

104TH CONGRESS
2D SESSION

H. R. 2854

To modify the operation of certain agricultural programs.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 1996

Mr. ROBERTS (for himself, Mr. EMERSON, Mr. ALLARD, Mr. BARRETT of Nebraska, Mr. EWING, Mr. COMBEST, Mr. BOEHNER, Mr. CHAMBLISS, and Mr. NETHERCUTT) introduced the following bill; which was referred to the Committee on Agriculture, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To modify the operation of certain agricultural programs.

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

3 **SEC. 1. TABLE OF CONTENTS.**

4 The table of contents of this Act is as follows:

Sec. 1. 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. Elimination of permanent price support authority.
 Sec. 110. Effect of amendments.

TITLE II—CONSERVATION

- Sec. 201. Conservation.

TITLE III—AGRICULTURAL PROMOTION AND EXPORT PROGRAMS

- Sec. 301. Market promotion program.
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TITLE IV—MISCELLANEOUS

- Sec. 401. Crop insurance.
 Sec. 402. Collection and use of agricultural quarantine and inspection fees.
 Sec. 403. Commodity Credit Corporation interest rate.

TITLE V—COMMISSION ON 21ST CENTURY PRODUCTION AGRICULTURE

- Sec. 501. Establishment.
 Sec. 502. Composition.
 Sec. 503. Comprehensive review of past and future of production agriculture.
 Sec. 504. Reports.
 Sec. 505. Powers.
 Sec. 506. Commission procedures.
 Sec. 507. Personnel matters.
 Sec. 508. Termination of Commission.

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 “con-
 9 sidered planted” means acreage that is considered
 10 planted under title V of the Agricultural Act of 1949
 11 (7 U.S.C. 1461 et seq.) (as in effect prior to the
 12 amendment made by section 109(b)(2)).

1 (2) CONTRACT.—The term “contract” means a
2 production flexibility contract entered into under
3 section 103.

4 (3) CONTRACT ACREAGE.—The term “contract
5 acreage” means 1 or more crop acreage bases estab-
6 lished for contract commodities under title V of the
7 Agricultural Act of 1949 (as in effect prior to the
8 amendment made by section 109(b)(2)) that would
9 have been in effect for the 1996 crop (but for the
10 amendment made by section 109(b)(2)).

11 (4) CONTRACT COMMODITY.—The term “con-
12 tract commodity” means wheat, corn, grain sor-
13 ghum, barley, oats, upland cotton, and rice.

14 (5) CONTRACT PAYMENT.—The term “contract
15 payment” means a payment made under section 103
16 pursuant to a contract.

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

18 (7) DEPARTMENT.—The term “Department”
19 means the United States Department of Agriculture.

20 (8) FARM PROGRAM PAYMENT YIELD.—The
21 term “farm program payment yield” means the farm
22 program payment yield established for the 1995 crop
23 of a contract commodity under title V of the Agri-
24 cultural Act of 1949 (as in effect prior to the
25 amendment made by section 109(b)(2)).

1 (9) LOAN COMMODITY.—The term “loan com-
2 modity” means each contract commodity, extra long
3 staple cotton, and oilseeds.

4 (10) OILSEED.—The term “oilseed” means a
5 crop of soybeans, sunflower seed, rapeseed, canola,
6 safflower, flaxseed, mustard seed, or, if designated
7 by the Secretary, other oilseeds.

8 (11) PERSON.—The term “person” means an
9 individual, partnership, firm, joint-stock company,
10 corporation, association, trust, estate, or State agen-
11 cy.

12 (12) PRODUCER.—

13 (A) IN GENERAL.—The term “producer”
14 means a person who, as owner, landlord, ten-
15 nant, or sharecropper, shares in the risk of pro-
16 ducing a crop, and is entitled to share in the
17 crop available for marketing from the farm, or
18 would have shared had the crop been produced.

19 (B) HYBRID SEED.—The term “producer”
20 includes a person growing hybrid seed under
21 contract. In determining the interest of a grow-
22 er of hybrid seed in a crop, the Secretary shall
23 not take into consideration the existence of a
24 hybrid seed contract.

1 (13) PROGRAM.—The term “program” means
2 the agricultural market transition program estab-
3 lished under this title.

4 (14) SECRETARY.—The term “Secretary”
5 means the Secretary of Agriculture.

6 (15) STATE.—The term “State” means each of
7 the several States of the United States, the District
8 of Columbia, the Commonwealth of Puerto Rico, and
9 any other territory or possession of the United
10 States.

11 (16) UNITED STATES.—The term “United
12 States”, when used in a geographical sense, means
13 all of the States.

14 **SEC. 103. PRODUCTION FLEXIBILITY CONTRACTS.**

15 (a) CONTRACTS AUTHORIZED.—

16 (1) OFFER AND TERMS.—Beginning as soon as
17 practicable after the date of the enactment of this
18 title, the Secretary shall offer to enter into a con-
19 tract with an eligible owner or operator described in
20 paragraph (2) on a farm containing eligible farm-
21 land. Under the terms of a contract, the owner or
22 operator shall agree, in exchange for annual contract
23 payments, to comply with—

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

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

7 (C) the planting flexibility requirements of
8 subsection (j).

9 (2) ELIGIBLE OWNERS AND OPERATORS DE-
10 SCRIBED.—The following persons shall be considered
11 to be an owner or operator eligible to enter into a
12 contract:

13 (A) An owner of eligible farmland who as-
14 sumes all of the risk of producing a crop.

15 (B) An owner of eligible farmland who
16 shares in the risk of producing a crop.

17 (C) An operator of eligible farmland with
18 a share-rent lease of the eligible farmland, re-
19 gardless of the length of the lease, if the owner
20 enters into the same contract.

21 (D) An operator of eligible farmland who
22 cash rents the eligible farmland under a lease
23 expiring on or after September 30, 2002, in
24 which case the consent of the owner is not re-
25 quired.

1 (E) An operator of eligible farmland who
2 cash rents the eligible farmland under a lease
3 expiring before September 30, 2002, if the
4 owner consents to the contract.

5 (F) An owner of eligible farmland who
6 cash rents the eligible farmland and the lease
7 term expires before September 30, 2002, but
8 only if the actual operator of the farm declines
9 to enter into a contract. In the case of an
10 owner covered by this subparagraph, contract
11 payments shall not begin under a contract until
12 the fiscal year following the fiscal year in which
13 the lease held by the nonparticipating operator
14 expires.

15 (G) An owner or operator described in a
16 preceding subparagraph regardless of whether
17 the owner or operator purchased catastrophic
18 risk protection for a fall-planted 1996 crop
19 under section 508(b) of the Federal Crop Insur-
20 ance Act (7 U.S.C. 1508(b)).

21 (3) TENANTS AND SHARECROPPERS.—In carry-
22 ing out this section, the Secretary shall provide ade-
23 quate safeguards to protect the interests of opera-
24 tors who are tenants and sharecroppers.

25 (b) ELEMENTS.—

1 (1) TIME FOR CONTRACTING.—

2 (A) DEADLINE.—Except as provided in
3 subparagraph (B), the Secretary may not enter
4 into a contract after April 15, 1996.

5 (B) CONSERVATION RESERVE LANDS.—

6 (i) IN GENERAL.—At the beginning of
7 each fiscal year, the Secretary shall allow
8 an eligible owner or operator on a farm
9 covered by a conservation reserve contract
10 entered into under section 1231 of the
11 Food Security Act of 1985 (16 U.S.C.
12 3831) that terminates after the date speci-
13 fied in subparagraph (A) to enter into or
14 expand a production flexibility contract to
15 cover the contract acreage of the farm that
16 was subject to the former conservation re-
17 serve contract.

18 (ii) AMOUNT.—Contract payments
19 made for contract acreage under this sub-
20 paragraph shall be made at the rate and
21 amount applicable to the annual contract
22 payment level for the applicable crop.

23 (2) DURATION OF CONTRACT.—

24 (A) BEGINNING DATE.—A contract shall
25 begin with—

1 (i) the 1996 crop of a contract com-
2 modity; or

3 (ii) in the case of acreage that was
4 subject to a conservation reserve contract
5 described in paragraph (1)(B), the date
6 the production flexibility contract was en-
7 tered into or expanded to cover the acre-
8 age.

9 (B) ENDING DATE.—A contract shall ex-
10 tend through the 2002 crop.

11 (3) ESTIMATION OF CONTRACT PAYMENTS.—At
12 the time the Secretary enters into a contract, the
13 Secretary shall provide an estimate of the minimum
14 contract payments anticipated to be made during at
15 least the first fiscal year for which contract pay-
16 ments will be made.

17 (c) ELIGIBLE FARMLAND DESCRIBED.—Land shall
18 be considered to be farmland eligible for coverage under
19 a contract only if the land has contract acreage attrib-
20 utable to the land and—

21 (1) for at least 1 of the 1991 through 1995
22 crops, at least a portion of the land was enrolled in
23 the acreage reduction program authorized for a crop
24 of a contract commodity under section 101B, 103B,
25 105B, or 107B of the Agricultural Act of 1949 (as

1 in effect prior to the amendment made by section
2 109(b)(2)) or was considered planted;

3 (2) was subject to a conservation reserve con-
4 tract under section 1231 of the Food Security Act
5 of 1985 (16 U.S.C. 3831) whose term expired, or
6 was voluntarily terminated, on or after January 1,
7 1995; or

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

12 (d) TIME FOR PAYMENT.—

13 (1) IN GENERAL.—An annual contract payment
14 shall be made not later than September 30 of each
15 of fiscal years 1996 through 2002.

16 (2) ADVANCE PAYMENTS.—

17 (A) FISCAL YEAR 1996.—At the option of
18 the owner or operator, 50 percent of the con-
19 tract payment for fiscal year 1996 shall be
20 made not later than June 15, 1996.

21 (B) SUBSEQUENT FISCAL YEARS.—At the
22 option of the owner or operator for fiscal year
23 1997 and each subsequent fiscal year, 50 per-
24 cent of the annual contract payment shall be
25 made on December 15.

1 (e) AMOUNTS AVAILABLE FOR CONTRACT PAYMENTS
2 FOR EACH FISCAL YEAR.—

3 (1) IN GENERAL.—The Secretary shall, to the
4 maximum extent practicable, expend on a fiscal year
5 basis the following amounts to satisfy the obligations
6 of the Secretary under all contracts:

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

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

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

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

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

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

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

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

17 (A) For wheat, 26.26 percent.

18 (B) For corn, 46.22 percent.

19 (C) For grain sorghum, 5.11 percent.

20 (D) For barley, 2.16 percent.

21 (E) For oats, 0.15 percent.

22 (F) For upland cotton, 11.63 percent.

23 (G) For rice, 8.47 percent.

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

4 (A) subtracting an amount equal to the
5 amount, if any, necessary to satisfy payment re-
6 quirements under sections 101B, 103B, 105B,
7 and 107B of the Agricultural Act of 1949 (as
8 in effect prior to the amendment made by sec-
9 tion 109(b)(2)) for the 1994 and 1995 crops of
10 the commodity;

11 (B) adding an amount equal to the sum of
12 all repayments of deficiency payments received
13 under section 114(a)(2) of the Act (as so in ef-
14 fect) for the commodity;

15 (C) to the maximum extent practicable,
16 adding an amount equal to the sum of all con-
17 tract payments withheld by the Secretary, at
18 the request of an owner or operator subject to
19 a contract, as an offset against repayments of
20 deficiency payments otherwise required under
21 section 114(a)(2) of the Act (as so in effect) for
22 the commodity; and

23 (D) adding an amount equal to the sum of
24 all refunds of contract payments received dur-

1 ing the preceding fiscal year under subsection
2 (h) for the commodity.

3 (f) DETERMINATION OF CONTRACT PAYMENTS.—

4 (1) INDIVIDUAL PAYMENT QUANTITY OF CON-
5 TRACT COMMODITIES.—For each contract, the pay-
6 ment quantity of a contract commodity for each fis-
7 cal year shall be equal to the product of—

8 (A) 85 percent of the contract acreage;
9 and

10 (B) the farm program payment yield.

11 (2) ANNUAL PAYMENT QUANTITY OF CONTRACT
12 COMMODITIES.—The payment quantity of each con-
13 tract commodity covered by all contracts for each
14 fiscal year shall equal the sum of the amounts cal-
15 culated under paragraph (1) for each individual con-
16 tract.

17 (3) ANNUAL PAYMENT RATE.—The payment
18 rate for a contract commodity for each fiscal year
19 shall be equal to—

20 (A) the amount made available under sub-
21 section (e) for the contract commodity for the
22 fiscal year; divided by

23 (B) the amount determined under para-
24 graph (2) for the fiscal year.

1 (4) ANNUAL PAYMENT AMOUNT.—The amount
2 to be paid under a contract in effect for each fiscal
3 year with respect to a contract commodity shall be
4 equal to the product of—

5 (A) the payment quantity determined
6 under paragraph (1) with respect to the con-
7 tract; and

8 (B) the payment rate in effect under para-
9 graph (3).

10 (5) ASSIGNMENT OF CONTRACT PAYMENTS.—

11 The provisions of section 8(g) of the Soil Conserva-
12 tion and Domestic Allotment Act (16 U.S.C.
13 590h(g)) (relating to assignment of payments) shall
14 apply to contract payments under this subsection.
15 The owner or operator making the assignment, or
16 the assignee, shall provide the Secretary with notice,
17 in such manner as the Secretary may require in the
18 contract, of any assignment made under this para-
19 graph.

20 (6) SHARING OF CONTRACT PAYMENTS.—The
21 Secretary shall provide for the sharing of contract
22 payments among the owners and operators subject
23 to the contract on a fair and equitable basis.

