
5 *shall not apply to the release under paragraph (1).*

6 (b) *AGREEMENT.*—The Secretary of Agriculture shall  
7 *make the release under in subsection (a) on execution by*  
8 *the Board of Trustees of the University of Arkansas, in con-*  
9 *sideration of the release, of an agreement, satisfactory to*  
10 *the Secretary of Agriculture, that—*

11 (1) *the Board of Trustees will not sell, lease, ex-*  
12 *change, or otherwise dispose of the land described in*  
13 *subsection (c) except to the White Oak Cemetery Asso-*  
14 *ciation of Washington County, Arkansas, or a succes-*  
15 *sor organization, for exclusive use for an expansion of*  
16 *the cemetery maintained by the Association; and*

17 (2) *the proceeds of such a disposition of the land*  
18 *will be deposited and held in an account open to in-*  
19 *spection by the Secretary of Agriculture, and used, if*  
20 *withdrawn from the account, for public purposes.*

21 (c) *LAND DESCRIPTION.*—The land described in this  
22 *subsection is the land conveyed to the Board of Trustees of*  
23 *the University of Arkansas, with certain other land, by deed*  
24 *dated November 18, 1953, comprising approximately 2.2*  
25 *acres located within property of the University of Arkansas*

1 *in Washington, County, Arkansas, commonly known as the*  
2 *“Savor property” and described as follows:*

3 *The part of Section 20, Township 17 north,*  
4 *range 31 west, beginning at the north corner of the*  
5 *White Oak Cemetery and the University of Arkansas*  
6 *Agricultural Experiment Station farm at Washington*  
7 *County road #874, running west approximately 330*  
8 *feet, thence south approximately 135 feet, thence*  
9 *southeast approximately 384 feet, thence north ap-*  
10 *proximately 330 feet to the point of beginning.*

11 **SEC. 551. ADVISORY BOARD ON AGRICULTURAL AIR QUAL-**  
12 **ITY.**

13 *(a) FINDINGS.—Congress finds that—*

14 *(1) various studies have identified agriculture as*  
15 *a major atmospheric polluter;*

16 *(2) Federal research activities are underway to*  
17 *determine the extent of the pollution problem and the*  
18 *extent of the role of agriculture in the problem; and*

19 *(3) any Federal policy decisions that may result,*  
20 *and any Federal regulations that may be imposed on*  
21 *the agricultural sector, should be based on sound sci-*  
22 *entific findings;*

23 *(b) PURPOSE.—The purpose of this section is to estab-*  
24 *lish an advisory board to assist and provide the Secretary*  
25 *of Agriculture with information, analyses, and policy rec-*

1 *ommendations for determining matters of fact and technical*  
2 *merit and addressing scientific questions dealing with par-*  
3 *ticulate matter less than 10 microns that become lodged in*  
4 *human lungs (known as “PM10”) and other airborne par-*  
5 *ticulate matter or gases that affect agricultural production*  
6 *yields and the economy.*

7 *(c) ESTABLISHMENT.—*

8 *(1) IN GENERAL.—The Secretary of Agriculture*  
9 *may establish a board to be known as the “Advisory*  
10 *Board on Agricultural Air Quality” (referred to in*  
11 *this section as the “Board”) to advise the Secretary,*  
12 *through the Chief of the Natural Resources Conserva-*  
13 *tion Service, with respect to carrying out this act and*  
14 *obligations agriculture incurred under the Clean Air*  
15 *Act (42 U.S.C. 7401 et seq.) and the Act entitled ‘An*  
16 *Act to amend the Clean Air Act to provide for attain-*  
17 *ment and maintenance of health protective national*  
18 *ambient air quality standards, and for other pur-*  
19 *poses’, approved November 15, 1990 (commonly*  
20 *known as the ‘Clean Air Act Amendments of 1990’)*  
21 *(42 U.S.C. 7401 et seq.).*

22 *(2) OVERSIGHT COORDINATION.—The Secretary*  
23 *of Agriculture shall provide oversight and coordina-*  
24 *tion with respect to other Federal departments and*  
25 *agencies to ensure intergovernmental cooperation in*

1        *research activities and to avoid duplication of Federal*  
2        *efforts.*

3        *(d) COMPOSITION.—*

4            *(1) IN GENERAL.—The Board shall be composed*  
5        *of at least 17 members appointed by the Secretary in*  
6        *consultation with the Administrator of the Environ-*  
7        *mental Protection Agency.*

8            *(2) REGIONAL REPRESENTATION.—The member-*  
9        *ship of the Board shall be 2 persons from each of the*  
10       *6 regions of the Natural Resources Conservation Serv-*  
11       *ice, of whom 1 from each region shall be an agricul-*  
12       *tural producer.*

13           *(3) ATMOSPHERIC SCIENTIST.—At least 1 mem-*  
14       *ber of the Board shall be an atmospheric scientist.*

15        *(e) CHAIRPERSON.—The Chief of the Natural Re-*  
16       *sources Conservation Service shall—*

17            *(1) serve as chairman of the Board; and*

18            *(2) provide technical support to the Board.*

19        *(f) TERM.—Each member of the Board shall be ap-*  
20       *pointed for a 3-year term, except that the Secretary of Agri-*  
21       *culture shall appoint 4 of the initial members for a term*  
22       *of 1 year and 4 for a term of 2 years.*

23        *(g) MEETINGS.—The Board shall meet not less than*  
24       *twice annually.*

1       (h) *COMPENSATION.*—*Members of the Board shall serve*  
2 *without compensation, but while away from their homes or*  
3 *regular place of business in performance of services for the*  
4 *Board, members of the Board shall be allowed travel ex-*  
5 *penses, including a per diem allowance in lieu of subsist-*  
6 *ence, in the same manner as persons employed in Govern-*  
7 *ment service are allowed travel expenses under section 5703*  
8 *of title 5, United States Code.*

9       (i) *FUNDING.*—*The Board shall be funded using ap-*  
10 *propriations for conservation operations.*

11 **SEC. 552. WATER SYSTEMS FOR RURAL AND NATIVE VIL-**  
12 **LAGES IN ALASKA.**

13       *The Consolidated Farm and Rural Development Act*  
14 *is amended by inserting after section 306C (7 U.S.C. 1926c)*  
15 *the following:*

16 **“SEC. 306D. WATER SYSTEMS FOR RURAL AND NATIVE VIL-**  
17 **LAGES IN ALASKA.**

18       “(a) *IN GENERAL.*—*The Secretary may make grants*  
19 *to the State of Alaska for the benefit of rural or Native vil-*  
20 *lages in Alaska to provide for the development and construc-*  
21 *tion of water and wastewater systems to improve the health*  
22 *and sanitation conditions in those villages.*

23       “(b) *MATCHING FUNDS.*—*To be eligible to receive a*  
24 *grant under subsection (a), the State of Alaska shall provide*  
25 *equal matching funds from non-Federal sources.*



1 *Service to be known as the Wildlife Habitat Incentive Pro-*  
2 *gram.*

3 (b) *COST-SHARE PAYMENTS.*—*The Program shall*  
4 *make cost-share payments to landowners to develop upland*  
5 *wildlife, wetland wildlife, threatened and endangered spe-*  
6 *cies, fisheries, and other types of wildlife habitat approved*  
7 *by the Secretary.*

8 (c) *FUNDING.*—*To carry out this section, \$10,000,000*  
9 *shall be made available for each of fiscal years 1996 through*  
10 *2002 from funds made available to carry out subchapter*  
11 *B of chapter 1 of subtitle D of title XII of the Food Security*  
12 *Act of 1985 (16 U.S.C. 3831 et seq.).*

13 ***SEC. 555. INDIAN RESERVATIONS.***

14 (a) *INDIAN RESERVATION EXTENSION AGENT PRO-*  
15 *GRAM.*—

16 (1) *REAUTHORIZATION.*—*The program estab-*  
17 *lished under section 1677 of the Food, Agriculture,*  
18 *Conservation, and Trade Act of 1990 (7 U.S.C. 5930)*  
19 *is reauthorized through fiscal year 2002.*

20 (2) *REDUCED REGULATORY BURDEN.*—*On a de-*  
21 *termination by the Secretary of Agriculture that a*  
22 *program carried out under section 1677 of the Act (7*  
23 *U.S.C. 5930) has been satisfactorily administered for*  
24 *not less than 2 years, the Secretary shall implement*  
25 *a reduced re-application process for the continued op-*



1        *eration of the program in order to reduce regulatory*  
2        *burdens on participating university and tribal enti-*  
3        *ties.*

4        *(b) MEMORANDUM OF AGREEMENT.—*

5            *(1) IN GENERAL.—Not later than January 6,*  
6        *1997, the Secretary shall develop and implement a*  
7        *formal Memorandum of Agreement with the 29 trib-*  
8        *ally controlled colleges eligible under Federal law to*  
9        *receive funds from the Secretary of Agriculture as*  
10       *partial land grant institutions.*

11           *(2) EQUITABLE PARTICIPATION.—The Memorandum*  
12       *shall establish programs to ensure that tribally-*  
13       *controlled colleges and Native American communities*  
14       *equitably participate in Department of Agriculture*  
15       *employment programs, services, and resources.*

16       **SEC. 556. ICD REIMBURSEMENT FOR OVERHEAD EXPENSES.**

17       *Section 1542(d)(1)(D) of the Food, Agriculture, Con-*  
18       *servation, and Trade Act of 1990 (Public Law 101–624; 7*  
19       *U.S.C. 5622 note) is amended by adding at the end the fol-*  
20       *lowing: “Notwithstanding any other provision of law, the*  
21       *assistance shall include assistance for administrative and*  
22       *overhead expenses, to the extent that the expenses were in-*  
23       *curred pursuant to reimbursable agreements entered into*  
24       *prior to September 30, 1993, the expenses do not exceed*

1 \$2,000,000 per year, and the expenses were not incurred  
2 for information technology systems.”.

3 **SEC. 557. CLARIFICATION OF EFFECT OF RESOURCE PLAN-**  
4 **NING ON ALLOCATION OR USE OF WATER.**

5 (a) NATIONAL FOREST SYSTEM RESOURCE PLAN-  
6 NING.—Section 6 of the Forest and Rangeland Renewable  
7 Resources Planning Act of 1974 (16 U.S.C. 1604) is amend-  
8 ed by adding at the end the following new subsection:

9 “(n) LIMITATION ON AUTHORITY.—Nothing in this  
10 section shall be construed to supersede, abrogate or otherwise  
11 impair any right or authority of a State to allocate quan-  
12 tities of water (including boundary waters). Nothing in this  
13 section shall be implemented, enforced, or construed to allow  
14 any officer or agency of the United States to utilize directly  
15 or indirectly the authorities established under this section  
16 to impose any requirement not imposed by the State which  
17 would supersede, abrogate, or otherwise impair rights to the  
18 use of water resources allocated under State law, interstate  
19 water compact, or Supreme Court decree, or held by the  
20 United States for use by a State, its political subdivisions,  
21 or its citizens. No water rights arise in the United States  
22 or any other person under the provisions of this Act.”.

23 (b) AUTHORIZATION TO GRANT RIGHTS-OF-WAY.—  
24 Section 501 of the Federal Land Policy and Management

1 *Act of 1976 (43 U.S.C. 1761) is amended as it applies to*  
2 *the Secretary of Agriculture—*

3 *(1) in subsection (c)(1)—*

4 *(A) by striking subparagraph (B);*

5 *(B) in subparagraph (D), by striking*  
6 *“originally constructed”;*

7 *(C) in subparagraph (G), by striking*  
8 *“1996” and inserting “1998”; and*

9 *(D) by redesignating subparagraphs (C)*  
10 *through (G) as subparagraphs (B) through (F),*  
11 *respectively;*

12 *(2) in subsection (c)(3)(A), by striking the second*  
13 *and third sentences; and*

14 *(3) by adding at the end the following new sub-*  
15 *section:*

16 *“(e) EFFECT ON VALID EXISTING RIGHTS.—Notwith-*  
17 *standing any provision of this section, the Secretary of Ag-*  
18 *riculture may not require, as a condition of, or in connec-*  
19 *tion with, the renewal of a right-of-way under this section,*  
20 *a restriction or limitation on the operation, use, repair, or*  
21 *replacement of an existing water supply facility which is*  
22 *located on or above National Forest lands or the exercise*  
23 *and use of existing water rights, if such condition would*  
24 *reduce the quantity of water which would otherwise be made*  
25 *available for use by the owner of such facility or water*

1 *rights, or cause an increase in the cost of the water supply*  
 2 *provided from such facility.”.*

3 ***TITLE VI—CREDIT***

4 ***Subtitle A—Agricultural Credit***

5 ***CHAPTER 1—FARM OWNERSHIP LOANS***

6 ***SEC. 601. LIMITATION ON DIRECT FARM OWNERSHIP***  
 7 ***LOANS.***

8 *Section 302 of the Consolidated Farm and Rural De-*  
 9 *velopment Act (7 U.S.C. 1922) is amended by striking sub-*  
 10 *section (b) and inserting the following:*

11 *“(b) DIRECT LOANS.—*

12 *“(1) IN GENERAL.—Subject to paragraph (3), the*  
 13 *Secretary may only make a direct loan under this*  
 14 *subtitle to a farmer or rancher who has operated a*  
 15 *farm or ranch for not less than 3 years and—*

16 *“(A) is a qualified beginning farmer or*  
 17 *rancher;*

18 *“(B) has not received a previous direct farm*  
 19 *ownership loan made under this subtitle; or*

20 *“(C) has not received a direct farm owner-*  
 21 *ship loan under this subtitle more than 10 years*  
 22 *before the date the new loan would be made.*

23 *“(2) YOUTH LOANS.—The operation of an enter-*  
 24 *prise by a youth under section 311(b) shall not be*

1       *considered the operation of a farm or ranch for pur-*  
2       *poses of paragraph (1).*

3           “(3) *TRANSITION RULE.—*

4               “(A) *IN GENERAL.—Subject to subpara-*  
5       *graphs (B) and (C), paragraph (1) shall not*  
6       *apply to a farmer or rancher who has a direct*  
7       *loan outstanding under this subtitle on the date*  
8       *of enactment of this paragraph.*

9               “(B) *LESS THAN 5 YEARS.—If, as of the*  
10       *date of enactment of this paragraph, a farmer or*  
11       *rancher has had a direct loan outstanding under*  
12       *this subtitle for less than 5 years, the Secretary*  
13       *shall not make another loan to the farmer or*  
14       *rancher under this subtitle after the date that is*  
15       *10 years after the date of enactment of this para-*  
16       *graph.*

17               “(C) *5 YEARS OR MORE.—If, as of the date*  
18       *of enactment of this paragraph, a farmer or*  
19       *rancher has had a direct loan outstanding under*  
20       *this subtitle for 5 years or more, the Secretary*  
21       *shall not make another loan to the farmer or*  
22       *rancher under this subtitle after the date that is*  
23       *5 years after the date of enactment of this para-*  
24       *graph.”.*

1 **SEC. 602. PURPOSES OF LOANS.**

2 *Section 303 of the Consolidated Farm and Rural De-*  
3 *velopment Act (7 U.S.C. 1923) is amended to read as fol-*  
4 *lows:*

5 **“SEC. 303. PURPOSES OF LOANS.**

6 *“(a) ALLOWED PURPOSES.—*

7 *“(1) DIRECT LOANS.—A farmer or rancher may*  
8 *use a direct loan made under this subtitle only for—*

9 *“(A) acquiring or enlarging a farm or*  
10 *ranch;*

11 *“(B) making capital improvements to a*  
12 *farm or ranch;*

13 *“(C) paying loan closing costs related to ac-*  
14 *quiring, enlarging, or improving a farm or*  
15 *ranch; or*

16 *“(D) paying for activities to promote soil*  
17 *and water conservation and protection under*  
18 *section 304 on the farm or ranch.*

19 *“(2) GUARANTEED LOANS.—A farmer or rancher*  
20 *may use a loan guaranteed under this subtitle only*  
21 *for—*

22 *“(A) acquiring or enlarging a farm or*  
23 *ranch;*

24 *“(B) making capital improvements to a*  
25 *farm or ranch;*

1           “(C) paying loan closing costs related to ac-  
2           quiring, enlarging, or improving a farm or  
3           ranch;

4           “(D) paying for activities to promote soil  
5           and water conservation and protection under  
6           section 304 on the farm or ranch; or

7           “(E) refinancing indebtedness.

8           “(b) PREFERENCES.—In making or guaranteeing a  
9           loan for farm or ranch purchase, the Secretary shall give  
10          a preference to a person who—

11           “(1) has a dependent family;

12           “(2) to the extent practicable, is able to make an  
13          initial down payment; or

14           “(3) is an owner of livestock or farm or ranch  
15          equipment that is necessary to successfully carry out  
16          farming or ranching operations.

17          “(c) HAZARD INSURANCE REQUIREMENT.—

18           “(1) IN GENERAL.—The Secretary may not make  
19          a loan to a farmer or rancher under this subtitle un-  
20          less the farmer or rancher has, or agrees to obtain,  
21          hazard insurance on any real property to be acquired  
22          or improved with the loan.

23           “(2) DETERMINATION.—Not later than 180 days  
24          after the date of enactment of this subsection, the Sec-

1       retary shall determine the appropriate level of insur-  
2       ance to be required under paragraph (1).

3               “(3) *TRANSITIONAL PROVISION.*—Paragraph (1)  
4       shall not apply until the Secretary makes the deter-  
5       mination required under paragraph (2).”.

6       **SEC. 603. SOIL AND WATER CONSERVATION AND PROTEC-**  
7               **TION.**

8       Section 304 of the Consolidated Farm and Rural De-  
9       velopment Act (7 U.S.C. 1924) is amended—

10              (1) by striking subsections (b) and (c);

11              (2) by striking “SEC. 304. (a)(1) Loans” and in-  
12       serting the following:

13       **“SEC. 304. SOIL AND WATER CONSERVATION AND PROTEC-**  
14               **TION.**

15              “(a) *IN GENERAL.*—Loans”;

16              (3) by striking “(2) In making or insuring” and  
17       inserting the following:

18              “(b) *PRIORITY.*—In making or guaranteeing”;

19              (4) by striking “(3) The Secretary” and insert-  
20       ing the following:

21              “(c) *LOAN MAXIMUM.*—The Secretary”;

22              (5) by redesignating subparagraphs (A) through  
23       (F) of subsection (a) (as amended by paragraph (2))  
24       as paragraphs (1) through (6), respectively; and



1           (6) by redesignating subparagraphs (A) and (B)  
2           of subsection (c) (as amended by paragraph (4)) as  
3           paragraphs (1) and (2), respectively.

4   **SEC. 604. INTEREST RATE REQUIREMENTS.**

5           Section 307(a)(3) of the Consolidated Farm and Rural  
6   Development Act (7 U.S.C. 1927(a)(3)) is amended—

7           (1) in subparagraph (B), by inserting “subpara-  
8           graph (D) and in” after “Except as provided in”;  
9           and

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

11           “(D) *JOINT FINANCING ARRANGEMENT.*—If a di-  
12          rect farm ownership loan is made under this subtitle  
13          as part of a joint financing arrangement and the  
14          amount of the direct farm ownership loan does not ex-  
15          ceed 50 percent of the total principal amount fi-  
16          nanced under the arrangement, the interest rate on  
17          the direct farm ownership loan shall be 4 percent an-  
18          nually.”.

19   **SEC. 605. INSURANCE OF LOANS.**

20          Section 308 of the Consolidated Farm and Rural De-  
21   velopment Act (7 U.S.C. 1928) is amended to read as fol-  
22   lows:

23   **“SEC. 308. FULL FAITH AND CREDIT.**

24          “(a) *IN GENERAL.*—A contract of insurance or guar-  
25   antee executed by the Secretary under this title shall be an

1 *obligation supported by the full faith and credit of the Unit-*  
2 *ed States.*

3 “(b) *CONTESTABILITY.*—*A contract of insurance or*  
4 *guarantee executed by the Secretary under this title shall*  
5 *be incontestable except for fraud or misrepresentation that*  
6 *the lender or any holder—*

7 “(1) *has actual knowledge of at the time the con-*  
8 *tract or guarantee is executed; or*

9 “(2) *participates in or condones.*”.

10 **SEC. 606. LOANS GUARANTEED.**

11 *Section 309(h) of the Consolidated Farm and Rural*  
12 *Development Act (7 U.S.C. 1929(h)) is amended by adding*  
13 *at the end the following:*

14 “(4) *MAXIMUM GUARANTEE OF 90 PERCENT.*—  
15 *Except as provided in paragraph (5), a loan guaran-*  
16 *tee under this title shall be for not more than 90 per-*  
17 *cent of the principal and interest due on the loan.*

18 “(5) *REFINANCED LOANS GUARANTEED AT 95*  
19 *PERCENT.*—*The Secretary shall guarantee 95 percent*  
20 *of—*

21 “(A) *in the case of a loan that solely refi-*  
22 *nances a direct loan made under this title, the*  
23 *principal and interest due on the loan on the*  
24 *date of the refinancing; or*

1           “(B) in the case of a loan that is used for  
2           multiple purposes, the portion of the loan that  
3           refinances the principal and interest due on a  
4           direct loan made under this title that is out-  
5           standing on the date the loan is guaranteed.

6           “(6) *BEGINNING FARMER LOANS GUARANTEED*  
7           *UP TO 95 PERCENT.*—The Secretary may guarantee  
8           up to 95 percent of—

9           “(A) a farm ownership loan for acquiring a  
10          farm or ranch to a borrower who is participat-  
11          ing in the down payment loan program under  
12          section 310E; or

13          “(B) an operating loan to a borrower who  
14          is participating in the down payment loan pro-  
15          gram under section 310E that is made during  
16          the period that the borrower has a direct loan for  
17          acquiring a farm or ranch.”.

18                   **CHAPTER 2—OPERATING LOANS**

19           **SEC. 611. LIMITATION ON DIRECT OPERATING LOANS.**

20           (a) *IN GENERAL.*—Section 311 of the Consolidated  
21           Farm and Rural Development Act (7 U.S.C. 1941) is  
22           amended by striking subsection (c) and inserting the follow-  
23           ing:

24           “(c) *DIRECT LOANS.*—

1           “(1) *IN GENERAL.*—Subject to paragraph (3), the  
2           Secretary may only make a direct loan under this  
3           subtitle to a farmer or rancher who—

4                   “(A) is a qualified beginning farmer or  
5           rancher who has not operated a farm or ranch,  
6           or who has operated a farm or ranch for not  
7           more than 5 years;

8                   “(B) has not had a previous direct operat-  
9           ing loan under this subtitle; or

10                   “(C) has not had a previous direct operat-  
11           ing loan under this subtitle for more than 7  
12           years.

13           “(2) *YOUTH LOANS.*—In this subsection, the  
14           term ‘direct operating loan’ shall not include a loan  
15           made to a youth under subsection (b).

16           “(3) *TRANSITION RULE.*—If, as of the date of en-  
17           actment of this paragraph, a farmer or rancher has  
18           received a direct operating loan under this subtitle  
19           during each of 4 or more previous years, the borrower  
20           shall be eligible to receive a direct operating loan  
21           under this subtitle during 3 additional years after the  
22           date of enactment of this paragraph.”.

23           (b) *YOUTH ENTERPRISES NOT FARMING OR RANCH-*  
24           *ING.*—Section 311(b) of the Consolidated Farm and Rural

1 *Development Act (7 U.S.C. 1941(b)) is amended by adding*  
2 *at the end the following:*

3           “(4) *YOUTH ENTERPRISES NOT FARMING OR*  
4           *RANCHING.—The operation of an enterprise by a*  
5           *youth under this subsection shall not be considered the*  
6           *operation of a farm or ranch under this title.”.*

7 ***SEC. 612. PURPOSES OF OPERATING LOANS.***

8           *Section 312 of the Consolidated Farm and Rural De-*  
9 *velopment Act (7 U.S.C. 1942) is amended to read as fol-*  
10 *lows:*

11 ***“SEC. 312. PURPOSES OF LOANS.***

12           “(a) *IN GENERAL.—A direct loan may be made under*  
13 *this subtitle only for—*

14           “(1) *paying the costs incident to reorganizing a*  
15           *farming or ranching system for more profitable oper-*  
16           *ation;*

17           “(2) *purchasing livestock, poultry, or farm or*  
18           *ranch equipment;*

19           “(3) *purchasing feed, seed, fertilizer, insecticide,*  
20           *or farm or ranch supplies, or to meet other essential*  
21           *farm or ranch operating expenses, including cash*  
22           *rent;*

23           “(4) *financing land or water development, use,*  
24           *or conservation;*

25           “(5) *paying loan closing costs;*

1           “(6) assisting a farmer or rancher in effecting  
2           an addition to, or alteration of, the equipment, facili-  
3           ties, or methods of operation of a farm or ranch to  
4           comply with a standard promulgated under section 6  
5           of the Occupational Safety and Health Act of 1970  
6           (29 U.S.C. 655) or a standard adopted by a State  
7           under a plan approved under section 18 of the Act  
8           (29 U.S.C. 667), if the Secretary determines that  
9           without assistance under this paragraph the farmer  
10          or rancher is likely to suffer substantial economic in-  
11          jury due to compliance with the standard;

12          “(7) training a limited-resource borrower receiv-  
13          ing a loan under section 310D in maintaining  
14          records of farming and ranching operations;

15          “(8) training a borrower under section 359;

16          “(9) refinancing the indebtedness of a borrower  
17          if the borrower—

18                  “(A) has refinanced a loan under this sub-  
19                  title not more than 4 times previously; and

20                  “(B)(i) is a direct loan borrower under this  
21                  title at the time of the refinancing and has suf-  
22                  fered a qualifying loss because of a natural dis-  
23                  aster declared by the Secretary under this title or  
24                  a major disaster or emergency designated by the  
25                  President under the Robert T. Stafford Disaster

1           *Relief and Emergency Assistance Act (42 U.S.C.*  
2           *5121 et seq.)*; or

3           “(i) *is refinancing a debt obtained from a*  
4           *creditor other than the Secretary*; or

5           “(10) *providing other farm, ranch, or home*  
6           *needs, including family subsistence.*

7           “(b) *GUARANTEED LOANS.—A loan may be guaran-*  
8           *teed under this subtitle only for—*

9           “(1) *paying the costs incident to reorganizing a*  
10           *farming or ranching system for more profitable oper-*  
11           *ation;*

12           “(2) *purchasing livestock, poultry, or farm or*  
13           *ranch equipment;*

14           “(3) *purchasing feed, seed, fertilizer, insecticide,*  
15           *or farm or ranch supplies, or to meet other essential*  
16           *farm or ranch operating expenses, including cash*  
17           *rent;*

18           “(4) *financing land or water development, use,*  
19           *or conservation;*

20           “(5) *refinancing indebtedness;*

21           “(6) *paying loan closing costs;*

22           “(7) *assisting a farmer or rancher in effecting*  
23           *an addition to, or alteration of, the equipment, facili-*  
24           *ties, or methods of operation of a farm or ranch to*  
25           *comply with a standard promulgated under section 6*

1       of the Occupational Safety and Health Act of 1970  
2       (29 U.S.C. 655) or a standard adopted by a State  
3       under a plan approved under section 18 of the Act  
4       (29 U.S.C. 667), if the Secretary determines that  
5       without assistance under this paragraph the farmer  
6       or rancher is likely to suffer substantial economic in-  
7       jury due to compliance with the standard;

8               “(8) training a borrower under section 359; or

9               “(9) providing other farm, ranch, or home needs,  
10       including family subsistence.

11       “(c) *HAZARD INSURANCE REQUIREMENT.*—

12               “(1) *IN GENERAL.*—The Secretary may not make  
13       a loan to a farmer or rancher under this subtitle un-  
14       less the farmer or rancher has, or agrees to obtain,  
15       hazard insurance on any property to be acquired  
16       with the loan.

17               “(2) *DETERMINATION.*—Not later than 180 days  
18       after the date of enactment of this paragraph, the Sec-  
19       retary shall determine the appropriate level of insur-  
20       ance to be required under paragraph (1).

21               “(3) *TRANSITIONAL PROVISION.*—Paragraph (1)  
22       shall not apply until the Secretary makes the deter-  
23       mination required under paragraph (2).

24       “(d) *PRIVATE RESERVE.*—



1           “(1) *IN GENERAL.*—Notwithstanding any other  
2           *provision of this title, the Secretary may reserve the*  
3           *lesser of 10 percent or \$5,000 of the amount of a di-*  
4           *rect loan made under this subtitle, to be placed in a*  
5           *nonsupervised bank account that may be used at the*  
6           *discretion of the borrower for any necessary family*  
7           *living need or purpose that is consistent with any*  
8           *farming or ranching plan agreed to by the Secretary*  
9           *and the borrower prior to the date of the loan.*

10           “(2) *ADJUSTMENT OF RESERVE.*—If a borrower  
11           *exhausts the amount of funds reserved under para-*  
12           *graph (1), the Secretary may—*

13                   “(A) *review and adjust the farm or ranch*  
14                   *plan referred to in paragraph (1) with the bor-*  
15                   *rower and reschedule the loan;*

16                   “(B) *extend additional credit;*

17                   “(C) *use income proceeds to pay necessary*  
18                   *farm, ranch, home, or other expenses; or*

19                   “(D) *provide additional available loan serv-*  
20                   *icing.”.*

21   **SEC. 613. PARTICIPATION IN LOANS.**

22           *Section 315 of the Consolidated Farm and Rural De-*  
23           *velopment Act (7 U.S.C. 1945) is repealed.*

1 **SEC. 614. LINE-OF-CREDIT LOANS.**

2 *Section 316 of the Consolidated Farm and Rural De-*  
3 *velopment Act (7 U.S.C. 1946) is amended by adding at*  
4 *the end the following:*

5 “(c) *LINE-OF-CREDIT LOANS.*—

6 “(1) *IN GENERAL.*—*A loan made or guaranteed*  
7 *by the Secretary under this subtitle may be in the*  
8 *form of a line-of-credit loan.*

9 “(2) *TERM.*—*A line-of-credit loan under para-*  
10 *graph (1) shall terminate not later than 5 years after*  
11 *the date that the loan is made or guaranteed.*

12 “(3) *ELIGIBILITY.*—*For purposes of determining*  
13 *eligibility for a farm operating loan, each year in*  
14 *which a farmer or rancher takes an advance or draws*  
15 *on a line-of-credit loan the farmer or rancher shall be*  
16 *considered to have received an operating loan for 1*  
17 *year.”.*

18 **SEC. 615. INSURANCE OF OPERATING LOANS.**

19 *Section 317 of the Consolidated Farm and Rural De-*  
20 *velopment Act (7 U.S.C. 1947) is repealed.*

21 **SEC. 616. SPECIAL ASSISTANCE FOR BEGINNING FARMERS**  
22 **AND RANCHERS.**

23 (a) *IN GENERAL.*—*Section 318 of the Consolidated*  
24 *Farm and Rural Development Act (7 U.S.C. 1948) is re-*  
25 *pealed.*

1       (b) *CONFORMING AMENDMENT.*—Section 310F of the  
2 *Consolidated Farm and Rural Development Act (7 U.S.C.*  
3 *1936) is repealed.*

4 ***SEC. 617. LIMITATION ON PERIOD FOR WHICH BORROWERS***  
5 ***ARE ELIGIBLE FOR GUARANTEED ASSIST-***  
6 ***ANCE.***

7       Section 319 of the *Consolidated Farm and Rural De-*  
8 *velopment Act (7 U.S.C. 1949) is amended by striking sub-*  
9 *section (b) and inserting the following:*

10       “(b) *LIMITATION ON PERIOD BORROWERS ARE ELIGI-*  
11 *BLE FOR GUARANTEED ASSISTANCE.*—

12               “(1) *GENERAL RULE.*—Subject to paragraph (2),  
13 *the Secretary shall not guarantee a loan under this*  
14 *subtitle for a borrower for any year after the 15th*  
15 *year that a loan is made to, or a guarantee is pro-*  
16 *vided with respect to, the borrower under this subtitle.*

17               “(2) *TRANSITION RULE.*—If, as of October 28,  
18 *1992, a farmer or rancher has received a direct or*  
19 *guaranteed operating loan under this subtitle during*  
20 *each of 10 or more previous years, the borrower shall*  
21 *be eligible to receive a guaranteed operating loan*  
22 *under this subtitle during 5 additional years after*  
23 *October 28, 1992.”.*

1           **CHAPTER 3—EMERGENCY LOANS**

2   **SEC. 621. HAZARD INSURANCE REQUIREMENT.**

3           *Section 321 of the Consolidated Farm and Rural De-*  
4 *velopment Act (7 U.S.C. 1961) is amended by striking sub-*  
5 *section (b) and inserting the following:*

6           “(b) **HAZARD INSURANCE REQUIREMENT.**—

7                   “(1) **IN GENERAL.**—*The Secretary may not make*  
8 *a loan to a farmer or rancher under this subtitle to*  
9 *cover a property loss unless the farmer or rancher had*  
10 *hazard insurance that insured the property at the*  
11 *time of the loss.*

12                   “(2) **DETERMINATION.**—*Not later than 180 days*  
13 *after the date of enactment of this paragraph, the Sec-*  
14 *retary shall determine the appropriate level of insur-*  
15 *ance to be required under paragraph (1).*

16                   “(3) **TRANSITIONAL PROVISION.**—*Paragraph (1)*  
17 *shall not apply until the Secretary makes the deter-*  
18 *mination required under paragraph (2).”.*

19   **SEC. 622. MAXIMUM EMERGENCY LOAN INDEBTEDNESS.**

20           *Section 324 of the Consolidated Farm and Rural De-*  
21 *velopment Act (7 U.S.C. 1964) is amended by striking*  
22 *“SEC. 324. (a) No loan” and all that follows through the*  
23 *end of subsection (a) and inserting the following:*

1 **“SEC. 324. TERMS OF LOANS.**

2 “(a) *MAXIMUM AMOUNT OF LOAN.*—The Secretary  
3 may not make a loan under this subtitle that—

4 “(1) exceeds the actual loss caused by a disaster;

5 or

6 “(2) would cause the total indebtedness of the  
7 borrower under this subtitle to exceed \$500,000.”.

8 **SEC. 623. INSURANCE OF EMERGENCY LOANS.**

9 Section 328 of the Consolidated Farm and Rural De-  
10 velopment Act (7 U.S.C. 1968) is repealed.

11 **CHAPTER 4—ADMINISTRATIVE**  
12 **PROVISIONS**

13 **SEC. 631. USE OF COLLECTION AGENCIES.**

14 Section 331 of the Consolidated Farm and Rural De-  
15 velopment Act (7 U.S.C. 1981) is amended by adding at  
16 the end the following:

17 “(d) *PRIVATE COLLECTION AGENCY.*—The Secretary  
18 may use a private collection agency to collect a claim or  
19 obligation described in subsection (b)(5).”.

20 **SEC. 632. NOTICE OF LOAN SERVICE PROGRAMS.**

21 Section 331D(a) of the Consolidated Farm and Rural  
22 Development Act (7 U.S.C. 1981d(a)) is amended by strik-  
23 ing “180 days delinquent in” and inserting “90 days past  
24 due on”.

1 **SEC. 633. SALE OF PROPERTY.**

2 *Section 335 of the Consolidated Farm and Rural De-*  
3 *velopment Act (7 U.S.C. 1985) is amended—*

4 *(1) in subsection (b), by striking “subsection (e)”*  
5 *and inserting “subsections (c) and (e)”;*

6 *(2) by striking subsection (c) and inserting the*  
7 *following:*

8 *“(c) SALE OF PROPERTY.—*

9 *“(1) IN GENERAL.—Subject to this subsection*  
10 *and subsection (e)(1)(A), the Secretary shall offer to*  
11 *sell real property that is acquired by the Secretary*  
12 *under this title in the following order and method of*  
13 *sale:*

14 *“(A) ADVERTISEMENT.—Not later than 15*  
15 *days after acquiring real property, the Secretary*  
16 *shall publicly advertise the property for sale.*

17 *“(B) BEGINNING FARMER OR RANCHER.—*

18 *“(i) IN GENERAL.—Not later than 75*  
19 *days after acquiring real property, the Sec-*  
20 *retary shall attempt to sell the property to*  
21 *a qualified beginning farmer or rancher at*  
22 *current market value based on a current ap-*  
23 *praisal.*

24 *“(ii) RANDOM SELECTION.—If more*  
25 *than 1 qualified beginning farmer or ranch-*  
26 *er offers to purchase the property, the Sec-*

1            *retary shall select between the qualified ap-*  
2            *plicants on a random basis.*

3            *“(iii) APPEAL OF RANDOM SELEC-*  
4            *TION.—A random selection or denial by the*  
5            *Secretary of a beginning farmer or rancher*  
6            *for farm inventory property under this sub-*  
7            *paragraph shall be final and not adminis-*  
8            *tratively appealable.*

9            *“(C) PUBLIC SALE.—If no acceptable offer*  
10           *is received from a qualified beginning farmer or*  
11           *rancher under subparagraph (B) within 75 days*  
12           *of acquiring the real property, the Secretary*  
13           *shall, within 30 days, sell the property after pub-*  
14           *lic notice at a public sale, and, if no acceptable*  
15           *bid is received, by negotiated sale, at the best*  
16           *price obtainable.*

17           *“(2) TRANSITIONAL RULES.—*

18           *“(A) PREVIOUS LEASE.—In the case of real*  
19           *property acquired prior to the date of enactment*  
20           *of this subparagraph that the Secretary leased*  
21           *prior to the date of enactment of this subpara-*  
22           *graph, the Secretary shall offer to sell the prop-*  
23           *erty according to paragraph (1) not later than*  
24           *60 days after the lease expires.*

1           “(B) *PREVIOUSLY IN INVENTORY.*—*In the*  
2           *case of real property acquired prior to the date*  
3           *of enactment of this subparagraph that the Sec-*  
4           *retary has not leased, the Secretary shall offer to*  
5           *sell the property according to paragraph (1) not*  
6           *later than 60 days after the date of enactment of*  
7           *this subparagraph.*

8           “(3) *INTEREST.*—

9           “(A) *IN GENERAL.*—*Subject to subpara-*  
10          *graph (B), any conveyance under this subsection*  
11          *shall include all of the interest of the United*  
12          *States, including mineral rights.*

13          “(B) *CONSERVATION.*—*The Secretary may*  
14          *for conservation purposes grant or sell an ease-*  
15          *ment, restriction, development right, or similar*  
16          *legal right to a State, a political subdivision of*  
17          *a State, or a private nonprofit organization sep-*  
18          *arately from the underlying fee or other rights*  
19          *owned by the Secretary.*

20          “(4) *OTHER LAW.*—*This title shall not be subject*  
21          *to the Federal Property and Administrative Services*  
22          *Act of 1949 (40 U.S.C. 471 et seq.).*

23          “(5) *LEASE OF PROPERTY.*—



1           “(A) *IN GENERAL.*—Subject to subpara-  
2 graph (B), the Secretary may not lease any real  
3 property acquired under this title.

4           “(B) *EXCEPTION.*—

5           “(i) *BEGINNING FARMER OR RANCH-*  
6 *ER.*—Notwithstanding paragraph (1), the  
7 Secretary may lease or contract to sell a  
8 farm or ranch acquired by the Secretary  
9 under this title to a beginning farmer or  
10 rancher if the beginning farmer or rancher  
11 qualifies for a credit sale or direct farm  
12 ownership loan but credit sale authority for  
13 loans or direct farm ownership funds, re-  
14 spectively, are not available.

15           “(ii) *TERM.*—A lease or contract to sell  
16 to a beginning farmer or rancher under  
17 clause (i) shall be until the earlier of—

18           “(I) the date that is 18 months  
19 after the date of the lease or sale; or

20           “(II) the date that direct farm  
21 ownership loan funds or credit sale au-  
22 thority for loans become available to  
23 the beginning farmer or rancher.

24           “(iii) *INCOME-PRODUCING CAPABIL-*  
25 *ITY.*—In determining the rental rate on real

1           *property leased under this subparagraph,*  
2           *the Secretary shall consider the income-pro-*  
3           *ducing capability of the property during the*  
4           *term that the property is leased.*

5           “(6) *DETERMINATION BY SECRETARY.*—

6           “(A) *EXPEDITED REVIEW.*—*On the request*  
7           *of an applicant, the Secretary shall provide*  
8           *within 30 days of denial of the applicant’s ap-*  
9           *plication for an expedited review by the appro-*  
10           *priate State Director of whether the applicant is*  
11           *a beginning farmer or rancher for the purpose of*  
12           *acquiring farm inventory property.*

13           “(B) *APPEAL.*—*The results of a review con-*  
14           *ducted by a State Director under subparagraph*  
15           *(A) shall be final and not administratively ap-*  
16           *pealable.*

17           “(C) *EFFECTS OF REVIEW.*—

18           “(i) *IN GENERAL.*—*The Secretary shall*  
19           *maintain statistical data on the number*  
20           *and results of reviews conducted under sub-*  
21           *paragraph (A) and whether the reviews ad-*  
22           *versely impact on—*

23                   “(I) *selling farm inventory prop-*  
24                   *erty to beginning farmers and ranch-*  
25                   *ers; and*

1                   “(II) disposing of real property in  
2                   inventory.

3                   “(ii) NOTIFICATION.—The Secretary  
4                   shall notify the Committee on Agriculture of  
5                   the House of Representatives and the Com-  
6                   mittee on Agriculture, Nutrition, and For-  
7                   estry of the Senate if the Secretary deter-  
8                   mines that reviews under subparagraph (A)  
9                   are adversely impacting the selling of farm  
10                  inventory property to beginning farmers or  
11                  ranchers or on disposing of real property in  
12                  inventory.”; and

13                  (3) in subsection (e)—

14                   (A) in paragraph (1)—

15                   (i) by striking subparagraphs (A)  
16                   through (C);

17                   (ii) by redesignating subparagraphs  
18                   (D) through (G) as subparagraphs (A)  
19                   through (D), respectively;

20                   (iii) in subparagraph (A) (as redesign-  
21                   ated by clause (ii))—

22                   (I) in clause (i)—

23                   (aa) in the matter preceding  
24                   subclause (I), by striking “(G)”  
25                   and inserting “(D)”;

1                                    *(bb) by striking subclause (I)*  
2                                    *and inserting the following:*

3                                    *“(I) the Secretary acquires property under this*  
4                                    *title that is located within an Indian reservation;*  
5                                    *and”;*

6                                    *(cc) in subclause (II), by*  
7                                    *striking “, and” at the end and*  
8                                    *inserting a semicolon; and*

9                                    *(dd) by striking subclause*  
10                                    *(III); and*

11                                    *(II) in clause (iii), by striking*  
12                                    *“The Secretary shall” and all that fol-*  
13                                    *lows through “of subparagraph (A),”*  
14                                    *and inserting “Not later than 90 days*  
15                                    *after acquiring the property, the Sec-*  
16                                    *retary shall”;* and

17                                    *(iv) in subparagraph (D) (as redesign-*  
18                                    *ated by clause (ii))—*

19                                    *(I) in clause (i), by striking*  
20                                    *“(D)” in the matter following*  
21                                    *subclause (IV) and inserting “(A)”;*

22                                    *(II) in clause (iii)(I), by striking*  
23                                    *“subparagraphs (C)(i), (C)(ii), and*  
24                                    *(D)” and inserting “subparagraph*  
25                                    *(A)”;* and

1                   (III) *by striking clause (v) and*  
2                   *inserting the following:*

3                   “(v) *FORECLOSURE PROCEDURES.—*

4                   “(I) *NOTICE TO BORROWER.—If a*  
5                   *borrower-owner does not voluntarily*  
6                   *convey to the Secretary real property*  
7                   *described in clause (i), not less than 30*  
8                   *days before a foreclosure sale of the*  
9                   *property the Secretary shall provide*  
10                   *the Indian borrower-owner with the*  
11                   *option of—*

12                   “(aa) *requiring the Secretary*  
13                   *to assign the loan and security in-*  
14                   *struments to the Secretary of the*  
15                   *Interior, provided the Secretary of*  
16                   *the Interior agrees to the assign-*  
17                   *ment, releasing the Secretary of*  
18                   *Agriculture from all further re-*  
19                   *responsibility for collection of any*  
20                   *amounts with regard to the loan*  
21                   *secured by the real property; or*

22                   “(bb) *requiring the Secretary*  
23                   *to assign the loan and security in-*  
24                   *struments to the tribe having ju-*  
25                   *risdiction over the reservation in*

1           *which the real property is located,*  
2           *provided the tribe agrees to the as-*  
3           *signment.*

4           “(II) NOTICE TO TRIBE.—If a  
5           *borrower-owner does not voluntarily*  
6           *convey to the Secretary real property*  
7           *described in clause (i), not less than 30*  
8           *days before a foreclosure sale of the*  
9           *property the Secretary shall provide*  
10           *written notice to the Indian tribe that*  
11           *has jurisdiction over the reservation in*  
12           *which the real property is located of—*

13                   “(aa) *the sale;*

14                   “(bb) *the fair market value of*  
15                   *the property; and*

16                   “(cc) *the requirements of this*  
17                   *subparagraph.*

18           “(III) ASSUMED LOANS.—If an  
19           *Indian tribe assumes a loan under*  
20           *subclause (I)—*

21                   “(aa) *the Secretary shall not*  
22                   *foreclose the loan because of any*  
23                   *default that occurred prior to the*  
24                   *date of the assumption;*

1                   “(bb) the loan shall be for the  
2                   lesser of the outstanding principal  
3                   and interest of the loan or the fair  
4                   market value of the property; and

5                   “(cc) the loan shall be treated  
6                   as though the loan was made  
7                   under Public Law 91–229 (25  
8                   U.S.C. 488 et seq.).”;

9                   (B) by striking paragraph (3);

10                  (C) in paragraph (4)—

11                   (i) by striking subparagraph (B);

12                   (ii) in subparagraph (A)—

13                   (I) in clause (i), by striking “(i)”;

14                   and

15                   (II) by redesignating clause (ii)

16                   as subparagraph (B); and

17                   (iii) in subparagraph (B) (as redesign-

18                   nated by clause (ii)(II)), by striking “clause

19                   (i)” and inserting “subparagraph (A)”;

20                   (D) by striking paragraph (5);

21                   (E) by striking paragraph (6);

22                   (F) by redesignating paragraph (4) as

23                   paragraph (3); and

1                   (G) by redesignating paragraphs (7)  
2                   through (10) as paragraphs (4) through (7), re-  
3                   spectively.

4 **SEC. 634. DEFINITIONS.**

5           Section 343(a) of the Consolidated Farm and Rural  
6 Development Act (7 U.S.C. 1991(a)) is amended—

7           (1) in paragraph (11)—

8                   (A) in the text preceding subparagraph (A),  
9                   by striking “applicant—” and inserting “appli-  
10                   cant, regardless of whether participating in a  
11                   program under section 310E—”; and

12                   (B) in subparagraph (F)—

13                           (i) by striking “15 percent” and in-  
14                           serting “35 percent”; and

15                           (ii) by inserting before the semicolon at  
16                           the end the following: “, except that this  
17                           subparagraph shall not apply to loans  
18                           under subtitle B”; and

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

20           “(12) DEBT FORGIVENESS.—

21                   “(A) IN GENERAL.—The term ‘debt forgive-  
22                   ness’ means reducing or terminating a farm loan  
23                   made or guaranteed under this title, in a man-  
24                   ner that results in a loss to the Secretary,  
25                   through—



1                   “(i) *writing-down or writing-off a loan*  
2                   *under section 353;*

3                   “(ii) *compromising, adjusting, reduc-*  
4                   *ing, or charging-off a debt or claim under*  
5                   *section 331;*

6                   “(iii) *paying a loss on a guaranteed*  
7                   *loan under section 357; or*

8                   “(iv) *discharging a debt as a result of*  
9                   *bankruptcy.*

10                  “(B) *LOAN RESTRUCTURING.—The term*  
11                  *‘debt forgiveness’ does not include consolidation,*  
12                  *rescheduling, reamortization, or deferral.”.*

13   **SEC. 635. AUTHORIZATION FOR LOANS.**

14                  *Section 346 of the Consolidated Farm and Rural De-*  
15                  *velopment Act (7 U.S.C. 1994) is amended—*

16                   (1) *in the second sentence of subsection (a), by*  
17                   *striking “with or without” and all that follows*  
18                   *through “administration” and inserting the following:*  
19                   *“without authority for the Secretary to transfer*  
20                   *amounts between the categories”; and*

21                   (2) *by striking subsection (b) and inserting the*  
22                   *following:*

23                   “(b) *AUTHORIZATION FOR LOANS.—*

24                   “(1) *IN GENERAL.—The Secretary may make or*  
25                   *guarantee loans under subtitles A and B from the Ag-*

1        *gricultural Credit Insurance Fund established under*  
2        *section 309 in not more than the following amounts:*

3                *“(A) FISCAL YEAR 1996.—For fiscal year*  
4                *1996, \$3,085,000,000, of which—*

5                        *“(i) \$585,000,000 shall be for direct*  
6                        *loans, of which—*

7                                *“(I) \$85,000,000 shall be for farm*  
8                                *ownership loans under subtitle A; and*

9                                *“(II) \$500,000,000 shall be for op-*  
10                                *erating loans under subtitle B; and*

11                                *“(ii) \$2,500,000,000 shall be for guar-*  
12                                *anteed loans, of which—*

13                                *“(I) \$600,000,000 shall be for*  
14                                *farm ownership loans under subtitle A;*  
15                                *and*

16                                *“(II) \$1,900,000,000 shall be for*  
17                                *operating loans under subtitle B.*

18                *“(B) FISCAL YEAR 1997.—For fiscal year*  
19                *1997, \$3,165,000,000, of which—*

20                        *“(i) \$585,000,000 shall be for direct*  
21                        *loans, of which—*

22                                *“(I) \$85,000,000 shall be for farm*  
23                                *ownership loans under subtitle A; and*

24                                *“(II) \$500,000,000 shall be for op-*  
25                                *erating loans under subtitle B; and*

1           “(ii) \$2,580,000,000 shall be for guar-  
2           anteed loans, of which—

3                   “(I) \$630,000,000 shall be for  
4                   farm ownership loans under subtitle A;  
5                   and

6                   “(II) \$1,950,000,000 shall be for  
7                   operating loans under subtitle B.

8           “(C) FISCAL YEAR 1998.—For fiscal year  
9           1998, \$3,245,000,000, of which—

10                   “(i) \$585,000,000 shall be for direct  
11                   loans, of which—

12                           “(I) \$85,000,000 shall be for farm  
13                           ownership loans under subtitle A; and

14                           “(II) \$500,000,000 shall be for op-  
15                           erating loans under subtitle B; and

16                   “(ii) \$2,660,000,000 shall be for guar-  
17                   anteed loans, of which—

18                           “(I) \$660,000,000 shall be for  
19                           farm ownership loans under subtitle A;  
20                           and

21                           “(II) \$2,000,000,000 shall be for  
22                           operating loans under subtitle B.

23           “(D) FISCAL YEAR 1999.—For fiscal year  
24           1999, \$3,325,000,000, of which—

1           “(i) \$585,000,000 shall be for direct  
2           loans, of which—

3                   “(I) \$85,000,000 shall be for farm  
4                   ownership loans under subtitle A; and

5                   “(II) \$500,000,000 shall be for op-  
6                   erating loans under subtitle B; and

7           “(ii) \$2,740,000,000 shall be for guar-  
8           anteed loans, of which—

9                   “(I) \$690,000,000 shall be for  
10                  farm ownership loans under subtitle A;  
11                  and

12                  “(II) \$2,050,000,000 shall be for  
13                  operating loans under subtitle B.

14           “(E) FISCAL YEAR 2000.—For fiscal year  
15           2000, \$3,435,000,000, of which—

16                   “(i) \$585,000,000 shall be for direct  
17                   loans, of which—

18                   “(I) \$85,000,000 shall be for farm  
19                   ownership loans under subtitle A; and

20                   “(II) \$500,000,000 shall be for op-  
21                   erating loans under subtitle B; and

22                   “(ii) \$2,850,000,000 shall be for guar-  
23                   anteed loans, of which—

1                   “(I) \$750,000,000 shall be for  
2                   farm ownership loans under subtitle A;  
3                   and

4                   “(II) \$2,100,000,000 shall be for  
5                   operating loans under subtitle B.

6                   “(F) FISCAL YEAR 2001.—For fiscal year  
7                   2001, \$3,435,000,000, of which—

8                   “(i) \$585,000,000 shall be for direct  
9                   loans, of which—

10                   “(I) \$85,000,000 shall be for farm  
11                   ownership loans under subtitle A; and

12                   “(II) \$500,000,000 shall be for op-  
13                   erating loans under subtitle B; and

14                   “(ii) \$2,850,000,000 shall be for guar-  
15                   anteed loans, of which—

16                   “(I) \$750,000,000 shall be for  
17                   farm ownership loans under subtitle A;  
18                   and

19                   “(II) \$2,100,000,000 shall be for  
20                   operating loans under subtitle B.

21                   “(G) FISCAL YEAR 2002.—For fiscal year  
22                   2002, \$3,435,000,000, of which—

23                   “(i) \$585,000,000 shall be for direct  
24                   loans, of which—

1                   “(I) \$85,000,000 shall be for farm  
2                   ownership loans under subtitle A; and

3                   “(II) \$500,000,000 shall be for op-  
4                   erating loans under subtitle B; and

5                   “(ii) \$2,850,000,000 shall be for guar-  
6                   anteed loans, of which—

7                   “(I) \$750,000,000 shall be for  
8                   farm ownership loans under subtitle A;  
9                   and

10                   “(II) \$2,100,000,000 shall be for  
11                   operating loans under subtitle B.

12                   “(2) *BEGINNING FARMERS AND RANCHERS.*—

13                   “(A) *DIRECT LOANS.*—

14                   “(i) *FARM OWNERSHIP LOANS.*—Of the  
15                   amounts made available under paragraph  
16                   (1) for direct farm ownership loans, the  
17                   Secretary shall reserve 70 percent of avail-  
18                   able funds for qualified beginning farmers  
19                   and ranchers.

20                   “(ii) *OPERATING LOANS.*—Of the  
21                   amounts made available under paragraph  
22                   (1) for direct operating loans, the Secretary  
23                   shall reserve for qualified beginning farmers  
24                   and ranchers—

1                   “(I) for fiscal year 1996, 25 per-  
2                   cent;

3                   “(II) for fiscal year 1997, 25 per-  
4                   cent;

5                   “(III) for fiscal year 1998, 25  
6                   percent;

7                   “(IV) for fiscal year 1999, 30 per-  
8                   cent; and

9                   “(V) for each of fiscal years 2000  
10                  through 2002, 35 percent.

11                  “(iii) FUNDS RESERVED UNTIL SEP-  
12                  TEMBER 1.—Funds reserved for beginning  
13                  farmers or ranchers under this subpara-  
14                  graph shall be reserved only until Septem-  
15                  ber 1 of each fiscal year.

16                  “(B) GUARANTEED LOANS.—

17                  “(i) FARM OWNERSHIP LOANS.—Of the  
18                  amounts made available under paragraph  
19                  (1) for guaranteed farm ownership loans,  
20                  the Secretary shall reserve 25 percent for  
21                  qualified beginning farmers and ranchers.

22                  “(ii) OPERATING LOANS.—Of the  
23                  amounts made available under paragraph  
24                  (1) for guaranteed operating loans, the Sec-

1           retary shall reserve 40 percent for qualified  
2           beginning farmers and ranchers.

3           “(iii) *FUNDS RESERVED UNTIL APRIL*  
4           1.—Funds reserved for beginning farmers or  
5           ranchers under this subparagraph shall be  
6           reserved only until April 1 of each fiscal  
7           year.

8           “(C) *RESERVED FUNDS FOR ALL QUALIFIED*  
9           *BEGINNING FARMERS AND RANCHERS.*—If a  
10          qualified beginning farmer or rancher meets the  
11          eligibility criteria for receiving a direct or guar-  
12          anteed loan under section 302, 310E, or 311, the  
13          Secretary shall make or guarantee the loan if  
14          sufficient funds reserved under this paragraph  
15          are available to make or guarantee the loan.

16          “(3) *TRANSFER FOR DOWN PAYMENT LOANS.*—

17                 “(A) *IN GENERAL.*—Notwithstanding sub-  
18                 section (a), subject to subparagraph (B)—

19                         “(i) beginning on August 1 of each fis-  
20                         cal year, the Secretary shall use available  
21                         unsubsidized guaranteed farm operating  
22                         loan funds to fund approved direct farm  
23                         ownership loans to beginning farmers and  
24                         ranchers under the down payment loan pro-  
25                         gram established under section 310E; and



1           “(ii) beginning on September 1 of each  
2           fiscal year, the Secretary shall use available  
3           unsubsidized guaranteed farm operating  
4           loan funds to fund approved direct farm  
5           ownership loans to beginning farmers and  
6           ranchers.

7           “(B) *LIMITATION.*—The Secretary shall  
8           limit the transfer of funds under subparagraph  
9           (A) so that all guaranteed farm operating loans  
10          that have been approved, or will be approved,  
11          during the fiscal year shall be funded to extent  
12          of appropriated amounts.

13          “(4) *TRANSFER FOR CREDIT SALES OF FARM IN-*  
14          *VENTORY PROPERTY.*—

15               “(A) *IN GENERAL.*—Notwithstanding sub-  
16               section (a), subject to subparagraphs (B) and  
17               (C), beginning on September 1 of each fiscal  
18               year, the Secretary may use available emergency  
19               disaster loan funds appropriated for the fiscal  
20               year to fund the credit sale of farm real estate  
21               in the inventory of the Secretary.

22               “(B) *SUPPLEMENTAL APPROPRIATIONS.*—  
23               The transfer authority provided under subpara-  
24               graph (A) does not include any emergency disas-  
25               ter loan funds made available to the Secretary

1           *for any fiscal year as a result of a supplemental*  
 2           *appropriation made by Congress.*

3           “(C) *LIMITATION.—The Secretary shall*  
 4           *limit the transfer of funds under subparagraph*  
 5           *(A) so that all emergency disaster loans that*  
 6           *have been approved, or will be approved, during*  
 7           *the fiscal year shall be funded to extent of appro-*  
 8           *priated amounts.”.*

9   **SEC. 636. LIST OF CERTIFIED LENDERS AND INVENTORY**

10                           **PROPERTY DEMONSTRATION PROJECT.**

11           *(a) IN GENERAL.—Section 351 of the Consolidated*  
 12           *Farm and Rural Development Act (7 U.S.C. 1999) is*  
 13           *amended—*

14                   *(1) in subsection (f)—*

15                           *(A) by striking “Each Farmers Home Ad-*  
 16                           *ministration county supervisor” and inserting*  
 17                           *“The Secretary”;*

18                           *(B) by striking “approved lenders” and in-*  
 19                           *serting “lenders”; and*

20                           *(C) by striking “the Farmers Home Admin-*  
 21                           *istration”; and*

22                   *(2) by striking subsection (h).*

23           *(b) TECHNICAL AMENDMENTS.—*

24                   *(1) Section 1320 of the Food Security Act of*  
 25           *1985 (Public Law 99–198; 7 U.S.C. 1999 note) is*

1       amended by striking “Effective only” and all that fol-  
2       lows through “1995, the” and inserting “The”.