24 (g) PAYMENT LIMITATION.—The total amount of
25 contract payments made to a person under a contract dur-

1 ing any fiscal year may not exceed the payment limitations
2 established under sections 1001 through 1001C of the
3 Food Security Act of 1985 (7 U.S.C. 1308 through 1308–
4 3).

5 (h) EFFECT OF VIOLATION.—

6 (1) TERMINATION OF CONTRACT.—Except as
7 provided in paragraph (2), if an owner or operator
8 subject to a contract violates the conservation plan
9 for the farm containing eligible farmland under the
10 contract, wetland protection requirements applicable
11 to the farm, or the planting flexibility requirements
12 of subsection (j), the Secretary shall terminate the
13 contract with respect to the owner or operator on
14 each farm in which the owner or operator has an in-
15 terest. On the termination, the owner or operator
16 shall forfeit all rights to receive future contract pay-
17 ments on each farm in which the owner or operator
18 has an interest and shall refund to the Secretary all
19 contract payments received by the owner or operator
20 during the period of the violation, together with in-
21 terest on the contract payments as determined by
22 the Secretary.

23 (2) REFUND OR ADJUSTMENT.—If the Sec-
24 retary determines that a violation does not warrant
25 termination of the contract under paragraph (1), the

1 Secretary may require the owner or operator subject
2 to the contract—

3 (A) to refund to the Secretary that part of
4 the contract payments received by the owner or
5 operator during the period of the violation, to-
6 gether with interest on the contract payments
7 as determined by the Secretary; or

8 (B) to accept a reduction in the amount of
9 future contract payments that is proportionate
10 to the severity of the violation, as determined
11 by the Secretary.

12 (3) FORECLOSURE.—An owner or operator sub-
13 ject to a contract may not be required to make re-
14 payments to the Secretary of amounts received
15 under the contract if the contract acreage has been
16 foreclosed on and the Secretary determines that for-
17 giving the repayments is appropriate in order to pro-
18 vide fair and equitable treatment. This paragraph
19 shall not void the responsibilities of such an owner
20 or operator under the contract if the owner or opera-
21 tor continues or resumes operation, or control, of the
22 contract acreage. On the resumption of operation or
23 control over the contract acreage by the owner or
24 operator, the provisions of the contract in effect on
25 the date of the foreclosure shall apply.

1 (4) REVIEW.—A determination of the Secretary
2 under this subsection shall be considered to be an
3 adverse decision for purposes of the availability of
4 administrative review of the determination.

5 (i) TRANSFER OF INTEREST IN LANDS SUBJECT TO
6 CONTRACT.—

7 (1) EFFECT OF TRANSFER.—Except as pro-
8 vided in paragraph (2), the transfer by an owner or
9 operator subject to a contract of the right and inter-
10 est of the owner or operator in the contract acreage
11 shall result in the termination of the contract with
12 respect to the acreage, effective on the date of the
13 transfer, unless the transferee of the acreage agrees
14 with the Secretary to assume all obligations of the
15 contract. At the request of the transferee, the Sec-
16 retary may modify the contract if the modifications
17 are consistent with the objectives of this section as
18 determined by the Secretary.

19 (2) EXCEPTION.—If an owner or operator who
20 is entitled to a contract payment dies, becomes in-
21 competent, or is otherwise unable to receive the con-
22 tract payment, the Secretary shall make the pay-
23 ment, in accordance with regulations prescribed by
24 the Secretary.

25 (j) PLANTING FLEXIBILITY.—

1 (1) PERMITTED CROPS.—Subject to paragraph
2 (2)(A), any commodity or crop may be planted on
3 contract acreage.

4 (2) LIMITATIONS.—

5 (A) IN GENERAL.—Except as provided in
6 subparagraph (B), the planting of any fruit or
7 vegetable, and unlimited haying and grazing,
8 shall be permitted on not more than 15 percent
9 of the contract acreage.

10 (B) EXCEPTION.—Subparagraph (A) shall
11 not apply to the planting of contract commod-
12 ities, lentils, mung beans, and dry peas on con-
13 tract acreage.

14 (3) ALFALFA.—The planting and harvesting of
15 alfalfa on contract acreage shall be unlimited, except
16 that the quantity of acreage on which the contract
17 payment of the owner or operator would otherwise
18 be based shall be reduced for each acre planted to
19 alfalfa in excess of the limitation in effect under
20 paragraph (2)(A) for the contract.

21 (4) HAYING AND GRAZING.—Subject to para-
22 graphs (2) and (3), haying and grazing of contract
23 acreage shall be permitted, except during any con-
24 secutive 5-month period that is established by the
25 State committee established under section 8(b) of

1 the Soil Conservation and Domestic Allotment Act
2 (16 U.S.C. 590h(b)) for a State. The 5-month pe-
3 riod shall be established during the period beginning
4 April 1, and ending October 31, of a year. In the
5 case of a natural disaster, the Secretary may permit
6 unlimited haying and grazing on the contract acre-
7 age.

8 (k) PRODUCTION FLEXIBILITY CONTRACTS.—Not-
9 withstanding any other provision of law, no order issued
10 for any fiscal year under section 252 of the Balanced
11 Budget and Emergency Deficit Control Act of 1985 (2
12 U.S.C. 902) shall affect any payment under any produc-
13 tion flexibility contract.

14 **SEC. 104. NONRECOURSE MARKETING ASSISTANCE LOANS**
15 **AND LOAN DEFICIENCY PAYMENTS.**

16 (a) AVAILABILITY OF NONRECOURSE LOANS.—

17 (1) AVAILABILITY.—For each of the 1996
18 through 2002 crops of each loan commodity, the
19 Secretary shall make available to producers on a
20 farm nonrecourse marketing assistance loans for
21 loan commodities produced on the farm. The loans
22 shall be made under terms and conditions that are
23 prescribed by the Secretary and at the loan rate es-
24 tablished under subsection (b) for the loan commod-
25 ity.

1 (2) ELIGIBLE PRODUCTION.—The following
2 production shall be eligible for a marketing assist-
3 ance loan under this section:

4 (A) In the case of a marketing assistance
5 loan for a contract commodity, any production
6 by a producer who has entered into a produc-
7 tion flexibility contract.

8 (B) In the case of a marketing assistance
9 loan for extra long staple cotton and oilseeds,
10 any production.

11 (b) LOAN RATES.—

12 (1) WHEAT.—

13 (A) LOAN RATE.—Subject to subparagraph
14 (B), the loan rate for a marketing assistance
15 loan for wheat shall be—

16 (i) not less than 85 percent of the
17 simple average price received by producers
18 of wheat, as determined by the Secretary,
19 during the marketing years for the imme-
20 diately preceding 5 crops of wheat, exclud-
21 ing the year in which the average price was
22 the highest and the year in which the aver-
23 age price was the lowest in the period; but

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

1 (B) STOCKS TO USE RATIO ADJUST-
2 MENT.—If the Secretary estimates for any mar-
3 keting year that the ratio of ending stocks of
4 wheat to total use for the marketing year will
5 be—

6 (i) equal to or greater than 30 per-
7 cent, the Secretary may reduce the loan
8 rate for wheat for the corresponding crop
9 by an amount not to exceed 10 percent in
10 any year;

11 (ii) less than 30 percent but not less
12 than 15 percent, the Secretary may reduce
13 the loan rate for wheat for the correspond-
14 ing crop by an amount not to exceed 5 per-
15 cent in any year; or

16 (iii) less than 15 percent, the Sec-
17 retary may not reduce the loan rate for
18 wheat for the corresponding crop.

19 (C) NO EFFECT ON FUTURE YEARS.—Any
20 reduction in the loan rate for wheat under sub-
21 paragraph (B) shall not be considered in deter-
22 mining the loan rate for wheat for subsequent
23 years.

24 (2) FEED GRAINS.—

1 (A) LOAN RATE FOR CORN.—Subject to
2 subparagraph (B), the loan rate for a market-
3 ing assistance loan for corn shall be—

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

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

13 (B) STOCKS TO USE RATIO ADJUST-
14 MENT.—If the Secretary estimates for any mar-
15 keting year that the ratio of ending stocks of
16 corn to total use for the marketing year will
17 be—

18 (i) equal to or greater than 25 per-
19 cent, the Secretary may reduce the loan
20 rate for corn for the corresponding crop by
21 an amount not to exceed 10 percent in any
22 year;

23 (ii) less than 25 percent but not less
24 than 12.5 percent, the Secretary may re-
25 duce the loan rate for corn for the cor-

1 responding crop by an amount not to ex-
2 ceed 5 percent in any year; or

3 (iii) less than 12.5 percent the Sec-
4 retary may not reduce the loan rate for
5 corn for the corresponding crop.

6 (C) NO EFFECT ON FUTURE YEARS.—Any
7 reduction in the loan rate for corn under sub-
8 paragraph (B) shall not be considered in deter-
9 mining the loan rate for corn for subsequent
10 years.

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

19 (3) UPLAND COTTON.—

20 (A) LOAN RATE.—Subject to subparagraph
21 (B), the loan rate for a marketing assistance
22 loan for upland cotton shall be established by
23 the Secretary at such loan rate, per pound, as
24 will reflect for the base quality of upland cot-
25 ton, as determined by the Secretary, at average

1 locations in the United States a rate that is not
2 less than the smaller of—

3 (i) 85 percent of the average price
4 (weighted by market and month) of the
5 base quality of cotton as quoted in the des-
6 ignated United States spot markets during
7 3 years of the 5-year period ending July
8 31 in the year in which the loan rate is an-
9 nounced, excluding the year in which the
10 average price was the highest and the year
11 in which the average price was the lowest
12 in the period; or

13 (ii) 90 percent of the average, for the
14 15-week period beginning July 1 of the
15 year in which the loan rate is announced,
16 of the 5 lowest-priced growths of the
17 growths quoted for Middling $1\frac{3}{32}$ -inch cot-
18 ton C.I.F. Northern Europe (adjusted
19 downward by the average difference during
20 the period April 15 through October 15 of
21 the year in which the loan is announced
22 between the average Northern European
23 price quotation of such quality of cotton
24 and the market quotations in the des-
25 ignated United States spot markets for the

1 base quality of upland cotton), as deter-
2 mined by the Secretary.

3 (B) LIMITATIONS.—The loan rate for a
4 marketing assistance loan for upland cotton
5 shall not be less than \$0.50 per pound or more
6 than \$0.5192 per pound.

7 (4) EXTRA LONG STAPLE COTTON.—The loan
8 rate for a marketing assistance loan for extra long
9 staple cotton shall be—

10 (A) not less than 85 percent of the simple
11 average price received by producers of extra
12 long staple cotton, as determined by the Sec-
13 retary, during 3 years of the 5 previous market-
14 ing years, excluding the year in which the aver-
15 age price was the highest and the year in which
16 the average price was the lowest in the period;
17 but

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

19 (5) RICE.—The loan rate for a marketing as-
20 sistance loan for rice shall be \$6.50 per hundred-
21 weight.

22 (6) OILSEEDS.—

23 (A) SOYBEANS.—The loan rate for a mar-
24 keting assistance loan for soybeans shall be
25 \$4.92 per bushel.

1 (B) SUNFLOWER SEED, CANOLA,
2 RAPESEED, SAFFLOWER, MUSTARD SEED, AND
3 FLAXSEED.—The loan rates for a marketing as-
4 sistance loan for sunflower seed, canola,
5 rapeseed, safflower, mustard seed, and flaxseed,
6 individually, shall be \$0.087 per pound.

7 (C) OTHER OILSEEDS.—The loan rates for
8 a marketing assistance loan for other oilseeds
9 shall be established at such level as the Sec-
10 retary determines is fair and reasonable in rela-
11 tion to the loan rate available for soybeans, ex-
12 cept in no event shall the rate for the oilseeds
13 (other than cottonseed) be less than the rate es-
14 tablished for soybeans on a per-pound basis for
15 the same crop.

16 (c) TERM OF LOAN.—In the case of each loan com-
17 modity (other than upland cotton or extra long staple cot-
18 ton), a marketing assistance loan under subsection (a)
19 shall have a term of 9 months beginning on the first day
20 of the first month after the month in which the loan is
21 made. A marketing assistance loan for upland cotton or
22 extra long staple cotton shall have a term of 10 months
23 beginning on the first day of the first month after the
24 month in which the loan is made. The Secretary may not

1 extend the term of a marketing assistance loan for any
2 loan commodity.

3 (d) REPAYMENT.—

4 (1) REPAYMENT RATES FOR WHEAT AND FEED
5 GRAINS.—The Secretary shall permit a producer to
6 repay a marketing assistance loan under subsection
7 (a) for wheat, corn, grain sorghum, barley, and oats
8 at a level that the Secretary determines will—

9 (A) minimize potential loan forfeitures;

10 (B) minimize the accumulation of stocks of
11 the commodities by the Federal Government;

12 (C) minimize the cost incurred by the Fed-
13 eral Government in storing the commodities;
14 and

15 (D) allow the commodities produced in the
16 United States to be marketed freely and com-
17 petitively, both domestically and internationally.

18 (2) REPAYMENT RATES FOR UPLAND COTTON
19 AND RICE.—The Secretary shall permit producers to
20 repay a marketing assistance loan under subsection
21 (a) for upland cotton and rice at a level that is the
22 lesser of—

23 (A) the loan rate established for upland
24 cotton and rice, respectively, under subsection
25 (b); or

1 (B) the prevailing world market price for
2 upland cotton and rice, respectively (adjusted to
3 United States quality and location), as deter-
4 mined by the Secretary.

5 (3) REPAYMENT RATES FOR EXTRA LONG STA-
6 PLE COTTON.—Repayment of a marketing assistance
7 loan for extra long staple cotton shall be at the loan
8 rate established for the commodity under subsection
9 (b), plus interest (as determined by the Secretary).

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

13 (A) a formula to determine the prevailing
14 world market price for each loan commodity,
15 adjusted to United States quality and location;
16 and

17 (B) a mechanism by which the Secretary
18 shall announce periodically the prevailing world
19 market price for each loan commodity.

20 (5) ADJUSTMENT OF PREVAILING WORLD MAR-
21 KET PRICE FOR UPLAND COTTON.—

22 (A) IN GENERAL.—During the period end-
23 ing July 31, 2003, the prevailing world market
24 price for upland cotton (adjusted to United

1 States quality and location) established under
2 paragraph (4) shall be further adjusted if—

3 (i) the adjusted prevailing world mar-
4 ket price is less than 115 percent of the
5 loan rate for upland cotton established
6 under subsection (b), as determined by the
7 Secretary; and

8 (ii) the Friday through Thursday av-
9 erage price quotation for the lowest-priced
10 United States growth as quoted for Mid-
11 dling (M) $1\frac{3}{32}$ -inch cotton delivered C.I.F.
12 Northern Europe is greater than the Fri-
13 day through Thursday average price of the
14 5 lowest-priced growths of upland cotton,
15 as quoted for Middling (M) $1\frac{3}{32}$ -inch cot-
16 ton, delivered C.I.F. Northern Europe (re-
17 ferred to in this subsection as the “North-
18 ern Europe price”).

19 (B) FURTHER ADJUSTMENT.—Except as
20 provided in subparagraph (C), the adjusted pre-
21 vailing world market price for upland cotton
22 shall be further adjusted on the basis of some
23 or all of the following data, as available:

24 (i) The United States share of world
25 exports.

1 (ii) The current level of cotton export
2 sales and cotton export shipments.

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

8 (C) LIMITATION ON FURTHER ADJUST-
9 MENT.—The adjustment under subparagraph
10 (B) may not exceed the difference between—

11 (i) the Friday through Thursday aver-
12 age price for the lowest-priced United
13 States growth as quoted for Middling
14 $1\frac{3}{32}$ -inch cotton delivered C.I.F. Northern
15 Europe; and

16 (ii) the Northern Europe price.

17 (e) LOAN DEFICIENCY PAYMENTS.—

18 (1) AVAILABILITY.—Except as provided in
19 paragraph (4), the Secretary may make loan defi-
20 ciency payments available to producers who, al-
21 though eligible to obtain a marketing assistance loan
22 under subsection (a) with respect to a loan commod-
23 ity, agree to forgo obtaining the loan for the com-
24 modity in return for payments under this subsection.

1 (2) COMPUTATION.—A loan deficiency payment
2 under this subsection shall be computed by multiply-
3 ing—

4 (A) the loan payment rate determined
5 under paragraph (3) for the loan commodity; by

6 (B) the quantity of the loan commodity
7 that the producers on a farm are eligible to
8 place under loan but for which the producers
9 forgo obtaining the loan in return for payments
10 under this subsection.

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

14 (A) the loan rate established under sub-
15 section (b) for the loan commodity; exceeds

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

18 (4) EXCEPTION FOR EXTRA LONG STAPLE COT-
19 TON.—This subsection shall not apply with respect
20 to extra long staple cotton.

21 (f) SPECIAL MARKETING LOAN PROVISIONS FOR UP-
22 LAND COTTON.—

23 (1) FIRST HANDLER MARKETING CERTIFI-
24 CATES.—

1 (A) IN GENERAL.—During the period end-
2 ing on July 31, 2003, if the repayment rates
3 provided in subsection (d) for upland cotton or
4 the availability of loan deficiency payments for
5 upland cotton under subsection (e) fails to
6 make United States upland cotton fully com-
7 petitive in world markets and the prevailing
8 world market price of upland cotton (adjusted
9 to United States quality and location) is below
10 the current loan repayment rate for upland cot-
11 ton, to make United States upland cotton com-
12 petitive in world markets and to maintain and
13 expand domestic consumption and exports of
14 upland cotton produced in the United States,
15 the Secretary shall provide for the issuance of
16 marketing certificates or cash payments in ac-
17 cordance with this paragraph.

18 (B) PAYMENTS.—The Commodity Credit
19 Corporation, under such regulations as the Sec-
20 retary may prescribe, shall make payments,
21 through the issuance of marketing certificates
22 or cash payments, to first handlers of upland
23 cotton (persons regularly engaged in buying or
24 selling upland cotton) who have entered into an
25 agreement with the Commodity Credit Corpora-

1 tion to participate in the program established
2 under this paragraph. The payments shall be
3 made in such amounts and subject to such
4 terms and conditions as the Secretary deter-
5 mines will make upland cotton produced in the
6 United States available at competitive prices,
7 consistent with the purposes of this paragraph.

8 (C) VALUE.—The value of each certificate
9 or cash payment issued under subparagraph
10 (B) shall be based on the difference between—

11 (i) the loan repayment rate for upland
12 cotton; and

13 (ii) the prevailing world market price
14 of upland cotton (adjusted to United
15 States quality and location), as determined
16 by the Secretary.

17 (D) REDEMPTION, MARKETING, OR EX-
18 CHANGE.—The Commodity Credit Corporation,
19 under regulations prescribed by the Secretary,
20 may assist any person receiving marketing cer-
21 tificates under this paragraph in the redemp-
22 tion of certificates for cash, or marketing or ex-
23 change of the certificates for agricultural com-
24 modities or products owned by the Commodity
25 Credit Corporation, at such times, in such man-

1 ner, and at such price levels as the Secretary
2 determines will best effectuate the purposes of
3 the program established under this paragraph.
4 Any price restrictions that may otherwise apply
5 to the disposition of agricultural commodities
6 by the Commodity Credit Corporation shall not
7 apply to the redemption of certificates under
8 this paragraph.

9 (E) DESIGNATION OF COMMODITIES AND
10 PRODUCTS; CHARGES.—Insofar as practicable,
11 the Secretary shall permit owners of certificates
12 to designate the commodities and products, in-
13 cluding storage sites, the owners would prefer
14 to receive in exchange for certificates. If any
15 certificate is not presented for redemption, mar-
16 keting, or exchange within a reasonable number
17 of days after the issuance of the certificate (as
18 determined by the Secretary), reasonable costs
19 of storage and other carrying charges, as deter-
20 mined by the Secretary, shall be deducted from
21 the value of the certificate for the period begin-
22 ning after the reasonable number of days and
23 ending with the date of the presentation of the
24 certificate to the Commodity Credit Corpora-
25 tion.

1 (F) DISPLACEMENT.—The Secretary shall
2 take such measures as may be necessary to pre-
3 vent the marketing or exchange of agricultural
4 commodities and products for certificates under
5 this subsection from adversely affecting the in-
6 come of producers of the commodities or prod-
7 ucts.

8 (G) TRANSFERS.—Under regulations pre-
9 scribed by the Secretary, certificates issued to
10 cotton handlers under this paragraph may be
11 transferred to other handlers and persons ap-
12 proved by the Secretary.

13 (2) COTTON USER MARKETING CERTIFI-
14 CATES.—

15 (A) ISSUANCE.—Subject to subparagraph
16 (D), during the period ending July 31, 2003,
17 the Secretary shall issue marketing certificates
18 or cash payments to domestic users and export-
19 ers for documented purchases by domestic users
20 and sales for export by exporters made in the
21 week following a consecutive 4-week period in
22 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) 1³/₃₂-inch cotton, delivered
2 C.I.F. Northern Europe exceeds the
3 Northern Europe price by more than 1.25
4 cents per pound; and

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

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

19 (C) ADMINISTRATION.—Subparagraphs
20 (D) through (G) of paragraph (1) shall apply to
21 marketing certificates issued under this para-
22 graph. Any such certificates may be transferred
23 to other persons in accordance with regulations
24 issued by the Secretary.

1 (D) EXCEPTION.—The Secretary shall not
2 issue marketing certificates or cash payments
3 under subparagraph (A) if, for the immediately
4 preceding consecutive 10-week period, the Fri-
5 day through Thursday average price quotation
6 for the lowest priced United States growth, as
7 quoted for Middling (M) 1³/₃₂-inch cotton, deliv-
8 ered C.I.F. Northern Europe, adjusted for the
9 value of any certificate issued under this para-
10 graph, exceeds the Northern Europe price by
11 more than 1.25 cents per pound.

12 (E) LIMITATION ON EXPENDITURES.—
13 Total expenditures under this paragraph shall
14 not exceed \$701,000,000 during fiscal years
15 1996 through 2002.

16 (3) SPECIAL IMPORT QUOTA.—

17 (A) ESTABLISHMENT.—The President
18 shall carry out an import quota program that
19 provides that, during the period ending July 31,
20 2003, whenever the Secretary determines and
21 announces that for any consecutive 10-week pe-
22 riod, the Friday through Thursday average
23 price quotation for the lowest-priced United
24 States growth, as quoted for Middling (M)
25 1³/₃₂-inch cotton, delivered C.I.F. Northern Eu-

1 rope, adjusted for the value of any certificates
2 issued under paragraph (2), exceeds the North-
3 ern Europe price by more than 1.25 cents per
4 pound, there shall immediately be in effect a
5 special import quota.

6 (B) QUANTITY.—The quota shall be equal
7 to 1 week’s consumption of upland cotton by
8 domestic mills at the seasonally adjusted aver-
9 age rate of the most recent 3 months for which
10 data are available.

11 (C) APPLICATION.—The quota shall apply
12 to upland cotton purchased not later than 90
13 days after the date of the Secretary’s announce-
14 ment under subparagraph (A) and entered into
15 the United States not later than 180 days after
16 the date.

17 (D) OVERLAP.—A special quota period
18 may be established that overlaps any existing
19 quota period if required by subparagraph (A),
20 except that a special quota period may not be
21 established under this paragraph if a quota pe-
22 riod has been established under subsection (g).

23 (E) PREFERENTIAL TARIFF TREAT-
24 MENT.—The quantity under a special import

1 quota shall be considered to be an in-quota
2 quantity 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
9 of 1974 (19 U.S.C. 2463(d)); and

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

12 (F) DEFINITION.—In this paragraph, the
13 term “special import quota” means a quantity
14 of imports that is not subject to the over-quota
15 tariff rate of a tariff-rate quota.

16 (g) LIMITED GLOBAL IMPORT QUOTA FOR UPLAND
17 COTTON.—

18 (1) IN GENERAL.—The President shall carry
19 out an import quota program that provides that
20 whenever the Secretary determines and announces
21 that the average price of the base quality of upland
22 cotton, as determined by the Secretary, in the des-
23 ignated spot markets for a month exceeded 130 per-
24 cent of the average price of such quality of cotton
25 in the markets for the preceding 36 months, not-

1 withstanding any other provision of law, there shall
2 immediately be in effect a limited global import
3 quota subject to the following conditions:

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

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

18 (C) PREFERENTIAL TARIFF TREAT-
19 MENT.—The quantity under a limited global
20 import quota shall be considered to be an in-
21 quota quantity for purposes of—

22 (i) section 213(d) of the Caribbean
23 Basin Economic Recovery Act (19 U.S.C.
24 2703(d));

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

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

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

7 (D) DEFINITIONS.—In this subsection:

8 (i) SUPPLY.—The term “supply”
9 means, using the latest official data of the
10 Bureau of the Census, the Department of
11 Agriculture, and the Department of the
12 Treasury—

13 (I) the carry-over of upland cot-
14 ton at the beginning of the marketing
15 year (adjusted to 480-pound bales) in
16 which the quota is established;

17 (II) production of the current
18 crop; and

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

21 (ii) DEMAND.—The term “demand”
22 means—

23 (I) the average seasonally ad-
24 justed annual rate of domestic mill
25 consumption in the most recent 3

1 months for which data are available;
2 and

3 (II) the larger of—

4 (aa) average exports of up-
5 land cotton during the preceding
6 6 marketing years; or

7 (bb) cumulative exports of
8 upland cotton plus outstanding
9 export sales for the marketing
10 year in which the quota is estab-
11 lished.

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

17 (E) QUOTA ENTRY PERIOD.—When a
18 quota is established under this subsection, cot-
19 ton may be entered under the quota during the
20 90-day period beginning on the date the quota
21 is established by the Secretary.

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

1 (h) SOURCE OF LOANS.—

2 (1) IN GENERAL.—The Secretary shall provide
3 the loans authorized by this section and the Agricul-
4 tural Adjustment Act of 1938 (7 U.S.C. 1281 et
5 seq.) through the Commodity Credit Corporation
6 and other means available to the Secretary.

7 (2) PROCESSORS.—Whenever any loan or sur-
8 plus removal operation for any agricultural commod-
9 ity is carried out through purchases from or loans
10 or payments to processors, the Secretary shall, to
11 the extent practicable, obtain from the processors
12 such assurances as the Secretary considers adequate
13 that the producers of the commodity have received
14 or will receive maximum benefits from the loan or
15 surplus removal operation.

16 (i) ADJUSTMENTS OF LOANS.—

17 (1) IN GENERAL.—The Secretary may make
18 appropriate adjustments in the loan levels for any
19 commodity for differences in grade, type, quality, lo-
20 cation, and other factors.

21 (2) LOAN LEVEL.—The adjustments shall, to
22 the maximum extent practicable, be made in such
23 manner that the average loan level for the commod-
24 ity will, on the basis of the anticipated incidence of
25 the factors, be equal to the level of support deter-

1 mined as provided in this section or the Agricultural
2 Adjustment Act of 1938 (7 U.S.C. 1281 et seq.).