3               (2) Section 351(a) of the Consolidated Farm and  
4       Rural Development Act (7 U.S.C. 1999) is amend-  
5       ed—

6                       (A) by striking “SEC. 351. (a) The” and in-  
7       serting the following:

8       **“SEC. 351. INTEREST RATE REDUCTION PROGRAM.**

9       “(a) ESTABLISHMENT OF PROGRAM.—

10                      “(1) IN GENERAL.—The”; and

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

12                      “(2) TERMINATION OF AUTHORITY.—The author-  
13       ity provided by this subsection shall terminate on  
14       September 30, 2002.”.

15       **SEC. 637. HOMESTEAD PROPERTY.**

16       Section 352(c) of the Consolidated Farm and Rural  
17       Development Act (7 U.S.C. 2000(c)) is amended—

18                      (1) in paragraph (1)(A), by striking “90” each  
19       place it appears and inserting “30”; and

20                      (2) in paragraph (6), by striking “Within 30”  
21       and all that follows through “title,” and insert “Not  
22       later than the date of acquisition of the property se-  
23       curing a loan made under this title (or, in the case  
24       of real property in inventory on the effective date of  
25       the Agricultural Reform and Improvement Act of

1       1996, not later than 5 days after the date of enact-  
2       ment of the Act),” and by striking the second sen-  
3       tence.

4       **SEC. 638. RESTRUCTURING.**

5       Section 353 of the Consolidated Farm and Rural De-  
6       velopment Act (7 U.S.C. 2001) is amended—

7               (1) in subsection (c)—

8                       (A) in paragraph (3) by striking subpara-  
9                       graph (C) and inserting the following:

10                               “(C) CASH FLOW MARGIN.—

11                                       “(i) ASSUMPTION.—For the purpose of  
12                                       assessing under subparagraph (A) the abil-  
13                                       ity of a borrower to meet debt obligations  
14                                       and continue farming operations, the Sec-  
15                                       retary shall assume that the borrower needs  
16                                       up to 110 percent of the amount indicated  
17                                       for payment of farm operating expenses,  
18                                       debt service obligations, and family living  
19                                       expenses.

20                                       “(ii) AVAILABLE INCOME.—If an  
21                                       amount up to 110 percent of the amount de-  
22                                       termined under subparagraph (A) is avail-  
23                                       able, the Secretary shall consider the income  
24                                       of the borrower to be adequate to meet all

1           *expenses, including the debt obligations of*  
2           *the borrower.”; and*

3           *(B) by striking paragraph (6) and inserting*  
4           *the following:*

5           “(6) *TERMINATION OF LOAN OBLIGATIONS.—The*  
6           *obligations of a borrower to the Secretary under a*  
7           *loan shall terminate if—*

8                   “(A) *the borrower satisfies the requirements*  
9                   *of paragraphs (1) and (2) of subsection (b);*

10                   “(B) *the value of the restructured loan is*  
11                   *less than the recovery value; and*

12                   “(C) *not later than 90 days after receipt of*  
13                   *the notification described in paragraph (4)(B),*  
14                   *the borrower pays (or obtains third-party fi-*  
15                   *nancing to pay) the Secretary an amount equal*  
16                   *to the current market value.”;*

17                   *(2) by striking subsection (k); and*

18                   *(3) by redesignating subsections (l) through (p)*  
19                   *as subsections (k) through (o), respectively.*

20    **SEC. 639. TRANSFER OF INVENTORY LANDS.**

21           *Section 354 of the Consolidated Farm and Rural De-*  
22           *velopment Act (7 U.S.C. 2002) is amended—*

23                   *(1) in the matter preceding paragraph (1), by*  
24                   *striking “The Secretary, without reimbursement,”*  
25                   *and inserting the following:*

1       “(a) *IN GENERAL.*—Subject to subsection (b), the Sec-  
2   retary”;

3           (2) by striking paragraph (2) and inserting the  
4   following:

5           “(2) that is eligible to be disposed of in accord-  
6   ance with section 335; and”;

7           (3) by adding at the end the following:

8       “(b) *CONDITIONS.*—The Secretary may not transfer  
9   any property or interest under subsection (a) unless—

10          “(1) at least 2 public notices are given of the  
11   transfer;

12          “(2) if requested, at least 1 public meeting is  
13   held prior to the transfer; and

14          “(3) the Governor and at least 1 elected county  
15   official are consulted prior to the transfer.”.

16   **SEC. 640. IMPLEMENTATION OF TARGET PARTICIPATION**  
17           **RATES.**

18       Section 355 of the Consolidated Farm and Rural De-  
19   velopment Act (7 U.S.C. 2003) is amended by adding at  
20   the end the following:

21       “(f) *IMPLEMENTATION CONSISTENT WITH SUPREME*  
22   *COURT HOLDING.*—Not later than 180 days after the date  
23   of enactment of this subsection, the Secretary shall ensure  
24   that the implementation of this section is consistent with  
25   the holding of the Supreme Court in *Adarand Constructors,*

1 *Inc. v. Federico Pena, Secretary of Transportation*, 63  
2 *U.S.L.W. 4523 (U.S. June 12, 1995).*”.

3 **SEC. 641. DELINQUENT BORROWERS AND CREDIT STUDY.**

4 *The Consolidated Farm and Rural Development Act*  
5 *(7 U.S.C. 1921 et seq.) is amended by adding at the end*  
6 *the following:*

7 **“SEC. 372. PAYMENT OF INTEREST AS A CONDITION OF**  
8 **LOAN SERVICING FOR BORROWERS.**

9 *“The Secretary may not reschedule or reamortize a*  
10 *loan for a borrower under this title who has not requested*  
11 *consideration under section 331D(e) unless the borrower*  
12 *pays a portion, as determined by the Secretary, of the inter-*  
13 *est due on the loan.*

14 **“SEC. 373. LOAN AND LOAN SERVICING LIMITATIONS**

15 *“(a) DELINQUENT BORROWERS PROHIBITED FROM*  
16 *OBTAINING DIRECT OPERATING LOANS.—The Secretary*  
17 *may not make a direct operating loan under subtitle B to*  
18 *a borrower who is delinquent on any loan made or guaran-*  
19 *teed under this title.*

20 *“(b) LOANS PROHIBITED FOR BORROWERS THAT*  
21 *HAVE RECEIVED DEBT FORGIVENESS.—*

22 *“(1) IN GENERAL.—Except as provided in para-*  
23 *graph (2), the Secretary may not make or guarantee*  
24 *a loan under this title to a borrower who received*  
25 *debt forgiveness under this title.*

1           “(2) *EXCEPTION.*—*The Secretary may make a*  
2           *direct or guaranteed farm operating loan for paying*  
3           *annual farm or ranch operating expenses to a bor-*  
4           *rower who was restructured with debt write-down*  
5           *under section 353.*

6           “(c) *NO MORE THAN 1 DEBT FORGIVENESS FOR A*  
7           *BORROWER ON A DIRECT LOAN.*—*The Secretary may not*  
8           *provide debt forgiveness to a borrower on a direct loan made*  
9           *under this title if the borrower has received debt forgiveness*  
10          *on another direct loan under this title.*

11          “**SEC. 374. CREDIT STUDY.**

12          “(a) *IN GENERAL.*—*The Secretary of Agriculture shall*  
13          *perform a study and report to the Committee on Agriculture*  
14          *in the House of Representatives and the Committee on Agri-*  
15          *culture, Nutrition, and Forestry in the Senate on the de-*  
16          *mand for and availability of credit in rural areas for agri-*  
17          *culture, rural housing, and rural development.*

18          “(b) *PURPOSE.*—*The purpose of the study is to ensure*  
19          *that Congress has current and comprehensive information*  
20          *to consider as Congress deliberates on the credit needs of*  
21          *rural America and the availability of credit to satisfy the*  
22          *needs of rural America.*

23          “(c) *ITEMS IN STUDY.*—*The study should be based on*  
24          *the most current available data and should include—*



1           “(1) rural demand for credit from the Farm  
2           Credit System, the ability of the Farm Credit System  
3           to meet the demand, and the extent to which the  
4           Farm Credit System provided loans to satisfy the de-  
5           mand;

6           “(2) rural demand for credit from the nation’s  
7           banking system, the ability of banks to meet the de-  
8           mand, and the extent to which banks provided loans  
9           to satisfy the demand;

10           “(3) rural demand for credit from the Secretary,  
11           the ability of the Secretary to meet the demand, and  
12           the extent to which the Secretary provided loans to  
13           satisfy the demand;

14           “(4) rural demand for credit from other Federal  
15           agencies, the ability of the agencies to meet the de-  
16           mand, and the extent to which the agencies provided  
17           loans to satisfy the demand;

18           “(5) what measure or measures exist to gauge the  
19           overall demand for rural credit and the extent to  
20           which rural demand for credit is satisfied, and what  
21           the measures have shown;

22           “(6) a comparison of the interest rates and terms  
23           charged by the Farm Credit System Farm Credit  
24           Banks, production credit associations, and banks for  
25           cooperatives with the rates and terms charged by the

1 *nation's banks for credit of comparable risk and ma-*  
2 *turity;*

3 *“(7) the advantages and disadvantages of the*  
4 *modernization and expansion proposals of the Farm*  
5 *Credit System on the Farm Credit System, the na-*  
6 *tion's banking system, rural users of credit, local*  
7 *rural communities, and the Federal Government, in-*  
8 *cluding—*

9 *“(A) any added risk to the safety and*  
10 *soundness of the Farm Credit System that may*  
11 *result from approval of a proposal; and*

12 *“(B) any positive or adverse impacts on*  
13 *competition between the Farm Credit System*  
14 *and the nation's banks in providing credit to*  
15 *rural users;*

16 *“(8) the nature and extent of the unsatisfied*  
17 *rural credit need that the Farm Credit System pro-*  
18 *posal are supposed to address and what aspects of the*  
19 *present Farm Credit System prevent the Farm Credit*  
20 *System from meeting the need;*

21 *“(9) the advantages and disadvantages of the*  
22 *proposal by commercial bankers to allow banks access*  
23 *to the Farm Credit System as a funding source on the*  
24 *Farm Credit System, the nation's banking system,*

1        *rural users of credit, local rural communities, and the*  
2        *Federal Government, including—*

3                *“(A) any added risk to the safety and*  
4                *soundness of the Farm Credit System that may*  
5                *result from approval of the proposal; and*

6                *“(B) any positive or adverse impacts on*  
7                *competition between the Farm Credit System*  
8                *and the nation’s banks in providing credit to*  
9                *rural users; and*

10                *“(10) problems that commercial banks have in*  
11                *obtaining capital for lending in rural areas, how ac-*  
12                *cess to Farm Credit System funds would improve the*  
13                *availability of capital in rural areas in ways that*  
14                *cannot be achieved in the present system, and the pos-*  
15                *sible effects on the viability of the Farm Credit Sys-*  
16                *tem of granting banks access to Farm Credit System*  
17                *funds.*

18                *“(d) INTERAGENCY TASK FORCE.—In completing the*  
19                *study, the Secretary shall use, among other things, data and*  
20                *information obtained by the interagency task force on rural*  
21                *credit.”.*

## 22                **CHAPTER 5—GENERAL PROVISIONS**

### 23                **SEC. 651. CONFORMING AMENDMENTS.**

24                *(a) Section 307(a) of the Consolidated Farm and*  
25                *Rural Development Act (7 U.S.C. 1927(a)) is amended—*

1           (1) *in paragraph (4), by striking “304(b),*  
2           *306(a)(1), and 310B” and inserting “306(a)(1) and*  
3           *310B”; and*

4           (2) *in paragraph (6)(B)—*

5                   (A) *by striking clauses (i), (ii), and (vii);*

6                   (B) *in clause (v), by adding “and” at the*  
7           *end;*

8                   (C) *in clause (vi), by striking “, and” at*  
9           *the end and inserting a period; and*

10                  (D) *by redesignating clauses (iii) through*  
11           *(vi) as clauses (i) through (iv), respectively.*

12           (b) *The second sentence of section 309(g)(1) of the Con-*  
13           *solidated Farm and Rural Development Act (7 U.S.C.*  
14           *1929(g)(1)) is amended by striking “section 308.”*

15           (c) *Section 309A of the Consolidated Farm and Rural*  
16           *Development Act (7 U.S.C. 1929a) is amended—*

17                   (1) *in the second sentence of subsection (a), by*  
18           *striking “304(b), 306(a)(1), 306(a)(14), 310B, and*  
19           *312(b)” and inserting “306(a)(1), 306(a)(14), and*  
20           *310B”; and*

21                   (2) *in subsection (b), by striking “and section*  
22           *308”.*

23           (d) *Section 310B(d) of the Consolidated Farm and*  
24           *Rural Development Act (7 U.S.C. 1932(d)) is amended—*

1           (1) by striking “sections 304(b), 310B, and  
2           312(b)” each place it appears in paragraphs (2), (3),  
3           and (4) and inserting “this section”; and

4           (2) in paragraph (6), by striking “this section,  
5           section 304, or section 312” and inserting “this sec-  
6           tion”.

7           (e) The first sentence of section 310D(a) of the Consoli-  
8           dated Farm and Rural Development Act (7 U.S.C. 1934(a))  
9           is amended by striking “paragraphs (1) through (5) of sec-  
10          tion 303(a), or subparagraphs (A) through (E) of section  
11          304(a)(1)” and inserting “section 303(a), or paragraphs (1)  
12          through (5) of section 304(b)”.

13          (f) Section 311(b)(1) of the Consolidated Farm and  
14          Rural Development Act (7 U.S.C. 1941(b)(1)) is amended  
15          by striking “and for the purposes specified in section 312”.

16          (g) Section 316(a) of the Consolidated Farm and  
17          Rural Development Act (7 U.S.C. 1946(a)) is amended by  
18          striking paragraph (3).

19          (h) Section 343 of the Consolidated Farm and Rural  
20          Development Act (7 U.S.C. 1991) is amended—

21                 (1) in subsection (a)(10), by striking “recreation  
22                 loan (RL) under section 304,”; and

23                 (2) in subsection (b)—

24                         (A) in the matter preceding paragraph (1),  
25                         by striking “351(h),”; and

1                   (B) by striking paragraph (4) and inserting  
2                   the following:

3                   “(4) *PRESERVATION LOAN SERVICE PROGRAM.*—  
4                   The term “preservation loan service program” means  
5                   homestead retention as authorized under section  
6                   352.”.

7                   (i) The first sentence of section 344 of the Consolidated  
8                   Farm and Rural Development Act (7 U.S.C. 1992) is  
9                   amended by striking “304(b), 306(a)(1), 310B, 312(b), or  
10                  312(c)” and inserting “306(a)(1), 310B, or 312(c)”.

11                  (j) Section 353(l) of the Consolidated Farm and Rural  
12                  Development Act (as redesignated by section 638(3)) is fur-  
13                  ther amended by striking “and subparagraphs (A)(i) and  
14                  (C)(i) of section 335(e)(1),”.

## 15                  **Subtitle B—Farm Credit System**

### 16                  **CHAPTER 1—AGRICULTURAL MORTGAGE**

#### 17                  **SECONDARY MARKET**

##### 18                  **SEC. 661. DEFINITION OF REAL ESTATE.**

19                  Section 8.0(1)(B)(ii) of the Farm Credit Act of 1971  
20                  (12 U.S.C. 2279aa(1)(B)(ii)) is amended by striking “with  
21                  a purchase price” and inserting “, excluding the land to  
22                  which the dwelling is affixed, with a value”.

##### 23                  **SEC. 662. DEFINITION OF CERTIFIED FACILITY.**

24                  Section 8.0(3) of the Farm Credit Act of 1971 (12  
25                  U.S.C. 2279aa(3)) is amended—

1           (1) in subparagraph (A), by striking “a second-  
2           ary marketing agricultural loan” and inserting “an  
3           agricultural mortgage marketing”; and

4           (2) in subparagraph (B), by striking “, but  
5           only” and all that follows through “(9)(B)”.

6   **SEC. 663. DUTIES OF FEDERAL AGRICULTURAL MORTGAGE**  
7                           **CORPORATION.**

8           Section 8.1(b) of the Farm Credit Act of 1971 (12  
9   U.S.C. 2279aa–1(b)) is amended—

10           (1) in paragraph (2), by striking “and” at the  
11           end;

12           (2) in paragraph (3), by striking the period at  
13           the end and inserting “; and”; and

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

15           “(4) purchase qualified loans and issue securities  
16           representing interests in, or obligations backed by, the  
17           qualified loans, guaranteed for the timely repayment  
18           of principal and interest.”.

19   **SEC. 664. POWERS OF THE CORPORATION.**

20           Section 8.3(c) of the Farm Credit Act of 1971 (12  
21   U.S.C. 2279aa–3(c)) is amended—

22           (1) by redesignating paragraphs (13) and (14)  
23           as paragraphs (14) and (15), respectively; and

24           (2) by inserting after paragraph (12) the follow-  
25           ing:

1           “(13) To purchase, hold, sell, or assign a quali-  
2           fied loan, to issue a guaranteed security, representing  
3           an interest in, or an obligation backed by, the quali-  
4           fied loan, and to perform all the functions and re-  
5           sponsibilities of an agricultural mortgage marketing  
6           facility operating as a certified facility under this  
7           title.”.

8   **SEC. 665. FEDERAL RESERVE BANKS AS DEPOSITARIES AND**  
9                                   **FISCAL AGENTS.**

10          Section 8.3 of the Farm Credit Act of 1971 (12 U.S.C.  
11 2279aa-3) is amended—

12                 (1) in subsection (d), by striking “may act as de-  
13                 positories for, or” and inserting “shall act as deposi-  
14                 tories for, and”; and

15                 (2) in subsection (e), by striking “Secretary of  
16                 the Treasury may authorize the Corporation to use”  
17                 and inserting “Corporation shall have access to”.

18   **SEC. 666. CERTIFICATION OF AGRICULTURAL MORTGAGE**  
19                                   **MARKETING FACILITIES.**

20          Section 8.5 of the Farm Credit Act of 1971 (12 U.S.C.  
21 2279aa-5) is amended—

22                 (1) in subsection (a)—

23                         (A) in paragraph (1), by inserting “(other  
24                         than the Corporation)” after “agricultural mort-  
25                         gage marketing facilities”; and



1           (B) in paragraph (2), by inserting “(other  
2           than the Corporation)” after “agricultural mort-  
3           gage marketing facility”; and

4           (2) in subsection (e)(1), by striking “(other than  
5           the Corporation)”.

6   **SEC. 667. GUARANTEE OF QUALIFIED LOANS.**

7           Section 8.6 of the Farm Credit Act of 1971 (12 U.S.C.  
8   2279aa-6) is amended—

9           (1) in subsection (a)(1)—

10           (A) by striking “Corporation shall guaran-  
11           tee” and inserting the following: “Corporation—  
12           “(A) shall guarantee”;

13           (B) by striking the period at the end and  
14           inserting “; and”; and

15           (C) by adding at the end the following:

16           “(B) may issue a security, guaranteed as to  
17           the timely payment of principal and interest,  
18           that represents an interest solely in, or an obli-  
19           gation fully backed by, a pool consisting of  
20           qualified loans that—

21           “(i) meet the standards established  
22           under section 8.8; and

23           “(ii) have been purchased and held by  
24           the Corporation.”;

25           (2) in subsection (d)—

1 (A) by striking paragraph (4); and

2 (B) by redesignating paragraphs (5), (6),  
3 and (7) as paragraphs (4), (5), and (6), respec-  
4 tively; and

5 (3) in subsection (g)(2), by striking “section  
6 8.0(9)(B))” and inserting “section 8.0(9))”.

7 **SEC. 668. MANDATORY RESERVES AND SUBORDINATED**  
8 **PARTICIPATION INTERESTS ELIMINATED.**

9 (a) *GUARANTEE OF QUALIFIED LOANS.*—Section 8.6  
10 of the Farm Credit Act of 1971 (12 U.S.C. 2279aa–6) is  
11 amended by striking subsection (b).

12 (b) *RESERVES AND SUBORDINATED PARTICIPATION*  
13 *INTERESTS.*—Section 8.7 of the Farm Credit Act of 1971  
14 (12 U.S.C. 2279aa–7) is repealed.

15 (c) *CONFORMING AMENDMENTS.*—

16 (1) Section 8.0(9)(B)(i) of the Farm Credit Act  
17 of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by  
18 striking “8.7, 8.8,” and inserting “8.8”.

19 (2) Section 8.6(a)(2) of the Farm Credit Act of  
20 1971 (12 U.S.C. 2279aa–6(a)(2)) is amended by  
21 striking “subject to the provisions of subsection (b)”.

22 **SEC. 669. STANDARDS REQUIRING DIVERSIFIED POOLS.**

23 (a) *IN GENERAL.*—Section 8.6 of the Farm Credit Act  
24 of 1971 (12 U.S.C. 2279aa–6) (as amended by section 668)  
25 is amended—

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

2           (2) *by redesignating subsections (d) through (g)*  
3 *as subsections (b) through (e), respectively.*

4           **(b) CONFORMING AMENDMENTS.—**

5           (1) *Section 8.0(9)(B)(i) of the Farm Credit Act*  
6 *of 1971 (12 U.S.C. 2279aa(9)(B)(i)) is amended by*  
7 *striking “(f)” and inserting “(d)”.*

8           (2) *Section 8.13(a) of the Farm Credit Act of*  
9 *1971 (12 U.S.C. 2279aa–13(a)) is amended by strik-*  
10 *ing “sections 8.6(b) and” in each place it appears*  
11 *and inserting “section”.*

12           (3) *Section 8.32(b)(1)(C) of the Farm Credit Act*  
13 *of 1971 (12 U.S.C. 2279bb–1(b)(1)(C)) is amended—*

14           (A) *by striking “shall” and inserting*  
15 *“may”; and*

16           (B) *by inserting “(as in effect before the*  
17 *date of the enactment of the Agricultural Reform*  
18 *and Improvement Act of 1996)” before the semi-*  
19 *colon.*

20           (4) *Section 8.6(b) of the Farm Credit Act of*  
21 *1971 (12 U.S.C. 2279aa–6(b)) (as redesignated by*  
22 *subsection (a)(2)) is amended—*

23           (A) *by striking paragraph (4) (as redesi-*  
24 *gnated by section 667(2)(B)); and*

1                   (B) by redesignating paragraphs (5) and  
2                   (6) (as redesignated by section 667(2)(B)) as  
3                   paragraphs (4) and (5), respectively.

4 **SEC. 670. SMALL FARMS.**

5           Section 8.8(e) of the Farm Credit Act of 1971 (12  
6 U.S.C. 2279aa–8(e)) is amended by adding at the end the  
7 following: “The Board shall promote and encourage the in-  
8 clusion of qualified loans for small farms and family farm-  
9 ers in the agricultural mortgage secondary market.”.

10 **SEC. 671. DEFINITION OF AN AFFILIATE.**

11           Section 8.11(e) of the Farm Credit Act of 1971 (21  
12 U.S.C. 2279aa–11(e)) is amended—

13                   (1) by striking “a certified facility or”; and

14                   (2) by striking “paragraphs (3) and (7), respec-  
15                   tively, of section 8.0” and inserting “section 8.0(7)”.

16 **SEC. 672. STATE USURY LAWS SUPERSEDED.**

17           Section 8.12 of the Farm Credit Act of 1971 (12 U.S.C.  
18 2279aa–12) is amended by striking subsection (d) and in-  
19 serting the following:

20           “(d) *STATE USURY LAWS SUPERSEDED.*—A provision  
21 of the Constitution or law of any State shall not apply to  
22 an agricultural loan made by an originator or a certified  
23 facility in accordance with this title for sale to the Corpora-  
24 tion or to a certified facility for inclusion in a pool for  
25 which the Corporation has provided, or has committed to

1 *provide, a guarantee, if the loan, not later than 180 days*  
2 *after the date the loan was made, is sold to the Corporation*  
3 *or included in a pool for which the Corporation has pro-*  
4 *vided a guarantee, if the provision—*

5 *“(1) limits the rate or amount of interest, dis-*  
6 *count points, finance charges, or other charges that*  
7 *may be charged, taken, received, or reserved by an ag-*  
8 *ricultural lender or a certified facility; or*

9 *“(2) limits or prohibits a prepayment penalty*  
10 *(either fixed or declining), yield maintenance, or*  
11 *make-whole payment that may be charged, taken, or*  
12 *received by an agricultural lender or a certified facil-*  
13 *ity in connection with the full or partial payment of*  
14 *the principal amount due on a loan by a borrower in*  
15 *advance of the scheduled date for the payment under*  
16 *the terms of the loan, otherwise known as a prepay-*  
17 *ment of the loan principal.”.*

18 **SEC. 673. EXTENSION OF CAPITAL TRANSITION PERIOD.**

19 *Section 8.32 of the Farm Credit Act of 1971 (12 U.S.C.*  
20 *2279bb-1) is amended—*

21 *(1) in the first sentence of subsection (a), by*  
22 *striking “Not later than the expiration of the 2-year*  
23 *period beginning on December 13, 1991,” and insert-*  
24 *ing “Not sooner than the expiration of the 3-year pe-*

1        *riod beginning on the date of enactment of the Agri-*  
2        *cultural Reform and Improvement Act of 1996,”;*

3            *(2) in the first sentence of subsection (b)(2), by*  
4        *striking “5-year” and inserting “8-year”; and*

5            *(3) in subsection (d)—*

6            *(A) in the first sentence—*

7            *(i) by striking “The regulations estab-*  
8        *lishing” and inserting the following:*

9            *“(1) IN GENERAL.—The regulations establish-*  
10        *ing”;* and

11           *(ii) by striking “shall contain” and in-*  
12        *serting the following: “shall—*

13           *“(A) be issued by the Director for public*  
14        *comment in the form of a notice of proposed*  
15        *rulemaking, to be first published after the expi-*  
16        *ration of the period referred to in subsection (a);*  
17        *and*

18           *“(B) contain”;* and

19           *(B) in the second sentence, by striking “The*  
20        *regulations shall” and inserting the following:*

21           *“(2) SPECIFICITY.—The regulations referred to*  
22        *in paragraph (1) shall”.*

23        **SEC. 674. MINIMUM CAPITAL LEVEL.**

24           *Section 8.33 of the Farm Credit Act of 1971 (12 U.S.C.*  
25        *2279bb–2) is amended to read as follows:*

1 **“SEC. 8.33. MINIMUM CAPITAL LEVEL.**

2 “(a) *IN GENERAL.*—*Except as provided in subsection*  
3 *(b), for purposes of this subtitle, the minimum capital level*  
4 *for the Corporation shall be an amount of core capital equal*  
5 *to the sum of—*

6 “(1) *2.75 percent of the aggregate on-balance*  
7 *sheet assets of the Corporation, as determined in ac-*  
8 *cordance with generally accepted accounting prin-*  
9 *ciples; and*

10 “(2) *0.75 percent of the aggregate off-balance*  
11 *sheet obligations of the Corporation, which, for the*  
12 *purposes of this subtitle, shall include—*

13 “(A) *the unpaid principal balance of out-*  
14 *standing securities that are guaranteed by the*  
15 *Corporation and backed by pools of qualified*  
16 *loans;*

17 “(B) *instruments that are issued or guaran-*  
18 *teed by the Corporation and are substantially*  
19 *equivalent to instruments described in subpara-*  
20 *graph (A); and*

21 “(C) *other off-balance sheet obligations of*  
22 *the Corporation.*

23 “(b) *TRANSITION PERIOD.*—

24 “(1) *IN GENERAL.*—*For purposes of this subtitle,*  
25 *the minimum capital level for the Corporation—*

1           “(A) prior to January 1, 1997, shall be the  
2 amount of core capital equal to the sum of—

3           “(i) 0.45 percent of aggregate off-bal-  
4 ance sheet obligations of the Corporation;

5           “(ii) 0.45 percent of designated on-bal-  
6 ance sheet assets of the Corporation, as de-  
7 termined under paragraph (2); and

8           “(iii) 2.50 percent of on-balance sheet  
9 assets of the Corporation other than assets  
10 designated under paragraph (2);

11           “(B) during the 1-year period ending De-  
12 cember 31, 1997, shall be the amount of core cap-  
13 ital equal to the sum of—

14           “(i) 0.55 percent of aggregate off-bal-  
15 ance sheet obligations of the Corporation;

16           “(ii) 1.20 percent of designated on-bal-  
17 ance sheet assets of the Corporation, as de-  
18 termined under paragraph (2); and

19           “(iii) 2.55 percent of on-balance sheet  
20 assets of the Corporation other than assets  
21 designated under paragraph (2);

22           “(C) during the 1-year period ending De-  
23 cember 31, 1998, shall be the amount of core cap-  
24 ital equal to—



1           “(i) if the Corporation’s core capital is  
2           not less than \$25,000,000 on January 1,  
3           1998, the sum of—

4                   “(I) 0.65 percent of aggregate off-  
5                   balance sheet obligations of the Cor-  
6                   poration;

7                   “(II) 1.95 percent of designated  
8                   on-balance sheet assets of the Corpora-  
9                   tion, as determined under paragraph  
10                  (2); and

11                  “(III) 2.65 percent of on-balance  
12                  sheet assets of the Corporation other  
13                  than assets designated under para-  
14                  graph (2); or

15                  “(ii) if the Corporation’s core capital  
16                  is less than \$25,000,000 on January 1,  
17                  1998, the amount determined under sub-  
18                  section (a); and

19                  “(D) on and after January 1, 1999, shall be  
20                  the amount determined under subsection (a).

21                  “(2) *DESIGNATED ON-BALANCE SHEET AS-*  
22                  *SETS.—For purposes of this subsection, the designated*  
23                  *on-balance sheet assets of the Corporation shall be—*

1           “(A) the aggregate on-balance sheet assets of  
2           the Corporation acquired under section 8.6(e);  
3           and

4           “(B) the aggregate amount of qualified  
5           loans purchased and held by the Corporation  
6           under section 8.3(c)(13).”.

7   **SEC. 675. CRITICAL CAPITAL LEVEL.**

8           Section 8.34 of the Farm Credit Act of 1971 (12 U.S.C.  
9   2279bb–3) is amended to read as follows:

10   **“SEC. 8.34. CRITICAL CAPITAL LEVEL.**

11           “*For purposes of this subtitle, the critical capital level*  
12           *for the Corporation shall be an amount of core capital equal*  
13           *to 50 percent of the total minimum capital amount deter-*  
14           *mined under section 8.33.*”.

15   **SEC. 676. ENFORCEMENT LEVELS.**

16           Section 8.35(e) of the Farm Credit Act of 1971 (12  
17   U.S.C. 2279bb–4(e)) is amended by striking “during the 30-  
18   month period beginning on the date of the enactment of this  
19   section,” and inserting “during the period beginning on De-  
20   cember 13, 1991, and ending on the effective date of the  
21   risk based capital regulation issued by the Director under  
22   section 8.32,”.

1 **SEC. 677. RECAPITALIZATION OF THE CORPORATION.**

2 *Title VIII of the Farm Credit Act of 1971 (12 U.S.C.*  
3 *2279aa et seq.) is amended by adding at the end the follow-*  
4 *ing:*

5 **“SEC. 8.38. RECAPITALIZATION OF THE CORPORATION.**

6 *“(a) MANDATORY RECAPITALIZATION.—The Corpora-*  
7 *tion shall increase the core capital of the Corporation to*  
8 *an amount equal to or greater than \$25,000,000, not later*  
9 *than the earlier of—*

10 *“(1) the date that is 2 years after the date of en-*  
11 *actment of this section; or*

12 *“(2) the date that is 180 days after the end of*  
13 *the first calendar quarter that the aggregate on-bal-*  
14 *ance sheet assets of the Corporation, plus the out-*  
15 *standing principal of the off-balance sheet obligations*  
16 *of the Corporation, equal or exceed \$2,000,000,000.*

17 *“(b) RAISING CORE CAPITAL.—In carrying out this*  
18 *section, the Corporation may issue stock under section 8.4*  
19 *and otherwise employ any recognized and legitimate means*  
20 *of raising core capital in the power of the Corporation*  
21 *under section 8.3.*

22 *“(c) LIMITATION ON GROWTH OF TOTAL ASSETS.—*  
23 *During the 2-year period beginning on the date of enact-*  
24 *ment of this section, the aggregate on-balance sheet assets*  
25 *of the Corporation plus the outstanding principal of the off-*  
26 *balance sheet obligations of the Corporation may not exceed*

1 \$3,000,000,000 if the core capital of the Corporation is less  
2 than \$25,000,000.

3 “(d) *ENFORCEMENT*.—If the Corporation fails to carry  
4 out subsection (a) by the date required under paragraph  
5 (1) or (2) of subsection (a), the Corporation may not pur-  
6 chase a new qualified loan or issue or guarantee a new  
7 loan-backed security until the core capital of the Corpora-  
8 tion is increased to an amount equal to or greater than  
9 \$25,000,000.”.

10 **SEC. 678. LIQUIDATION OF THE FEDERAL AGRICULTURAL**  
11 **MORTGAGE CORPORATION.**

12 Title VIII of the Farm Credit Act of 1971 (12 U.S.C.  
13 2279aa et seq.) (as amended by section 677) is amended  
14 by adding at the end the following:

15 **“Subtitle C—Receivership, Con-**  
16 **servatorship, and Liquidation of**  
17 **the Federal Agricultural Mort-**  
18 **gage Corporation**

19 **“SEC. 8.41. CONSERVATORSHIP; LIQUIDATION; RECEIVER-**  
20 **SHIP.**

21 “(a) *VOLUNTARY LIQUIDATION*.—The Corporation  
22 may voluntarily liquidate only with the consent of, and in  
23 accordance with a plan of liquidation approved by, the  
24 Farm Credit Administration Board.

25 “(b) *INVOLUNTARY LIQUIDATION*.—

1           “(1) *IN GENERAL.*—*The Farm Credit Adminis-*  
2           *tration Board may appoint a conservator or receiver*  
3           *for the Corporation under the circumstances specified*  
4           *in section 4.12(b).*

5           “(2) *APPLICATION.*—*In applying section 4.12(b)*  
6           *to the Corporation under paragraph (1)—*

7           “(A) *the Corporation shall also be consid-*  
8           *ered insolvent if the Corporation is unable to*  
9           *pay its debts as they fall due in the ordinary*  
10           *course of business;*

11           “(B) *a conservator may also be appointed*  
12           *for the Corporation if the authority of the Cor-*  
13           *poration to purchase qualified loans or issue or*  
14           *guarantee loan-backed securities is suspended;*  
15           *and*

16           “(C) *a receiver may also be appointed for*  
17           *the Corporation if—*

18           “(i)(I) *the authority of the Corporation*  
19           *to purchase qualified loans or issue or guar-*  
20           *antee loan-backed securities is suspended; or*

21           “(II) *the Corporation is classified*  
22           *under section 8.35 as within level III or IV*  
23           *and the alternative actions available under*  
24           *subtitle B are not satisfactory; and*

1                   “(ii) the Farm Credit Administration  
2                   determines that the appointment of a con-  
3                   servator would not be appropriate.

4                   “(3) NO EFFECT ON SUPERVISORY ACTIONS.—  
5                   The grounds for appointment of a conservator for the  
6                   Corporation under this subsection shall be in addition  
7                   to those in section 8.37.

8                   “(c) APPOINTMENT OF CONSERVATOR OR RECEIVER.—

9                   “(1) QUALIFICATIONS.—Notwithstanding section  
10                  4.12(b), if a conservator or receiver is appointed for  
11                  the Corporation, the conservator or receiver shall be—

12                   “(A) the Farm Credit Administration or  
13                   any other governmental entity or employee, in-  
14                   cluding the Farm Credit System Insurance Cor-  
15                   poration; or

16                   “(B) any person that—

17                   “(i) has no claim against, or financial  
18                   interest in, the Corporation or other basis  
19                   for a conflict of interest as the conservator  
20                   or receiver; and

21                   “(ii) has the financial and manage-  
22                   ment expertise necessary to direct the oper-  
23                   ations and affairs of the Corporation and,  
24                   if necessary, to liquidate the Corporation.

25                   “(2) COMPENSATION.—

1           “(A) *IN GENERAL.*—A conservator or re-  
2           ceiver for the Corporation and professional per-  
3           sonnel (other than a Federal employee) employed  
4           to represent or assist the conservator or receiver  
5           may be compensated for activities conducted as,  
6           or for, a conservator or receiver.

7           “(B) *LIMIT ON COMPENSATION.*—Com-  
8           pensation may not be provided in amounts  
9           greater than the compensation paid to employees  
10          of the Federal Government for similar services,  
11          except that the Farm Credit Administration may  
12          provide for compensation at higher rates that are  
13          not in excess of rates prevailing in the private  
14          sector if the Farm Credit Administration deter-  
15          mines that compensation at higher rates is nec-  
16          essary in order to recruit and retain competent  
17          personnel.

18          “(C) *CONTRACTUAL ARRANGEMENTS.*—The  
19          conservator or receiver may contract with any  
20          governmental entity, including the Farm Credit  
21          System Insurance Corporation, to make person-  
22          nel, services, and facilities of the entity available  
23          to the conservator or receiver on such terms and  
24          compensation arrangements as shall be mutually

1           *agreed, and each entity may provide the same to*  
2           *the conservator or receiver.*

3           “(3) *EXPENSES.*—*A valid claim for expenses of*  
4           *the conservatorship or receivership (including com-*  
5           *ensation under paragraph (2)) and a valid claim*  
6           *with respect to a loan made under subsection (f)*  
7           *shall—*

8                     “(A) *be paid by the conservator or receiver*  
9                     *from funds of the Corporation before any other*  
10                    *valid claim against the Corporation; and*

11                   “(B) *may be secured by a lien, on such*  
12                    *property of the Corporation as the conservator or*  
13                    *receiver may determine, that shall have priority*  
14                    *over any other lien.*

15           “(4) *LIABILITY.*—*If the conservator or receiver*  
16           *for the Corporation is not a Federal entity, or an offi-*  
17           *cer or employee of the Federal Government, the con-*  
18           *servator or receiver shall not be personally liable for*  
19           *damages in tort or otherwise for an act or omission*  
20           *performed pursuant to and in the course of the*  
21           *conservatorship or receivership, unless the act or*  
22           *omission constitutes gross negligence or any form of*  
23           *intentional tortious conduct or criminal conduct.*

24           “(5) *INDEMNIFICATION.*—*The Farm Credit Ad-*  
25           *ministration may allow indemnification of the con-*



1     *servator or receiver from the assets of the*  
2     *conservatorship or receivership on such terms as the*  
3     *Farm Credit Administration considers appropriate.*

4     “(d) *JUDICIAL REVIEW OF APPOINTMENT.*—

5             “(1) *IN GENERAL.*—*Notwithstanding subsection*  
6     *(i)(1), not later than 30 days after a conservator or*  
7     *receiver is appointed under subsection (b), the Cor-*  
8     *poration may bring an action in the United States*  
9     *District Court for the District of Columbia for an*  
10    *order requiring the Farm Credit Administration*  
11    *Board to remove the conservator or receiver. The court*  
12    *shall, on the merits, dismiss the action or direct the*  
13    *Farm Credit Administration Board to remove the*  
14    *conservator or receiver.*

15            “(2) *STAY OF OTHER ACTIONS.*—*On the com-*  
16    *mencement of an action under paragraph (1), any*  
17    *court having jurisdiction of any other action or en-*  
18    *forcement proceeding authorized under this Act to*  
19    *which the Corporation is a party shall stay the action*  
20    *or proceeding during the pendency of the action for*  
21    *removal of the conservator or receiver.*

22            “(e) *GENERAL POWERS OF CONSERVATOR OR RE-*  
23    *CEIVER.*—*The conservator or receiver for the Corporation*  
24    *shall have such powers to conduct the conservatorship or*  
25    *receivership as shall be provided pursuant to regulations*

1 *adopted by the Farm Credit Administration Board. Such*  
2 *powers shall be comparable to the powers available to a con-*  
3 *servator or receiver appointed pursuant to section 4.12(b).*

4 “(f) *BORROWINGS FOR WORKING CAPITAL.—*

5 “(1) *IN GENERAL.—If the conservator or receiver*  
6 *of the Corporation determines that it is likely that*  
7 *there will be insufficient funds to pay the ongoing ad-*  
8 *ministrative expenses of the conservatorship or receiv-*  
9 *ership or that there will be insufficient liquidity to*  
10 *fund maturing obligations of the conservatorship or*  
11 *receivership, the conservator or receiver may borrow*  
12 *funds in such amounts, from such sources, and at*  
13 *such rates of interest as the conservator or receiver*  
14 *considers necessary or appropriate to meet the admin-*  
15 *istrative expenses or liquidity needs of the*  
16 *conservatorship or receivership.*

17 “(2) *WORKING CAPITAL FROM FARM CREDIT*  
18 *BANKS.—A Farm Credit bank may loan funds to the*  
19 *conservator or receiver for a loan authorized under*  
20 *paragraph (1) or, in the event of receivership, a Farm*  
21 *Credit bank may purchase assets of the Corporation.*

22 “(g) *AGREEMENTS AGAINST INTERESTS OF CON-*  
23 *SERVATOR OR RECEIVER.—No agreement that tends to di-*  
24 *minish or defeat the right, title, or interest of the conserva-*  
25 *tor or receiver for the Corporation in any asset acquired*

1 *by the conservator or receiver as conservator or receiver for*  
2 *the Corporation shall be valid against the conservator or*  
3 *receiver unless the agreement—*

4           “(1) *is in writing;*

5           “(2) *is executed by the Corporation and any per-*  
6 *son claiming an adverse interest under the agreement,*  
7 *including the obligor, contemporaneously with the ac-*  
8 *quisition of the asset by the Corporation;*

9           “(3) *is approved by the Board or an appropriate*  
10 *committee of the Board, which approval shall be re-*  
11 *flected in the minutes of the Board or committee; and*

12           “(4) *has been, continuously, from the time of the*  
13 *agreement’s execution, an official record of the Cor-*  
14 *poration.*

15           “(h) *REPORT TO THE CONGRESS.—On a determina-*  
16 *tion by the receiver for the Corporation that there are insuf-*  
17 *ficient assets of the receivership to pay all valid claims*  
18 *against the receivership, the receiver shall submit to the Sec-*  
19 *retary of the Treasury, the Committee on Agriculture of the*  
20 *House of Representatives, and the Committee on Agri-*  
21 *culture, Nutrition, and Forestry of the Senate a report on*  
22 *the financial condition of the receivership.*

23           “(i) *TERMINATION OF AUTHORITIES.—*

24           “(1) *CORPORATION.—The charter of the Corpora-*  
25 *tion shall be canceled, and the authority provided to*

1        *the Corporation by this title shall terminate, on such*  
2        *date as the Farm Credit Administration Board deter-*  
3        *mines is appropriate following the placement of the*  
4        *Corporation in receivership, but not later than the*  
5        *conclusion of the receivership and discharge of the re-*  
6        *ceiver.*

7                *“(2) OVERSIGHT.—The Office of Secondary Mar-*  
8        *ket Oversight established under section 8.11 shall be*  
9        *abolished, and section 8.11(a) and subtitle B shall*  
10        *have no force or effect, on such date as the Farm*  
11        *Credit Administration Board determines is appro-*  
12        *priate following the placement of the Corporation in*  
13        *receivership, but not later than the conclusion of the*  
14        *receivership and discharge of the receiver.”.*

## 15        **CHAPTER 2—REGULATORY RELIEF**

### 16        **SEC. 681. COMPENSATION OF ASSOCIATION PERSONNEL.**

17        *Section 1.5(13) of the Farm Credit Act of 1971 (12*  
18        *U.S.C. 2013(13)) is amended by striking “, and the ap-*  
19        *pointment and compensation of the chief executive officer*  
20        *thereof.”.*

### 21        **SEC. 682. USE OF PRIVATE MORTGAGE INSURANCE.**

22        *(a) IN GENERAL.—Section 1.10(a)(1) of the Farm*  
23        *Credit Act of 1971 (12 U.S.C. 2018(a)(1)) is amended by*  
24        *adding at the end the following:*



1 board) of the voting control of the association is held by  
 2 farmers, producers or harvesters of aquatic products, or eli-  
 3 gible cooperative associations.”.

4 (b) *CONFORMING AMENDMENT.*— Section 3.8(b)(1)(D)  
 5 of the Farm Credit Act of 1971 (12 U.S.C. 2129(b)(1)(D))  
 6 is amended by striking “and (4) of subsection (a)” and in-  
 7 serting “and (4), or under the last sentence, of subsection  
 8 (a)”.

9 **SEC. 685. REMOVAL OF FEDERAL GOVERNMENT**  
 10 **CERTIFICATION REQUIREMENT FOR CERTAIN**  
 11 **PRIVATE SECTOR FINANCINGS.**

12 Section 3.8(b)(1)(A) of the Farm Credit Act of 1971  
 13 (12 U.S.C. 2129(b)(1)(A)) is amended—

14 (1) by striking “have been certified by the Ad-  
 15 ministrator of the Rural Electrification Administra-  
 16 tion to be eligible for such” and inserting “are eligible  
 17 under the Rural Electrification Act of 1936 (7 U.S.C.  
 18 901 et seq.) for”; and

19 (2) by striking “loan guarantee, and” and in-  
 20 serting “loan guarantee from the Administration or  
 21 the Bank (or a successor of the Administration or the  
 22 Bank), and”.

23 **SEC. 686. BORROWER STOCK.**

24 Section 4.3A of the Farm Credit Act of 1971 (12  
 25 U.S.C. 2154a) is amended—

1           (1) *by redesignating subsections (f) and (g) as*  
2           *subsections (g) and (h), respectively; and*

3           (2) *by inserting after subsection (e) the following:*

4           “(f) *LOANS DESIGNATED FOR SALE OR SOLD INTO*  
5           *THE SECONDARY MARKET.—*

6           “(1) *IN GENERAL.—Subject to paragraph (2)*  
7           *and notwithstanding any other provision of this sec-*  
8           *tion, the bylaws adopted by a bank or association*  
9           *under subsection (b) may provide—*

10           “(A) *in the case of a loan made on or after*  
11           *the date of enactment of this paragraph that is*  
12           *designated, at the time the loan is made, for sale*  
13           *into a secondary market, that no voting stock or*  
14           *participation certificate purchase requirement*  
15           *shall apply to the borrower for the loan; and*

16           “(B) *in the case of a loan made before the*  
17           *date of enactment of this paragraph that is sold*  
18           *into a secondary market, that all outstanding*  
19           *voting stock or participation certificates held by*  
20           *the borrower with respect to the loan shall, sub-*  
21           *ject to subsection (d)(1), be retired.*

22           “(2) *APPLICABILITY.—Notwithstanding any*  
23           *other provision of this section, in the case of a loan*  
24           *sold to a secondary market under title VIII, para-*  
25           *graph (1) shall apply regardless of whether the bank*

1        *or association retains a subordinated participation*  
2        *interest in a loan or pool of loans or contributes to*  
3        *a cash reserve.*

4            “(3) *EXCEPTION.—*

5            “(A) *IN GENERAL.—Subject to subpara-*  
6            *graph (B) and notwithstanding any other provi-*  
7            *sion of this section, if a loan designated for sale*  
8            *under paragraph (1)(A) is not sold into a sec-*  
9            *ondary market during the 180-day period that*  
10           *begins on the date of the designation, the voting*  
11           *stock or participation certificate purchase re-*  
12           *quirement that would otherwise apply to the*  
13           *loan in the absence of a bylaw provision de-*  
14           *scribed in paragraph (1)(A) shall be effective.*

15           “(B) *RETIREMENT.—The bylaws adopted by*  
16           *a bank or association under subsection (b) may*  
17           *provide that if a loan described in subparagraph*  
18           *(A) is sold into a secondary market after the end*  
19           *of the 180-day period described in the subpara-*  
20           *graph, all outstanding voting stock or participa-*  
21           *tion certificates held by the borrower with respect*  
22           *to the loan shall, subject to subsection (d)(1), be*  
23           *retired.”.*



1 **SEC. 687. DISCLOSURE RELATING TO ADJUSTABLE RATE**  
2 **LOANS.**

3 *Section 4.13(a)(4) of the Farm Credit Act of 1971 (12*  
4 *U.S.C. 2199(a)(4)) is amended by inserting before the semi-*  
5 *colon at the end the following: “, and notice to the borrower*  
6 *of a change in the interest rate applicable to the loan of*  
7 *the borrower may be made within a reasonable time after*  
8 *the effective date of an increase or decrease in the interest*  
9 *rate”.*

10 **SEC. 688. BORROWERS' RIGHTS.**

11 *(a) DEFINITION OF LOAN.—Section 4.14A(a)(5) of the*  
12 *Farm Credit Act of 1971 (12 U.S.C. 2202a(a)(5)) is amend-*  
13 *ed—*

14 *(1) by striking “(5) LOAN.—The” and inserting*  
15 *the following:*

16 *“(5) LOAN.—*

17 *“(A) IN GENERAL.—Subject to subpara-*  
18 *graph (B), the”;* and

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

20 *“(B) EXCLUSION FOR LOANS DESIGNATED*  
21 *FOR SALE INTO SECONDARY MARKET.—*

22 *“(i) IN GENERAL.—Except as provided*  
23 *in clause (ii), the term ‘loan’ does not in-*  
24 *clude a loan made on or after the date of*  
25 *enactment of this subparagraph that is des-*

1                   *ignated, at the time the loan is made, for*  
2                   *sale into a secondary market.*

3                   “(ii) *UNSOLD LOANS.—*

4                                 “(I) *IN GENERAL.—Except as pro-*  
5                                 *vided in subclause (II), if a loan des-*  
6                                 *ignated for sale under clause (i) is not*  
7                                 *sold into a secondary market during*  
8                                 *the 180-day period that begins on the*  
9                                 *date of the designation, the provisions*  
10                                *of this section and sections 4.14, 4.14B,*  
11                                *4.14C, 4.14D, and 4.36 that would oth-*  
12                                *erwise apply to the loan in the absence*  
13                                *of the exclusion described in clause (i)*  
14                                *shall become effective with respect to*  
15                                *the loan.*

16                                “(II) *LATER SALE.—If a loan de-*  
17                                *scribed in subclause (I) is sold into a*  
18                                *secondary market after the end of the*  
19                                *180-day period described in subclause*  
20                                *(I), subclause (I) shall not apply with*  
21                                *respect to the loan beginning on the*  
22                                *date of the sale.”.*

23                   (b) *BORROWERS’ RIGHTS FOR POOLED LOANS.—The*  
24                   *first sentence of section 8.9(b) of the Farm Credit Act of*  
25                   *1971 (12 U.S.C. 2279aa–9(b)) is amended by inserting “(as*

1 *defined in section 4.14A(a)(5))” after “application for a*  
2 *loan”.*

3 **SEC. 689. FORMATION OF ADMINISTRATIVE SERVICE ENTI-**  
4 **TIES.**

5 *Part E of title IV of the Farm Credit Act of 1971 is*  
6 *amended by inserting after section 4.28 (12 U.S.C. 2214)*  
7 *the following:*

8 **“SEC. 4.28A. DEFINITION OF BANK.**

9 *“In this part, the term ‘bank’ includes each association*  
10 *operating under title II.”.*

11 **SEC. 690. JOINT MANAGEMENT AGREEMENTS.**

12 *The first sentence of section 5.17(a)(2)(A) of the Farm*  
13 *Credit Act of 1971 (12 U.S.C. 2252(a)(2)(A)) is amended*  
14 *by striking “or management agreements”.*

15 **SEC. 691. DISSEMINATION OF QUARTERLY REPORTS.**

16 *Section 5.17(a)(8) of the Farm Credit Act of 1971 (12*  
17 *U.S.C. 2252(a)(8)) is amended by inserting after “except*  
18 *that” the following: “the requirements of the Farm Credit*  
19 *Administration governing the dissemination to stockholders*  
20 *of quarterly reports of System institutions may not be more*  
21 *burdensome or costly than the requirements applicable to*  
22 *national banks, and”.*

23 **SEC. 692. REGULATORY REVIEW.**

24 *(a) FINDINGS.—Congress finds that—*



1           (1) *by striking paragraph (5); and*

2           (2) *by redesignating paragraph (6) as para-*  
3 *graph (5).*

4           (b) *GENERAL CORPORATE POWERS.*—Section 5.58 of  
5 *the Farm Credit Act of 1971 (12 U.S.C. 2277a–7) is amend-*  
6 *ed by striking paragraph (9) and inserting the following:*

7           “(9) *CONSERVATOR OR RECEIVER.*—The Cor-  
8 *poration may act as a conservator or receiver.”.*

9           **SEC. 695. FARM CREDIT INSURANCE FUND OPERATIONS.**

10          (a) *ADJUSTMENT OF PREMIUMS.*—

11           (1) *IN GENERAL.*—Section 5.55(a) of the Farm  
12 *Credit Act of 1971 (12 U.S.C. 2277a–4(a)) is amend-*  
13 *ed—*

14           (A) *in paragraph (1), by striking “Until*  
15 *the aggregate of amounts in the Farm Credit In-*  
16 *surance Fund exceeds the secure base amount,*  
17 *the annual premium due from any insured Sys-*  
18 *tem bank for any calendar year” and inserting*  
19 *the following: “If at the end of any calendar year*  
20 *the aggregate of amounts in the Farm Credit In-*  
21 *surance Fund does not exceed the secure base*  
22 *amount, subject to paragraph (2), the annual*  
23 *premium due from any insured System bank for*  
24 *the calendar year”;*

1           (B) by redesignating paragraph (2) as  
2           paragraph (3); and

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

5           “(2) *REDUCED PREMIUMS.*—*The Corporation, in*  
6           *the sole discretion of the Corporation, may reduce by*  
7           *a percentage uniformly applied to all insured System*  
8           *banks the annual premium due from each insured*  
9           *System bank during any calendar year, as deter-*  
10          *mined under paragraph (1).”.*

11          (2) *CONFORMING AMENDMENTS.*—

12           (A) *Section 5.55(b) of the Farm Credit Act*  
13          *of 1971 (12 U.S.C. 2277a-4(b)) is amended—*

14           (i) by striking “*Insurance Fund*” each  
15          place it appears and inserting “*Farm Cred-*  
16          *it Insurance Fund*”;

17           (ii) by striking “*for the following cal-*  
18          *endar year*”; and

19           (iii) by striking “*subsection (a)*” and  
20          inserting “*subsection (a)(1)*”.

21           (B) *Section 5.56(a) of the Farm Credit Act*  
22          *of 1971 (12 U.S.C. 2277a-5(a)) is amended by*  
23          striking “*section 5.55(a)(2)*” each place it ap-  
24          pears in paragraphs (2) and (3) and inserting  
25          “*section 5.55(a)(3)*”.

1           (C) Section 1.12(b) (12 U.S.C. 2020(b)) is  
2           amended—

3                   (i) in paragraph (1), by inserting “(as  
4                   defined in section 5.55(a)(3))” after “gov-  
5                   ernment-guaranteed loans”; and

6                   (ii) in paragraph (3), by inserting  
7                   “(as so defined)” after “government-guaran-  
8                   teed loans” each place such term appears.

9           (b) *ALLOCATION TO INSURED SYSTEM BANKS AND*  
10 *OTHER SYSTEM INSTITUTIONS OF EXCESS AMOUNTS IN*  
11 *THE FARM CREDIT INSURANCE FUND.*—Section 5.55 of the  
12 *Farm Credit Act of 1971 (12 U.S.C. 2277a-4)* is amended  
13 *by adding at the end the following:*

14           “(e) *ALLOCATION TO SYSTEM INSTITUTIONS OF EX-*  
15 *CESS RESERVES.*—

16                   “(1) *ESTABLISHMENT OF ALLOCATED INSURANCE*  
17 *RESERVES ACCOUNTS.*—*There is hereby established in*  
18 *the Farm Credit Insurance Fund an Allocated Insur-*  
19 *ance Reserves Account—*

20                           “(A) *for each insured System bank; and*

21                           “(B) *subject to paragraph (6)(C), for all*  
22 *holders, in the aggregate, of Financial Assistance*  
23 *Corporation stock.*

1           “(2) *TREATMENT.*—Amounts in any Allocated  
2           *Insurance Reserves Account shall be considered to be*  
3           *part of the Farm Credit Insurance Fund.*

4           “(3) *ANNUAL ALLOCATIONS.*—If, at the end of  
5           *any calendar year, the aggregate of the amounts in*  
6           *the Farm Credit Insurance Fund exceeds the average*  
7           *secure base amount for the calendar year (as cal-*  
8           *culated on an average daily balance basis), the Cor-*  
9           *poration shall allocate to the Allocated Insurance Re-*  
10           *serves Accounts the excess amount less the amount*  
11           *that the Corporation, in its sole discretion, determines*  
12           *to be the sum of the estimated operating expenses and*  
13           *estimated insurance obligations of the Corporation for*  
14           *the immediately succeeding calendar year.*

15           “(4) *ALLOCATION FORMULA.*—From the total  
16           *amount required to be allocated at the end of a cal-*  
17           *endar year under paragraph (3)—*

18                   “(A) 10 percent of the total amount shall be  
19                   *credited to the Allocated Insurance Reserves Ac-*  
20                   *count established under paragraph (1)(B), sub-*  
21                   *ject to paragraph (6)(C); and*

22                   “(B) there shall be credited to the Allocated  
23                   *Insurance Reserves Account of each insured Sys-*  
24                   *tem bank an amount that bears the same ratio*  
25                   *to the total amount (less any amount credited*



1           under subparagraph (A)) as the average prin-  
2           cipal outstanding for the 3-year period ending  
3           on the end of the calendar year on loans made  
4           by the bank that are in accrual status bears to  
5           the average principal outstanding for the 3-year  
6           period ending on the end of the calendar year on  
7           loans made by all insured System banks that are  
8           in accrual status (excluding, in each case, the  
9           guaranteed portions of government-guaranteed  
10          loans described in subsection (a)(1)(C)).