3 (j) PERSONAL LIABILITY OF PRODUCERS FOR DEFICI-
4 CIENCIES.—

5 (1) IN GENERAL.—Except as provided in para-
6 graph (2), no producer shall be personally liable for
7 any deficiency arising from the sale of the collateral
8 securing any nonrecourse loan made under this sec-
9 tion or the Agricultural Adjustment Act of 1938 (7
10 U.S.C. 1281 et seq.) unless the loan was obtained
11 through a fraudulent representation by the producer.

12 (2) LIMITATIONS.—Paragraph (1) shall not
13 prevent the Commodity Credit Corporation or the
14 Secretary from requiring a producer to assume li-
15 ability for—

16 (A) a deficiency in the grade, quality, or
17 quantity of a commodity stored on a farm or
18 delivered by the producer;

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

21 (C) a failure or refusal to deliver a com-
22 modity in accordance with a program estab-
23 lished under this section or the Agricultural Ad-
24 justment Act of 1938.

1 (3) ACQUISITION OF COLLATERAL.—The Sec-
2 retary may include in a contract for a nonrecourse
3 loan made under this section or the Agricultural Ad-
4 justment Act of 1938 a provision that permits the
5 Commodity Credit Corporation, on and after the ma-
6 turity of the loan or any extension of the loan, to ac-
7 quire title to the unredeemed collateral without obli-
8 gation to pay for any market value that the collat-
9 eral may have in excess of the loan indebtedness.

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

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

22 (1) IN GENERAL.—The Commodity Credit Cor-
23 poration may sell any commodity owned or con-
24 trolled by the Corporation at any price that the Sec-

1 retary determines will maximize returns to the Cor-
2 poration.

3 (2) NONAPPLICATION OF SALES PRICE RE-
4 STRICTIONS.—Paragraph (1) shall not apply to—

5 (A) a sale for a new or byproduct use;

6 (B) a sale of peanuts or oilseeds for the ex-
7 traction of oil;

8 (C) a sale for seed or feed if the sale will
9 not substantially impair any loan program;

10 (D) a sale of a commodity that has sub-
11 stantially deteriorated in quality or as to which
12 there is a danger of loss or waste through dete-
13 rioration or spoilage;

14 (E) a sale for the purpose of establishing
15 a claim arising out of a contract or against a
16 person who has committed fraud, misrepresen-
17 tation, or other wrongful act with respect to the
18 commodity;

19 (F) a sale for export, as determined by the
20 Corporation; and

21 (G) a sale for other than a primary use.

22 (3) PRESIDENTIAL DISASTER AREAS.—

23 (A) IN GENERAL.—Notwithstanding para-
24 graph (1), on such terms and conditions as the
25 Secretary may consider in the public interest,

1 the Corporation may make available any com-
2 modity or product owned or controlled by the
3 Corporation for use in relieving distress—

4 (i) in any area in the United States
5 (including the Virgin Islands) declared by
6 the President to be an acute distress area
7 because of unemployment or other eco-
8 nomic cause, if the President finds that the
9 use will not displace or interfere with nor-
10 mal marketing of agricultural commodities;
11 and

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

18 (B) COSTS.—Except on a reimbursable
19 basis, the Corporation shall not bear any costs
20 in connection with making a commodity avail-
21 able under subparagraph (A) beyond the cost of
22 the commodity to the Corporation incurred in—

23 (i) the storage of the commodity; and

24 (ii) the handling and transportation
25 costs in making delivery of the commodity

1 to designated agencies at 1 or more central
2 locations in each State or other area.

3 (4) EFFICIENT OPERATIONS.—Paragraph (1)
4 shall not apply to the sale of a commodity the dis-
5 position of which is desirable in the interest of the
6 effective and efficient conduct of the operations of
7 the Corporation because of the small quantity of the
8 commodity involved, or because of the age, location,
9 or questionable continued storability of the commod-
10 ity.

11 **SEC. 105. PAYMENT LIMITATIONS.**

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

15 “(1) LIMITATION ON PAYMENTS UNDER PRO-
16 Duction FLEXIBILITY CONTRACTS.—The total
17 amount of contract payments made under section
18 103 of the Agricultural Market Transition Act to a
19 person under 1 or more production flexibility con-
20 tracts during any fiscal year may not exceed
21 \$40,000.

22 “(2) LIMITATION ON MARKETING LOAN GAINS
23 AND LOAN DEFICIENCY PAYMENTS.—

24 “(A) LIMITATION.—The total amount of
25 payments specified in subparagraph (B) that a

1 person shall be entitled to receive under section
2 104 of the Agricultural Market Transition Act
3 for contract commodities and oilseeds during
4 any crop year may not exceed \$75,000.

5 “(B) DESCRIPTION OF PAYMENTS.—The
6 payments referred to in subparagraph (A) are
7 the following:

8 “(i) Any gain realized by a producer
9 from repaying a marketing assistance loan
10 for a crop of any loan commodity at a
11 lower level than the original loan rate es-
12 tablished for the commodity under section
13 104(b) of the Act.

14 “(ii) Any loan deficiency payment re-
15 ceived for a loan commodity under section
16 104(e) of the Act.”

17 (b) CONFORMING AMENDMENTS.—

18 (1) Section 1001 of the Food Security Act of
19 1985 (7 U.S.C. 1308) (as amended by subsection
20 (a)) is amended—

21 (A) by redesignating paragraphs (5), (6),
22 and (7) as paragraphs (3), (4), and (5), respec-
23 tively; and

24 (B) in the second sentence of paragraph
25 (3)(A) (as so redesignated), by striking “para-

1 graphs (6) and (7)” and inserting “paragraphs
2 (4) and (5)”.

3 (2) Section 1305(d) of the Agricultural Rec-
4 conciliation Act of 1987 (Public Law 100–203; 7
5 U.S.C. 1308 note) is amended by striking “para-
6 graphs (5) through (7) of section 1001, as amended
7 by this subtitle,” and inserting “paragraphs (3)
8 through (5) of section 1001,”.

9 (3) Section 1001A of the Food Security Act of
10 1985 (7 U.S.C. 1308–1(a)(1)) is amended—

11 (A) in the first sentence of subsection
12 (a)(1)—

13 (i) by striking “section 1001(5)(B)(i)”
14 and inserting “section 1001(3)(B)(i)”;

15 (ii) by striking “under the Agricul-
16 tural Act of 1949 (7 U.S.C. 1421 et
17 seq.)”; and

18 (iii) by striking “section
19 1001(5)(B)(i)(II)” and inserting “section
20 1001(3)(B)(i)(II)”;

21 (B) in subsection (b)—

22 (i) in paragraph (1)—

23 (I) by striking “under the Agri-
24 cultural Act of 1949”; and

1 (II) by striking “section
2 1001(5)(B)(i)” and inserting “section
3 1001(3)(B)(i)”; and

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

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

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

11 (B) by striking “price support program
12 loans, payments, or benefits made available
13 under the Agricultural Act of 1949 (7 U.S.C.
14 1421 et seq.),” and inserting “loans or pay-
15 ments made available under the Agricultural
16 Market Transition Act”; and

17 (C) by striking “during the 1989 through
18 1997 crop years”.

19 **SEC. 106. PEANUT PROGRAM.**

20 (a) QUOTA PEANUTS.—

21 (1) AVAILABILITY OF LOANS.—The Secretary
22 shall make nonrecourse loans available to producers
23 of quota peanuts.

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

1 (3) INSPECTION, HANDLING, OR STORAGE.—

2 The loan amount may not be reduced by the Sec-
3 retary by any deductions for inspection, handling, or
4 storage.

5 (4) LOCATION AND OTHER FACTORS.—The Sec-

6 retary may make adjustments in the loan rate for
7 quota peanuts for location of peanuts and such other
8 factors as are authorized by section 411 of the Agri-
9 cultural Adjustment Act of 1938.

10 (5) OFFERS FROM HANDLERS.—The Secretary

11 shall reduce the support rate by 5 percent for any
12 producer who had an offer, within a county or con-
13 tiguous county at the time and place of delivery,
14 from a handler to purchase quota peanuts from that
15 farm on which the peanuts were produced at a price
16 equal to or greater than the applicable quota sup-
17 port rate.

18 (b) ADDITIONAL PEANUTS.—

19 (1) IN GENERAL.—The Secretary shall make

20 nonrecourse loans available to producers of addi-
21 tional peanuts at such rates as the Secretary finds
22 appropriate, taking into consideration the demand
23 for peanut oil and peanut meal, expected prices of
24 other vegetable oils and protein meals, and the de-
25 mand for peanuts in foreign markets.

1 (2) ANNOUNCEMENT.—The Secretary shall an-
2 nounce the loan rate for additional peanuts of each
3 crop not later than February 15 preceding the mar-
4 keting year for the crop for which the loan rate is
5 being determined.

6 (c) AREA MARKETING ASSOCIATIONS.—

7 (1) WAREHOUSE STORAGE LOANS.—

8 (A) IN GENERAL.—In carrying out sub-
9 sections (a) and (b), the Secretary shall make
10 warehouse storage loans available in each of the
11 producing areas (described in section 1446.95
12 of title 7 of the Code of Federal Regulations
13 (January 1, 1989)) to a designated area mar-
14 keting association of peanut producers that is
15 selected and approved by the Secretary and
16 that is operated primarily for the purpose of
17 conducting the loan activities. The Secretary
18 may not make warehouse storage loans avail-
19 able to any cooperative that is engaged in oper-
20 ations or activities concerning peanuts other
21 than those operations and activities specified in
22 this section and section 358e of the Agricultural
23 Adjustment Act of 1938 (7 U.S.C. 1359a).

24 (B) ADMINISTRATIVE AND SUPERVISORY
25 ACTIVITIES.—An area marketing association

1 shall be used in administrative and supervisory
2 activities relating to loans and marketing activi-
3 ties under this section and section 358e of the
4 Agricultural Adjustment Act of 1938 (7 U.S.C.
5 1359a).

6 (C) ASSOCIATION COSTS.—Loans made to
7 the association under this paragraph shall in-
8 clude such costs as the area marketing associa-
9 tion reasonably may incur in carrying out the
10 responsibilities, operations, and activities of the
11 association under this section and section 358e
12 of the Agricultural Adjustment Act of 1938 (7
13 U.S.C. 1359a).

14 (2) POOLS FOR QUOTA AND ADDITIONAL PEA-
15 NUTS.—

16 (A) IN GENERAL.—The Secretary shall re-
17 quire that each area marketing association es-
18 tablish pools and maintain complete and accu-
19 rate records by area and segregation for quota
20 peanuts handled under loan and for additional
21 peanuts placed under loan, except that separate
22 pools shall be established for Valencia peanuts
23 produced in New Mexico. Bright hull and dark
24 hull Valencia peanuts shall be considered as

1 separate types for the purpose of establishing
2 the pools.

3 (B) NET GAINS.—Net gains on peanuts in
4 each pool, unless otherwise approved by the
5 Secretary, shall be distributed only to producers
6 who placed peanuts in the pool and shall be dis-
7 tributed in proportion to the value of the pea-
8 nuts placed in the pool by each producer. Net
9 gains for peanuts in each pool shall consist of
10 the following:

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

15 (ii) ADDITIONAL PEANUTS.—For ad-
16 ditional peanuts, the net gains over and
17 above the loan indebtedness and other
18 costs or losses incurred on peanuts placed
19 in the pool for additional peanuts.

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

23 (1) TRANSFERS FROM ADDITIONAL LOAN
24 POOLS.—The proceeds due any producer from any
25 pool shall be reduced by the amount of any loss that

1 is incurred with respect to peanuts transferred from
2 an additional loan pool to a quota loan pool by the
3 producer under section 358–1(b)(8) of the Agricul-
4 tural Adjustment Act of 1938 (7 U.S.C. 1358–
5 1(b)(8)).

6 (2) OTHER PRODUCERS IN SAME POOL.—Fur-
7 ther losses in an area quota pool shall be offset by
8 reducing the gain of any producer in the pool by the
9 amount of pool gains attributed to the same pro-
10 ducer from the sale of additional peanuts for domes-
11 tic and export edible use.

12 (3) USE OF MARKETING ASSESSMENTS.—The
13 Secretary shall use funds collected under subsection
14 (g) (except funds attributable to handlers) to offset
15 further losses in area quota pools. The Secretary
16 shall transfer to the Treasury those funds collected
17 under subsection (g) and available for use under this
18 subsection that the Secretary determines are not re-
19 quired to cover losses in area quota pools.

20 (4) CROSS COMPLIANCE.—Further losses in
21 area quota pools, other than losses incurred as a re-
22 sult of transfers from additional loan pools to quota
23 loan pools under section 358–1(b)(8) of the Agricul-
24 tural Adjustment Act of 1938 (7 U.S.C. 1358–
25 1(b)(8)), shall be offset by any gains or profits from

1 quota pools in other production areas (other than
2 separate type pools established under subsection
3 (c)(2)(A) for Valencia peanuts produced in New
4 Mexico) in such manner as the Secretary shall by
5 regulation prescribe.

6 (5) INCREASED ASSESSMENTS.—If use of the
7 authorities provided in the preceding paragraphs is
8 not sufficient to cover losses in an area quota pool,
9 the Secretary shall increase the marketing assess-
10 ment established under subsection (g) by such an
11 amount as the Secretary considers necessary to
12 cover the losses. The increased assessment shall
13 apply only to quota peanuts covered by that pool.
14 Amounts collected under subsection (g) as a result
15 of the increased assessment shall be retained by the
16 Secretary to cover losses in that pool.

17 (e) DISAPPROVAL OF QUOTAS.—Notwithstanding
18 any other provision of law, no loan for quota peanuts may
19 be made available by the Secretary for any crop of peanuts
20 with respect to which poundage quotas have been dis-
21 approved by producers, as provided for in section 358–
22 1(d) of the Agricultural Adjustment Act of 1938 (7 U.S.C.
23 1358–1(d)).

24 (f) QUALITY IMPROVEMENT.—

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

3 (A) promote the crushing of peanuts at a
4 greater risk of deterioration before peanuts of a
5 lesser risk of deterioration;

6 (B) ensure that all Commodity Credit Cor-
7 poration inventories of peanuts sold for domes-
8 tic edible use must be shown to have been offi-
9 cially inspected by licensed Department inspec-
10 tors both as farmer stock and shelled or cleaned
11 in-shell peanuts;

12 (C) continue to endeavor to operate the
13 peanut program so as to improve the quality of
14 domestic peanuts and ensure the coordination
15 of activities under the Peanut Administrative
16 Committee established under Marketing Agree-
17 ment No. 146, regulating the quality of domes-
18 tically produced peanuts (under the Agricul-
19 tural Adjustment Act (7 U.S.C. 601 et seq.),
20 reenacted with amendments by the Agricultural
21 Marketing Agreement Act of 1937); and

22 (D) ensure that any changes made in the
23 peanut program as a result of this subsection
24 requiring additional production or handling at

1 the farm level shall be reflected as an upward
2 adjustment in the Department loan schedule.

3 (2) EXPORTS AND OTHER PEANUTS.—The Sec-
4 retary shall require that all peanuts in the domestic
5 and export markets fully comply with all quality
6 standards under Marketing Agreement No. 146.

7 (g) MARKETING ASSESSMENT.—

8 (1) IN GENERAL.—The Secretary shall provide
9 for a nonrefundable marketing assessment. The as-
10 sessment shall be made on a per pound basis in an
11 amount equal to 1.1 percent for each of the 1994
12 and 1995 crops, 1.15 percent for the 1996 crop, and
13 1.2 percent for each of the 1997 through 2002
14 crops, of the national average quota or additional
15 peanut loan rate for the applicable crop.

16 (2) FIRST PURCHASERS.—

17 (A) IN GENERAL.—Except as provided
18 under paragraphs (3) and (4), the first pur-
19 chaser of peanuts shall—

20 (i) collect from the producer a mar-
21 keting assessment equal to the quantity of
22 peanuts acquired multiplied by—

23 (I) in the case of each of the
24 1994 and 1995 crops, .55 percent of

1 the applicable national average loan
2 rate;

3 (II) in the case of the 1996 crop,
4 .6 percent of the applicable national
5 average loan rate; and

6 (III) in the case of each of the
7 1997 through 2002 crops, .65 percent
8 of the applicable national average loan
9 rate;

10 (ii) pay, in addition to the amount col-
11 lected under clause (i), a marketing assess-
12 ment in an amount equal to the quantity
13 of peanuts acquired multiplied by .55 per-
14 cent of the applicable national average loan
15 rate; and

16 (iii) remit the amounts required under
17 clauses (i) and (ii) to the Commodity Cred-
18 it Corporation in a manner specified by the
19 Secretary.

20 (B) DEFINITION OF FIRST PURCHASER.—

21 In this subsection, the term “first purchaser”
22 means a person acquiring peanuts from a pro-
23 ducer except that in the case of peanuts for-
24 feited by a producer to the Commodity Credit
25 Corporation, the term means the person acquir-

1 ing the peanuts from the Commodity Credit
2 Corporation.

3 (3) OTHER PRIVATE MARKETINGS.—In the case
4 of a private marketing by a producer directly to a
5 consumer through a retail or wholesale outlet or in
6 the case of a marketing by the producer outside of
7 the continental United States, the producer shall be
8 responsible for the full amount of the assessment
9 and shall remit the assessment by such time as is
10 specified by the Secretary.

11 (4) LOAN PEANUTS.—In the case of peanuts
12 that are pledged as collateral for a loan made under
13 this section, $\frac{1}{2}$ of the assessment shall be deducted
14 from the proceeds of the loan. The remainder of the
15 assessment shall be paid by the first purchaser of
16 the peanuts. For purposes of computing net gains on
17 peanuts under this section, the reduction in loan
18 proceeds shall be treated as having been paid to the
19 producer.

20 (5) PENALTIES.—If any person fails to collect
21 or remit the reduction required by this subsection or
22 fails to comply with the requirements for record-
23 keeping or otherwise as are required by the Sec-
24 retary to carry out this subsection, the person shall

1 be liable to the Secretary for a civil penalty up to
2 an amount determined by multiplying—

3 (A) the quantity of peanuts involved in the
4 violation; by

5 (B) the national average quota peanut rate
6 for the applicable crop year.

7 (6) ENFORCEMENT.—The Secretary may en-
8 force this subsection in the courts of the United
9 States.

10 (h) CROPS.—Subsections (a) through (f) shall be ef-
11 fective only for the 1996 through 2002 crops of peanuts.

12 (i) MARKETING QUOTAS.—

13 (1) IN GENERAL.—Part VI of subtitle B of title
14 III of the Agricultural Adjustment Act of 1938 is
15 amended—

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

17 (i) in the section heading, by striking
18 **“1991 THROUGH 1997 CROPS OF”**;

19 (ii) in subsections (a)(1), (b)(1)(B),
20 (b)(2)(A), (b)(2)(C), and (b)(3)(A), by
21 striking “of the 1991 through 1997 mar-
22 keting years” each place it appears and in-
23 serting “marketing year”;

24 (iii) in subsection (a)(3), by striking
25 “1990” and inserting “1990, for the 1991

1 through 1995 marketing years, and 1995,
2 for the 1996 through 2002 marketing
3 years”;

4 (iv) in subsection (b)(1)(A)—

5 (I) by striking “each of the 1991
6 through 1997 marketing years” and
7 inserting “each marketing year”; and

8 (II) in clause (i), by inserting be-
9 fore the semicolon the following: “, in
10 the case of the 1991 through 1995
11 marketing years, and the 1995 mar-
12 keting year, in the case of the 1996
13 through 2002 marketing years”; and

14 (v) in subsection (f), by striking
15 “1997” and inserting “2002”;

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

17 (i) in the section heading, by striking
18 “**1991 THROUGH 1995 CROPS OF**”; and

19 (ii) in subsection (c), by striking
20 “1995” and inserting “2002”;

21 (C) in section 358c(d) (7 U.S.C.
22 1358c(d)), by striking “1995” and inserting
23 “2002”; and

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

1 (i) in the section heading, by striking
2 **“FOR 1991 THROUGH 1997 CROPS OF**
3 **PEANUTS”**; and

4 (ii) in subsection (i), by striking
5 “1997” and inserting “2002”.

6 (2) PRIORITIZED QUOTA REDUCTIONS.—Section
7 358–1(b)(2)(C) of the Agricultural Adjustment Act
8 of 1938 (7 U.S.C. 1358–1(b)(2)(C)) is amended—

9 (A) by striking “all the”; and

10 (B) by adding at the end the following new
11 sentence: “Rather than allocating the decrease
12 among all the farms in a State, the Secretary
13 shall allocate the decrease among farms in the
14 following order of priority:

15 “(i) Farms owned or controlled by
16 municipalities, airport authorities, schools,
17 colleges, refuges, and other public entities
18 (not including universities for research
19 purposes).

20 “(ii) Farms for which the quota hold-
21 er is not a producer and resides in another
22 State.

23 “(iii) Other farms described in the
24 first sentence of this subparagraph.”.

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

4 (4) TEMPORARY QUOTA ALLOCATION.—Section
5 358–1 of the Act (7 U.S.C. 1358–1) is amended—

6 (A) in subsection (a)(1), by striking “do-
7 mestic edible, seed,” and inserting “domestic
8 edible use”;

9 (B) in subsection (b)(2)—

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

12 (ii) by striking subparagraph (B) and
13 inserting the following:

14 “(B) TEMPORARY QUOTA ALLOCATION.—

15 “(i) ALLOCATION RELATED TO SEED
16 PEANUTS.—Temporary allocation of quota
17 pounds for the marketing year only in
18 which the crop is planted shall be made to
19 producers for each of the 1996 through
20 2002 marketing years as provided in this
21 subparagraph.

22 “(ii) QUANTITY.—The temporary
23 quota allocation shall be equal to the
24 pounds of seed peanuts planted on the

1 farm, as may be adjusted under regula-
2 tions prescribed by the Secretary.

3 “(iii) ADDITIONAL QUOTA.—The tem-
4 porary allocation of quota pounds under
5 this paragraph shall be in addition to the
6 farm poundage quota otherwise established
7 under this subsection and shall be credited,
8 for the applicable marketing year only, in
9 total to the producer of the peanuts on the
10 farm in a manner prescribed by the Sec-
11 retary.

12 “(iv) EFFECT OF OTHER REQUIRE-
13 MENTS.—Nothing in this section alters or
14 changes the requirements regarding the
15 use of quota and additional peanuts estab-
16 lished by section 358e(b).”; and

17 (C) in subsection (e)(3), strike “and seed
18 and use on a farm”.

19 (5) SPRING AND FALL TRANSFERS WITHIN A
20 STATE.—Section 358b(a)(1) of the Agricultural Ad-
21 justment Act of 1938 (7 U.S.C. 1358b(a)(1)) is
22 amended—

23 (A) by striking “any such lease” in the
24 matter preceding the subparagraphs and insert-
25 ing “any such sale or lease”; and

1 (B) by striking “in the fall or after the
2 normal planting season—” and subparagraphs
3 (A) and (B) and inserting the following: “in the
4 spring (or before the normal planting season)
5 or in the fall (or after the normal planting sea-
6 son) with the owner or operator of a farm lo-
7 cated within any county in the same State. In
8 the case of a fall transfer or a transfer after the
9 normal planting season, the transfer may be
10 made only if not less than 90 percent of the
11 basic quota (the farm quota exclusive of tem-
12 porary quota transfers), plus any poundage
13 quota transferred to the farm under this sub-
14 section, has been planted or considered planted
15 on the farm from which the quota is to be
16 leased.”.

17 (6) UNDERMARKETINGS.—Part VI of subtitle B
18 of title III of the Act is amended—

19 (A) in section 358–1(b) (7 U.S.C. 1358–
20 1(b))—

21 (i) in paragraph (1)(B), by striking
22 “including—” and clauses (i) and (ii) and
23 inserting “including any increases resulting
24 from the allocation of quotas voluntarily
25 released for 1 year under paragraph (7).”;

1 (ii) in paragraph (3)(B), by striking
2 “include—” and clauses (i) and (ii) and in-
3 serting “include any increase resulting
4 from the allocation of quotas voluntarily
5 released for 1 year under paragraph (7).”;
6 and

7 (iii) by striking paragraphs (8) and
8 (9); and

9 (B) in section 358b(a) (7 U.S.C.
10 1358b(a))—

11 (i) in paragraph (1), by striking “(in-
12 cluding any applicable under marketings)”
13 both places it appears;

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

16 (iii) in paragraph (2), by striking
17 “(including any applicable under market-
18 ings)”;

19 (iv) in paragraph (3), by striking
20 “(including any applicable
21 undermarketings)”.

22 (7) DISASTER TRANSFERS.—Section 358–1(b)
23 of the Act (7 U.S.C. 1358–1(b)), as amended by
24 paragraph (4)(A)(iii), is further amended by adding
25 at the end the following:

1 “(8) DISASTER TRANSFERS.—

2 “(A) IN GENERAL.—Except as provided in
3 subparagraph (B), additional peanuts produced
4 on a farm from which the quota poundage was
5 not harvested and marketed because of drought,
6 flood, or any other natural disaster, or any
7 other condition beyond the control of the pro-
8 ducer, may be transferred to the quota loan
9 pool for pricing purposes on such basis as the
10 Secretary shall by regulation provide.

11 “(B) LIMITATION.—The poundage of pea-
12 nuts transferred under subparagraph (A) shall
13 not exceed the difference between—

14 “(i) the total quantity of peanuts
15 meeting quality requirements for domestic
16 edible use, as determined by the Secretary,
17 marketed from the farm; and

18 “(ii) the total farm poundage quota,
19 excluding quota pounds transferred to the
20 farm in the fall.

21 “(C) SUPPORT RATE.—Peanuts trans-
22 ferred under this paragraph shall be supported
23 at 70 percent of the quota support rate for the
24 marketing years in which the transfers occur.
25 The transfers for a farm shall not exceed 25

1 percent of the total farm quota pounds, exclud-
2 ing pounds transferred in the fall.”.

3 **SEC. 107. SUGAR PROGRAM.**

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

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

11 (c) REDUCTION IN LOAN RATES.—

12 (1) REDUCTION REQUIRED.—The Secretary
13 shall reduce the loan rate specified in subsection (a)
14 for domestically grown sugarcane and subsection (b)
15 for domestically grown sugar beets if the Secretary
16 determines that negotiated reductions in export sub-
17 sidies and domestic subsidies provided for sugar of
18 the European Union and other major sugar growing,
19 producing, and exporting countries in the aggregate
20 exceed the commitments made as part of the Agree-
21 ment on Agriculture.

22 (2) EXTENT OF REDUCTION.—The Secretary
23 shall not reduce the loan rate under subsection (a)
24 or (b) below a rate that provides an equal measure
25 of support to that provided by the European Union

1 and other major sugar growing, producing, and ex-
2 porting countries, based on an examination of both
3 domestic and export subsidies subject to reduction in
4 the Agreement on Agriculture.