11           “(5) *USE OF FUNDS IN ALLOCATED INSURANCE*  
12          *RESERVES ACCOUNTS.*—*To the extent that the sum of*  
13          *the operating expenses of the Corporation and the in-*  
14          *surance obligations of the Corporation for a calendar*  
15          *year exceeds the sum of operating expenses and insur-*  
16          *ance obligations determined under paragraph (3) for*  
17          *the calendar year, the Corporation shall cover the ex-*  
18          *penses and obligations by—*

19                   “(A) *reducing each Allocated Insurance Re-*  
20                   *serves Account by the same proportion; and*

21                   “(B) *expending the amounts obtained under*  
22                   *subparagraph (A) before expending other*  
23                   *amounts in the Fund.*

24           “(6) *OTHER DISPOSITION OF ACCOUNT FUNDS.*—

1           “(A) *IN GENERAL.*—As soon as practicable  
2 during each calendar year beginning more than  
3 8 years after the date on which the aggregate of  
4 the amounts in the Farm Credit Insurance Fund  
5 exceeds the secure base amount, but not earlier  
6 than January 1, 2005, the Corporation may—

7           “(i) subject to subparagraphs (D) and  
8 (F), pay to each insured System bank, in a  
9 manner determined by the Corporation, an  
10 amount equal to the lesser of—

11           “(I) 20 percent of the balance in  
12 the insured System bank’s Allocated  
13 Insurance Reserves Account as of the  
14 preceding December 31; or

15           “(II) 20 percent of the balance in  
16 the bank’s Allocated Insurance Reserves  
17 Account on the date of the payment;  
18 and

19           “(ii) subject to subparagraphs (C), (E),  
20 and (F), pay to each System bank and asso-  
21 ciation holding Financial Assistance Cor-  
22 poration stock a proportionate share, deter-  
23 mined by dividing the number of shares of  
24 Financial Assistance Corporation stock held  
25 by the institution by the total number of

1           *shares of Financial Assistance Corporation*  
2           *stock outstanding, of the lesser of—*

3                   “(I) 20 percent of the balance in  
4                   *the Allocated Insurance Reserves Ac-*  
5                   *count established under paragraph*  
6                   *(1)(B) as of the preceding December*  
7                   *31; or*

8                   “(II) 20 percent of the balance in  
9                   *the Allocated Insurance Reserves Ac-*  
10                   *count established under paragraph*  
11                   *(1)(B) on the date of the payment.*

12                   “(B) *AUTHORITY TO ELIMINATE OR REDUCE*  
13                   *PAYMENTS.—The Corporation may eliminate or*  
14                   *reduce payments during a calendar year under*  
15                   *subparagraph (A) if the Corporation determines,*  
16                   *in its sole discretion, that the payments, or other*  
17                   *circumstances that might require use of the*  
18                   *Farm Credit Insurance Fund, could cause the*  
19                   *amount in the Farm Credit Insurance Fund*  
20                   *during the calendar year to be less than the se-*  
21                   *ecure base amount.*

22                   “(C) *REIMBURSEMENT FOR FINANCIAL AS-*  
23                   *SISTANCE CORPORATION STOCK.—*

24                   “(i) *SUFFICIENT FUNDING.—Notwith-*  
25                   *standing paragraph (4)(A), on provision by*

1           the Corporation for the accumulation in the  
2           Account established under paragraph (1)(B)  
3           of funds in an amount equal to \$56,000,000  
4           (in addition to the amounts described in  
5           subparagraph (F)(ii)), the Corporation  
6           shall not allocate any further funds to the  
7           Account except to replenish the Account if  
8           funds are diminished below \$56,000,000 by  
9           the Corporation under paragraph (5).

10           “(i) WIND DOWN AND TERMINATION.—

11                   “(I) FINAL DISBURSEMENTS.—On  
12           disbursement of \$53,000,000 (in addi-  
13           tion to the amounts described in sub-  
14           paragraph (F)(ii)) from the Allocated  
15           Insurance Reserves Account, the Cor-  
16           poration shall disburse the remaining  
17           amounts in the Account, as determined  
18           under subparagraph (A)(ii), without  
19           regard to the percentage limitations in  
20           subclauses (I) and (II) of subpara-  
21           graph (A)(ii).

22                   “(II) TERMINATION OF AC-  
23           COUNT.—On       disbursement       of  
24           \$56,000,000 (in addition to the  
25           amounts described in subparagraph

1                   (F)(ii)) from the Allocated Insurance  
2                   Reserves Account, the Corporation shall  
3                   close the Account established under  
4                   paragraph (1)(B) and transfer any re-  
5                   maining funds in the Account to the  
6                   remaining Allocated Insurance Re-  
7                   serves Accounts in accordance with  
8                   paragraph (4)(B) for the calendar year  
9                   in which the transfer occurs.

10                   “(D) DISTRIBUTION OF PAYMENTS RE-  
11                   CEIVED.—Not later than 60 days after receipt of  
12                   a payment made under subparagraph (A)(i),  
13                   each insured System bank, in consultation with  
14                   affiliated associations of the insured System  
15                   bank, and taking into account the direct or indi-  
16                   rect payment of insurance premiums by the asso-  
17                   ciations, shall develop and implement an equi-  
18                   table plan to distribute payments received under  
19                   subparagraph (A)(i) among the bank and asso-  
20                   ciations of the bank.

21                   “(E) EXCEPTION FOR PREVIOUSLY REIM-  
22                   BURSED ASSOCIATIONS.—For purposes of sub-  
23                   paragraph (A)(ii), in any Farm Credit district  
24                   in which the funding bank has reimbursed 1 or  
25                   more affiliated associations of the bank for the

1           *previously unreimbursed portion of the Finan-*  
2           *cial Assistance Corporation stock held by the as-*  
3           *sociations, the funding bank shall be deemed to*  
4           *be the holder of the shares of Financial Assist-*  
5           *ance Corporation stock for which the funding*  
6           *bank has provided the reimbursement.*

7           “(F) *INITIAL PAYMENT.*—*Notwithstanding*  
8           *subparagraph (A), the initial payment made to*  
9           *each payee under subparagraph (A) shall be in*  
10           *such amount determined by the Corporation to*  
11           *be equal to the sum of—*

12                   “(i) *the total of the amounts that*  
13                   *would have been paid if payments under*  
14                   *subparagraph (A) had been authorized to*  
15                   *begin, under the same terms and conditions,*  
16                   *in the first calendar year beginning more*  
17                   *than 5 years after the date on which the ag-*  
18                   *gregate of the amounts in the Farm Credit*  
19                   *Insurance Fund exceeds the secure base*  
20                   *amount, and to continue through the 2 im-*  
21                   *mediately subsequent years;*

22                   “(ii) *interest earned on any amounts*  
23                   *that would have been paid as described in*  
24                   *clause (i) from the date on which the pay-*

1                   ments would have been paid as described in  
2                   clause (i); and

3                   “(iii) the payment to be made in the  
4                   initial year described in subparagraph (A),  
5                   based on the amount in each Account after  
6                   subtracting the amounts to be paid under  
7                   clauses (i) and (ii).”

8           (c) *TECHNICAL AMENDMENTS.*—Section 5.55(d) of the  
9 *Farm Credit Act of 1971 (12 U.S.C. 2277a–4(d))* is amend-  
10 *ed—*

11                   (1) *in the matter preceding paragraph (1)—*

12                   (A) *by striking “subsections (a) and (c)”*  
13                   *and inserting “subsections (a), (c), and (e)”;* and

14                   (B) *by striking “a Farm Credit Bank” and*  
15                   *inserting “an insured System bank”;* and

16                   (2) *in paragraphs (1), (2), and (3), by striking*  
17                   *“Farm Credit Bank” each place it appears and in-*  
18                   *serting “insured System bank”.*

19   **SEC. 696. EXAMINATIONS BY THE FARM CREDIT SYSTEM IN-**  
20                   **SURANCE CORPORATION.**

21                   Section 5.59(b)(1)(A) of the *Farm Credit Act of 1971*  
22                   (12 U.S.C. 2277a–8(b)(1)(A)) *is amended by adding at the*  
23                   *end the following: “Notwithstanding any other provision of*  
24                   *this Act, on cancellation of the charter of a System institu-*  
25                   *tion, the Corporation shall have authority to examine the*

1 *system institution in receivership. An examination shall be*  
2 *performed at such intervals as the Corporation shall deter-*  
3 *mine.”.*

4 **SEC. 697. POWERS WITH RESPECT TO TROUBLED INSURED**  
5 **SYSTEM BANKS.**

6 (a) *LEAST-COST RESOLUTION.*—Section 5.61(a)(3) of  
7 *the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)) is*  
8 *amended—*

9 (1) *by redesignating subparagraph (B) as sub-*  
10 *paragraph (F); and*

11 (2) *by striking subparagraph (A) and inserting*  
12 *the following:*

13 “(A) *LEAST-COST RESOLUTION.*—*Assistance*  
14 *may not be provided to an insured System bank*  
15 *under this subsection unless the means of provid-*  
16 *ing the assistance is the least costly means of*  
17 *providing the assistance by the Farm Credit In-*  
18 *surance Fund of all possible alternatives avail-*  
19 *able to the Corporation, including liquidation of*  
20 *the bank (including paying the insured obliga-*  
21 *tions issued on behalf of the bank). Before mak-*  
22 *ing a least-cost determination under this sub-*  
23 *paragraph, the Corporation shall accord such*  
24 *other insured System banks as the Corporation*  
25 *determines to be appropriate the opportunity to*



1           submit information relating to the determina-  
2           tion.

3           “(B) *DETERMINING LEAST COSTLY AP-*  
4           *PROACH.—In determining the least costly alter-*  
5           *native under subparagraph (A), the Corporation*  
6           *shall—*

7                   “(i) *evaluate alternatives on a present-*  
8                   *value basis, using a reasonable discount*  
9                   *rate;*

10                   “(ii) *document the evaluation and the*  
11                   *assumptions on which the evaluation is*  
12                   *based; and*

13                   “(iii) *retain the documentation for not*  
14                   *less than 5 years.*

15           “(C) *TIME OF DETERMINATION.—*

16                   “(i) *GENERAL RULE.—For purposes of*  
17                   *this subsection, the determination of the*  
18                   *costs of providing any assistance under any*  
19                   *provision of this section with respect to any*  
20                   *insured System bank shall be made as of the*  
21                   *date on which the Corporation makes the*  
22                   *determination to provide the assistance to*  
23                   *the institution under this section.*

24                   “(ii) *RULE FOR LIQUIDATIONS.—For*  
25                   *purposes of this subsection, the determina-*

1            *tion of the costs of liquidation of any in-*  
2            *sured System bank shall be made as of the*  
3            *earliest of—*

4            *“(I) the date on which a conserva-*  
5            *tor is appointed for the insured System*  
6            *bank;*

7            *“(II) the date on which a receiver*  
8            *is appointed for the insured System*  
9            *bank; or*

10           *“(III) the date on which the Cor-*  
11           *poration makes any determination to*  
12           *provide any assistance under this sec-*  
13           *tion with respect to the insured System*  
14           *bank.*

15           *“(D) RULE FOR STAND-ALONE ASSIST-*  
16           *ANCE.—Before providing any assistance under*  
17           *paragraph (1), the Corporation shall evaluate*  
18           *the adequacy of managerial resources of the in-*  
19           *sured System bank. The continued service of any*  
20           *director or senior ranking officer who serves in*  
21           *a policymaking role for the assisted insured Sys-*  
22           *tem bank, as determined by the Corporation,*  
23           *shall be subject to approval by the Corporation*  
24           *as a condition of assistance.*

1           “(E) *DISCRETIONARY DETERMINATIONS.*—  
 2           *Any determination that the Corporation makes*  
 3           *under this paragraph shall be in the sole discre-*  
 4           *tion of the Corporation.”.*

5           (b) *CONFORMING AMENDMENTS.*—*Section 5.61(a) of*  
 6 *the Farm Credit Act of 1971 (12 U.S.C. 2277a–10(a)) is*  
 7 *amended—*

8           (1) *in paragraph (1) by striking “IN GEN-*  
 9           *ERAL.—” and inserting “STAND-ALONE ASSIST-*  
 10           *ANCE.—”; and*

11           (2) *in paragraph (2)—*

12           (A) *by striking “ENUMERATED POWERS.—”*  
 13           *and inserting “FACILITATION OF MERGERS OR*  
 14           *CONSOLIDATION.—”; and*

15           (B) *in subparagraph (A) by striking “FA-*  
 16           *CILITATION OF MERGERS OR CONSOLIDATION.—”*  
 17           *and inserting “IN GENERAL.—”.*

18   **SEC. 698. OVERSIGHT AND REGULATORY ACTIONS BY THE**  
 19                           **FARM CREDIT SYSTEM INSURANCE CORPORA-**  
 20                           **TION.**

21           *The Farm Credit Act of 1971 is amended by inserting*  
 22 *after section 5.61 (12 U.S.C. 2279a–10) the following:*

23   **“SEC. 5.61A. OVERSIGHT ACTIONS BY THE CORPORATION.**

24           “(a) *DEFINITIONS.*—*In this section, the term ‘institu-*  
 25 *tion’ means—*

1           “(1) *an insured System bank; and*

2           “(2) *a production credit association or other as-*  
3           *sociation making loans under section 7.6 with a di-*  
4           *rect loan payable to the funding bank of the associa-*  
5           *tion that comprises 20 percent or more of the funding*  
6           *bank’s total loan volume net of nonaccrual loans.*

7           “(b) *CONSULTATION REGARDING PARTICIPATION OF*  
8           *UNDERCAPITALIZED BANKS IN ISSUANCE OF INSURED OB-*  
9           *LIGATIONS.—The Farm Credit Administration shall consult*  
10          *with the Corporation prior to approving an insured obliga-*  
11          *tion that is to be issued by or on behalf of, or participated*  
12          *in by, any insured System bank that fails to meet the mini-*  
13          *imum level for any capital requirement established by the*  
14          *Farm Credit Administration for the bank.*

15          “(c) *CONSULTATION REGARDING APPLICATIONS FOR*  
16          *MERGERS AND RESTRUCTURINGS.—*

17                 “(1) *CORPORATION TO RECEIVE COPY OF TRANS-*  
18                 *ACTION APPLICATIONS.—On receiving an application*  
19                 *for a merger or restructuring of an institution, the*  
20                 *Farm Credit Administration shall forward a copy of*  
21                 *the application to the Corporation.*

22                 “(2) *CONSULTATION REQUIRED.—If the proposed*  
23                 *merger or restructuring involves an institution that*  
24                 *fails to meet the minimum level for any capital re-*  
25                 *quirement established by the Farm Credit Adminis-*

1        *tration applicable to the institution, the Farm Credit*  
2        *Administration shall allow 30 days within which the*  
3        *Corporation may submit the views and recommenda-*  
4        *tions of the Corporation, including any conditions for*  
5        *approval. In determining whether to approve or dis-*  
6        *approve any proposed merger or restructuring, the*  
7        *Farm Credit Administration shall give due consider-*  
8        *ation to the views and recommendations of the Cor-*  
9        *poration.*

10    ***“SEC. 5.61B. AUTHORITY TO REGULATE GOLDEN PARA-***  
11                    ***CHUTE AND INDEMNIFICATION PAYMENTS.***

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

13                *“(1) GOLDEN PARACHUTE PAYMENT.—The term*  
14        *‘golden parachute payment’—*

15                    *“(A) means a payment (or any agreement*  
16                    *to make a payment) in the nature of compensa-*  
17                    *tion for the benefit of any institution-related*  
18                    *party under an obligation of any Farm Credit*  
19                    *System institution that—*

20                                *“(i) is contingent on the termination of*  
21                                *the party’s relationship with the institution;*  
22                                *and*

23                                *“(ii) is received on or after the date on*  
24                                *which—*

25                                        *“(I) the institution is insolvent;*

1           “(II) a conservator or receiver is  
2           appointed for the institution;

3           “(III) the institution has been as-  
4           signed by the Farm Credit Adminis-  
5           tration a composite CAMEL rating of  
6           4 or 5 under the Farm Credit Admin-  
7           istration Rating System, or an equiva-  
8           lent rating; or

9           “(IV) the Corporation otherwise  
10          determines that the institution is in a  
11          troubled condition (as defined in regu-  
12          lations issued by the Corporation); and

13          “(B) includes a payment that would be a  
14          golden parachute payment but for the fact that  
15          the payment was made before the date referred to  
16          in subparagraph (A)(ii) if the payment was  
17          made in contemplation of the occurrence of an  
18          event described in any subclause of subparagraph  
19          (A); but

20          “(C) does not include—

21               “(i) a payment made under a retire-  
22               ment plan that is qualified (or is intended  
23               to be qualified) under section 401 of the In-  
24               ternal Revenue Code of 1986 or other non-  
25               discriminatory benefit plan;

1           “(ii) a payment made under a bona  
2           *fide supplemental executive retirement plan,*  
3           *deferred compensation plan, or other ar-*  
4           *rangement that the Corporation determines,*  
5           *by regulation or order, to be permissible; or*

6           “(iii) a payment made by reason of the  
7           *death or disability of an institution-related*  
8           *party.*

9           “(2) *INDEMNIFICATION PAYMENT.*—*The term ‘in-*  
10          *demnification payment’ means a payment (or any*  
11          *agreement to make a payment) by any Farm Credit*  
12          *System institution for the benefit of any person who*  
13          *is or was an institution-related party, to pay or re-*  
14          *imburse the person for any liability or legal expense*  
15          *with regard to any administrative proceeding or civil*  
16          *action instituted by the Farm Credit Administration*  
17          *that results in a final order under which the person—*

18               “(A) *is assessed a civil money penalty; or*

19               “(B) *is removed or prohibited from partici-*  
20          *pating in the conduct of the affairs of the insti-*  
21          *tution.*

22          “(3) *INSTITUTION-RELATED PARTY.*—*The term*  
23          *‘institution-related party’ means—*

1           “(A) a director, officer, employee, or agent  
2           for a Farm Credit System institution or any  
3           conservator or receiver of such an institution;

4           “(B) a stockholder (other than another  
5           Farm Credit System institution), consultant,  
6           joint venture partner, or any other person deter-  
7           mined by the Farm Credit Administration to be  
8           a participant in the conduct of the affairs of a  
9           Farm Credit System institution; and

10          “(C) an independent contractor (including  
11          any attorney, appraiser, or accountant) that  
12          knowingly or recklessly participates in any vio-  
13          lation of any law or regulation, any breach of fi-  
14          duciary duty, or any unsafe or unsound practice  
15          that caused or is likely to cause more than a  
16          minimal financial loss to, or a significant ad-  
17          verse effect on, the Farm Credit System institu-  
18          tion.

19          “(4) *LIABILITY OR LEGAL EXPENSE*.—The term  
20          ‘liability or legal expense’ means—

21                 “(A) a legal or other professional expense  
22                 incurred in connection with any claim, proceed-  
23                 ing, or action;



1           “(B) the amount of, and any cost incurred  
2           in connection with, any settlement of any claim,  
3           proceeding, or action; and

4           “(C) the amount of, and any cost incurred  
5           in connection with, any judgment or penalty im-  
6           posed with respect to any claim, proceeding, or  
7           action.

8           “(5) PAYMENT.—The term ‘payment’ means—

9           “(A) a direct or indirect transfer of any  
10          funds or any asset; and

11          “(B) any segregation of any funds or assets  
12          for the purpose of making, or under an agree-  
13          ment to make, any payment after the date on  
14          which the funds or assets are segregated, without  
15          regard to whether the obligation to make the  
16          payment is contingent on—

17                  “(i) the determination, after that date,  
18                  of the liability for the payment of the  
19                  amount; or

20                  “(ii) the liquidation, after that date, of  
21                  the amount of the payment.

22          “(b) PROHIBITION.—The Corporation may prohibit or  
23          limit, by regulation or order, any golden parachute pay-  
24          ment or indemnification payment by a Farm Credit Sys-  
25          tem institution (including any conservator or receiver of

1 *the Federal Agricultural Mortgage Corporation) in troubled*  
2 *condition (as defined in regulations issued by the Corpora-*  
3 *tion).*

4       “(c) *FACTORS TO BE TAKEN INTO ACCOUNT.—The*  
5 *Corporation shall prescribe, by regulation, the factors to be*  
6 *considered by the Corporation in taking any action under*  
7 *subsection (b). The factors may include—*

8               “(1) *whether there is a reasonable basis to believe*  
9 *that an institution-related party has committed any*  
10 *fraudulent act or omission, breach of trust or fidu-*  
11 *ciary duty, or insider abuse with regard to the Farm*  
12 *Credit System institution involved that has had a*  
13 *material effect on the financial condition of the insti-*  
14 *tution;*

15               “(2) *whether there is a reasonable basis to believe*  
16 *that the institution-related party is substantially re-*  
17 *sponsible for the insolvency of the Farm Credit Sys-*  
18 *tem institution, the appointment of a conservator or*  
19 *receiver for the institution, or the institution’s trou-*  
20 *bled condition (as defined in regulations prescribed by*  
21 *the Corporation);*

22               “(3) *whether there is a reasonable basis to believe*  
23 *that the institution-related party has materially vio-*  
24 *lated any applicable law or regulation that has had*

1       *a material effect on the financial condition of the in-*  
2       *stitution;*

3               “(4) *whether there is a reasonable basis to believe*  
4       *that the institution-related party has violated or con-*  
5       *spired to violate—*

6                       “(A) *section 215, 657, 1006, 1014, or 1344*  
7       *of title 18, United States Code; or*

8                       “(B) *section 1341 or 1343 of title 18, Unit-*  
9       *ed States Code, affecting a Farm Credit System*  
10       *institution;*

11               “(5) *whether the institution-related party was in*  
12       *a position of managerial or fiduciary responsibility;*  
13       *and*

14               “(6) *the length of time that the party was related*  
15       *to the Farm Credit System institution and the degree*  
16       *to which—*

17                       “(A) *the payment reasonably reflects com-*  
18       *penetration earned over the period of employment;*  
19       *and*

20                       “(B) *the compensation represents a reason-*  
21       *able payment for services rendered.*

22       “(d) *CERTAIN PAYMENTS PROHIBITED.—No Farm*  
23       *Credit System institution may prepay the salary or any*  
24       *liability or legal expense of any institution-related party*  
25       *if the payment is made—*

1           “(1) *in contemplation of the insolvency of the in-*  
2           *stitution or after the commission of an act of insol-*  
3           *vency; and*

4           “(2) *with a view to, or with the result of—*

5                   “(A) *preventing the proper application of*  
6                   *the assets of the institution to creditors; or*

7                   “(B) *preferring 1 creditor over another*  
8                   *creditor.*

9           “(e) *RULE OF CONSTRUCTION.—Nothing in this sec-*  
10           *tion—*

11                   “(1) *prohibits any Farm Credit System institu-*  
12                   *tion from purchasing any commercial insurance pol-*  
13                   *icy or fidelity bond, so long as the insurance policy*  
14                   *or bond does not cover any legal or liability expense*  
15                   *of an institution described in subsection (a)(2); or*

16                   “(2) *limits the powers, functions, or responsibil-*  
17                   *ities of the Farm Credit Administration.”.*

18           **SEC. 699. FARM CREDIT SYSTEM INSURANCE CORPORATION**

19                           **BOARD OF DIRECTORS.**

20           “(a) *IN GENERAL.—Section 5.53 of the Farm Credit*  
21           *Act of 1971 (12 U.S.C. 2277a-2) is amended to read as*  
22           *follows:*

1 **“SEC. 5.53. BOARD OF DIRECTORS.**

2 “(a) *ESTABLISHMENT.*—*The Corporation shall be*  
3 *managed by a Board of Directors that shall consist of the*  
4 *members of the Farm Credit Administration Board.*

5 “(b) *CHAIRMAN.*—*The Board of Directors shall be*  
6 *chaired by any Board member other than the Chairman*  
7 *of the Farm Credit Administration Board.”.*

8 (b) *CONFORMING AMENDMENTS.*—

9 (1) *Section 5314 of title 5, United States Code,*  
10 *is amended by striking “Chairperson, Board of Direc-*  
11 *tors of the Farm Credit System Insurance Corpora-*  
12 *tion.”.*

13 (2) *Section 5315 of title 5, United States Code,*  
14 *is amended by striking “Members, Board of Directors*  
15 *of the Farm Credit System Insurance Corporation.”.*

16 **SEC. 699A. LIABILITY FOR MAKING CRIMINAL REFERRALS.**

17 (a) *IN GENERAL.*—*Any institution of the Farm Credit*  
18 *System, or any director, officer, employee, or agent of a*  
19 *Farm Credit System institution, that discloses to a Govern-*  
20 *ment authority information proffered in good faith that*  
21 *may be relevant to a possible violation of any law or regula-*  
22 *tion shall not be liable to any person under any law of*  
23 *the United States or any State—*

24 (1) *for the disclosure; or*

25 (2) *for any failure to notify the person involved*  
26 *in the possible violation.*



1 **SEC. 702. WATER AND WASTE FACILITY FINANCING.**

2 *Section 2322 of the Food, Agriculture, Conservation,*  
3 *and Trade Act of 1990 (7 U.S.C. 1926–1) is repealed.*

4 **SEC. 703. RURAL WASTEWATER CIRCUIT RIDER PROGRAM.**

5 *Section 2324 of the Food, Agriculture, Conservation,*  
6 *and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 1926*  
7 *note) is repealed.*

8 **SEC. 704. TELEMEDICINE AND DISTANCE LEARNING SERV-**  
9 **ICES IN RURAL AREAS.**

10 *Chapter 1 of subtitle D of title XXIII of the Food, Agri-*  
11 *culture, Conservation, and Trade Act of 1990 (7 U.S.C.*  
12 *950aaa et seq.) is amended to read as follows:*

13 **“CHAPTER 1—TELEMEDICINE AND DIS-**  
14 **TANCE LEARNING SERVICES IN RURAL**  
15 **AREAS**

16 **“SEC. 2331. PURPOSE.**

17 *“The purpose of the financing programs established*  
18 *under this chapter is to encourage and improve telemedicine*  
19 *services and distance learning services in rural areas*  
20 *through the use of telecommunications, computer networks,*  
21 *and related advanced technologies by students, teachers,*  
22 *medical professionals, and rural residents.*

23 **“SEC. 2332. DEFINITIONS.**

24 *“In this chapter:*

1           “(1) *CONSTRUCT.*—*The term ‘construct’ means to*  
2           *construct, acquire, install, improve, or extend a facil-*  
3           *ity or system.*

4           “(2) *COST OF MONEY LOAN.*—*The term ‘cost of*  
5           *money loan’ means a loan made under this chapter*  
6           *bearing interest at a rate equal to the then current*  
7           *cost to the Federal Government of loans of similar*  
8           *maturity.*

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

11   **“SEC. 2333. TELEMEDICINE AND DISTANCE LEARNING**  
12                           **SERVICES IN RURAL AREAS.**

13          “(a) *SERVICES TO RURAL AREAS.*—*The Secretary is*  
14          *authorized to provide financial assistance for the purpose*  
15          *of financing the construction of facilities and systems to*  
16          *provide telemedicine services and distance learning services*  
17          *to persons and entities in rural areas.*

18          “(b) *FINANCIAL ASSISTANCE.*—

19                 “(1) *IN GENERAL.*—*Financial assistance shall*  
20                 *consist of grants or cost of money loans, or both.*

21                 “(2) *FORM.*—*The Secretary shall determine the*  
22                 *portion of the financial assistance provided to a re-*  
23                 *cipient that consists of grants and that consists of cost*  
24                 *of money loans so as to result in the maximum fea-*  
25                 *sible repayment to the Federal Government of the fi-*



1        *nancial assistance, based on the ability to repay of*  
2        *the recipient and full utilization of funds made avail-*  
3        *able to carry out this chapter.*

4        “(c) *RECIPIENTS.—*

5                “(1) *IN GENERAL.—The Secretary may provide*  
6        *financial assistance under this chapter to—*

7                        “(A) *entities using telemedicine services or*  
8                        *distance learning services, or both; and*

9                        “(B) *entities providing or proposing to pro-*  
10                        *vide telemedicine service or distance learning*  
11                        *service, or both, to other persons at rates reflect-*  
12                        *ing the benefit of the financial assistance.*

13                “(2) *ELECTRIC OR TELECOMMUNICATIONS BOR-*  
14        *ROWERS.—*

15                        “(A) *LOANS TO BORROWERS.—Subject to*  
16                        *subparagraph (B), the Secretary may provide a*  
17                        *cost of money loan under this chapter to a bor-*  
18                        *rower of an electric or telecommunications loan*  
19                        *under the Rural Electrification Act of 1936 (7*  
20                        *U.S.C. 901 et seq.). A borrower receiving a cost*  
21                        *of money loan under this paragraph shall—*

22                                “(i) *make the funds provided available*  
23                                *to entities that qualify under paragraph (1)*  
24                                *for projects satisfying the requirements of*  
25                                *this chapter;*

1           “(ii) use the funds provided to acquire,  
2           install, improve, or extend a system for the  
3           purposes of this chapter; or

4           “(iii) use the funds provided to install,  
5           improve, or extend a facility for the pur-  
6           poses of this chapter.

7           “(B) LIMITATIONS.—A borrower of an elec-  
8           tric or telecommunications loan under the Rural  
9           Electrification Act of 1936 shall—

10           “(i) make a system or facility funded  
11           under subparagraph (A) available to enti-  
12           ties that qualify under paragraph (1); and

13           “(ii) neither retain from the proceeds  
14           of a loan provided under subparagraph (A),  
15           nor assess a qualifying entity under para-  
16           graph (1), any amount except as may be re-  
17           quired to pay the actual costs incurred in  
18           administering the loan funds or making the  
19           system or facility available.

20           “(3) ASSISTANCE TO PROVIDE OR IMPROVE  
21           SERVICES.—Financial assistance may be provided  
22           under this chapter for a facility regardless of the loca-  
23           tion of the facility if the Secretary determines that the  
24           assistance is necessary to provide or improve

1        *telemedicine services or distance learning services in*  
2        *a rural area.*

3        “(d) *PRIORITY.—The Secretary shall establish proce-*  
4        *dures to prioritize financial assistance provided under this*  
5        *chapter considering—*

6                “(1) *the need for the assistance in the affected*  
7        *rural area;*

8                “(2) *the financial need of the applicant;*

9                “(3) *the population sparsity of the affected rural*  
10        *area;*

11               “(4) *the local involvement in the project serving*  
12        *the affected rural area;*

13               “(5) *geographic diversity among the recipients of*  
14        *financial assistance;*

15               “(6) *the utilization of the telecommunications fa-*  
16        *cilities of the existing telecommunications provider;*

17               “(7) *the portion of total project financing pro-*  
18        *vided by the applicant from the funds of the appli-*  
19        *cant;*

20               “(8) *the portion of project financing provided by*  
21        *the applicant with funds obtained from non-Federal*  
22        *sources;*

23               “(9) *the joint utilization of facilities financed by*  
24        *other financial assistance;*

1           “(10) the coordination of the proposed project  
2           with regional projects or networks;

3           “(11) service to the widest practical number of  
4           persons within the general geographic area covered by  
5           the financial assistance;

6           “(12) conformity with the State strategic plan as  
7           prepared under section 381D of the Consolidated  
8           Farm and Rural Development Act; and

9           “(13) other factors determined appropriate by  
10          the Secretary.

11          “(e) *MAXIMUM AMOUNT OF ASSISTANCE TO INDIVID-*  
12 *UAL RECIPIENTS.*—The Secretary may establish the maxi-  
13 *mum amount of financial assistance to be made available*  
14 *to an individual recipient for each fiscal year under this*  
15 *chapter by publishing notice in the Federal Register. The*  
16 *notice shall be published not more than 45 days after funds*  
17 *are made available to carry out this chapter during a fiscal*  
18 *year.*

19          “(f) *USE OF FUNDS.*—Financial assistance provided  
20 *under this chapter shall be used for—*

21                 “(1) the development and acquisition of instruc-  
22                 tional programming;

23                 “(2) the development and acquisition, through  
24                 lease or purchase, of computer hardware and soft-  
25                 ware, audio and visual equipment, computer network

1       *components, telecommunications terminal equipment,*  
2       *telecommunications transmission facilities, data ter-*  
3       *terminal equipment, or interactive video equipment, and*  
4       *other facilities that would further telemedicine serv-*  
5       *ices or distance learning services, or both;*

6               “(3) *providing technical assistance and instruc-*  
7       *tion for the development or use of the programming,*  
8       *equipment, or facilities referred to in paragraphs (1)*  
9       *and (2); or*

10              “(4) *other uses that are consistent with this*  
11       *chapter, as determined by the Secretary.*

12              “(g) *SALARIES AND EXPENSES.—Notwithstanding*  
13       *subsection (f), financial assistance provided under this*  
14       *chapter shall not be used for paying salaries of employees*  
15       *or administrative expenses.*

16              “(h)    *EXPEDITING COORDINATED TELEPHONE*  
17       *LOANS.—*

18              “(1) *IN GENERAL.—The Secretary may establish*  
19       *and carry out procedures to ensure that expedited*  
20       *consideration and determination is given to applica-*  
21       *tions for loans and advances of funds submitted by*  
22       *local exchange carriers under this chapter and the*  
23       *Rural Electrification Act of 1936 (7 U.S.C. 901 et*  
24       *seq.) to enable the exchange carriers to provide ad-*  
25       *vanced telecommunications services in rural areas in*

1       *conjunction with any other projects carried out under*  
2       *this chapter.*

3               “(2) *DEADLINE IMPOSED ON SECRETARY.*—*Not*  
4       *later than 45 days after the receipt of a completed ap-*  
5       *plication for an expedited telephone loan under para-*  
6       *graph (1), the Secretary shall respond to the applica-*  
7       *tion. The Secretary shall notify the applicant in writ-*  
8       *ing of the decision of the Secretary regarding each ex-*  
9       *pedited loan application.*

10              “(i) *NOTIFICATION OF LOCAL EXCHANGE CARRIER.*—

11                      “(1) *APPLICANTS.*—*Each applicant for a grant*  
12       *for a telemedicine or distance learning project estab-*  
13       *lished under this chapter shall notify the appropriate*  
14       *local telephone exchange carrier regarding the appli-*  
15       *cation filed with the Secretary for the grant.*

16                      “(2) *SECRETARY.*—*The Secretary shall—*

17                                      “(A) *publish notice of applications received*  
18       *for grants under this chapter for telemedicine or*  
19       *distance learning projects; and*

20                                      “(B) *make the applications available for in-*  
21       *spection.*

22       **“SEC. 2334. ADMINISTRATION.**

23                      “(a) *NONDUPLICATION.*—*The Secretary shall ensure*  
24       *that facilities constructed using financial assistance pro-*

1 *vided under this chapter do not duplicate adequate estab-*  
2 *lished telemedicine services or distance learning services.*

3       “(b) *LOAN MATURITY.*—*The maturities of cost of*  
4 *money loans shall be determined by the Secretary, based*  
5 *on the useful life of the facility being financed, except that*  
6 *the loan shall not be for a period of more than 10 years.*

7       “(c) *LOAN SECURITY AND FEASIBILITY.*—*The Sec-*  
8 *retary shall make a cost of money loan only after determin-*  
9 *ing that the security for the loan is reasonably adequate*  
10 *and that the loan will be repaid within the period of the*  
11 *loan.*

12       “(d) *ENCOURAGING CONSORTIA.*—*The Secretary shall*  
13 *encourage the development of consortia to provide*  
14 *telemedicine services or distance learning services, or both,*  
15 *through telecommunications in rural areas served by a tele-*  
16 *communications provider.*

17       “(e) *COOPERATION WITH OTHER AGENCIES.*—*The*  
18 *Secretary shall cooperate, to the extent practicable, with*  
19 *other Federal and State agencies with similar grant or loan*  
20 *programs to pool resources for funding meritorious propos-*  
21 *als in rural areas.*

22       “(f) *INFORMATIONAL EFFORTS.*—*The Secretary shall*  
23 *establish and implement procedures to carry out informa-*  
24 *tional efforts to advise potential end users located in rural*

1 *areas of each State about the program authorized by this*  
2 *chapter.*

3 ***“SEC. 2335. REGULATIONS.***

4 *“Not later than 180 days after the effective date of the*  
5 *Agricultural Reform and Improvement Act of 1996, the Sec-*  
6 *retary shall issue regulations to carry out this chapter.*

7 ***“SEC. 2335A. AUTHORIZATION OF APPROPRIATIONS.***

8 *“There are authorized to be appropriated to carry out*  
9 *this chapter \$100,000,000 for each of fiscal years 1996*  
10 *through 2002.”.*

11 ***SEC. 705. LIMITATION ON AUTHORIZATION OF APPROPRIA-***  
12 ***TIONS FOR RURAL TECHNOLOGY GRANTS.***

13 *Section 2347 of the Food, Agriculture, Conservation,*  
14 *and Trade Act of 1990 (Public Law 101–624; 104 Stat.*  
15 *4034) is amended—*

16 *(1) by striking “(a) IN GENERAL.—”; and*

17 *(2) by striking subsection (b).*

18 ***SEC. 706. MONITORING THE ECONOMIC PROGRESS OF***  
19 ***RURAL AMERICA.***

20 *Section 2382 of the Food, Agriculture, Conservation,*  
21 *and Trade Act of 1990 (Public Law 101–624; 13 U.S.C.*  
22 *141 note) is repealed.*



1 **SEC. 707. ANALYSIS BY OFFICE OF TECHNOLOGY ASSESS-**  
2 **MENT.**

3 *Section 2385 of the Food, Agriculture, Conservation,*  
4 *and Trade Act of 1990 (Public Law 101–624; 7 U.S.C.*  
5 *950aaa–4 note) is repealed.*

6 **SEC. 708. RURAL HEALTH INFRASTRUCTURE IMPROVE-**  
7 **MENT.**

8 *Section 2391 of the Food, Agriculture, Conservation,*  
9 *and Trade Act of 1990 (Public Law 101–624; 7 U.S.C. 2662*  
10 *note) is repealed.*

11 **SEC. 709. CENSUS OF AGRICULTURE.**

12 *Section 2392 of the Food, Agriculture, Conservation,*  
13 *and Trade Act of 1990 (Public Law 101–624; 104 Stat.*  
14 *4057) is repealed.*

15 **CHAPTER 2—ALTERNATIVE AGRICUL-**  
16 **TURAL RESEARCH AND COMMER-**  
17 **CIALIZATION**

18 **SEC. 721. DEFINITIONS.**

19 *Section 1657(c) of the Food, Agriculture, Conservation,*  
20 *and Trade Act of 1990 (7 U.S.C. 5901(c)) is amended—*

21 *(1) by striking paragraphs (3) and (4);*

22 *(2) by redesignating paragraph (5) as para-*  
23 *graph (3);*

24 *(3) by redesignating paragraphs (6) through (12)*  
25 *as paragraphs (7) through (13), respectively; and*

1           (4) by inserting after paragraph (3) (as redesignated by paragraph (2)) the following:

3           “(4) *CORPORATE BOARD.*—The term ‘Corporate Board’ means the Board of Directors of the Corporation described in section 1659.

6           “(5) *CORPORATION.*—The term ‘Corporation’ means the Alternative Agricultural Research and Commercialization Corporation established under section 1658.

10          “(6) *EXECUTIVE DIRECTOR.*—The term ‘Executive Director’ means the Executive Director of the Corporation appointed under section 1659(d)(2).”.

13 **SEC. 722. ALTERNATIVE AGRICULTURAL RESEARCH AND**  
14 **COMMERCIALIZATION CORPORATION.**

15          (a) *IN GENERAL.*—Section 1658 of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5902) is amended to read as follows:

18 **“SEC. 1658. ALTERNATIVE AGRICULTURAL RESEARCH AND**  
19 **COMMERCIALIZATION CORPORATION.**

20          “(a) *ESTABLISHMENT.*—To carry out this subtitle, there is created a body corporate to be known as the Alternative Agricultural Research and Commercialization Corporation, which shall be an agency of the United States, within the Department of Agriculture, subject to the general

1 *supervision and direction of the Secretary, except as specifi-*  
2 *cally provided for in this subtitle.*

3 “(b) *PURPOSE.—The purpose of the Corporation is*  
4 *to—*

5 “(1) *expedite the development and market pene-*  
6 *tration of industrial, nonfood, nonfeed products from*  
7 *agricultural and forestry materials; and*

8 “(2) *assist the private sector in bridging the gap*  
9 *between research results and the commercialization of*  
10 *the research.*

11 “(c) *PLACE OF INCORPORATION.—The Corporation*  
12 *shall be located in the District of Columbia.*

13 “(d) *CENTRAL OFFICE.—The Secretary shall provide*  
14 *facilities for the principal office of the Corporation within*  
15 *the Washington, D.C. metropolitan area.*

16 “(e) *WHOLLY-OWNED GOVERNMENT CORPORATION.—*  
17 *The Corporation shall be considered a wholly-owned govern-*  
18 *ment corporation for purposes of chapter 91 of title 31,*  
19 *United States Code.*

20 “(f) *GENERAL POWERS.—In addition to any other*  
21 *powers granted to the Corporation under this subtitle, the*  
22 *Corporation—*

23 “(1) *shall have succession in its corporate name;*

1           “(2) may adopt, alter, and rescind any bylaw  
2           and adopt and alter a corporate seal, which shall be  
3           judicially noticed;

4           “(3) may enter into any agreement or contract  
5           with a person or private or governmental agency, ex-  
6           cept that the Corporation shall not provide any fi-  
7           nancial assistance unless specifically authorized  
8           under this subtitle;

9           “(4) may lease, purchase, accept a gift or dona-  
10          tion of, or otherwise acquire, use, own, hold, improve,  
11          or otherwise deal in or with, and sell, convey, mort-  
12          gage, pledge, lease, exchange, or otherwise dispose of,  
13          any property, real, personal, or mixed, or any inter-  
14          est in property, as the Corporation considers nec-  
15          essary in the transaction of the business of the Cor-  
16          poration, except that this paragraph shall not provide  
17          authority for carrying out a program of real estate  
18          investment;

19          “(5) may sue and be sued in the corporate name  
20          of the Corporation, except that—

21                 “(A) no attachment, injunction, garnish-  
22                 ment, or similar process shall be issued against  
23                 the Corporation or property of the Corporation;  
24                 and

1           “(B) *exclusive original jurisdiction shall re-*  
2           *side in the district courts of the United States,*  
3           *but the Corporation may intervene in any court*  
4           *in any suit, action, or proceeding in which the*  
5           *Corporation has an interest;*

6           “(6) *may independently retain legal representa-*  
7           *tion;*

8           “(7) *may provide for and designate such com-*  
9           *mittees, and the functions of the committees, as the*  
10          *Corporate Board considers necessary or desirable,*

11          “(8) *may indemnify the Executive Director and*  
12          *other officers of the Corporation, as the Corporate*  
13          *Board considers necessary and desirable, except that*  
14          *the Executive Director and officers shall not be in-*  
15          *demnified for an act outside the scope of employment;*

16          “(9) *may, with the consent of any board, com-*  
17          *mission, independent establishment, or executive de-*  
18          *partment of the Federal Government, including any*  
19          *field service, use information, services, facilities, offi-*  
20          *cial, and employees in carrying out this subtitle, and*  
21          *pay for the use, which payments shall be credited to*  
22          *the applicable appropriation that incurred the ex-*  
23          *pense;*

24          “(10) *may obtain the services and fix the com-*  
25          *penation of any consultant and otherwise procure*

1       *temporary and intermittent services under section*  
2       *3109(b) of title 5, United States Code;*

3               *“(11) may use the United States mails on the*  
4       *same terms and conditions as the Executive agencies*  
5       *of the Federal Government;*

6               *“(12) shall have the rights, privileges, and im-*  
7       *munities of the United States with respect to the right*  
8       *to priority of payment with respect to debts due from*  
9       *bankrupt, insolvent, or deceased creditors;*

10              *“(13) may collect or compromise any obligations*  
11       *assigned to or held by the Corporation, including any*  
12       *legal or equitable rights accruing to the Corporation;*

13              *“(14) shall determine the character of, and neces-*  
14       *sity for, obligations and expenditures of the Corpora-*  
15       *tion and the manner in which the obligations and ex-*  
16       *penditures shall be incurred, allowed, and paid, sub-*  
17       *ject to provisions of law specifically applicable to*  
18       *Government corporations;*

19              *“(15) may make final and conclusive settlement*  
20       *and adjustment of any claim by or against the Cor-*  
21       *poration or a fiscal officer of the Corporation;*

22              *“(16) may sell assets, loans, and equity interests*  
23       *acquired in connection with the financing of projects*  
24       *funded by the Corporation; and*

1           “(17) may exercise all other lawful powers nec-  
2           essarily or reasonably related to the establishment of  
3           the Corporation to carry out this subtitle and the  
4           powers, purposes, functions, duties, and authorized  
5           activities of the Corporation.

6           “(g) *SPECIFIC POWERS.*—To carry out this subtitle,  
7           the Corporation shall have the authority to—

8           “(1) make grants to, and enter into cooperative  
9           agreements and contracts with, eligible applicants for  
10          research, development, and demonstration projects in  
11          accordance with section 1660;

12          “(2) make loans and interest subsidy payments  
13          and invest venture capital in accordance with section  
14          1661;

15          “(3) collect and disseminate information con-  
16          cerning State, regional, and local commercialization  
17          projects;

18          “(4) search for new nonfood, nonfeed products  
19          that may be produced from agricultural commodities  
20          and for processes to produce the products;

21          “(5) administer, maintain, and dispense funds  
22          from the Alternative Agricultural Research and Com-  
23          mercialization Revolving Fund to facilitate the con-  
24          duct of activities under this subtitle; and

1           “(6) engage in other activities incident to carry-  
2           ing out the functions of the Corporation.”.

3           (b) *WHOLLY OWNED GOVERNMENT CORPORATION.*—  
4           Section 9101(3) of title 31, United States Code, is amend-  
5           ed—

6           (1) by redesignating subparagraph (N) (relating  
7           to the Uranium Enrichment Corporation) as sub-  
8           paragraph (O); and

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

10                   “(P) the Alternative Agricultural Research  
11                   and Commercialization Corporation.”.

12           (c) *CONFORMING AMENDMENT.*—Section 211(b)(5) of  
13           the Department of Agriculture Reorganization Act of 1994  
14           (7 U.S.C. 6911(b)(5)) is amended by striking “Alternative  
15           Agricultural Research and Commercialization Board” and  
16           inserting “Corporate Board of the Alternative Agricultural  
17           Research and Commercialization Corporation”.

18           **SEC. 723. BOARD OF DIRECTORS, EMPLOYEES, AND FACILI-**

19                                   **TIES.**

20           (a) *IN GENERAL.*—Section 1659 of the Food, Agri-  
21           culture, Conservation, and Trade Act of 1990 (7 U.S.C.  
22           5903) is amended to read as follows:



1 **“SEC. 1659. BOARD OF DIRECTORS, EMPLOYEES, AND FA-**  
2 **CILITIES.**

3 “(a) *IN GENERAL.*—*The powers of the Corporation*  
4 *shall be vested in a Corporate Board.*

5 “(b) *MEMBERS OF THE CORPORATE BOARD.*—*The*  
6 *Corporate Board shall consist of 10 members as follows:*

7 “(1) *The Under Secretary of Agriculture for*  
8 *Rural Economic and Community Development.*

9 “(2) *The Under Secretary of Agriculture for Re-*  
10 *search, Education, and Economics.*

11 “(3) *4 members appointed by the Secretary, of*  
12 *whom—*

13 “(A) *at least 1 member shall be a represent-*  
14 *ative of the leading scientific disciplines relevant*  
15 *to the activities of the Corporation;*

16 “(B) *at least 1 member shall be a producer*  
17 *or processor of agricultural commodities; and*

18 “(C) *at least 1 member shall be a person*  
19 *who is privately engaged in the commercializa-*  
20 *tion of new nonfood, nonfeed products from agri-*  
21 *cultural commodities.*

22 “(4) *2 members appointed by the Secretary*  
23 *who—*

24 “(A) *have expertise in areas of applied re-*  
25 *search relating to the development or commer-*

1           *cialization of new nonfood, nonfeed products;*  
2           *and*

3           “(B) shall be appointed from a group of at  
4           least 4 individuals nominated by the Director of  
5           the National Science Foundation if the nomina-  
6           tions are made within 60 days after the date a  
7           vacancy occurs.

8           “(5) 2 members appointed by the Secretary  
9           who—

10           “(A) have expertise in financial and mana-  
11           gerial matters; and

12           “(B) shall be appointed from a group of at  
13           least 4 individuals nominated by the Secretary  
14           of Commerce if the nominations are made within  
15           60 days after the date a vacancy occurs.

16           “(c) *RESPONSIBILITIES OF THE CORPORATE*  
17           *BOARD.—*

18           “(1) *IN GENERAL.—The Corporate Board shall—*

19           “(A) be responsible for the general super-  
20           vision of the Corporation and Regional Centers  
21           established under section 1663;

22           “(B) determine (in consultation with Re-  
23           gional Centers) high priority commercialization  
24           areas to receive assistance under section 1663;

1           “(C) review any grant, contract, or coopera-  
2           tive agreement to be made or entered into by the  
3           Corporation under section 1660 and any finan-  
4           cial assistance to be provided under section 1661;

5           “(D) make the final decision, by majority  
6           vote, on whether and how to provide assistance  
7           to an applicant; and

8           “(E) using the results of the hearings and  
9           other information and data collected under para-  
10          graph (2), develop and establish a budget plan  
11          and a long-term operating plan to carry out this  
12          subtitle.

13          “(2) *AUTHORITY OF THE SECRETARY.*—

14                 “(A) *IN GENERAL.*—The Secretary shall va-  
15                 cate and remand to the Board for reconsider-  
16                 ation any decision made pursuant to paragraph  
17                 (1)(D) if the Secretary determines that there has  
18                 been a violation of subsection (j), or any conflict  
19                 of interest provisions of the bylaws of the Board,  
20                 with respect to the decision.

21                 “(B) *REASONS.*—In the case of any viola-  
22                 tion and referral of a funding decision to the  
23                 Board, the Secretary shall inform the Board of  
24                 the reasons for any remand pursuant to sub-  
25                 paragraph (A).

1       “(d) *CHAIRPERSON.*—*The members of the Corporate*  
2 *Board shall select a Chairperson from among the members*  
3 *of the Corporate Board. The term of office of the Chair-*  
4 *person shall be 2 years. The members referred to in para-*  
5 *graphs (1) and (2) of subsection (b) may not serve as Chair-*  
6 *person.*

7       “(e) *EXECUTIVE DIRECTOR.*—

8               “(1) *IN GENERAL.*—*The Executive Director of*  
9 *the Corporation shall be the chief executive officer of*  
10 *the Corporation, with such power and authority as*  
11 *may be conferred by the Corporate Board. The Execu-*  
12 *tive Director shall be appointed by the Corporate*  
13 *Board. The appointment shall be subject to the ap-*  
14 *proval of the Secretary.*

15               “(2) *COMPENSATION.*—*The Executive Director*  
16 *shall receive basic pay at the rate provided for level*  
17 *IV of the Executive Schedule under section 5315 of*  
18 *title 5, United States Code.*

19       “(f) *OFFICERS.*—*The Corporate Board shall establish*  
20 *the offices and appoint the officers of the Corporation, in-*  
21 *cluding a Secretary, and define the duties of the officers*  
22 *in a manner consistent with this subtitle.*

23       “(g) *MEETINGS.*—*The Corporate Board shall meet at*  
24 *least 3 times each fiscal year at the call of the Chairperson*  
25 *or at the request of the Executive Director. The location of*

1 *the meetings shall be subject to approval of the Executive*  
2 *Director. A quorum of the Corporate Board shall consist*  
3 *of a majority of the members. The decisions of the Corporate*  
4 *Board shall be made by majority vote.*

5       “(h) *TERM; VACANCIES.—*

6               “(1) *IN GENERAL.—The term of office of a mem-*  
7 *ber of the Corporate Board shall be 4 years, except*  
8 *that the members initially appointed shall be ap-*  
9 *pointed to serve staggered terms. A member appointed*  
10 *to fill a vacancy for an unexpired term may be ap-*  
11 *pointed only for the remainder of the term. A vacancy*  
12 *on the Corporate Board shall be filled in the same*  
13 *manner as the original appointment. The Secretary*  
14 *shall not remove a member of the Corporate Board ex-*  
15 *cept for cause.*

16               “(2) *TRANSITION MEASURE.—An individual who*  
17 *is serving on the Alternative Agricultural Research*  
18 *and Commercialization Board on the day before the*  
19 *effective date of the Agricultural Reform and Im-*  
20 *provement Act of 1996 may be appointed to the Cor-*  
21 *porate Board by the Secretary for a term that does*  
22 *not exceed the term of the individual on the Alter-*  
23 *native Agricultural Research and Commercialization*  
24 *Board if the Act had not been enacted.*

1       “(i) *COMPENSATION.*—A member of the Corporate  
2 Board who is an officer or employee of the United States  
3 shall not receive any additional compensation by reason of  
4 service on the Corporate Board. Any other member shall  
5 receive, for each day (including travel time) the member  
6 is engaged in the performance of the functions of the Cor-  
7 porate Board, compensation at a rate not to exceed the  
8 daily equivalent of the annual rate in effect for Level IV  
9 of the Executive Schedule. A member of the Corporate Board  
10 shall be reimbursed for travel, subsistence, and other nec-  
11 essary expenses incurred by the member in the performance  
12 of the duties of the member.

13       “(j) *CONFLICT OF INTEREST; FINANCIAL DISCLO-*  
14 *SURE.*—

15               “(1) *CONFLICT OF INTEREST.*—Except as pro-  
16 vided in paragraph (3), no member of the Corporate  
17 Board shall vote on any matter respecting any appli-  
18 cation, contract, claim, or other particular matter  
19 pending before the Corporation, in which, to the  
20 knowledge of the member, the member, spouse, or child  
21 of the member, partner, or organization in which the  
22 member is serving as officer, director, trustee, partner,  
23 or employee, or any person or organization with  
24 whom the member is negotiating or has any arrange-

1 *ment concerning prospective employment, has a fi-*  
2 *nancial interest.*

3 “(2) *VIOLATIONS.*—*Action by a member of the*  
4 *Corporate Board that is contrary to the prohibition*  
5 *contained in paragraph (1) shall be cause for removal*  
6 *of the member, but shall not impair or otherwise af-*  
7 *fect the validity of any otherwise lawful action by the*  
8 *Corporation in which the member participated.*

9 “(3) *EXCEPTIONS.*—*The prohibitions contained*  
10 *in paragraph (1) shall not apply if a member of the*  
11 *Corporate Board advises the Corporate Board of the*  
12 *nature of the particular matter in which the member*  
13 *proposes to participate, and if the member makes a*  
14 *full disclosure of the financial interest, prior to any*  
15 *participation, and the Corporate Board determines,*  
16 *by majority vote, that the financial interest is too re-*  
17  *mote or too inconsequential to affect the integrity of*  
18 *the member’s services to the Corporation in that mat-*  
19 *ter. The member involved shall not vote on the deter-*  
20 *mination.*

21 “(4) *FINANCIAL DISCLOSURE.*—*A Board member*  
22 *shall be subject to the financial disclosure require-*  
23 *ments applicable to a special Government employee*  
24 *(as defined in section 202(a) of title 18, United States*  
25 *Code).*

1       “(k) *DELEGATION OF AUTHORITY.*—

2               “(1) *IN GENERAL.*—*The Corporate Board may,*  
3       *by resolution, delegate to the Chairperson, the Execu-*  
4       *utive Director, or any other officer or employee any*  
5       *function, power, or duty assigned to the Corporation*  
6       *under this subtitle, other than a function, power, or*  
7       *duty expressly vested in the Corporate Board by sub-*  
8       *sections (c) through (n).*

9               “(2) *PROHIBITION ON DELEGATION.*—*Notwith-*  
10       *standing any other law, the Secretary and any other*  
11       *officer or employee of the United States shall not*  
12       *make any delegation to the Corporate Board, the*  
13       *Chairperson, the Executive Director, or the Corpora-*  
14       *tion of any power, function, or authority not ex-*  
15       *pressly authorized by this subtitle, unless the delega-*  
16       *tion is made pursuant to an authority in law that ex-*  
17       *pressly makes reference to this section.*

18               “(3) *REORGANIZATION ACT.*—*Notwithstanding*  
19       *any other law, the President (through authorities pro-*  
20       *vided under chapter 9, title 5, United States Code)*  
21       *may not authorize the transfer to the Corporation of*  
22       *any power, function, or authority in addition to pow-*  
23       *ers, functions, and authorities provided by law.*

24               “(l) *BYLAWS.*—*Notwithstanding section 1658(f)(2), the*  
25       *Corporate Board shall adopt, and may from time to time*



1 *amend, any bylaw that is necessary for the proper manage-*  
2 *ment and functioning of the Corporation. The Corporate*  
3 *Board shall not adopt any bylaw that has not been reviewed*  
4 *and approved by the Secretary.*

5       “(m) *ORGANIZATION.—The Corporate Board shall*  
6 *provide a system of organization to fix responsibility and*  
7 *promote efficiency.*”

8       “(n) *PERSONNEL AND FACILITIES OF CORPORA-*  
9 *TION.—*

10               “(1) *APPOINTMENT AND COMPENSATION OF PER-*  
11 *SONNEL.—The Corporation may select and appoint*  
12 *officers, attorneys, employees, and agents, who shall be*  
13 *vested with such powers and duties as the Corpora-*  
14 *tion may determine.*”

15               “(2) *USE OF FACILITIES AND SERVICES OF THE*  
16 *DEPARTMENT OF AGRICULTURE.—Notwithstanding*  
17 *any other provision of law, to perform the responsibil-*  
18 *ities of the Corporation under this subtitle, the Cor-*  
19 *poration may partially or jointly utilize the facilities*  
20 *of and the services of employees of the Department of*  
21 *Agriculture, without cost to the Corporation.*”

22               “(3) *GOVERNMENT EMPLOYMENT LAWS.—An of-*  
23 *ficer or employee of the Corporation shall be subject*  
24 *to all laws of the United States relating to govern-*  
25 *mental employment.*”

1           (b) *CONFORMING AMENDMENT.*—Section 5315 of title  
2 *V, United States Code, is amended by adding at the end*  
3 *the following:*

4                   “*Executive Director of the Alternative Agricul-*  
5                   *tural Research and Commercialization Corporation.*”.

6   **SEC. 724. RESEARCH AND DEVELOPMENT GRANTS, CON-**  
7                   **TRACTS, AND AGREEMENTS.**

8           Section 1660 of the *Food, Agriculture, Conservation,*  
9 *and Trade Act of 1990 (7 U.S.C. 5904) is amended—*

10                   (1) *by striking “Center” each place it appears*  
11 *and inserting “Corporation”;*

12                   (2) *in subsection (c), by striking “Board” and*  
13 *inserting “Corporate Board”;* and

14                   (3) *in subsection (f), by striking “non-Center”*  
15 *and inserting “non-Corporation”.*

16   **SEC. 725. COMMERCIALIZATION ASSISTANCE.**

17           Section 1661 of the *Food, Agriculture, Conservation,*  
18 *and Trade Act of 1990 (7 U.S.C. 5905) is amended—*

19                   (1) *by striking “Center” each place it appears*  
20 *and inserting “Corporation”;*

21                   (2) *by striking “Board” each place it appears*  
22 *and inserting “Corporate Board”;*

23                   (3) *by striking subsection (c);*

24                   (4) *by redesignating subsections (d), (e), and (f)*  
25 *as subsections (c), (d), and (e), respectively; and*

1           (5) *in subsection (c) (as so redesignated)*—

2                   (A) *in the subsection heading of paragraph*  
3           (1), *by striking “DIRECTOR” and inserting “EX-*  
4           *ECUTIVE DIRECTOR”*; and

5                   (B) *by striking “Director” each place it ap-*  
6           *pears and inserting “Executive Director”*.

7   **SEC. 726. GENERAL RULES REGARDING THE PROVISION OF**  
8                   **ASSISTANCE.**

9           Section 1662 of the Food, Agriculture, Conservation,  
10 *and Trade Act of 1990 (7 U.S.C. 5906) is amended—*

11                   (1) *by striking “Center” each place it appears*  
12           *(except in subsection (b)) and inserting “Corpora-*  
13           *tion”*;

14                   (2) *by striking “Board” each place it appears*  
15           *and inserting “Corporate Board”*; and

16                   (3) *in subsection (b)—*

17                           (A) *in the second sentence, by striking*  
18           *“Board, a Regional Center, or the Advisory*  
19           *Council” and inserting “Board or a Regional*  
20           *Center”*; and

21                           (B) *by striking the third sentence.*

22   **SEC. 727. REGIONAL CENTERS.**

23           Section 1663 of the Food, Agriculture, Conservation,  
24 *and Trade Act of 1990 (7 U.S.C. 5907) is amended—*

1           (1) *by striking “Board” each place it appears*  
2           *and inserting “Corporate Board”;*

3           (2) *in subsection (e)(8), by striking “Center” and*  
4           *inserting “Corporation”; and*

5           (3) *in subsection (f)—*

6                 (A) *in paragraph (2), by striking “in con-*  
7                 *sultation with the Advisory Council appointed*  
8                 *under section 1661(c)”;* and

9                 (B) *by striking paragraphs (3) and (4) and*  
10                 *inserting the following:*

11                 “(3) *RECOMMENDATION.—The Regional Direc-*  
12                 *tor, based on the comments of the reviewers, shall*  
13                 *make and submit a recommendation to the Board. A*  
14                 *recommendation submitted by a Regional Director*  
15                 *shall not be binding on the Board.”.*

16   **SEC. 728. ALTERNATIVE AGRICULTURAL RESEARCH AND**  
17                 **COMMERCIALIZATION REVOLVING FUND.**

18           Section 1664 of the Food, Agriculture, Conservation,  
19 and Trade Act of 1990 (7 U.S.C. 5908) is amended to read  
20 as follows:

21   **“SEC. 1664. ALTERNATIVE AGRICULTURAL RESEARCH AND**  
22                 **COMMERCIALIZATION REVOLVING FUND.**

23           “(a) *ESTABLISHMENT.—There is established in the*  
24 *Treasury of the United States a revolving fund to be known*  
25 *as the Alternative Agricultural Research and Commer-*

1 *cialization Revolving Fund. The Fund shall be available to*  
2 *the Corporation, without fiscal year limitation, to carry out*  
3 *the authorized programs and activities of the Corporation*  
4 *under this subtitle.*

5       “(b) *CONTENTS OF FUND.—There shall be deposited in*  
6 *the Fund—*

7               “(1) *such amounts as may be appropriated or*  
8 *transferred to support programs and activities of the*  
9 *Corporation;*

10              “(2) *payments received from any source for*  
11 *products, services, or property furnished in connection*  
12 *with the activities of the Corporation;*

13              “(3) *fees and royalties collected by the Corpora-*  
14 *tion from licensing or other arrangements relating to*  
15 *commercialization of products developed through*  
16 *projects funded in whole or part by grants, contracts,*  
17 *or cooperative agreements executed by the Corpora-*  
18 *tion;*

19              “(4) *proceeds from the sale of assets, loans, and*  
20 *equity interests made in furtherance of the purposes*  
21 *of the Corporation;*

22              “(5) *donations or contributions accepted by the*  
23 *Corporation to support authorized programs and ac-*  
24 *tivities; and*

1           “(6) any other funds acquired by the Corpora-  
2           tion.

3           “(c) *FUNDING ALLOCATIONS.*—Funding of projects  
4 and activities under this subtitle shall be subject to the fol-  
5 lowing restrictions:

6           “(1) Of the total amount of funds made available  
7 for a fiscal year under this subtitle—

8                   “(A) not more than the lesser of 15 percent  
9 or \$3,000,000 may be set aside to be used for au-  
10 thorized administrative expenses of the Corpora-  
11 tion in carrying out the functions of the Cor-  
12 poration;

13                   “(B) not more than 1 percent may be set  
14 aside to be used for generic studies and specific  
15 reviews of individual proposals for financial as-  
16 sistance; and

17                   “(C) except as provided in subsection (e),  
18 not less than 84 percent shall be set aside to be  
19 awarded to qualified applicants who file project  
20 applications with, or respond to requests for pro-  
21 posals from, the Corporation under sections 1660  
22 and 1661.

23           “(2) Any funds remaining uncommitted at the  
24 end of a fiscal year shall be credited to the Fund and

1        *added to the total program funds available to the Cor-*  
2        *poration for the next fiscal year.*

3        “(d) *AUTHORIZED ADMINISTRATIVE EXPENSES.—For*  
4        *the purposes of this section, authorized administrative ex-*  
5        *penses shall include all ordinary and necessary expenses,*  
6        *including all compensation for personnel and consultants,*  
7        *expenses for computer usage, or space needs of the Corpora-*  
8        *tion and similar expenses. Funds authorized for adminis-*  
9        *trative expenses shall not be available for the acquisition*  
10       *of real property.*

11       “(e) *PROJECT MONITORING.—The Board may estab-*  
12       *lish, in the bylaws of the Board, a percent of funds provided*  
13       *under subsection (c), not to exceed 1 percent per project*  
14       *award, for any commercialization project to be expended*  
15       *from project awards that shall be used to ensure that project*  
16       *funds are being utilized in accordance with the project*  
17       *agreement.*

18       “(f) *TERMINATION OF THE FUND.—On expiration of*  
19       *the authority provided by this subtitle, all assets (after pay-*  
20       *ment of all outstanding obligations) of the Fund shall revert*  
21       *to the general fund of the Treasury.*

22       “(g) *AUTHORIZATION OF APPROPRIATIONS; CAPITAL-*  
23       *IZATION.—*

24                “(1) *AUTHORIZATION OF APPROPRIATION.—*  
25        *There are authorized to be appropriated to the Fund*

1       \$75,000,000 for each of fiscal years 1996 through  
2       2002.

3               “(2) *CAPITALIZATION.*—*The Executive Director*  
4       *may pay as capital of the Corporation, from amounts*  
5       *made available through annual appropriations,*  
6       *\$75,000,000 for each of fiscal years 1996 through*  
7       *2002. On the payment of capital by the Executive Di-*  
8       *rector, the Corporation shall issue an equivalent*  
9       *amount of capital stock to the Secretary of the Treas-*  
10       *ury.*

11              “(3) *TRANSFER.*—*All obligations, assets, and re-*  
12       *lated rights and responsibilities of the Alternative Ag-*  
13       *ricultural Research and Commercialization Center es-*  
14       *tablished under section 1658 of the Food, Agriculture,*  
15       *Conservation, and Trade Act of 1990 (7 U.S.C. 5902)*  
16       *(as in effect on the day before the effective date of the*  
17       *Agricultural Reform and Improvement Act of 1996)*  
18       *are transferred to the Corporation.”.*

19       **SEC. 729. PROCUREMENT PREFERENCES FOR PRODUCTS**  
20                               **RECEIVING CORPORATION ASSISTANCE.**

21       *Subtitle G of title XVI of the Food, Agriculture, Con-*  
22       *servation, and Trade Act of 1990 (7 U.S.C. 5901 et seq.)*  
23       *is amended by adding at the end the following:*



1 **“SEC. 1665. PROCUREMENT OF ALTERNATIVE AGRICUL-**  
2 **TURAL RESEARCH AND COMMERCIALIZATION**  
3 **PRODUCTS.**

4 “(a) *DEFINITION OF EXECUTIVE AGENCY.*—*In this*  
5 *section, the term ‘executive agency’ has the meaning pro-*  
6 *vided the term in section 4(1) of the Office of Federal Pro-*  
7 *curement Policy Act (41 U.S.C. 403(1)).*

8 “(b) *PROCUREMENT.*—*To further the achievement of*  
9 *the purposes specified in section 1657(b), an executive agen-*  
10 *cy may, for any procurement involving the acquisition of*  
11 *property, establish set-asides and preferences for property*  
12 *that has been commercialized with assistance provided*  
13 *under this subtitle.*

14 “(c) *SET-ASIDES.*—*Procurements solely for property*  
15 *may be set-aside exclusively for products developed with*  
16 *commercialization assistance provided under section 1661.*

17 “(d) *PREFERENCES.*—*Preferences for property devel-*  
18 *oped with assistance provided under this subtitle in pro-*  
19 *curements involving the acquisition of property may be—*

20 “(1) *a price preference, if the procurement is*  
21 *solely for property, of not greater than a percentage*  
22 *to be determined within the sole discretion of the head*  
23 *of the procuring agency; or*

24 “(2) *a technical evaluation preference included*  
25 *as an award factor or subfactor as determined within*  
26 *the sole discretion of the head of the procuring agency.*

1       “(e) *NOTICE.*—*Each competitive solicitation or invita-*  
 2 *tion for bids selected by an executive agency for a set-aside*  
 3 *or preference under this section shall contain a provision*  
 4 *notifying offerors where a list of products eligible for the*  
 5 *set aside or preference may be obtained.*

6       “(f) *ELIGIBILITY.*—*Offerors shall receive the set aside*  
 7 *or preference required under this section if, in the case of*  
 8 *products developed with financial assistance under—*

9               “(1) *section 1660, less than 10 years have*  
 10 *elapsed since the expiration of the grant, cooperative*  
 11 *agreement, or contract;*

12               “(2) *paragraph (1) or (2) of section 1661(a), less*  
 13 *than 5 years have elapsed since the date the loan was*  
 14 *made or insured;*

15               “(3) *section 1661(a)(3), less than 5 years have*  
 16 *elapsed since the date of sale of any remaining gov-*  
 17 *ernment equity interest in the company; or*

18               “(4) *section 1661(a)(4), less than 5 years have*  
 19 *elapsed since the date of the final payment on the re-*  
 20 *payable grant.”.*

21 **SEC. 730. BUSINESS PLAN AND FEASIBILITY STUDY AND RE-**  
 22 **PORT.**

23       “(a) *BUSINESS PLAN.*—*Not later than 180 days after*  
 24 *the date of enactment of this Act, the Alternative Agricul-*  
 25 *tural Research and Commercialization Corporation estab-*

1 *lished under section 1658 of the Food, Agriculture, Con-*  
2 *servation, and Trade Act of 1990 (7 U.S.C. 5902) shall—*

3 *(1) develop a 5-year business plan pursuant to*  
4 *section 1659(c)(1)(E) of the Food, Agriculture, Con-*  
5 *servation, and Trade Act of 1990 (as amended by sec-*  
6 *tion 723); and*

7 *(2) submit the plan to the Secretary of Agri-*  
8 *culture, the Committee on Agriculture of the House of*  
9 *Representatives, and the Committee on Agriculture,*  
10 *Nutrition, and Forestry of the Senate.*

11 *(b) FEASIBILITY STUDY AND REPORT.—*

12 *(1) STUDY.—The Secretary of Agriculture shall*  
13 *conduct a study of and prepare a report on the con-*  
14 *tinued feasibility of the Alternative Agricultural Re-*  
15 *search and Commercialization Corporation. In con-*  
16 *ducting the study, the Secretary shall examine options*  
17 *for privatizing the Corporation and converting the*  
18 *Corporation to a Government sponsored enterprise.*

19 *(2) REPORT.—Not later than December 31, 2001,*  
20 *the Secretary shall transmit the report to the Com-*  
21 *mittee on Agriculture of the House of Representatives*  
22 *and the Committee on Agriculture, Nutrition, and*  
23 *Forestry of the Senate.*

1 ***Subtitle B—Amendments to the***  
2 ***Consolidated Farm and Rural***  
3 ***Development Act***

4 ***CHAPTER 1—GENERAL PROVISIONS***

5 ***SEC. 741. WATER AND WASTE FACILITY LOANS AND***  
6 ***GRANTS.***

7 *(a) IN GENERAL.—Section 306(a) of the Consolidated*  
8 *Farm and Rural Development Act (7 U.S.C. 1926(a)) is*  
9 *amended—*

10 *(1) in the first sentence of paragraph (2), by*  
11 *striking “\$500,000,000” and inserting*  
12 *“\$590,000,000”;*

13 *(2) by striking paragraph (7) and inserting the*  
14 *following:*

15 *“(7) DEFINITION OF RURAL AND RURAL*  
16 *AREAS.—For the purpose of water and waste disposal*  
17 *grants and direct and guaranteed loans provided*  
18 *under paragraphs (1) and (2), the terms ‘rural’ and*  
19 *‘rural area’ shall mean a city, town, or unincor-*  
20 *porated area that has a population of no more than*  
21 *10,000 inhabitants.”;*

22 *(3) by striking paragraphs (9), (10), and (11)*  
23 *and inserting the following:*

24 *“(9) CONFORMITY WITH STATE DRINKING WATER*  
25 *STANDARDS.—No Federal funds shall be made avail-*

1     *able under this section unless the Secretary deter-*  
2     *mines that the water system seeking funding will*  
3     *make significant progress toward meeting the stand-*  
4     *ards established under title XIV of the Public Health*  
5     *Service Act (commonly known as the ‘Safe Drinking*  
6     *Water Act’)* (42 U.S.C. 300f et seq.).

7             “(10) CONFORMITY WITH FEDERAL AND STATE  
8     WATER POLLUTION CONTROL STANDARDS.—*In the*  
9     *case of a water treatment discharge or waste disposal*  
10    *system seeking funding, no Federal funds shall be*  
11    *made available under this section unless the Secretary*  
12    *determines that the effluent from the system conforms*  
13    *with applicable Federal and State water pollution*  
14    *control standards.*

15            “(11) RURAL BUSINESS OPPORTUNITY  
16    GRANTS.—

17                    “(A) IN GENERAL.—*The Secretary may*  
18                    *make grants, not to exceed \$1,500,000 annually,*  
19                    *to public bodies, private nonprofit community*  
20                    *development corporations or entities, or such*  
21                    *other agencies as the Secretary may select to en-*  
22                    *able the recipients—*

23                            “(i) *to identify and analyze business*  
24                            *opportunities, including opportunities in*

1           *export markets, that will use local rural eco-*  
2           *nomie and human resources;*

3           “(ii) *to identify, train, and provide*  
4           *technical assistance to existing or prospec-*  
5           *tive rural entrepreneurs and managers;*

6           “(iii) *to establish business support cen-*  
7           *ters and otherwise assist in the creation of*  
8           *new rural businesses, the development of*  
9           *methods of financing local businesses, and*  
10          *the enhancement of the capacity of local in-*  
11          *dividuals and entities to engage in sound*  
12          *economic activities;*

13          “(iv) *to conduct regional, community,*  
14          *and local economic development planning*  
15          *and coordination, and leadership develop-*  
16          *ment; and*

17          “(v) *to establish centers for training,*  
18          *technology, and trade that will provide*  
19          *training to rural businesses in the utiliza-*  
20          *tion of interactive communications tech-*  
21          *nologies to develop international trade op-*  
22          *portunities and markets.*

23          “(B) *CRITERIA.—In awarding the grants,*  
24          *the Secretary shall consider, among other cri-*  
25          *teria to be established by the Secretary—*

1           “(i) the extent to which the applicant  
2           provides development services in the rural  
3           service area of the applicant; and

4           “(ii) the capability of the applicant to  
5           carry out the purposes of this section.

6           “(C) COORDINATION.—The Secretary shall  
7           ensure, to the maximum extent practicable, that  
8           assistance provided under this paragraph is co-  
9           ordinated with and delivered in cooperation with  
10          similar services or assistance provided to rural  
11          residents by the Cooperative State Research,  
12          Education, and Extension Service or other Fed-  
13          eral agencies.

14          “(D) AUTHORIZATION OF APPROPRIA-  
15          TIONS.—There are authorized to be appropriated  
16          to carry out this paragraph \$7,500,000 for each  
17          of fiscal years 1996 through 2002.”;

18          (4) by striking paragraphs (14) and (15); and  
19          (5) in paragraph (16)—

20                 (A) by striking “(16)(A) The” and inserting  
21                 the following:

22                 “(16) RURAL WATER AND WASTEWATER TECH-  
23                 NICAL ASSISTANCE AND TRAINING PROGRAMS.—

24                         “(A) IN GENERAL.—The”;

25                         (B) in subparagraph (A)—

1           (i) by striking “(i) identify” and in-  
2           serting the following:

3           “(i) identify”;

4           (ii) by striking “(ii) prepare” and in-  
5           serting the following:

6           “(ii) prepare”; and

7           (iii) by striking “(iii) improve” and  
8           inserting the following:

9           “(iii) improve”;

10          (C) in subparagraph (B), by striking “(B)  
11          In” and inserting the following:

12          “(B) SELECTION PRIORITY.—In”; and

13          (D) in subparagraph (C)—

14           (i) by striking “(C) Not” and inserting  
15           the following:

16           “(C) FUNDING.—Not”; and

17           (ii) by striking “2 per centum of any  
18           funds provided in Appropriations Acts”  
19           and inserting “3 percent of any funds ap-  
20           propriated”.

21          (b) CONFORMING AMENDMENTS.—

22           (1) Section 307(a)(6)(B) of the Consolidated  
23          Farm and Rural Development Act (7 U.S.C.  
24          1927(a)(6)(B)) (as amended by section 651(a)(2)) is  
25          further amended—



1                   (A) by striking clause (ii); and

2                   (B) by redesignating clauses (iii) and (iv)  
3 as clauses (ii) and (iii), respectively.

4           (2) The second sentence of section 309A(a) of the  
5 Consolidated Farm and Rural Development Act (7  
6 U.S.C. 1929a(a)) is amended by striking “,  
7 306(a)(14),”.

8 **SEC. 742. EMERGENCY COMMUNITY WATER ASSISTANCE**  
9 **GRANT PROGRAM FOR SMALL COMMUNITIES.**

10 Section 306A of the Consolidated Farm and Rural De-  
11 velopment Act (7 U.S.C. 1926a) is amended—

12           (1) in subsection (e)—

13                   (A) by striking paragraph (1) and inserting  
14 the following:

15                   “(1) **MAXIMUM INCOME.**—No grant provided  
16 under this section may be used to assist any rural  
17 area or community that has a median household in-  
18 come in excess of the State nonmetropolitan median  
19 household income according to the most recent decen-  
20 nial census of the United States.”; and

21                   (B) in paragraph (2), by striking “5,000”  
22 and inserting “3,000”; and

23           (2) by striking subsection (i) and inserting the  
24 following:

1       “(i) *AUTHORIZATION OF APPROPRIATIONS.*—*There are*  
2 *authorized to be appropriated to carry out this section*  
3 *\$35,000,000 for each of fiscal years 1996 through 2002.*”.

4       ***SEC. 743. EMERGENCY COMMUNITY WATER ASSISTANCE***  
5                               ***GRANT PROGRAM FOR SMALLEST COMMU-***  
6                               ***NITIES.***

7       *Section 306B of the Consolidated Farm and Rural De-*  
8 *velopment Act (7 U.S.C. 1926b) is repealed.*

9       ***SEC. 744. AGRICULTURAL CREDIT INSURANCE FUND.***

10       *Section 309(f) of the Consolidated Farm and Rural*  
11 *Development Act (7 U.S.C. 1929(f)) is amended—*

12                       (1) *by striking paragraph (1); and*

13                       (2) *by redesignating paragraphs (2) through (6)*  
14 *as paragraphs (1) through (5), respectively.*

15       ***SEC. 745. RURAL DEVELOPMENT INSURANCE FUND.***

16       *Section 309A(g) of the Consolidated Farm and Rural*  
17 *Development Act (7 U.S.C. 1929a(g)) is amended—*

18                       (1) *by striking paragraph (1); and*

19                       (2) *by redesignating paragraphs (2) through (8)*  
20 *as paragraphs (1) through (7), respectively.*

21       ***SEC. 746. INSURED WATERSHED AND RESOURCE CON-***  
22                               ***SERVATION AND DEVELOPMENT LOANS.***

23       *Section 310A of the Consolidated Farm and Rural De-*  
24 *velopment Act (7 U.S.C. 1931) is repealed.*

1 **SEC. 747. RURAL INDUSTRIALIZATION ASSISTANCE.**

2 (a) *IN GENERAL.*—Section 310B of the Consolidated  
3 Farm and Rural Development Act (7 U.S.C. 1932) is  
4 amended—

5 (1) in subsection (b), by striking “(b)(1)” and all  
6 that follows through “(2) The” and inserting the fol-  
7 lowing:

8 “(b) *SOLID WASTE MANAGEMENT GRANTS.*—The”;

9 (2) in subsection (c)—

10 (A) by striking “(c)(1) The” and inserting  
11 the following:

12 “(c) *RURAL BUSINESS ENTERPRISE GRANTS.*—

13 “(1) *IN GENERAL.*—The”;

14 (B) in paragraph (1), by inserting “(in-  
15 cluding nonprofit entities)” after “private busi-  
16 ness enterprises”; and

17 (C) in paragraph (2)—

18 (i) by striking “(2) The” and inserting  
19 the following:

20 “(2) *PASSENGER TRANSPORTATION SERVICES OR*  
21 *FACILITIES.*—The”; and

22 (ii) by striking “make grants” and in-  
23 serting “award grants on a competitive  
24 basis”; and

25 (3) by striking subsections (e), (g), (h), and (i);

1           (4) *by redesignating subsections (f) and (j) as*  
2           *subsections (e) and (f), respectively;*

3           (5) *by striking subsection (e) (as so redesignated)*  
4           *and inserting the following:*

5           “(e) *RURAL COOPERATIVE DEVELOPMENT GRANTS.—*

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

7           “(A) *NONPROFIT INSTITUTION.—The term*  
8           *‘nonprofit institution’ means any organization*  
9           *or institution, including an accredited institu-*  
10           *tion of higher education, no part of the net earn-*  
11           *ings of which inures, or may lawfully inure, to*  
12           *the benefit of any private shareholder or individ-*  
13           *ual.*

14           “(B) *UNITED STATES.—The term ‘United*  
15           *States’ means the several States, the District of*  
16           *Columbia, the Commonwealth of Puerto Rico, the*  
17           *Virgin Islands, Guam, American Samoa, and*  
18           *the other territories and possessions of the United*  
19           *States.*

20           “(2) *GRANTS.—The Secretary shall make grants*  
21           *under this subsection to nonprofit institutions for the*  
22           *purpose of enabling the institutions to establish and*  
23           *operate centers for rural cooperative development.*

24           “(3) *GOALS.—The goals of a center funded under*  
25           *this subsection shall be to facilitate the creation of*

1        *jobs in rural areas through the development of new*  
2        *rural cooperatives, value added processing, and rural*  
3        *businesses.*

4            “(4) *APPLICATION.—Any nonprofit institution*  
5        *seeking a grant under paragraph (2) shall submit to*  
6        *the Secretary an application containing a plan for*  
7        *the establishment and operation by the institution of*  
8        *a center or centers for cooperative development. The*  
9        *Secretary may approve the application if the plan*  
10       *contains the following:*

11            “(A) *A provision that substantiates that the*  
12        *center will effectively serve rural areas in the*  
13        *United States.*

14            “(B) *A provision that the primary objective*  
15        *of the center will be to improve the economic con-*  
16        *dition of rural areas through cooperative devel-*  
17        *opment.*

18            “(C) *A description of the activities that the*  
19        *center will carry out to accomplish the objective.*  
20        *The activities may include the following:*

21            “(i) *Programs for applied research and*  
22        *feasibility studies that may be useful to in-*  
23        *dividuals, cooperatives, small businesses,*  
24        *and other similar entities in rural areas*  
25        *served by the center.*

1           “(ii) *Programs for the collection, inter-*  
2           *pretation, and dissemination of information*  
3           *that may be useful to individuals, coopera-*  
4           *tives, small businesses, and other similar*  
5           *entities in rural areas served by the center.*

6           “(iii) *Programs providing training*  
7           *and instruction for individuals, coopera-*  
8           *tives, small businesses, and other similar*  
9           *entities in rural areas served by the center.*

10          “(iv) *Programs providing loans and*  
11          *grants to individuals, cooperatives, small*  
12          *businesses, and other similar entities in*  
13          *rural areas served by the center.*

14          “(v) *Programs providing technical as-*  
15          *istance, research services, and advisory*  
16          *services to individuals, cooperatives, small*  
17          *businesses, and other similar entities in*  
18          *rural areas served by the center.*

19          “(vi) *Programs providing for the co-*  
20          *ordination of services and sharing of infor-*  
21          *mation among the center.*

22          “(D) *A description of the contributions that*  
23          *the activities are likely to make to the improve-*  
24          *ment of the economic conditions of the rural*  
25          *areas for which the center will provide services.*

1           “(E) Provisions that the center, in carrying  
2           out the activities, will seek, where appropriate,  
3           the advice, participation, expertise, and assist-  
4           ance of representatives of business, industry, edu-  
5           cational institutions, the Federal Government,  
6           and State and local governments.

7           “(F) Provisions that the center will take all  
8           practicable steps to develop continuing sources of  
9           financial support for the center, particularly  
10          from sources in the private sector.

11          “(G) Provisions for—

12                 “(i) monitoring and evaluating the ac-  
13                 tivities by the nonprofit institution operat-  
14                 ing the center; and

15                 “(ii) accounting for money received by  
16                 the institution under this section.

17          “(5) AWARDING GRANTS.—Grants made under  
18          paragraph (2) shall be made on a competitive basis.  
19          In making grants under paragraph (2), the Secretary  
20          shall give preference to grant applications providing  
21          for the establishment of centers for rural cooperative  
22          development that—

23                 “(A) demonstrate a proven track record in  
24                 administering a nationally coordinated, region-  
25                 ally or State-wide operated project;

1           “(B) demonstrate previous expertise in pro-  
2           viding technical assistance in rural areas;

3           “(C) demonstrate the ability to assist in the  
4           retention of existing businesses, facilitate the es-  
5           tablishment of new cooperatives and new cooper-  
6           ative approaches, and generate new employment  
7           opportunities that will improve the economic  
8           conditions of rural areas;

9           “(D) demonstrate the ability to create hori-  
10          zontal linkages among businesses within and  
11          among various sectors in rural America and ver-  
12          tical linkages to domestic and international  
13          markets;

14          “(E) commit to providing technical assist-  
15          ance and other services to underserved and eco-  
16          nomically distressed areas in rural America; and

17          “(F) commit to providing greater than a 25  
18          percent matching contribution with private  
19          funds and in-kind contributions.

20          “(6) TWO-YEAR GRANTS.—The Secretary shall  
21          evaluate programs receiving assistance under this  
22          subsection and, if the Secretary determines it to be in  
23          the best interest of the Federal Government, the Sec-  
24          retary may approve grants under this subsection for  
25          up to 2 years.



1           “(7) *TECHNICAL ASSISTANCE TO PREVENT EX-*  
2           *CESSIVE UNEMPLOYMENT OR UNDEREMPLOYMENT.—*  
3           *In carrying out this subsection, the Secretary may*  
4           *provide technical assistance to alleviate or prevent*  
5           *conditions of excessive unemployment,*  
6           *underemployment, outmigration, or low employment*  
7           *growth in economically distressed rural areas that the*  
8           *Secretary determines have a substantial need for the*  
9           *assistance. The assistance may include planning and*  
10           *feasibility studies, management and operational as-*  
11           *sistance, and studies evaluating the need for develop-*  
12           *ment potential of projects that increase employment*  
13           *and improve economic growth in the areas.*

14           “(8) *GRANTS TO DEFRAY ADMINISTRATIVE*  
15           *COSTS.—The Secretary may make grants to defray*  
16           *not to exceed 75 percent of the costs incurred by orga-*  
17           *nizations and public bodies to carry out projects for*  
18           *which grants or loans are made under this subsection.*  
19           *For purposes of determining the non-Federal share of*  
20           *the costs, the Secretary shall consider contributions in*  
21           *cash and in kind, fairly evaluated, including prem-*  
22           *ises, equipment, and services.*

23           “(9) *AUTHORIZATION OF APPROPRIATIONS.—*  
24           *There are authorized to be appropriated to carry out*

1        *this subsection \$50,000,000 for each of fiscal years*  
2        *1996 through 2002.”; and*

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

4                *“(g) LOAN GUARANTEES FOR THE PURCHASE OF CO-*  
5        *OPERATIVE STOCK.—*

6                *“(1) DEFINITION OF FARMER.—In this sub-*  
7        *section, the term ‘farmer’ means any farmer that*  
8        *meets the family farmer definition, as determined by*  
9        *the Secretary.*

10                *“(2) LOAN GUARANTEES.—The Secretary may*  
11        *guarantee loans under this section to individual*  
12        *farmers for the purpose of purchasing capital stock of*  
13        *a farmer cooperative established for the purpose of*  
14        *processing an agricultural commodity.*

15                *“(3) ELIGIBILITY.—To be eligible for a loan*  
16        *guarantee under this subsection, a farmer must*  
17        *produce the agricultural commodity that will be proc-*  
18        *essed by the cooperative.*

19                *“(4) COLLATERAL.—To be eligible for a loan*  
20        *guarantee under this subsection for the establishment*  
21        *of a cooperative, the borrower of the loan must pledge*  
22        *collateral to secure at least 25 percent of the amount*  
23        *of the loan.”.*

24                *(b) CONFORMING AMENDMENTS.—*

1           (1) *Clause (iii) of section 307(a)(6)(B) of the*  
2 *Consolidated Farm and Rural Development Act (7*  
3 *U.S.C. 1927(a)(6)(B)) (as redesignated by section*  
4 *741(b)(1)(B)) is amended by striking “subsections (d)*  
5 *and (e) of section 310B” and inserting “section*  
6 *310B(d)”.*

7           (2) *Section 232(c)(2) of the Department of Agri-*  
8 *culture Reorganization Act of 1994 (7 U.S.C.*  
9 *6942(c)(2)) is amended—*

10                   (A) *by striking “310B(b)(2)” and inserting*  
11 *“310B(b)”*; and

12                   (B) *by striking “1932(b)(2)” and inserting*  
13 *“1932(b)”.*

14           (3) *Section 233(b) of the Department of Agri-*  
15 *culture Reorganization Act of 1994 (7 U.S.C.*  
16 *6943(b)) is amended—*

17                   (A) *by striking paragraph (2)*; and

18                   (B) *by redesignating paragraph (3) as*  
19 *paragraph (2).*

20 **SEC. 748. ADMINISTRATION.**

21           *Section 331(b)(4) of the Consolidated Farm and Rural*  
22 *Development Act (7 U.S.C. 1981(b)(4)) is amended—*

23                   (1) *by inserting after “claims” the following:*

24                   *“(including debts and claims arising from loan guar-*  
25 *antees)”*;

1           (2) *by striking “Farmers Home Administration*  
2 *or” and inserting “Consolidated Farm Service Agen-*  
3 *cy, Rural Utilities Service, Rural Housing and Com-*  
4 *munity Development Service, Rural Business and Co-*  
5 *operative Development Service, or a successor agency,*  
6 *or”; and*

7           (3) *by inserting after “activities under the Hous-*  
8 *ing Act of 1949.” the following: “In the case of a secu-*  
9 *rity instrument entered into under the Rural Elec-*  
10 *trification Act of 1936 (7 U.S.C. 901 et seq.), the Sec-*  
11 *retary shall notify the Attorney General of the intent*  
12 *of the Secretary to exercise the authority of the Sec-*  
13 *retary under this paragraph.”.*

14 **SEC. 749. AUTHORIZATION OF APPROPRIATIONS.**

15           (a) *IN GENERAL.*—Section 338 of the Consolidated  
16 *Farm and Rural Development Act (7 U.S.C. 1988) is*  
17 *amended—*

18           (1) *by striking subsections (b), (c), (d), and (e);*  
19 *and*

20           (2) *by redesignating subsection (f) as subsection*  
21 *(b).*

22           (b) *CONFORMING AMENDMENTS.*—

23           (1) *The first sentence of section 309(g)(1) of the*  
24 *Consolidated Farm and Rural Development Act (7*  
25 *U.S.C. 1929(g)(1)) is amended by inserting after*

1 “section 338(c)” the following: “(before the amend-  
2 ment made by section 447(a)(1) of the Agricultural  
3 Reform and Improvement Act of 1996)”.

4 (2) Section 343(b) of the Consolidated Farm and  
5 Rural Development Act (7 U.S.C. 1991(b)) is amend-  
6 ed by striking “338(f),” and inserting “338(b),”.

7 **SEC. 750. TESTIMONY BEFORE CONGRESSIONAL COMMIT-**  
8 **TEES.**

9 Section 345 of the Consolidated Farm and Rural De-  
10 velopment Act (7 U.S.C. 1993) is repealed.

11 **SEC. 751. PROHIBITION ON USE OF LOANS FOR CERTAIN**  
12 **PURPOSES.**

13 Section 363 of the Consolidated Farm and Rural De-  
14 velopment Act (7 U.S.C. 2006e) is amended by adding at  
15 the end the following: “This section shall not apply to a  
16 loan made or guaranteed under this title for a utility line.”.

17 **SEC. 752. RURAL DEVELOPMENT CERTIFIED LENDERS PRO-**  
18 **GRAM.**

19 The Consolidated Farm and Rural Development Act  
20 is amended by inserting after section 363 (7 U.S.C. 2006e)  
21 the following:

22 **“SEC. 364. RURAL DEVELOPMENT CERTIFIED LENDERS**  
23 **PROGRAM.**

24 “(a) CERTIFIED LENDERS PROGRAM.—

1           “(1) *IN GENERAL.*—*The Secretary may establish*  
2           *a program under which the Secretary may guarantee*  
3           *a loan for any rural development program that is*  
4           *made by a lender certified by the Secretary.*

5           “(2) *CERTIFICATION REQUIREMENTS.*—*The Sec-*  
6           *retary may certify a lender if the lender meets such*  
7           *criteria as the Secretary may prescribe in regula-*  
8           *tions, including the ability of the lender to properly*  
9           *make, service, and liquidate the guaranteed loans of*  
10          *the lender.*

11          “(3) *CONDITION OF CERTIFICATION.*—*As a con-*  
12          *dition of certification, the Secretary may require the*  
13          *lender to undertake to service the guaranteed loan*  
14          *using standards that are not less stringent than gen-*  
15          *erally accepted banking standards concerning loan*  
16          *servicing that are used by prudent commercial or co-*  
17          *operative lenders.*

18          “(4) *GUARANTEE.*—*Notwithstanding any other*  
19          *provision of law, the Secretary may guarantee not*  
20          *more than 80 percent of a loan made by a certified*  
21          *lender described in paragraph (1), if the borrower of*  
22          *the loan meets the eligibility requirements and such*  
23          *other criteria for the loan guarantee that are estab-*  
24          *lished by the Secretary.*

1           “(5) *CERTIFICATIONS.*—*With respect to loans to*  
2           *be guaranteed, the Secretary may permit a certified*  
3           *lender to make appropriate certifications (as provided*  
4           *in regulations issued by the Secretary) —*

5                   “(A) *relating to issues such as creditworthi-*  
6                   *ness, repayment ability, adequacy of collateral,*  
7                   *and feasibility of the operation; and*

8                   “(B) *that the borrower is in compliance*  
9                   *with all requirements of law, including regula-*  
10                   *tions issued by the Secretary.*

11           “(6) *RELATIONSHIP TO OTHER REQUIRE-*  
12           *MENTS.*—*This subsection shall not affect the respon-*  
13           *sibility of the Secretary to determine eligibility, re-*  
14           *view financial information, and otherwise assess an*  
15           *application.*

16           “(b) *PREFERRED CERTIFIED LENDERS PROGRAM.*—

17                   “(1) *IN GENERAL.*—*The Secretary may establish*  
18                   *a preferred certified lenders program for lenders who*  
19                   *establish their—*

20                           “(A) *knowledge of, and experience under,*  
21                           *the program established under subsection (a);*

22                           “(B) *knowledge of the regulations concern-*  
23                           *ing the particular guaranteed loan program; and*

24                           “(C) *proficiency related to the certified*  
25                           *lender program requirements.*

1           “(2) *ADDITIONAL LENDING INSTITUTIONS.*—*The*  
2           *Secretary may certify any lending institution as a*  
3           *preferred certified lender if the institution meets such*  
4           *additional criteria as the Secretary may prescribe by*  
5           *regulation.*

6           “(3) *REVOCATION OF DESIGNATION.*—*The des-*  
7           *ignation of a lender as a preferred certified lender*  
8           *shall be revoked if the Secretary determines that the*  
9           *lender is not adhering to the rules and regulations*  
10          *applicable to the program or if the loss experiences of*  
11          *a preferred certified lender are greater than other pre-*  
12          *ferred certified lenders, except that the suspension or*  
13          *revocation shall not affect any outstanding guarantee.*

14          “(4) *CONDITION OF CERTIFICATION.*—*As a con-*  
15          *dition of the preferred certification, the Secretary*  
16          *shall require the lender to undertake to service the*  
17          *loan guaranteed by the Secretary under this sub-*  
18          *section using generally accepted banking standards*  
19          *concerning loan servicing employed by prudent com-*  
20          *mercial or cooperative lenders. The Secretary shall, at*  
21          *least annually, monitor the performance of each pre-*  
22          *ferred certified lender to ensure that the conditions of*  
23          *the certification are being met.*



1           “(5) *EFFECT OF PREFERRED LENDER CERTIFI-*  
2           *CATION.—Notwithstanding any other provision of*  
3           *law, the Secretary may—*

4                   “(A) *guarantee not more than 80 percent of*  
5                   *any approved loan made by a preferred certified*  
6                   *lender as described in this subsection, if the bor-*  
7                   *rower meets the eligibility requirements and such*  
8                   *other criteria as may be applicable to loans*  
9                   *guaranteed by the Secretary; and*

10                   “(B) *permit preferred certified lenders to*  
11                   *make all decisions, with respect to loans to be*  
12                   *guaranteed by the Secretary under this sub-*  
13                   *section relating to creditworthiness, the closing,*  
14                   *monitoring, collection, and liquidation of loans,*  
15                   *and to accept appropriate certifications, as pro-*  
16                   *vided in regulations issued by the Secretary, that*  
17                   *the borrower is in compliance with all require-*  
18                   *ments of law and regulations issued by the Sec-*  
19                   *retary.”.*

20   **SEC. 753. SYSTEM FOR DELIVERY OF CERTAIN RURAL DE-**  
21                   **VELOPMENT PROGRAMS.**

22           (a) *IN GENERAL.—Section 365 of the Consolidated*  
23           *Farm and Rural Development Act (7 U.S.C. 2008) is re-*  
24           *pealed.*

25           (b) *CONFORMING AMENDMENTS.—*

1           (1) *Section 2310 of the Food, Agriculture, Con-*  
2 *serva-*  
3 *tion, and Trade Act of 1990 (7 U.S.C. 2007) is*  
4 *amended—*

5           (A) *in subsection (a), by striking “or the*  
6 *program established in sections 365 and 366 of*  
7 *the Consolidated Farm and Rural Development*  
8 *Act (as added by chapter 3 of this subtitle)”;*

9           (B) *in subsection (b)—*

10           (i) *by striking “STATES.—” and all*  
11 *that follows through “PARTNERSHIPS.—*  
12 *The” in paragraph (1) and inserting*  
13 *“STATES.—The”;* and

14           (ii) *by striking paragraph (2);*

15           (C) *in subsection (c)—*

16           (i) *by striking “PROJECTS.—” and all*  
17 *that follows through “PARTNERSHIPS.—*  
18 *Chapter” in paragraph (1) and inserting*  
19 *“PROJECTS.—Chapter”;*

20           (ii) *by striking “subsection (b)(1)” and*  
21 *inserting “subsection (b)”;* and

22           (iii) *by striking paragraph (2); and*

23           (D) *in subsection (d), by striking “and sec-*  
24 *tions 365, 366, 367, and 368(b) of the Consoli-*  
25 *dated Farm and Rural Development Act (as*  
*added by chapter 3 of this subtitle)”.*

1           (2) *Section 2375 of the Food, Agriculture, Con-*  
2           *servaion, and Trade Act of 1990 (7 U.S.C. 6613) is*  
3           *amended—*

4                   (A) *in subsection (e), by striking “, as de-*  
5                   *finied in section 365(b)(2) of the Consolidated*  
6                   *Farm and Rural Development Act,”; and*

7                   (B) *by adding at the end the following:*

8           “(g) *DEFINITION OF DESIGNATED RURAL DEVELOP-*  
9           *MENT PROGRAM.—In this section, the term ‘designated*  
10           *rural development program’ means a program carried out*  
11           *under section 304(b), 306(a), or 310B(e) of the Consolidated*  
12           *Farm and Rural Development Act (7 U.S.C. 1924(b),*  
13           *1926(a), and 1932(e)), or under section 1323 of the Food*  
14           *Security Act of 1985 (Public Law 99–198; 7 U.S.C. 1932*  
15           *note), for which funds are available at any time during the*  
16           *fiscal year under the section.”.*

17           (3) *Paragraph (2) of section 233(b) of the De-*  
18           *partment of Agriculture Reorganization Act of 1994*  
19           *(7 U.S.C. 6943(b)) (as redesignated by section*  
20           *747(b)(3)(B)) is amended by striking “sections 365*  
21           *through 369 of the Consolidated Farm and Rural De-*  
22           *velopment Act (7 U.S.C. 2008-2008d)” and inserting*  
23           *“section 369 of the Consolidated Farm and Rural De-*  
24           *velopment Act (7 U.S.C. 2008d)”.*

1 **SEC. 754. STATE RURAL ECONOMIC DEVELOPMENT REVIEW**

2 **PANEL.**

3 *Section 366 of the Consolidated Farm and Rural De-*  
4 *velopment Act (7 U.S.C. 2008a) is repealed.*

5 **SEC. 755. LIMITED TRANSFER AUTHORITY OF LOAN**  
6 **AMOUNTS.**

7 *Section 367 of the Consolidated Farm and Rural De-*  
8 *velopment Act (7 U.S.C. 2008b) is repealed.*

9 **SEC. 756. ALLOCATION AND TRANSFER OF LOAN GUARAN-**  
10 **TEE AUTHORITY.**

11 *Section 368 of the Consolidated Farm and Rural De-*  
12 *velopment Act (7 U.S.C. 2008c) is repealed.*

13 **SEC. 757. NATIONAL SHEEP INDUSTRY IMPROVEMENT CEN-**  
14 **TER.**

15 *The Consolidated Farm and Rural Development Act*  
16 *(as amended by section 641) is amended by adding at the*  
17 *end the following:*

18 **“SEC. 375. NATIONAL SHEEP INDUSTRY IMPROVEMENT**  
19 **CENTER.**

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

21 **“(1) BOARD.—***The term ‘Board’ means the*  
22 *Board of Directors established under subsection (f).*

23 **“(2) CENTER.—***The term ‘Center’ means the Na-*  
24 *tional Sheep Industry Improvement Center estab-*  
25 *lished under subsection (b).*

1           “(3) *ELIGIBLE ENTITY.*—*The term ‘eligible en-*  
2           *tity’ means an entity that promotes the betterment of*  
3           *the United States lamb or wool industry and that*  
4           *is—*

5                     “(A) *a public, private, or cooperative orga-*  
6                     *nization;*

7                     “(B) *an association, including a corpora-*  
8                     *tion not operated for profit;*

9                     “(C) *a federally recognized Indian Tribe; or*

10                    “(D) *a public or quasi-public agency.*

11           “(4) *FUND.*—*The term ‘Fund’ means the Natu-*  
12           *ral Sheep Improvement Center Revolving Fund estab-*  
13           *lished under subsection (e).*

14           “(b) *ESTABLISHMENT OF CENTER.*—*The Secretary*  
15           *shall establish a National Sheep Industry Improvement*  
16           *Center.*

17           “(c) *PURPOSES.*—*The purposes of the Center shall be*  
18           *to—*

19                     “(1) *promote strategic development activities and*  
20                     *collaborative efforts by private and State entities to*  
21                     *maximize the impact of Federal assistance to*  
22                     *strengthen and enhance the production and marketing*  
23                     *of lamb and wool in the United States;*

24                     “(2) *optimize the use of available human capital*  
25                     *and resources within the sheep industry;*

1           “(3) provide assistance to meet the needs of the  
2           sheep industry for infrastructure development, busi-  
3           ness development, production, resource development,  
4           and market and environmental research;

5           “(4) advance activities that empower and build  
6           the capacity of the United States sheep industry to  
7           design unique responses to the special needs of the  
8           lamb and wool industries on both a regional and na-  
9           tional basis; and

10           “(5) adopt flexible and innovative approaches to  
11           solving the long-term needs of the United States sheep  
12           industry.

13           “(d) STRATEGIC PLAN.—

14           “(1) IN GENERAL.—The Center shall submit to  
15           the Secretary an annual strategic plan for the deliv-  
16           ery of financial assistance provided by the Center.

17           “(2) REQUIREMENTS.—A strategic plan shall  
18           identify—

19           “(A) goals, methods, and a benchmark for  
20           measuring the success of carrying out the plan  
21           and how the plan relates to the national and re-  
22           gional goals of the Center;

23           “(B) the amount and sources of Federal and  
24           non-Federal funds that are available for carry-  
25           ing out the plan;

1                   “(C) funding priorities;

2                   “(D) selection criteria for funding; and

3                   “(E) a method of distributing funding.

4                   “(e) REVOLVING FUND.—

5                   “(1) ESTABLISHMENT.—There is established in  
6                   the Treasury the Natural Sheep Improvement Center  
7                   Revolving Fund. The Fund shall be available to the  
8                   Center, without fiscal year limitation, to carry out  
9                   the authorized programs and activities of the Center  
10                  under this section.

11                  “(2) CONTENTS OF FUND.—There shall be depos-  
12                  ited in the Fund—

13                         “(A) such amounts as may be appropriated,  
14                         transferred, or otherwise made available to sup-  
15                         port programs and activities of the Center;

16                         “(B) payments received from any source for  
17                         products, services, or property furnished in con-  
18                         nection with the activities of the Center;

19                         “(C) fees and royalties collected by the Cen-  
20                         ter from licensing or other arrangements relating  
21                         to commercialization of products developed  
22                         through projects funded, in whole or part, by  
23                         grants, contracts, or cooperative agreements exe-  
24                         cuted by the Center;

1           “(D) proceeds from the sale of assets, loans,  
2           and equity interests made in furtherance of the  
3           purposes of the Center;;

4           “(E) donations or contributions accepted by  
5           the Center to support authorized programs and  
6           activities; and

7           “(F) any other funds acquired by the Cen-  
8           ter.

9           “(3) USE OF FUND.—

10           “(A) IN GENERAL.—The Center may use  
11           amounts in the Fund to make grants and loans  
12           to eligible entities in accordance with a strategic  
13           plan submitted under subsection (d).

14           “(B) CONTINUED EXISTENCE.—The Center  
15           shall manage the Fund in a manner that ensures  
16           that sufficient amounts are available in the  
17           Fund to carry out subsection (c).

18           “(C) DIVERSE AREA.—The Center shall, to  
19           the maximum extent practicable, use the Fund to  
20           serve broad geographic areas and regions of di-  
21           verse production.

22           “(D) VARIETY OF LOANS AND GRANTS.—The  
23           Center shall, to the maximum extent practicable,  
24           use the Fund to provide a variety of  
25           intermediate- and long-term grants and loans.



1           “(E) *ADMINISTRATION.*—*The Center may*  
2           *not use more than 3 percent of the amounts in*  
3           *the Fund for a fiscal year for the administration*  
4           *of the Center.*

5           “(F) *INFLUENCING LEGISLATION.*—*None of*  
6           *the amounts in the Fund may be used to influ-*  
7           *ence legislation.*

8           “(G) *ACCOUNTING.*—*To be eligible to receive*  
9           *amounts from the Fund, an entity must agree to*  
10          *account for the amounts using generally accepted*  
11          *accounting principles.*

12          “(H) *USES OF FUND.*—*The Center may use*  
13          *amounts in the Fund to—*

14                 “(i) *participate with Federal and*  
15                 *State agencies in financing activities that*  
16                 *are in accordance with a strategic plan sub-*  
17                 *mitted under subsection (d), including par-*  
18                 *ticipation with several States in a regional*  
19                 *effort;*

20                 “(ii) *participate with other public and*  
21                 *private funding sources in financing activi-*  
22                 *ties that are in accordance with the strate-*  
23                 *gic plan, including participation in a re-*  
24                 *gional effort;*

1           “(iii) provide security for, or make  
2           principle or interest payments on, revenue  
3           or general obligation bonds issued by a  
4           State, if the proceeds from the sale of the  
5           bonds are deposited in the Fund;

6           “(iv) accrue interest;

7           “(v) guarantee or purchase insurance  
8           for local obligations to improve credit mar-  
9           ket access or reduce interest rates for a  
10          project that is in accordance with the stra-  
11          tegic plan; or

12          “(vi) sell assets, loans, and equity in-  
13          terests acquired in connection with the fi-  
14          nancing of projects funded by the Center.

15          “(4) LOANS.—

16               “(A) RATE.—A loan from the Fund may be  
17               made at an interest rate that is below the market  
18               rate or may be interest free.

19               “(B) TERM.—The term of a loan may not  
20               exceed the shorter of—

21                       “(i) the useful life of the activity fi-  
22                       nanced; or

23                       “(ii) 40 years.

24               “(C) SOURCE OF REPAYMENT.—The Center  
25               may not make a loan from the Fund unless the

1           *recipient establishes an assured source of repay-*  
2           *ment.*

3           “(D) *PROCEEDS.*—*All payments of prin-*  
4           *cipal and interest on a loan made from the Fund*  
5           *shall be deposited into the Fund.*

6           “(5) *MAINTENANCE OF EFFORT.*—*The Center*  
7           *shall use the Fund only to supplement and not to*  
8           *supplant Federal, State, and private funds expended*  
9           *for rural development.*

10          “(6) *FUNDING.*—

11           “(A) *DEPOSIT OF FUNDS.*—*All Federal and*  
12           *non-Federal amounts received by the Center to*  
13           *carry out this section shall be deposited in the*  
14           *Fund.*

15           “(B) *MANDATORY FUNDS.*—*Out of any*  
16           *moneys in the Treasury not otherwise appro-*  
17           *priated, the Secretary of the Treasury shall pro-*  
18           *vide to the Center not to exceed \$20,000,000 to*  
19           *carry out this section.*

20           “(C) *ADDITIONAL FUNDS.*—*In addition to*  
21           *any funds provided under subparagraph (B),*  
22           *there is authorized to be appropriated to carry*  
23           *out this section \$30,000,000 to carry out this sec-*  
24           *tion.*

1           “(D) *PRIVATIZATION.*—*Federal funds shall*  
2           *not be used to carry out this section beginning*  
3           *on the earlier of—*

4                     “(i) *the date that is 10 years after the*  
5                     *effective date of this section; or*

6                     “(ii) *the day after a total of*  
7                     *\$50,000,000 is made available under sub-*  
8                     *paragraphs (B) and (C) to carry out this*  
9                     *section.*

10          “(f) *BOARD OF DIRECTORS.*—

11                     “(1) *IN GENERAL.*—*The management of the Cen-*  
12                     *ter shall be vested in a Board of Directors.*

13                     “(2) *POWERS.*—*The Board shall—*

14                             “(A) *be responsible for the general super-*  
15                             *vision of the Center;*

16                             “(B) *review any grant, loan, contract, or*  
17                             *cooperative agreement to be made or entered into*  
18                             *by the Center and any financial assistance pro-*  
19                             *vided to the Center;*

20                             “(C) *make the final decision, by majority*  
21                             *vote, on whether and how to provide assistance*  
22                             *to an applicant; and*

23                             “(D) *develop and establish a budget plan*  
24                             *and a long-term operating plan to carry out the*  
25                             *goals of the Center.*

1           “(3) *COMPOSITION.*—*The Board shall be com-*  
2           *posed of—*

3                   “(A) *7 voting members, of whom—*

4                           “(i) *4 members shall be active produc-*  
5                           *ers of sheep in the United States;*

6                           “(ii) *2 members shall have expertise in*  
7                           *finance and management; and*

8                           “(iii) *1 member shall have expertise in*  
9                           *lamb and wool marketing; and*

10                   “(B) *2 nonvoting members, of whom—*

11                           “(i) *1 member shall be the Under Sec-*  
12                           *retary of Agriculture for Rural Economic*  
13                           *and Community Development; and*

14                           “(ii) *1 member shall be the Under Sec-*  
15                           *retary of Agriculture for Research, Edu-*  
16                           *cation, and Economics.*

17           “(4) *ELECTION.*—*A voting member of the Board*  
18           *shall be chosen in an election of the members of a na-*  
19           *tional organization selected by the Secretary that—*

20                   “(A) *consists only of sheep producers in the*  
21                   *United States; and*

22                   “(B) *has as the primary interest of the or-*  
23                   *ganization the production of lamb and wool in*  
24                   *the United States.*

25           “(5) *TERM OF OFFICE.*—

1           “(A) *IN GENERAL.*—Subject to subpara-  
2 graph (B), the term of office of a voting member  
3 of the Board shall be 3 years.

4           “(B) *STAGGERED INITIAL TERMS.*—The ini-  
5 tial voting members of the Board (other than the  
6 chairperson of the initially established Board)  
7 shall serve for staggered terms of 1, 2, and 3  
8 years, as determined by the Secretary.

9           “(C) *REELECTION.*—A voting member may  
10 be reelected for not more than 1 additional term.

11           “(6) *VACANCY.*—

12           “(A) *IN GENERAL.*—A vacancy on the  
13 Board shall be filled in the same manner as the  
14 original Board.

15           “(B) *REELECTION.*—A member elected to  
16 fill a vacancy for an unexpired term may be re-  
17 elected for 1 full term.

18           “(7) *CHAIRPERSON.*—

19           “(A) *IN GENERAL.*—The Board shall select  
20 a chairperson from among the voting members of  
21 the Board.

22           “(B) *TERM.*—The term of office of the  
23 chairperson shall be 2 years.

24           “(8) *ANNUAL MEETING.*—

1           “(A) *IN GENERAL.*—*The Board shall meet*  
2           *not less than once each fiscal year at the call of*  
3           *the chairperson or at the request of the executive*  
4           *director appointed under subsection (g)(1).*

5           “(B) *LOCATION.*—*The location of a meeting*  
6           *of the Board shall be established by the Board.*

7           “(9) *VOTING.*—

8           “(A) *QUORUM.*—*A quorum of the Board*  
9           *shall consist of a majority of the voting members.*

10          “(B) *MAJORITY VOTE.*—*A decision of the*  
11          *Board shall be made by a majority of the voting*  
12          *members of the Board.*

13          “(10) *CONFLICTS OF INTEREST.*—

14          “(A) *IN GENERAL.*—*A member of the Board*  
15          *shall not vote on any matter respecting any ap-*  
16          *plication, contract, claim, or other particular*  
17          *matter pending before the Board in which, to the*  
18          *knowledge of the member, an interest is held*  
19          *by—*

20                   “(i) *the member;*

21                   “(ii) *any spouse of the member;*

22                   “(iii) *any child of the member;*

23                   “(iv) *any partner of the member;*

1           “(v) any organization in which the  
2           member is serving as an officer, director,  
3           trustee, partner, or employee; or

4           “(vi) any person with whom the mem-  
5           ber is negotiating or has any arrangement  
6           concerning prospective employment or with  
7           whom the member has a financial interest.

8           “(B) REMOVAL.—Any action by a member  
9           of the Board that violates subparagraph (A)  
10          shall be cause for removal from the Board.

11          “(C) VALIDITY OF ACTION.—An action by a  
12          member of the Board that violates subparagraph  
13          (A) shall not impair or otherwise affect the va-  
14          lidity of any otherwise lawful action by the  
15          Board.

16          “(D) DISCLOSURE.—

17                 “(i) IN GENERAL.—If a member of the  
18                 Board makes a full disclosure of an interest  
19                 and, prior to any participation by the  
20                 member, the Board determines, by majority  
21                 vote, that the interest is too remote or too  
22                 inconsequential to affect the integrity of any  
23                 participation by the member, the member  
24                 may participate in the matter relating to  
25                 the interest.



1           “(ii) *VOTE*.—A member that discloses  
2           an interest under clause (i) shall not vote  
3           on a determination of whether the member  
4           may participate in the matter relating to  
5           the interest.

6           “(E) *REMANDS*.—

7           “(i) *IN GENERAL*.—The Secretary may  
8           vacate and remand to the Board for recon-  
9           sideration any decision made pursuant to  
10          subsection (e)(3)(H) if the Secretary deter-  
11          mines that there has been a violation of this  
12          paragraph or any conflict of interest provi-  
13          sion of the bylaws of the Board with respect  
14          to the decision.

15          “(ii) *REASONS*.—In the case of any  
16          violation and remand of a funding decision  
17          to the Board under clause (i), the Secretary  
18          shall inform the Board of the reasons for the  
19          remand.

20          “(11) *COMPENSATION*.—

21          “(A) *IN GENERAL*.—A member of the Board  
22          shall not receive any compensation by reason of  
23          service on the Board.