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

9 (4) MAJOR SUGAR COUNTRIES DEFINED.—For
10 purposes of this subsection, the term “major sugar
11 growing, producing, and exporting countries”
12 means—

13 (A) the countries of the European Union;
14 and

15 (B) the ten foreign countries not covered
16 by subparagraph (A) that the Secretary deter-
17 mines produce the greatest amount of sugar.

18 (5) AGREEMENT ON AGRICULTURE DEFINED.—
19 For purposes of this subsection, the term “Agree-
20 ment on Agriculture” means the Agreement on Agri-
21 culture referred to in section 101(d)(2) of the Uru-
22 guay Round Agreements Act (19 U.S.C.
23 3511(d)(2)).

24 (d) TERM OF LOANS.—

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

5 (A) the end of 9 months; or

6 (B) the end of the fiscal year.

7 (2) SUPPLEMENTAL LOANS.—In the case of
8 loans made under this section in the last 3 months
9 of a fiscal year, the processor may repledge the
10 sugar as collateral for a second loan in the subse-
11 quent fiscal year, except that the second loan shall—

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

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

16 (e) LOAN TYPE; PROCESSOR ASSURANCES.—

17 (1) RECOURSE LOANS.—Subject to paragraph
18 (2), the Secretary shall carry out this section
19 through the use of recourse loans.

20 (2) NONRECOURSE LOANS.—During any fiscal
21 year in which the tariff rate quota for imports of
22 sugar into the United States is established at, or is
23 increased to, a level in excess of 1,500,000 short
24 tons raw value, the Secretary shall carry out this
25 section by making available nonrecourse loans. Any

1 recourse loan previously made available by the Sec-
2 retary under this section during the fiscal year shall
3 be changed by the Secretary into a nonrecourse loan.

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

17 (f) MARKETING ASSESSMENT.—

18 (1) SUGARCANE.—Effective for marketings of
19 raw cane sugar during the 1996 through 2003 fiscal
20 years, the first processor of sugarcane shall remit to
21 the Commodity Credit Corporation a nonrefundable
22 marketing assessment in an amount equal to—

23 (A) in the case of marketings during fiscal
24 year 1996, 1.1 percent of the loan rate estab-
25 lished under subsection (a) per pound of raw

1 cane sugar, processed by the processor from do-
2 mestically produced sugarcane or sugarcane
3 molasses, that has been marketed (including the
4 transfer or delivery of the sugar to a refinery
5 for further processing or marketing); and

6 (B) in the case of marketings during each
7 of fiscal years 1997 through 2003, 1.375 per-
8 cent of the loan rate established under sub-
9 section (a) per pound of raw cane sugar, proc-
10 essed by the processor from domestically pro-
11 duced sugarcane or sugarcane molasses, that
12 has been marketed (including the transfer or
13 delivery of the sugar to a refinery for further
14 processing or marketing).

15 (2) SUGAR BEETS.—Effective for marketings of
16 beet sugar during the 1996 through 2003 fiscal
17 years, the first processor of sugar beets shall remit
18 to the Commodity Credit Corporation a nonrefund-
19 able marketing assessment in an amount equal to—

20 (A) in the case of marketings during fiscal
21 year 1996, 1.1794 percent of the loan rate es-
22 tablished under subsection (a) per pound of
23 beet sugar, processed by the processor from do-
24 mestically produced sugar beets or sugar beet
25 molasses, that has been marketed; and

1 (B) in the case of marketings during each
2 of fiscal years 1997 through 2003, 1.47425
3 percent of the loan rate established under sub-
4 section (a) per pound of beet sugar, processed
5 by the processor from domestically produced
6 sugar beets or sugar beet molasses, that has
7 been marketed.

8 (3) COLLECTION.—

9 (A) TIMING.—A marketing assessment re-
10 quired under this subsection shall be collected
11 on a monthly basis and shall be remitted to the
12 Commodity Credit Corporation not later than
13 30 days after the end of each month. Any cane
14 sugar or beet sugar processed during a fiscal
15 year that has not been marketed by September
16 30 of the year shall be subject to assessment on
17 that date. The sugar shall not be subject to a
18 second assessment at the time that it is mar-
19 keted.

20 (B) MANNER.—Subject to subparagraph
21 (A), marketing assessments shall be collected
22 under this subsection in the manner prescribed
23 by the Secretary and shall be nonrefundable.

24 (4) PENALTIES.—If any person fails to remit
25 the assessment required by this subsection or fails to

1 comply with such requirements for recordkeeping or
2 otherwise as are required by the Secretary to carry
3 out this subsection, the person shall be liable to the
4 Secretary for a civil penalty up to an amount deter-
5 mined by multiplying—

6 (A) the quantity of cane sugar or beet
7 sugar involved in the violation; by

8 (B) the loan rate for the applicable crop of
9 sugarcane or sugar beets.

10 (5) ENFORCEMENT.—The Secretary may en-
11 force this subsection in a court of the United States.

12 (g) FORFEITURE PENALTY.—

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

16 (2) CANE SUGAR.—The penalty for cane sugar
17 shall be 1 cent per pound.

18 (3) BEET SUGAR.—The penalty for beet sugar
19 shall bear the same relation to the penalty for cane
20 sugar as the marketing assessment for sugar beets
21 bears to the marketing assessment for sugarcane.

22 (4) EFFECT OF FORFEITURE.—Any payments
23 owed producers by a processor that forfeits of any
24 sugar pledged as collateral for a nonrecourse loan

1 shall be reduced in proportion to the loan forfeiture
2 penalty incurred by the processor.

3 (h) INFORMATION REPORTING.—

4 (1) DUTY OF PROCESSORS AND REFINERS TO
5 REPORT.—A sugarcane processor, cane sugar re-
6 finer, and sugar beet processor shall furnish the Sec-
7 retary, on a monthly basis, such information as the
8 Secretary may require to administer sugar pro-
9 grams, including the quantity of purchases of sugarcane,
10 sugar beets, and sugar, and production, impor-
11 tation, distribution, and stock levels of sugar.

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

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

22 (i) MARKETING ALLOTMENTS.—Part VII of subtitle
23 B of title III of the Agricultural Adjustment Act of 1938
24 (7 U.S.C. 1359aa et seq.) is repealed.

1 (j) CROPS.—This section (other than subsection (i))
2 shall be effective only for the 1996 through 2002 crops
3 of sugar beets and sugarcane.

4 **SEC. 108. ADMINISTRATION.**

5 (a) COMMODITY CREDIT CORPORATION.—

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

9 (2) PROHIBITION ON SALARIES AND EX-
10 PENSES.—Notwithstanding any other provision of
11 law, no funds of the Corporation shall be used for
12 any salary or expense of any officer or employee of
13 the Department of Agriculture.

14 (b) DETERMINATIONS BY SECRETARY.—A deter-
15 mination made by the Secretary under this title or the
16 Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et
17 seq.) shall be final and conclusive.

18 (c) REGULATIONS.—The Secretary may issue such
19 regulations as the Secretary determines necessary to carry
20 out this title.

21 **SEC. 109. ELIMINATION OF PERMANENT PRICE SUPPORT**
22 **AUTHORITY.**

23 (a) AGRICULTURAL ADJUSTMENT ACT OF 1938.—
24 The Agricultural Adjustment Act of 1938 is amended—

25 (1) in title III—

1 (A) in subtitle B—

2 (i) by striking parts II through V (7
3 U.S.C. 1326–1351); and

4 (ii) in part VI—

5 (I) by moving subsection (c) of
6 section 358d (7 U.S.C. 1358d(c)) to
7 appear after section 301(b)(17) (7
8 U.S.C. 1301(b)(17)) and redesignat-
9 ing the subsection as paragraph (18);
10 and

11 (II) by striking sections 358,
12 358a, and 358d (7 U.S.C. 1358,
13 1358a, and 1359); and

14 (B) by striking subtitle D (7 U.S.C.
15 1379a–1379j); and

16 (2) by striking title IV (7 U.S.C. 1401–1407).

17 (b) AGRICULTURAL ACT OF 1949.—

18 (1) TRANSFER OF CERTAIN SECTIONS.—The
19 Agricultural Act of 1949 is amended—

20 (A) by transferring sections 106, 106A,
21 and 106B (7 U.S.C. 1445, 1445–1, 1445–2) to
22 appear after section 314A of the Agricultural
23 Adjustment Act of 1938 (7 U.S.C. 1314–1) and
24 redesignating the transferred sections as sec-
25 tions 315, 315A, and 315B, respectively;

1 (B) by transferring sections 111, 201(c),
2 and 204 (7 U.S.C. 1445f, 1446(c), 1446e) to
3 appear after section 304 of the Agricultural Ad-
4 justment Act of 1938 (7 U.S.C. 1304) and re-
5 designating the transferred sections as sections
6 305, 306, and 307, respectively; and

7 (C) by transferring sections 404 and 416
8 (7 U.S.C. 1424 and 1431) to appear after sec-
9 tion 390 of the Agricultural Adjustment Act of
10 1938 (7 U.S.C. 1390) and redesignating the
11 transferred sections as sections 390A and
12 390B, respectively.

13 (2) REPEAL.—The Agricultural Act of 1949 (7
14 U.S.C. 1421 et seq.) (as amended by paragraph (1))
15 is repealed.

16 (c) CONFORMING AMENDMENTS.—

17 (1) Section 306 of the Agricultural Adjustment
18 Act of 1938 (as transferred and redesignated by
19 subsection (b)(1)(B)) is amended by striking “204”
20 and inserting “307”.

21 (2) Section 361 of the Agricultural Adjustment
22 Act of 1938 (7 U.S.C. 1361) is amended by striking
23 “, corn, wheat, cotton, peanuts, and rice, estab-
24 lished”.

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

3 (A) in the first sentence of subsection (a),
4 by striking “cotton, rice, peanuts, or”; and

5 (B) in the first sentence of subsection (b),
6 by striking “cotton, rice, peanuts or”.

7 **SEC. 110. EFFECT OF AMENDMENTS.**

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

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

20 **TITLE II—CONSERVATION**

21 **SEC. 201. CONSERVATION.**

22 (a) **FUNDING.**—Subtitle E of title XII of the Food
23 Security Act of 1985 (16 U.S.C. 3841 et seq.) is amended
24 to read as follows:

1 **“Subtitle E—Funding**

2 **“SEC. 1241. FUNDING.**

3 “(a) MANDATORY EXPENSES.—For each of fiscal
4 years 1996 through 2002, the Secretary shall use the
5 funds of the Commodity Credit Corporation to carry out
6 the programs authorized by—

7 “(1) subchapter B of chapter 1 of subtitle D
8 (including contracts extended by the Secretary pur-
9 suant to section 1437 of the Food, Agriculture, Con-
10 servation, and Trade Act of 1990 (Public Law 101–
11 624; 16 U.S.C. 3831 note));

12 “(2) subchapter C of chapter 1 of subtitle D;
13 and

14 “(3) chapter 4 of subtitle D.

15 “(b) LIVESTOCK ENVIRONMENTAL ASSISTANCE PRO-
16 GRAM.—For each of fiscal years 1996 through 2002,
17 \$100,000,000 of the funds of the Commodity Credit Cor-
18 poration shall be available for providing technical assist-
19 ance, cost-sharing payments, and incentive payments for
20 practices relating to livestock production under the live-
21 stock environmental assistance program under chapter 4
22 of subtitle D.”.

23 (b) LIVESTOCK ENVIRONMENTAL ASSISTANCE PRO-
24 GRAM.—To carry out the programs funded under the
25 amendment made by subsection (a), subtitle D of title XII

1 of the Food Security Act of 1985 (16 U.S.C. 3830 et seq.)
2 is amended by adding at the end the following:

3 **“CHAPTER 4—LIVESTOCK**
4 **ENVIRONMENTAL ASSISTANCE PROGRAM**

5 **“SEC. 1240. DEFINITIONS.**

6 “In this chapter:

7 “(1) LAND MANAGEMENT PRACTICE.—The
8 term ‘land management practice’ means a site-spe-
9 cific nutrient or manure management, irrigation
10 management, tillage or residue management, grazing
11 management, or other land management practice
12 that the Secretary determines is needed to protect,
13 in the most cost effective manner, water, soil, or re-
14 lated resources from degradation due to livestock
15 production.

16 “(2) LARGE CONFINED LIVESTOCK OPER-
17 ATION.—The term ‘large confined livestock oper-
18 ation’ means an operation that—

19 “(A) is a confined animal feeding oper-
20 ation; and

21 “(B) has more than—

22 “(i) 55 mature dairy cattle;

23 “(ii) 10,000 beef cattle;

1 “(iii) 30,000 laying hens or broilers
2 (if the facility has continuous overflow wa-
3 tering);

4 “(iv) 100,000 laying hens or broilers
5 (if the facility has a liquid manure sys-
6 tem);

7 “(v) 55,000 turkeys;

8 “(vi) 15,000 swine; or

9 “(vii) 10,000 sheep or lambs.

10 “(3) LIVESTOCK.—The term ‘livestock’ means
11 dairy cows, beef cattle, laying hens, broilers, turkeys,
12 swine, sheep, lambs, and such other animals as de-
13 termined by the Secretary.

14 “(4) OPERATOR.—The term ‘operator’ means a
15 person who is engaged in livestock production (as
16 defined by the Secretary).

17 “(5) STRUCTURAL PRACTICE.—The term ‘struc-
18 tural practice’ means the establishment of an animal
19 waste management facility, terrace, grassed water-
20 way, contour grass strip, filterstrip, or other struc-
21 tural practice that the Secretary determines is need-
22 ed to protect, in the most cost effective manner,
23 water, soil, or related resources from degradation
24 due to livestock production.