24          “(B) *EXPENSES*.—A member of the Board  
25          shall be reimbursed for travel, subsistence, and

1           *other necessary expenses incurred by the member*  
2           *in the performance of a duty of the member.*

3           “(12) *BYLAWS.—The Board shall adopt, and*  
4           *may from time to time amend, any bylaw that is nec-*  
5           *essary for the proper management and functioning of*  
6           *the Center.*

7           “(13) *PUBLIC HEARINGS.—Not later than 1 year*  
8           *after the effective date of this section, the Board shall*  
9           *hold public hearings on policy objectives of the pro-*  
10          *gram established under this section.*

11          “(14) *ORGANIZATIONAL SYSTEM.—The Board*  
12          *shall provide a system of organization to fix respon-*  
13          *sibility and promote efficiency in carrying out the*  
14          *functions of the Board.*

15          “(15) *USE OF DEPARTMENT OF AGRICULTURE.—*  
16          *The Board may, with the consent of the Secretary,*  
17          *utilize the facilities of and the services of employees*  
18          *of the Department of Agriculture, without cost to the*  
19          *Center.*

20          “(g) *OFFICERS AND EMPLOYEES.—*

21                 “(1) *EXECUTIVE DIRECTOR.—*

22                         “(A) *IN GENERAL.—The Board shall ap-*  
23                         *point an executive director to be the chief execu-*  
24                         *tive officer of the Center.*

1           “(B) *TENURE.*—*The executive director shall*  
2           *serve at the pleasure of the Board.*

3           “(C) *COMPENSATION.*—*Compensation for*  
4           *the executive director shall be established by the*  
5           *Board.*

6           “(2) *OTHER OFFICERS AND EMPLOYEES.*—*The*  
7           *Board may select and appoint officers, attorneys, em-*  
8           *ployees, and agents who shall be vested with such*  
9           *powers and duties as the Board may determine.*

10           “(3) *DELEGATION.*—*The Board may, by resolu-*  
11           *tion, delegate to the chairperson, the executive direc-*  
12           *tor, or any other officer or employee any function,*  
13           *power, or duty of the Board other than voting on a*  
14           *grant, loan, contract, agreement, budget, or annual*  
15           *strategic plan.*

16           “(h) *CONSULTATION.*—*To carry out this section, the*  
17           *Board may consult with—*

18           “(1) *State departments of agriculture;*

19           “(2) *Federal departments and agencies;*

20           “(3) *nonprofit development corporations;*

21           “(4) *colleges and universities;*

22           “(5) *banking and other credit-related agencies;*

23           “(6) *agriculture and agribusiness organizations;*

24           *and*

1           “(7) regional planning and development organi-  
2           zations.

3           “(i) OVERSIGHT.—

4           “(1) IN GENERAL.—The Secretary shall review  
5           and monitor compliance by the Board and the Center  
6           with this section.

7           “(2) SANCTIONS.—If, following notice and op-  
8           portunity for a hearing, the Secretary finds that the  
9           Board or the Center is not in compliance with this  
10          section, the Secretary may—

11           “(A) cease making deposits to the Fund;

12           “(B) suspend the authority of the Center to  
13          withdraw funds from the Fund; or

14           “(C) impose other appropriate sanctions,  
15          including recoupment of money improperly ex-  
16          pended for purposes prohibited or not authorized  
17          by this Act and disqualification from receipt of  
18          financial assistance under this section.

19           “(3) REMOVING SANCTIONS.—The Secretary shall  
20          remove sanctions imposed under paragraph (2) on a  
21          finding that there is no longer any failure by the  
22          Board or the Center to comply with this section or  
23          that the noncompliance shall be promptly corrected.”.

1           **CHAPTER 2—RURAL COMMUNITY**  
2                           **ADVANCEMENT PROGRAM**

3   **SEC. 761. RURAL COMMUNITY ADVANCEMENT PROGRAM.**

4           *The Consolidated Farm and Rural Development Act*  
5   *(7 U.S.C. 1921 et seq.) is amended by adding at the end*  
6   *the following:*

7           **“Subtitle E—Rural Community**  
8                           **Advancement Program**

9   **“SEC. 381A. DEFINITIONS.**

10          *“In this subtitle:*

11                 *“(1) RURAL AND RURAL AREA.—The terms*  
12                 *‘rural’ and ‘rural area’ mean, subject to section*  
13                 *306(a)(7), a city, town, or unincorporated area that*  
14                 *has a population of 50,000 inhabitants or less, other*  
15                 *than an urbanized area immediately adjacent to a*  
16                 *city, town, or unincorporated area that has a popu-*  
17                 *lation in excess of 50,000 inhabitants.*

18                 *“(2) STATE.—The term ‘State’ means each of the*  
19                 *50 States, the District of Columbia, the Common-*  
20                 *wealth of Puerto Rico, Guam, the Virgin Islands of*  
21                 *the United States, American Samoa, the Common-*  
22                 *wealth of the Northern Mariana Islands, the Trust*  
23                 *Territory of the Pacific Islands, and the Federated*  
24                 *States of Micronesia.*

1 **“SEC. 381B. ESTABLISHMENT.**

2       *“The Secretary shall establish a rural community ad-*  
3 *vancement program to provide grants, loans, loan guaran-*  
4 *tees, and other assistance to meet the rural development*  
5 *needs of local communities in States and federally recog-*  
6 *nized Indian tribes.*

7 **“SEC. 381C. NATIONAL OBJECTIVES.**

8       *“The national objectives of the program established*  
9 *under this subtitle shall be to—*

10           *“(1) promote strategic development activities and*  
11 *collaborative efforts by State and local communities,*  
12 *and federally recognized Indian tribes, to maximize*  
13 *the impact of Federal assistance;*

14           *“(2) optimize the use of resources;*

15           *“(3) provide assistance in a manner that reflects*  
16 *the complexity of rural needs, including the needs for*  
17 *business development, health care, education, infra-*  
18 *structure, cultural resources, the environment, and*  
19 *housing;*

20           *“(4) advance activities that empower, and build*  
21 *the capacity of, State and local communities to design*  
22 *unique responses to the special needs of the State and*  
23 *local communities, and federally recognized Indian*  
24 *tribes, for rural development assistance; and*

25           *“(5) adopt flexible and innovative approaches to*  
26 *solving rural development problems.*

1 **“SEC. 381D. STRATEGIC PLANS.**

2 “(a) *IN GENERAL.*—*The Secretary shall direct each of*  
3 *the Directors of Rural Economic and Community Develop-*  
4 *ment State Offices to prepare a strategic plan for each State*  
5 *for the delivery of assistance under this subtitle within the*  
6 *State.*

7 “(b) *ASSISTANCE.*—

8 “(1) *IN GENERAL.*—*Financial assistance for*  
9 *rural development allocated for a State under this*  
10 *subtitle shall be used only for orderly community de-*  
11 *velopment that is consistent with the strategic plan of*  
12 *the State.*

13 “(2) *RURAL AREA.*—*Assistance under this sub-*  
14 *title may only be provided in a rural area.*

15 “(3) *SMALL COMMUNITIES.*—*In carrying out this*  
16 *subtitle within a State, the Secretary shall give prior-*  
17 *ity to communities with the smallest populations and*  
18 *lowest per capita income.*

19 “(c) *REVIEW.*—*The Secretary shall review the strategic*  
20 *plan of a State at least once every 5 years.*

21 “(d) *CONTENTS.*—*A strategic plan of a State under*  
22 *this section shall be a plan that—*

23 “(1) *coordinates economic, human, and commu-*  
24 *nity development plans and related activities pro-*  
25 *posed for an affected area;*

1           “(2) provides that the State and an affected com-  
2           munity (including local institutions and organiza-  
3           tions that have contributed to the planning process)  
4           shall act as full partners in the process of developing  
5           and implementing the plan;

6           “(3) identifies goals, methods, and benchmarks  
7           for measuring the success of carrying out the plan  
8           and how the plan relates to local or regional  
9           ecosystems;

10          “(4) provides for the involvement, in the prepa-  
11          ration of the plan, of State, local, private, and public  
12          persons, State rural development councils, federally-  
13          recognized Indian tribes, and community-based orga-  
14          nizations;

15          “(5) identifies the amount and source of Federal  
16          and non-Federal resources that are available for car-  
17          rying out the plan; and

18          “(6) includes such other information as may be  
19          required by the Secretary.

20       **“SEC. 381E. ACCOUNTS.**

21          “(a) *IN GENERAL.*—Notwithstanding any other provi-  
22          sion of law, for each fiscal year, the Secretary shall consoli-  
23          date into 3 accounts, corresponding to the 3 function cat-  
24          egories established under subsection (c), the amounts made  
25          available for programs included in each function category.



1       “(b) *ALLOCATION WITHIN ACCOUNT.*—*The Secretary*  
2 *shall allocate the amounts in each account for such program*  
3 *purposes authorized for the corresponding function category*  
4 *among the States, as the Secretary may determine in ac-*  
5 *cordance with this subtitle.*

6       “(c) *FUNCTION CATEGORIES.*—*For purposes of sub-*  
7 *section (a):*

8               “(1) *RURAL HOUSING AND COMMUNITY DEVELOP-*  
9 *MENT.*—*The rural housing and community develop-*  
10 *ment category shall include funds made available*  
11 *for—*

12                       “(A) *community facility direct and guaran-*  
13 *teed loans provided under section 306(a)(1);*

14                       “(B) *community facility grants provided*  
15 *under section 306(a)(21); and*

16                       “(C) *rental housing loans for new housing*  
17 *provided under section 515 of the Housing Act of*  
18 *1949 (42 U.S.C. 1485).*

19               “(2) *RURAL UTILITIES.*—*The rural utilities cat-*  
20 *egory shall include funds made available for—*

21                       “(A) *water and waste disposal grants and*  
22 *direct and guaranteed loans provided under*  
23 *paragraphs (1) and (2) of section 306(a);*

1           “(B) rural water and wastewater technical  
2 assistance and training grants provided under  
3 section 306(a)(16);

4           “(C) emergency community water assistance  
5 grants provided under section 306A; and

6           “(D) solid waste management grants pro-  
7 vided under section 310B(b).

8           “(3) *RURAL BUSINESS AND COOPERATIVE DE-*  
9 *VELOPMENT.*—The rural business and cooperative de-  
10 velopment category shall include funds made avail-  
11 able for—

12           “(A) rural business opportunity grants pro-  
13 vided under section 306(a)(11)(A);

14           “(B) business and industry guaranteed  
15 loans provided under section 310B(a)(1); and

16           “(C) rural business enterprise grants and  
17 rural educational network grants provided under  
18 section 310B(c).

19           “(d) *OTHER PROGRAMS.*—Subject to subsection (e), in  
20 addition to any other appropriated amounts, the Secretary  
21 may transfer amounts allocated for a State for any of the  
22 3 function categories for a fiscal year under subsection (c)  
23 to—

1           “(1) *mutual and self-help housing grants pro-*  
2 *vided under section 523 of the Housing Act of 1949*  
3 *(42 U.S.C. 1490c);*

4           “(2) *rural rental housing loans for existing hous-*  
5 *ing provided under section 515 of the Housing Act of*  
6 *1949 (42 U.S.C. 1485);*

7           “(3) *rural cooperative development grants pro-*  
8 *vided under section 310B(e); and*

9           “(4) *grants to broadcasting systems provided*  
10 *under section 310B(f).*

11       “(e) *TRANSFER.—*

12           “(1) *IN GENERAL.—Subject to paragraph (2), the*  
13 *Secretary may transfer within each State up to 25*  
14 *percent of the total amount allocated for a State*  
15 *under each function category referred to in subsection*  
16 *(c) for each fiscal year under this section to any other*  
17 *function category, or to a program referred to in sub-*  
18 *section (d), but excluding State grants under section*  
19 *381G.*

20           “(2) *LIMITATION.—Not more than 10 percent of*  
21 *the total amount (excluding grants to States under*  
22 *section 381G) made available for any fiscal year for*  
23 *the programs covered by each of the 3 function cat-*  
24 *egories referred to in subsection (c), and the programs*

1       referred to in subsection (d), shall be available for the  
2       transfer.

3       “(f) *AVAILABILITY OF FUNDS.*—The Secretary may  
4       make available funds appropriated for the programs re-  
5       ferred to in subsection (c) to defray the cost of any subsidy  
6       associated with a guarantee provided under section 381H,  
7       except that not more than 5 percent of the funds provided  
8       under subsection (c) may be made available within a State.

9       **“SEC. 381F. ALLOCATION.**

10       “(a) *NATIONAL RESERVE.*—The Secretary may use not  
11       more than 10 percent of the total amount of funds made  
12       available for a fiscal year under section 381E to establish  
13       a national reserve for rural development that may be used  
14       by the Secretary in rural areas during the fiscal year to—

15               “(1) meet situations of exceptional need;

16               “(2) provide incentives to promote or reward su-  
17       perior performance; or

18               “(3) carry out performance-oriented demonstra-  
19       tion projects.

20       “(b) *INDIAN TRIBES.*—

21               “(1) *RESERVATION.*—The Secretary shall reserve  
22       not less than 3 percent of the total amounts made  
23       available for a fiscal year under section 381E to  
24       carry out rural development programs specified in

1        *subsections (c) and (d) of section 381D for federally*  
2        *recognized Indian tribes.*

3                *“(2) ALLOCATION.—The Secretary shall establish*  
4        *a formula for allocating the reserve and shall admin-*  
5        *ister the reserve through the appropriate Director of*  
6        *the Rural Economic and Cooperative Development*  
7        *State office.*

8                *“(c) STATE ALLOCATION.—*

9                *“(1) IN GENERAL.—The Secretary shall allocate*  
10        *among all the States the amounts made available*  
11        *under section 381E in a fair, reasonable, and appro-*  
12        *priate manner that takes into consideration rural*  
13        *population, levels of income, unemployment, and*  
14        *other relevant factors, as determined by the Secretary.*

15                *“(2) MINIMUM ALLOCATION.—In making the al-*  
16        *locations for each of fiscal years 1996 through 2002,*  
17        *the Secretary shall ensure that the percentage alloca-*  
18        *tion for each State is equal to the percentage of the*  
19        *average of the total funds made available to carry out*  
20        *the programs referred to in section 381E(c) that were*  
21        *obligated in the State for each of fiscal years 1993*  
22        *and 1994.*

23        **“SEC. 381G. GRANTS TO STATES.**

24                *“(a) IN GENERAL.—Subject to subsection (c), the Sec-*  
25        *retary shall grant to any eligible State from which a request*

1 *is received for a fiscal year 5 percent of the amount allo-*  
2 *cated for the State for the fiscal year under section 381F(c).*

3       “(b) *ELIGIBILITY.*—*To be eligible to receive a grant*  
4 *under this section, the Secretary shall require that the State*  
5 *maintain the grant funds received and any non-Federal*  
6 *matching funds to carry out this subtitle in a separate ac-*  
7 *count, to remain available until expended.*

8       “(c) *MATCHING FUNDS.*—*For any fiscal year, if non-*  
9 *Federal matching funds are provided for a State in an*  
10 *amount that is equal to 200 percent or more of an amount*  
11 *equal to 5 percent of the amount allocated for the State for*  
12 *the fiscal year under section 381F(c), the Secretary shall*  
13 *pay to the State the grant provided under this subsection*  
14 *in an amount equal to 5 percent of the amount allocated*  
15 *for the State for the fiscal year under section 381F(c).*

16       “(d) *USE OF FUNDS.*—*The Secretary shall require that*  
17 *funds provided to a State under this section be used in rural*  
18 *areas to achieve the purposes of the programs referred to*  
19 *in section 381E(c) in accordance with the strategic plan*  
20 *referred to in section 381D.*

21       “(e) *MAINTENANCE OF EFFORT.*—*The State shall pro-*  
22 *vide assurances that funds received under this section will*  
23 *be used only to supplement, not to supplant, the amount*  
24 *of Federal, State, and local funds otherwise expended for*  
25 *rural development assistance in the State.*

1       “(f) *APPEALS.*—*The Secretary shall provide to a State*  
2 *an opportunity for an appeal of any action taken under*  
3 *this section.*

4       “(g) *ADMINISTRATIVE COSTS.*—*Federal funds shall not*  
5 *be used for any administrative costs incurred by a State*  
6 *in carrying out this subtitle.*

7       “(h) *SPENDING OF FUNDS BY STATE.*—

8               “(1) *IN GENERAL.*—*Payments to a State from a*  
9 *grant under this section for a fiscal year shall be obli-*  
10 *gated by the State in the fiscal year or in the succeed-*  
11 *ing fiscal year. A State shall obligate funds under*  
12 *this section to provide assistance to rural areas pur-*  
13 *suant, to the maximum extent practicable, to applica-*  
14 *tions received from the rural areas.*

15              “(2) *FAILURE TO OBLIGATE.*—*If a State fails to*  
16 *obligate payments in accordance with paragraph (1),*  
17 *the Secretary shall make a corresponding reduction in*  
18 *the amount of payments provided to the State under*  
19 *this section for the subsequent fiscal year.*

20              “(3) *NONCOMPLIANCE.*—

21                      “(A) *REVIEW.*—*The Secretary shall review*  
22 *and monitor State compliance with this section.*

23                      “(B) *PENALTY.*—*If the Secretary finds that*  
24 *there has been misuse of grant funds provided*  
25 *under this section, or noncompliance with any of*

1           *the terms and conditions of a grant, after rea-*  
2           *sonable notice and opportunity for a hearing—*

3                   “(i) *the Secretary shall notify the State*  
4                   *of the finding; and*

5                   “(ii) *no further payments to the State*  
6                   *shall be made with respect to the programs*  
7                   *funded under this section until the Sec-*  
8                   *retary is satisfied that there is no longer*  
9                   *any failure to comply or that the non-*  
10                   *compliance will be promptly corrected.*

11                   “(C) *OTHER SANCTIONS.—In the case of a*  
12                   *finding of noncompliance made pursuant to sub-*  
13                   *paragraph (B), the Secretary may, in addition*  
14                   *to, or in lieu of, imposing the sanctions described*  
15                   *in subparagraph (B), impose other appropriate*  
16                   *sanctions, including recoupment of money im-*  
17                   *properly expended for purposes prohibited or not*  
18                   *authorized by this section and disqualification*  
19                   *from the receipt of financial assistance under*  
20                   *this section.*

21                   “(i) *NO ENTITLEMENT TO CONTRACT, GRANT, OR AS-*  
22                   *SISTANCE.—Nothing in this subtitle—*

23                   “(1) *entitles any person to assistance or a con-*  
24                   *tract or grant; or*



1           “(2) *limits the right of a State to impose addi-*  
2           *tional limitations or conditions on assistance or a*  
3           *contract or grant under this section.*

4           **“SEC. 381H. GUARANTEE AND COMMITMENT TO GUARAN-**  
5           **TEE LOANS.**

6           “(a) *DEFINITION OF ELIGIBLE PUBLIC ENTITY.—In*  
7           *this section, the term ‘eligible public entity’ means any unit*  
8           *of general local government.*

9           “(b) *GUARANTEE AND COMMITMENT.—The Secretary*  
10          *is authorized, on such terms and conditions as the Secretary*  
11          *may prescribe, to guarantee and make commitments to*  
12          *guarantee the notes or other obligations issued by eligible*  
13          *public entities, or by public agencies designated by the eligi-*  
14          *ble public entities, for the purposes of financing rural devel-*  
15          *opment assistance activities authorized and funded under*  
16          *section 381G.*

17          “(c) *PREREQUISITES.—No guarantee or commitment*  
18          *to guarantee shall be made with respect to any note or other*  
19          *obligation if the issuer’s total outstanding notes or obliga-*  
20          *tions guaranteed under this section (excluding any amount*  
21          *repaid under the contract entered into under subsection*  
22          *(e)(1)(A)) would exceed an amount equal to 5 times the*  
23          *amount of the grant approval for the issuer pursuant to*  
24          *section 381G.*

1       “(d) *PAYMENT OF PRINCIPAL, INTEREST, AND*  
2 *COSTS.*—*Notwithstanding any other provision of this sub-*  
3 *title, grants allocated to an issuer pursuant to this subtitle*  
4 *(including program income derived from the grants) shall*  
5 *be authorized for use in the payment of principal and inter-*  
6 *est due (including such servicing, underwriting, or other*  
7 *costs as may be specified in regulations of the Secretary)*  
8 *on the notes or other obligations guaranteed pursuant to*  
9 *this section.*

10       “(e) *REPAYMENT CONTRACT; SECURITY.*—

11               “(1) *IN GENERAL.*—*To ensure the repayment of*  
12 *notes or other obligations and charges incurred under*  
13 *this section and as a condition for receiving the guar-*  
14 *antees, the Secretary shall require the issuer to—*

15                       “(A) *enter into a contract, in a form ac-*  
16 *ceptable to the Secretary, for repayment of notes*  
17 *or other obligations guaranteed under this sec-*  
18 *tion;*

19                       “(B) *pledge any grant for which the issuer*  
20 *may become eligible under this subtitle; and*

21                       “(C) *furnish, at the discretion of the Sec-*  
22 *retary, such other security as may be considered*  
23 *appropriate by the Secretary in making the*  
24 *guarantees.*

1           “(2) *SECURITY.*—*To assist in ensuring the re-*  
2           *payment of notes or other obligations and charges in-*  
3           *curring under this section, a State shall pledge any*  
4           *grant for which the State may become eligible under*  
5           *this subtitle as security for notes or other obligations*  
6           *and charges issued under this section by any unit of*  
7           *general local government in the State.*

8           “(f) *PLEGGED GRANTS FOR REPAYMENTS.*—*Notwith-*  
9           *standing any other provision of this subtitle, the Secretary*  
10          *is authorized to apply grants pledged pursuant to para-*  
11          *graphs (1)(B) and (2) of subsection (e) to any repayments*  
12          *due the United States as a result of the guarantees.*

13          “(g) *OUTSTANDING OBLIGATIONS.*—*The total amount*  
14          *of outstanding obligations guaranteed on a cumulative basis*  
15          *by the Secretary pursuant to subsection (b) shall not at any*  
16          *time exceed such amount as may be authorized to be appro-*  
17          *priated for any fiscal year.*

18          “(h) *PURCHASE OF GUARANTEED OBLIGATIONS BY*  
19          *FEDERAL FINANCING BANK.*—*Notes or other obligations*  
20          *guaranteed under this section may not be purchased by the*  
21          *Federal Financing Bank.*

22          “(i) *FULL FAITH AND CREDIT.*—*The full faith and*  
23          *credit of the United States is pledged to the payment of*  
24          *all guarantees made under this section. Any such guarantee*  
25          *made by the Secretary shall be conclusive evidence of the*

1 *eligibility of the obligations for the guarantee with respect*  
2 *to principal and interest. The validity of the guarantee*  
3 *shall be incontestable in the hands of a holder of the guaran-*  
4 *teed obligations.*

5 **“SEC. 381I. LOCAL INVOLVEMENT.**

6 *“The Secretary shall require that an applicant for as-*  
7 *sistance under this subtitle demonstrate evidence of signifi-*  
8 *cant community support.*

9 **“SEC. 381J. STATE-TO-STATE COLLABORATION.**

10 *“The Secretary shall permit the establishment of vol-*  
11 *untary pooling arrangements among States, and regional*  
12 *fund-sharing agreements, to carry out this subtitle.*

13 **“SEC. 381K. RURAL VENTURE CAPITAL DEMONSTRATION**  
14 **PROGRAM.**

15 *“(a) IN GENERAL.—The Secretary shall designate up*  
16 *to 10 community development venture capital organizations*  
17 *to demonstrate the utility of guarantees to attract increased*  
18 *private investment in rural private business enterprises.*

19 *“(b) RURAL BUSINESS INVESTMENT POOL.—*

20 *“(1) ESTABLISHMENT.—To be eligible to partici-*  
21 *partate in the demonstration program, an organization*  
22 *referred to in subsection (a) shall establish a rural*  
23 *business private investment pool (referred to in this*  
24 *subsection as a ‘pool’) for the purpose of making eq-*  
25 *uity investments in rural private business enterprises.*

1           “(2) *GUARANTEE.*—From funds allocated for the  
2           national reserve under section 381F(a), the Secretary  
3           shall guarantee the funds in a pool against loss, ex-  
4           cept that the guarantee shall not exceed an amount  
5           equal to 30 percent of the total funds in the pool.

6           “(3) *AMOUNT.*—The Secretary shall issue guar-  
7           antees covering not more than \$15,000,000 of obliga-  
8           tions for each of fiscal years 1996 through 2002.

9           “(4) *TERM.*—The term of a guarantee provided  
10          under this subsection shall not exceed 10 years.

11          “(5) *SUBMISSION OF PLAN.*—To be eligible to  
12          participate in the demonstration program, an organi-  
13          zation referred to in subsection (a) shall submit a  
14          plan that describes—

15               “(A) potential sources and uses of the pool  
16               to be established by the organization;

17               “(B) the utility of the guarantee authority  
18               in attracting capital for the pool; and

19               “(C) on selection, mechanisms for notifying  
20               State, local, and private nonprofit business de-  
21               velopment organizations and businesses of the ex-  
22               istence of the pool.

23          “(6) *COMPETITION.*—

1           “(A) *IN GENERAL.*—*The Secretary shall*  
2           *conduct a competition for the designation and*  
3           *establishment of pools.*

4           “(B) *PRIORITY.*—*In conducting the com-*  
5           *petition, the Secretary shall give priority to or-*  
6           *ganizations that—*

7                   “(i) *have a demonstrated record of per-*  
8                   *formance or have a board and executive di-*  
9                   *rector with experience in venture capital,*  
10                  *small business equity investments, or com-*  
11                  *munity development finance;*

12                  “(ii) *propose to serve low-income com-*  
13                  *munities;*

14                  “(iii) *propose to maintain an average*  
15                  *investment of not more than \$500,000 from*  
16                  *the pool of the organization;*

17                  “(iv) *invest funds statewide or in a*  
18                  *multicounty region; and*

19                  “(v) *propose to target job opportunities*  
20                  *resulting from the investments primarily to*  
21                  *economically disadvantaged individuals.*

22           “(C) *GEOGRAPHIC DIVERSITY.*—*To the ex-*  
23           *tent practicable, the Secretary shall select organi-*  
24           *zations in diverse geographic areas.*

1 **“SEC. 381L. ANNUAL REPORT.**

2 “(a) *IN GENERAL.*—*The Secretary, in collaboration*  
3 *with public, State, local, and private entities, State rural*  
4 *development councils, and community-based organizations,*  
5 *shall prepare an annual report that contains evaluations,*  
6 *assessments, and performance outcomes concerning the*  
7 *rural community advancement programs carried out under*  
8 *this subtitle.*

9 “(b) *SUBMISSION.*—*Not later than March 1 of each*  
10 *year, the Secretary shall—*

11 “(1) *submit the report required under subsection*  
12 *(a) to Congress and the chief executives of States par-*  
13 *ticipating in the program established under this sub-*  
14 *title; and*

15 “(2) *make the report available to State and local*  
16 *participants.*

17 **“SEC. 381M. RURAL DEVELOPMENT INTERAGENCY WORK-**  
18 **ING GROUP.**

19 “(a) *IN GENERAL.*—*The Secretary shall provide lead-*  
20 *ership within the Executive branch for, and assume respon-*  
21 *sibility for, establishing an interagency working group*  
22 *chaired by the Secretary.*

23 “(b) *DUTIES.*—*The working group shall establish pol-*  
24 *icy, provide coordination, make recommendations, and*  
25 *evaluate the performance of or for all Federal rural develop-*  
26 *ment efforts.*

1 **“SEC. 381N. DUTIES OF RURAL ECONOMIC AND COMMUNITY**  
2 **DEVELOPMENT STATE OFFICES.**

3 *“In carrying out this subtitle, the Director of a Rural*  
4 *Economic and Community Development State Office*  
5 *shall—*

6 *“(1) to the maximum extent practicable, ensure*  
7 *that the State strategic plan is implemented;*

8 *“(2) coordinate community development objec-*  
9 *tives within the State;*

10 *“(3) establish links between local, State, and*  
11 *field office program administrators of the Department*  
12 *of Agriculture;*

13 *“(4) ensure that recipient communities comply*  
14 *with applicable Federal and State laws and require-*  
15 *ments; and*

16 *“(5) integrate State development programs with*  
17 *assistance under this subtitle.*

18 **“SEC. 381O. ELECTRONIC TRANSFER.**

19 *“The Secretary shall transfer funds in accordance with*  
20 *this subtitle through electronic transfer as soon as prac-*  
21 *ticable after the effective date of this subtitle.”.*

22 **SEC. 762. COMMUNITY FACILITIES GRANT PROGRAM.**

23 *Section 306(a) of the Consolidated Farm and Rural*  
24 *Development Act (7 U.S.C. 1926(a)) is amended by adding*  
25 *at the end the following:*



1           “(21) *COMMUNITY FACILITIES GRANT PRO-*  
2           *GRAM.*—

3           “(A) *IN GENERAL.*—*The Secretary may*  
4           *make grants, in a total amount not to exceed*  
5           *\$10,000,000 for any fiscal year, to associations,*  
6           *units of general local government, nonprofit cor-*  
7           *porations, and federally recognized Indian tribes*  
8           *to provide the Federal share of the cost of devel-*  
9           *oping specific essential community facilities in*  
10           *rural areas.*

11           “(B) *FEDERAL SHARE.*—

12           “(i) *IN GENERAL.*—*Except as provided*  
13           *in clauses (ii) and (iii), the Secretary shall,*  
14           *by regulation, establish the amount of the*  
15           *Federal share of the cost of the facility*  
16           *under this paragraph.*

17           “(ii) *MAXIMUM AMOUNT.*—*The amount*  
18           *of a grant provided under this paragraph*  
19           *shall not exceed 75 percent of the cost of de-*  
20           *veloping a facility.*

21           “(iii) *GRADUATED SCALE.*—*The Sec-*  
22           *retary shall provide for a graduated scale*  
23           *for the amount of the Federal share pro-*  
24           *vided under this paragraph, with higher*  
25           *Federal shares for facilities in communities*

1           that have lower community population and  
2           income levels, as determined by the Sec-  
3           retary.”.

4           ***Subtitle C—Amendments to the***  
5           ***Rural Electrification Act of 1936***

6           ***SEC. 771. PURPOSES; INVESTIGATIONS AND REPORTS.***

7           Section 2 of the Rural Electrification Act of 1936 (7  
8           U.S.C. 902) is amended—

9                   (1) by striking “SEC. 2. (a) The Secretary of Ag-  
10           riculture is” and inserting the following:

11           ***“SEC. 2. GENERAL AUTHORITY OF THE SECRETARY OF AG-***  
12                   ***RICULTURE.***

13                   “(a) *LOANS.*—The Secretary of Agriculture (referred  
14           to in this Act as the ‘Secretary’) is”;

15                   (2) in subsection (a)—

16                           (A) by striking “and the furnishing” the  
17                           first place it appears and all that follows  
18                           through “central station service”; and

19                           (B) by striking “systems; to make” and all  
20                           that follows through the period at the end of the  
21                           subsection and inserting “systems”; and

22                   (3) by striking subsection (b) and inserting the  
23           following:

24                   “(b) *INVESTIGATIONS AND REPORTS.*—The Secretary  
25           may make, or cause to be made, studies, investigations, and

1 reports regarding matters, including financial, techno-  
 2 logical, and regulatory matters, affecting the condition and  
 3 progress of electric, telecommunications, and economic de-  
 4 velopment in rural areas and publish and disseminate in-  
 5 formation with respect to the matters.”.

6 **SEC. 772. AUTHORIZATION OF APPROPRIATIONS.**

7 (a) *IN GENERAL.*—Section 3 of the Rural Electrifica-  
 8 tion Act of 1936 (7 U.S.C. 903) is amended to read as fol-  
 9 lows:

10 **“SEC. 3. AUTHORIZATION OF APPROPRIATIONS.**

11 “There are authorized to be appropriated such sums  
 12 as are necessary to carry out this Act.”.

13 (b) *CONFORMING AMENDMENTS.*—

14 (1) Section 301(a) of the Rural Electrification  
 15 Act of 1936 (7 U.S.C. 931(a)) is amended—

16 (A) by striking “(a)”; and

17 (B) in paragraph (3), by striking “notwith-  
 18 standing section 3(a) of title I,”.

19 (2) Section 302(b)(2) of the Rural Electrification  
 20 Act of 1936 (7 U.S.C. 932(b)(2)) is amended by strik-  
 21 ing “pursuant to section 3(a) of this Act”.

22 (3) The last sentence of section 406(a) of the  
 23 Rural Electrification Act of 1936 (7 U.S.C. 946(a))  
 24 is amended by striking “pursuant to section 3(a) of  
 25 this Act”.

1 **SEC. 773. LOANS FOR ELECTRICAL PLANTS AND TRANS-**  
2 **MISSION LINES.**

3 *Section 4 of the Rural Electrification Act of 1936 (7*  
4 *U.S.C. 904) is amended—*

5 *(1) in the first sentence—*

6 *(A) by striking “for the furnishing of” and*  
7 *all that follows through “central station service*  
8 *and”; and*

9 *(B) by striking “the provisions of sections*  
10 *3(d) and 3(e) but without regard to the 25 per*  
11 *centum limitation therein contained,” and in-*  
12 *serting “section 3,”;*

13 *(2) in the second sentence, by striking “: Pro-*  
14 *vided further, That all” and all that follows through*  
15 *“loan: And provided further, That” and inserting “,*  
16 *except that”; and*

17 *(3) in the third sentence, by striking “and sec-*  
18 *tion 5”.*

19 **SEC. 774. LOANS FOR ELECTRICAL AND PLUMBING EQUIP-**  
20 **MENT.**

21 *(a) IN GENERAL.—Section 5 of the Rural Electrifica-*  
22 *tion Act of 1936 (7 U.S.C. 905) is repealed.*

23 *(b) CONFORMING AMENDMENTS.—Section 12(a) of the*  
24 *Rural Electrification Act of 1936 (7 U.S.C. 912(a)) is*  
25 *amended—*

1           (1) by striking “: Provided, however, That” and  
2           inserting “, except that,”; and

3           (2) by striking “, and with respect to any loan  
4           made under section 5,” and all that follows through  
5           “section 3”.

6   **SEC. 775. TESTIMONY ON BUDGET REQUESTS.**

7           Section 6 of the Rural Electrification Act of 1936 (7  
8   U.S.C. 906) is amended by striking the second sentence.

9   **SEC. 776. TRANSFER OF FUNCTIONS OF ADMINISTRATION**

10                           **CREATED BY EXECUTIVE ORDER.**

11           Section 8 of the Rural Electrification Act of 1936 (7  
12   U.S.C. 908) is repealed.

13   **SEC. 777. ANNUAL REPORT.**

14           Section 10 of the Rural Electrification Act of 1936 (7  
15   U.S.C. 910) is repealed.

16   **SEC. 778. PROHIBITION ON RESTRICTING WATER AND**

17                           **WASTE FACILITY SERVICES TO ELECTRIC**  
18                           **CUSTOMERS.**

19           The Rural Electrification Act of 1936 is amended by  
20   inserting after section 16 (7 U.S.C. 916) the following:

21   **“SEC. 17. PROHIBITION ON RESTRICTING WATER AND**

22                           **WASTE FACILITY SERVICES TO ELECTRIC**  
23                           **CUSTOMERS.**

24           “The Secretary shall establish rules and procedures  
25   that prohibit borrowers under title III or under the Consoli-

1 *dated Farm and Rural Development Act (7 U.S.C. 1921*  
2 *et seq.) from conditioning or limiting access to, or the use*  
3 *of, water and waste facility services financed under the*  
4 *Consolidated Farm and Rural Development Act if the con-*  
5 *ditioning or limiting is based on whether individuals or*  
6 *entities in the area served or proposed to be served by the*  
7 *facility receive, or will accept, electric service from the bor-*  
8 *rower.”.*

9 **SEC. 779. TELEPHONE LOAN TERMS AND CONDITIONS.**

10 *Section 309 of the Rural Electrification Act of 1936*  
11 *(7 U.S.C. 939) is amended—*

12 *(1) in subsection (a), by striking “(a) IN GEN-*  
13 *ERAL.—”; and*

14 *(2) by striking subsection (b).*

15 **SEC. 780. PRIVATIZATION PROGRAM.**

16 *Section 311 of the Rural Electrification Act of 1936*  
17 *(7 U.S.C. 940a) is repealed.*

18 **SEC. 781. RURAL BUSINESS INCUBATOR FUND.**

19 *(a) IN GENERAL.—Section 502 of the Rural Elec-*  
20 *trification Act of 1936 (7 U.S.C. 950aa–1) is repealed.*

21 *(b) CONFORMING AMENDMENTS.—Section 501 of the*  
22 *Rural Electrification Act of 1936 (7 U.S.C. 950aa) is*  
23 *amended—*

24 *(1) in paragraph (5), by inserting “and” at the*  
25 *end;*

1           (2) in paragraph (6), by striking “; and” at the  
2           end and inserting a period; and

3           (3) by striking paragraph (7).

4           ***Subtitle D—Miscellaneous Rural***  
5           ***Development Provisions***

6           **SEC. 791. INTEREST RATE FORMULA.**

7           (a) *BANKHEAD-JONES FARM TENANT ACT.*—Section  
8           32(e) of the *Bankhead-Jones Farm Tenant Act* (7 U.S.C.  
9           1011) is amended by striking the fifth sentence and insert-  
10          ing the following: “A loan under this subsection shall be  
11          made under a contract that provides, under such terms and  
12          conditions as the Secretary considers appropriate, for the  
13          repayment of the loan in not more than 30 years, with in-  
14          terest at a rate not to exceed the current market yield for  
15          outstanding municipal obligations with remaining periods  
16          to maturity comparable to the average maturity for the  
17          loan, adjusted to the nearest  $\frac{1}{8}$  of 1 percent.”.

18          (b) *WATERSHED PROTECTION AND FLOOD PREVEN-*  
19          *TION ACT.*—Section 8 of the *Watershed Protection and*  
20          *Flood Prevention Act* (16 U.S.C. 1006a) is amended by  
21          striking the second sentence and inserting the following: “A  
22          loan or advance under this section shall be made under a  
23          contract or agreement that provides, under such terms and  
24          conditions as the Secretary considers appropriate, for the  
25          repayment of the loan or advance in not more than 50 years

1 *from the date when the principal benefits of the works of*  
 2 *improvement first become available, with interest at a rate*  
 3 *not to exceed the current market yield for outstanding mu-*  
 4 *nicipal obligations with remaining periods to maturity*  
 5 *comparable to the average maturity for the loan, adjusted*  
 6 *to the nearest 1/8 of 1 percent.”.*

7 **SEC. 792. GRANTS FOR FINANCIALLY STRESSED FARMERS,**  
 8 **DISLOCATED FARMERS, AND RURAL FAMI-**  
 9 **LIES.**

10 (a) *IN GENERAL.*—Section 502 of the Rural Develop-  
 11 *ment Act of 1972 (7 U.S.C. 2662) is amended by striking*  
 12 *subsection (f).*

13 (b) *CONFORMING AMENDMENTS.*—

14 (1) *Section 2389 of the Food, Agriculture, Con-*  
 15 *servation, and Trade Act of 1990 (Public Law 101-*  
 16 *624; 7 U.S.C. 2662 note) is amended by striking sub-*  
 17 *section (d).*

18 (2) *Section 503(c) of the Rural Development Act*  
 19 *of 1972 (7 U.S.C. 2663(c)) is amended—*

20 (A) *in paragraph (1)—*

21 (i) *by striking “(1)”;*

22 (ii) *by striking “section 502(e)” and*  
 23 *all that follows through “shall be distrib-*  
 24 *uted” and inserting “subsections (e), (h),*



1                   and (i) of section 502 shall be distributed”;

2                   and

3                   (iii) by striking “objectives of” and all

4                   that follows through “title” and inserting

5                   “objectives of subsections (e), (h), and (i) of

6                   section 502”; and

7                   (B) by striking paragraph (2).

8   **SEC. 793. COOPERATIVE AGREEMENTS.**

9           (a) Section 607(b) of the Rural Development Act of  
10 1972 (7 U.S.C. 2204b(b)) is amended by striking paragraph  
11 (4) and inserting the following:

12                   “(4) COOPERATIVE AGREEMENTS.—

13                   “(A) IN GENERAL.—Notwithstanding chap-  
14 ter 63 of title 31, United States Code, the Sec-  
15 retary may enter into cooperative agreements  
16 with other Federal agencies, State and local gov-  
17 ernments, and any other organization or indi-  
18 vidual to improve the coordination and effective-  
19 ness of Federal programs, services, and actions  
20 affecting rural areas, including the establishment  
21 and financing of interagency groups, if the Sec-  
22 retary determines that the objectives of the agree-  
23 ment will serve the mutual interest of the parties  
24 in rural development activities.

1           “(B) COOPERATORS.—Each cooperator, in-  
2           cluding each Federal agency, to the extent that  
3           funds are otherwise available, may participate  
4           in any cooperative agreement or working group  
5           established pursuant to this paragraph by con-  
6           tributing funds or other resources to the Sec-  
7           retary to carry out the agreement or functions of  
8           the group.”.

9           (b) Notwithstanding any other provision of law, sec-  
10          tion 343(a) of the Consolidated Farm and Rural Develop-  
11          ment Act (7 U.S.C. 1991(a)) is amended in subparagraph  
12          (F)—

13                       (i) by striking “exceed 15 percent” and  
14                       all that follows through “Code” and insert-  
15                       ing the following: “exceed—

16                               “(i) 25 percent of the median acreage  
17                               of the farms or ranches, as the case may be,  
18                               in the county in which the farm or ranch  
19                               operations of the applicant are located, as  
20                               reported in the most recent census of agri-  
21                               culture taken under section 142 of title 13,  
22                               United States Code.”.

1                   **TITLE VIII—RESEARCH**  
2                   **EXTENSION AND EDUCATION**  
3           **Subtitle A—Amendments to Na-**  
4           **tional Agricultural Research,**  
5           **Extension, and Teaching Policy**  
6           **Act of 1977 and Related Statutes**

7   **SEC. 801. PURPOSES OF AGRICULTURAL RESEARCH, EXTEN-**  
8                   **SION, AND EDUCATION.**

9           *Section 1402 of the National Agricultural Research,*  
10   *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
11   *3101) is amended to read as follows:*

12   **“SEC. 1402. PURPOSES OF AGRICULTURAL RESEARCH, EX-**  
13                   **TENSION, AND EDUCATION.**

14           *“The purposes of federally supported agricultural re-*  
15   *search, extension, and education are to—*

16                   *“(1) enhance the competitiveness of the United*  
17                   *States agriculture and food industry in an increas-*  
18                   *ingly competitive world environment;*

19                   *“(2) increase the long-term productivity of the*  
20                   *United States agriculture and food industry while*  
21                   *protecting the natural resource base on which rural*  
22                   *America and the United States agricultural economy*  
23                   *depend;*

1           “(3) develop new uses and new products for agri-  
2           cultural commodities, such as alternative fuels, and  
3           develop new crops;

4           “(4) support agricultural research and extension  
5           to promote economic opportunity in rural commu-  
6           nities and to meet the increasing demand for infor-  
7           mation and technology transfer throughout the United  
8           States agriculture industry;

9           “(5) improve risk management in the United  
10          States agriculture industry;

11          “(6) improve the safe production and processing  
12          of, and adding of value to, United States food and  
13          fiber resources using methods that are environ-  
14          mentally sound;

15          “(7) support higher education in agriculture to  
16          give the next generation of Americans the knowledge,  
17          technology, and applications necessary to enhance the  
18          competitiveness of United States agriculture; and

19          “(8) maintain an adequate, nutritious, and safe  
20          supply of food to meet human nutritional needs and  
21          requirements.”.

22   **SEC. 802. SUBCOMMITTEE ON FOOD, AGRICULTURAL, AND**  
23                           **FORESTRY RESEARCH.**

24          Section 401(h) of the National Science and Technology  
25   Policy, Organization, and Priorities Act of 1976 (42 U.S.C.

1 6651(h)) is amended by striking the second through fifth  
2 sentences.

3 **SEC. 803. JOINT COUNCIL ON FOOD AND AGRICULTURAL**  
4 **SCIENCES.**

5 (a) *IN GENERAL.*—Section 1407 of the National Agri-  
6 cultural Research, Extension, and Teaching Policy Act of  
7 1977 (7 U.S.C. 3122) is repealed.

8 (b) *CONFORMING AMENDMENTS.*—

9 (1) Section 1404 of the National Agricultural  
10 Research, Extension, and Teaching Policy Act of 1977  
11 (7 U.S.C. 3103) is amended—

12 (A) by striking paragraph (9); and

13 (B) by redesignating paragraphs (10)  
14 through (18) as paragraphs (9) through (17), re-  
15 spectively.

16 (2) Section 1405 of the National Agricultural  
17 Research, Extension, and Teaching Policy Act of 1977  
18 (7 U.S.C. 3121) is amended—

19 (A) in paragraph (5), by striking “Joint  
20 Council, Advisory Board,” and inserting “Advi-  
21 sory Board”; and

22 (B) in paragraph (11), by striking “the  
23 Joint Council.”

24 (3) Section 1410(2) of the National Agricultural  
25 Research, Extension, and Teaching Policy Act of 1977

1       (7 U.S.C. 3125(2)) is amended by striking “the rec-  
2       ommendations of the Joint Council developed under  
3       section 1407(f),”.

4               (4) Section 1412 of the National Agricultural  
5       Research, Extension, and Teaching Policy Act of 1977  
6       (7 U.S.C. 3127) is amended—

7               (A) in the section heading, by striking  
8       “**JOINT COUNCIL, ADVISORY BOARD,**” and  
9       inserting “**ADVISORY BOARD**”;

10              (B) in subsection (a)—

11              (i) by striking “Joint Council, the Ad-  
12       visory Board,” and inserting “Advisory  
13       Board”;

14              (ii) by striking “the cochairpersons of  
15       the Joint Council and” each place it ap-  
16       pears; and

17              (iii) in paragraph (2), by striking  
18       “one shall serve as the executive secretary to  
19       the Joint Council, one shall serve as the ex-  
20       ecutive secretary to the Advisory Board,”  
21       and inserting “1 shall serve as the executive  
22       secretary to the Advisory Board”; and

23              (C) in subsections (b) and (c), by striking  
24       “Joint Council, Advisory Board,” each place it  
25       appears and inserting “Advisory Board”.

1           (5) *Section 1413 of the National Agricultural*  
2           *Research, Extension, and Teaching Policy Act of 1977*  
3           *(7 U.S.C. 3128) is amended—*

4                   (A) *in subsection (a), by striking “Joint*  
5                   *Council, the Advisory Board,” and inserting*  
6                   *“Advisory Board”;*

7                   (B) *in subsection (b), by striking “Joint*  
8                   *Council, Advisory Board,” and inserting “Advi-*  
9                   *sory Board”;* and

10                   (C) *by striking subsection (d).*

11           (6) *Section 1434(c) of the National Agricultural*  
12           *Research, Extension, and Teaching Policy Act of 1977*  
13           *(7 U.S.C. 3196(c)) is amended—*

14                   (A) *in the second sentence, by striking*  
15                   *“Joint Council, the Advisory Board,” and insert-*  
16                   *ing “Advisory Board”;* and

17                   (B) *in the fourth sentence, by striking “the*  
18                   *Joint Council,”.*

19   **SEC. 804. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**  
20                   **SION, EDUCATION, AND ECONOMICS ADVI-**  
21                   **SORY BOARD.**

22           (a) *IN GENERAL.—Section 1408 of the National Agri-*  
23           *cultural Research, Extension, and Teaching Policy Act of*  
24           *1977 (7 U.S.C. 3123) is amended to read as follows:*

1 **“SEC. 1408. NATIONAL AGRICULTURAL RESEARCH, EXTEN-**  
2 **SION, EDUCATION, AND ECONOMICS ADVI-**  
3 **SORY BOARD.**

4 “(a) *ESTABLISHMENT.*—*The Secretary shall establish*  
5 *within the Department of Agriculture a board to be known*  
6 *as the ‘National Agricultural Research, Extension, Edu-*  
7 *cation, and Economics Advisory Board’.*

8 “(b) *MEMBERSHIP.*—

9 “(1) *IN GENERAL.*—*The Advisory Board shall*  
10 *consist of 25 members, appointed by the Secretary.*

11 “(2) *SELECTION OF MEMBERS.*—*The Secretary*  
12 *shall appoint members to the Advisory Board from*  
13 *individuals who are selected from national farm, com-*  
14 *modity, agribusiness, environmental, consumer, and*  
15 *other organizations directly concerned with agricul-*  
16 *tural research, education, and extension programs.*

17 “(3) *REPRESENTATION.*—*A member of the Advi-*  
18 *sory Board may represent 1 or more of the organiza-*  
19 *tions referred to in paragraph (2), except that 1 mem-*  
20 *ber shall be a representative of the scientific commu-*  
21 *nity that is not closely associated with agriculture.*  
22 *The Secretary shall ensure that the membership of the*  
23 *Advisory Board includes full-time farmers and ranch-*  
24 *ers and represents the interests of the full variety of*  
25 *stakeholders in the agricultural sector.*

26 “(c) *DUTIES.*—*The Advisory Board shall—*



1           “(1) review and provide consultation to the Sec-  
2           retary and land-grant colleges and universities on  
3           long-term and short-term national policies and prior-  
4           ities, as set forth in section 1402, relating to agricul-  
5           tural research, extension, education, and economics;

6           “(2) evaluate the results and effectiveness of agri-  
7           cultural research, extension, education, and economics  
8           with respect to the policies and priorities;

9           “(3) review and make recommendations to the  
10          Under Secretary of Agriculture for Research, Edu-  
11          cation, and Economics on the research, extension,  
12          education, and economics portion of the draft strate-  
13          gic plan required under section 306 of title 5, United  
14          States Code; and

15          “(4) review the mechanisms of the Department of  
16          Agriculture for technology assessment (which should  
17          be conducted by qualified professionals) for the pur-  
18          poses of—

19                 “(A) performance measurement and evalua-  
20                 tion of the implementation by the Secretary of  
21                 the strategic plan required under section 306 of  
22                 title 5, United States Code;

23                 “(B) implementation of the national re-  
24                 search policies and priorities set forth in section  
25                 1402; and

1                   “(C) *the development of mechanisms for the*  
2                   *assessment of emerging public and private agri-*  
3                   *cultural research and technology transfer initia-*  
4                   *tives.*

5                   “(d) *CONSULTATION.—In carrying out this section, the*  
6                   *Advisory Board shall solicit opinions and recommendations*  
7                   *from persons who will benefit from and use federally funded*  
8                   *agricultural research, extension, education, and economics.*

9                   “(e) *APPOINTMENT.—A member of the Advisory Board*  
10                   *shall be appointed by the Secretary for a term of up to 3*  
11                   *years. The members of the Advisory Board shall be ap-*  
12                   *pointed to serve staggered terms.*

13                   “(f) *FEDERAL ADVISORY COMMITTEE ACT.—The Advi-*  
14                   *sory Board shall be deemed to have filed a charter for the*  
15                   *purpose of section 9(c) of the Federal Advisory Committee*  
16                   *Act (5 U.S.C. App.).*

17                   “(g) *TERMINATION.—The Advisory Board shall re-*  
18                   *main in existence until September 30, 2002.”.*

19                   “(b) *CONFORMING AMENDMENTS.—*

20                   (1) *Section 1404(1) of the National Agricultural*  
21                   *Research, Extension, and Teaching Policy Act of 1977*  
22                   *(7 U.S.C. 3103(1)) is amended by striking “National*  
23                   *Agricultural Research and Extension Users Advisory*  
24                   *Board” and inserting “National Agricultural Re-*



1           (A) in paragraph (15), by adding “and” at  
2           the end;

3           (B) in paragraph (16), by striking “; and”  
4           and inserting a period; and

5           (C) by striking paragraph (17).

6           (2) Section 1405(12) of the National Agricultural  
7           Research, Extension, and Teaching Policy Act  
8           of 1977 (7 U.S.C. 3121(12)) is amended by striking  
9           “; after coordination with the Technology Board,”.

10          (3) Section 1410(2) of the National Agricultural  
11          Research, Extension, and Teaching Policy Act of 1977  
12          (7 U.S.C. 3125(2)) (as amended by section 804(b)(2))  
13          is further amended by striking “and the recommenda-  
14          tions of the Technology Board developed under section  
15          1408A(d)”.

16          (4) Section 1412 of the National Agricultural  
17          Research, Extension, and Teaching Policy Act of 1977  
18          (7 U.S.C. 3127) (as amended by section 803(b)(4)) is  
19          further amended—

20               (A) in the section heading, by striking  
21               “**AND TECHNOLOGY BOARD**”;

22               (B) in subsection (a)—

23                     (i) by striking “and the Technology  
24                     Board” each place it appears; and

1                   (ii) in paragraph (2), by striking “and  
2                   one shall serve as the executive secretary to  
3                   the Technology Board”; and

4                   (C) in subsections (b) and (c), by striking  
5                   “and Technology Board” each place it appears.

6                   (5) Section 1413 of the National Agricultural  
7                   Research, Extension, and Teaching Policy Act of 1977  
8                   (7 U.S.C. 3128) (as amended by section 803(b)(5)) is  
9                   further amended—

10                   (A) in subsection (a), by striking “or the  
11                   Technology Board”; and

12                   (B) in subsection (b), by striking “and the  
13                   Technology Board”.

14 **SEC. 806. FEDERAL ADVISORY COMMITTEE ACT EXEMPTION**  
15 **FOR FEDERAL-STATE COOPERATIVE PRO-**  
16 **GRAMS.**

17                   Section 1409A of the National Agricultural Research,  
18                   Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
19                   3124a) is amended by adding at the end the following:

20                   “(e) **APPLICABILITY OF FEDERAL ADVISORY COMMIT-**  
21 **TEE ACT.**—

22                   “(1) **PUBLIC MEETINGS.**—All meetings of any  
23                   entity described in paragraph (2) shall be publicly  
24                   announced in advance and shall be open to the pub-  
25                   lic. Detailed minutes of meetings and other appro-

1        *appropriate records of the activities of such an entity shall*  
2        *be kept and made available to the public on request.*

3                *“(2) EXEMPTION.—The Federal Advisory Com-*  
4        *mittee Act (5 U.S.C. App.) and title XVIII of the*  
5        *Food and Agriculture Act of 1977 (7 U.S.C. 2281 et*  
6        *seq.) shall not apply to any committee, board, com-*  
7        *mission, panel, or task force, or similar entity that—*

8                        *“(A) is created for the purpose of coopera-*  
9                        *tive efforts in agricultural research, extension, or*  
10                      *teaching; and*

11                      *“(B) consists entirely of full-time Federal*  
12                      *employees and individuals who are employed by,*  
13                      *or who are officials of, a State cooperative insti-*  
14                      *tution or a State cooperative agent.”.*

15        **SEC. 807. COORDINATION AND PLANNING OF AGRICUL-**  
16                                **TURAL RESEARCH, EXTENSION, AND EDU-**  
17                                **CATION.**

18        *Subtitle B of the National Agricultural Research, Ex-*  
19        *tension, and Teaching Policy Act of 1977 (7 U.S.C. 3121*  
20        *et seq.) is amended by adding at the end the following:*

21        **“SEC. 1413A. ACCOUNTABILITY.**

22                      *“(a) IN GENERAL.—The Secretary shall develop and*  
23        *carry out a system to monitor and evaluate agricultural*  
24        *research and extension activities conducted or supported by*  
25        *the Federal Government that will enable the Secretary to*

1 *measure the impact of research, extension, and education*  
2 *programs according to priorities, goals, and mandates es-*  
3 *tablished by law.*

4       “(b) *CONSISTENCY WITH OTHER REQUIREMENTS.—*  
5 *The system shall be developed and carried out in a manner*  
6 *that is consistent with the Government Performance and*  
7 *Results Act of 1993 (Public Law 103–62; 107 Stat. 285)*  
8 *and amendments made by the Act.*

9       “**SEC. 1413B. IMMINENT OR EMERGING THREATS TO FOOD**  
10                                   **SAFETY AND ANIMAL AND PLANT HEALTH.**

11       “*In the case of any activities of an agency of the De-*  
12 *partment of Agriculture that relate to food safety, animal*  
13 *or plant health, research, education, or technology transfer,*  
14 *the Secretary may transfer up to 5 percent of any amounts*  
15 *made available to the agency for a fiscal year to an agency*  
16 *of the Department of Agriculture reporting to the Under*  
17 *Secretary of Agriculture for Research, Education, and Eco-*  
18 *nomics for the purpose of addressing imminent or emerging*  
19 *threats to food safety and animal and plant health.*

20       “**SEC. 1413C. FEDERAL ADVISORY COMMITTEE ACT EXEMP-**  
21                                   **TION FOR COMPETITIVE RESEARCH, EXTEN-**  
22                                   **SION, AND EDUCATION PROGRAMS.**

23       “*The Federal Advisory Committee Act (5 U.S.C. App.)*  
24 *and title XVIII of the Food and Agriculture Act of 1977*  
25 *(7 U.S.C. 2281 et seq.) shall not apply to any committee,*

1 board, commission, panel, or task force, or similar entity,  
2 created solely for the purpose of reviewing applications or  
3 proposals requesting funding under any competitive re-  
4 search, extension, or education program carried out by the  
5 Secretary.”.

6 **SEC. 808. GRANTS AND FELLOWSHIPS FOR FOOD AND AGRI-**  
7 **CULTURAL SCIENCES EDUCATION.**

8 (a) *IN GENERAL.*—Section 1417 of the National Agri-  
9 cultural Research, Extension, and Teaching Policy Act of  
10 1977 (7 U.S.C. 3152) is amended—

11 (1) in subsection (b)—

12 (A) by inserting before “for a period” the  
13 following: “or to research foundations main-  
14 tained by the colleges and universities,”; and

15 (B) by striking paragraph (4) and inserting  
16 the following:

17 “(4) to design and implement food and agricul-  
18 tural programs to build teaching and research capac-  
19 ity at primarily minority institutions;”;

20 (2) by redesignating subsections (h) and (i) as  
21 subsections (i) and (j), respectively;

22 (3) by inserting after subsection (g) the follow-  
23 ing:

24 “(h) *SECONDARY EDUCATION AND 2-YEAR POST-*  
25 *SECONDARY EDUCATION TEACHING PROGRAMS.*—



1           “(1) *AGRISCIENCE AND AGRIBUSINESS EDU-*  
2           *CATION.—The Secretary shall—*

3                   “(A) *promote and strengthen secondary edu-*  
4                   *cation and 2-year postsecondary education in*  
5                   *agriscience and agribusiness in order to help en-*  
6                   *sure the existence in the United States of a*  
7                   *qualified workforce to serve the food and agricul-*  
8                   *tural sciences system; and*

9                   “(B) *promote complementary and syner-*  
10                   *gistic linkages among secondary, 2-year post-*  
11                   *secondary, and higher education programs in the*  
12                   *food and agricultural sciences in order to pro-*  
13                   *mote excellence in education and encourage more*  
14                   *young Americans to pursue and complete a bac-*  
15                   *calaureate or higher degree in the food and agri-*  
16                   *cultural sciences.*

17           “(2) *GRANTS.—The Secretary may make com-*  
18           *petitive or noncompetitive grants, for grant periods*  
19           *not to exceed 5 years, to public secondary education*  
20           *institutions, 2-year community colleges, and junior*  
21           *colleges that have made a commitment to teaching*  
22           *agriscience and agribusiness—*

23                   “(A) *to enhance curricula in agricultural*  
24                   *education;*

1           “(B) to increase faculty teaching com-  
2           petencies;

3           “(C) to interest young people in pursuing a  
4           higher education in order to prepare for sci-  
5           entific and professional careers in the food and  
6           agricultural sciences;

7           “(D) to promote the incorporation of  
8           agriscience and agribusiness subject matter into  
9           other instructional programs, particularly class-  
10          es in science, business, and consumer education;

11          “(E) to facilitate joint initiatives among  
12          other secondary or 2-year postsecondary institu-  
13          tions and with 4-year colleges and universities to  
14          maximize the development and use of resources  
15          such as faculty, facilities, and equipment to im-  
16          prove agriscience and agribusiness education;  
17          and

18          “(F) to support other initiatives designed to  
19          meet local, State, regional, or national needs re-  
20          lated to promoting excellence in agriscience and  
21          agribusiness education.”; and

22          (4) in subsection (j) (as so redesignated), by  
23          striking “1995” and inserting “2002”.

24          (b) *TRANSFER OF FUNCTIONS AND DUTIES PERTAIN-*  
25          *ING TO THE FUTURE FARMERS OF AMERICA.—*

1           (1) *IN GENERAL.*—*There are transferred to the*  
2           *Secretary of Agriculture all the functions and duties*  
3           *of the Secretary of Education under the Act entitled*  
4           *“An Act to incorporate the Future Farmers of Amer-*  
5           *ica, and for other purposes”, approved August 30,*  
6           *1950 (36 U.S.C. 271 et seq.).*

7           (2) *PERSONNEL AND UNEXPENDED BALANCES.*—  
8           *There are transferred to the Department of Agri-*  
9           *culture all personnel and balances of unexpended ap-*  
10          *propriations available for carrying out the duties and*  
11          *functions transferred under paragraph (1).*

12          (3) *AMENDMENTS.*—*The Act entitled “An Act to*  
13          *incorporate the Future Farmers of America, and for*  
14          *other purposes”, approved August 30, 1950, is amend-*  
15          *ed—*

16                (A) *in section 7(c) (36 U.S.C. 277(c)) by*  
17                *striking “Secretary of Education, the executive*  
18                *secretary shall be a member of the Department of*  
19                *Education” and inserting “Secretary of Agri-*  
20                *culture, the executive secretary shall be an officer*  
21                *or employee of the Department of Agriculture”;*

22                (B) *in section 8(a) (36 U.S.C. 278(a))—*

23                    (i) *by striking “Secretary of Edu-*  
24                    *cation” and inserting “Secretary of Agri-*  
25                    *culture”; and*

1                   (ii) by striking “Department of Edu-  
2                   cation” and inserting “Department of Agri-  
3                   culture”; and

4                   (C) in section 18 (36 U.S.C. 288)—

5                   (i) by striking “Secretary of Edu-  
6                   cation” each place it appears and inserting  
7                   “Secretary of Agriculture”; and

8                   (ii) by striking “Department of Edu-  
9                   cation” each place it appears and inserting  
10                  “Department of Agriculture”.

11 **SEC. 809. GRANTS FOR RESEARCH ON THE PRODUCTION**  
12 **AND MARKETING OF ALCOHOLS AND INDUS-**  
13 **TRIAL HYDROCARBONS FROM AGRICUL-**  
14 **TURAL COMMODITIES AND FOREST PROD-**  
15 **UCTS.**

16                  Section 1419(d) of the National Agricultural Research,  
17                  Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
18                  3154(d)) is amended by striking “1995” and inserting  
19                  “2002”.

20 **SEC. 810. POLICY RESEARCH CENTERS.**

21                  The National Agricultural Research, Extension, and  
22                  Teaching Policy Act of 1977 (as amended by section 809)  
23                  is further amended by inserting after section 1418 (7 U.S.C.  
24                  3153) the following:

1 ***“SEC. 1419. POLICY RESEARCH CENTERS.***

2       “(a) *IN GENERAL.*—*Consistent with this section, the*  
3 *Secretary may make grants, competitive grants, and special*  
4 *research grants to, and enter into cooperative agreements*  
5 *and other contracting instruments with, policy research*  
6 *centers to conduct research and education programs that*  
7 *are objective, operationally independent, and external to the*  
8 *Federal Government and that concern the effect of public*  
9 *policies on—*

10               “(1) *the farm and agricultural sectors;*

11               “(2) *the environment;*

12               “(3) *rural families, households and economies;*

13       *and*

14               “(4) *consumers, food, and nutrition.*

15       “(b) *ELIGIBLE RECIPIENTS.*—*Except to the extent oth-*  
16 *erwise prohibited by law, State agricultural experiment sta-*  
17 *tions, colleges and universities, other research institutions*  
18 *and organizations, private organizations, corporations, and*  
19 *individuals shall be eligible to apply for and receive funding*  
20 *under subsection (a).*

21       “(c) *ACTIVITIES.*—*Under this section, funding may be*  
22 *provided for disciplinary and interdisciplinary research*  
23 *and education concerning activities consistent with this sec-*  
24 *tion, including activities that—*

25               “(1) *quantify the implications of public policies*  
26       *and regulations;*

1           “(2) *develop theoretical and research methods;*

2           “(3) *collect and analyze data for policymakers,*  
3           *analysts, and individuals; and*

4           “(4) *develop programs to train analysts.*

5           “(d) *AUTHORIZATION OF APPROPRIATIONS.—There*  
6           *are authorized to be appropriated such sums as are nec-*  
7           *essary to carry out this section for fiscal years 1996 through*  
8           *2002.”.*

9           **SEC. 811. HUMAN NUTRITION INTERVENTION AND HEALTH**  
10           **PROMOTION RESEARCH PROGRAM.**

11           *Section 1424 of the National Agricultural Research,*  
12           *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
13           *3174) is amended to read as follows:*

14           **“SEC. 1424. HUMAN NUTRITION INTERVENTION AND**  
15           **HEALTH PROMOTION RESEARCH PROGRAM.**

16           “(a) *AUTHORITY OF SECRETARY.—*

17           “(1) *IN GENERAL.—The Secretary may establish,*  
18           *and award grants for projects for, a multi-year re-*  
19           *search initiative on human nutrition intervention*  
20           *and health promotion.*

21           “(2) *EMPHASIS OF INITIATIVE.—In administer-*  
22           *ing human nutrition research projects under this sec-*  
23           *tion, the Secretary shall give specific emphasis to—*

24           “(A) *coordinated longitudinal research as-*  
25           *essments of nutritional status; and*

1                   “(B) *the implementation of unified, innova-*  
2                   *tive intervention strategies;*  
3                   *to identify and solve problems of nutritional inad-*  
4                   *equacy and contribute to the maintenance of health,*  
5                   *well-being, performance, and productivity of individ-*  
6                   *uals, thereby reducing the need of the individuals to*  
7                   *use the health care system and social programs of the*  
8                   *United States.*

9                   “(b) *ADMINISTRATION OF FUNDS.—The Administrator*  
10                  *of the Agricultural Research Service shall administer funds*  
11                  *made available to carry out this section to ensure a coordi-*  
12                  *nated approach to health and nutrition research efforts.*

13                  “(c) *AUTHORIZATION OF APPROPRIATIONS.—There are*  
14                  *authorized to be appropriated such sums as are necessary*  
15                  *to carry out this section for fiscal years 1996 through*  
16                  *2002.”.*

17                  **SEC. 812. FOOD AND NUTRITION EDUCATION PROGRAM.**

18                  *Section 1425(c)(3) of the National Agricultural Re-*  
19                  *search, Extension, and Teaching Policy Act of 1977 (7*  
20                  *U.S.C. 3175(c)(3)) is amended by striking “fiscal year*  
21                  *1995” and inserting “each of fiscal years 1996 through*  
22                  *2002”.*

1 **SEC. 813. PURPOSES AND FINDINGS RELATING TO ANIMAL**  
2 **HEALTH AND DISEASE RESEARCH.**

3 *Section 1429 of the National Agricultural Research,*  
4 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
5 *3191) is amended to read as follows:*

6 **“SEC. 1429. PURPOSES AND FINDINGS RELATING TO ANI-**  
7 **MAL HEALTH AND DISEASE RESEARCH.**

8 *“(a) PURPOSES.—The purposes of this subtitle are*  
9 *to—*

10 *“(1) promote the general welfare through the im-*  
11 *proved health and productivity of domestic livestock,*  
12 *poultry, aquatic animals, and other income-producing*  
13 *animals that are essential to the food supply of the*  
14 *United States and the welfare of producers and con-*  
15 *sumers of animal products;*

16 *“(2) improve the health of horses;*

17 *“(3) facilitate the effective treatment of, and, to*  
18 *the extent possible, prevent animal and poultry dis-*  
19 *eases in both domesticated and wild animals that, if*  
20 *not controlled, would be disastrous to the United*  
21 *States livestock and poultry industries and endanger*  
22 *the food supply of the United States;*

23 *“(4) improve methods for the control of orga-*  
24 *nisms and residues in food products of animal origin*  
25 *that could endanger the human food supply;*



1           “(5) improve the housing and management of  
2           animals to improve the well-being of livestock produc-  
3           tion species;

4           “(6) minimize livestock and poultry losses due to  
5           transportation and handling;

6           “(7) protect human health through control of  
7           animal diseases transmissible to humans;

8           “(8) improve methods of controlling the births of  
9           predators and other animals; and

10          “(9) otherwise promote the general welfare  
11          through expanded programs of research and extension  
12          to improve animal health.

13          “(b) FINDINGS.—Congress finds that—

14               “(1) the total animal health and disease research  
15               and extension efforts of State colleges and universities  
16               and of the Federal Government would be more effec-  
17               tive if there were close coordination between the ef-  
18               forts; and

19               “(2) colleges and universities having accredited  
20               schools or colleges of veterinary medicine and State  
21               agricultural experiment stations that conduct animal  
22               health and disease research are especially vital in  
23               training research workers in animal health and relat-  
24               ed disciplines.”.

1 **SEC. 814. ANIMAL HEALTH SCIENCE RESEARCH ADVISORY**  
2 **BOARD.**

3 *Section 1432 of the National Agricultural Research,*  
4 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
5 *3194) is repealed.*

6 **SEC. 815. ANIMAL HEALTH AND DISEASE CONTINUING RE-**  
7 **SEARCH.**

8 *Section 1433 of the National Agricultural Research,*  
9 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
10 *3195) is amended—*

11 *(1) in the first sentence of subsection (a), by*  
12 *striking “1995” and inserting “2002”;*

13 *(2) in subsection (b)(2)—*

14 *(A) by striking “domestic livestock and*  
15 *poultry” each place it appears and inserting*  
16 *“domestic livestock, poultry, and commercial*  
17 *aquaculture species”; and*

18 *(B) in the second sentence, by striking*  
19 *“horses, and poultry” and inserting “horses,*  
20 *poultry, and commercial aquaculture species”;*

21 *(3) in subsection (d), by striking “domestic live-*  
22 *stock and poultry” and inserting “domestic livestock,*  
23 *poultry, and commercial aquaculture species”; and*

24 *(4) in subsection (f), by striking “domestic live-*  
25 *stock and poultry” and inserting “domestic livestock,*  
26 *poultry, and commercial aquaculture species”.*

1 **SEC. 816. ANIMAL HEALTH AND DISEASE NATIONAL OR RE-**  
2 **REGIONAL RESEARCH.**

3 *Section 1434 of the National Agricultural Research,*  
4 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
5 *3196) is amended—*

6 *(1) in subsection (a)—*

7 *(A) by inserting “or national or regional*  
8 *problems relating to pre-harvest, on-farm food*  
9 *safety, or animal well-being,” after “problems,”;*  
10 *and*

11 *(B) by striking “1995” and inserting*  
12 *“2002”;*

13 *(2) in subsection (b), by striking “eligible insti-*  
14 *tutions” and inserting “State agricultural experiment*  
15 *stations, colleges and universities, other research insti-*  
16 *tutions and organizations, Federal agencies, private*  
17 *organizations or corporations, and individuals”;*

18 *(3) in subsection (c)—*

19 *(A) in the first sentence, by inserting “, food*  
20 *safety, and animal well-being” after “animal*  
21 *health and disease”;* and

22 *(B) in the fourth sentence—*

23 *(i) by redesignating paragraphs (2)*  
24 *and (3) as paragraphs (4) and (5), respec-*  
25 *tively; and*

1                   (ii) by inserting after paragraph (1)  
2                   the following:

3                   “(2) any food safety problem that has a signifi-  
4                   cant pre-harvest (on-farm) component and is recog-  
5                   nized as posing a significant health hazard to the  
6                   consuming public;

7                   “(3) issues of animal well-being related to pro-  
8                   duction methods that will improve the housing and  
9                   management of animals to improve the well-being of  
10                  livestock production species;”;

11                  (4) in the first sentence of subsection (d), by  
12                  striking “to eligible institutions”; and

13                  (5) by adding at the end the following:

14                  “(f) *APPLICABILITY OF FEDERAL ADVISORY COMMIT-*  
15                  *TEE ACT.—The Federal Advisory Committee Act (5 U.S.C.*  
16                  *App.) and title XVIII of the Food and Agriculture Act of*  
17                  *1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel*  
18                  *or board created solely for the purpose of reviewing applica-*  
19                  *tions or proposals submitted under this subtitle.”.*

20                  **SEC. 817. RESIDENT INSTRUCTION PROGRAM AT 1890 LAND-**  
21                  **GRANT COLLEGES.**

22                  Section 1446 of the National Agricultural Research,  
23                  Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
24                  3222a) is repealed.

1 **SEC. 818. GRANT PROGRAM TO UPGRADE AGRICULTURAL**  
2 **AND FOOD SCIENCES FACILITIES AT 1890**  
3 **LAND-GRANT COLLEGES.**

4 *Section 1447(b) of the National Agricultural Research,*  
5 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
6 *3222b(b)) is amended by striking “\$8,000,000 for each of*  
7 *the fiscal years 1991 through 1995” and inserting*  
8 *“\$15,000,000 for each of fiscal years 1996 through 2002”.*

9 **SEC. 819. NATIONAL RESEARCH AND TRAINING CENTEN-**  
10 **NIAL CENTERS AUTHORIZATION.**

11 *Section 1448 of the National Agricultural Research,*  
12 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
13 *3222c) is amended—*

14 *(1) in subsection (a)(1), by inserting “, or fiscal*  
15 *years 1996 through 2002,” after “1995”; and*

16 *(2) in subsection (f), by striking “1995” and in-*  
17 *serting “2002”.*

18 **SEC. 820. GRANTS TO STATES FOR INTERNATIONAL TRADE**  
19 **DEVELOPMENT CENTERS.**

20 *Section 1458A of the National Agricultural Research,*  
21 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*  
22 *3292) is repealed.*

23 **SEC. 821. AGRICULTURAL RESEARCH PROGRAMS.**

24 *Section 1463 of the National Agricultural Research,*  
25 *Extension, and Teaching Policy Act of 1977 (7 U.S.C.*

1 3311) is amended by striking “1995” each place it appears  
2 and inserting “2002”.

3 **SEC. 822. EXTENSION EDUCATION.**

4 Section 1464 of the National Agricultural Research,  
5 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
6 3312) is amended by striking “fiscal year 1995” and insert-  
7 ing “each of fiscal years 1995 through 2002”.

8 **SEC. 823. SUPPLEMENTAL AND ALTERNATIVE CROPS RE-**  
9 **SEARCH.**

10 Section 1473D of the National Agricultural Research,  
11 Extension, and Teaching Policy Act of 1977 (7 U.S.C.  
12 3319d) is amended—

13 (1) in subsection (a)—

14 (A) by striking “1995” and inserting  
15 “2002”; and

16 (B) by striking “and pilot”;

17 (2) in subsection (c)—

18 (A) in paragraph (2)—

19 (i) in subparagraph (B), by striking  
20 “at pilot sites” through “the area”; and

21 (ii) in subparagraph (D)—

22 (I) by striking “near such pilot  
23 sites”; and

1                   (II) by striking “successful pilot  
2                   program” and inserting “successful  
3                   program”;

4                   (B) in paragraph (3)—

5                   (i) by striking “pilot”;

6                   (ii) in subparagraph (C), by striking  
7                   “and” at the end;

8                   (iii) in subparagraph (D), by striking  
9                   the period at the end and inserting a semi-  
10                  colon; and

11                  (iv) by adding at the end the following:

12                  “(E) to conduct fundamental and applied re-  
13                  search related to the development of new commercial  
14                  products derived from natural plant material for in-  
15                  dustrial, medical, and agricultural applications; and

16                  “(F) to participate with colleges and univer-  
17                  sities, other Federal agencies, and private sector enti-  
18                  ties in conducting research described in subparagraph  
19                  (E).”

20   **SEC. 824. AQUACULTURE ASSISTANCE PROGRAMS.**

21                  (a) *REPORTS*.—Section 1475 of the National Agricul-  
22                  tural Research, Extension, and Teaching Policy Act of 1977  
23                  (7 U.S.C. 3322) is amended—

24                  (1) by striking subsection (e); and

1           (2) *by redesignating subsections (f) and (g) as*  
2           *subsections (e) and (f), respectively.*

3           (b) *AQUACULTURE RESEARCH FACILITIES.*—Section  
4 *1476(b) of the National Agricultural Research, Extension,*  
5 *and Teaching Policy Act of 1977 (7 U.S.C. 3323(b)) is*  
6 *amended by striking “1995” and inserting “2002”.*

7           (c) *RESEARCH AND EXTENSION.*—Section 1477 of the  
8 *National Agricultural Research, Extension, and Teaching*  
9 *Policy Act of 1977 (7 U.S.C. 3324) is amended by striking*  
10 *“1995” and inserting “2002”.*

11 **SEC. 825. RANGELAND RESEARCH.**

12           (a) *REPORTS.*—Section 1481 of the National Agricul-  
13 *tural Research, Extension, and Teaching Policy Act of 1977*  
14 *(7 U.S.C. 3334) is repealed.*

15           (b) *ADVISORY BOARD.*—Section 1482 of the National  
16 *Agricultural Research, Extension, and Teaching Policy Act*  
17 *of 1977 (7 U.S.C. 3335) is repealed.*

18           (c) *AUTHORIZATION OF APPROPRIATIONS.*—Section  
19 *1483(a) of the National Agricultural Research, Extension,*  
20 *and Teaching Policy Act of 1977 (7 U.S.C. 3336(a)) is*  
21 *amended by striking “1995” and inserting “2002”.*

22 **SEC. 826. TECHNICAL AMENDMENTS.**

23           *The table of contents of the Food and Agriculture Act*  
24 *of 1977 (Public Law 95–113; 91 Stat. 913) is amended—*



1           (1) *by striking the item relating to section 1402*  
2           *and inserting the following:*

*“Sec. 1402. Purposes of agricultural research, extension, and education.”;*

3           (2) *by striking the items relating to sections*  
4           *1406, 1407, 1408A, 1432, 1446, 1458A, 1481, and*  
5           *1482;*

6           (3) *by striking the item relating to section 1408*  
7           *and inserting the following:*

*“Sec. 1408. National Agricultural Research, Extension, Education, and Economics  
Advisory Board.”;*

8           (4) *by striking the item relating to section 1412*  
9           *and inserting the following:*

*“Sec. 1412. Support for the Advisory Board.”;*

10          (5) *by adding at the end of the items relating to*  
11          *subtitle B of title XIV the following:*

*“Sec. 1413A. Accountability.*

*“Sec. 1413B. Imminent or emerging threats to food safety and animal and plant  
health.*

*“Sec. 1413C. Federal Advisory Committee Act exemption for competitive research,  
extension, and education programs.”;*

12          (6) *by striking the item relating to section 1419*  
13          *and inserting the following:*

*“Sec. 1419. Policy research centers.”;*

14          (7) *by striking the item relating to section 1424*  
15          *and inserting the following:*

*“Sec. 1424. Human nutrition intervention and health promotion research pro-  
gram.”;*

16          *and*

17          (8) *by striking the item relating to section 1429*  
18          *and inserting the following:*

“Sec. 1429. Purposes and findings relating to animal health and disease research.”.

1 **Subtitle B—Amendments to Food,**  
2 **Agriculture, Conservation, and**  
3 **Trade Act of 1990**

4 **SEC. 831. WATER QUALITY RESEARCH, EDUCATION, AND CO-**  
5 **ORDINATION.**

6 (a) *IN GENERAL.*—Subtitle G of title XIV of the Food,  
7 Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.  
8 5501 et seq.) is repealed.

9 (b) *CONFORMING AMENDMENTS.*—

10 (1) Section 1627(a)(3) of the Food, Agriculture,  
11 Conservation, and Trade Act of 1990 (7 U.S.C.  
12 5821(a)(3)) is amended by striking “, subtitle G of  
13 title XIV,”.

14 (2) Section 1628 of the Food, Agriculture, Con-  
15 servation, and Trade Act of 1990 (7 U.S.C. 5831) is  
16 amended by striking “, subtitle G of title XIV,” each  
17 place it appears in subsections (a) and (d).

18 (3) Section 1629 of the Food, Agriculture, Con-  
19 servation, and Trade Act of 1990 (7 U.S.C. 5832) is  
20 amended by striking “, subtitle G of title XIV,” each  
21 place it appears in subsections (f) and (g)(11).

1 **SEC. 832. EDUCATION PROGRAM REGARDING HANDLING OF**  
2 **AGRICULTURAL CHEMICALS AND AGRICUL-**  
3 **TURAL CHEMICAL CONTAINERS.**

4 (a) *IN GENERAL.*—Section 1499A of the Food, Agri-  
5 culture, Conservation, and Trade Act of 1990 (7 U.S.C.  
6 3125c) is repealed.

7 (b) *CONFORMING AMENDMENT.*—Section 1499(b) of  
8 the Food, Agriculture, Conservation, and Trade Act of 1990  
9 (7 U.S.C. 5506(b)) is amended by striking “and section  
10 1499A”.

11 **SEC. 833. PROGRAM ADMINISTRATION.**

12 (a) *IN GENERAL.*—Section 1622 of the Food, Agri-  
13 culture, Conservation, and Trade Act of 1990 (7 U.S.C.  
14 5812) is amended—

15 (1) by striking subsections (b), (c), and (d); and

16 (2) by redesignating subsection (e) as subsection  
17 (b).

18 (b) *CONFORMING AMENDMENTS.*—

19 (1) Section 1619(b) of the Food, Agriculture,  
20 Conservation, and Trade Act of 1990 (7 U.S.C.  
21 5801(b)) is amended—

22 (A) by striking paragraph (7); and

23 (B) by redesignating paragraphs (8), (9),  
24 and (10) as paragraphs (7), (8), and (9), respec-  
25 tively.

1           (2) *Section 1621(c) of the Food, Agriculture,*  
2           *Conservation, and Trade Act of 1990 (7 U.S.C.*  
3           *5811(c)) is amended—*

4                   (A) *in paragraph (1)—*

5                           (i) *by striking subparagraph (A); and*

6                           (ii) *by redesignating subparagraphs*  
7                   (B) *through (E) as subparagraphs (A)*  
8                   *through (D), respectively; and*

9                   (B) *in paragraph (2)—*

10                           (i) *by striking subparagraph (A); and*

11                           (ii) *by redesignating subparagraphs*  
12                   (B) *through (F) as subparagraphs (A)*  
13                   *through (E), respectively.*

14           (3) *Section 1622 of the Food, Agriculture, Con-*  
15           *servation, and Trade Act of 1990 (7 U.S.C. 5812) (as*  
16           *amended by subsection (a)) is further amended—*

17                   (A) *in subsection (a)—*

18                           (i) *by striking paragraph (2);*

19                           (ii) *in paragraph (3), by striking*  
20                   “*subsection (e)*” *and inserting “subsection*  
21                   “*(b)*”; *and*

22                           (iii) *by redesignating paragraphs (3)*  
23                   *and (4) as paragraphs (2) and (3), respec-*  
24                   *tively; and*

25                   (B) *in subsection (b)(2)—*

1                   (i) by striking subparagraph (A); and  
2                   (ii) by redesignating subparagraphs  
3                   (B) through (F) as subparagraphs (A)  
4                   through (E), respectively.

5                   (4) Section 1628(b) of the Food, Agriculture,  
6                   Conservation, and Trade Act of 1990 (7 U.S.C.  
7                   5831(b)) is amended by striking “Advisory Council,  
8                   the Soil Conservation Service,” and inserting “Natu-  
9                   ral Resources Conservation Service”.

10 **SEC. 834. NATIONAL GENETICS RESOURCES PROGRAM.**

11                   (a) *FUNCTIONS*.—Section 1632(d) of the Food, Agri-  
12                   culture, Conservation, and Trade Act of 1990 (7 U.S.C.  
13                   5841(d)) is amended by striking paragraph (4) and insert-  
14                   ing the following:

15                   “(4) unless otherwise prohibited by law, have the  
16                   right to make available on request, without charge  
17                   and without regard to the country from which the re-  
18                   quest originates, the genetic material that the pro-  
19                   gram assembles;”.

20                   (b) *AUTHORIZATION OF APPROPRIATIONS*.—Section  
21                   1635(b) of the Food, Agriculture, Conservation, and Trade  
22                   Act of 1990 (7 U.S.C. 5844(b)) is amended by striking  
23                   “1995” and inserting “2002”.

1 **SEC. 835. NATIONAL AGRICULTURAL WEATHER INFORMA-**  
2 **TION SYSTEM.**

3 *Section 1641(c) of the Food, Agriculture, Conservation,*  
4 *and Trade Act of 1990 (7 U.S.C. 5855(c)) is amended by*  
5 *striking “1995” and inserting “2002”.*

6 **SEC. 836. RESEARCH REGARDING PRODUCTION, PREPARA-**  
7 **TION, PROCESSING, HANDLING, AND STOR-**  
8 **AGE OF AGRICULTURAL PRODUCTS.**

9 *Subtitle E of title XVI of the Food, Agriculture, Con-*  
10 *servation, and Trade Act of 1990 (7 U.S.C. 5871 et seq.)*  
11 *is repealed.*

12 **SEC. 837. PLANT AND ANIMAL PEST AND DISEASE CONTROL**  
13 **PROGRAM.**

14 *(a) IN GENERAL.—Subtitle F of title XVI of the Food,*  
15 *Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C.*  
16 *5881) is repealed.*

17 *(b) CONFORMING AMENDMENTS.—*

18 *(1) Section 28(b)(2)(A) of the Federal Insecti-*  
19 *cide, Fungicide, and Rodenticide Act (7 U.S.C.*  
20 *136w–3(b)(2)(A)) is amended by striking “and the in-*  
21 *formation required by section 1651 of the Food, Agri-*  
22 *culture, Conservation, and Trade Act of 1990”.*

23 *(2) Section 1627(a)(3) of the Food, Agriculture,*  
24 *Conservation, and Trade Act of 1990 (7 U.S.C.*  
25 *5821(a)(3)) is amended by striking “and section*  
26 *1650”.*

1           (3) *Section 1628 of the Food, Agriculture, Con-*  
2           *servaion, and Trade Act of 1990 (7 U.S.C. 5831) is*  
3           *amended by striking “section 1650,” each place it ap-*  
4           *pears in subsections (a) and (d).*

5           (4) *Section 1629 of the Food, Agriculture, Con-*  
6           *servaion, and Trade Act of 1990 (7 U.S.C. 5832) is*  
7           *amended by striking “section 1650,” each place it ap-*  
8           *pears in subsections (f) and (g)(11).*

9   **SEC. 838. LIVESTOCK PRODUCT SAFETY AND INSPECTION**  
10                                   **PROGRAM.**

11           *Section 1670(e) of the Food, Agriculture, Conservaion,*  
12           *and Trade Act of 1990 (7 U.S.C. 5923(e)) is amended by*  
13           *striking “1995” and inserting “2002”.*

14   **SEC. 839. PLANT GENOME MAPPING PROGRAM.**

15           *Section 1671 of the Food, Agriculture, Conservaion,*  
16           *and Trade Act of 1990 (7 U.S.C. 5924) is repealed.*

17   **SEC. 840. SPECIALIZED RESEARCH PROGRAMS.**

18           *Section 1672 of the Food, Agriculture, Conservaion,*  
19           *and Trade Act of 1990 (7 U.S.C. 5925) is repealed.*

20   **SEC. 841. AGRICULTURAL TELECOMMUNICATIONS PRO-**  
21                                   **GRAM.**

22           *Section 1673(h) of the Food, Agriculture, Conserva-*  
23           *tion, and Trade Act of 1990 (7 U.S.C. 5926(h)) is amended*  
24           *by striking “1995” and inserting “2002”.*

1 **SEC. 842. NATIONAL CENTERS FOR AGRICULTURAL PROD-**  
2 **UCT QUALITY RESEARCH.**

3 *Section 1675(g)(1) of the Food, Agriculture, Conserva-*  
4 *tion, and Trade Act of 1990 (7 U.S.C. 5928(g)(1)) is*  
5 *amended by striking “1995” and inserting “2002”.*

6 **SEC. 843. TURKEY RESEARCH CENTER AUTHORIZATION.**

7 *Section 1676 of the Food, Agriculture, Conservation,*  
8 *and Trade Act of 1990 (7 U.S.C. 5929) is repealed.*

9 **SEC. 844. SPECIAL GRANT TO STUDY CONSTRAINTS ON AG-**  
10 **RICULTURAL TRADE.**

11 *Section 1678 of the Food, Agriculture, Conservation,*  
12 *and Trade Act of 1990 (7 U.S.C. 5931) is repealed.*

13 **SEC. 845. PILOT PROJECT TO COORDINATE FOOD AND NU-**  
14 **TRITION EDUCATION PROGRAMS.**

15 *Section 1679 of the Food, Agriculture, Conservation,*  
16 *and Trade Act of 1990 (7 U.S.C. 5932) is repealed.*

17 **SEC. 846. ASSISTIVE TECHNOLOGY PROGRAM FOR FARMERS**  
18 **WITH DISABILITIES.**

19 *Section 1680 of the Food, Agriculture, Conservation,*  
20 *and Trade Act of 1990 (7 U.S.C. 5933) is amended—*

21 *(1) in subsection (a)(6)(B), by striking “1996”*  
22 *and inserting “2002”; and*

23 *(2) in subsection (b)(2), by striking “1996” and*  
24 *inserting “2002”.*



1 **SEC. 847. DEMONSTRATION PROJECTS.**

2 *Section 2348 of the Food, Agriculture, Conservation,*  
3 *and Trade Act of 1990 (7 U.S.C. 2662a) is repealed.*

4 **SEC. 848. NATIONAL RURAL INFORMATION CENTER CLEAR-**  
5 **INGHOUSE.**

6 *Section 2381(e) of the Food, Agriculture, Conservation,*  
7 *and Trade Act of 1990 (7 U.S.C. 3125b(e)) is amended by*  
8 *striking “1995” and inserting “2002”.*

9 **SEC. 849. GLOBAL CLIMATE CHANGE.**

10 *(a) TECHNICAL ADVISORY COMMITTEE.—Section 2404*  
11 *of the Food, Agriculture, Conservation, and Trade Act of*  
12 *1990 (7 U.S.C. 6703) is repealed.*

13 *(b) AUTHORIZATION OF APPROPRIATIONS.—Section*  
14 *2412 of the Food, Agriculture, Conservation, and Trade Act*  
15 *of 1990 (7 U.S.C. 6710) is amended by striking “1996” and*  
16 *inserting “2002”.*

17 **SEC. 850. TECHNICAL AMENDMENTS.**

18 *The table of contents of the Food, Agriculture, Con-*  
19 *servation, and Trade Act of 1990 (Public Law 101–624;*  
20 *104 Stat. 3359) is amended by striking the items relating*  
21 *to subtitle G of title XIV, section 1499A, subtitles E and*  
22 *F of title XVI, and sections 1671, 1672, 1676, 1678, 1679,*  
23 *2348, and 2404.*

1 **Subtitle C—Miscellaneous Research**  
2 **Provisions**

3 **SEC. 861. CRITICAL AGRICULTURAL MATERIALS RESEARCH.**

4 (a) *IN GENERAL.*—Section 4 of the Critical Agricul-  
5 tural Materials Act (7 U.S.C. 178b) is amended—

6 (1) by striking subsection (g); and

7 (2) by redesignating subsection (h) as subsection  
8 (g).

9 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section  
10 16(a) of the Critical Agricultural Materials Act (7 U.S.C.  
11 178n(a)) is amended by striking “1995” and inserting  
12 “2002”.

13 **SEC. 862. 1994 INSTITUTIONS.**

14 (a) *LAND-GRANT STATUS.*—The first sentence of sec-  
15 tion 533(b) of the Equity in Educational Land-Grant Sta-  
16 tus Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note)  
17 is amended by striking “2000” and inserting “2002”.

18 (b) *INSTITUTIONAL CAPACITY BUILDING GRANTS.*—  
19 Section 535 of the Equity in Educational Land-Grant Sta-  
20 tus Act of 1994 (Public Law 103–382; 7 U.S.C. 301 note)  
21 is amended by striking “2000” each place it appears in  
22 subsections (b)(1) and (c) and inserting “2002”.

1 **SEC. 863. SMITH-LEVER ACT FUNDING FOR 1890 LAND-**  
2 **GRANT COLLEGES, INCLUDING TUSKEGEE**  
3 **UNIVERSITY AND THE DISTRICT OF COLUM-**  
4 **BIA.**

5 (a) *ELIGIBILITY FOR FUNDS.*—Section 3(d) of the Act  
6 of May 8, 1914 (commonly known as the “Smith-Lever  
7 Act”) (38 Stat. 373, chapter 79; 7 U.S.C. 343(d)), is  
8 amended by adding at the end the following: “A college or  
9 university eligible to receive funds under the Act of August  
10 30, 1890 (26 Stat. 417, chapter 841; 7 U.S.C. 321 et seq.),  
11 including Tuskegee University, or section 208 of the District  
12 of Columbia Public Postsecondary Education Reorganiza-  
13 tion Act (Public Law 93–471; 88 Stat. 1428) may apply  
14 for and receive directly from the Secretary of Agriculture—

15 “(1) amounts made available under this sub-  
16 section after September 30, 1995, to carry out pro-  
17 grams or initiatives for which no funds were made  
18 available under this subsection for fiscal year 1995, or  
19 any previous fiscal year, as determined by the Sec-  
20 retary; and

21 “(2) amounts made available after September 30,  
22 1995, to carry out programs or initiatives funded  
23 under this subsection prior to that date that are in  
24 excess of the highest amount made available for the  
25 programs or initiatives under this subsection for fis-

1        *cal year 1995, or any previous fiscal year, as deter-*  
2        *mined by the Secretary.”.*

3        *(b) CONFORMING AMENDMENTS.—*

4            *(1) The third sentence of section 1444(a) of the*  
5        *National Agricultural Research, Extension, and*  
6        *Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is*  
7        *amended by inserting before the period at the end the*  
8        *following: “, except that for the purpose of this cal-*  
9        *culatation, the total appropriations shall not include*  
10       *amounts made available after September 30, 1995,*  
11       *under section 3(d) of the Act of May 8, 1914 (com-*  
12       *monly known as the ‘Smith-Lever Act’) (38 Stat. 373,*  
13       *chapter 79; 7 U.S.C. 343(d)), to carry out programs*  
14       *or initiatives for which no funds were made available*  
15       *under section 3(d) of the Act for fiscal year 1995, or*  
16       *any previous fiscal year, as determined by the Sec-*  
17       *retary, and shall not include amounts made available*  
18       *after September 30, 1995, to carry out programs or*  
19       *initiatives funded under section 3(d) of the Act prior*  
20       *to that date that are in excess of the highest amount*  
21       *made available for the programs or initiatives for fis-*  
22       *cal year 1995, or any previous fiscal year, as deter-*  
23       *mined by the Secretary.”.*

24            *(2) Section 208(c) of the District of Columbia*  
25        *Public Postsecondary Education Reorganization Act*

1       *(Public Law 93-471; 88 Stat. 1428) is amended by*  
2       *adding at the end the following: “Funds appropriated*  
3       *under this subsection shall be in addition to any*  
4       *amounts provided to the District of Columbia from—*

5               *“(1) amounts made available after September 30,*  
6               *1995, under section 3(d) of the Act to carry out pro-*  
7               *grams or initiatives for which no funds were made*  
8               *available under section 3(d) of the Act for fiscal year*  
9               *1995, or any previous fiscal year, as determined by*  
10              *the Secretary of Agriculture; and*

11              *“(2) amounts made available after September 30,*  
12              *1995, to carry out programs or initiatives funded*  
13              *under section 3(d) of the Act prior to the date that*  
14              *are in excess of the highest amount made available for*  
15              *the programs or initiatives for fiscal year 1995, or*  
16              *any previous fiscal year, as determined by the Sec-*  
17              *retary of Agriculture.”.*

18       **SEC. 864. COMMITTEE OF NINE.**

19       *Section 3(c)(3) of the Act of March 2, 1887 (Chapter*  
20       *314; 7 U.S.C. 361c(e)(3)) is amended by striking from “,*  
21       *and shall be used” through the end of the paragraph and*  
22       *inserting a period.*

23       **SEC. 865. AGRICULTURAL RESEARCH FACILITIES.**

24       *(a) IN GENERAL.—*

1           (1) *RESEARCH FACILITIES.*—*The Research Fa-*  
2           *cilities Act (7 U.S.C. 390 et seq.) is amended to read*  
3           *as follows:*

4   **“SECTION 1. SHORT TITLE.**

5           *“This Act may be cited as the ‘Research Facilities Act’.*

6   **“SEC. 2. DEFINITIONS.**

7           *“In this Act:*

8                   *“(1) AGRICULTURAL RESEARCH FACILITY.*—*The*  
9                   *term ‘agricultural research facility’ means a proposed*  
10                  *facility for research in food and agricultural sciences*  
11                  *for which Federal funds are requested by a college,*  
12                  *university, or nonprofit institution to assist in the*  
13                  *construction, alteration, acquisition, modernization,*  
14                  *renovation, or remodeling of the facility.*

15                  *“(2) FOOD AND AGRICULTURAL SCIENCES.*—*The*  
16                  *term ‘food and agricultural sciences’ means—*

17                           *“(A) agriculture, including soil and water*  
18                           *conservation and use, the use of organic mate-*  
19                           *rials to improve soil tilth and fertility, plant*  
20                           *and animal production and protection, and*  
21                           *plant and animal health;*

22                           *“(B) the processing, distributing, market-*  
23                           *ing, and utilization of food and agricultural*  
24                           *products;*

1           “(C) forestry, including range management,  
2           production of forest and range products. multiple  
3           use of forest and rangelands, and urban forestry;

4           “(D) aquaculture (as defined in section  
5           1404(3) of the National Agricultural Research,  
6           Extension, and Teaching Policy Act of 1977 (7  
7           U.S.C. 3103(3));

8           “(E) human nutrition;

9           “(F) production inputs, such as energy, to  
10          improve productivity; and

11          “(G) germ plasm collection and preserva-  
12          tion.

13          “(3) SECRETARY.—The term ‘Secretary’ means  
14          the Secretary of Agriculture.

15       **“SEC. 3. REVIEW PROCESS.**

16          “(a) SUBMISSION TO SECRETARY.—Each proposal for  
17          an agricultural research facility shall be submitted to the  
18          Secretary for review. The Secretary shall review the propos-  
19          als in the order in which the proposals are received.

20          “(b) APPLICATION PROCESS.—In consultation with  
21          the Committee on Appropriations of the Senate and Com-  
22          mittee on Appropriations of the House of Representatives,  
23          the Secretary shall establish an application process for the  
24          submission of proposals for agricultural research facilities.

25          “(c) CRITERIA FOR APPROVAL.—

1           “(1) *DETERMINATION BY SECRETARY.*—With re-  
2           spect to each proposal for an agricultural research fa-  
3           cility submitted under subsection (a), the Secretary  
4           shall determine whether the proposal meets the cri-  
5           teria set forth in paragraph (2).

6           “(2) *CRITERIA.*—A proposal for an agricultural  
7           research facility shall meet the following criteria:

8                   “(A) *NON-FEDERAL SHARE.*—The proposal  
9                   shall certify the availability of at least a 50 per-  
10                  cent non-Federal share of the cost of the facility.  
11                  The non-Federal share shall be paid in cash and  
12                  may include funding from private sources or  
13                  from units of State or local government.

14                  “(B) *NONDUPLICATION OF FACILITIES.*—  
15                  The proposal shall demonstrate how the agricul-  
16                  tural research facility would be complementary  
17                  to, and not duplicative of, facilities of colleges,  
18                  universities, and nonprofit institutions, and fa-  
19                  cilities of the Agricultural Research Service,  
20                  within the State and region.

21                  “(C) *NATIONAL RESEARCH PRIORITIES.*—  
22                  The proposal shall demonstrate how the agricul-  
23                  tural research facility would serve—

24                          “(i) 1 or more of the national research  
25                          policies and priorities set forth in section



1                   1402 of the National Agricultural Research,  
2                   Extension, and Teaching Policy Act of 1977  
3                   (7 U.S.C. 3101); and

4                   “(ii) regional needs.

5                   “(D) LONG-TERM SUPPORT.—The proposal  
6                   shall demonstrate that the recipient college, uni-  
7                   versity, or nonprofit institution has the ability  
8                   and commitment to support the long-term, ongo-  
9                   ing operating costs of—

10                   “(i) the agricultural research facility  
11                   after the facility is completed; and

12                   “(ii) each program to be based at the  
13                   facility.

14                   “(E) STRATEGIC PLAN.—After the develop-  
15                   ment of the strategic plan required by section 4,  
16                   the proposal shall demonstrate how the agricul-  
17                   tural research facility reflects the strategic plan  
18                   for Federal research facilities.

19                   “(d) EVALUATION OF PROPOSALS.—Not later than 90  
20                   days after receiving a proposal under subsection (a), the  
21                   Secretary shall—

22                   “(1) evaluate and assess the merits of the pro-  
23                   posal, including the extent to which the proposal  
24                   meets the criteria set forth in subsection (c); and



1 **“SEC. 5. APPLICABILITY OF FEDERAL ADVISORY COMMIT-**  
2 **TEE ACT.**

3 *“The Federal Advisory Committee Act (5 U.S.C. App)*  
4 *and title XVIII of the Food and Agriculture Act of 1977*  
5 *(7 U.S.C. 2281 et. seq) shall not apply to a panel or board*  
6 *created solely for the purpose of reviewing applications or*  
7 *proposals submitted under this Act.*

8 **“SEC. 6. AUTHORIZATION OF APPROPRIATIONS.**

9 *“(a) IN GENERAL.—Subject to subsection (b), there are*  
10 *authorized to be appropriated such sums as are necessary*  
11 *for fiscal years 1996 through 2002 for the study, plan, de-*  
12 *sign, structure, and related costs of agricultural research*  
13 *facilities under this Act.*

14 *“(b) ALLOWABLE ADMINISTRATIVE COSTS.—Not more*  
15 *than 3 percent of the funds made available for any project*  
16 *for an agricultural research facility shall be available for*  
17 *administration of the project.”.*

18 (2) *APPLICATION.—*

19 (A) *CURRENT PROJECTS.—The amendment*  
20 *made by paragraph (1), other than section 4 of*  
21 *the Research Facilities Act (as amended by para-*  
22 *graph (1)), shall not apply to any project for an*  
23 *agricultural research facility for which funds*  
24 *have been made available for a feasibility study*  
25 *or for any phase of the project prior to October*  
26 *1, 1995.*

1                   (B) *STRATEGIC PLAN.*—*The strategic plan*  
2                   *required by section 4 of the Act shall apply to*  
3                   *all federally supported agricultural research fa-*  
4                   *ilities, including projects funded prior to the ef-*  
5                   *fective date of this title.*

6           (b) *AUTHORIZATION OF APPROPRIATIONS FOR FED-*  
7           *ERAL FACILITIES.*—*Section 1431 of the National Agricul-*  
8           *tural Research, Extension, and Teaching Policy Act*  
9           *Amendments of 1985 (Public Law 99–198; 99 Stat. 1556)*  
10          *is amended—*

11                   (1) *in subsection (a)—*

12                           (A) *by striking “(a)”;* and

13                           (B) *by striking “1995” and inserting*  
14                    *“2002”;* and

15                   (2) *by striking subsection (b).*

16          (c) *CONFORMING AMENDMENT.*—*Section 1463(a) of*  
17          *the National Agricultural Research, Extension, and Teach-*  
18          *ing Policy Act of 1977 (7 U.S.C. 3311(a)) is amended by*  
19          *striking “1416.”*

20          ***SEC. 866. NATIONAL COMPETITIVE RESEARCH INITIATIVE.***

21                   Subsection (b)(10) of the *Competitive, Special, and*  
22                   *Facilities Research Grant Act (7 U.S.C. 450i(b)(10)) is*  
23                   *amended—*

1           (1) *by striking “OF APPROPRIATIONS.—There”*  
2           *and inserting the following: “AND AVAILABILITY OF*  
3           *APPROPRIATIONS.—*

4                     *“(A) IN GENERAL.—There”;*

5           (2) *by striking “fiscal year 1995” and inserting*  
6           *“each of fiscal years 1995 through 2002”;*

7           (3) *by striking “(A) not” and inserting the fol-*  
8           *lowing:*

9                     *“(i) not”;*

10          (4) *by striking “(B) not” and inserting the fol-*  
11          *lowing:*

12                     *“(ii) not”;*

13          (5) *in clause (ii) (as so designated), by striking*  
14          *“20 percent” and inserting “40 percent”;*

15          (6) *by striking “(C) not” and inserting the fol-*  
16          *lowing:*

17                     *“(iii) not”;*

18          (7) *by striking “(D) not” and inserting the fol-*  
19          *lowing:*

20                     *“(iv) not”;*

21          (8) *by striking “(E) not” and inserting the fol-*  
22          *lowing:*

23                     *“(v) not”; and*

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

1           “(B) *AVAILABILITY.*—*Funds made available*  
2           *under subparagraph (A) shall be available for*  
3           *obligation for a period of 2 years from the begin-*  
4           *ning of the fiscal year for which the funds are*  
5           *made available.*”.

6   **SEC. 867. COTTON CROP REPORTS.**

7           *The Act of May 3, 1924 (43 Stat. 115, chapter 149;*  
8   *7 U.S.C. 475), is repealed.*

9   **SEC. 868. RURAL DEVELOPMENT RESEARCH AND EDU-**  
10           **CATION.**

11           *Section 502 of the Rural Development Act of 1972 (7*  
12   *U.S.C. 2662) is amended—*

13           (1) *in subsection (a), by inserting after the first*  
14           *sentence the following: “The rural development exten-*  
15           *sion programs shall also promote coordinated and in-*  
16           *tegrated rural community initiatives that advance*  
17           *and empower capacity building through leadership*  
18           *development, entrepreneurship, business development*  
19           *and management training and strategic planning to*  
20           *increase jobs, income, and quality of life in rural*  
21           *communities.”;*

22           (2) *by striking subsections (g) and (j); and*

23           (3) *by redesignating subsections (h) and (i) as*  
24           *subsections (g) and (h) respectively.*

1 **SEC. 869. HUMAN NUTRITION RESEARCH.**

2 *Section 1452 of the National Agricultural Research,*  
 3 *Extension, and Teaching Policy Act Amendments of 1985*  
 4 *(Public Law 99–198; 7 U.S.C. 3173 note) is repealed.*

5 **SEC. 870. DAIRY GOAT RESEARCH PROGRAM.**

6 *Section 1432 of the National Agricultural Research,*  
 7 *Extension, and Teaching Policy Act Amendments of 1981*  
 8 *(Public Law 97–98; 7 U.S.C. 3222 note) is amended—*

9 *(1) in subsection (a), by striking “(a)”;* and

10 *(2) by striking subsection (b).*

11 **SEC. 871. GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE**

12 **EXTENSION FACILITIES.**

13 *(a) IN GENERAL.—Section 1416 of the Food Security*  
 14 *Act of 1985 (7 U.S.C. 3224) is repealed.*

15 *(b) TECHNICAL AMENDMENT.—The table of contents of*  
 16 *the Food Security Act of 1985 (Public Law 99–198; 99 Stat.*  
 17 *1354) is amended by striking the item relating to section*  
 18 *1416.*

19 **SEC. 872. STUTTGART NATIONAL AQUACULTURE RESEARCH**

20 **CENTER.**

21 *(a) TRANSFER OF FUNCTIONS TO THE SECRETARY OF*  
 22 *AGRICULTURE.—*

23 *(1) TITLE OF PUBLIC LAW 85–342.—The title of*  
 24 *Public Law 85–342 (16 U.S.C. 778 et seq.) is amend-*  
 25 *ed by striking “Secretary of the Interior” and insert-*  
 26 *ing “Secretary of Agriculture”.*

1           (2) *AUTHORIZATION.*—*The first section of Public*  
2 *Law 85–342 (16 U.S.C. 778) is amended—*

3           (A) *by striking “Secretary of the Interior”*  
4 *and all that follows through “directed to” and*  
5 *inserting “Secretary of Agriculture shall”;*

6           (B) *by striking “station and stations” and*  
7 *inserting “1 or more centers”; and*

8           (C) *in paragraph (5), by striking “Depart-*  
9 *ment of Agriculture” and inserting “Secretary of*  
10 *the Interior”.*

11          (3) *AUTHORITY.*—*Section 2 of Public Law 85–*  
12 *342 (16 U.S.C. 778a) is amended by striking “, the*  
13 *Secretary” and all that follows through “authorized”*  
14 *and inserting “, the Secretary of Agriculture is au-*  
15 *thorized”.*

16          (4) *ASSISTANCE.*—*Section 3 of Public Law 85–*  
17 *342 (16 U.S.C. 778b) is amended—*

18           (A) *by striking “Secretary of the Interior”*  
19 *and inserting “Secretary of Agriculture”; and*

20           (B) *by striking “Department of Agri-*  
21 *culture” and inserting “Secretary of the Inte-*  
22 *rior”.*

23          (b) *TRANSFER OF FISH FARMING EXPERIMENTAL*  
24 *LABORATORY TO DEPARTMENT OF AGRICULTURE.*—



1           (1) *DESIGNATION OF STUTTGART NATIONAL*  
2 *AQUACULTURE RESEARCH CENTER.—*

3           (A) *IN GENERAL.—The Fish Farming Ex-*  
4 *perimental Laboratory in Stuttgart, Arkansas*  
5 *(including the facilities in Kelso, Arkansas),*  
6 *shall be known and designated as the “Stuttgart*  
7 *National Aquaculture Research Center”.*

8           (B) *REFERENCES.—Any reference in a law,*  
9 *map, regulation, document, paper, or other*  
10 *record of the United States to the laboratory re-*  
11 *ferred to in subparagraph (A) shall be deemed to*  
12 *be a reference to the “Stuttgart National Aqua-*  
13 *culture Research Center”.*

14           (2) *TRANSFER OF LABORATORY TO THE DEPART-*  
15 *MENT OF AGRICULTURE.—Subject to section 1531 of*  
16 *title 31, United States Code, not later than 90 days*  
17 *after the effective date of this title, there are trans-*  
18 *ferred to the Department of Agriculture—*

19           (A) *the personnel employed in connection*  
20 *with the laboratory referred to in paragraph (1);*

21           (B) *the assets, liabilities, contracts, and real*  
22 *and personal property of the laboratory;*

23           (C) *the records of the laboratory; and*

24           (D) *the unexpended balance of appropri-*  
25 *ations, authorizations, allocations and other funds*



1           (3) by redesignating paragraphs (7) through (9)  
2 as paragraphs (8) through (10), respectively; and

3           (4) by inserting after paragraph (6) the follow-  
4 ing:

5           “(7) The term ‘private aquaculture’ means the  
6 commercially controlled cultivation of aquatic plants,  
7 animals, and microorganisms other than cultivation  
8 carried out by the Federal Government, any State or  
9 local government, or an Indian tribe recognized by  
10 the Bureau of Indian Affairs.”.

11       (b) NATIONAL AQUACULTURE DEVELOPMENT PLAN.—  
12 Section 4 of the National Aquaculture Act of 1980 (16  
13 U.S.C. 2803) is amended—

14           (1) in subsection (c)—

15               (A) in subparagraph (A), by adding “and”  
16 at the end;

17               (B) in subparagraph (B), by striking “;  
18 and” and inserting a period; and

19               (C) by striking subparagraph (C);

20           (2) in the second sentence of subsection (d), by  
21 striking “Secretaries determine that” and inserting  
22 “Secretary, in consultation with the Secretary of  
23 Commerce, the Secretary of the Interior, and the  
24 heads of such other agencies as the Secretary deter-  
25 mines are appropriate, determines that”; and

1           (3) *in subsection (e), by striking “Secretaries”*  
2           *and inserting “Secretary, in consultation with the*  
3           *Secretary of Commerce, the Secretary of the Interior,*  
4           *and the heads of such other agencies as the Secretary*  
5           *determines are appropriate.”.*

6           (c) *FUNCTIONS AND POWERS OF SECRETARIES.—Sec-*  
7           *tion 5(b)(3) of the National Aquaculture Act of 1980 (16*  
8           *U.S.C. 2804(b)(3)) is amended by striking “Secretaries*  
9           *deem” and inserting “Secretary, in consultation with the*  
10           *Secretary of Commerce, the Secretary of the Interior, and*  
11           *the heads of such other agencies as the Secretary determines*  
12           *are appropriate, consider”.*

13           (d) *COORDINATION OF NATIONAL ACTIVITIES REGARD-*  
14           *ING AQUACULTURE.—The first sentence of section 6(a) of*  
15           *the National Aquaculture Act of 1980 (16 U.S.C. 2805(a))*  
16           *is amended by striking “(f)” and inserting “(e)”.*

17           (e) *NATIONAL POLICY FOR PRIVATE AQUACULTURE.—*  
18           *The National Aquaculture Act of 1980 (16 U.S.C. 2801 et*  
19           *seq.) is amended—*

20                   (1) *by redesignating sections 7, 8, 9, 10, and 11*  
21                   *as sections 8, 9, 10, 11, and 12, respectively; and*

22                   (2) *by inserting after section 6 (16 U.S.C. 2805)*  
23                   *the following:*

1 **“SEC. 7. NATIONAL POLICY FOR PRIVATE AQUACULTURE.**

2       “(a) *IN GENERAL.*—*In consultation with the Secretary*  
3 *of Commerce and the Secretary of the Interior, the Sec-*  
4 *retary shall coordinate and implement a national policy*  
5 *for private aquaculture in accordance with this section. In*  
6 *developing the policy, the Secretary may consult with other*  
7 *agencies and organizations.*

8       “(b) *DEPARTMENT OF AGRICULTURE AQUACULTURE*  
9 *PLAN.*—

10               “(1) *IN GENERAL.*—*The Secretary shall develop*  
11 *and implement a Department of Agriculture Aqua-*  
12 *culture Plan (referred to in this section as the ‘De-*  
13 *partment plan’)* for a unified aquaculture program of  
14 *the Department of Agriculture (referred to in this sec-*  
15 *tion as the ‘Department’)* to support the development  
16 *of private aquaculture.*

17               “(2) *ELEMENTS OF DEPARTMENT PLAN.*—*The*  
18 *Department plan shall address—*

19                       “(A) *programs of individual agencies of the*  
20 *Department related to aquaculture that are con-*  
21 *sistent with Department programs related to*  
22 *other areas of agriculture, including livestock,*  
23 *crops, products, and commodities under the ju-*  
24 *risdiction of agencies of the Department;*

1           “(B) the treatment of cultivated aquatic  
2           animals as livestock and cultivated aquatic  
3           plants as agricultural crops; and

4           “(C) means for effective coordination and  
5           implementation of aquaculture activities and  
6           programs within the Department, including in-  
7           dividual agency commitments of personnel and  
8           resources.

9           “(c) NATIONAL AQUACULTURE INFORMATION CEN-  
10          TER.—In carrying out section 5, the Secretary may main-  
11          tain and support a National Aquaculture Information Cen-  
12          ter at the National Agricultural Library as a repository  
13          for information on national and international aquaculture.

14          “(d) TREATMENT OF AQUACULTURE.—The Secretary  
15          shall treat—

16                 “(1) private aquaculture as agriculture; and

17                 “(2) commercially cultivated aquatic animals,  
18                 plants, and microorganisms, and products of the ani-  
19                 mals, plants, and microorganisms, produced by pri-  
20                 vate persons and transported or moved in standard  
21                 commodity channels as agricultural livestock, crops,  
22                 and commodities.

23          “(e) PRIVATE AQUACULTURE POLICY COORDINATION,  
24          DEVELOPMENT, AND IMPLEMENTATION.—



1 4, 1927 (89 Stat. 683; 20 U.S.C. 195), is amended by insert-  
2 ing “solicit,” after “authorized to”.