1 **“SEC. 1240A. ESTABLISHMENT AND ADMINISTRATION OF**
2 **LIVESTOCK ENVIRONMENTAL ASSISTANCE**
3 **PROGRAM.**

4 “(a) ESTABLISHMENT.—

5 “(1) IN GENERAL.—During the 1996 through
6 2002 fiscal years, the Secretary shall provide tech-
7 nical assistance, cost-sharing payments, and incen-
8 tive payments to operators who enter into contracts
9 with the Secretary, through a livestock environ-
10 mental assistance program.

11 “(2) ELIGIBLE PRACTICES.—

12 “(A) STRUCTURAL PRACTICES.—An opera-
13 tor who implements a structural practice shall
14 be eligible for technical assistance or cost-shar-
15 ing payments, or both.

16 “(B) LAND MANAGEMENT PRACTICES.—An
17 operator who performs a land management
18 practice shall be eligible for technical assistance
19 or incentive payments, or both.

20 “(3) ELIGIBLE LAND.—Assistance under this
21 chapter may be provided with respect to land that
22 is used for livestock production and on which a seri-
23 ous threat to water, soil, or related resources exists,
24 as determined by the Secretary, by reason of the soil
25 types, terrain, climatic, soil, topographic, flood, or

1 saline characteristics, or other factors or natural
2 hazards.

3 “(4) SELECTION CRITERIA.—In providing tech-
4 nical assistance, cost-sharing payments, and incen-
5 tive payments to operators in a region, watershed, or
6 conservation priority area in which an agricultural
7 operation is located, the Secretary shall consider—

8 “(A) the significance of the water, soil, and
9 related natural resource problems; and

10 “(B) the maximization of environmental
11 benefits per dollar expended.

12 “(b) APPLICATION AND TERM.—

13 “(1) IN GENERAL.—A contract between an op-
14 erator and the Secretary under this chapter may—

15 “(A) apply to 1 or more structural prac-
16 tices or 1 or more land management practices,
17 or both; and

18 “(B) have a term of not less than 5, nor
19 more than 10, years, as determined appropriate
20 by the Secretary, depending on the practice or
21 practices that are the basis of the contract.

22 “(2) DUTIES OF OPERATORS AND SEC-
23 RETARY.—To receive cost-sharing or incentive pay-
24 ments, or technical assistance, participating opera-
25 tors shall comply with all terms and conditions of

1 the contract and a plan, as established by the Sec-
2 retary.

3 “(c) STRUCTURAL PRACTICES.—

4 “(1) COMPETITIVE OFFER.—The Secretary
5 shall administer a competitive offer system for oper-
6 ators proposing to receive cost-sharing payments in
7 exchange for the implementation of 1 or more struc-
8 tural practices by the operator. The competitive
9 offer system shall consist of—

10 “(A) the submission of a competitive offer
11 by the operator in such manner as the Sec-
12 retary may prescribe; and

13 “(B) evaluation of the offer in light of the
14 selection criteria established under subsection
15 (a)(4) and the projected cost of the proposal, as
16 determined by the Secretary.

17 “(2) CONCURRENCE OF OWNER.—If the opera-
18 tor making an offer to implement a structural prac-
19 tice is a tenant of the land involved in agricultural
20 production, for the offer to be acceptable, the opera-
21 tor shall obtain the concurrence of the owner of the
22 land with respect to the offer.

23 “(d) LAND MANAGEMENT PRACTICES.—The Sec-
24 retary shall establish an application and evaluation proc-
25 ess for awarding technical assistance or incentive pay-

1 ments, or both, to an operator in exchange for the per-
2 formance of 1 or more land management practices by the
3 operator.

4 “(e) COST-SHARING, INCENTIVE PAYMENTS, AND
5 TECHNICAL ASSISTANCE.—

6 “(1) COST-SHARING PAYMENTS.—

7 “(A) IN GENERAL.—The Federal share of
8 cost-sharing payments to an operator proposing
9 to implement 1 or more structural practices
10 shall not be greater than 75 percent of the pro-
11 jected cost of each practice, as determined by
12 the Secretary, taking into consideration any
13 payment received by the operator from a State
14 or local government.

15 “(B) LIMITATION.—An operator of a large
16 confined livestock operation shall not be eligible
17 for cost-sharing payments to construct an ani-
18 mal waste management facility.

19 “(C) OTHER PAYMENTS.—An operator
20 shall not be eligible for cost-sharing payments
21 for structural practices on eligible land under
22 this chapter if the operator receives cost-shar-
23 ing payments or other benefits for the same
24 land under chapter 1, 2, or 3.

1 “(2) INCENTIVE PAYMENTS.—The Secretary
2 shall make incentive payments in an amount and at
3 a rate determined by the Secretary to be necessary
4 to encourage an operator to perform 1 or more land
5 management practices.

6 “(3) TECHNICAL ASSISTANCE.—

7 “(A) FUNDING.—The Secretary shall allo-
8 cate funding under this chapter for the provi-
9 sion of technical assistance according to the
10 purpose and projected cost for which the tech-
11 nical assistance is provided for a fiscal year.
12 The allocated amount may vary according to
13 the type of expertise required, quantity of time
14 involved, and other factors as determined ap-
15 propriate by the Secretary. Funding shall not
16 exceed the projected cost to the Secretary of the
17 technical assistance provided for a fiscal year.

18 “(B) OTHER AUTHORITIES.—The receipt
19 of technical assistance under this chapter shall
20 not affect the eligibility of the operator to re-
21 ceive technical assistance under other authori-
22 ties of law available to the Secretary.

23 “(f) LIMITATION ON PAYMENTS.—

1 “(1) IN GENERAL.—The total amount of cost-
2 sharing and incentive payments paid to a person
3 under this chapter may not exceed—

4 “(A) \$10,000 for any fiscal year; or

5 “(B) \$50,000 for any multiyear contract.

6 “(2) REGULATIONS.—The Secretary shall issue
7 regulations that are consistent with section 1001 for
8 the purpose of—

9 “(A) defining the term ‘person’ as used in
10 paragraph (1); and

11 “(B) prescribing such rules as the Sec-
12 retary determines necessary to ensure a fair
13 and reasonable application of the limitations es-
14 tablished under this subsection.

15 “(g) REGULATIONS.—Not later than 180 days after
16 the effective date of this subsection, the Secretary shall
17 issue regulations to implement the livestock environmental
18 assistance program established under this chapter.”.

19 (c) CONFORMING AMENDMENTS.—

20 (1) USE OF COMMODITY CREDIT CORPORA-
21 TION.—Section 1241 of the Food Security Act of
22 1985 (16 U.S.C. 3841(a)) is amended to read as fol-
23 lows:

24 “(a) The Secretary may use facilities, services, au-
25 thorities, and funds of the Commodity Credit Corporation

1 to carry out subtitle D. Except for the purpose of carrying
2 out subchapter B of chapter 1 of such subtitle, the Sec-
3 retary may not use funds of the Corporation to carry out
4 such subtitle unless the Corporation has received funds to
5 cover such expenditures from appropriations made to
6 carry out this subtitle.”.

7 (2) WETLANDS RESERVE PROGRAM.—

8 (A) IN GENERAL.—Section 1237 of the
9 Food Security Act of 1985 (16 U.S.C. 3837) is
10 amended—

11 (i) in subsection (b)(2)—

12 (I) by striking “not less” and in-
13 sserting “not more”; and

14 (II) by striking “2000” and in-
15 sserting “2002”; and

16 (ii) in subsection (c), by striking
17 “2000” and inserting “2002”.

18 (B) LENGTH OF EASEMENT.—Section
19 1237A(e) of the Food Security Act of 1985 (16
20 U.S.C. 3837a(e)) is amended by striking para-
21 graph (2) and inserting the following:

22 “(2) shall be for 15 years, but in no case shall
23 be a permanent easement.”.

24 (3) CONSERVATION RESERVE PROGRAM.—

1 (A) IN GENERAL.—Section 1231(d) of the
2 Food Security Act of 1985 (16 U.S.C. 3831(d))
3 is amended by striking “total of” and all that
4 follows through the period at the end of the
5 subsection and inserting “total of 36,400,000
6 acres.”.

7 (B) OPTIONAL CONTRACT TERMINATION
8 BY PRODUCERS.—Section 1235 of the Food Se-
9 curity Act of 1985 (16 U.S.C. 3835) is amend-
10 ed by adding at the end the following:

11 “(e) TERMINATION BY OWNER OR OPERATOR.—

12 “(1) NOTICE OF TERMINATION.—An owner or
13 operator of land subject to a contract entered into
14 under this subchapter may terminate the contract by
15 submitting to the Secretary written notice of the in-
16 tention of the owner or operator to terminate the
17 contract.

18 “(2) EFFECTIVE DATE.—The contract termi-
19 nation shall take effect 60 days after the date on
20 which the owner or operator submits the written no-
21 tice under paragraph (1).

22 “(3) PRORATED RENTAL PAYMENT.—If a con-
23 tract entered into under this subchapter is termi-
24 nated under this subsection before the end of the fis-
25 cal year for which a rental payment is due, the Sec-

1 retary shall provide a prorated rental payment cover-
2 ing the portion of the fiscal year during which the
3 contract was in effect.

4 “(4) RENEWED ENROLLMENT.—The termi-
5 nation of a contract entered into under this sub-
6 chapter shall not affect the ability of the owner or
7 operator who requested the termination to submit a
8 subsequent bid to enroll the land that was subject to
9 the contract into the conservation reserve.

10 “(5) CONSERVATION REQUIREMENTS.—If land
11 that was subject to a contract is returned to produc-
12 tion of an agricultural commodity, the conservation
13 requirements under subtitles B and C shall apply to
14 the use of the land to the extent that the require-
15 ments are similar to those requirements imposed on
16 other similar lands in the area, except that the re-
17 quirements may not be more onerous than the re-
18 quirements imposed on other lands.

19 “(6) REPAYMENT OF COST SHARE.—A person
20 who terminates a contract entered into under this
21 subchapter within less than 3 years after entering
22 into the contract shall reimburse the Secretary for
23 any cost share assistance provided under the con-
24 tract.”.

1 (C) LIMITATION.—Notwithstanding any
2 other provision of law, no new acres shall be en-
3 rolled in the conservation reserve program es-
4 tablished under subchapter B of chapter 1 of
5 subtitle D of title XII of the Food Security Act
6 of 1985 (16 U.S.C. 3831 et seq.) in calendar
7 year 1997.

8 **TITLE III—AGRICULTURAL PRO-**
9 **MOTION AND EXPORT PRO-**
10 **GRAMS**

11 **SEC. 301. MARKET PROMOTION PROGRAM.**

12 Effective October 1, 1995, section 211(c)(1) of the
13 Agricultural Trade Act of 1978 (7 U.S.C. 5641(c)(1)) is
14 amended—

15 (1) by striking “and” after “1991 through
16 1993,”; and

17 (2) by striking “through 1997,” and inserting
18 “through 1995, and not more than \$100,000,000
19 for each of fiscal years 1996 through 2002,”.

20 **SEC. 302. EXPORT ENHANCEMENT PROGRAM.**

21 Effective October 1, 1995, section 301(e)(1) of the
22 Agricultural Trade Act of 1978 (7 U.S.C. 5651(e)(1)) is
23 amended to read as follows:

24 “(1) IN GENERAL.—The Commodity Credit
25 Corporation shall make available to carry out the

1 program established under this section not more
2 than—

3 “(A) \$350,000,000 for fiscal year 1996;

4 “(B) \$350,000,000 for fiscal year 1997;

5 “(C) \$500,000,000 for fiscal year 1998;

6 “(D) \$550,000,000 for fiscal year 1999;

7 “(E) \$579,000,000 for fiscal year 2000;

8 “(F) \$478,000,000 for fiscal year 2001;

9 and

10 “(G) \$478,000,000 for fiscal year 2002.”.

11 **TITLE IV—MISCELLANEOUS**

12 **SEC. 401. CROP INSURANCE.**

13 (a) CATASTROPHIC RISK PROTECTION.—Section
14 508(b) of the Federal Crop Insurance Act (7 U.S.C.
15 1508(b)) is amended—

16 (1) in paragraph (4), by adding at the end the
17 following:

18 “(C) DELIVERY OF COVERAGE.—

19 “(i) IN GENERAL.—In full consulta-
20 tion with approved insurance providers, the
21 Secretary may continue to offer cata-
22 strophic risk protection in a State (or a
23 portion of a State) through local offices of
24 the Department if the Secretary deter-
25 mines that there is an insufficient number

1 of approved insurance providers operating
2 in the State or portion to adequately pro-
3 vide catastrophic risk protection coverage
4 to producers.

5 “(ii) COVERAGE BY APPROVED INSUR-
6 ANCE PROVIDERS.—To the extent that cat-
7 astrophic risk protection coverage by ap-
8 proved insurance providers is sufficiently
9 available in a State as determined by the
10 Secretary, only approved insurance provid-
11 ers may provide the coverage in the State.

12 “(iii) CURRENT POLICIES.—Subject to
13 clause (ii), all catastrophic risk protection
14 policies written by local offices of the De-
15 partment shall be transferred (including all
16 fees collected for the crop year in which
17 the approved insurance provider will as-
18 sume the policies) to the approved insur-
19 ance provider for performance of all sales,
20 service, and loss adjustment functions.”;
21 and

22 (2) in paragraph (7), by striking subparagraph
23 (A) and inserting the following:

24 “(A) IN GENERAL.—Effective for the
25 spring-planted 1996 and subsequent crops, to

1 be eligible for any payment or loan under the
 2 Agricultural Market Transition Act, the con-
 3 servation reserve program, or any benefit de-
 4 scribed in section 371 of the Consolidated Farm
 5 and Rural Development Act (7 U.S.C. 2008f),
 6 a person shall—

7 “(i) obtain at least the catastrophic
 8 level of insurance for each crop of eco-
 9 nomic significance in which the person has
 10 an interest; or

11 “(ii) provide a written waiver to the
 12 Secretary that waives any eligibility for
 13 emergency crop loss assistance in connec-
 14 tion with the crop.”.