3 (b) CONCESSIONS, FEES, AND VOLUNTARY SERV-  
4 ICES.—The Act of March 4, 1927 (44 Stat. 1422, chapter  
5 505; 20 U.S.C. 191 et seq.), is amended by adding at the  
6 end the following:

7 **“SEC. 6. CONCESSIONS, FEES, AND VOLUNTARY SERVICES.**

8 “(a) IN GENERAL.—Notwithstanding the Federal  
9 Property and Administrative Services Act of 1949 (40  
10 U.S.C. 471 et seq.) and section 321 of the Act of June 30,  
11 1932 (47 Stat. 412, chapter 314; 40 U.S.C. 303b), the Sec-  
12 retary of Agriculture, in furtherance of the mission of the  
13 National Arboretum, may—

14 “(1) negotiate agreements granting concessions  
15 at the National Arboretum to nonprofit scientific or  
16 educational organizations the interests of which are  
17 complementary to the mission of the National Arbore-  
18 tum, except that the net proceeds of the organizations  
19 from the concessions shall be used exclusively for re-  
20 search and educational work for the benefit of the Na-  
21 tional Arboretum;

22 “(2) provide by concession, on such terms as the  
23 Secretary of Agriculture considers appropriate and  
24 necessary, for commercial services for food, drink, and  
25 nursery sales, if an agreement for a permanent con-



1        *cession under this paragraph is negotiated with a*  
2        *qualified person submitting a proposal after due con-*  
3        *sideration of all proposals received after the Secretary*  
4        *of Agriculture provides reasonable public notice of the*  
5        *intent of the Secretary to enter into such an agree-*  
6        *ment;*

7                *“(3) dispose of excess property, including excess*  
8        *plants and fish, in a manner designed to maximize*  
9        *revenue from any sale of the property, including by*  
10       *way of public auction, except that this paragraph*  
11       *shall not apply to the free dissemination of new vari-*  
12       *eties of seeds and germ plasm in accordance with sec-*  
13       *tion 520 of the Revised Statutes (commonly known as*  
14       *the ‘Department of Agriculture Organic Act of 1862’)*  
15       *(7 U.S.C. 2201);*

16                *“(4) charge such fees as the Secretary of Agri-*  
17       *culture considers reasonable for temporary use by in-*  
18       *dividuals or groups of National Arboretum facilities*  
19       *and grounds for any purpose consistent with the mis-*  
20       *sion of the National Arboretum;*

21                *“(5) charge such fees as the Secretary of Agri-*  
22       *culture considers reasonable for the use of the Na-*  
23       *tional Arboretum for commercial photography or*  
24       *cinematography;*

1           “(6) *publish, in print and electronically and*  
2           *without regard to laws relating to printing by the*  
3           *Federal Government, informational brochures, books,*  
4           *and other publications concerning the National Arbo-*  
5           *retum or the collections of the Arboretum; and*

6           “(7) *license use of the National Arboretum name*  
7           *and logo for public service or commercial uses.*

8           “(b) *USE OF FUNDS.—Any funds received or collected*  
9           *by the Secretary of Agriculture as a result of activities de-*  
10          *scribed in subsection (a) shall be retained in a special fund*  
11          *in the Treasury for the use and benefit of the National Arbo-*  
12          *retum as the Secretary of Agriculture considers appro-*  
13          *priate.*

14          “(c) *ACCEPTANCE OF VOLUNTARY SERVICES.—The*  
15          *Secretary of Agriculture may accept the voluntary services*  
16          *of organizations described in subsection (a)(1), and the vol-*  
17          *untary services of individuals (including employees of the*  
18          *National Arboretum), for the benefit of the National Arbore-*  
19          *tum.”.*

20          **SEC. 875. STUDY OF AGRICULTURAL RESEARCH SERVICE.**

21          “(a) *STUDY.—The Secretary of Agriculture shall request*  
22          *the National Academy of Sciences to conduct a study of the*  
23          *role and mission of the Agricultural Research Service. The*  
24          *study shall—*

1           (1) *evaluate the strength of science of the Service*  
2           *and the relevance of the science to national priorities;*

3           (2) *examine how the work of the Service relates*  
4           *to the capacity of the United States agricultural re-*  
5           *search, education, and extension system overall; and*

6           (3) *include recommendations, as appropriate.*

7           (b) *REPORT.*—*Not later than 18 months after the effec-*  
8           *tive date of this title, the Secretary shall prepare a report*  
9           *that describes the results of the study conducted under sub-*  
10          *section (a) and submit the report to the Committee on Agri-*  
11          *culture of the House of Representatives and the Committee*  
12          *on Agriculture, Nutrition, and Forestry of the Senate.*

13          (c) *FUNDING.*—*The Secretary shall use to carry out*  
14          *this section not more than \$500,000 of funds made available*  
15          *to the Agricultural Research Service for research.*

16        ***SEC. 876. LABELING OF DOMESTIC AND IMPORTED LAMB***  
17                        ***AND MUTTON.***

18          *Section 7 of the Federal Meat Inspection Act (21*  
19          *U.S.C. 607) is amended by adding at the end the following:*

20          “(f) *LAMB AND MUTTON.*—

21                “(1) *STANDARDS.*—*The Secretary, consistent*  
22                *with United States international obligations, shall es-*  
23                *tablish standards for the labeling of sheep carcasses,*  
24                *parts of carcasses, meat, and meat food products as*  
25                *‘lamb’ or ‘mutton’.*

1           “(2) *METHOD.*—*The standards under paragraph*  
2           *(1) shall be based on the use of the break or spool*  
3           *joint method to differentiate lamb from mutton by the*  
4           *degree of calcification of bone to reflect maturity.*”.

5   **SEC. 877. SENSE OF SENATE.**

6           *It is the sense of the Senate that the Department of*  
7           *Agriculture should continue to make methyl bromide alter-*  
8           *native research and extension activities a high priority of*  
9           *the Department: Provided, That it is the sense of the Senate*  
10          *that the Department of Agriculture, the Environmental*  
11          *Protection Agency, producer and processor organizations,*  
12          *environmental organizations, and State agencies continue*  
13          *their dialogue on the risks and benefits of extending the*  
14          *2001 phaseout deadline.*

15                   **TITLE IX—AGRICULTURAL**  
16                           **PROMOTION**  
17                                   **Subtitle A—Popcorn**

18   **SEC. 901. SHORT TITLE.**

19           *This subtitle may be cited as the “Popcorn Promotion,*  
20           *Research, and Consumer Information Act”.*

21   **SEC. 902. FINDINGS AND DECLARATION OF POLICY.**

22           *(a) FINDINGS.*—*Congress finds that—*

23                   *(1) popcorn is an important food that is a valu-*  
24                   *able part of the human diet;*

1           (2) *the production and processing of popcorn*  
2           *plays a significant role in the economy of the United*  
3           *States in that popcorn is processed by several popcorn*  
4           *processors, distributed through wholesale and retail*  
5           *outlets, and consumed by millions of people through-*  
6           *out the United States and foreign countries;*

7           (3) *popcorn must be of high quality, readily*  
8           *available, handled properly, and marketed efficiently*  
9           *to ensure that the benefits of popcorn are available to*  
10          *the people of the United States;*

11          (4) *the maintenance and expansion of existing*  
12          *markets and uses and the development of new markets*  
13          *and uses for popcorn are vital to the welfare of proc-*  
14          *essors and persons concerned with marketing, using,*  
15          *and producing popcorn for the market, as well as to*  
16          *the agricultural economy of the United States;*

17          (5) *the cooperative development, financing, and*  
18          *implementation of a coordinated program of popcorn*  
19          *promotion, research, consumer information, and in-*  
20          *dustry information is necessary to maintain and ex-*  
21          *pand markets for popcorn; and*

22          (6) *popcorn moves in interstate and foreign com-*  
23          *merce, and popcorn that does not move in those chan-*  
24          *nels of commerce directly burdens or affects interstate*  
25          *commerce in popcorn.*

1           (b) *POLICY.*—*It is the policy of Congress that it is in*  
2 *the public interest to authorize the establishment, through*  
3 *the exercise of the powers provided in this subtitle, of an*  
4 *orderly procedure for developing, financing (through ade-*  
5 *quate assessments on unpopped popcorn processed domesti-*  
6 *cally), and carrying out an effective, continuous, and co-*  
7 *ordinated program of promotion, research, consumer infor-*  
8 *mation, and industry information designed to—*

9                   (1) *strengthen the position of the popcorn indus-*  
10 *try in the marketplace; and*

11                   (2) *maintain and expand domestic and foreign*  
12 *markets and uses for popcorn.*

13           (c) *PURPOSES.*—*The purposes of this subtitle are to—*

14                   (1) *maintain and expand the markets for all*  
15 *popcorn products in a manner that—*

16                           (A) *is not designed to maintain or expand*  
17 *any individual share of a producer or processor*  
18 *of the market;*

19                           (B) *does not compete with or replace indi-*  
20 *vidual advertising or promotion efforts designed*  
21 *to promote individual brand name or trade*  
22 *name popcorn products; and*

23                           (C) *authorizes and funds programs that re-*  
24 *sult in government speech promoting government*  
25 *objectives; and*

1           (2) *establish a nationally coordinated program*  
2           *for popcorn promotion, research, consumer informa-*  
3           *tion, and industry information.*

4           (d) *STATUTORY CONSTRUCTION.—This subtitle treats*  
5           *processors equitably. Nothing in this subtitle—*

6           (1) *provides for the imposition of a trade barrier*  
7           *to the entry into the United States of imported pop-*  
8           *corn for the domestic market; or*

9           (2) *provides for the control of production or oth-*  
10          *erwise limits the right of any individual processor to*  
11          *produce popcorn.*

12       **SEC. 903. DEFINITIONS.**

13       *In this subtitle (except as otherwise specifically pro-*  
14       *vided):*

15           (1) *BOARD.—The term “Board” means the Pop-*  
16           *corn Board established under section 905(b).*

17           (2) *COMMERCE.—The term “commerce” means*  
18           *interstate, foreign, or intrastate commerce.*

19           (3) *CONSUMER INFORMATION.—The term*  
20           *“consumer information” means information and pro-*  
21           *grams that will assist consumers and other persons in*  
22           *making evaluations and decisions regarding the pur-*  
23           *chase, preparation, and use of popcorn.*

24           (4) *DEPARTMENT.—The term “Department”*  
25           *means the Department of Agriculture.*

1           (5) *INDUSTRY INFORMATION.*—*The term “indus-*  
2 *try information” means information and programs*  
3 *that will lead to the development of—*

4                   (A) *new markets, new marketing strategies,*  
5 *or increased efficiency for the popcorn industry;*  
6 *or*

7                   (B) *activities to enhance the image of the*  
8 *popcorn industry.*

9           (6) *MARKETING.*—*The term “marketing” means*  
10 *the sale or other disposition of unpopped popcorn for*  
11 *human consumption in a channel of commerce, but*  
12 *does not include a sale or disposition to or between*  
13 *processors.*

14           (7) *ORDER.*—*The term “order” means an order*  
15 *issued under section 904.*

16           (8) *PERSON.*—*The term “person” means an in-*  
17 *dividual, group of individuals, partnership, corpora-*  
18 *tion, association, or cooperative, or any other legal*  
19 *entity.*

20           (9) *POPCORN.*—*The term “popcorn” means*  
21 *unpopped popcorn (Zea Mays L) that is—*

22                   (A) *commercially grown;*

23                   (B) *processed in the United States by shell-*  
24 *ing, cleaning, or drying; and*

25                   (C) *introduced into a channel of commerce.*



1           (10) *PROCESS.*—The term “process” means to  
2           shell, clean, dry, and prepare popcorn for the market,  
3           but does not include packaging popcorn for the mar-  
4           ket without also engaging in another activity de-  
5           scribed in this paragraph.

6           (11) *PROCESSOR.*—The term “processor” means  
7           a person engaged in the preparation of unpopped  
8           popcorn for the market who owns or shares the owner-  
9           ship and risk of loss of the popcorn and who processes  
10          and distributes over 4,000,000 pounds of popcorn in  
11          the market per year.

12          (12) *PROMOTION.*—The term “promotion” means  
13          an action, including paid advertising, to enhance the  
14          image or desirability of popcorn.

15          (13) *RESEARCH.*—The term “research” means  
16          any type of study to advance the image, desirability,  
17          marketability, production, product development, qual-  
18          ity, or nutritional value of popcorn.

19          (14) *SECRETARY.*—The term “Secretary” means  
20          the Secretary of Agriculture.

21          (15) *STATE.*—The term “State” means each of  
22          the 50 States and the District of Columbia.

23          (16) *UNITED STATES.*—The term “United  
24          States” means all of the States.

1 **SEC. 904. ISSUANCE OF ORDERS.**

2 (a) *IN GENERAL.*—*To effectuate the policy described*  
3 *in section 902(b), the Secretary, subject to subsection (b),*  
4 *shall issue 1 or more orders applicable to processors. An*  
5 *order shall be applicable to all popcorn production and*  
6 *marketing areas in the United States. Not more than 1*  
7 *order shall be in effect under this subtitle at any 1 time.*

8 (b) *PROCEDURE.*—

9 (1) *PROPOSAL OR REQUEST FOR ISSUANCE.*—  
10 *The Secretary may propose the issuance of an order,*  
11 *or an association of processors or any other person*  
12 *that would be affected by an order may request the is-*  
13 *suance of, and submit a proposal for, an order.*

14 (2) *NOTICE AND COMMENT CONCERNING PRO-*  
15 *POSED ORDER.*—*Not later than 60 days after the re-*  
16 *ceipt of a request and proposal for an order under*  
17 *paragraph (1), or at such time as the Secretary deter-*  
18 *mines to propose an order, the Secretary shall publish*  
19 *a proposed order and give due notice and opportunity*  
20 *for public comment on the proposed order.*

21 (3) *ISSUANCE OF ORDER.*—*After notice and op-*  
22 *portunity for public comment under paragraph (2),*  
23 *the Secretary shall issue an order, taking into consid-*  
24 *eration the comments received and including in the*  
25 *order such provisions as are necessary to ensure that*  
26 *the order conforms to this subtitle. The order shall be*

1        *issued and become effective not later than 150 days*  
2        *after the date of publication of the proposed order.*

3        (c) *AMENDMENTS.*—*The Secretary, as appropriate,*  
4        *may amend an order. The provisions of this subtitle appli-*  
5        *cable to an order shall be applicable to any amendment to*  
6        *an order, except that an amendment to an order may not*  
7        *require a referendum to become effective.*

8        **SEC. 905. REQUIRED TERMS IN ORDERS.**

9        (a) *IN GENERAL.*—*An order shall contain the terms*  
10       *and conditions specified in this section.*

11       (b) *ESTABLISHMENT AND MEMBERSHIP OF POPCORN*  
12       *BOARD.*—

13                (1) *IN GENERAL.*—*The order shall provide for*  
14        *the establishment of, and appointment of members to,*  
15        *a Popcorn Board that shall consist of not fewer than*  
16        *4 members and not more than 9 members.*

17                (2) *NOMINATIONS.*—*The members of the Board*  
18        *shall be processors appointed by the Secretary from*  
19        *nominations submitted by processors in a manner au-*  
20        *thorized by the Secretary, subject to paragraph (3).*  
21        *Not more than 1 member may be appointed to the*  
22        *Board from nominations submitted by any 1 proc-*  
23        *essor.*

24                (3) *GEOGRAPHICAL DIVERSITY.*—*In making ap-*  
25        *pointments, the Secretary shall take into account, to*

1        *the extent practicable, the geographical distribution of*  
2        *popcorn production throughout the United States.*

3            (4) *TERMS.*—*The term of appointment of each*  
4        *member of the Board shall be 3 years, except that the*  
5        *members appointed to the initial Board shall serve,*  
6        *proportionately, for terms of 2, 3, and 4 years, as de-*  
7        *termined by the Secretary.*

8            (5) *COMPENSATION AND EXPENSES.*—*A member*  
9        *of the Board shall serve without compensation, but*  
10       *shall be reimbursed for the expenses of the member in-*  
11       *curring in the performance of duties for the Board.*

12          (c) *POWERS AND DUTIES OF BOARD.*—*The order shall*  
13       *define the powers and duties of the Board, which shall in-*  
14       *clude the power and duty—*

15            (1) *to administer the order in accordance with*  
16        *the terms and provisions of the order;*

17            (2) *to make regulations to effectuate the terms*  
18        *and provisions of the order;*

19            (3) *to appoint members of the Board to serve on*  
20        *an executive committee;*

21            (4) *to propose, receive, evaluate, and approve*  
22        *budgets, plans, and projects of promotion, research,*  
23        *consumer information, and industry information,*  
24        *and to contract with appropriate persons to imple-*  
25        *ment the plans or projects;*

1           (5) *to accept and receive voluntary contributions,*  
2 *gifts, and market promotion or similar funds;*

3           (6) *to invest, pending disbursement under a plan*  
4 *or project, funds collected through assessments author-*  
5 *ized under subsection (f), only in—*

6                 (A) *obligations of the United States or an*  
7 *agency of the United States;*

8                 (B) *general obligations of a State or a polit-*  
9 *ical subdivision of a State;*

10                (C) *an interest-bearing account or certifi-*  
11 *cate of deposit of a bank that is a member of the*  
12 *Federal Reserve System; or*

13                (D) *obligations fully guaranteed as to prin-*  
14 *cipal and interest by the United States;*

15           (7) *to receive, investigate, and report to the Sec-*  
16 *retary complaints of violations of the order; and*

17           (8) *to recommend to the Secretary amendments*  
18 *to the order.*

19           (d) *PLANS AND BUDGETS.—*

20                 (1) *IN GENERAL.—The order shall provide that*  
21 *the Board shall submit to the Secretary for approval*  
22 *any plan or project of promotion, research, consumer*  
23 *information, or industry information.*

24                 (2) *BUDGETS.—The order shall require the*  
25 *Board to submit to the Secretary for approval budgets*

1        *on a fiscal year basis of the anticipated expenses and*  
2        *disbursements of the Board in the implementation of*  
3        *the order, including projected costs of plans and*  
4        *projects of promotion, research, consumer informa-*  
5        *tion, and industry information.*

6        *(e) CONTRACTS AND AGREEMENTS.—*

7            *(1) IN GENERAL.—The order shall provide that*  
8        *the Board may enter into contracts or agreements for*  
9        *the implementation and carrying out of plans or*  
10       *projects of promotion, research, consumer informa-*  
11       *tion, or industry information, including contracts*  
12       *with a processor organization, and for the payment of*  
13       *the cost of the plans or projects with funds collected*  
14       *by the Board under the order.*

15           *(2) REQUIREMENTS.—A contract or agreement*  
16       *under paragraph (1) shall provide that—*

17            *(A) the contracting party shall develop and*  
18        *submit to the Board a plan or project, together*  
19        *with a budget that shows the estimated costs to*  
20        *be incurred for the plan or project;*

21            *(B) the plan or project shall become effective*  
22        *on the approval of the Secretary; and*

23            *(C) the contracting party shall keep accu-*  
24        *rate records of each transaction of the party, ac-*  
25        *count for funds received and expended, make*

1           *periodic reports to the Board of activities con-*  
2           *ducted, and make such other reports as the*  
3           *Board or the Secretary may require.*

4           (3) *PROCESSOR ORGANIZATIONS.—The order*  
5           *shall provide that the Board may contract with proc-*  
6           *essor organizations for any other services. The con-*  
7           *tract shall include provisions comparable to the provi-*  
8           *sions required by paragraph (2).*

9           (f) *ASSESSMENTS.—*

10           (1) *PROCESSORS.—The order shall provide that*  
11           *each processor marketing popcorn in the United*  
12           *States or for export shall, in the manner prescribed*  
13           *in the order, pay assessments and remit the assess-*  
14           *ments to the Board.*

15           (2) *DIRECT MARKETERS.—A processor that mar-*  
16           *kets popcorn produced by the processor directly to*  
17           *consumers shall pay and remit the assessments on the*  
18           *popcorn directly to the Board in the manner pre-*  
19           *scribed in the order.*

20           (3) *RATE.—*

21           (A) *IN GENERAL.—The rate of assessment*  
22           *prescribed in the order shall be a rate established*  
23           *by the Board but not more than \$.08 per hun-*  
24           *dredweight of popcorn.*

1           (B) *ADJUSTMENT OF RATE.*—The order  
2 shall provide that the Board, with the approval  
3 of the Secretary, may raise or lower the rate of  
4 assessment annually up to a maximum of \$.08  
5 per hundredweight of popcorn.

6           (4) *USE OF ASSESSMENTS.*—

7           (A) *IN GENERAL.*—Subject to subpara-  
8 graphs (B) and (C) and subsection (c)(5), the  
9 order shall provide that the assessments collected  
10 shall be used by the Board—

11           (i) to pay expenses incurred in imple-  
12 menting and administering the order, with  
13 provision for a reasonable reserve; and

14           (ii) to cover such administrative costs  
15 as are incurred by the Secretary, except  
16 that the administrative costs incurred by  
17 the Secretary (other than any legal expenses  
18 incurred to defend and enforce the order)  
19 that may be reimbursed by the Board may  
20 not exceed 15 percent of the projected an-  
21 nual revenues of the Board.

22           (B) *EXPENDITURES BASED ON SOURCE OF*  
23 *ASSESSMENTS.*—In implementing plans and  
24 projects of promotion, research, consumer infor-



1            *mation, and industry information, the Board*  
2            *shall expend funds on—*

3                    *(i) plans and projects for popcorn*  
4                    *marketed in the United States or Canada*  
5                    *in proportion to the amount of assessments*  
6                    *collected on domestically marketed popcorn;*  
7                    *and*

8                    *(ii) plans and projects for exported*  
9                    *popcorn in proportion to the amount of as-*  
10                   *sessments collected on exported popcorn.*

11                   *(C) NOTIFICATION.—If the administrative*  
12                   *costs incurred by the Secretary that are reim-*  
13                   *bursed by the Board exceed 10 percent of the pro-*  
14                   *jected annual revenues of the Board, the Sec-*  
15                   *retary shall notify as soon as practicable the*  
16                   *Committee on Agriculture of the House of Rep-*  
17                   *resentatives and the Committee on Agriculture,*  
18                   *Nutrition, and Forestry of the Senate.*

19                   *(g) PROHIBITION ON USE OF FUNDS.—The order shall*  
20                   *prohibit any funds collected by the Board under the order*  
21                   *from being used to influence government action or policy,*  
22                   *other than the use of funds by the Board for the development*  
23                   *and recommendation to the Secretary of amendments to the*  
24                   *order.*

1       (h) *BOOKS AND RECORDS OF THE BOARD.*—The order  
2 shall require the Board to—

3           (1) *maintain such books and records (which shall*  
4 *be available to the Secretary for inspection and audit)*  
5 *as the Secretary may prescribe;*

6           (2) *prepare and submit to the Secretary, from*  
7 *time to time, such reports as the Secretary may pre-*  
8 *scribe; and*

9           (3) *account for the receipt and disbursement of*  
10 *all funds entrusted to the Board.*

11       (i) *BOOKS AND RECORDS OF PROCESSORS.*—

12           (1) *MAINTENANCE AND REPORTING OF INFORMA-*  
13 *TION.*—The order shall require that each processor of  
14 popcorn for the market shall—

15           (A) *maintain, and make available for in-*  
16 *spection, such books and records as are required*  
17 *by the order; and*

18           (B) *file reports at such time, in such man-*  
19 *ner, and having such content as is prescribed in*  
20 *the order.*

21           (2) *USE OF INFORMATION.*—The Secretary shall  
22 authorize the use of information regarding processors  
23 that may be accumulated under a law or regulation  
24 other than this subtitle or a regulation issued under  
25 this subtitle. The information shall be made available

1       to the Secretary as appropriate for the administra-  
2       tion or enforcement of this subtitle, the order, or any  
3       regulation issued under this subtitle.

4               (3) *CONFIDENTIALITY.*—

5               (A) *IN GENERAL.*—Subject to subpara-  
6       graphs (B), (C), and (D), all information ob-  
7       tained by the Secretary under paragraphs (1)  
8       and (2) shall be kept confidential by all officers,  
9       employees, and agents of the Board and the De-  
10      partment.

11              (B) *DISCLOSURE BY SECRETARY.*—Informa-  
12      tion referred to in subparagraph (A) may be dis-  
13      closed if—

14              (i) the Secretary considers the informa-  
15      tion relevant;

16              (ii) the information is revealed in a  
17      suit or administrative hearing brought at  
18      the request of the Secretary, or to which the  
19      Secretary or any officer of the United States  
20      is a party; and

21              (iii) the information relates to the  
22      order.

23              (C) *DISCLOSURE TO OTHER AGENCY OF*  
24      *FEDERAL GOVERNMENT.*—

1           (i) *IN GENERAL.*—No information ob-  
2           tained under the authority of this subtitle  
3           may be made available to another agency or  
4           officer of the Federal Government for any  
5           purpose other than the implementation of  
6           this subtitle and any investigatory or en-  
7           forcement activity necessary for the imple-  
8           mentation of this subtitle.

9           (ii) *PENALTY.*—A person who know-  
10          ingly violates this subparagraph shall, on  
11          conviction, be subject to a fine of not more  
12          than \$1,000 or to imprisonment for not  
13          more than 1 year, or both, and if an officer,  
14          employee, or agent of the Board or the De-  
15          partment, shall be removed from office or  
16          terminated from employment, as applicable.

17          (D) *GENERAL STATEMENTS.*—Nothing in  
18          this paragraph prohibits—

19               (i) the issuance of general statements,  
20               based on the reports, of the number of per-  
21               sons subject to the order or statistical data  
22               collected from the reports, if the statements  
23               do not identify the information provided by  
24               any person; or

1                   (ii) the publication, by direction of the  
2                   Secretary, of the name of a person violating  
3                   the order, together with a statement of the  
4                   particular provisions of the order violated  
5                   by the person.

6           (j) *OTHER TERMS AND CONDITIONS.*—The order shall  
7           contain such terms and conditions, consistent with this sub-  
8           title, as are necessary to effectuate this subtitle, including  
9           regulations relating to the assessment of late payment  
10          charges.

11   **SEC. 906. REFERENDA.**

12          (a) *INITIAL REFERENDUM.*—

13               (1) *IN GENERAL.*—Within the 60-day period im-  
14               mediately preceding the effective date of an order, as  
15               provided in section 904(b)(3), the Secretary shall con-  
16               duct a referendum among processors who, during a  
17               representative period as determined by the Secretary,  
18               have been engaged in processing, for the purpose of  
19               ascertaining whether the order shall go into effect.

20               (2) *APPROVAL OF ORDER.*—The order shall be-  
21               come effective, as provided in section 904(b), only if  
22               the Secretary determines that the order has been ap-  
23               proved by not less than a majority of the processors  
24               voting in the referendum and if the majority proc-  
25               essed more than 50 percent of the popcorn certified as

1        *having been processed, during the representative pe-*  
2        *riod, by the processors voting.*

3        *(b) ADDITIONAL REFERENDA.—*

4                *(1) IN GENERAL.—Not earlier than 3 years after*  
5        *the effective date of an order approved under sub-*  
6        *section (a), on the request of the Board or a represent-*  
7        *ative group of processors, as described in paragraph*  
8        *(2), the Secretary may conduct additional referenda*  
9        *to determine whether processors favor the termination*  
10       *or suspension of the order.*

11               *(2) REPRESENTATIVE GROUP OF PROCESSORS.—*  
12       *An additional referendum on an order shall be con-*  
13       *ducted if the referendum is requested by 30 percent or*  
14       *more of the number of processors who, during a rep-*  
15       *resentative period as determined by the Secretary,*  
16       *have been engaged in processing.*

17               *(3) DISAPPROVAL OF ORDER.—If the Secretary*  
18       *determines, in a referendum conducted under para-*  
19       *graph (1), that suspension or termination of the order*  
20       *is favored by at least  $\frac{2}{3}$  of the processors voting in*  
21       *the referendum, the Secretary shall—*

22               *(A) suspend or terminate, as appropriate,*  
23               *collection of assessments under the order not*  
24               *later than 180 days after the date of determina-*  
25               *tion; and*

1           (B) suspend or terminate the order, as ap-  
2           propriate, in an orderly manner as soon as  
3           practicable after the date of determination.

4           (c) *COSTS OF REFERENDUM.*—The Secretary shall be  
5           reimbursed from assessments collected by the Board for any  
6           expenses incurred by the Secretary in connection with the  
7           conduct of any referendum under this section.

8           (d) *METHOD OF CONDUCTING REFERENDUM.*—Subject  
9           to this section, a referendum conducted under this section  
10          shall be conducted in such manner as is determined by the  
11          Secretary.

12          (e) *CONFIDENTIALITY OF BALLOTS AND OTHER INFOR-*  
13          *MATION.*—

14               (1) *IN GENERAL.*—The ballots and other infor-  
15               mation or reports that reveal or tend to reveal the  
16               vote of any processor, or any business operation of a  
17               processor, shall be considered to be strictly confiden-  
18               tial and shall not be disclosed.

19               (2) *PENALTY FOR VIOLATIONS.*—An officer or  
20               employee of the Department who knowingly violates  
21               paragraph (1) shall be subject to the penalties de-  
22               scribed in section 905(i)(3)(C)(ii).

23       **SEC. 907. PETITION AND REVIEW.**

24               (a) *PETITION.*—

1           (1) *IN GENERAL.*—A person subject to an order  
2           may file with the Secretary a petition—

3                   (A) stating that the order, a provision of the  
4                   order, or an obligation imposed in connection  
5                   with the order is not established in accordance  
6                   with law; and

7                   (B) requesting a modification of the order  
8                   or obligation or an exemption from the order or  
9                   obligation.

10           (2) *STATUTE OF LIMITATIONS.*—A petition under  
11           paragraph (1) concerning an obligation may be filed  
12           not later than 2 years after the date of imposition of  
13           the obligation.

14           (3) *HEARINGS.*—The petitioner shall be given the  
15           opportunity for a hearing on a petition filed under  
16           paragraph (1), in accordance with regulations issued  
17           by the Secretary.

18           (4) *RULING.*—After a hearing under paragraph  
19           (3), the Secretary shall issue a ruling on the petition  
20           that is the subject of the hearing, which shall be final  
21           if the ruling is in accordance with applicable law.

22           (b) *REVIEW.*—

23                   (1) *COMMENCEMENT OF ACTION.*—The district  
24                   court of the United States for any district in which  
25                   a person who is a petitioner under subsection (a) re-



1 *sides or carries on business shall have jurisdiction to*  
2 *review a ruling on the petition, if the person files a*  
3 *complaint not later than 20 days after the date of is-*  
4 *suance of the ruling under subsection (a)(4).*

5 (2) *PROCESS.*—*Service of process in a proceed-*  
6 *ing under paragraph (1) may be made on the Sec-*  
7 *retary by delivering a copy of the complaint to the*  
8 *Secretary.*

9 (3) *REMANDS.*—*If the court determines, under*  
10 *paragraph (1), that a ruling issued under subsection*  
11 *(a)(4) is not in accordance with applicable law, the*  
12 *court shall remand the matter to the Secretary with*  
13 *directions—*

14 (A) *to make such ruling as the court shall*  
15 *determine to be in accordance with law; or*

16 (B) *to take such further proceedings as, in*  
17 *the opinion of the court, the law requires.*

18 (c) *ENFORCEMENT.*—*The pendency of proceedings in-*  
19 *stituted under subsection (a) may not impede, hinder, or*  
20 *delay the Secretary or the Attorney General from taking*  
21 *action under section 908.*

22 **SEC. 908. ENFORCEMENT.**

23 (a) *IN GENERAL.*—*The Secretary may issue an en-*  
24 *forcement order to restrain or prevent any person from vio-*  
25 *lating an order or regulation issued under this subtitle and*

1 *may assess a civil penalty of not more than \$1,000 for each*  
2 *violation of the enforcement order, after an opportunity for*  
3 *an administrative hearing, if the Secretary determines that*  
4 *the administration and enforcement of the order and this*  
5 *subtitle would be adequately served by such a procedure.*

6 (b) *JURISDICTION.*—*The district courts of the United*  
7 *States are vested with jurisdiction specifically to enforce,*  
8 *and to prevent and restrain any person from violating, an*  
9 *order or regulation issued under this subtitle.*

10 (c) *REFERRAL TO ATTORNEY GENERAL.*—*A civil ac-*  
11 *tion authorized to be brought under this section shall be*  
12 *referred to the Attorney General for appropriate action.*

13 ***SEC. 909. INVESTIGATIONS AND POWER TO SUBPOENA.***

14 (a) *INVESTIGATIONS.*—*The Secretary may make such*  
15 *investigations as the Secretary considers necessary—*

16 (1) *for the effective administration of this sub-*  
17 *title; and*

18 (2) *to determine whether any person subject to*  
19 *this subtitle has engaged, or is about to engage, in an*  
20 *act that constitutes or will constitute a violation of*  
21 *this subtitle or of an order or regulation issued under*  
22 *this subtitle.*

23 (b) *OATHS, AFFIRMATIONS, AND SUBPOENAS.*—*For the*  
24 *purpose of an investigation under subsection (a), the Sec-*  
25 *retary may administer oaths and affirmations, subpoena*

1 *witnesses, compel the attendance of witnesses, take evidence,*  
2 *and require the production of any records that are relevant*  
3 *to the inquiry. The attendance of witnesses and the produc-*  
4 *tion of records may be required from any place in the Unit-*  
5 *ed States.*

6 (c) *AID OF COURTS.—*

7 (1) *REQUEST.—In the case of contumacy by, or*  
8 *refusal to obey a subpoena issued to, any person, the*  
9 *Secretary may request the aid of any court of the*  
10 *United States within the jurisdiction of which the in-*  
11 *vestigation or proceeding is carried on, or where the*  
12 *person resides or carries on business, in requiring the*  
13 *attendance and testimony of the person and the pro-*  
14 *duction of records.*

15 (2) *ENFORCEMENT ORDER OF THE COURT.—The*  
16 *court may issue an enforcement order requiring the*  
17 *person to appear before the Secretary to produce*  
18 *records or to give testimony concerning the matter*  
19 *under investigation.*

20 (3) *CONTEMPT.—A failure to obey an enforce-*  
21 *ment order of the court under paragraph (2) may be*  
22 *punished by the court as a contempt of the court.*

23 (4) *PROCESS.—Process in a case under this sub-*  
24 *section may be served in the judicial district in which*

1        *the person resides or conducts business or wherever*  
2        *the person may be found.*

3        **SEC. 910. RELATION TO OTHER PROGRAMS.**

4        *Nothing in this subtitle preempts or supersedes any*  
5        *other program relating to popcorn promotion organized and*  
6        *operated under the laws of the United States or any State.*

7        **SEC. 911. REGULATIONS.**

8        *The Secretary may issue such regulations as are nec-*  
9        *essary to carry out this subtitle.*

10       **SEC. 912. AUTHORIZATION OF APPROPRIATIONS.**

11       *There are authorized to be appropriated such sums as*  
12       *are necessary to carry out this subtitle. Amounts made*  
13       *available under this section or otherwise made available to*  
14       *the Department, and amounts made available under any*  
15       *other marketing or promotion order, may not be used to*  
16       *pay any administrative expense of the Board.*

17       ***Subtitle B—Canola and Rapeseed***

18       **SEC. 921. SHORT TITLE.**

19       *This subtitle may be cited as the “Canola and*  
20       *Rapeseed Research, Promotion, and Consumer Information*  
21       *Act”.*

22       **SEC. 922. FINDINGS AND DECLARATION OF POLICY.**

23       (a) *FINDINGS.*—*Congress finds that—*

24                (1) *canola and rapeseed products are an impor-*  
25                *tant and nutritious part of the human diet;*

1           (2) *the production of canola and rapeseed prod-*  
2 *ucts plays a significant role in the economy of the*  
3 *United States in that canola and rapeseed products*  
4 *are produced by thousands of canola and rapeseed*  
5 *producers, processed by numerous processing entities,*  
6 *and canola and rapeseed products produced in the*  
7 *United States are consumed by people throughout the*  
8 *United States and foreign countries;*

9           (3) *canola, rapeseed, and canola and rapeseed*  
10 *products should be readily available and marketed ef-*  
11 *fectively to ensure that consumers have an adequate*  
12 *supply of canola and rapeseed products at a reason-*  
13 *able price;*

14           (4) *the maintenance and expansion of existing*  
15 *markets and development of new markets for canola,*  
16 *rapeseed, and canola and rapeseed products are vital*  
17 *to the welfare of canola and rapeseed producers and*  
18 *processors and those persons concerned with market-*  
19 *ing canola, rapeseed, and canola and rapeseed prod-*  
20 *ucts, as well as to the general economy of the United*  
21 *States, and are necessary to ensure the ready avail-*  
22 *ability and efficient marketing of canola, rapeseed,*  
23 *and canola and rapeseed products;*

24           (5) *there exist established State and national or-*  
25 *ganizations conducting canola and rapeseed research,*

1        *promotion, and consumer education programs that*  
2        *are valuable to the efforts of promoting the consump-*  
3        *tion of canola, rapeseed, and canola and rapeseed*  
4        *products;*

5            *(6) the cooperative development, financing, and*  
6        *implementation of a coordinated national program of*  
7        *canola and rapeseed research, promotion, consumer*  
8        *information, and industry information is necessary*  
9        *to maintain and expand existing markets and develop*  
10       *new markets for canola, rapeseed, and canola and*  
11       *rapeseed products; and*

12           *(7) canola, rapeseed, and canola and rapeseed*  
13       *products move in interstate and foreign commerce,*  
14       *and canola, rapeseed, and canola and rapeseed prod-*  
15       *ucts that do not move in interstate or foreign com-*  
16       *merce directly burden or affect interstate commerce in*  
17       *canola, rapeseed, and canola and rapeseed products.*

18        *(b) POLICY.—It is the policy of this subtitle to establish*  
19       *an orderly procedure for developing, financing through as-*  
20       *sessments on domestically-produced canola and rapeseed,*  
21       *and implementing a program of research, promotion,*  
22       *consumer information, and industry information designed*  
23       *to strengthen the position in the marketplace of the canola*  
24       *and rapeseed industry, to maintain and expand existing*  
25       *domestic and foreign markets and uses for canola, rapeseed,*

1 *and canola and rapeseed products, and to develop new mar-*  
2 *kets and uses for canola, rapeseed, and canola and rapeseed*  
3 *products.*

4 (c) *CONSTRUCTION.*—*Nothing in this subtitle provides*  
5 *for the control of production or otherwise limits the right*  
6 *of individual producers to produce canola, rapeseed, or*  
7 *canola or rapeseed products.*

8 **SEC. 923. DEFINITIONS.**

9 *In this subtitle (unless the context otherwise requires):*

10 (1) *BOARD.*—*The term “Board” means the Na-*  
11 *tional Canola and Rapeseed Board established under*  
12 *section 925(b).*

13 (2) *CANOLA; RAPESEED.*—*The terms “canola”*  
14 *and “rapeseed” means any brassica plant grown in*  
15 *the United States for the production of an oilseed, the*  
16 *oil of which is used for a food or nonfood use.*

17 (3) *CANOLA OR RAPESEED PRODUCTS.*—*The*  
18 *term “canola or rapeseed products” means products*  
19 *produced, in whole or in part, from canola or*  
20 *rapeseed.*

21 (4) *COMMERCE.*—*The term “commerce” includes*  
22 *interstate, foreign, and intrastate commerce.*

23 (5) *CONFLICT OF INTEREST.*—*The term “conflict*  
24 *of interest” means a situation in which a member of*  
25 *the Board has a direct or indirect financial interest*

1        *in a corporation, partnership, sole proprietorship,*  
2        *joint venture, or other business entity dealing directly*  
3        *or indirectly with the Board.*

4            (6) *CONSUMER INFORMATION.*—*The term*  
5        *“consumer information” means information that will*  
6        *assist consumers and other persons in making evalua-*  
7        *tions and decisions regarding the purchase, prepara-*  
8        *tion, and use of canola, rapeseed, or canola or*  
9        *rapeseed products.*

10           (7) *DEPARTMENT.*—*The term “Department”*  
11        *means the Department of Agriculture.*

12           (8) *FIRST PURCHASER.*—*The term “first pur-*  
13        *chaser” means—*

14                (A) *except as provided in subparagraph*  
15                (B), *a person buying or otherwise acquiring*  
16                *canola, rapeseed, or canola or rapeseed products*  
17                *produced by a producer; or*

18                (B) *the Commodity Credit Corporation, in*  
19                *a case in which canola or rapeseed is forfeited to*  
20                *the Commodity Credit Corporation as collateral*  
21                *for a loan issued under a price support loan pro-*  
22                *gram administered by the Commodity Credit*  
23                *Corporation.*

24           (9) *INDUSTRY INFORMATION.*—*The term “indus-*  
25        *try information” means information or programs*



1       *that will lead to the development of new markets, new*  
2       *marketing strategies, or increased efficiency for the*  
3       *canola and rapeseed industry, or an activity to en-*  
4       *hance the image of the canola or rapeseed industry.*

5           (10) *INDUSTRY MEMBER.*—*The term “industry*  
6       *member” means a member of the canola and rapeseed*  
7       *industry who represents—*

8           (A) *manufacturers of canola or rapeseed*  
9       *products; or*

10          (B) *persons who commercially buy or sell*  
11       *canola or rapeseed.*

12          (11) *MARKETING.*—*The term “marketing” means*  
13       *the sale or other disposition of canola, rapeseed, or*  
14       *canola or rapeseed products in a channel of com-*  
15       *merce.*

16          (12) *ORDER.*—*The term “order” means an order*  
17       *issued under section 924.*

18          (13) *PERSON.*—*The term “person” means an in-*  
19       *dividual, partnership, corporation, association, coop-*  
20       *erative, or any other legal entity.*

21          (14) *PRODUCER.*—*The term “producer” means a*  
22       *person engaged in the growing of canola or rapeseed*  
23       *in the United States who owns, or who shares the*  
24       *ownership and risk of loss of, the canola or rapeseed.*

1           (15) *PROMOTION.*—*The term “promotion” means*  
2 *an action, including paid advertising, technical as-*  
3 *sistance, or trade servicing activity, to enhance the*  
4 *image or desirability of canola, rapeseed, or canola or*  
5 *rapeseed products in domestic and foreign markets, or*  
6 *an activity designed to communicate to consumers,*  
7 *processors, wholesalers, retailers, government officials,*  
8 *or others information relating to the positive at-*  
9 *tributes of canola, rapeseed, or canola or rapeseed*  
10 *products or the benefits of use or distribution of*  
11 *canola, rapeseed, or canola or rapeseed products.*

12           (16) *QUALIFIED STATE CANOLA AND RAPESEED*  
13 *BOARD.*—*The term “qualified State canola and*  
14 *rapeseed board” means a State canola and rapeseed*  
15 *promotion entity that is authorized and functioning*  
16 *under State law.*

17           (17) *RESEARCH.*—*The term “research” means*  
18 *any type of test, study, or analysis to advance the*  
19 *image, desirability, marketability, production, prod-*  
20 *uct development, quality, or functional or nutritional*  
21 *value of canola, rapeseed, or canola or rapeseed prod-*  
22 *ucts, including research activity designed to identify*  
23 *and analyze barriers to export sales of canola or*  
24 *rapeseed produced in the United States.*

1           (18) *SECRETARY.*—*The term “Secretary” means*  
2           *the Secretary of Agriculture.*

3           (19) *STATE.*—*The term “State” means any of*  
4           *the 50 States, the District of Columbia and the Com-*  
5           *monwealth of Puerto Rico.*

6           (20) *UNITED STATES.*—*The term “United*  
7           *States” means collectively the 50 States, the District*  
8           *of Columbia, and the Commonwealth of Puerto Rico.*

9   **SEC. 924. ISSUANCE AND AMENDMENT OF ORDERS.**

10          (a) *IN GENERAL.*—*Subject to subsection (b), the Sec-*  
11          *retary shall issue 1 or more orders under this subtitle appli-*  
12          *cable to producers and first purchasers of canola, rapeseed,*  
13          *or canola or rapeseed products. The order shall be national*  
14          *in scope. Not more than 1 order shall be in effect under*  
15          *this subtitle at any 1 time.*

16          (b) *PROCEDURE.*—

17                  (1) *PROPOSAL OR REQUEST FOR ISSUANCE.*—  
18                  *The Secretary may propose the issuance of an order*  
19                  *under this subtitle, or an association of canola and*  
20                  *rapeseed producers or any other person that would be*  
21                  *affected by an order issued pursuant to this subtitle*  
22                  *may request the issuance of, and submit a proposal*  
23                  *for, an order.*

24                  (2) *NOTICE AND COMMENT CONCERNING PRO-*  
25                  *POSED ORDER.*—*Not later than 60 days after the re-*

1       *ceipt of a request and proposal for an order pursuant*  
2       *to paragraph (1), or whenever the Secretary deter-*  
3       *mines to propose an order, the Secretary shall publish*  
4       *a proposed order and give due notice and opportunity*  
5       *for public comment on the proposed order.*

6               (3) *ISSUANCE OF ORDER.*—*After notice and op-*  
7       *portunity for public comment are given as provided*  
8       *in paragraph (2), the Secretary shall issue an order,*  
9       *taking into consideration the comments received and*  
10       *including in the order provisions necessary to ensure*  
11       *that the order is in conformity with the requirements*  
12       *of this subtitle. The order shall be issued and become*  
13       *effective not later than 180 days following publication*  
14       *of the proposed order.*

15               (c) *AMENDMENTS.*—*The Secretary, from time to time,*  
16       *may amend an order issued under this section.*

17       ***SEC. 925. REQUIRED TERMS IN ORDERS.***

18               (a) *IN GENERAL.*—*An order issued under this subtitle*  
19       *shall contain the terms and conditions specified in this sec-*  
20       *tion.*

21               (b) *ESTABLISHMENT AND MEMBERSHIP OF THE NA-*  
22       *TIONAL CANOLA AND RAPESEED BOARD.*—

23                       (1) *IN GENERAL.*—*The order shall provide for*  
24       *the establishment of, and appointment of members to,*

1        *a National Canola and Rapeseed Board to administer*  
2        *the order.*

3                (2) *SERVICE TO ENTIRE INDUSTRY.*—*The Board*  
4        *shall carry out programs and projects that will pro-*  
5        *vide maximum benefit to the canola and rapeseed in-*  
6        *dustry in all parts of the United States and only pro-*  
7        *mote canola, rapeseed, or canola or rapeseed products.*

8                (3) *BOARD MEMBERSHIP.*—*The Board shall con-*  
9        *sist of 15 members, including—*

10                (A) *11 members who are producers, includ-*  
11        *ing—*

12                        (i) *1 member from each of 6 geographic*  
13        *regions comprised of States where canola or*  
14        *rapeseed is produced, as determined by the*  
15        *Secretary; and*

16                        (ii) *5 members from the geographic re-*  
17        *gions referred to in clause (i), allocated ac-*  
18        *cording to the production in each region;*  
19        *and*

20                (B) *4 members who are industry members,*  
21        *including at least—*

22                        (i) *1 member who represents manufac-*  
23        *turers of canola or rapeseed end products;*  
24        *and*

1                   (ii) 1 member who represents persons  
2                   who commercially buy or sell canola or  
3                   rapeseed.

4                   (4) *LIMITATION ON STATE RESIDENCE.*—There  
5                   shall be no more than 4 producer members of the  
6                   Board from any State.

7                   (5) *MODIFYING BOARD MEMBERSHIP.*—In ac-  
8                   cordance with regulations approved by the Secretary,  
9                   at least once each 3 years and not more than once  
10                  each 2 years, the Board shall review the geographic  
11                  distribution of canola and rapeseed production  
12                  throughout the United States and, if warranted, rec-  
13                  ommend to the Secretary that the Secretary—

14                  (A) reapportion regions in order to reflect  
15                  the geographic distribution of canola and  
16                  rapeseed production; and

17                  (B) reapportion the seats on the Board to  
18                  reflect the production in each region.

19                  (6) *CERTIFICATION OF ORGANIZATIONS.*—

20                  (A) *IN GENERAL.*—The eligibility of any  
21                  State organization to represent producers shall  
22                  be certified by the Secretary.

23                  (B) *CRITERIA.*—The Secretary shall certify  
24                  any State organization that the Secretary deter-

1           *mines has a history of stability and permanency*  
2           *and meets at least 1 of the following criteria:*

3                   *(i) MAJORITY REPRESENTATION.—The*  
4                   *total paid membership of the organiza-*  
5                   *tion—*

6                           *(I) is comprised of at least a ma-*  
7                           *jority of canola or rapeseed producers;*  
8                           *or*

9                           *(II) represents at least a majority*  
10                          *of the canola or rapeseed producers in*  
11                          *the State.*

12                   *(ii) SUBSTANTIAL NUMBER OF PRO-*  
13                   *DUCERS REPRESENTED.—The organization*  
14                   *represents a substantial number of produc-*  
15                   *ers that produce a substantial quantity of*  
16                   *canola or rapeseed in the State.*

17                   *(iii) PURPOSE.—The organization is a*  
18                   *general farm or agricultural organization*  
19                   *that has as a stated objective the promotion*  
20                   *and development of the United States*  
21                   *canola or rapeseed industry and the eco-*  
22                   *nomical welfare of United States canola or*  
23                   *rapeseed producers.*

24                   *(C) REPORT.—The Secretary shall make a*  
25                   *certification under this paragraph on the basis*

1           *of a factual report submitted by the State orga-*  
2           *nization.*

3           (7) *TERMS OF OFFICE.—*

4                 (A) *IN GENERAL.—The members of the*  
5           *Board shall serve for a term of 3 years, except*  
6           *that the members appointed to the initial Board*  
7           *shall serve, proportionately, for terms of 1, 2,*  
8           *and 3 years, as determined by the Secretary.*

9                 (B) *TERMINATION OF TERMS.—Notwith-*  
10           *standing subparagraph (C), each member shall*  
11           *continue to serve until a successor is appointed*  
12           *by the Secretary.*

13                 (C) *LIMITATION ON TERMS.—No individual*  
14           *may serve more than 2 consecutive 3-year terms*  
15           *as a member.*

16           (8) *COMPENSATION.—A member of the Board*  
17           *shall serve without compensation, but shall be reim-*  
18           *bursed for necessary and reasonable expenses incurred*  
19           *in the performance of duties for and approved by the*  
20           *Board.*

21           (c) *POWERS AND DUTIES OF THE BOARD.—The order*  
22           *shall define the powers and duties of the Board, which shall*  
23           *include the power and duty—*

24                 (1) *to administer the order in accordance with*  
25           *the terms and conditions of the order;*



1           (2) to make regulations to effectuate the terms  
2           and conditions of the order;

3           (3) to meet, organize, and select from among  
4           members of the Board a chairperson, other officers,  
5           and committees and subcommittees, as the Board de-  
6           termines appropriate;

7           (4) to establish working committees of persons  
8           other than Board members;

9           (5) to employ such persons, other than Board  
10          members, as the Board considers necessary, and to de-  
11          termine the compensation and define the duties of the  
12          persons;

13          (6) to prepare and submit for the approval of the  
14          Secretary, when appropriate or necessary, a rec-  
15          ommended rate of assessment under section 926, and  
16          a fiscal period budget of the anticipated expenses in  
17          the administration of the order, including the prob-  
18          able costs of all programs and projects;

19          (7) to develop programs and projects, subject to  
20          subsection (d);

21          (8) to enter into contracts or agreements, subject  
22          to subsection (e), to develop and carry out programs  
23          or projects of research, promotion, industry informa-  
24          tion, and consumer information;

1           (9) to carry out research, promotion, industry  
2 information, and consumer information projects, and  
3 to pay the costs of the projects with assessments col-  
4 lected under section 926;

5           (10) to keep minutes, books, and records that re-  
6 flect the actions and transactions of the Board, and  
7 promptly report minutes of each Board meeting to the  
8 Secretary;

9           (11) to appoint and convene, from time to time,  
10 working committees comprised of producers, industry  
11 members, and the public to assist in the development  
12 of research, promotion, industry information, and  
13 consumer information programs for canola, rapeseed,  
14 and canola and rapeseed products;

15           (12) to invest, pending disbursement under a  
16 program or project, funds collected through assess-  
17 ments authorized under section 926, or funds earned  
18 from investments, only in—

19                   (A) obligations of the United States or an  
20 agency of the United States;

21                   (B) general obligations of a State or a polit-  
22 ical subdivision of a State;

23                   (C) an interest-bearing account or certifi-  
24 cate of deposit of a bank that is a member of the  
25 Federal Reserve System; or

1                   (D) obligations fully guaranteed as to prin-  
2                   cipal and interest by the United States;

3                   (13) to receive, investigate, and report to the Sec-  
4                   retary complaints of violations of the order;

5                   (14) to furnish the Secretary with such informa-  
6                   tion as the Secretary may request;

7                   (15) to recommend to the Secretary amendments  
8                   to the order;

9                   (16) to develop and recommend to the Secretary  
10                  for approval such regulations as may be necessary for  
11                  the development and execution of programs or  
12                  projects, or as may otherwise be necessary, to carry  
13                  out the order; and

14                  (17) to provide the Secretary with advance no-  
15                  tice of meetings.

16                  (d) PROGRAMS AND BUDGETS.—

17                  (1) SUBMISSION TO SECRETARY.—The order  
18                  shall provide that the Board shall submit to the Sec-  
19                  retary for approval any program or project of re-  
20                  search, promotion, consumer information, or industry  
21                  information. No program or project shall be imple-  
22                  mented prior to approval by the Secretary.

23                  (2) BUDGETS.—The order shall require the  
24                  Board, prior to the beginning of each fiscal year, or  
25                  as may be necessary after the beginning of a fiscal

1        *year, to submit to the Secretary for approval budgets*  
2        *of anticipated expenses and disbursements in the im-*  
3        *plementation of the order, including projected costs of*  
4        *research, promotion, consumer information, and in-*  
5        *dustry information programs and projects.*

6            (3) *INCURRING EXPENSES.—The Board may*  
7        *incur such expenses for programs or projects of re-*  
8        *search, promotion, consumer information, or industry*  
9        *information, and other expenses for the administra-*  
10       *tion, maintenance, and functioning of the Board as*  
11       *may be authorized by the Secretary, including any*  
12       *implementation, administrative, and referendum costs*  
13       *incurred by the Department.*

14           (4) *PAYING EXPENSES.—The funds to cover the*  
15       *expenses referred to in paragraph (3) shall be paid by*  
16       *the Board from assessments collected under section*  
17       *926 or funds borrowed pursuant to paragraph (5).*

18           (5) *AUTHORITY TO BORROW.—To meet the ex-*  
19       *penses referred to in paragraph (3), the Board shall*  
20       *have the authority to borrow funds, as approved by*  
21       *the Secretary, for capital outlays and startup costs.*

22        (e) *CONTRACTS AND AGREEMENTS.—*

23           (1) *IN GENERAL.—To ensure efficient use of*  
24       *funds, the order shall provide that the Board may*  
25       *enter into a contract or agreement for the implemen-*

1        *tation and carrying out of a program or project of*  
2        *canola, rapeseed, or canola or rapeseed products re-*  
3        *search, promotion, consumer information, or industry*  
4        *information, including a contract with a producer or-*  
5        *ganization, and for the payment of the costs with*  
6        *funds received by the Board under the order.*

7            (2) *REQUIREMENTS.—A contract or agreement*  
8        *under paragraph (1) shall provide that—*

9            (A) *the contracting party shall develop and*  
10        *submit to the Board a program or project to-*  
11        *gether with a budget that shall show the esti-*  
12        *mated costs to be incurred for the program or*  
13        *project;*

14            (B) *the program or project shall become ef-*  
15        *fective on the approval of the Secretary; and*

16            (C) *the contracting party shall keep accu-*  
17        *rate records of all transactions, account for funds*  
18        *received and expended, make periodic reports to*  
19        *the Board of activities conducted, and make such*  
20        *other reports as the Board or the Secretary may*  
21        *require.*

22            (3) *PRODUCER ORGANIZATIONS.—The order shall*  
23        *provide that the Board may contract with producer*  
24        *organizations for any other services. The contract*

1       *shall include provisions comparable to those required*  
2       *by paragraph (2).*

3       *(f) BOOKS AND RECORDS OF THE BOARD.—*

4             *(1) IN GENERAL.—The order shall require the*  
5       *Board to—*

6                     *(A) maintain such books and records (which*  
7                     *shall be available to the Secretary for inspection*  
8                     *and audit) as the Secretary may prescribe;*

9                     *(B) prepare and submit to the Secretary,*  
10                    *from time to time, such reports as the Secretary*  
11                    *may prescribe; and*

12                    *(C) account for the receipt and disburse-*  
13                    *ment of all funds entrusted to the Board.*

14             *(2) AUDITS.—The Board shall cause the books*  
15       *and records of the Board to be audited by an inde-*  
16       *pendent auditor at the end of each fiscal year, and*  
17       *a report of the audit to be submitted to the Secretary.*

18       *(g) PROHIBITION.—*

19             *(1) IN GENERAL.—Subject to paragraph (2), the*  
20       *Board shall not engage in any action to, nor shall*  
21       *any funds received by the Board under this subtitle*  
22       *be used to—*

23                     *(A) influence legislation or governmental*  
24                     *action;*

1           (B) engage in an action that would be a  
2           conflict of interest;

3           (C) engage in advertising that is false or  
4           misleading; or

5           (D) engage in promotion that would dispar-  
6           age other commodities.

7           (2) ACTION PERMITTED.—Paragraph (1) does  
8           not preclude—

9           (A) the development and recommendation of  
10          amendments to the order;

11          (B) the communication to appropriate gov-  
12          ernment officials of information relating to the  
13          conduct, implementation, or results of pro-  
14          motion, research, consumer information, or in-  
15          dustry information activities under the order; or

16          (C) any action designed to market canola or  
17          rapeseed products directly to a foreign govern-  
18          ment or political subdivision of a foreign govern-  
19          ment.

20          (h) BOOKS AND RECORDS.—

21           (1) IN GENERAL.—The order shall require that  
22          each producer, first purchaser, or industry member  
23          shall—

1           (A) maintain and submit to the Board any  
2 reports considered necessary by the Secretary to  
3 ensure compliance with this subtitle; and

4           (B) make available during normal business  
5 hours, for inspection by employees of the Board  
6 or Secretary, such books and records as are nec-  
7 essary to carry out this subtitle, including such  
8 records as are necessary to verify any required  
9 reports.

10       (2) CONFIDENTIALITY.—

11           (A) IN GENERAL.—Except as otherwise pro-  
12 vided in this subtitle, all information obtained  
13 from books, records, or reports required to be  
14 maintained under paragraph (1) shall be kept  
15 confidential, and shall not be disclosed to the  
16 public by any person.

17           (B) DISCLOSURE.—Information referred to  
18 in subparagraph (A) may be disclosed to the  
19 public if—

20               (i) the Secretary considers the informa-  
21 tion relevant;

22               (ii) the information is revealed in a  
23 suit or administrative hearing brought at  
24 the direction or on the request of the Sec-



1           retary or to which the Secretary or any offi-  
2           cer of the Department is a party; and

3           (iii) the information relates to this  
4           subtitle.

5           (C) MISCONDUCT.—A knowing disclosure of  
6           confidential information in violation of subpara-  
7           graph (A) by an officer or employee of the Board  
8           or Department, except as required by other law  
9           or allowed under subparagraph (B) or (D), shall  
10          be considered a violation of this subtitle.

11          (D) GENERAL STATEMENTS.—Nothing in  
12          this paragraph prohibits—

13           (i) the issuance of general statements,  
14           based on the reports, of the number of per-  
15           sons subject to the order or statistical data  
16           collected from the reports, if the statements  
17           do not identify the information furnished  
18           by any person; or

19           (ii) the publication, by direction of the  
20           Secretary, of the name of a person violating  
21           the order, together with a statement of the  
22           particular provisions of the order violated  
23           by the person.

24          (3) AVAILABILITY OF INFORMATION.—

1           (A) *EXCEPTION.*—*Except as provided in*  
2 *this subtitle, information obtained under this*  
3 *subtitle may be made available to another agen-*  
4 *cy of the Federal Government for a civil or*  
5 *criminal law enforcement activity if the activity*  
6 *is authorized by law and if the head of the agen-*  
7 *cy has made a written request to the Secretary*  
8 *specifying the particular information desired*  
9 *and the law enforcement activity for which the*  
10 *information is sought.*

11           (B) *PENALTY.*—*Any person knowingly vio-*  
12 *lating this subsection, on conviction, shall be*  
13 *subject to a fine of not more than \$1,000 or to*  
14 *imprisonment for not more than 1 year, or both,*  
15 *and if an officer or employee of the Board or the*  
16 *Department, shall be removed from office or ter-*  
17 *minated from employment, as applicable.*

18           (5) *WITHHOLDING INFORMATION.*—*Nothing in*  
19 *this subtitle authorizes withholding information from*  
20 *Congress.*

21           (i) *USE OF ASSESSMENTS.*—*The order shall provide*  
22 *that the assessments collected under section 926 shall be*  
23 *used for payment of the expenses in implementing and ad-*  
24 *ministering this subtitle, with provision for a reasonable*  
25 *reserve, and to cover those administrative costs incurred by*

1 *the Secretary in implementing and administering this sub-*  
2 *title.*

3 (j) *OTHER TERMS AND CONDITIONS.*—*The order also*  
4 *shall contain such terms and conditions, not inconsistent*  
5 *with this subtitle, as determined necessary by the Secretary*  
6 *to effectuate this subtitle.*

7 **SEC. 926. ASSESSMENTS.**

8 (a) *IN GENERAL.*—

9 (1) *FIRST PURCHASERS.*—*During the effective*  
10 *period of an order issued pursuant to this subtitle, as-*  
11 *sessments shall be—*

12 (A) *levied on all canola or rapeseed pro-*  
13 *duced in the United States and marketed; and*

14 (B) *deducted from the payment made to a*  
15 *producer for all canola or rapeseed sold to a first*  
16 *purchaser.*

17 (2) *DIRECT PROCESSING.*—*The order shall pro-*  
18 *vide that any person processing canola or rapeseed of*  
19 *that person's own production and marketing the*  
20 *canola or rapeseed, or canola or rapeseed products,*  
21 *shall remit to the Board or a qualified State canola*  
22 *and rapeseed board, in the manner prescribed by the*  
23 *order, an assessment established at a rate equivalent*  
24 *to the rate provided for under subsection (d).*

1       (b) *LIMITATION ON ASSESSMENTS.*—No more than 1  
2 assessment may be assessed under subsection (a) on any  
3 canola or rapeseed produced (as remitted by a first pur-  
4 chaser).

5       (c) *REMITTING ASSESSMENTS.*—

6           (1) *IN GENERAL.*—Assessments required under  
7 subsection (a) shall be remitted to the Board by a  
8 first purchaser. The Board shall use qualified State  
9 canola and rapeseed boards to collect the assessments.  
10 If an appropriate qualified State canola and rapeseed  
11 board does not exist to collect an assessment, the as-  
12 sessment shall be collected by the Board. There shall  
13 be only 1 qualified State canola or rapeseed Board in  
14 each State.

15           (2) *TIMES TO REMIT ASSESSMENT.*—Each first  
16 purchaser shall remit the assessment to the Board as  
17 provided for in the order.

18       (d) *ASSESSMENT RATE.*—

19           (1) *INITIAL RATE.*—The initial assessment rate  
20 shall be 4 cents per hundredweight of canola or  
21 rapeseed produced and marketed.

22           (2) *INCREASE.*—The assessment rate may be in-  
23 creased on recommendation by the Board to a rate  
24 not exceeding 10 cents per hundredweight of canola or  
25 rapeseed produced and marketed in a State, unless—

1           (A) after the initial referendum is held  
2           under section 927(a), the Board recommends an  
3           increase above 10 cents per hundredweight; and

4           (B) the increase is approved in a referen-  
5           dum under section 927(b).

6           (3) CREDIT.—A producer who demonstrates to  
7           the Board that the producer is participating in a pro-  
8           gram of an established qualified State canola and  
9           rapeseed board shall receive credit, in determining the  
10          assessment due from the producer, for contributions to  
11          the program of up to 2 cents per hundredweight of  
12          canola or rapeseed marketed.

13          (e) LATE PAYMENT CHARGE.—

14           (1) IN GENERAL.—There shall be a late payment  
15           charge imposed on any person who fails to remit, on  
16           or before the date provided for in the order, to the  
17           Board the total amount for which the person is liable.

18           (2) AMOUNT OF CHARGE.—The amount of the  
19           late payment charge imposed under paragraph (1)  
20           shall be prescribed by the Board with the approval of  
21           the Secretary.

22          (f) REFUND OF ASSESSMENTS FROM ESCROW AC-  
23          COUNT.—

24           (1) ESTABLISHMENT OF ESCROW ACCOUNT.—  
25           During the period beginning on the date on which an

1 *order is first issued under section 924(b)(3) and end-*  
2 *ing on the date on which a referendum is conducted*  
3 *under section 927(a), the Board shall—*

4 *(A) establish an escrow account to be used*  
5 *for assessment refunds; and*

6 *(B) place funds in such account in accord-*  
7 *ance with paragraph (2).*

8 *(2) PLACEMENT OF FUNDS IN ACCOUNT.—The*  
9 *Board shall place in such account, from assessments*  
10 *collected during the period referred to in paragraph*  
11 *(1), an amount equal to the product obtained by mul-*  
12 *tiplying the total amount of assessments collected dur-*  
13 *ing the period by 10 percent.*

14 *(3) RIGHT TO RECEIVE REFUND.—The Board*  
15 *shall refund to a producer the assessments paid by or*  
16 *on behalf of the producer if—*

17 *(A) the producer is required to pay the as-*  
18 *essment;*

19 *(B) the producer does not support the pro-*  
20 *gram established under this subtitle; and*

21 *(C) the producer demands the refund prior*  
22 *to the conduct of the referendum under section*  
23 *927(a).*

24 *(4) FORM OF DEMAND.—The demand shall be*  
25 *made in accordance with such regulations, in such*

1 *form, and within such time period as prescribed by*  
2 *the Board.*

3 (5) *MAKING OF REFUND.*—*The refund shall be*  
4 *made on submission of proof satisfactory to the Board*  
5 *that the producer paid the assessment for which the*  
6 *refund is demanded.*

7 (6) *PRORATION.*—*If—*

8 (A) *the amount in the escrow account re-*  
9 *quired by paragraph (1) is not sufficient to re-*  
10 *fund the total amount of assessments demanded*  
11 *by eligible producers; and*

12 (B) *the order is not approved pursuant to*  
13 *the referendum conducted under section 927(a);*  
14 *the Board shall prorate the amount of the refunds*  
15 *among all eligible producers who demand a refund.*

16 (7) *PROGRAM APPROVED.*—*If the plan is ap-*  
17 *proved pursuant to the referendum conducted under*  
18 *section 927(a), all funds in the escrow account shall*  
19 *be returned to the Board for use by the Board in ac-*  
20 *cordance with this subtitle.*

21 **SEC. 927. REFERENDA.**

22 (a) *INITIAL REFERENDUM.*—

23 (1) *REQUIREMENT.*—*During the period ending*  
24 *30 months after the date of the first issuance of an*  
25 *order under section 924, the Secretary shall conduct*

1        *a referendum among producers who, during a rep-*  
2        *resentative period as determined by the Secretary,*  
3        *have been engaged in the production of canola or*  
4        *rapeseed for the purpose of ascertaining whether the*  
5        *order then in effect shall be continued.*

6            (2) *ADVANCE NOTICE.—The Secretary shall, to*  
7        *the extent practicable, provide broad public notice in*  
8        *advance of any referendum. The notice shall be pro-*  
9        *vided, without advertising expenses, by means of*  
10       *newspapers, county newsletters, the electronic media,*  
11       *and press releases, through the use of notices posted*  
12       *in State and county Cooperative State Research,*  
13       *Education, and Extension Service offices and county*  
14       *Consolidated Farm Service Agency offices, and by*  
15       *other appropriate means specified in the order. The*  
16       *notice shall include information on when the referen-*  
17       *dum will be held, registration and voting require-*  
18       *ments, rules regarding absentee voting, and other per-*  
19       *tinent information.*

20            (3) *APPROVAL OF ORDER.—The order shall be*  
21       *continued only if the Secretary determines that the*  
22       *order has been approved by not less than a majority*  
23       *of the producers voting in the referendum.*

24            (4) *DISAPPROVAL OF ORDER.—If continuation of*  
25       *the order is not approved by a majority of those vot-*



1        *ing in the referendum, the Secretary shall terminate*  
2        *collection of assessments under the order within 6*  
3        *months after the referendum and shall terminate the*  
4        *order in an orderly manner as soon as practicable.*

5        *(b) ADDITIONAL REFERENDA.—*

6            *(1) IN GENERAL.—*

7                    *(A) REQUIREMENT.—After the initial ref-*  
8                    *erendum on an order, the Secretary shall conduct*  
9                    *additional referenda, as described in subpara-*  
10                   *graph (C), if requested by a representative group*  
11                   *of producers, as described in subparagraph (B).*

12                   *(B) REPRESENTATIVE GROUP OF PRODUC-*  
13                   *ERS.—An additional referendum on an order*  
14                   *shall be conducted if requested by 10 percent or*  
15                   *more of the producers who during a representa-*  
16                   *tive period have been engaged in the production*  
17                   *of canola or rapeseed.*

18                   *(C) ELIGIBLE PRODUCERS.—Each addi-*  
19                   *tional referendum shall be conducted among all*  
20                   *producers who, during a representative period,*  
21                   *as determined by the Secretary, have been en-*  
22                   *gaged in the production of canola or rapeseed to*  
23                   *determine whether the producers favor the termi-*  
24                   *nation or suspension of the order.*

1           (2) *DISAPPROVAL OF ORDER.*—*If the Secretary*  
2 *determines, in a referendum conducted under para-*  
3 *graph (1), that suspension or termination of the order*  
4 *is favored by a majority of the producers voting in*  
5 *the referendum, the Secretary shall suspend or termi-*  
6 *nate, as appropriate, collection of assessments under*  
7 *the order within 6 months after the determination,*  
8 *and shall suspend or terminate the order, as appro-*  
9 *priate, in an orderly manner as soon as practicable*  
10 *after the determination.*

11           (3) *OPPORTUNITY TO REQUEST ADDITIONAL*  
12 *REFERENDA.*—

13           (A) *IN GENERAL.*—*Beginning on the date*  
14 *that is 5 years after the conduct of a referendum*  
15 *under this subtitle, and every 5 years thereafter,*  
16 *the Secretary shall provide canola and rapeseed*  
17 *producers an opportunity to request an addi-*  
18 *tional referendum.*

19           (B) *METHOD OF MAKING REQUEST.*—

20           (i) *IN-PERSON REQUESTS.*—*To carry*  
21 *out subparagraph (A), the Secretary shall*  
22 *establish a procedure under which a pro-*  
23 *ducer may request a reconfirmation referen-*  
24 *dum in-person at a county Cooperative*  
25 *State Research, Education, and Extension*

1           *Service office or a county Consolidated*  
2           *Farm Service Agency office during a period*  
3           *established by the Secretary, or as provided*  
4           *in clause (ii).*

5           *(ii) MAIL-IN REQUESTS.—In lieu of*  
6           *making a request in person, a producer*  
7           *may make a request by mail. To facilitate*  
8           *the submission of requests by mail, the Sec-*  
9           *retary may make mail-in request forms*  
10           *available to producers.*

11           *(C) NOTIFICATIONS.—The Secretary shall*  
12           *publish a notice in the Federal Register, and the*  
13           *Board shall provide written notification to pro-*  
14           *ducers, not later than 60 days prior to the end*  
15           *of the period established under subparagraph*  
16           *(B)(i) for an in-person request, of the oppor-*  
17           *tunity of producers to request an additional ref-*  
18           *erendum. The notification shall explain the right*  
19           *of producers to an additional referendum, the*  
20           *procedure for a referendum, the purpose of a ref-*  
21           *erendum, and the date and method by which*  
22           *producers may act to request an additional ref-*  
23           *erendum under this paragraph. The Secretary*  
24           *shall take such other action as the Secretary de-*  
25           *termines is necessary to ensure that producers*

1           are made aware of the opportunity to request an  
2           additional referendum.

3           (D) *ACTION BY SECRETARY.*—As soon as  
4           practicable following the submission of a request  
5           for an additional referendum, the Secretary shall  
6           determine whether a sufficient number of produc-  
7           ers have requested the referendum, and take such  
8           steps as are necessary to conduct the referendum,  
9           as required under paragraph (1).

10          (E) *TIME LIMIT.*—An additional referen-  
11          dum requested under the procedures provided in  
12          this paragraph shall be conducted not later than  
13          1 year after the Secretary determines that a rep-  
14          resentative group of producers, as described in  
15          paragraph (1)(B), have requested the conduct of  
16          the referendum.

17          (c) *PROCEDURES.*—

18           (1) *REIMBURSEMENT OF SECRETARY.*—The Sec-  
19           retary shall be reimbursed from assessments collected  
20           by the Board for any expenses incurred by the Sec-  
21           retary in connection with the conduct of an activity  
22           required under this section.

23           (2) *DATE.*—Each referendum shall be conducted  
24           for a reasonable period of time not to exceed 3 days,  
25           established by the Secretary, under a procedure under

1       *which producers intending to vote in the referendum*  
2       *shall certify that the producers were engaged in the*  
3       *production of canola, rapeseed, or canola or rapeseed*  
4       *products during the representative period and, at the*  
5       *same time, shall be provided an opportunity to vote*  
6       *in the referendum.*

7               (3) *PLACE.—Referenda under this section shall*  
8       *be conducted at locations determined by the Secretary.*  
9       *On request, absentee mail ballots shall be furnished by*  
10       *the Secretary in a manner prescribed by the Sec-*  
11       *retary.*

12       **SEC. 928. PETITION AND REVIEW.**

13       (a) *PETITION.—*

14               (1) *IN GENERAL.—A person subject to an order*  
15       *issued under this subtitle may file with the Secretary*  
16       *a petition—*

17                       (A) *stating that the order, a provision of the*  
18       *order, or an obligation imposed in connection*  
19       *with the order is not established in accordance*  
20       *with law; and*

21                       (B) *requesting a modification of the order*  
22       *or an exemption from the order.*

23               (2) *HEARINGS.—The petitioner shall be given the*  
24       *opportunity for a hearing on a petition filed under*

1 paragraph (1), in accordance with regulations issued  
2 by the Secretary.

3 (3) *RULING.*—After a hearing under paragraph  
4 (2), the Secretary shall make a ruling on the petition  
5 that is the subject of the hearing, which shall be final  
6 if the ruling is in accordance with applicable law.

7 (4) *LIMITATION ON PETITION.*—Any petition  
8 filed under this subtitle challenging an order, or any  
9 obligation imposed in connected with an order, shall  
10 be filed not later than 2 years after the effective date  
11 of the order or obligation.

12 (b) *REVIEW.*—

13 (1) *COMMENCEMENT OF ACTION.*—The district  
14 court of the United States in any district in which  
15 the person who is a petitioner under subsection (a) re-  
16 sides or carries on business shall have jurisdiction to  
17 review a ruling on the petition, if a complaint is filed  
18 by the person not later than 20 days after the date  
19 of the entry of a ruling by the Secretary under sub-  
20 section (a)(3).

21 (2) *PROCESS.*—Service of process in a proceed-  
22 ing under paragraph (1) shall be conducted in ac-  
23 cordance with the Federal Rules of Civil Procedure.

24 (3) *REMANDS.*—If the court determines, under  
25 paragraph (1), that a ruling issued under subsection

1       (a)(3) is not in accordance with applicable law, the  
2       court shall remand the matter to the Secretary with  
3       directions either—

4               (A) to make such ruling as the court shall  
5       determine to be in accordance with law; or

6               (B) to take such further proceedings as, in  
7       the opinion of the court, the law requires.

8       (4) *ENFORCEMENT.*—The pendency of proceed-  
9       ings instituted under subsection (a) shall not impede,  
10      hinder, or delay the Attorney General or the Sec-  
11      retary from taking any action under section 929.

12   **SEC. 929. ENFORCEMENT.**

13      (a) *JURISDICTION.*—The district courts of the United  
14      States are vested with jurisdiction specifically to enforce,  
15      and to prevent and restrain any person from violating, an  
16      order or regulation made or issued under this subtitle.

17      (b) *REFERRAL TO ATTORNEY GENERAL.*—A civil ac-  
18      tion authorized to be commenced under this section shall  
19      be referred to the Attorney General for appropriate action,  
20      except that the Secretary shall not be required to refer to  
21      the Attorney General a violation of this subtitle if the Sec-  
22      retary believes that the administration and enforcement of  
23      this subtitle would be adequately served by providing a suit-  
24      able written notice or warning to the person who committed  
25      the violation or by administrative action under section 928.

1       (c) *CIVIL PENALTIES AND ORDERS.*—

2             (1) *CIVIL PENALTIES.*—

3                     (A) *IN GENERAL.*—Any person who will-  
4                     fully violates any provision of an order or regu-  
5                     lation issued by the Secretary under this subtitle,  
6                     or who fails or refuses to pay, collect, or remit  
7                     an assessment or fee required of the person under  
8                     an order or regulation, may be assessed—

9                             (i) a civil penalty by the Secretary of  
10                            not more than \$1,000 for each violation;  
11                            and

12                           (ii) in the case of a willful failure to  
13                            pay, collect, or remit an assessment as re-  
14                            quired by an order or regulation, an addi-  
15                            tional penalty equal to the amount of the  
16                            assessment.

17                     (B) *SEPARATE OFFENSE.*—Each violation  
18                     under subparagraph (A) shall be a separate of-  
19                     fense.

20             (2) *CEASE-AND-DESIST ORDERS.*—In addition  
21             to, or in lieu of, a civil penalty under paragraph (1),  
22             the Secretary may issue an order requiring a person  
23             to cease and desist from continuing a violation.

24             (3) *NOTICE AND HEARING.*—No penalty shall be  
25             assessed, or cease-and-desist order issued, by the Sec-



1        *retary under this subsection unless the person against*  
2        *whom the penalty is assessed or the order is issued is*  
3        *given notice and opportunity for a hearing before the*  
4        *Secretary with respect to the violation.*

5            *(4) FINALITY.—The order of the Secretary assess-*  
6        *ing a penalty or imposing a cease-and-desist order*  
7        *under this subsection shall be final and conclusive un-*  
8        *less the affected person files an appeal of the order*  
9        *with the appropriate district court of the United*  
10       *States in accordance with subsection (d).*

11       *(d) REVIEW BY DISTRICT COURT.—*

12            *(1) COMMENCEMENT OF ACTION.—Any person*  
13        *who has been determined to be in violation of this*  
14        *subtitle, or against whom a civil penalty has been as-*  
15        *essed or a cease-and-desist order issued under sub-*  
16        *section (c), may obtain review of the penalty or order*  
17        *by—*

18            *(A) filing, within the 30-day period begin-*  
19        *ning on the date the penalty is assessed or order*  
20        *issued, a notice of appeal in—*

21            *(i) the district court of the United*  
22        *States for the district in which the person*  
23        *resides or conducts business; or*

24            *(ii) the United States District Court*  
25        *for the District of Columbia; and*

1           (B) *simultaneously sending a copy of the*  
2           *notice by certified mail to the Secretary.*

3           (2) *RECORD.*—*The Secretary shall file promptly,*  
4           *in the appropriate court referred to in paragraph (1),*  
5           *a certified copy of the record on which the Secretary*  
6           *has determined that the person has committed a vio-*  
7           *lation.*

8           (3) *STANDARD OF REVIEW.*—*A finding of the*  
9           *Secretary under this section shall be set aside only if*  
10          *the finding is found to be unsupported by substantial*  
11          *evidence.*

12          (e) *FAILURE TO OBEY ORDERS.*—*Any person who*  
13          *fails to obey a cease-and-desist order issued under this sec-*  
14          *tion after the order has become final and unappealable, or*  
15          *after the appropriate United States district court has en-*  
16          *tered a final judgment in favor of the Secretary, shall be*  
17          *subject to a civil penalty assessed by the Secretary, after*  
18          *opportunity for a hearing and for judicial review under the*  
19          *procedures specified in subsections (c) and (d), of not more*  
20          *than \$5,000 for each offense. Each day during which the*  
21          *failure continues shall be considered as a separate violation*  
22          *of the order.*

23          (f) *FAILURE TO PAY PENALTIES.*—*If a person fails*  
24          *to pay an assessment of a civil penalty under this section*  
25          *after the assessment has become a final and unappealable*

1 order, or after the appropriate United States district court  
2 has entered final judgment in favor of the Secretary, the  
3 Secretary shall refer the matter to the Attorney General for  
4 recovery of the amount assessed in the district court in  
5 which the person resides or conducts business. In an action  
6 for recovery, the validity and appropriateness of the final  
7 order imposing the civil penalty shall not be subject to re-  
8 view.

9 (g) *ADDITIONAL REMEDIES.*—The remedies provided  
10 in this subtitle shall be in addition to, and not exclusive  
11 of, other remedies that may be available.

12 **SEC. 930. INVESTIGATIONS AND POWER TO SUBPOENA.**

13 (a) *INVESTIGATIONS.*—The Secretary may make such  
14 investigations as the Secretary considers necessary—

15 (1) for the effective administration of this sub-  
16 title; and

17 (2) to determine whether any person has engaged  
18 or is engaging in an act that constitutes a violation  
19 of this subtitle, or an order, rule, or regulation issued  
20 under this subtitle.

21 (b) *SUBPOENAS, OATHS, AND AFFIRMATIONS.*—

22 (1) *IN GENERAL.*—For the purpose of an inves-  
23 tigation under subsection (a), the Secretary may ad-  
24 minister oaths and affirmations, subpoena witnesses,  
25 take evidence, and issue subpoenas to require the pro-

1        *duction of any records that are relevant to the in-*  
2        *quiry. The attendance of witnesses and the production*  
3        *of records may be required from any place in the*  
4        *United States.*

5            (2) *ADMINISTRATIVE HEARINGS.—For the pur-*  
6        *pose of an administrative hearing held under section*  
7        *928 or 929, the presiding officer is authorized to ad-*  
8        *minister oaths and affirmations, subpoena and com-*  
9        *pel the attendance of witnesses, take evidence, and re-*  
10       *quire the production of any records that are relevant*  
11       *to the inquiry. The attendance of witnesses and the*  
12       *production of records may be required from any place*  
13       *in the United States.*

14           (c) *AID OF COURTS.—In the case of contumacy by, or*  
15       *refusal to obey a subpoena issued to, any person, the Sec-*  
16       *retary may invoke the aid of any court of the United States*  
17       *within the jurisdiction of which the investigation or pro-*  
18       *ceeding is carried on, or where the person resides or carries*  
19       *on business, in order to enforce a subpoena issued by the*  
20       *Secretary under subsection (b). The court may issue an*  
21       *order requiring the person to comply with the subpoena.*

22           (d) *CONTEMPT.—A failure to obey an order of the*  
23       *court under this section may be punished by the court as*  
24       *contempt of the court.*

1       (e) *PROCESS.*—*Process may be served on a person in*  
2 *the judicial district in which the person resides or conducts*  
3 *business or wherever the person may be found.*

4       (f) *HEARING SITE.*—*The site of a hearing held under*  
5 *section 928 or 729 shall be in the judicial district where*  
6 *the person affected by the hearing resides or has a principal*  
7 *place of business.*

8       **SEC. 931. SUSPENSION OR TERMINATION OF AN ORDER.**

9       *The Secretary shall, whenever the Secretary finds that*  
10 *an order or a provision of an order obstructs or does not*  
11 *tend to effectuate the declared policy of this subtitle, termi-*  
12 *nate or suspend the operation of the order or provision. The*  
13 *termination or suspension of an order shall not be consid-*  
14 *ered an order within the meaning of this subtitle.*

15       **SEC. 932. REGULATIONS.**

16       *The Secretary may issue such regulations as are nec-*  
17 *essary to carry out this subtitle.*

18       **SEC. 933. AUTHORIZATION OF APPROPRIATIONS.**

19       (a) *IN GENERAL.*—*There are authorized to be appro-*  
20 *priated for each fiscal year such sums as are necessary to*  
21 *carry out this subtitle.*

22       (b) *ADMINISTRATIVE EXPENSES.*—*Funds appro-*  
23 *priated under subsection (a) shall not be available for pay-*  
24 *ment of the expenses or expenditures of the Board in admin-*  
25 *istering a provision of an order issued under this subtitle.*

1                                   ***Subtitle C—Kiwifruit***

2   ***SEC. 941. SHORT TITLE.***

3           *This subtitle may be cited as the “National Kiwifruit*  
4 *Research, Promotion, and Consumer Information Act”.*

5   ***SEC. 942. FINDINGS AND PURPOSES.***

6           (a) *FINDINGS.—Congress finds that—*

7                   (1) *domestically produced kiwifruit are grown by*  
8 *many individual producers;*

9                   (2) *virtually all domestically produced kiwifruit*  
10 *are grown in the State of California, although there*  
11 *is potential for production in many other areas of the*  
12 *United States;*

13                  (3) *kiwifruit move in interstate and foreign com-*  
14 *merce, and kiwifruit that do not move in channels of*  
15 *commerce directly burden or affect interstate com-*  
16 *merce;*

17                  (4) *in recent years, large quantities of kiwifruit*  
18 *have been imported into the United States;*

19                  (5) *the maintenance and expansion of existing*  
20 *domestic and foreign markets for kiwifruit, and the*  
21 *development of additional and improved markets for*  
22 *kiwifruit, are vital to the welfare of kiwifruit produc-*  
23 *ers and other persons concerned with producing, mar-*  
24 *keting, and processing kiwifruit;*

1           (6) a coordinated program of research, pro-  
2           motion, and consumer information regarding  
3           kiwifruit is necessary for the maintenance and devel-  
4           opment of the markets; and

5           (7) kiwifruit producers, handlers, and importers  
6           are unable to implement and finance such a program  
7           without cooperative action.

8           (b) *PURPOSES.*—The purposes of this subtitle are—

9           (1) to authorize the establishment of an orderly  
10          procedure for the development and financing (through  
11          an assessment) of an effective and coordinated pro-  
12          gram of research, promotion, and consumer informa-  
13          tion regarding kiwifruit;

14          (2) to use the program to strengthen the position  
15          of the kiwifruit industry in domestic and foreign  
16          markets and maintain, develop, and expand markets  
17          for kiwifruit; and

18          (3) to treat domestically produced kiwifruit and  
19          imported kiwifruit equitably.

20   **SEC. 943. DEFINITIONS.**

21    *In this subtitle (unless the context otherwise requires):*

22          (1) *BOARD.*—The term “Board” means the Na-  
23          tional Kiwifruit Board established under section 945.

24          (2) *CONSUMER INFORMATION.*—The term  
25          “consumer information” means any action taken to

1        *provide information to, and broaden the understand-*  
2        *ing of, the general public regarding the consumption,*  
3        *use, nutritional attributes, and care of kiwifruit.*

4            (3) *EXPORTER.*—*The term “exporter” means*  
5        *any person from outside the United States who ex-*  
6        *ports kiwifruit into the United States.*

7            (4) *HANDLER.*—*The term “handler” means any*  
8        *person, excluding a common carrier, engaged in the*  
9        *business of buying and selling, packing, marketing, or*  
10       *distributing kiwifruit as specified in the order.*

11           (5) *IMPORTER.*—*The term “importer” means*  
12       *any person who imports kiwifruit into the United*  
13       *States.*

14           (6) *KIWIFRUIT.*—*The term “kiwifruit” means all*  
15       *varieties of fresh kiwifruit grown or imported in the*  
16       *United States.*

17           (7) *MARKETING.*—*The term “marketing” means*  
18       *the sale or other disposition of kiwifruit into inter-*  
19       *state, foreign, or intrastate commerce by buying, mar-*  
20       *keting, distribution, or otherwise placing kiwifruit*  
21       *into commerce.*

22           (8) *ORDER.*—*The term “order” means a*  
23       *kiwifruit research, promotion, and consumer informa-*  
24       *tion order issued by the Secretary under section 944.*



1           (9) *PERSON.*—*The term “person” means any in-*  
2 *dividual, group of individuals, partnership, corpora-*  
3 *tion, association, cooperative, or other legal entity.*

4           (10) *PROCESSING.*—*The term “processing”*  
5 *means canning, fermenting, distilling, extracting,*  
6 *preserving, grinding, crushing, or in any manner*  
7 *changing the form of kiwifruit for the purposes of pre-*  
8 *paring the kiwifruit for market or marketing the*  
9 *kiwifruit.*

10          (11) *PRODUCER.*—*The term “producer” means*  
11 *any person who grows kiwifruit in the United States*  
12 *for sale in commerce.*

13          (12) *PROMOTION.*—*The term “promotion” means*  
14 *any action taken under this subtitle (including paid*  
15 *advertising) to present a favorable image for kiwifruit*  
16 *to the general public for the purpose of improving the*  
17 *competitive position of kiwifruit and stimulating the*  
18 *sale of kiwifruit.*

19          (13) *RESEARCH.*—*The term “research” means*  
20 *any type of research relating to the use, nutritional*  
21 *value, and marketing of kiwifruit conducted for the*  
22 *purpose of advancing the image, desirability, market-*  
23 *ability, or quality of kiwifruit.*

24          (14) *SECRETARY.*—*The term “Secretary” means*  
25 *the Secretary of Agriculture.*

1           (15) *UNITED STATES.*—*The term “United*  
2           *States” means the 50 States of the United States, the*  
3           *District of Columbia, and the Commonwealth of Puer-*  
4           *to Rico.*

5   **SEC. 944. ISSUANCE OF ORDERS.**

6           (a) *ISSUANCE.*—*To effectuate the declared purposes of*  
7           *this subtitle, the Secretary shall issue an order applicable*  
8           *to producers, handlers, and importers of kiwifruit. Any*  
9           *such order shall be national in scope. Not more than 1 order*  
10          *shall be in effect under this subtitle at any 1 time.*

11          (b) *PROCEDURE.*—

12               (1) *PROPOSAL FOR ISSUANCE OF ORDER.*—*Any*  
13               *person that will be affected by this subtitle may re-*  
14               *quest the issuance of, and submit a proposal for, an*  
15               *order under this subtitle.*

16               (2) *PROPOSED ORDER.*—*Not later than 90 days*  
17               *after the receipt of a request and proposal for an*  
18               *order, the Secretary shall publish a proposed order*  
19               *and give due notice and opportunity for public com-*  
20               *ment on the proposed order.*

21               (3) *ISSUANCE OF ORDER.*—*After notice and op-*  
22               *portunity for public comment are provided under*  
23               *paragraph (2), the Secretary shall issue an order, tak-*  
24               *ing into consideration the comments received and in-*

1       cluding in the order provisions necessary to ensure  
2       that the order is in conformity with this subtitle.

3       (c) *AMENDMENTS.*—*The Secretary may amend any*  
4 *order issued under this section. The provisions of this sub-*  
5 *title applicable to an order shall be applicable to an amend-*  
6 *ment to an order.*

7       ***SEC. 945. NATIONAL KIWIFRUIT BOARD.***

8       (a) *MEMBERSHIP.*—*An order issued by the Secretary*  
9 *under section 944 shall provide for the establishment of a*  
10 *National Kiwifruit Board that consists of the following 11*  
11 *members:*

12               (1) *6 members who are producers (or representa-*  
13 *tives of producers) and who are not exempt from an*  
14 *assessment under section 946(b).*

15               (2) *4 members who are importers (or representa-*  
16 *tives of importers) and who are not exempt from an*  
17 *assessment under section 946(b) or are exporters (or*  
18 *representatives of exporters).*

19               (3) *1 member appointed from the general public.*

20       (b) *ADJUSTMENT OF MEMBERSHIP.*—*Subject to the*  
21 *11-member limit, the Secretary may adjust membership on*  
22 *the Board to accommodate changes in production and im-*  
23 *port levels of kiwifruit.*

24       (c) *APPOINTMENT AND NOMINATION.*—

1           (1) *APPOINTMENT.*—*The Secretary shall appoint*  
2 *the members of the Board from nominations submit-*  
3 *ted in accordance with this subsection.*

4           (2) *PRODUCERS.*—*The members referred to in*  
5 *subsection (a)(1) shall be appointed from individuals*  
6 *nominated by producers.*

7           (3) *IMPORTERS AND EXPORTERS.*—*The members*  
8 *referred to in subsection (a)(2) shall be appointed*  
9 *from individuals nominated by importers or export-*  
10 *ers.*

11           (4) *PUBLIC REPRESENTATIVE.*—*The public rep-*  
12 *resentative shall be appointed from nominations sub-*  
13 *mitted by other members of the Board.*

14           (5) *FAILURE TO NOMINATE.*—*If producers, im-*  
15 *porters, and exporters fail to nominate individuals*  
16 *for appointment, the Secretary may appoint members*  
17 *on a basis provided for in the order. If the Board fails*  
18 *to nominate a public representative, the member may*  
19 *be appointed by the Secretary without a nomination.*

20           (d) *ALTERNATES.*—*The Secretary shall appoint an al-*  
21 *ternate for each member of the Board. An alternate shall—*

22           (1) *be appointed in the same manner as the*  
23 *member for whom the individual is an alternate; and*

24           (2) *serve on the Board if the member is absent*  
25 *from a meeting or is disqualified under subsection (f).*

1       (e) *TERMS.*—A member of the Board shall be ap-  
2 pointed for a term of 3 years. No member may serve more  
3 than 2 consecutive 3-year terms, except that of the members  
4 first appointed—

5           (1) 5 members shall be appointed for a term of  
6 2 years; and

7           (2) 6 members shall be appointed for a term of  
8 3 years.

9       (f) *DISQUALIFICATION.*—If a member or alternate of  
10 the Board who was appointed as a producer, importer, ex-  
11 porter, or public representative member ceases to belong to  
12 the group for which the member was appointed, the member  
13 or alternate shall be disqualified from serving on the Board.

14       (g) *COMPENSATION.*—A members or alternate of the  
15 Board shall serve without pay.

16       (h) *GENERAL POWERS AND DUTIES.*—The Board  
17 shall—

18           (1) administer an order issued by the Secretary  
19 under section 944, and an amendment to the order,  
20 in accordance with the order and amendment and  
21 this subtitle;

22           (2) prescribe rules and regulations to carry out  
23 the order;

24           (3) meet, organize, and select from among mem-  
25 bers of the Board a chairperson, other officers, and

1 *committees and subcommittees, as the Board deter-*  
2 *mines appropriate;*

3 *(4) receive, investigate, and report to the Sec-*  
4 *retary accounts of violations of the order;*

5 *(5) make recommendations to the Secretary with*  
6 *respect to an amendment that should be made to the*  
7 *order; and*

8 *(6) employ or contract with a manager and staff*  
9 *to assist in administering the order, except that, to*  
10 *reduce administrative costs and increase efficiency,*  
11 *the Board shall seek, to the extent practicable, to em-*  
12 *ploy or contract with personnel who are already asso-*  
13 *ciated with State chartered organizations involved in*  
14 *promoting kiwifruit.*

15 **SEC. 946. REQUIRED TERMS IN ORDER.**

16 *(a) BUDGETS AND PLANS.—*

17 *(1) IN GENERAL.—An order issued under section*  
18 *944 shall provide for periodic budgets and plans in*  
19 *accordance with this subsection.*

20 *(2) BUDGETS.—The Board shall prepare and*  
21 *submit to the Secretary a budget prior to the begin-*  
22 *ning of the fiscal year of the anticipated expenses and*  
23 *disbursements of the Board in the administration of*  
24 *the order, including probable costs of research, pro-*  
25 *motion, and consumer information. A budget shall be-*

1       *come effective on a 2/3-vote of a quorum of the Board*  
2       *and approval by the Secretary.*

3           (3) *PLANS.—Each budget shall include a plan*  
4       *for research, promotion, and consumer information*  
5       *regarding kiwifruit. A plan under this paragraph*  
6       *shall become effective on approval by the Secretary.*  
7       *The Board may enter into contracts and agreements,*  
8       *on approval by the Secretary, for—*

9           (A) *the development of and carrying out the*  
10        *plan; and*

11           (B) *the payment of the cost of the plan,*  
12        *with funds collected pursuant to this subtitle.*

13       (b) *ASSESSMENTS.—*

14           (1) *IN GENERAL.—The order shall provide for*  
15        *the imposition and collection of assessments with re-*  
16        *gard to the production and importation of kiwifruit*  
17        *in accordance with this subsection.*

18           (2) *RATE.—The assessment rate shall be the*  
19        *rate that is recommended by a 2/3-vote of a quorum*  
20        *of the Board and approved by the Secretary, except*  
21        *that the rate shall not exceed \$0.10 per 7-pound tray*  
22        *of kiwifruit or equivalent.*

23           (3) *COLLECTION BY FIRST HANDLERS.—Except*  
24        *as provided in paragraph (5), the first handler of*  
25        *kiwifruit shall—*

1           (A) be responsible for the collection from the  
2 producer, and payment to the Board, of assess-  
3 ments required under this subsection; and

4           (B) maintain a separate record of the  
5 kiwifruit of each producer whose kiwifruit are so  
6 handled, including the kiwifruit owned by the  
7 handler.

8           (4) *IMPORTERS.*—The assessment on imported  
9 kiwifruit shall be paid by the importer to the United  
10 States Customs Service at the time of entry into the  
11 United States and shall be remitted to the Board.

12           (5) *EXEMPTION FROM ASSESSMENT.*—The follow-  
13 ing persons or activities are exempt from an assess-  
14 ment under this subsection:

15           (A) A producer who produces less than 500  
16 pounds of kiwifruit per year.

17           (B) An importer who imports less than  
18 10,000 pounds of kiwifruit per year.

19           (C) A sale of kiwifruit made directly from  
20 the producer to a consumer for a purpose other  
21 than resale.

22           (D) The production or importation of  
23 kiwifruit for processing.



1           (6) *CLAIM OF EXEMPTION.*—*To claim an exemp-*  
2           *tion under paragraph (5) for a particular year, a*  
3           *person shall—*

4                   (A) *submit an application to the Board*  
5                   *stating the basis for the exemption and certifying*  
6                   *that the quantity of kiwifruit produced, im-*  
7                   *ported, or sold by the person will not exceed any*  
8                   *poundage limitation required for the exemption*  
9                   *in the year; or*

10                   (B) *be on a list of approved processors de-*  
11                   *veloped by the Board.*

12           (c) *USE OF ASSESSMENTS.*

13           (1) *AUTHORIZED USES.*—*The order shall provide*  
14           *that funds paid to the Board as assessments under*  
15           *subsection (b) may be used by the Board—*

16                   (A) *to pay for research, promotion, and*  
17                   *consumer information described in the budget of*  
18                   *the Board under subsection (a) and for other ex-*  
19                   *penditures incurred by the Board in the administra-*  
20                   *tion of an order;*

21                   (B) *to pay such other expenses for the ad-*  
22                   *ministration, maintenance, and functioning of*  
23                   *the Board, including any enforcement efforts for*  
24                   *the collection of assessments as may be author-*

1           *ized by the Secretary, including interest and*  
2           *penalties for late payments; and*

3                   *(C) to fund a reserve established under sec-*  
4           *tion 947(d).*

5           (2) *REQUIRED USES.—The order shall provide*  
6           *that funds paid to the Board as assessments under*  
7           *subsection (b) shall be used by the Board—*

8                   *(A) to pay the expenses incurred by the Sec-*  
9           *retary, including salaries and expenses of Fed-*  
10          *eral Government employees, in implementing*  
11          *and administering the order; and*

12                   *(B) to reimburse the Secretary for any ex-*  
13          *penses incurred by the Secretary in conducting*  
14          *referenda under this subtitle.*

15           (3) *LIMITATION ON USE OF ASSESSMENTS.—Ex-*  
16          *cept for the first year of operation of the Board, ex-*  
17          *penses for the administration, maintenance, and*  
18          *functioning of the Board may not exceed 30 percent*  
19          *of the budget for a year.*

20           (d) *FALSE CLAIMS.—The order shall provide that any*  
21          *promotion funded with assessments collected under sub-*  
22          *section (b) may not make—*

23                   (1) *any false claims on behalf of kiwifruit; and*

1           (2) *any false statements with respect to the at-*  
2           *tributes or use of any product that competes with*  
3           *kiwifruit for sale in commerce.*

4           (e) *PROHIBITION ON USE OF FUNDS.—The order shall*  
5           *provide that funds collected by the Board under this subtitle*  
6           *through assessments may not, in any manner, be used for*  
7           *the purpose of influencing legislation or governmental pol-*  
8           *icy or action, except for making recommendations to the*  
9           *Secretary as provided for under this subtitle.*

10          (f) *BOOKS, RECORDS, AND REPORTS.—*

11           (1) *BOARD.—The order shall require the*  
12           *Board—*

13                   (A) *to maintain books and records with re-*  
14                   *spect to the receipt and disbursement of funds re-*  
15                   *ceived by the Board;*

16                   (B) *to submit to the Secretary from time to*  
17                   *time such reports as the Secretary may require*  
18                   *for appropriate accounting; and*

19                   (C) *to submit to the Secretary at the end of*  
20                   *each fiscal year a complete audit report by an*  
21                   *independent auditor regarding the activities of*  
22                   *the Board during the fiscal year.*

23           (2) *OTHERS.—To make information and data*  
24           *available to the Board and the Secretary that is ap-*  
25           *propriate or necessary for the effectuation, adminis-*

1 *tration, or enforcement of this subtitle (or any order*  
2 *or regulation issued under this subtitle), the order*  
3 *shall require handlers and importers who are respon-*  
4 *sible for the collection, payment, or remittance of as-*  
5 *sessments under subsection (b)—*

6 *(A) to maintain and make available for in-*  
7 *spection by the employees and agents of the*  
8 *Board and the Secretary such books and records*  
9 *as may be required by the order; and*

10 *(B) to file, at the times and in the manner*  
11 *and content prescribed by the order, reports re-*  
12 *garding the collection, payment, or remittance of*  
13 *the assessments.*

14 *(g) CONFIDENTIALITY.—*

15 *(1) IN GENERAL.—The order shall require that*  
16 *all information obtained pursuant to subsection (f)(2)*  
17 *be kept confidential by all officers and employees and*  
18 *agents of the Department and of the Board. Only such*  
19 *information as the Secretary considers relevant shall*  
20 *be disclosed to the public and only in a suit or ad-*  
21 *ministrative hearing, brought at the request of the*  
22 *Secretary or to which the Secretary or any officer of*  
23 *the United States is a party, involving the order with*  
24 *respect to which the information was furnished or ac-*  
25 *quired.*

1           (2) *LIMITATIONS.*—*Nothing in this subsection*  
2     *prohibits—*

3           (A) *issuance of general statements based on*  
4     *the reports of a number of handlers and import-*  
5     *ers subject to an order, if the statements do not*  
6     *identify the information furnished by any per-*  
7     *son; or*

8           (B) *the publication, by direction of the Sec-*  
9     *retary, of the name of any person violating an*  
10    *order issued under section 944(a), together with*  
11    *a statement of the particular provisions of the*  
12    *order violated by the person.*

13          (3) *PENALTY.*—*Any person who willfully violates*  
14    *this subsection, on conviction, shall be subject to a*  
15    *fine of not more than \$1,000 or to imprisonment for*  
16    *not more than 1 year, or both, and, if the person is*  
17    *a member, officer, or agent of the board or an em-*  
18    *ployee of the Department, shall be removed from of-*  
19    *fice.*

20          (h) *WITHHOLDING INFORMATION.*—*Nothing in this*  
21    *subtitle authorizes the withholding of information from*  
22    *Congress.*

23    **SEC. 947. PERMISSIVE TERMS IN ORDER.**

24          (a) *PERMISSIVE TERMS.*—*On the recommendation of*  
25    *the Board and with the approval of the Secretary, an order*

1 *issued under section 944 may include the terms and condi-*  
2 *tions specified in this section and such additional terms*  
3 *and conditions as the Secretary considers necessary to effec-*  
4 *tuate the other provisions of the order and are incidental*  
5 *to, and not inconsistent with, this subtitle.*

6 (b) *ALTERNATIVE PAYMENT AND REPORTING SCHED-*  
7 *ULES.—The order may authorize the Board to designate*  
8 *different handler payment and reporting schedules to recog-*  
9 *nize differences in marketing practices and procedures.*

10 (c) *WORKING GROUPS.—The order may authorize the*  
11 *Board to convene working groups drawn from producers,*  
12 *handlers, importers, exporters, or the general public and*  
13 *utilize the expertise of the groups to assist in the develop-*  
14 *ment of research and marketing programs for kiwifruit.*

15 (d) *RESERVE FUNDS.—The order may authorize the*  
16 *Board to accumulate reserve funds from assessments col-*  
17 *lected pursuant to section 946(b) to permit an effective and*  
18 *continuous coordinated program of research, promotion,*  
19 *and consumer information in years in which production*  
20 *and assessment income may be reduced, except that any re-*  
21 *serve fund may not exceed the amount budgeted for oper-*  
22 *ation of this subtitle for 1 year.*

23 (e) *PROMOTION ACTIVITIES OUTSIDE UNITED*  
24 *STATES.—The order may authorize the Board to use, with*  
25 *the approval of the Secretary, funds collected under section*

1 946(b) and funds from other sources for the development  
2 and expansion of sales in foreign markets of kiwifruit pro-  
3 duced in the United States.

4 **SEC. 948. PETITION AND REVIEW.**

5 (a) *PETITION.*—

6 (1) *IN GENERAL.*—A person subject to an order  
7 may file with the Secretary a petition—

8 (A) stating that the order, a provision of the  
9 order, or an obligation imposed in connection  
10 with the order is not in accordance with law;  
11 and

12 (B) requesting a modification of the order  
13 or an exemption from the order.

14 (2) *HEARINGS.*—A person submitting a petition  
15 under paragraph (1) shall be given an opportunity  
16 for a hearing on the petition, in accordance with reg-  
17 ulations issued by the Secretary.

18 (3) *RULING.*—After the hearing, the Secretary  
19 shall make a ruling on the petition which shall be  
20 final if the petition is in accordance with law.

21 (4) *LIMITATION ON PETITION.*—Any petition  
22 filed under this subtitle challenging an order, or any  
23 obligation imposed in connected with an order, shall  
24 be filed not later than 2 years after the effective date  
25 of the order or obligation.

1       **(b) REVIEW.**—

2               **(1) COMMENCEMENT OF ACTION.**—*The district*  
3 *court of the United States in any district in which*  
4 *the person who is a petitioner under subsection (a) re-*  
5 *sides or carries on business is vested with jurisdiction*  
6 *to review the ruling on the petition of the person, if*  
7 *a complaint for that purpose is filed not later than*  
8 *20 days after the date of the entry of a ruling by the*  
9 *Secretary under subsection (a).*

10              **(2) PROCESS.**—*Service of process in the proceed-*  
11 *ings shall be conducted in accordance with the Fed-*  
12 *eral Rules of Civil Procedure.*

13              **(3) REMANDS.**—*If the court determines that the*  
14 *ruling is not in accordance with law, the court shall*  
15 *remand the matter to the Secretary with directions—*

16                      **(A)** *to make such ruling as the court shall*  
17 *determine to be in accordance with law; or*

18                      **(B)** *to take such further action as, in the*  
19 *opinion of the court, the law requires.*

20              **(4) ENFORCEMENT.**—*The pendency of a proceed-*  
21 *ing instituted pursuant to subsection (a) shall not im-*  
22 *pede, hinder, or delay the Attorney General or the*  
23 *Secretary from obtaining relief pursuant to section*  
24 *949.*



1 **SEC. 949. ENFORCEMENT.**

2 (a) *JURISDICTION.*—A district court of the United  
3 States shall have jurisdiction specifically to enforce, and to  
4 prevent and restrain any person from violating, any order  
5 or regulation made or issued by the Secretary under this  
6 subtitle.

7 (b) *REFERRAL TO ATTORNEY GENERAL.*—A civil ac-  
8 tion authorized to be brought under this section shall be  
9 referred to the Attorney General for appropriate action, ex-  
10 cept that the Secretary is not required to refer to the Attor-  
11 ney General a violation of this subtitle, or any order or  
12 regulation issued under this subtitle, if the Secretary be-  
13 lieves that the administration and enforcement of this sub-  
14 title would be adequately served by administrative action  
15 under subsection (c) or suitable written notice or warning  
16 to any person committing the violation.

17 (c) *CIVIL PENALTIES AND ORDERS.*—

18 (1) *CIVIL PENALTIES.*—Any person who willfully  
19 violates any provision of any order or regulation is-  
20 sued by the Secretary under this subtitle, or who fails  
21 or refuses to pay, collect, or remit any assessment or  
22 fee duly required of the person under the order or reg-  
23 ulation, may be assessed a civil penalty by the Sec-  
24 retary of not less than \$500 nor more than \$5,000 for  
25 each such violation. Each violation shall be a separate  
26 offense.

1           (2) *CEASE-AND-DESIST ORDERS.*—*In addition to*  
2 *or in lieu of the civil penalty, the Secretary may issue*  
3 *an order requiring the person to cease and desist from*  
4 *continuing the violation.*

5           (3) *NOTICE AND HEARING.*—*No order assessing a*  
6 *civil penalty or cease-and-desist order may be issued*  
7 *by the Secretary under this subsection unless the Sec-*  
8 *retary gives the person against whom the order is is-*  
9 *ssued notice and opportunity for a hearing on the*  
10 *record before the Secretary with respect to the viola-*  
11 *tion.*

12           (4) *FINALITY.*—*The order of the Secretary assess-*  
13 *ing a penalty or imposing a cease-and-desist order*  
14 *shall be final and conclusive unless the person against*  
15 *whom the order is issued files an appeal from the*  
16 *order with the appropriate district court of the Unit-*  
17 *ed States, in accordance with subsection (d).*

18           (d) *REVIEW BY UNITED STATES DISTRICT COURT.*—

19           (1) *COMMENCEMENT OF ACTION.*—*Any person*  
20 *against whom a violation is found and a civil pen-*  
21 *alty assessed or cease-and-desist order issued under*  
22 *subsection (c) may obtain review of the penalty or*  
23 *order in the district court of the United States for the*  
24 *district in which the person resides or does business,*

1        *or the United States district court for the District of*  
2        *Columbia, by—*

3                *(A) filing a notice of appeal in the court*  
4                *not later than 30 days after the date of the order;*  
5                *and*

6                *(B) simultaneously sending a copy of the*  
7                *notice by certified mail to the Secretary.*

8                *(2) RECORD.—The Secretary shall promptly file*  
9                *in the court a certified copy of the record on which*  
10               *the Secretary found that the person had committed a*  
11               *violation.*

12               *(3) STANDARD OF REVIEW.—A finding of the*  
13               *Secretary shall be set aside only if the finding is*  
14               *found to be unsupported by substantial evidence.*

15               *(e) FAILURE TO OBEY ORDERS.—Any person who fails*  
16               *to obey a cease-and-desist order issued by the Secretary*  
17               *after the order has become final and unappealable, or after*  
18               *the appropriate United States district court has entered a*  
19               *final judgment in favor of the Secretary, shall be subject*  
20               *to a civil penalty assessed by the Secretary, after oppor-*  
21               *tunity for a hearing and for judicial review under the pro-*  
22               *cedures specified in subsections (c) and (d), of not more*  
23               *than \$500 for each offense. Each day during which the fail-*  
24               *ure continues shall be considered a separate violation of the*  
25               *order.*

1           (f) *FAILURE TO PAY PENALTIES.*—If a person fails to  
2 pay an assessment of a civil penalty after the assessment  
3 has become a final and unappealable order issued by the  
4 Secretary, or after the appropriate United States district  
5 court has entered final judgment in favor of the Secretary,  
6 the Secretary shall refer the matter to the Attorney General  
7 for recovery of the amount assessed in the district court of  
8 the United States in any district in which the person re-  
9 sides or conducts business. In the action, the validity and  
10 appropriateness of the final order imposing the civil pen-  
11 alty shall not be subject to review.

12 **SEC. 950. INVESTIGATIONS AND POWER TO SUBPOENA.**

13           (a) *IN GENERAL.*—The Secretary may make such in-  
14 vestigations as the Secretary considers necessary—

15               (1) for the effective carrying out of the respon-  
16 sibilities of the Secretary under this subtitle; or

17               (2) to determine whether a person subject to this  
18 subtitle has engaged or is engaging in any act that  
19 constitutes a violation of this subtitle, or any order,  
20 rule, or regulation issued under this subtitle.

21           (b) *POWER TO SUBPOENA.*—

22               (1) *INVESTIGATIONS.*—For the purpose of an in-  
23 vestigation made under subsection (a), the Secretary  
24 may administer oaths and affirmations and may  
25 issue subpoenas to require the production of any

1        *records that are relevant to the inquiry. The produc-*  
2        *tion of any such records may be required from any*  
3        *place in the United States.*

4            (2) *ADMINISTRATIVE HEARINGS.—For the pur-*  
5        *pose of an administrative hearing held under section*  
6        *948 or 949, the presiding officer is authorized to ad-*  
7        *minister oaths and affirmations, subpoena witnesses,*  
8        *compel the attendance of witnesses, take evidence, and*  
9        *require the production of any records that are rel-*  
10       *evant to the inquiry. The attendance of witnesses and*  
11       *the production of any such records may be required*  
12       *from any place in the United States.*

13           (c) *AID OF COURTS.—In the case of contumacy by, or*  
14       *refusal to obey a subpoena to, any person, the Secretary*  
15       *may invoke the aid of any court of the United States within*  
16       *the jurisdiction of which the investigation or proceeding is*  
17       *carried on, or where the person resides or carries on busi-*  
18       *ness, to enforce a subpoena issued by the Secretary under*  
19       *subsection (b). The court may issue an order requiring the*  
20       *person to comply with the subpoena.*

21           (d) *CONTEMPT.—Any failure to obey the order of the*  
22       *court may be punished by the court as a contempt of the*  
23       *order.*

1       (e) *PROCESS.*—*Process in any such case may be served*  
2 *in the judicial district of which the person resides or con-*  
3 *ducts business or wherever the person may be found.*

4       (f) *HEARING SITE.*—*The site of any hearing held*  
5 *under section 948 or 949 shall be within the judicial district*  
6 *where the person is an inhabitant or has a principal place*  
7 *of business.*

8       **SEC. 951. REFERENDA.**

9       (a) *INITIAL REFERENDUM.*—

10           (1) *REFERENDUM REQUIRED.*—*During the 60-*  
11 *day period immediately preceding the proposed effec-*  
12 *tive date of an order issued under section 944, the*  
13 *Secretary shall conduct a referendum among kiwifruit*  
14 *producers and importers who will be subject to assess-*  
15 *ments under the order, to ascertain whether producers*  
16 *and importers approve the implementation of the*  
17 *order.*

18           (2) *APPROVAL OF ORDER.*—*The order shall be-*  
19 *come effective, as provided in section 944, if the Sec-*  
20 *retary determines that—*

21                   (A) *the order has been approved by a ma-*  
22 *jority of the producers and importers voting in*  
23 *the referendum; and*

24                   (B) *the producers and importers produce*  
25 *and import more than 50 percent of the total*

1           *volume of kiwifruit produced and imported by*  
2           *persons voting in the referendum.*

3           **(b) SUBSEQUENT REFERENDA.**—*The Secretary may*  
4           *periodically conduct a referendum to determine if kiwifruit*  
5           *producers and importers favor the continuation, termi-*  
6           *nation, or suspension of any order issued under section 944*  
7           *that is in effect at the time of the referendum.*

8           **(c) REQUIRED REFERENDA.**—*The Secretary shall hold*  
9           *a referendum under subsection (b)—*

10           *(1) at the end of the 6-year period beginning on*  
11           *the effective date of the order and at the end of each*  
12           *subsequent 6-year period;*

13           *(2) at the request of the Board; or*

14           *(3) if not less than 30 percent of the kiwifruit*  
15           *producers and importers subject to assessments under*  
16           *the order submit a petition requesting the referendum.*

17           **(d) VOTE.**—*On completion of a referendum under sub-*  
18           *section (b), the Secretary shall suspend or terminate the*  
19           *order that was subject to the referendum at the end of the*  
20           *marketing year if—*

21           *(1) the suspension or termination of the order is*  
22           *avored by not less than a majority of the producers*  
23           *and importers voting in the referendum; and*

24           *(2) the producers and importers produce and im-*  
25           *port more than 50 percent of the total volume of*





1     **Subtitle D—Commodity Promotion**  
2                     **and Evaluation**

3     **SEC. 961. COMMODITY PROMOTION AND EVALUATION.**

4             (a) *FINDINGS.*—Congress finds that—

5                     (1) *it is in the national public interest and vital*  
6                     *to the welfare of the agricultural economy of the Unit-*  
7                     *ed States to expand and develop markets for agricul-*  
8                     *tural commodities through generic, industry-funded*  
9                     *promotion programs;*

10                    (2) *the programs play a unique role in advanc-*  
11                    *ing the demand for agricultural commodities, since*  
12                    *the programs increase the total market for a product*  
13                    *to the benefit of consumers and all producers;*

14                    (3) *the programs complement branded advertis-*  
15                    *ing initiatives, which are aimed at increasing the*  
16                    *market share of individual competitors;*

17                    (4) *the programs are of particular benefit to*  
18                    *small producers, who may lack the resources or mar-*  
19                    *ket power to advertise on their own;*

20                    (5) *the programs do not impede the branded ad-*  
21                    *vertising efforts of individual firms but instead in-*  
22                    *crease market demand by methods that each individ-*  
23                    *ual entity would not have the incentive to employ;*

24                    (6) *the programs, paid for by the producers who*  
25                    *directly reap the benefits of the programs, provide a*

1        *unique opportunity for agricultural producers to in-*  
2        *form consumers about their products;*

3            *(7) it is important to ensure that the programs*  
4        *be carried out in an effective and coordinated manner*  
5        *that is designed to strengthen the position of the com-*  
6        *modities in the marketplace and to maintain and ex-*  
7        *pend the markets and uses of the commodities; and*  
8            *(8) independent evaluation of the effectiveness of*  
9        *the programs will assist Congress and the Secretary*  
10       *of Agriculture in ensuring that the objectives of the*  
11       *programs are met.*

12       *(b) INDEPENDENT EVALUATIONS.—Except as other-*  
13       *wise provided by law, and at such intervals as the Secretary*  
14       *of Agriculture may determine, but not more frequently than*  
15       *every 3 years or 3 years after the establishment of a pro-*  
16       *gram, the Secretary shall require that each industry-funded*  
17       *generic promotion program authorized by Federal law for*  
18       *an agricultural commodity shall provide for an independ-*  
19       *ent evaluation of the program and the effectiveness of the*  
20       *program. The evaluation may include an analysis of bene-*  
21       *fits, costs, and the efficacy of promotional and research ef-*  
22       *forts under the program. The evaluation shall be funded*  
23       *from industry assessments and made available to the public.*

1           (c) *ADMINISTRATIVE COSTS.*—*The Secretary shall pro-*  
2 *vide to Congress annually information on administrative*  
3 *expenses on programs referred to in subsection (b).*

Attest:

*Secretary.*

104<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**H. R. 2854**

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