15 (b) COVERAGE OF SEED CROPS.—Section
 16 519(a)(2)(B) of the Act (7 U.S.C. 1519(a)(2)(B)) is
 17 amended by inserting “seed crops,” after “turfgrass sod,”.

18 **SEC. 402. COLLECTION AND USE OF AGRICULTURAL QUAR-**

19 **ANTINE AND INSPECTION FEES.**

20 Subsection (a) of section 2509 of the Food, Agri-
 21 culture, Conservation, and Trade Act of 1990 (21 U.S.C.
 22 136a) is amended to read as follows:

23 “(a) QUARANTINE AND INSPECTION FEES.—

24 “(1) FEES AUTHORIZED.—The Secretary of Ag-
 25 riculture may prescribe and collect fees sufficient—

1 “(A) to cover the cost of providing agricul-
2 tural quarantine and inspection services in con-
3 nection with the arrival at a port in the cus-
4 toms territory of the United States, or the
5 preclearance or preinspection at a site outside
6 the customs territory of the United States, of
7 an international passenger, commercial vessel,
8 commercial aircraft, commercial truck, or rail-
9 road car;

10 “(B) to cover the cost of administering this
11 subsection; and

12 “(C) through fiscal year 2002, to maintain
13 a reasonable balance in the Agricultural Quar-
14 antine Inspection User Fee Account established
15 under paragraph (5).

16 “(2) LIMITATION.—In setting the fees under
17 paragraph (1), the Secretary shall ensure that the
18 amount of the fees are commensurate with the costs
19 of agricultural quarantine and inspection services
20 with respect to the class of persons or entities pay-
21 ing the fees. The costs of the services with respect
22 to passengers as a class includes the costs of related
23 inspections of the aircraft or other vehicle.

24 “(3) STATUS OF FEES.—Fees collected under
25 this subsection by any person on behalf of the Sec-

1 retary are held in trust for the United States and
2 shall be remitted to the Secretary in such manner
3 and at such times as the Secretary may prescribe.

4 “(4) LATE PAYMENT PENALTIES.—If a person
5 subject to a fee under this subsection fails to pay the
6 fee when due, the Secretary shall assess a late pay-
7 ment penalty, and the overdue fees shall accrue in-
8 terest, as required by section 3717 of title 31, Unit-
9 ed States Code.

10 “(5) AGRICULTURAL QUARANTINE INSPECTION
11 USER FEE ACCOUNT.—

12 “(A) ESTABLISHMENT.—There is estab-
13 lished in the Treasury of the United States a
14 no-year fund, to be known as the ‘Agricultural
15 Quarantine Inspection User Fee Account’,
16 which shall contain all of the fees collected
17 under this subsection and late payment pen-
18 alties and interest charges collected under para-
19 graph (4) through fiscal year 2002.

20 “(B) USE OF ACCOUNT.—For each of the
21 fiscal years 1996 through 2002, funds in the
22 Agricultural Quarantine Inspection User Fee
23 Account shall be available, in such amounts as
24 are provided in advance in appropriations Acts,
25 to cover the costs associated with the provision

1 of agricultural quarantine and inspection serv-
2 ices and the administration of this subsection.
3 Amounts made available under this subpara-
4 graph shall be available until expended.

5 “(C) EXCESS FEES.—Fees and other
6 amounts collected under this subsection in any
7 of the fiscal years 1996 through 2002 in excess
8 of \$100,000,000 shall be available for the pur-
9 poses specified in subparagraph (B) until ex-
10 pended, without further appropriation.

11 “(6) USE OF AMOUNTS COLLECTED AFTER FIS-
12 CAL YEAR 2002.—After September 30, 2002, the un-
13 obligated balance in the Agricultural Quarantine In-
14 spection User Fee Account and fees and other
15 amounts collected under this subsection shall be
16 credited to the Department of Agriculture accounts
17 that incur the costs associated with the provision of
18 agricultural quarantine and inspection services and
19 the administration of this subsection. The fees and
20 other amounts shall remain available to the Sec-
21 retary until expended without fiscal year limitation.

22 “(7) STAFF YEARS.—The number of full-time
23 equivalent positions in the Department of Agri-
24 culture attributable to the provision of agricultural
25 quarantine and inspection services and the adminis-

1 tration of this subsection shall not be counted to-
2 ward the limitation on the total number of full-time
3 equivalent positions in all agencies specified in sec-
4 tion 5(b) of the Federal Workforce Restructuring
5 Act of 1994 (Public Law 103–226; 5 U.S.C. 3101
6 note) or other limitation on the total number of full-
7 time equivalent positions.”.

8 **SEC. 403. COMMODITY CREDIT CORPORATION INTEREST**
9 **RATE.**

10 Notwithstanding any other provision of law, the
11 monthly Commodity Credit Corporation interest rate ap-
12 plicable to loans provided for agricultural commodities by
13 the Corporation shall be 100 basis points greater than the
14 rate determined under the applicable interest rate formula
15 in effect on October 1, 1995.

16 **TITLE V—COMMISSION ON 21ST**
17 **CENTURY PRODUCTION AGRI-**
18 **CULTURE**

19 **SEC. 501. ESTABLISHMENT.**

20 There is hereby established a commission to be known
21 as the “Commission on 21st Century Production Agri-
22 culture” (hereinafter in this title referred to as the “Com-
23 mission”).

1 **SEC. 502. COMPOSITION.**

2 (a) MEMBERSHIP AND APPOINTMENT.—The Com-
3 mission shall be composed of 11 members, appointed as
4 follows:

5 (1) Three members shall be appointed by the
6 President.

7 (2) Four members shall be appointed by the
8 Chairman of the Committee on Agriculture of the
9 House of Representatives in consultation with the
10 ranking minority member of the Committee.

11 (3) Four members shall be appointed by the
12 Chairman of the Committee on Agriculture, Nutri-
13 tion, and Forestry of the Senate in consultation with
14 the ranking minority member of the Committee.

15 (b) QUALIFICATIONS.—At least one of the members
16 appointed under each of the paragraphs (1), (2), and (3)
17 of subsection (a) shall be an individual who is primarily
18 involved in production agriculture. All other members of
19 the Commission shall be appointed from among individ-
20 uals having knowledge and experience in agricultural pro-
21 duction, marketing, finance, or trade.

22 (c) TERM OF MEMBERS; VACANCIES.—Members of
23 the Commission shall be appointed for the life of the Com-
24 mission. A vacancy on the Commission shall not affect its
25 powers, but shall be filled in the same manner as the origi-
26 nal appointment was made.

1 (d) TIME FOR APPOINTMENT; FIRST MEETING.—
2 The members of the Commission shall be appointed not
3 later than October 1, 1997. The Commission shall convene
4 its first meeting to carry out its duties under this Act 30
5 days after six members of the Commission have been ap-
6 pointed.

7 (e) CHAIRMAN.—The chairman of the Commission
8 shall be designated jointly by the Chairman of the Com-
9 mittee on Agriculture of the House of Representatives and
10 the Chairman of the Committee on Agriculture, Nutrition,
11 and Forestry of the Senate from among the members of
12 the Commission.

13 **SEC. 503. COMPREHENSIVE REVIEW OF PAST AND FUTURE**
14 **OF PRODUCTION AGRICULTURE.**

15 (a) INITIAL REVIEW.—The Commission shall conduct
16 a comprehensive review of changes in the condition of pro-
17 duction agriculture in the United States since the date of
18 the enactment of this Act and the extent to which such
19 changes are the result of the amendments made by this
20 Act. The review shall include the following:

21 (1) An assessment of the initial success of pro-
22 duction flexibility contracts under section 102 in
23 supporting the economic viability of farming in the
24 United States.

1 (2) An assessment of the food security situation
2 in the United States in the areas of trade, consumer
3 prices, international competitiveness of United
4 States production agriculture, food supplies, and hu-
5 manitarian relief.

6 (3) An assessment of the changes in farmland
7 values and agricultural producer incomes since the
8 date of the enactment of this Act.

9 (4) An assessment of the extent to which regu-
10 latory relief for agricultural producers has been en-
11 acted and implemented, including the application of
12 cost/benefit principles in the issuance of agricultural
13 regulations.

14 (5) An assessment of the extent to which tax
15 relief for agricultural producers has been enacted in
16 the form of capital gains tax reductions, estate tax
17 exemptions, and mechanisms to average tax loads
18 over high and low income years.

19 (6) An assessment of the effect of any Govern-
20 ment interference in agricultural export markets,
21 such as the imposition of trade embargoes, and the
22 degree of implementation and success of inter-
23 national trade agreements.

1 (7) An assessment of the likely affect of the
2 sale, lease, or transfer of farm poundage quota for
3 peanuts across State lines.

4 (b) SUBSEQUENT REVIEW.—The Commission shall
5 conduct a comprehensive review of the future of produc-
6 tion agriculture in the United States and the appropriate
7 role of the Federal Government in support of production
8 agriculture. The review shall include the following:

9 (1) An assessment of changes in the condition
10 of production agriculture in the United States since
11 the initial review conducted under subsection (a).

12 (2) Identification of the appropriate future rela-
13 tionship of the Federal Government with production
14 agriculture after 2002.

15 (3) An assessment of the personnel and infra-
16 structure requirements of the Department of Agri-
17 culture necessary to support the future relationship
18 of the Federal Government with production agri-
19 culture.

20 (c) RECOMMENDATIONS.—In carrying out the subse-
21 quent review under subsection (b), the Commission shall
22 develop specific recommendations for legislation to achieve
23 the appropriate future relationship of the Federal Govern-
24 ment with production agriculture identified under sub-
25 section (a)(2).

1 **SEC. 504. REPORTS.**

2 (a) REPORT ON INITIAL REVIEW.—Not later than
3 June 1, 1998, the Commission shall submit to the Presi-
4 dent, the Committee on Agriculture of the House of Rep-
5 resentatives, and the Committee on Agriculture, Nutrition,
6 and Forestry of the Senate a report containing the results
7 of the initial review conducted under section 503(a).

8 (b) REPORT ON SUBSEQUENT REVIEW.—Not later
9 than January 1, 2001, the Commission shall submit to
10 the President and the congressional committees specified
11 in subsection (a) a report containing the results of the
12 subsequent review conducted under section 503(b).

13 **SEC. 505. POWERS.**

14 (a) HEARINGS.—The Commission may, for the pur-
15 pose of carrying out this Act, conduct such hearings, sit
16 and act at such times, take such testimony, and receive
17 such evidence, as the Commission considers appropriate.

18 (b) ASSISTANCE FROM OTHER AGENCIES.—The
19 Commission may secure directly from any department or
20 agency of the Federal Government such information as
21 may be necessary for the Commission to carry out its du-
22 ties under this Act. Upon request of the chairman of the
23 Commission, the head of the department or agency shall,
24 to the extent permitted by law, furnish such information
25 to the Commission.

1 (c) MAIL.—The Commission may use the United
2 States mails in the same manner and under the same con-
3 ditions as the departments and agencies of the Federal
4 Government.

5 (d) ASSISTANCE FROM SECRETARY.—The Secretary
6 of Agriculture shall provide to the Commission appropriate
7 office space and such reasonable administrative and sup-
8 port services as the Commission may request.

9 **SEC. 506. COMMISSION PROCEDURES.**

10 (a) MEETINGS.—The Commission shall meet on a
11 regular basis (as determined by the chairman) and at the
12 call of the chairman or a majority of its members.

13 (b) QUORUM.—A majority of the members of the
14 Commission shall constitute a quorum for the transaction
15 of business.

16 **SEC. 507. PERSONNEL MATTERS.**

17 (a) COMPENSATION.—Each member of the Commis-
18 sion shall serve without compensation, but shall be allowed
19 travel expenses including per diem in lieu of subsistence,
20 as authorized by section 5703 of title 5, United States
21 Code, when engaged in the performance of Commission
22 duties.

23 (b) STAFF.—The Commission shall appoint a staff
24 director, who shall be paid at a rate not to exceed the
25 maximum rate of basic pay under section 5376 of title

1 5, United States Code, and such professional and clerical
2 personnel as may be reasonable and necessary to enable
3 the Commission to carry out its duties under this Act
4 without regard to the provisions of title 5, United States
5 Code, governing appointments in the competitive service,
6 and without regard to the provisions of chapter 51 and
7 subchapter III of chapter 53 of such title, or any other
8 provision of law, relating to the number, classification, and
9 General Schedule rates. No employee appointed under this
10 subsection (other than the staff director) may be com-
11 pensated at a rate to exceed the maximum rate applicable
12 to level GS-15 of the General Schedule.

13 (c) DETAILED PERSONNEL.—Upon request of the
14 chairman of the Commission, the head of any department
15 or agency of the Federal Government is authorized to de-
16 tail, without reimbursement, any personnel of such depart-
17 ment or agency to the Commission to assist the Commis-
18 sion in carrying out its duties under this section. The de-
19 tail of any such personnel may not result in the interrup-
20 tion or loss of civil service status or privilege of such per-
21 sonnel.

22 **SEC. 508. TERMINATION OF COMMISSION.**

23 The Commission shall terminate upon submission of
24 the final report required by section 504.

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